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# An organizational learning approach to expatriate cross-cultural adjustment, organizational commitment, and job satisfaction

Meredith Downes

*Florida International University*

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**FLORIDA INTERNATIONAL UNIVERSITY**

**Miami, Florida**

**AN ORGANIZATIONAL LEARNING APPROACH TO  
EXPATRIATE CROSS-CULTURAL ADJUSTMENT,  
ORGANIZATIONAL COMMITMENT, AND JOB SATISFACTION**

**A dissertation submitted in partial satisfaction of the**

**requirement for the degree of**

**DOCTOR OF PHILOSOPHY**

**IN**

**BUSINESS ADMINISTRATION**

**by**

**Meredith Downes**

**1997**

To: Harold E. Wyman  
College of Business

This dissertation, written by Meredith Downes, and entitled **An Organizational Learning Approach to Expatriate Cross-Cultural Adjustment, Organizational Commitment, and Job Satisfaction**, having been approved in respect to style and intellectual content, is referred to you for judgment.

We have read this dissertation and recommend that it be approved.

Richard M. Hodgetts

Mary Ann Von Glinow

Michael R. Mullen

Anisya S. Thomas, Major Professor

Date of Defense: March 24, 1997

The dissertation of Meredith Downes is approved.

Dean Harold E. Wyman  
College of Business

Dr. Richard L. Campbell  
Dean of Graduate Studies

Florida International University, 1997

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**This dissertation is dedicated to my husband Frank . . . for too many reasons  
to mention here.**

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dissertation is the first on which she has served as chair, and I hope that this experience will lead her to serve on others in the same capacity.

**ABSTRACT OF THE DISSERTATION**  
**AN ORGANIZATIONAL LEARNING APPROACH TO**  
**EXPATRIATE CROSS-CULTURAL ADJUSTMENT,**  
**ORGANIZATIONAL COMMITMENT, AND JOB SATISFACTION**

by

**Meredith Downes**

**Florida International University, 1997**

**Professor Anisya S. Thomas, Major Professor**

The purpose of this study was to investigate the relationship between organizational learning and expatriation in overseas subsidiaries as well as in organizations as a whole. In doing so, two issues were addressed -- (i) the use of expatriation as firms internationalize, and (ii) the significance of various factors to expatriate success as firms gain international experience. The sample of companies for this study was drawn from U.S. Fortune 500 multinational corporations (MNCs) in two sets of related industries -- computers/electronics and petroleum/chemicals. Based on the learning that takes place within organizations as they increase their involvement overseas, a positive relationship was expected between international experience and expatriation when internationalization was low, and a negative relationship was expected when internationalization was high. Results indicate a significant positive relationship between country experience and the proportion of expatriates in that subsidiary when subsidiaries were relatively young, and a negative relationship, however not significant, for more mature subsidiaries. The relationship

between overall firm degree of internationalization (DOI) and the proportion of expatriates in the firm as a whole was negative regardless of stage of internationalization, but this relationship was significant only for highly internationalized firms. It was further suspected that individual, environmental, and family-related characteristics would have a significant effect on the success of expatriates whose firms were low on internationalization, and that organizational characteristics would play a significant role in highly internationalized firms. Support for these hypotheses was received with respect to certain outcomes and some determinants of success. The preponderance of support was found for those addressing the effects of both environmental and family-related characteristics on the cross-cultural adjustment of expatriates in firms with little international experience. Considerable support was also found for those hypotheses addressing the impact of organizational characteristics on the job satisfaction levels of expatriates assigned to mature subsidiaries. The relevant literatures on organizational learning and expatriation are reviewed, and a model is developed underlying the logic of the hypotheses. Research methods are then described in full detail, results are reported, and implications for theory and for management are discussed.

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## Chapter I Introduction

Intellectual capital, the knowledge resident in the human resources of an organization, is becoming a vital element in the global competitive arena. This asset, which consists of a firm's capability to extract the best solutions from its people; also defines its ability to learn and continuously expand its base of knowledge. In the era of the knowledge economy, effective organizations are those that can successfully recruit, enhance, and retain this intellectual capital. This study explores the link between organizational learning and expatriation effectiveness among multinational organizations. By investigating the determinants of successful expatriation experiences over time, prescriptions for effectively managing this expensive human resource can be developed.

Firms establishing subsidiaries abroad are faced with three staffing alternatives -- (i) PCNs, or parent-country nationals, who are sent on assignments overseas for an average of three to five years, (ii) HCNs, or host-country nationals, who are recruited from the host country, and (iii) TCNs, or third-country nationals, who are recruited from a location that is neither the home nor the host country. While both PCNs and TCNs may be referred to as expatriates, as they are essentially foreigners in the locations to which they are assigned, it is typical in the literature to use "expatriates" and "PCNs" interchangeably. This study will do the same, reserving the term "TCNs" for third-country nationals.

Expatriation represents the most expensive staffing strategy for the multinational corporation (MNC), averaging approximately three times the executive's home-country

salary. The literature indicates that expatriates often return from these assignments prematurely, increasing these costs exponentially. Nonetheless, expatriation remains a viable method for facilitating coordination among subsidiaries, for establishing relationships with host governments and other interest groups, and for increasing the firm's overall understanding of international operations.

While organizations may perceive expatriation as an attractive method for accumulating foreign market knowledge, the enormous investment involved in this type of strategy challenges the organization to select, retain, and successfully repatriate the most appropriate individuals. Thus factors contributing to the successful expatriation experience are of significant interest to MNCs as well as to academics eager to provide theoretical explanations for the phenomenon of expatriation and to aid in predicting its outcomes.

## **THE RESEARCH STUDY**

The purpose of this study is to examine the role of expatriate managers in the learning process that firms undergo as they increase their international involvement. To accomplish this, two issues are addressed -- (i) the use of expatriation as firms internationalize, and (ii) the significance of individual, organizational, environmental, and family-related factors to expatriate success as a company gains international experience.

For the first research question, it was expected that as firms internationalize, they will gradually increase their expatriate populations in order to expand their international knowledge bases, but that the use of expatriation will diminish as international experience

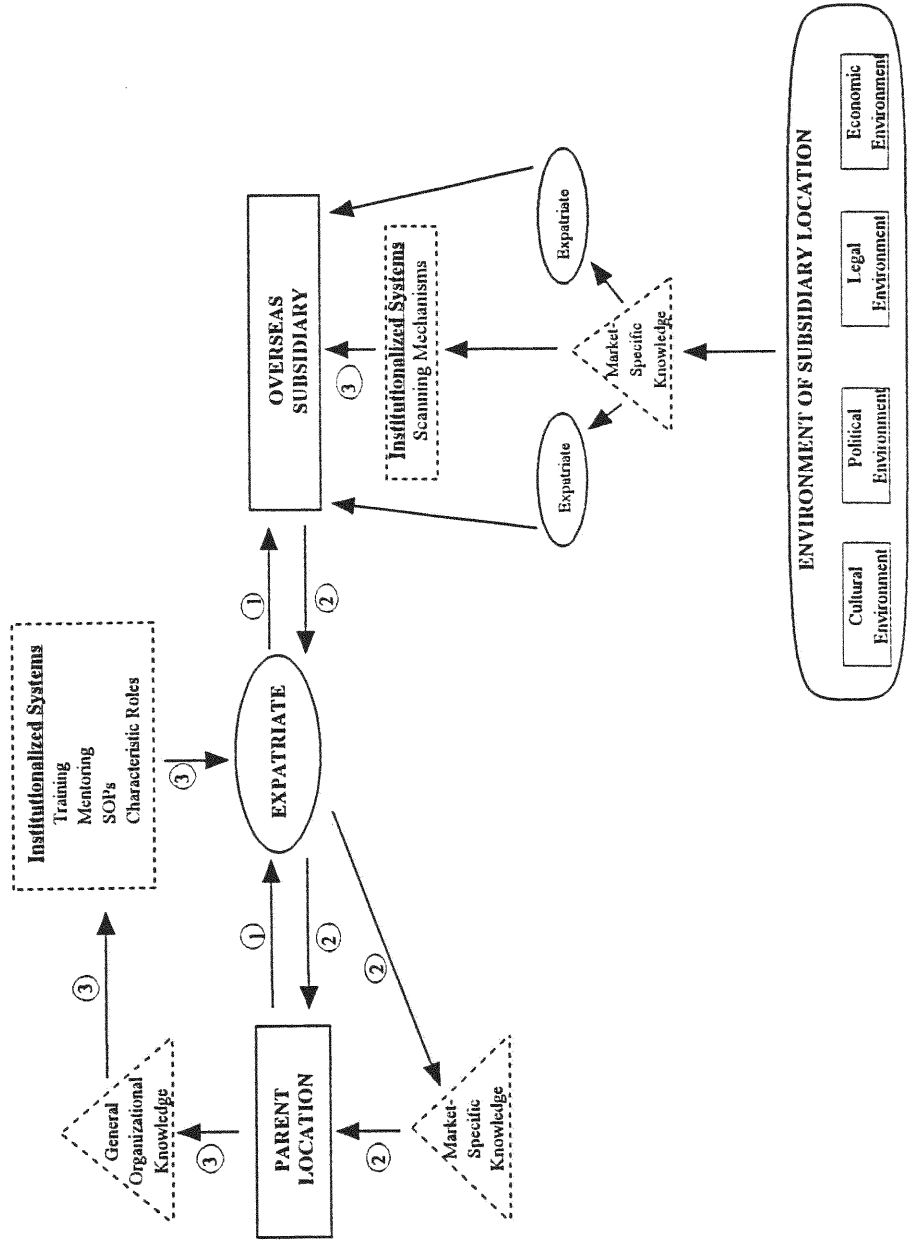
is gained, and that this is due to the “learning-by-doing” and subsequent expansion of both the market-specific and the general knowledge base. Thus hypotheses are tested for both the extent to which the firm has had experience operating in a specific country and for the overall firm degree of internationalization (DOI).

The hypotheses put forth in this study to address the second research question contend that the learning experienced through internationalization influences desirable expatriate outcomes. It was expected that *individual, environmental, and family-related* characteristics would have a significant effect on the success of expatriates whose firms are low on internationalization. And, in contrast, *organizational* characteristics would have a significant effect on the success of expatriates whose firms are highly internationalized. As the firm gains international experience and organizational learning occurs and is institutionalized, the necessary training and knowledge may be transmitted to the expatriate pool about how to embark on the overseas assignment. In this regard, the organization has entered a zone of higher learning, building on its prevailing resource base. By undertaking training, establishing standard operating procedures, and clearly defining the expatriate’s organizational role, the organization is able to buffer the executive from the external environment, diminishing the importance of individual and environmental factors, as well as those associated with the family.

The logic of the study is diagrammatically depicted in Figure 1, which illustrates the learning and transfer of knowledge over the course of an organization’s internationalization experience. In the early stages of firm internationalization, when a new subsidiary is established, expatriation is an important vehicle for the transfer of

**FIGURE 1**

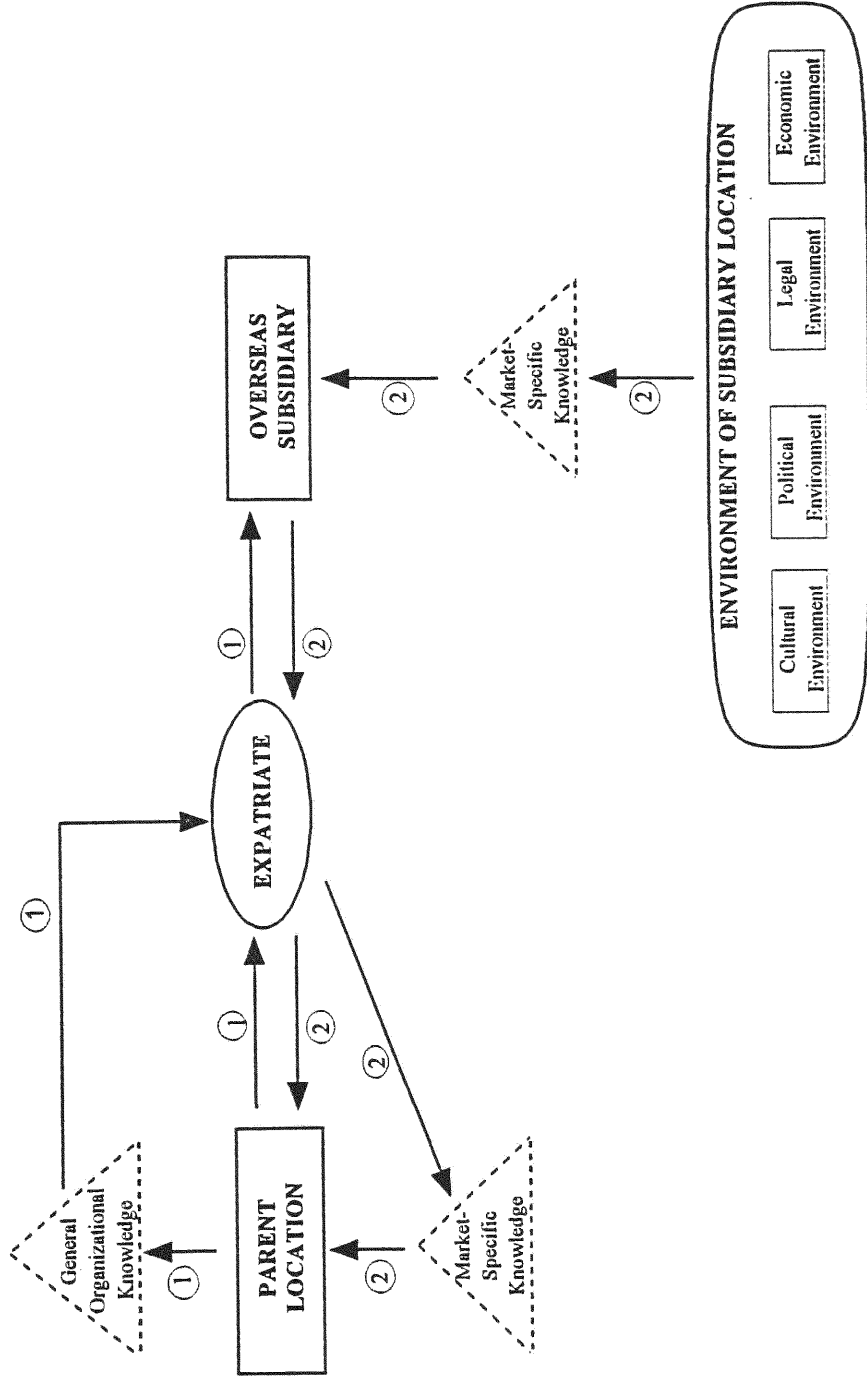
**A Dynamic Model of Organizational Learning and Expatriation**



headquarters' philosophy, culture, and strategy from the parent to the subsidiary (Path 1). As the subsidiary becomes established and the transfer is largely completed and institutionalized, the need for expensive expatriates is reduced. At the subsidiary, the home-country expatriate serves as a symbolic and physical link to the parent in interactions with the local business community and government. Given the organization's relative inexperience with foreign environments, the success of the expatriation experience is largely dependent on the competencies of the individual and the hostility or benignness of factors in the host-country environment. Over time, however, as the new subsidiary gains experience, knowledge of market-specific factors begins to accumulate. This knowledge, gained through the expatriate's interactions with various sectors of the environment and/or through other scanning mechanisms, is transferred back to the parent (Path 2) in the home country. As the organization as a whole gains greater international experience, it can become more effective at gathering such data from its various subsidiaries. This data in turn is integrated with the existing knowledge base to create institutionalized systems such as predeparture training, mentoring, and role definitions, all intended to improve the expatriation experience. Thus, eventually the organization, both at the parent as well as subsidiary locations, can buffer the expatriate from environmental factors. In doing so, the importance of individual adaptive capabilities as well as the nature of the host environment is diminished. In other words, as the organization learns from subsequent international experiences, it can systematically introduce mechanisms to improve the expatriation experience (Path 3). This overall model is broken down into Figures 2 and 3, which represent the logic of expatriation as a staffing mechanism and the determinants of

**FIGURE 2**

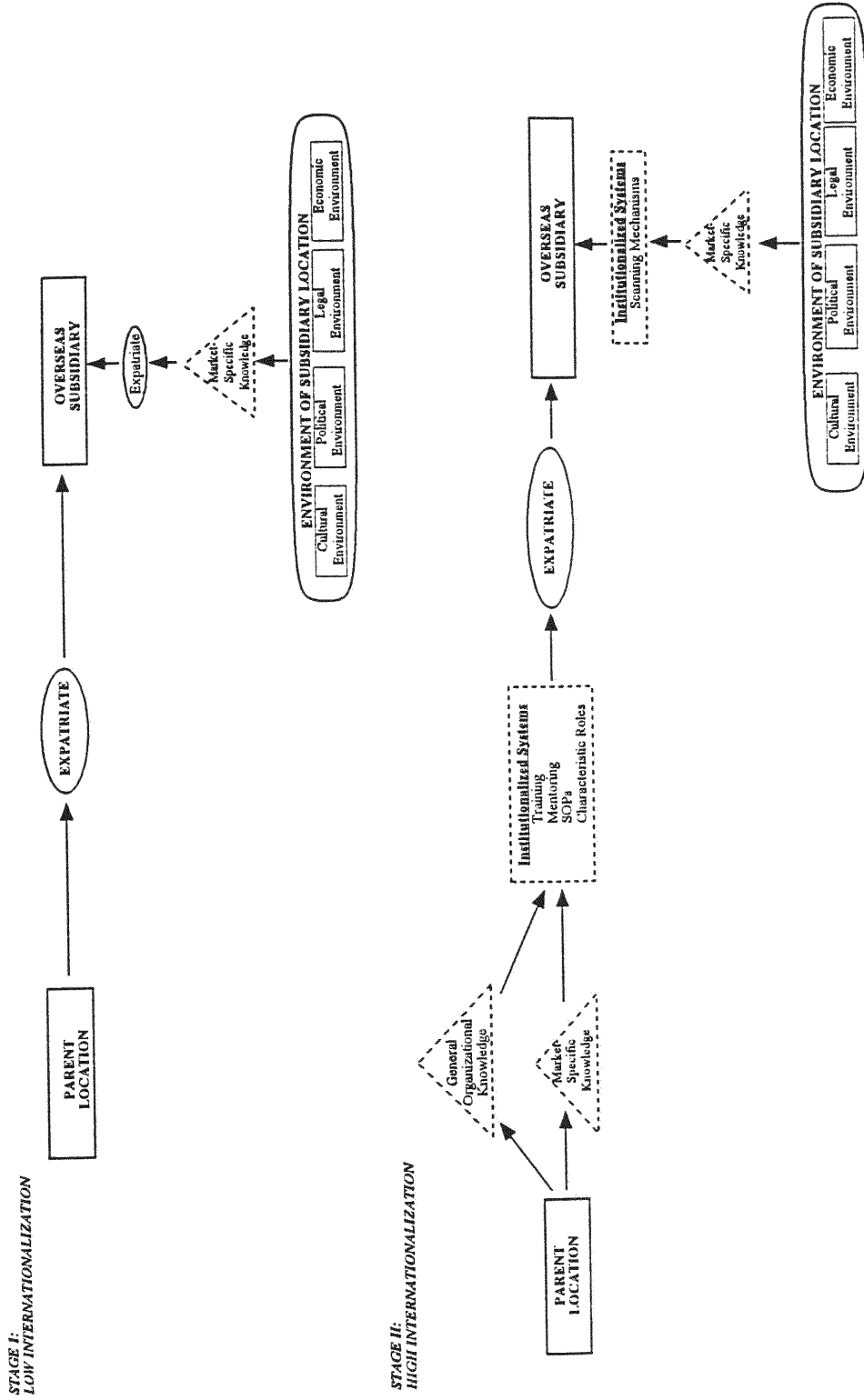
**A Depiction of Knowledge Transfer in Multinational Corporations:  
The Role of Expatriates**





**FIGURE 3**

**The Impact of International Experience on Expatriate Success**



expatriate success, respectively. The next section briefly outlines the structure and content of the remaining chapters which provide greater detail on the development and test of the theoretical model.

### **Literature Review**

Chapter II provides the foundation for this research, laying the groundwork for the model to be tested. Upon establishing that intellectual capital is essential to the long-term survival of the MNC, it is shown how firms nurture and expand their resident bases of knowledge through the continuous transfer of core competencies (the capabilities which form the basis of competitive advantages), a process known as organizational learning, most specifically through expatriates on assignment abroad. The literature on organizational learning is reviewed and two sets of hypotheses are offered to test the research questions. The literature on expatriate effectiveness is then reviewed and synthesized in justification of those variables selected to represent expatriate success and its determinants.

### **Methods**

A detailed description of the research methods used in this study are provided in Chapter III. Highlights of this chapter include a description of the research setting and the use of both primary and secondary data collection techniques. The sample of companies for this study was drawn from U.S. Fortune 500 MNCs in two sets of related industries -- computers/electronics and petroleum/chemicals -- due to their maximally different international histories. Within these industries, data was collected at three levels of analysis via questionnaires completed by human resource managers and expatriates

currently on assignment abroad. The chapter provides a description of the samples representing usable data -- expatriates, subsidiaries, and firms. The use of secondary data is also addressed, where published sources were tapped for macro-level, host-country information, as well as for financial information relevant to participating organizations. The chapter then describes the measurement of each variable for the purpose of the study. Finally, results of some preliminary analyses are offered, including the reliability and validity of measurement scales, the correlations among all variables, and tests for differences among means.

### **Results**

Results of the study are presented in Chapter IV. The first set of hypotheses stated that (i) there will be a positive relationship between international experience and expatriation when there is relatively little experience in a host country as well as in the overall international arena, and (ii) this relationship will be negative when there is considerable experience at the country level and when the firm is highly international overall. Two sets of multiple linear regression models were run -- one using country experience and one using degree of internationalization (DOI) -- as the independent variable. A significant relationship emerged between country experience and proportion of expatriates in a given subsidiary, but only when there was considerable experience in that host environment. This relationship is negative, indicating that, after a certain level of experience is gained in a host country, firms tend to reduce their expatriate populations in subsidiaries located there. A significant, positive relationship emerged between DOI and proportion of expatriates in the firm, for those firms with little international experience.

While this relationship was negative for highly internationalized firms, it was not significant. Thus each hypothesis is partially supported. Scatter plots display the distribution of expatriate employment along the internationalization continuum.

The second set of hypotheses addressed the determinants of expatriate success as firms internationalize. Specifically, it was expected that individual, environmental, and family-related characteristics would have a significant effect on the success of expatriates whose firms were low on internationalization, and that organizational characteristics would play a significant role for highly internationalized firms. Again, multiple linear regression models were run separately when either country experience or DOI was used to moderate the relationships between the independent variables and the success measures. Hypotheses were partially supported, either with respect to certain outcomes or independent variables, or with respect to whether internationalization was measured at the subsidiary level or for the company as a whole. The preponderance of support was found for those hypotheses addressing the effects of environmental and family-related characteristics on the cross-cultural adjustment of expatriates in firms with little international experience. Considerable support was also found for those hypotheses addressing the impact of organizational characteristics on the job satisfaction levels of expatriates assigned to mature subsidiaries.

## **Discussion**

Chapter V reviews the empirical findings for the two research questions and discusses the implications of these findings for both IHRM theory and practice. It is

suggested that a significant relationship between subsidiary age and expatriation when country experience is limited has the potential to advance the field of IHRM by providing a theoretical explanation --organizational learning -- for why expatriation remains in wide use among MNCs. Additional insight is offered as to why the strategy of expatriating home-country nationals is reduced over the international life of the subsidiary.

Implications from the models of the determinants of expatriate success are also addressed in Chapter V. The model integrates paradigms from IHRM and Organizational Development by linking the internationalization process to organizational learning theory. From a practical perspective, in an effort to enhance expatriate adjustment, firms may choose to emphasize environmental, host-country characteristics, perhaps through the strategic selection of operation sites, when international experience is low, and to place greater emphasis on task-related factors as experience is gained, which is shown to increase expatriate job satisfaction in more mature subsidiaries. These and other issues are addressed in greater detail in this final chapter, followed by potential limitations from both a theoretical and methodological perspective and some suggestions for proceeding with this line of research. The chapter closes by synthesizing the implications of both sets of research questions and offering some concluding remarks on international human resource management in general and on expatriation in particular.

## **Chapter II Literature Review**

### **INTRODUCTION**

In this chapter, the impetus and foundation for the current study are explained. Additionally, reasons for firms to pursue an expatriate strategy are delineated in order to emphasize the importance of expatriating key personnel abroad. The chapter explains how intellectual capital is developed through the continuous transfer of core competencies, a process known as organizational learning. Relevant literature on organizational learning is reviewed, and hypotheses are approached via the role expatriates may play in this learning phenomenon. Subsequent to offering a set of research questions, in the form of testable hypotheses, literature on expatriate effectiveness is reviewed and synthesized.

### **THE IMPORTANCE OF EXPATRIATION**

#### **Expatriation Defined**

Expatriation refers to the practice by multinational corporations (MNCs) of sending home-country nationals to overseas locations. For example, when General Motors, a U.S. MNC, sends an American executive to China to manage its subsidiary there, the manager is a U.S. expatriate in China. Similarly, when Royal Dutch Shell sends a Dutch national to Saudi Arabia to head up its Middle East operations, the individual is a Dutch expatriate in that country.

According to the U.S.-based Employee Relocation Council, the average annual cost to send an employee overseas is US \$200,000 to \$250,000, which is roughly three

times the executive's home-country salary (O'Boyle, 1989). However, if the expatriate fails to complete the overseas assignment, these costs are exacerbated (Bird & Dunbar 1991; Black, 1988), particularly if the person is replaced with another expatriate.

The expatriation literature indicates that premature returns from expatriate assignments are a persistent problem for U.S. companies, fluctuating between 25 and 40 percent on the average (Bird & Dunbar, 1991; Black, 1988; Henry, 1965; Tung, 1981; Zeira & Banai, 1987). Direct costs of such early returns include salary, training, and relocation allowances (Mendenhall & Oddou, 1985). In addition, indirect costs associated with an incomplete assignment may include strained relations with host-government officials and/or key clients, which in turn may result in loss of market share (Harvey, 1983).

An alternative to expatriation is the use of either host-country nationals (HCNs) or third-country nationals (TCNs) in overseas affiliates. To illustrate, GM may select a local Chinese executive (an HCN) to manage its operation in China or may opt for someone from yet a third country (a TCN), such as a British national.

Advantages of locally-hired managers include a better understanding of the cultural, political, and economic context of the host environment (Copeland & Griggs, 1985). Thus, HCNs are often more in tune with subtle changes in consumer buying habits, customer complaints, and government regulations on the local front (Kobrin, 1988).

In contrast, advantages associated with staffing overseas subsidiaries with TCNs (or those who are recruited from a location that is neither the home nor the host country) include a more comprehensive search for the best candidate. Since recruitment is not

restricted by nationality, the search is open to the most qualified candidate anywhere in the world. Furthermore, employing TCNs, especially in conjunction with home- and host-country nationals, enhances the diversity of the subsidiary work force and the experiences that are brought to the table.

Despite the apparent advantages of employing HCNs and TCNs in overseas affiliates, firms continue to expatriate due to the unique value associated with sending parent-country nationals abroad. For example, International Business Machines (IBM) maintains a base of approximately 700 U.S. expatriates among its population of 1,800 on foreign assignments.

### **Advantages of Expatriation**

The fact that expatriate assignments remain in wide use among U.S. MNCs may be attributed to the value that they can add to both the subsidiary and to the organization as a whole. Among these value-added contributions are the potential to:

- (i)* facilitate the communication process between the parent location and its subsidiaries, as well as across subsidiaries (Boyacigiller, 1991; Rosenzweig, 1994).
- (ii)* enforce and protect the company's interests (Bird & Dunbar, 1991; Dowling, Schuler, & Welch, 1994).
- (iii)* aid in establishing country linkages (Boyacigiller, 1990).
- (iv)* increase the firm's understanding of international operations (Boyacigiller, 1991).

Expatriate assignments may facilitate intersubsidiary communication and coordination (Boyacigiller, 1991; Rosenzweig, 1994) by transferring overall corporate



philosophies and the company vision along with the expatriate. Having worked for the company in its home location, it is likely that the expatriate has “bought into” the corporate culture through assimilation and socialization, and would therefore communicate goals and objectives in the manner in which they were intended. As a result, subsidiary objectives, policies, and procedures are more likely to comply with those at the corporate location.

Furthermore, when foreign market conditions are uncertain, especially when there are host-country pressures to protect domestic businesses, home-country nationals are more likely than local managers to look out for the company’s interests. If put in a position to negotiate with local contingencies, whether they be the host government, suppliers, or distributors, there will be less concern about the expatriate’s loyalties.

The use of expatriates in overseas subsidiaries may also aid in forming linkages with other nations (Boyacigiller, 1990). On-going relationships with host-country governments, domestic businesses, and other interest groups can enhance the competitiveness of firms operating abroad. As these firms compete for access and for market share in the international arena, the “first-mover advantages” associated with government concessions and establishing efficient channels for distribution may be critical to long-term success. When expatriates, as opposed to HCNs, are involved in those activities, the organizational ties to the host country are stronger due to the manager’s ultimate repatriation.

Finally, the practice of employing expatriates may be a strategic move on the part of an MNC to increase the international experience and knowledge base of present and

future managers (Boyacigiller, 1991). GM, for example, expatriates key personnel as a means of “transferring some very specific technology abroad”, (J. McClure, personal communication, 1995) with the expectation that knowledge and skills will also be acquired and transferred back to the home country upon repatriation.

A significant advantage of expatriation, then, is the organizational learning that is facilitated by the expatriate's experiences overseas. Thus expatriation is a tool by which organizations can gather and maintain a resident base of knowledge about the complexities of international management. This knowledge in turn provides for competitive advantage by creating a cadre of cosmopolitan executives sensitive to international opportunities. According to Boyacigiller (1991):

*If high-potential individuals are carefully selected and trained for overseas positions, they will not only facilitate the maintenance of an international network of operations in the short term but should be allowed to continue providing informational support upon their return to the U.S. The international education that future executives could acquire in these types of assignments cannot be replicated in any classroom.*

In the following sections, the literature on organizational learning is reviewed as a step toward deriving a dynamic model describing the determinants of successful expatriate assignments, and hypotheses are offered to test these notions. The chapter concludes with a review of the current base of literature relevant to successful expatriate assignments.

# THEORETICAL BACKGROUND AND HYPOTHESES

## Organizational Learning

### Learning Defined

#### Individual v. Organizational Learning

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 (Kim, 1993). Learning requires some conscious acquisition of knowledge or insight on the part of an individual (Argyris & Schön, 1978), but if this knowledge is unrelated to organizational action or decision-making, it is relevant only to individual learning and not to that of the organization (Miller, 1996).

Analogous to individual learning, organizational learning is defined as “the acquisition of new knowledge by actors who are able and willing to apply that knowledge in making decisions or influencing others in the organization” (Prahalad & Hamel, 1990). However, the learning process is fundamentally different at the organizational level (March & Olsen, 1975), in that it must impart intelligence and learning capabilities to a nonhuman entity without anthropomorphizing it (Kim, 1993), or without losing something in the translation. Organizational learning capability entails the ability to move the lessons learned from experience across boundaries (Ulrich, Von Glinow, & Jick, 1993), in order to both generate and generalize ideas with impact. While individuals learn by acquiring tacit knowledge through education, experience, or experimentation, this learning need not

be shared. Organizational learning, on the other hand, occurs as individual learning is shared and transferred to new individuals, whether across boundaries of space, time, or hierarchy.

Organizational learning may be thought of as an aggregation of the learning of an organization's individual members (Marsic & Watkins, 1990). Throughout the learning process, a culture is created that becomes a repository for collective learning (Schein, 1992). Such learning may manifest itself in the establishment of core competencies (Prahalad & Hamel, 1990) or in the transfer of competencies between generations of employees (Van Maanen & Schein, 1979), a process known as socialization. As socialization takes place, organizations develop the capability to translate historical inferences into routines that guide behavior (Levitt & March, 1988).

In the early stages of existence, an organization consists of a small group of people and therefore has minimal structure. Hence, organizational learning remains synonymous with that in the individual case. The distinction becomes pronounced as the organization grows and a system evolves for capturing the learning of its individual members (Kim, 1993), whereby information is somehow stored and reasonably retrievable -- in the minds of individuals, in computer memories, and in written reports, for example.

### Types of Learning

The literature on learning methods is somewhat fragmented, ranging from behavioral/strategy level learning (Duncan, 1974) to habit-forming/discovery (Hedberg, 1981) to reactive/proactive learning (Miles, 1982). However, the majority of learning

theories tend to converge on the distinction between single- and double-loop learning processes, as introduced by Argyris and Schön (1978).

Single-loop learning, also referred to as learning at the procedural (Miller, 1996) or lower level, focuses on influencing behavioral outcomes such as the steps necessary to complete a particular task. This know-how is captured in routines, such as filling out forms, operating a piece of machinery, or handling a switchboard. These standard operating procedures (SOPs) accumulate and, in turn, change routines.

Double-loop learning, which may be thought of as conceptual (Kim, 1993) or higher-level learning, aims to create new insight, heuristics, and a collective consciousness within the organization (Fiol & Lyles, 1985). Conceptual learning has to do with thinking about why things are done in the first place, challenging the nature or existence of prevailing SOPs (Kim, 1993), and it often produces specialization and highly differentiated organizational designs that in turn promote non-routine behavior (Levitt & March, 1988).

Although many typologies are available for understanding how learning occurs, Miller's (1996) integrative framework allows for the distinction between lower and higher orders of learning as well as between learning at the individual and organizational levels, and is therefore helpful in laying the foundation for the current study. Miller (1996) identified and categorized six modes of learning, as described below, on the basis of two dimensions -- methodological and emergent.

Methodological inquiry is analytical and deals with objective facts. It is systematic and often tests notions deductively. Facts are gathered and evaluated in an orderly way and with explicit purpose (Ansoff, 1965). In contrast, emergent rationality is spontaneous

and intuitive, and it centers on instincts and impressions. Intuitive managers learn tacitly and inductively, and choices might be made quite unconsciously (Miller, 1990; Mintzberg, 1989).

### **Methodological**

- *Analytic* Intensive analysis due to careful environmental scanning.
- *Experimental* Similar to analytic learning, except that action sometimes precedes analysis in the learning cycle (Weick, 1979), implying “learning by doing”.
- *Structural* Codification of prior learning by specifying how to carry out tasks and roles efficiently. This is learning via routines or SOPs.

### **Emergent**

- *Synthetic* Combines pieces of knowledge so that the whole is greater than the sum of the parts and is characterized by harmony, consistency, and fit (Mintzberg, 1989).
- *Interactive* Learning by doing, but the learning is less systematic (than with experimental learning). It is impulsive and implicit, achieved, for example, by bargaining with each other and with external stakeholders (Cohen, March, & Olsen, 1972).
- *Institutional* Learning by a very large group, so that knowledge is widely diffused, by establishing organizational myths and legends, harmonizing the values of the leader or some other organizational constituent.

As we can see, some of these methods can be experienced by individuals, such as analytic, experimental, and interactive. Structural, synthetic, and institutional learning, on the other hand, must be experienced at the group level by definition. Furthermore, it is easy to see that the methodological modes resemble those of procedural learning and that

the emergent modes are our higher-order, conceptual experiences. This makes for a clear distinction for the purpose of this paper and is therefore revisited later on. It is first necessary, however, to develop an appreciation for the collective learning that takes place in organizations, which manifests itself in a strong resource base and leads to a more sustainable competitive position.

### Organizational Learning and Strategic Competitiveness

The concept of intellectual capital introduced earlier may be a source of core competency for the organization. In fact, achieving strategic competitiveness and above-average profits (an implicit goal of any for-profit organization), requires that such intellectual capital be rare, valuable, imperfectly imitable, and non-substitutable. Prahalad and Hamel (1990) suggest that a core competence is based on collective learning in the organization and that firm strategy should be learning-driven. In fact, competitive success will be based less on how strategically physical and financial resources are allocated, and more on how strategically intellectual capital is managed, from capturing, coding, and disseminating information, to acquiring new competencies (Bontis, 1996). We may conclude, then, that core competencies are developed from organizational learning. Furthermore, for core competencies to be effective, they must be perpetually evolving via continuous organizational learning (Lei, Hitt, & Bettis, 1996).

## The International Transfer of Knowledge

In the case where an organization expands overseas, it undergoes the learning process on a worldwide scale. Organizations typically enter foreign markets via exporting and increase their involvement through licensing and joint venture agreements, eventually establishing wholly-owned subsidiaries abroad. This increase in the level of involvement and commitment to foreign markets is known as internationalization (Bilkey & Tesar, 1977; Johanson & Vahlne, 1977; Johanson & Weidersheim-Paul, 1975).

The notion that skills become the basis for a core competence is especially important for global firms because of their opportunity for creating a sustainable competitive advantage by investing in invisible assets such as the transfer of capabilities (Lei et al., 1996). According to Hendry (1996), this “going international” is about translating domestic competitive strengths into international markets. Dunning (1988) emphasizes these “ownership-specific advantages” as one of the main reasons for firms to engage in foreign direct investment in the first place. Similarly, Porter’s (1990) theory for competitive advantage rests on the premise that leveraging domestic resources and competencies provides a starting point for international competitiveness.

Chang’s (1995) Sequential Investment Theory suggests that firms sequentially approach foreign entry with learning gained from past entry experience. Results from Japanese electronics manufacturers show that they first enter businesses in which they have strong competitive advantages in order to reduce the risk of failure. The learning from earlier entry experience enables firms to build organizational capabilities to operate overseas and to launch further entries into areas where they have less strong competitive



advantages. As firms internationalize, their intrinsic disadvantages in a foreign market may disappear or be substantially diminished because their capabilities improve through accumulating knowledge (Chang, 1995). Therefore, the logic underlying Organizational Learning Theory would also apply as organizations expand internationally. As a result, we would still expect the experiential “learning-by-doing” to increasingly shape the aging and growing firm.

It is possible to distinguish between two directions of internationalization -- (i) increasing involvement of the firm in the individual foreign country, and (ii) successive establishment of operations in new countries (Johanson & Vahlne, 1977). Accordingly, both national and corporate culture are transmitted via institutionalized practices, such as decision-making procedures and corporate policies (Brown, Rugman, & Verbeke, 1989; Shenkar, 1992) and are manifested in market-specific knowledge and in general knowledge, respectively.

#### Market-Specific Knowledge

Each new market entry may be regarded as an unprecedented case, where environmental threats and opportunities presented are handled in their contexts and where commitments to other markets are not explicitly taken into consideration (Johanson & Vahlne, 1977). Such market-specific knowledge “relates to present and future demand and supply, to competition and to channels for distribution, to payment conditions and to the transferability of money, and those things vary from country to country and from time to time” (Carlson, 1974). This type of knowledge is characteristic of the national market,

its business climate, cultural patterns, structure of the market system, and, most importantly, individual customers and suppliers.

Research further suggests that MNCs develop the capacity to reduce barriers to operating abroad through a good bargaining position vis-à-vis host governments (Fagre & Wells, 1982; Lecraw, 1984; Ruygrok & van Tulder, 1993), substantiated by the fact that longevity of acquisitions is positively influenced by prior entries of an organization in the same country (Barkema, Bell, & Pennings, 1996). Hence, there are positive “learning-by-doing” effects associated with operating in a given market.

#### General Knowledge

Over time, firms may learn from previous globalization efforts and reduce the barriers that prevent them from freely tapping cheap labor, new technology, and foreign product markets. This knowledge, which is concerned with marketing methods and common characteristics of certain types of customers, irrespective of their geographical location, is also a case of “learning-by-doing”, and is a critical resource since the knowledge needed to operate in any country cannot easily be acquired. Further, the creation of foreign production facilities is predicated on the knowledge that has been accumulated previously (Barkema et al., 1996). While market-specific knowledge is gained mainly through experience in the market, general knowledge can often be transferred from one country to another. At the time of initial entry, the market-specific type does not exist, whereas the general type might.

The ability to leverage core competencies across geographic units helps the firm to achieve economies of scale and scope, which represent two of the primary benefits of

global diversification (Hitt, Hoskisson, & Ireland, 1994). Such meta-learning and dynamic core competencies help firms internalize the knowledge available in such environments and reduce the costs of entering new geographic markets, by reducing uncertainty and unpredictability (Lei et al., 1996). In fact, this higher-order learning, as suggested by Fiol and Lyles (1985), is more prevalent in firms with diverse environmental contexts, such as MNCs.

### Expatriation as a Means of Transferring Knowledge

The expatriation literature frequently cites the need to transfer resources abroad as a primary reason for expatriating home-country nationals to foreign affiliates (Dowling et al., 1994). However, the process of expatriation, as well as its effectiveness, remains void of any deeper theoretical explanation. The above discussion, together with practitioner viewpoints, suggests that there is a link between the processes of organizational learning and expatriation.

The internationalized firm must continually develop its intellectual capital, through a variety of functions, businesses, and countries. Initially, international activity lacks the critical mass necessary to operate effectively, and the MNC breeds “ethnocentric” tendencies (Heenan & Perlmutter, 1979) emanating from the parent location. As international activity grows, however, this activity will tend to acquire momentum as firms gain both market-specific and general knowledge through their expatriates.

As firms set up facilities overseas, expatriates become a vehicle for transferring technical expertise and managerial know-how, as well as company philosophy and culture

to its affiliates. To illustrate, IBM considers its exempt staff, or those who bring a specialty or skill needed in a particular location, as viable candidates for expatriation. This suggests that these expatriates are used for the purpose of resource transfer and will thus be unnecessary once the transfer is complete. Similarly, as GM sets up new facilities overseas, there is an immediate need for an expatriate population. But, as the company gains a presence in a particular country and remains there over a certain period of time, there is a trend away from expatriates in favor of local nationals. From 1982 to 1995, the company's subsidiary in Spain, GM España, drastically reduced its use of expatriates. According to Pre-Assignment Training Coordinator Joseph McClure, GM's expatriate policy is summed up as follows: "bring in your expatriates, develop the business and then move on out and let local management do the job."

Such corporate agendas suggest a deliberate purpose, that of resource transfer, in expatriating key personnel abroad. In essence, this transfer process is cyclical, with the subsidiary location as the recipient of general knowledge during expatriation and the corporate location as the recipient of market-specific knowledge upon the manager's return. In this study, the first set of research questions addresses this issue. The second set of hypotheses put forth are concerned with organizational learning, as it occurs through structural, synthetic, and institutional modes, and how it bears on the overall effectiveness of expatriate assignments.

## Hypotheses

### The Use of Expatriates as Firms Internationalize

Aldrich and Pfeffer (1976) suggest that organizations are evolving towards bureaucratic structures over time. Starbuck (1965) found from his review of research that organizations become formalized as they grow older -- that is, they develop characteristic roles into which individuals settle, patterns of behavior stabilize, and standard operating procedures are established. He concluded that "the formalization process is fundamentally an adaptive process: As an organization gets older, it learns more and more about coping with its environment and with its internal problems of communication and coordination." Similarly, according to Chandler (1977), once managerial hierarchies have been formed, these hierarchies themselves became sources of permanence, power, and continued growth. The learning process is officially enforced when processes which emerge are sanctioned and fixed in job descriptions, organizational handbooks, or planning systems (Cangelosi & Dill, 1965). Therefore, in addition to the reduced role that one individual will play in the organization at large, the external environment becomes less of an issue to the firm as it learns through experience to deal with the multitude of outside influences.

The above suggests that throughout the organization's evolution, it will inevitably learn at the lower level, by virtue of "learning by doing", but that conscious effort must be made to learn at the higher level. Johanson and Vahlne (1977) assert that the less structured and defined the activities, the more important this experiential learning will be, and further that it is particularly important in connection with activities that are based on relations to other individuals, such as management and marketing activities. Applied to

MNCs, learning is occurring with each successive international endeavor. So, this study rests on the premise that internationalization inherently breeds a certain degree of learning.

It is expected that as firms internationalize, they will gradually increase their expatriate population in order to expand their international knowledge base, but that the use of expatriation will diminish as international experience is gained, and thus the following hypotheses are offered:

*H1a: When international experience is low, there will be a positive relationship between internationalization and expatriation.*

*H1b: When international experience is high, there will be a negative relationship between internationalization and expatriation.*

Due to the “learning-by-doing” and subsequent expansion of both the market-specific and the general knowledge base, H1a and H1b are tested at two levels:

*H1a-CE: When there is little country experience, there will be a positive relationship between country experience and the proportion of expatriates in that country's subsidiary.*

*H1b-CE: When there is extensive country experience, there will be a negative relationship between country experience and the proportion of expatriates in that country's subsidiary.*

*H1a-DOI: When overall firm internationalization is low, there will be a positive relationship between degree of internationalization and the proportion of expatriates in the firm as a whole.*

*H1b-DOI: When overall firm internationalization is high, there will be a negative relationship between degree of internationalization and the proportion of expatriates in the firm as a whole.*

## The Determinants of Expatriate Success as Firms Internationalize

Successful expatriate assignments can be attributed to a variety of factors. These may range from individual skills and abilities to organizational training programs to host-country culture to family issues. Individual-level determinants of success refer to those personal characteristics, such as skills and abilities, behavioral patterns, and demographic features, which are said to influence expatriate effectiveness. Factors specific to the organization include training efforts (Black, Mendenhall, & Gregersen, 1992; Deshpande & Viswesvaran, 1991; Earley, 1987), financial inducements (Gregersen, 1992; Guzzo, Noonan, & Elron, 1994), and mentoring programs (Feldman & Thomas, 1992; Feldman & Tompson, 1993; Gregersen & Black, 1992). Environmental determinants refer to those factors external to the organization, and, more specifically, to characteristics of the host country. These may include the host culture (Black & Stephens, 1989; Mendenhall, Dunbar, & Oddou, 1987), housing conditions (Black, 1994; Black & Gregersen, 1991a), and the stability of the political environment (Boyacigiller, 1991). Family issues addressed in the expatriate literature usually focus on the ability of the expatriate's spouse to adjust to the host environment (Black & Gregersen, 1991a; Harvey, 1985).

The fact that organizations develop over time suggests that what might be essential for success at one point in the development process may be less significant at another. According to Adler and Ghadar (1989), most staffing during the initial stage of the firm is done on an ad hoc basis, and expatriates are usually selected for their technical skills. Often, they receive little intercultural training, and organizational support services are not emphasized (Milliman, Von Glinow, & Nathan, 1991).

Smith and Zeithaml (1993) found that the macro-, organizational-, and micro-level environments all exerted influence during each phase of international expansion, but that their relative importance varied throughout. For example, early in the expansion process, micro-level, behavioral influences encourage international managers to experiment in an opportunistic manner. However, as the organization becomes increasingly committed to foreign markets (i.e. by investing large amounts of resources), it is forced to develop global strategy. Thus, firms in the initial stages of internationalization rely heavily on individuals and their skills to ensure the success of an expatriate assignment, as learning has not yet occurred. During this time, the characteristics of the host environment are also important to expatriate success as the firm does not yet have the routines and structure to buffer its executives from the environment. In this sense, the individual can be thought of as a buffer between the environment and the organization. Since the expatriate may depend a great deal on his/her spouse to interact with various aspects of the host country while he/she is at work, the spouse may act as a buffer as well. However, as the firm gains international experience and organizational learning occurs and is institutionalized, the necessary training and knowledge may be transmitted to the executive about how to embark on the overseas assignment. In this regard, the organization has entered a zone of higher learning, building on its prevailing resource base, as opposed to relying on any one particular source. The synthetic and institutional learning that it subsequently undergoes is at the higher level. At this stage, the organization is able to buffer the executive from the external environment, diminishing the importance of individual and environmental factors.



Each of the hypotheses is tested for three measures of expatriate success -- cross-cultural adjustment, organizational commitment, and job satisfaction, as stated below. Detailed subsets of H2, H3, and H4, are shown in Tables 1, 2, and 3, respectively.

### H2 - Cross-Cultural Adjustment

*H2(a-f): There will be a significant relationship between individual characteristics and expatriate adjustment for expatriates of firms with little international experience.*

*H2(g-r): There will be a significant relationship between organizational characteristics and expatriate adjustment for expatriates of highly internationalized firms.*

*H2(s-z): There will be a significant relationship between environmental characteristics and expatriate adjustment for expatriates of firms with little international experience.*

*H2(aa-bb): There will be a significant relationship between family factors and expatriate adjustment for expatriates of firms with little international experience.*

### H3 - Organizational Commitment

*H3(a-f): There will be a significant relationship between individual characteristics and expatriate organizational commitment for expatriates of firms with little international experience.*

*H3(g-r): There will be a significant relationship between organizational characteristics and expatriate organizational commitment for expatriates of highly internationalized firms.*

*H3(s-z): There will be a significant relationship between environmental characteristics and expatriate organizational commitment for expatriates of firms with little international experience.*

*H3(aa-bb): There will be a significant relationship between family factors and expatriate organizational commitment for expatriates of firms with little international experience.*

#### H4 - Job Satisfaction

*H4(a-f): There will be a significant relationship between individual characteristics and expatriate satisfaction for expatriates of firms with little international experience.*

*H4(g-r): There will be a significant relationship between organizational characteristics and expatriate satisfaction for expatriates of highly internationalized firms.*

*H4(s-z): There will be a significant relationship between environmental characteristics and expatriate satisfaction for expatriates of firms with little international experience.*

*H4(aa-bb): There will be a significant relationship between family factors and expatriate satisfaction for expatriates of firms with little international experience.*

#### **Expatriate Success**

To understand what is meant by expatriate success and how the concept has evolved through research, a review of the literature was conducted. It was determined a priori that nine journals served as the primary publication outlets for international human resource management topics over the past decade.<sup>1</sup> A literature search for empirical studies on expatriation was then carried out for the 1985-1995 period, with the inclusion of certain key articles published prior to 1985. A total of 29 articles, 24 of which examined the determinants of expatriate success, were identified and subsequently coded on a variety of dimensions.

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<sup>1</sup> These included Academy of Management Journal, Academy of Management Review, Administrative Science Quarterly, California Management Review, Columbia Journal of World Business, Human Resource Management, Journal of International Business Studies, Journal of Management Studies, and Management International Review.

**TABLE 1**

**Cross-Cultural Adjustment Hypotheses for  
Country Experience and Degree of Internationalization**

**Country Experience**

*Individual Characteristics*

H2a: There will be a significant relationship between expatriate age and expatriate adjustment for expatriates assigned to young overseas subsidiaries.

H2b: There will be a significant relationship between expatriate tenure and expatriate adjustment for expatriates assigned to young overseas subsidiaries.

H2c: There will be a significant relationship between expatriate international experience and expatriate adjustment for expatriates assigned to young overseas subsidiaries.

*Organizational Characteristics*

H2g: There will be a significant relationship between role ambiguity and expatriate adjustment for expatriates assigned to mature overseas subsidiaries.

H2h: There will be a significant relationship between role discretion and expatriate adjustment for expatriates assigned to mature overseas subsidiaries.

H2i: There will be a significant relationship between mentorship and expatriate adjustment for expatriates assigned to mature overseas subsidiaries.

H2j: There will be a significant relationship between long-term career planning and expatriate adjustment for expatriates assigned to mature overseas subsidiaries.

H2k: There will be a significant relationship between expatriate training and expatriate adjustment for expatriates assigned to mature overseas subsidiaries.

H2l: There will be a significant relationship between spouse training and expatriate adjustment for expatriates assigned to mature overseas subsidiaries.

**Degree of Internationalization**

*Individual Characteristics*

H2d: There will be a significant relationship between expatriate age and expatriate adjustment for expatriates of firms with a low degree of internationalization.

H2e: There will be a significant relationship between expatriate tenure and expatriate adjustment for expatriates of firms with a low degree of internationalization.

H2f: There will be a significant relationship between expatriate international experience and expatriate adjustment for expatriates of firms with a low degree of internationalization.

*Organizational Characteristics*

H2m: There will be a significant relationship between role ambiguity and expatriate adjustment for expatriates of firms with a high degree of internationalization.

H2n: There will be a significant relationship between role discretion and expatriate adjustment for expatriates of firms with a high degree of internationalization.

H2o: There will be a significant relationship between mentorship and expatriate adjustment for expatriates of firms with a high degree of internationalization.

H2p: There will be a significant relationship between long-term career planning and expatriate adjustment for expatriates of firms with a high degree of internationalization.

H2q: There will be a significant relationship between expatriate training and expatriate adjustment for expatriates of firms with a high degree of internationalization.

H2r: There will be a significant relationship between spouse training and expatriate adjustment for expatriates of firms with a high degree of internationalization.

**TABLE 1 (cont'd)**

**Country Experience**

*Environmental Characteristics*

H2s: There will be a significant relationship between geographic proximity and expatriate adjustment for expatriates assigned to young overseas subsidiaries.

H2t: There will be a significant relationship between cultural familiarity and expatriate adjustment for expatriates assigned to young overseas subsidiaries.

H2u: There will be a significant relationship between host-country development and expatriate adjustment for expatriates assigned to young overseas subsidiaries.

H2v: There will be a significant relationship between host-country risk and expatriate adjustment for expatriates assigned to young overseas subsidiaries.

*Family-Related Factors*

H2aa: There will be a significant relationship between spousal adjustment and expatriate adjustment for expatriates assigned to young overseas subsidiaries.

**Degree of Internationalization**

*Environmental Characteristics*

H2w: There will be a significant relationship between geographic proximity and expatriate adjustment for expatriates of firms with a low degree of internationalization.

H2x: There will be a significant relationship between cultural familiarity and expatriate adjustment for expatriates of firms with a low degree of internationalization.

H2y: There will be a significant relationship between host-country development and expatriate adjustment for expatriates of firms with a low degree of internationalization.

H2z: There will be a significant relationship between host-country risk and expatriate adjustment for expatriates of firms with a low degree of internationalization.

*Family-Related Factors*

H2bb: There will be a significant relationship between spousal adjustment and expatriate adjustment for expatriates of firms with a low degree of internationalization.

**TABLE 2**  
**Organizational Commitment Hypotheses for**  
**Country Experience and Degree of Internationalization**

Country Experience

*Individual Characteristics*

H3a: There will be a significant relationship between expatriate age and expatriate organizational commitment for expatriates assigned to young overseas subsidiaries.

H3b: There will be a significant relationship between expatriate tenure and expatriate organizational commitment for expatriates assigned to young overseas subsidiaries.

H3c: There will be a significant relationship between expatriate international experience and expatriate organizational commitment for expatriates assigned to young overseas subsidiaries.

*Organizational Characteristics*

H3g: There will be a significant relationship between role ambiguity and expatriate organizational commitment for expatriates assigned to mature overseas subsidiaries.

H3h: There will be a significant relationship between role discretion and expatriate organizational commitment for expatriates assigned to mature overseas subsidiaries.

H3i: There will be a significant relationship between mentorship and expatriate organizational commitment for expatriates assigned to mature overseas subsidiaries.

H3j: There will be a significant relationship between long-term career planning and expatriate organizational commitment for expatriates assigned to mature overseas subsidiaries.

H3k: There will be a significant relationship between expatriate training and expatriate organizational commitment for expatriates assigned to mature overseas subsidiaries.

H3l: There will be a significant relationship between spouse training and expatriate organizational commitment for expatriates assigned to mature overseas subsidiaries.

Degree of Internationalization

*Individual Characteristics*

H3d: There will be a significant relationship between expatriate age and expatriate organizational commitment for expatriates of firms with a low degree of internationalization.

H3e: There will be a significant relationship between expatriate tenure and expatriate organizational commitment for expatriates of firms with a low degree of internationalization.

H3f: There will be a significant relationship between expatriate international experience and expatriate organizational commitment for expatriates of firms with a low degree of internationalization.

*Organizational Characteristics*

H3m: There will be a significant relationship between role ambiguity and expatriate organizational commitment for expatriates of firms with a high degree of internationalization.

H3n: There will be a significant relationship between role discretion and expatriate organizational commitment for expatriates of firms with a high degree of internationalization.

H3o: There will be a significant relationship between mentorship and expatriate organizational commitment for expatriates of firms with a high degree of internationalization.

H3p: There will be a significant relationship between long-term career planning and expatriate organizational commitment for expatriates of firms with a high degree of internationalization.

H3q: There will be a significant relationship between expatriate training and expatriate organizational commitment for expatriates of firms with a high degree of internationalization.

H3r: There will be a significant relationship between spouse training and expatriate organizational commitment for expatriates of firms with a high degree of internationalization.

**TABLE 2 (cont'd)**

**Country Experience**

*Environmental Characteristics*

H3s: There will be a significant relationship between geographic proximity and expatriate organizational commitment for expatriates assigned to young overseas subsidiaries.

H3t: There will be a significant relationship between cultural familiarity and expatriate organizational commitment for expatriates assigned to young overseas subsidiaries.

H3u: There will be a significant relationship between host-country development and expatriate organizational commitment for expatriates assigned to young overseas subsidiaries.

H3v: There will be a significant relationship between host-country risk and expatriate organizational commitment for expatriates assigned to young overseas subsidiaries.

*Family-Related Factors*

H3aa: There will be a significant relationship between spousal adjustment and expatriate organizational commitment for expatriates assigned to young overseas subsidiaries.

**Degree of Internationalization**

*Environmental Characteristics*

H3w: There will be a significant relationship between geographic proximity and expatriate organizational commitment for expatriates of firms with a low degree of internationalization.

H3x: There will be a significant relationship between cultural familiarity and expatriate organizational commitment for expatriates of firms with a low degree of internationalization.

H3y: There will be a significant relationship between host-country development and expatriate organizational commitment for expatriates of firms with a low degree of internationalization.

H3z: There will be a significant relationship between host-country risk and expatriate organizational commitment for expatriates of firms with a low degree of internationalization.

*Family-Related Factors*

H3bb: There will be a significant relationship between spousal adjustment and expatriate organizational commitment for expatriates of firms with a low degree of internationalization.

**TABLE 3**

**Job Satisfaction Hypotheses for  
Country Experience and Degree of Internationalization**

**Country Experience**

*Individual Characteristics*

H4a: There will be a significant relationship between expatriate age and expatriate satisfaction for expatriates assigned to young overseas subsidiaries.

H4b: There will be a significant relationship between expatriate tenure and expatriate satisfaction for expatriates assigned to young overseas subsidiaries.

H4c: There will be a significant relationship between expatriate international experience and expatriate satisfaction for expatriates assigned to young overseas subsidiaries.

*Organizational Characteristics*

H4g: There will be a significant relationship between role ambiguity and expatriate satisfaction for expatriates assigned to mature overseas subsidiaries.

H4h: There will be a significant relationship between role discretion and expatriate satisfaction for expatriates assigned to mature overseas subsidiaries.

H4i: There will be a significant relationship between mentorship and expatriate satisfaction for expatriates assigned to mature overseas subsidiaries.

H4j: There will be a significant relationship between long-term career planning and expatriate satisfaction for expatriates assigned to mature overseas subsidiaries.

H4k: There will be a significant relationship between expatriate training and expatriate satisfaction for expatriates assigned to mature overseas subsidiaries.

H4l: There will be a significant relationship between spouse training and expatriate satisfaction for expatriates assigned to mature overseas subsidiaries.

**Degree of Internationalization**

*Individual Characteristics*

H4d: There will be a significant relationship between expatriate age and expatriate satisfaction for expatriates of firms with a low degree of internationalization.

H4e: There will be a significant relationship between expatriate tenure and expatriate satisfaction for expatriates of firms with a low degree of internationalization.

H4f: There will be a significant relationship between expatriate international experience and expatriate satisfaction for expatriates of firms with a low degree of internationalization.

*Organizational Characteristics*

H4m: There will be a significant relationship between role ambiguity and expatriate satisfaction for expatriates of firms with a high degree of internationalization.

H4n: There will be a significant relationship between role discretion and expatriate satisfaction for expatriates of firms with a high degree of internationalization.

H4o: There will be a significant relationship between mentorship and expatriate satisfaction for expatriates of firms with a high degree of internationalization.

H4p: There will be a significant relationship between long-term career planning and expatriate satisfaction for expatriates of firms with a high degree of internationalization.

H4q: There will be a significant relationship between expatriate training and expatriate satisfaction for expatriates of firms with a high degree of internationalization.

H4r: There will be a significant relationship between spouse training and expatriate satisfaction for expatriates of firms with a high degree of internationalization.

**TABLE 3 (cont'd)**

**Country Experience**

*Environmental Characteristics*

H4s: There will be a significant relationship between geographic proximity and expatriate satisfaction for expatriates assigned to young overseas subsidiaries.

H4t: There will be a significant relationship between cultural familiarity and expatriate satisfaction for expatriates assigned to young overseas subsidiaries.

H4u: There will be a significant relationship between host-country development and expatriate satisfaction for expatriates assigned to young overseas subsidiaries.

H4v: There will be a significant relationship between host-country risk and expatriate satisfaction for expatriates assigned to young overseas subsidiaries.

*Family-Related Factors*

H4aa: There will be a significant relationship between spousal adjustment and expatriate satisfaction for expatriates assigned to young overseas subsidiaries.

**Degree of Internationalization**

*Environmental Characteristics*

H4w: There will be a significant relationship between geographic proximity and expatriate satisfaction for expatriates of firms with a low degree of internationalization.

H4x: There will be a significant relationship between cultural familiarity and expatriate satisfaction for expatriates of firms with a low degree of internationalization.

H4y: There will be a significant relationship between host-country development and expatriate satisfaction for expatriates of firms with a low degree of internationalization.

H4z: There will be a significant relationship between host-country risk and expatriate satisfaction for expatriates of firms with a low degree of internationalization.

*Family-Related Factors*

H4bb: There will be a significant relationship between spousal adjustment and expatriate satisfaction for expatriates of firms with a low degree of internationalization.



After careful consideration, it was concluded that expatriate success had traditionally been defined in terms of four broad categories -- cross-cultural adjustment, organizational commitment, job satisfaction, and performance -- all of which have been attributed to individual, organizational, environmental, and/or family-related phenomena. However, performance is not considered in this study, as no consistently reliable scale for assessing expatriate performance has been identified. A review of the literature relevant to the remaining outcomes is provided below.

### Cross-Cultural Adjustment

Cross-cultural adjustment has been defined as "the degree of psychological comfort with various aspects of a host country" (Black, 1988; Nicholson, 1984; Oberg, 1960) and has been the focus of many recent expatriation studies. Concerns include adjustment to working and living in the foreign environment, as well as to interacting with locals (Black, 1994; Black & Gregersen, 1991a; Black & Stephens, 1989). Furthermore, spousal adjustment has received increased attention as a measure of expatriate adjustment (Black & Gregersen, 1991a, 1991b; Black & Stephens, 1989).

The individual characteristics, as well as the organizational practices and the environmental and family-related factors, which have been found to influence expatriate cross-cultural adjustment are discussed in this section and are summarized in Appendix A.

## Individual-Level Determinants of Adjustment

Several personal dimensions have been found to impact a manager's transition to an overseas assignment. Black (1990), for example, concluded that cultural flexibility and social orientation were positively related to expatriate cross-cultural adjustment to work, interaction with host nationals, and to the environment in general.

When activities available at home cannot be found in the host country, there may be feelings of loneliness, isolation, and frustration, which contribute to culture shock and inhibit adjustment (Church, 1982). A person with cultural flexibility (the ability to replace activities enjoyed in one's home country with available, and usually different, activities in the host country) can avoid these negative feelings and more readily adjust abroad.

Social orientation (the individual's ability to establish relationships with host nationals) is also important to adjustment, especially for the information and feedback that can be obtained from host nationals when developing relationships with them (Mendenhall & Oddou, 1985). The more information received regarding local behaviors, the more easily the expatriate can adopt culturally appropriate behavior and thus facilitate the adjustment process. Clarke & Hammer (1995) found that interpersonal skills, which are similar to social orientation, tended to facilitate cross-cultural adjustment. Social skills appear to be critical to the manager's ability to complete tasks and to establish and maintain effective intercultural relationships, all of which assist in the cultural adjustment of the expatriate and his/her family.

Expatriate pre-departure knowledge can also contribute to both work and general adjustment overseas (Black, 1988), when such knowledge includes information about the

transition. This can reduce many of the uncertainties associated with the new role. Interestingly, previous international experience was repeatedly found to be non-significant as a predictor of both expatriate and spousal general adjustment during expatriation (Black, 1988; Black & Gregersen, 1991b; Black & Stephens, 1989). This suggests that perhaps many aspects of overseas experience are not generalizable from one assignment location to another or that expatriate managers are not able to transfer their learnings concerning adjustment in one country to another. However, overseas experience did relate positively to expatriate work adjustment (Black, 1988), suggesting that knowledge gained in the work environment may be transferable.

#### Organizational-Level Determinants of Adjustment

At the organizational level, factors such as role discretion, role clarity, a clear description of the company's repatriation practices (Black, 1994), and long-term career planning (Feldman & Thomas, 1992) have all been found to facilitate the expatriate adjustment process, either at work or in the general environment.

Role discretion enables individuals to more easily utilize successful past behaviors in the new role, since they have the freedom to modify the role to fit their abilities. In this way, the role becomes more familiar, predictable, and controllable, and the transition becomes easier (Kahn, Wolfe, Quinn, & Snoek, 1964; Karasek, 1979). Role clarity and role discretion are also important upon repatriation (Black & Gregersen, 1991a), in that returning employees are often caught in a holding pattern without a clear assignment, job,

or set of responsibilities, and that this significantly inhibits work adjustment back in the parent company.

In addition to the factors mentioned above, the provision of training was found to reduce expatriates' perceived need to adjust (Black et al., 1992; Deshpande & Viswesvaran, 1991; Earley, 1987). Training is the process of altering employee behavior and attitudes in a way that increases the probability of goal attainment (Hodgetts & Kuratko, 1991). For expatriates who are unfamiliar with the customs, cultures, and work habits of the local people, such training may be critical to the outcome of overseas assignments. Specifically, both documentary training (which includes area studies exposing people to a new culture through written materials) and interpersonal approaches (such as sensitivity training and field experiences) have been shown to reduce the manager's perceived intensity of cultural adjustment (Earley, 1987). Training is beneficial in that it reduces the cultural shock experienced by people in new and different cultures. Culture shock has long been thought to reduce ability to function in a cultural setting because of the perceived discrepancy between an individual's expectations of how events should proceed and how they actually occur. Perhaps counterintuitive, however, is the observation that interpersonal techniques did not reduce intensity of adjustment any more than did the documentary training (Earley, 1987). This may be explained by the fact that an individual whose interpersonal style is quite stable may not be easily influenced by experiential exercises.

### Environmental-Level Determinants of Adjustment

In addition to individual- and organization-level determinants of expatriate adjustment, variables at the environmental level have been examined to a limited degree. The cultural factors of adjustment studied thus far include culture novelty in the case of expatriation (Black & Stephens, 1989) and culture novelty, social status, and housing conditions in the case of repatriation (Black, 1994; Black & Gregersen, 1991b). Repatriation, or the return back to the parent location, is an inherent part of the expatriation process. Consequently, repatriation adjustment may be attributed to many of the same factors as the initial overseas adjustment.

Culture novelty has had a negative impact on the general adjustment of American expatriates and their spouses during the overseas assignment (Black & Stephens, 1989). This is not surprising, as the repatriation process involves a transfer back to an already familiar environment. Furthermore, the novelty between home and host cultures did not have a significant effect on the work dimension of expatriate or repatriate adjustment, most likely because elements of the work environment for a given firm are often similar across geographic locations.

### Family-Related Determinants of Adjustment

Family-related factors, encompassed by the term “nonwork variables” in much of the expatriate literature (Black, Mendenhall, & Oddou, 1991), have been studied as to their effects on expatriate cross-cultural adjustment. Specifically, research shows that if the expatriate’s spouse and/or family members are having trouble adjusting abroad, the

expatriate will have problems as well, including poor job performance (Black & Gregersen, 1991a; Gaylord, 1979; Harvey, 1985), which could result in a premature return from the overseas assignment. Poor spousal adjustment may result from inadequate preparation for the move abroad or from the inability to obtain a visa to work in the foreign country.

### Organizational Commitment

Organizational commitment has been defined as "A strong belief in, and acceptance of, the organization's goals and values, a willingness to exert considerable effort on behalf of the organization, and a strong desire to maintain membership in the organization" (Mowday, Porter, & Steers, 1982). Aspects of commitment examined in the literature include loyalty to and identification with the organization (Banai & Reisel, 1993), as well as intentions to remain both with the assignment and with the firm (Black & Stephens, 1989; Feldman & Thomas, 1992; Stephens & Black, 1991). Commitment to the organization is especially important when on foreign assignment in the face of obstacles associated with day-to-day living. An individual who identifies with and is loyal to the organization will be less likely to give in to external pressures.

Research on the organizational commitment of expatriates has received increased attention over the past decade, with particular emphasis on personal characteristics and organizational practices thought to influence expatriate commitment. In fact, the current literature review did not reveal any empirical research on environmental-level or family-related determinants of expatriate commitment.

Commitment itself has been conceptualized at its most general level (e.g. overall commitment) as well as in more specific terms (e.g. commitment to a parent company and to a local work unit). The determinants of expatriate organizational commitment are discussed below and are summarized in Appendix B.

### Individual-Level Determinants of Commitment

Gregersen and Black (1992) concluded that tenure in the parent company is associated with increased commitment to the parent location during expatriation. In a similar study, Gregersen (1992) found a positive relationship between parent-company tenure and commitment to both the parent and the local unit during repatriation. Sending individuals with high tenure, then, is important for sustaining commitment to that company during and after an international assignment.

These findings are consistent with previous research (Luthans, McCaul, & Dodd, 1985; Mowday et al., 1982) and are explained by the fact that the longer people have been with a firm, the greater are their investments in it. To capitalize on these investments, they become committed to the organization. Such investments may be economic early in a manager's tenure, but may later include psychological attachments from time and energy invested as well as the establishment of social networks. As length of service grows, so do these psychological investments, and thus employees demonstrate higher organizational commitment (Hrebiniak & Alutto, 1972).

Other individual factors found to affect organizational commitment among expatriates include the age and rank of the expatriate manager (Banai & Reisel, 1993).

For individuals who remain with a single organization, as age increases, so do the years of experience in the organization, as well as the rank in the organizational hierarchy. Consequently, compensation packages tend to be higher, and it becomes less likely that the manager will find a comparable package elsewhere (March & Simon, 1958), thereby increasing commitment to the organization.

### Organizational-Level Determinants of Commitment

At the organizational level, determinants of expatriate commitment include various types of support and development programs provided by the firm. For example, Feldman and Thomas (1992) found that long-term career planning (on the part of the MNC) was associated with higher levels of commitment. If expatriate managers see a connection between their current assignments and their longer term career paths, they are more likely to invest time, energy, and commitment to the overseas assignment.

Furthermore, higher commitment to the parent company has been associated with the provision of pre-departure training (Gregersen & Black, 1992) and realistic job previews (Feldman & Tompson, 1993). Both training and previews aid in understanding host countries' cultures and may therefore help expatriates to develop accurate and realistic expectations. Firms may also demonstrate their supportiveness and dependability by making repatriation practices clear to employees, as clarification at the outset has translated into better actual repatriation management (Gomez-Mejia & Balkin, 1987).

Expatriate commitment may also be a function of the fit between overall business strategy and human resource management strategy (Bird & Beechler, 1995), where



matched strategies are associated with lower turnover rates. Firms that are able to match business strategy and HRM strategies will be more likely to select people appropriate to the strategy they are pursuing. Consequently, better selection and retention suggests lower levels of turnover.

Finally, characteristics of the expatriate's job overseas have been found to impact organizational commitment. Role discretion (or the degree to which the individual is responsible for what work gets done, how it gets done, and by whom (Stewart, 1982)) has been linked to higher levels of expatriate commitment (Gregersen, 1992; Gregersen & Black, 1992). The greater the discretion, the stronger the sense of felt responsibility, and the stronger the commitment to the organization in which that responsibility has been developed. Role discretion may be especially important to expatriates, given the autonomous nature of many overseas assignments (Black, 1988). Conversely, role conflict (Gregersen & Black, 1992), or the existence of conflicting expectations, may reduce felt responsibility to the parent company during expatriation, but has not been significant in predicting organizational commitment during repatriation (Gregersen, 1992).

### Job Satisfaction

Job satisfaction has been defined as "A positive emotional state resulting from the appraisal of one's job or job experiences" (Locke, 1976). A popular conceptualization of job satisfaction is the intrinsic-extrinsic distinction (Weiss, Dawis, England, & Lofquist, 1967). Intrinsic satisfaction is derived from actually performing the work and experiencing feelings of accomplishment, self-actualization, and identity with the task.

Extrinsic satisfaction is derived from the rewards bestowed upon an individual by peers, superiors, or the organization, and can take the form of recognition, compensation, advancement, and so forth. If expatriates are neither intrinsically nor extrinsically satisfied while on assignment, the motivation to perform well and/or to remain abroad for the specified length of time is diminished.

The utilization of job satisfaction in the expatriate literature has been limited, particularly in examining environmental determinants of expatriate satisfaction. What follows is a review of the research in this area, and the various relationships observed are depicted in Appendix C.

#### Individual-Level Determinants of Satisfaction

The use of various individual coping strategies has been tested as they relate to overall satisfaction (Feldman & Thomas, 1992), and it has been found that psychological reappraisal enhances job satisfaction. Reappraisal is a problem-focused strategy used to take advantage of opportunities in the new environment by looking for the positive side of problems. Problem-focused strategies change the environment in the mind of the expatriate, making it more benevolent to him/her.

The manager's ability to deal with intercultural stress, communications, and relationships also enhances expatriate satisfaction (Stening & Hammer, 1992). This is not surprising, as several studies have confirmed that the predominant reason for ineffective management abroad is not due to the technical competence of the managers but rather to the dynamics of the intercultural experience (Brislin, 1981; Tung, 1982). The ability to

deal effectively with frustration, stress, different political systems, interactions with strangers, and a host of other intercultural dimensions, reduces anxiety and thus increases expatriate satisfaction.

Furthermore, Miller (1975) found international experience to relate positively to job satisfaction (when measured in terms of deficiencies in security, social, esteem, and self-actualization needs). The nature of the job, its responsibilities, promotion potential, and opportunities for need satisfaction may be perceived quite differently based on the manager's ability to master the host environment (Hodgetts, 1993), which is enhanced by previous international experience. In addition, culture shock may be minimal for repeat expatriates, as they may have already learned to deal with cross-cultural obstacles on a general level.

#### Organizational-Level Determinants of Satisfaction

At the organizational level, several job/task characteristics (skill variety, task identity, autonomy, and job feedback) were found to enhance both intrinsic and extrinsic satisfaction (Naumann, 1993). It seems logical that task autonomy, which is similar to role discretion, should lead to greater satisfaction, since the expatriate manager has the freedom to modify the role to fit his/her abilities. By the same token, the role can be modified in a way that fulfills the needs as perceived by the expatriate.

While the above-mentioned company practices exhibited positive associations with job satisfaction as a whole, Feldman and Tompson (1993) determined that various corporate career development programs contributed significantly to several aspects of

employee satisfaction (e.g. satisfaction with pay and with coworkers). One such practice was ensuring that the expatriate assignment fit in with the employee's overall career plan. Furthermore, providing mentors, as well as opportunities for employees to develop new skills, was significant to expatriate satisfaction. According to Steers and Mowday (1981), worker expectations may be related to attitudes. Skill-development opportunities, perhaps provided through training, may help to clarify the complex set of expectations associated with an international assignment, leading to a higher congruency between expectations and subsequent job experiences. This should lead to more positive attitudes, and, ultimately, to greater job satisfaction.

#### Environmental-Level Determinants of Satisfaction

The only environmental factor tested against satisfaction has been assignment location (Miller, 1975). Findings indicate that American expatriates on assignment in Europe were more satisfied (i.e. were less need-deficient) than American expatriates in Latin America, lending some support to the idea that country or region may be important to expatriate satisfaction. This may be due, in part, to the inability of some countries to provide the foundation for fulfilling higher-order needs. For example, an expatriate on assignment in a politically unstable environment may be deficient in his/her needs for safety and security.

## Summary of Expatriate Success Research

A summary of empirical studies on expatriation addressing variables at each of the four levels of analysis (individual, organizational, environmental, and family) is summarized in Table 4. Immediately discernible from the table is the heavy emphasis on individual characteristics as determinants of expatriate success. It also appears that environmental factors have received little attention in the expatriate literature and have been limited in scope. Another observation is the scant amount of research over the past decade (Black, 1994; Black & Gregersen, 1991a, 1991b; Gregersen & Black, 1992) approaching the issue of expatriate effectiveness as a product of variables at all four levels of analysis (individual, organizational, environmental, and family).

It is also typical in the International Human Resource Management (IHRM) literature to analyze the determinants of success in a static context (Black, 1988; Feldman & Thomas, 1992). This would be to imply that the positive relationship, for example, between role discretion and expatriate adjustment (Black, 1988) will always hold true, as would the positive relationship between firm tenure and organizational commitment. However, it may be the case that the relationships between certain phenomena (including personal, organizational, and environmental characteristics) and certain outcomes (e.g. expatriate adjustment, organizational commitment) may vary over time.

Recognizing the dynamic nature of the determinants of desirable expatriate outcomes, the hypotheses put forth in this study contend that the learning experienced through internationalization dictates these relationships. The determinants considered

**TABLE 4**

**Summary of Empirical Studies on Expatriate Success**

	INDEPENDENT VARIABLES				DEPENDENT VARIABLES		
	Individual	Organizational	Environmental	Family-related	ADJ	OC	SAT
Bird & Beechler, 1995		X				X	
Clarke & Hammer, 1995	X				X		
Black, 1994	X	X	X		X		
Guzzo, Noonan & Elron, 1994		X				X	
Feldman & Tompson, 1993	X	X			X	X	X
Banai & Reisel, 1993	X					X	
Naumann, 1993		X					X
Feldman & Thomas, 1992	X	X			X	X	X
Black, 1992	X				X		
Gregersen, 1992	X	X				X	
Gregersen & Black, 1992	X	X				X	
Stening & Hammer, 1992	X						
Black & Gregersen, 1991a	X	X	X		X		X
Stephens & Black, 1991	X			X	X	X	
Black & Gregersen, 1991b	X	X	X		X		
Black & Porter, 1991	X						
Black, 1990	X				X		
Black & Stephens, 1989	X		X	X	X	X	
Black, 1988	X	X			X		
Earley, 1987		X			X		
Tung, 1981	X	X	X				
Miller, 1975	X		X				X
Hays, 1974	X		X				
Hays, 1971	X	X	X				

ADJ *Expatriate cross-cultural adjustment*  
 OC *Expatriate organizational commitment*  
 SAT *Expatriate job satisfaction*

here, and the ways in which all relevant variables are measured, are detailed in the next chapter.

## **Chapter III Methods**

### **INTRODUCTION**

This chapter provides a detailed description of the research methods that were used in this study. First the research setting is discussed, followed by an explanation of the data collection techniques employed. Each variable is then described, together with its previous measures and those employed here. The chapter also includes a description of the sample of firms, subsidiaries, and individual expatriates that represented usable responses for analyses and provides a detailed account of those variables represented by scales of items, arrived at through the use of factor analytic techniques. The chapter closes with the results of some preliminary analyses of the data set, prior to hypothesis testing.

### **SAMPLE AND SETTING**

The sample of companies for this study was drawn from U.S. Fortune 500 MNCs in two sets of related industries. The first set included firms in the computers/office equipment and electronics industries, and the second set included companies in the petroleum refining and chemicals industries. The names of these organizations are reported in Table 5. The sample was restricted to U.S. MNCs in order to maintain parent-country homogeneity in terms of the political environment, the economy, and other country characteristics, since the phenomenon of expatriation is inherently influenced by cultural factors. Furthermore, data on the Fortune 500 is available and easily accessible,



**TABLE 5**

**Fortune 500 Companies\***

<u>COMPUTERS/ OFFICE EQUIPMENT</u>	<u>ELECTRONICS</u>	<u>PETROLEUM REFINING</u>	<u>CHEMICALS</u>
IBM	General Electric	Exxon	E.I. Du Pont De Nemours
Hewlett-Packard	Motorola	Mobil	Dow Chemical
Digital Equipment	Intel	Texaco	Occidental Petroleum
Compaq Computer	Rockwell International	Chevron	Monsanto
Apple Computer	Texas Instruments	Amoco	W.R. Grace
Unisys	Raytheon	USX	PPG Industries
Sun Microsystems	Westinghouse Electric	Atlantic Richfield	Union Carbide
Pitney Bowes	Emerson Electric	Phillips Petroleum	Eastman Chemical
Seagate Technology	Whirlpool	Coastal	FMC
Dell Computer	Cooper Industries	Ashland	Lyondell Petrochemical
Gateway 2000	Liton Industries	Sun	Rohm & Haas
AST Research	AMP	Unocal	Air Products & Chemicals
Conner Peripherals	Loral	Amerada Hess	Sherwin-Williams
Quantum	Maytag	Tosco	Morton International
Tandem Computers	Harris	Kerr-McGee	Hercules
SCI Systems	Teledyne	Mapco	Praxair
Amdahl	National Semiconductor	Diamond Shamrock	Olin
Storage Technology	Advance Micro Devices	Pennzoil	Engelhard
Western Digital	General Instrument	Ultramar	Witco
Silicon Graphics	E-Systems	Valero Energy	Dow Corning
EMC	National Service Industries	Murphy Oil	B.F. Goodrich
Cisco Systems	Duracell International	Crown Central	Great Lakes Chemical
Maxtor	General Signal	Castle Energy	Mallinckrodt Group
Data General	Applied Materials	Tesoro Petroleum	CBI Industries
Intergraph	Micron Technology	Quaker State	Cabot
Cray Research	Magnetek		Lubrizol
Wang Laboratories	Zenith Electronics		IMC Global
	Solectron		Nalco Chemical
	Sunbeam-Oster		Geon
	Thomas & Betts		Ecolab
	Hubbell		Ferro
	DSC Communications		CF Industries
	Vishay Intertechnology		Ethyl
	Molex		GAF
	LSI Logic		Cytec Industries
	Harman Int'l Industries		Arcadian
	3Com		H.B. Fuller
	Scientific-Atlanta		Albemarle
	Ametek		Dexter
			Georgia Gulf
			Uniroyal Chemical
			Wellman
			Sigma-Aldrich
			Valhi
			RPM
			Valspar

\* Companies are listed, in descending order, by revenues reported for 1995.

and the international orientation of these firms makes it likely that overseas subsidiaries will have a large expatriate presence.

In order to capture whether the use of expatriates, or whether the factors important to expatriate success, will vary by level of internationalization, there must be sufficient variance on the internationalization continuum. Prior to collecting this information at the company level, one way to ensure such variance is to design the study around firms from industries with maximally different international histories. Both the petroleum refining and the chemicals industries have a long history of international operations, whereas the computer industry, and to a lesser extent electronics, are relatively new to the international arena. Effects due to industry can then be overcome during subsequent analyses by introducing industry as a control variable.

Considerable value may be added to our current understanding of both internationalization effects on outcomes, as well as those due to industry, by sampling this way. Moreover, a moderate degree of generalizability across industries is possible without sacrificing the relevance of the findings to those companies under study.

## **DATA COLLECTION**

### **Primary Sources**

Phone calls were made to each of the Fortune 500 firms in the above-mentioned industries, in an effort to solicit the interest and participation of the human resource manager or the individual responsible for expatriating employees abroad. (Any such contacts will herein be referred to as HR Managers). A one-page executive summary of

the proposed research project was forwarded to each interested HR Manager, accompanied by a four-page survey to ultimately be administered to the firm's expatriates who were currently on assignment overseas.

Although a large initial mailing of surveys went out on June 1, 1996, the above process continued until mid-August. Thirty firms agreed to participate fully, by agreeing to mail the four-page survey to their expatriates, in addition to completing a one-page survey directed at the HR Manager him-/herself. Sixteen firms agreed to limited participation only, which involved the administration of only the HR Manager Survey. When added to the 30 that were participating at all levels, 46 firms were expected to complete the HR Manager Survey.

The two surveys addressed different research questions. Therefore, while all fully participating firms agreed to complete the HR Manager Survey as well, some neglected to do so, but their expatriates' responses remained usable. Whether fully participating, or just on a limited basis, packages were mailed to the HR Managers, who became the ongoing contacts for the remainder of the project.

### Packages

The two sets of packages prepared and sent to consenting HR Managers included the following materials:

#### Package A

- a letter to the HR Manager with instructions on how to proceed, including time frames for completion (see Appendix D and E)
- a one-page HR Manager Survey (see Appendix F)
- an addressed, stamped return envelope for the completed HR Manager Survey

## Package B

- a letter to each individual expatriate explaining what the study was about and instructions for completion (see Appendix G)
- a package of four-page expatriate surveys<sup>2</sup> consistent with the quantity previously agreed upon (see Appendix H)
- a demographic/biodata card to accompany each expatriate survey (see Appendix I)
- an addressed return envelope for the completed expatriate survey and biodata card

For firms which agreed to participate at the limited level, only Package A (with the letter shown in Appendix D) was forwarded to HR Managers. Fully participating firms received both Package A (with the letter shown in Appendix E) and Package B.

While survey distribution to expatriates abroad was handled through the central HR location, it was stated in both the letter to the HR Manager and to the individual expatriates that completed expatriate surveys were to be sent directly to research headquarters via mail or facsimile. Both HR Managers and expatriates were given six weeks to complete their surveys.

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<sup>2</sup> The expatriate survey was administered in English, as all respondents were expatriates of U.S.-based MNCs. Seven well-normed and reliable scales were embedded in the survey instrument, along with some ancillary questions regarding firm tenure, overseas experience, and the provision of company training.

## **Secondary Sources**

For each participating firm, annual reports for the years ending 1993, 1994, and 1995 were ordered through the company's investor relations department. These reports allowed for three-year averages on financial ratios used in computing firm degree of internationalization. Other components in this computation were obtained from reference materials such as Dun's 1996 Directory of American Corporate Families and International Affiliates and Dun's 1996 Reference Book of Corporate Managements.

A portion of the macro-level data was also collected by tapping published sources. The Human Development Report (United Nations, 1996), which provides country-level economic indicators, was furnished by the United Nations office. Political Risk Services, a New York-based research firm, provided the reports necessary for ascertaining the levels of risk associated with operating in various locations worldwide.

## **MEASURES**

### **Primary Sources**

#### Expatriate Success

#### Cross-Cultural Adjustment

##### Previous Measures

In what might be considered a pioneering study of expatriate adjustment, Black (1988) recommended a multi-faceted conceptualization of the adjustment construct, where adjustment to work, to interacting with host nationals, and to the general environment were all components of the cross-cultural adjustment process. An existing six-item scale

(Torbiorn, 1982) was adopted to measure general adjustment. This initial attempt to factor out the various adjustment dimensions produced only two facets, as adjustment to interacting with host nationals was highly correlated with adjustment to the environment in general.

Subsequent literature on expatriate adjustment has predominantly utilized the multi-faceted concept (Black, 1990; Black, 1989; Black, 1994; Black & Gregersen, 1991a, 1991b; Black & Stephens, 1989), validating the existence of all three adjustment dimensions. Moreover, the same dimensions have been used to measure adjustment to the home country upon repatriation (Black, 1992; Black, 1994; Black & Gregersen, 1991b), and, in some cases, to measure spousal cross-cultural adjustment (Black & Gregersen, 1991a, 1991b; Black & Stephens, 1989). Each dimension has proved to be consistently reliable for assessing expatriate adjustment. Items addressing work responsibilities or work-related interaction with host nationals, however, were not included in the spouse measure of adjustment, because past evidence suggested that 80 percent of the spouses would not be working in the foreign country (Stephens & Black, 1988).

While the multi-faceted structure of cross-cultural adjustment is well-normed in the expatriation literature, it should be noted that some research in the area has conceptualized adjustment quite differently (Clarke & Hammer, 1995; Feldman & Thomas, 1992; Feldman & Tompson, 1993). For example, Feldman & Tompson (1993) categorized several outcome variables (e.g. satisfaction with pay, coworkers, supervision, job security; psychological well-being; knowledge of international business; intent to remain; ability to work with a diverse work force) as indicators of adjustment. However, according to the

definition stated earlier, only "ability to work with a diverse work force" is an indicator of cross-cultural adjustment, and specifically, a measure of work adjustment. Again, Feldman and Thomas' (1992) adjustment indicator, "relationships with local nationals", is a measure of interaction adjustment. A sample, Likert-scaled item used to measure this variable is "I've become genuinely fond of the host nationals I work with and will miss them when I leave." Finally, Clarke and Hammer (1995) assessed personal/family adjustment through trainer ratings of how well the expatriate and his/her family adopted (relative to others) to living in the foreign culture.

### Current Study

In assessing adjustment, 14 items were used. These items were used by Black and Stephens (1989) and were drawn from Black's (1988) study of U.S. expatriate adjustment in Japan. They were designed to measure expatriate adjustment to interacting with local nationals, to work, and to the environment in general. General and interaction adjustment were assessed with four items each, whereas the work adjustment scale consisted of three items. These scales<sup>3</sup> were chosen as they have been found to be highly reliable in previous research (Black & Stephens, 1989), with reliabilities of .89, .82, and .92 for interaction, general, and work adjustment, respectively.

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<sup>3</sup> Items 1-14 on page 4 of the expatriate questionnaire (see Appendix E) comprised the expatriate cross-cultural adjustment scales.

## Organizational Commitment

### Previous Measures

Organizational commitment among expatriates has been measured in a variety of ways. For example, Banai and Reisel (1993) invoked Cook and Wall's (1980) British adaptation of the well-established Organizational Commitment Questionnaire (Mowday, Steers, & Porter, 1979), producing two organizational commitment factors (Loyalty/Identification and Involvement) with high reliabilities. Portions of the OCQ were also used by Guzzo et al. (1994) in an investigation of the effects of company expatriate practices and retention-relevant outcomes.

Another application of the organizational commitment construct (Gregersen & Black, 1992) assessed commitments to the parent company and to the local operation, adopting scales from Mowday et al. (1982). Subsequently, Gregersen (1992) re-adopted these scales, selecting only those items that would easily apply to each commitment target (parent company and local operation) and reflect the expatriate's identification with that target.

Although the studies mentioned above focus on organizational commitment as a distinct and measurable outcome, other research has assessed various expatriate intentions (e.g. to remain on assignment, to remain with the company) as well as expatriate turnover, all of which reflect an individual's overall commitment to the organization.

Guzzo et al. (1994) assessed three distinct intentions -- to request an early return to a domestic assignment with the company, to change employers in the near future, and



to remain in the current location even if it means changing employers. In a similar vein, other researchers assessed intentions to remain with the assignment or with the organization through independently-developed Likert-type measures (Black & Stephens, 1989; Feldman & Thomas, 1992; Stephens & Black, 1991).

### Current Study

The Organizational Commitment Questionnaire (OCQ) (Porter, Steers, Mowday, & Boulian., 1974), consisting of nine items, was used to assess the organizational commitment construct -- measuring identification, involvement, and loyalty, with responses recorded on a seven-point Likert scale.<sup>4</sup> This scale is a replication of Cook and Wall's (1980) adaptation of the well-established Organizational Commitment Questionnaire (Mowday et al., 1979), originally yielding an overall coefficient alpha of .87.

### Job Satisfaction

#### Previous Measures

Feldman and Tompson (1993) conceptualized job satisfaction as part of the overall adjustment to the new job assignment, looking at domestic job relocators as well as expatriates and repatriates. In addition to general job satisfaction, they assessed the employee's satisfaction with pay, coworkers, supervision, job security, and growth opportunities.

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<sup>4</sup> Items 15-23 on page 2 of the expatriate questionnaire (see Appendix E) comprised the organizational commitment scales.

While Feldman and Tompson (1993) have examined various aspects of individual satisfaction, most other expatriation researchers have focused exclusively on general job satisfaction (Feldman & Thomas, 1992) or on the distinction between intrinsic and extrinsic job satisfaction (Naumann, 1993). Naumann (1993) used the Minnesota Satisfaction Questionnaire (MSQ) Short Form to measure job satisfaction, which consists of 20 items and provides both intrinsic and extrinsic job satisfaction scores (Weiss et al., 1967).

Expatriate satisfaction has also been conceptualized somewhat uniquely as the opposite of need deficiency (Miller, 1975). In this case, satisfaction data were collected through the administration of a Porter need satisfaction questionnaire, which contained 11 items classifiable into a Maslow-type need hierarchy. As an example, by assessing feelings of worthwhile accomplishment in the employee's present position, in terms of how much is there and how much should be there, it is possible to assess the individual's need deficiency and hence his/her level of satisfaction.

Finally, Stening and Hammer (1992) assessed expatriate satisfaction through self-ratings as to how satisfied the managers were with each of 24 intercultural effectiveness items (e.g. frustration, anxiety, misunderstandings, empathy with others) that comprised the three scales measuring intercultural abilities (skills, communications, and relationships).

### Current Study

The Minnesota Satisfaction Questionnaire (MSQ) Short Form was used to measure satisfaction.<sup>5</sup> The MSQ Short Form consists of 20 items and is a measure of both intrinsic and extrinsic job satisfaction.

### Proportion of Expatriates

The proportion of expatriates in a given overseas subsidiary was calculated by dividing the number of U.S. nationals in each subsidiary by the total number of employees in that subsidiary. The proportion of expatriates in each MNC as a whole was calculated by dividing the number of U.S. expatriates employed by the firm in all of its overseas subsidiaries combined by the total number of employees in all of the overseas subsidiaries. Data on the number of expatriates used in each subsidiary as well as in the company as a whole was provided by HR Managers on the one-page HR Manager Surveys.

### Determinants of Expatriate Success

#### Individual-Level Determinants

##### Age

Expatriate age was operationalized in years and was asked of the expatriates in the surveys sent abroad.

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<sup>5</sup> Items 1-20 on page 1 of the expatriate questionnaire (see Appendix E) comprised the satisfaction scales.

### Firm Tenure

Tenure in the organization was measured as the total number of years the expatriate had worked for the parent organization and was also assessed through the expatriate him-/herself.

### Previous Overseas Experience

Individual overseas experience was measured as the total number of years that the expatriate had spent in his/her lifetime working overseas (not including the current assignment). Again, these responses came from the expatriates directly.

## Organizational-Level Determinants

### Role Ambiguity & Role Discretion

Six items on a five-point Likert scale from Rizzo, House, and Lirtzman (1970) were used to measure role ambiguity.<sup>6</sup> As role clarity is the opposite of role ambiguity, this scale may also be thought of as a measure of role clarity. For role discretion, eight items on a five-point scale were adopted from Gregersen and Black (1992),<sup>7</sup> which represent a modified version of Stewart's (1982) work role discretion measure. The scale yielded an original coefficient alpha of .86 (Gregersen & Black, 1992).

### Career Development Practices

Three dimensions of company support are considered here -- long-term career planning, mentoring, and training. Long-term career planning is defined as the extent to

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<sup>6</sup> Items 1-6 on page 2 of the expatriate questionnaire (see Appendix E) comprised the role ambiguity scale.

<sup>7</sup> Items 7-14 on page 2 of the expatriate questionnaire (see Appendix E) comprised the role discretion scale.

which expatriates see a clear connection between their current expatriate assignments and their overall career plans. It was measured on a 14-item, five-point Likert scale, developed by Feldman and Thomas (1992),<sup>8</sup> which originally produced a coefficient alpha of .93.

Mentoring is defined as the extent to which expatriates feel they have an advocate back at their domestic site who is looking out for their best interests. It was measured on a six-item, five-point Likert scale (Feldman & Thomas, 1992).<sup>9</sup>

In order to assess the extent of training received, the study applied Tung's (1981) framework for cross-cultural training methods based on rigor, which has laid the foundation for other such frameworks (Landis & Brislin, 1983; Mendenhall & Oddou, 1986). Respondents were asked to check any of five types of training that were provided to them and to their spouses for their overseas assignments.<sup>10</sup> These included (1) Area Studies Programs, (2) Culture Assimilator, (3) Sensitivity Training, (4) Field Experiences, and (5) Language Training.

## Environmental-Level Determinants

### Cultural Familiarity

Cultural familiarity, or the extent to which the expatriate is familiar with the host-country culture, was measured as a function of the following two items:

- (1) *Whether the expatriate had lived in the host country prior to the current assignment.*

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<sup>8</sup> Items 30-43 on page 3 of the expatriate questionnaire (see Appendix E) comprised the long-term career planning scale.

<sup>9</sup> Items 24-29 on page 2 of the expatriate questionnaire (see Appendix E) comprised the mentoring scale.

<sup>10</sup> These items appear, unnumbered, at the bottom of page 3 of the expatriate questionnaire.

- (2) *Whether the expatriate speaks any of the official languages of the host country.*

These dimensions were scored as 1 for "yes" and 0 for "no" and were then summed for an overall cultural familiarity score.

### Family-Related Determinants

#### Spousal Cross-Cultural Adjustment

In assessing spousal adjustment, nine Likert-type items were used (Black & Stephens, 1989). These items were designed to measure spousal adjustment to the general environment of the host country and to interacting with local nationals.<sup>11</sup>

#### Country Experience

While country experience may be thought of as a subset of the overall Degree of Internationalization (DOI) construct (described in the next section), it is not directly captured by any of the DOI components. Furthermore, measures such as country-level sales and assets are not accessible through sources such as annual reports (indicated by the consolidated figures reported in the financial statements), nor are they highly reliable due to transfer pricing. Therefore, subsidiary age was used to capture the phenomenon of country experience. Subsidiary age was assessed twice in the current study -- once through the individual expatriates and later through the HR Managers.

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<sup>11</sup> Items 15-23 on page 4 of the expatriate questionnaire (see Appendix E) comprised the spousal cross-cultural adjustment scales.

## Secondary Sources

### Degree of Internationalization

Sullivan's (1994) composite index was used to measure the DOI of the firm, as it is the most recent conceptualization with sufficiently high reliability ( $\alpha = .79$ ). The DOI index incorporates five objective, ratio measures of overseas involvement:

1. *Foreign Sales as a Percentage of Total Sales (FSTS)*
2. *Foreign Assets as a Percentage of Total Assets (FATA)*
3. *Overseas Subsidiaries as a Percentage of Total Subsidiaries (OSTS)*
4. *Psychic Dispersion of International Operations (PDIO)*
5. *Top Mangers' International Experience (TMIE)*

The DOI score for each MNC is the sum of each individual measure, where the range of values for DOI is 0.0 (absolutely no international involvement) to 5.0 (absolutely total international involvement). As an example, IBM's value of 2.91 for DOI in 1990 was derived accordingly:

$$.59_{\text{FSTS}} + .50_{\text{FATA}} + .77_{\text{OSTS}} + .90_{\text{PDIO}} + .15_{\text{TMIE}} = 2.91$$

All components of the index were obtainable from published sources. FSTS and FATA were represented by three-year averages (1993, 1994, and 1995), in order to control for changes in exchange rates and accounting standards, and were obtained from company annual reports. Dun's Directory of American Corporate Families and International Affiliates (Dun & Bradstreet, 1996a) supplied the frequencies and distributions of subsidiaries necessary to calculate OSTS and PDIO. PDIO was simply the

proportion of those psychic zones identified by Ronen and Shenkar (1985)<sup>12</sup> in which the firm had international subsidiaries.

In order to assess TMIE for each participating firm, data on the career histories of top managers was obtained from Dun's Reference Book of Corporate Managements (Dun & Bradstreet, 1996b). This ratio represented the number of years of overseas work experience of all top managers combined as a proportion of the team's total work experience.

### Determinants of Expatriate Success

#### Environmental-Level Determinants

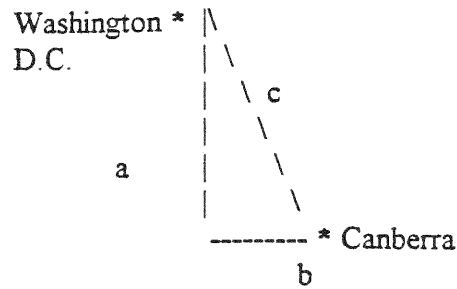
##### Geographic Proximity

It has been suggested (Johanson & Vahlne, 1975) that physical distance can be used as a proxy for the psychic, or cultural distance, between cultures. Therefore, the geographic distance between the parent location (always the U.S. in this case) and the host nation was measured for all overseas assignment locations. This distance was computed as a function of the longitudinal and latitudinal difference between the capital cities. To illustrate, to calculate the distance between Washington D.C. and Canberra, Australia, one would be looking for the length of "c" (or the hypotenuse of a right triangle), as shown below:

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<sup>12</sup> These zones, or country clusters, with the addition of a category for "other" countries, include Anglo, Germanic, Nordic, Near Eastern, Arab, Far Eastern, Latin American, Latin European, Independent, and Other.





This length was determined using the formula

$$a^2 + b^2 = c^2$$

where "a" is the longitudinal difference between the two capitals and "b" is their latitudinal difference. Smaller values for "c" represent geographically proximate capital cities.

#### Level of Development

The level of development of the host locations was operationalized using the Human Development Index (HDI). This index was developed by the United Nations in 1990 and is published annually in the Human Development Report. The index is based on four measures -- life expectancy at birth; adult literacy rates; combined first-, second-, and third-level gross enrollment ratios; and real GDP per capita. The HDI is a three-digit value with scores ranging from 0 to 1 in ascending order of development. This report also provides scores on the various components used to produce the index.

#### Risk

Risk indices were obtained from Political Risk Services (1996), a New York-based research firm that publishes an annual index based on risk factors, including political turmoil, as well as financial transfer, direct investment, and export market risk. Scores on

the index range from 0 for countries with the most favorable environments to 100 for those with the riskiest climates. These scores were reverse-coded for the current analyses.

## ANALYSIS

Preliminary procedures to hypothesis testing included the calculation of response rates and descriptive statistics on expatriate respondents. In addition, scaled measures were factor analyzed to ensure sound psychometric properties, and correlations among all variables were calculated to prevent any confounding effects due to multicollinearity of measures. The last step prior to testing the current model was in performing T-tests for mean differences in the scores on the various expatriate outcomes.

### Response Rates

Information on the HR Manager Surveys was used to test two different research hypotheses (H1a and H1b). Therefore, while some of the information was incomplete or unavailable, most HR Manager Surveys were rendered usable for testing at least one of these hypotheses.

The first addresses the level of overall firm internationalization and the proportion of expatriates used by the firm as a whole. Each HR Manager Survey (or each firm) counted as one case. The total number of cases considered usable for H1a was 32.

H1b addresses the extent of firm experience in a given country subsidiary and the proportion of expatriates used in each subsidiary. Therefore, each subsidiary is a case in and of itself. Where the HR Manager did not report on *all* subsidiaries (most times due to

the fact that there were too many to research), H1b could still be tested on any case for which country experience (or subsidiary age) and proportion of expatriates in the subsidiary were provided. The age of each subsidiary was obtained from the central location. Therefore, all HR Managers from firms participating at both levels were contacted for subsidiary ages. The total number of cases considered usable for the second hypothesis in this set was 235.

When primary data collection was complete, response rates were computed for expatriates whose firms agreed to participate fully and for firms and subsidiaries where limited participation was expected.

230 expatriate surveys were received, out of a total of 580 that were sent out (representing 15 firms across the two sets of industries), for a response rate of 40 percent.<sup>13</sup> Thirty-two HR Manager Surveys were received, out of a total of 46 that were sent out, for a response rate of 70 percent. Of these 32, 13 represented fully participating firms from which corresponding expatriate surveys were received. The remaining 19 were from firms that participated at the limited level only.

### **Respondent Profiles**

Table 6 provides a summary of the expatriate sample characteristics. As stated previously, the 230 expatriate respondents represented 15 different firms. More

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<sup>13</sup> The number of surveys that went out refers to those that were indeed forwarded by HR Managers. Although expatriate responses were received from 15 firms, 30 had originally agreed to participate. However, follow-up phone calls revealed that 11 firms had in fact NOT EVEN SENT the surveys abroad, and some had even sent the packages back. The total number of surveys that were sent to HR Managers that did not leave their desks was 266.

**TABLE 6**

**Respondent Profiles**

<b>Industries Represented</b>	<u>n</u>	<u>%</u>	<u>No. of Firms</u>
Computers	42	18.3	5
Electronics	44	41.3	2
Petroleum	95	19.1	5
Chemicals	49	21.3	3
<b>Age of Firms Represented</b>	<u>Range</u> 2-124 yrs.	<u>Mean</u> 82.3 yrs.	
<b>Internationalization of Firms Represented</b>	<u>Range</u> .40 - .60	<u>Mean</u> 3.12	
<b>Expatriate Position</b>		<u>%</u>	
President, Partner, VP		8.8	
Director/Manager		74.8	
Coordinator/Administrator		2.2	
Consultant, Advisor		4.0	
Other		10.2	
<b>Expatriate Functional Area</b>		<u>%</u>	
Finance, Accounting		11.9	
Sales, Marketing		11.9	
Human Resources		4.4	
Production Operations		37.2	
Information Systems		9.2	
Other or Not Specified		25.2	
<b>Gender</b>		<u>%</u>	
Male		91.7	
Female		8.3	
<b>Marital Status</b>		<u>%</u>	
Married		85.6	
Not Married		14.4	
<b>Number of Children</b>		<u>%</u>	
Have Children		20.1	
Do not Have Children		79.9	
<b>Level of Education</b>		<u>%</u>	
High School Diploma		2.2	
2-Year College Degree		3.1	
Bachelor's Degree		51.7	
Master's Degree		32.6	
Doctoral Degree		8.3	
<b>Country of Birth</b>		<u>%</u>	
U.S.		84	
Outside U.S.		16	
<b>Foreign Languages Spoken</b>		<u>%</u>	
Yes		53.9	
No		46.1	
<b>Lived Abroad Prior to Current Assignment</b>		<u>%</u>	
Yes		60.3	
No		39.7	

specifically, they represented five firms in the computer industry (n=42), two firms in electronics (n=44), five in petroleum refining (n=95), and three in the chemicals industry (n=49). When related industries were combined, there were 86 and 144 respondents in the two sets of industries, respectively.

Almost all respondents were male (91.7%), and the proportion of expatriates who were married was 85.6 percent. In addition, 79.9 percent reported that they had children, for an average of 1.9 children per respondent. An overwhelming majority of the respondents were born in the U.S. (84.0%)<sup>14</sup>, as were both of the expatriates' parents (mothers, 80.7%; fathers, 82.0%). With regard to expatriate levels of education, 94.7 percent held at least a bachelor's degree, with 33.0 and 8.5 percent holding master's and doctorates, respectively.

Respondents were also queried as to other countries in which they had previously lived, as well as to other languages spoken. Forty percent of the expatriates had never lived outside of the U.S. prior to the assignment. All in all, the respondents had lived in an average of 1.2 other countries (9.6% had lived in three other countries, and there were a handful still that had lived in four, five, six, and even seven other countries, with England, Norway, and Australia appearing the most frequently). Almost half (46.3%) of the respondents did not speak a language other than English. In fact, the mean number of foreign languages spoken among the respondents was .87. Of the 54 percent who did

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<sup>14</sup> All respondents were U.S. citizens, expatriated from U.S. Fortune 500 companies to overseas locations. However, 16 percent were actually born outside of the U.S.

speak another language, 5.2 and 1.7 percent spoke three and four languages, respectively. The most commonly spoken languages were Spanish, French, and German.

The majority of the expatriates held positions at the management level (74.8%), which was indicated by such titles as "Manager", "Senior", "Supervisor", and "Director", while 8.8 percent were even higher up in the organizational hierarchy, primarily as vice-presidents. In addition, a handful were coordinators, administrators, or some type of consultant or specialist without the management title. The functional area of expertise with the highest concentration was in production/operations (37.2%), while the area of lowest concentration was in human resources (4.4%). All other business functions (finance, accounting, sales and marketing, and information systems) were fairly evenly represented by the expatriate respondents.

Only 2.7 percent of the expatriates had a title reflecting the international nature of their assignments. Words indicative of such international orientation were "international", "global", "foreign", and "worldwide". However, 20.8 percent did have titles indicating the regional nature of their assignments. This was indicated by "regional", "area" or "country", or by the actual country or region as part of the title (i.e. "Manager of Business Development, European Operations").

In terms of total length of the assignment, the mean was 43.5 months, with responses ranging from 2 to 102 months. Close to 25 percent were on 60-month assignments, and 17.3 percent were on assignments for 36 months. It should be noted that 12.6 percent reported that the length of their stays abroad were indefinite. However, since overseas assignments rarely exceed 60 months, indefinite responses were recoded to equal

60. In the cases where the expatriate had already been in the assignment for more than 60 months, the length of the assignment was set equal to the number of months served to date. The mean number of months that had already been served at the time of the study was 24.7, with time in ranging from 1 to 114 months.

### **Reliability and Validity of Measures**

For those variables represented by scales of items, valid and reliable measures were arrived at through the use of factor analytic techniques. These procedures are described below, and factor solutions for the expatriate success measures and the determinants of expatriate success are displayed in Tables 7 and 8, respectively.

#### Expatriate Success

##### Cross-Cultural Adjustment

The 14 expatriate adjustment items were entered into a constrained three-factor solution. The solution was strong, explaining 68.5 percent of the variance in the correlation matrix, with eigenvalues ranging from 4.00 down to 1.47. The interaction items loaded first, followed by work and then general adjustment. The items on adjustment to living and housing conditions and to health care facilities, however, did not discriminate sufficiently across the factors and were subsequently dropped from the structure. Reliabilities for the interaction, work, and general scales, respectively, were .88 (with loadings from .81 to .88), .77 (with loadings from .85 to .89), and .72 (with loadings

**TABLE 7**  
**Factor Structures for Dependent Scales \***

<b>Cross-Cultural Adjustment - Expatriate</b>		<b>Cross-Cultural Adjustment - Spouse</b>	
<i>Interacting</i>		<i>General</i>	
Interacting with locals outside of work	.88038	Shopping	.77305 (.73)
Socializing with local nationals	.86064	Cost of living	.72991
Speaking with local nationals	.81572	Housing conditions	.69188
Interacting with locals on daily basis	.81300	Food	.68222
<i>Work</i>		<i>Interacting</i>	
Performance standards and expectations	.89252	Socializing with local nationals	.92378 (.90)
Supervisory responsibilities	.85792	Interacting with locals on daily basis	.92161
Specific job responsibilities	.85256		
<i>General</i>			
Shopping			
Cost of living	.82850		
Food	.73751		
Entertainment/recreation facilities	.65411		
	.61801		

\* Numbers in parentheses represent scale reliabilities



**TABLE 7 (cont'd)**  
**Factor Structures for Dependent Scales \***

Organizational Commitment	Satisfaction	
<i>Identification</i>		<i>Intrinsic</i>
Proud to say where I work	.85593 (.75)	Chance to do different things
Would not advise friend to join staff	.80179	Being able to keep busy all the time
		Chance to use my abilities
<i>Loyalty</i>		Feeling of accomplishment
Sometimes feel like leaving org. for good	.82481 (.61)	Chance to do things for others
Would stay even if org. were not doing well	.82207	Chance to be "somebody"
		Chance to tell people what I do
<i>Involvement</i>		Chance to work alone
I'd be pleased if my work helped the org.	.89616 (.66)	
My effort is for org. as well as myself	.78227	<i>Extrinsic</i>
		Way my boss handles subordinates
		Praise I get for doing a good job
		Competence of supvr. in dec-making
		Way company policies are practiced
		Chances for advancement
		Pay and amount of work

\* Numbers in parentheses represent scale reliabilities

**TABLE 8**

**Factor Structures for Independent Scales \***

Role Ambiguity and Role Discretion		Mentoring and Long-Term Planning	
<i>Role Discretion</i>		<i>Long-Term Planning</i>	
Freedom to choose my expertise	.79228 (.87)	Sometimes feel assign. not good for career	.73453 (.89)
Freedom to be generalist or expert	.77436	Not sure accepting assign. will help career in long run	.70746
Authority on what tasks to delegate	.70330	Assign. fits logically with my career path	.69869
Authority to decide on shared work	.69065	Assign. makes sense for my career with this company	.68538
Discretion on tasks subord.'s do	.68662	Better chance of promotion if not on assign.	.67068
Discretion on how work gets done	.66967	Assign. fits into my overall career	.65206
Discretion as to what I'm responsible for	.66501	Not sure how assign. will help later in career	.63322
Discretion as to what work gets done	.65267	Assign. was logical next step in career	.58868
<i>Role Ambiguity</i>		Could have climbed corp. ladder faster if not overseas	.58542
I know exactly what's expected of me	.83228 (.83)	Assign. will open many doors for my career	.57124
Clear explanation of what has to be done	.81680	I see how skills I'm developing in assign. will help later in career	.54510
There are clear, planned goals for my job	.76875	Assign. has developed useful skills for later in career	.53733
I know what my responsibilities are	.76245		
I know I've divided my time properly	.56285		
		<i>Mentoring</i>	
		Mentor keeps eyes out for good repat. assign. for me	.83454 (.90)
		I have a mentor back home looking out for my interests	.82785
		There's a mgr. who keeps me visible while I'm away	.76876
		I'm in close contact with home office and stay updated	.73045
		I have friend in mgnt. who I trust to be honest about problems	.71605
		I keep in close touch, so transition home should be smooth	.71021

\* Numbers in parentheses represent scale reliabilities

from .62 to .83). Scores on the 11 items which were retained were then averaged to arrive at an overall cross-cultural adjustment score ( $\alpha = .81$ ).

### Organizational Commitment

The nine items designed to measure organizational commitment were entered into a constrained three-factor solution, using principal components method of extraction and varimax rotation, after reverse coding negatively worded items. Retaining only those items which demonstrated both convergent and discriminant validity, the three organizational commitment constructs were captured with two items each. For identification, loadings ranged from .80 to .86, with an alpha of .75. For loyalty, both loadings were .82, with an alpha of .61. And, for involvement, loadings ranged from .78 to .90, with an alpha of .66. The factor structure explained 76.5 percent of the variance in the correlation matrix, with eigenvalues of 2.62, 1.32 and .65, respectively. While factors with eigenvalues of less than one are typically dropped from factor solutions, the items in the third factor (involvement) were necessary for capturing a dimension that may be very different for the current expatriate sample than for those previously studied. Overall organizational commitment was captured by averaging scores on the six items which demonstrated convergent and discriminant validity for the dimensions described above ( $\alpha = .73$ ).

## Job Satisfaction

The 20 items comprising the MSQ Short Form were designed to assess the overall satisfaction construct. Therefore, while 18 of these items measure either intrinsic or extrinsic satisfaction, it was not necessary to consider the factor structures of these dimensions for assessing the global satisfaction construct. Instead, scores on the 20 items were averaged, and the satisfaction scale yielded a coefficient alpha of .87. To confirm that intrinsic and extrinsic measures were embedded in the overall satisfaction scale, the corresponding 18 items were entered into a constrained two-factor solution using the same factor analytic procedures as above. Items were reverse-coded so that higher values would reflect higher levels of satisfaction. All items loaded as expected, with the exception of an item concerning satisfaction with the way the job provides for steady employment. While this item was expected to load with the intrinsic satisfaction items, it appeared on the extrinsic factor, albeit with a low factor score of .45. Furthermore, three other items did not identify highly with their respective factors and were therefore omitted from the solution. Subsequent attempts to produce the tightest, most reliable constructs, without sacrificing prevailing theory, led to an eight-item intrinsic scale ( $\alpha=.79$ ) with loadings from .51 to .73, and a six-item extrinsic scale ( $\alpha=.77$ ) with loadings from .53 to .76. The solution explained 44.9 percent of the variance in the correlation matrix, with eigenvalues of 4.42 and 1.86.

## Determinants of Expatriate Success

### Role Ambiguity & Role Discretion

The 14 items used to measure role discretion and role ambiguity were factor analyzed, using the principal components method of extraction and varimax rotation, into a constrained two-factor solution. All eight items designed to measure role discretion clearly identified with a single factor, with loadings ranging from .65 to .79 and with a Cronbach's alpha of .87. Any reduction in the number of items would have reduced the scale's reliability. While all six role ambiguity items loaded on a single factor as well, one item did not demonstrate discriminant validity and was therefore eliminated. Loadings for role ambiguity ranged from .56 to .83, and the scaled proved highly reliable ( $\alpha=.83$ ). This two-factor solution explained 56.7 percent of the variance in the correlation matrix, with eigenvalues ranging from 5.46 down to 1.92. Scores on each of these scales were simply the item means.

### Career Development Practices

Items for all three types of organizational development programs were entered into a constrained four-factor solution. The logic behind the use of four factors was that the training items may have represented two different theoretical constructs (interactive and non-interactive training techniques). However, since no empirical analyses had ever been performed on these training items, the initial attempt to separate these constructs was purely exploratory. Using principal components method of extraction and varimax rotation, there indeed emerged one factor with items measuring long-term planning, one

with those measuring mentoring, and two capturing training. Two long-term planning items were eliminated, due to lack of discriminant validity, as well as the repetitive nature of some items. The new long-term planning scale yielded an alpha of .89, with loadings from .54 to .73. The six-item mentoring scale, on the other hand, remained intact (alpha=.90), with loadings from .71 to .83. The four-factor solution explained 52.8 percent of the variance in the correlation matrix, and eigenvalues ranged from 7.76 down to 1.83.

Training items did not factor as expected. Therefore, scores on training were simply computed as the number of programs provided to the expatriate, so that scores ranged from 0 to 5.

#### Spousal Cross-Cultural Adjustment

For spousal adjustment, nine items were entered into a factor solution which was constrained to two factors, as work adjustment was not applicable here. Six of the nine items loaded with convergent and discriminant validity, producing a solution that explained 67.7 percent of the variance in the correlation matrix and with eigenvalues of 3.04 and 1.02. Reliabilities for general and interaction scales were .73 (with loadings from .68 to .77) and .90 (with loadings from .92 to .93), respectively. While interaction adjustment for the expatriate and the spouse were captured with the same items (where applicable for the spouse), general adjustment was structured slightly differently. Whereas expatriate general adjustment consisted of adjustment to entertainment and recreational facilities, this aspect was replaced by adjustment to housing conditions for the spouse.

Overall spousal adjustment was measured as a function of adjustment to the general environment and to interacting with locals, averaging scores on the six items that were retained ( $\alpha = .80$ ).

### **Variables and Correlations**

All bivariate correlations, together with means, standard deviations, and scale reliabilities where applicable, are shown in Table 9. The table indicates high bivariate correlations among only two pairs of independent variables. These include the provision of expatriate training (TREXP) and spouse training (TRSP), with a correlation coefficient of .89, and the level of host-country development (HDI) and risk (RISK), with a correlation coefficient of .76. However, all variance inflation factors produced in the subsequent regression analyses were less than 10.0, indicating that there were no significant multicollinearity effects on the outcome variables (Haire, Anderson, Tatham, & Black, 1992).

In order to address H2, H3, and H4 (See Tables 1, 2, and 3), multiple linear regression analysis was used to build models explaining the various outcomes. It was decided a priori that separate analyses would be run to test the moderating effects of overall firm internationalization and those of country experience. Therefore, with the exception of the moderator, models included the same set of variables. The following variables were included in each regression equation:

**TABLE 9**

**Correlations, Means, and Standard Deviations for All Variables**

	Mean	S.D.	Alpha	ADJ	OC	SAT	IND	EDUC	AGE	TEN	OVER	RA	RD	MENT	LT	TREXP	TRSP	GEOG	CF	HDI	RISK	ADJSP	
ADJ	3.76	0.68	0.81	1.00																			
OC	3.74	0.64	0.73	0.24	1.00																		
SAT	3.85	0.48	0.87	0.33	0.63	1.00																	
IND	1.63	0.48		0.01	0.20	0.07	1.00																
EDUC	3.45	0.82		-0.03	-0.08	-0.01	0.06	1.00															
AGE	43.78	8.35		0.11	0.17	0.23	-0.08	0.05	1.00														
TEN	16.42	8.52		0.12	0.16	0.22	0.03	-0.07	0.58	1.00													
OVER	3.65	5.42		-0.02	0.03	0.07	0.06	-0.08	0.42	0.25	1.00												
RA	3.52	0.72	0.83	0.23	0.42	0.54	0.10	0.06	0.25	0.20	0.12	1.00											
RD	3.78	0.67	0.87	0.29	0.41	0.66	-0.06	-0.04	0.27	0.25	0.13	0.46	1.00										
MENT	2.75	0.93	0.90	0.12	0.31	0.31	0.06	-0.07	-0.09	-0.05	-0.03	0.25	0.22	1.00									
LT	3.52	0.64	0.89	0.19	0.33	0.40	-0.10	0.01	-0.06	-0.09	-0.10	0.25	0.28	0.49	1.00								
TREXP	1.18	0.21		0.07	0.25	0.16	0.17	0.10	-0.04	-0.02	-0.05	0.12	0.24	0.24	0.20	1.00							
TRSP	1.15	0.19		0.06	0.21	0.18	0.11	0.10	-0.11	-0.03	-0.09	0.14	0.23	0.23	0.22	0.89	1.00						
GEOG	127.80	63.41		-0.10	-0.04	-0.07	-0.11	0.08	0.15	0.12	0.07	0.02	-0.08	-0.19	-0.02	-0.02	-0.06	1.00					
CF	0.66	0.65		0.19	-0.04	-0.01	-0.15	0.02	0.02	-0.02	0.15	0.07	0.01	0.03	-0.06	0.25	0.26	0.01	1.00				
HDI	0.85	0.15		0.05	-0.01	0.06	-0.07	0.00	-0.13	-0.12	-0.03	-0.02	0.01	0.16	0.13	-0.07	0.07	-0.15	0.20	1.00			
RISK	85.52	11.82		0.07	-0.07	-0.01	-0.13	-0.06	-0.13	-0.10	-0.08	-0.07	-0.08	0.07	0.07	-0.18	-0.09	0.12	0.37	0.76	1.00		
ADJSP	3.61	0.75	0.80	0.74	0.11	0.07	0.02	-0.01	0.13	0.13	0.06	0.03	-0.01	0.05	0.05	0.04	0.06	-0.05	0.13	0.12	0.06	1.00	

ADJ	Expatriate cross-cultural adjustment	MENT	Mentorship provisions
OC	Expatriate organizational commitment	LT	Long-term career planning
SAT	Expatriate job satisfaction	TREXP	Expatriate training
IND	Industry	TRSP	Spousal training
EDUC	Expatriate education level	GEOG	Geographic proximity (host and home)
AGE	Expatriate age	CF	Cultural familiarity
TEN	Expatriate tenure with company	HDI	Level of host-country development
OVER	Expatriate overseas experience	RISK	Degree of host-country risk
RA	Role ambiguity	ADJSP	Spousal cross-cultural adjustment
RD	Role discretion		



Cross-Cultural Adjustment (ADJ)  
Organizational Commitment (OC)  
Job Satisfaction (SAT)

*Individual Characteristics:*

Expatriate Age (AGE)  
Expatriate Tenure with the Firm (TEN)  
Expatriate Overseas Experience (OVER)

*Organizational Characteristics:*

Role Ambiguity (RA)  
Role Discretion (RD)  
Mentoring (MENT)  
Long-Term Career Planning (LT)  
Expatriate Training (TREXP)  
Spouse Training (TRSP)

*Environmental Characteristics:*

Geographic Proximity (GEOG)  
Cultural Familiarity (CF)  
Host-Country Development (HDI)  
Host-Country Risk (RISK)

*Family-Related Variables:*

Spousal Adjustment (ADJSP)

### **Differences Among Means**

Country experience, as a dummy variable, was divided on the basis of one-sixth of a standard deviation from the mean subsidiary age in either direction. As a result, subsidiary ages of 17 years or less were considered young, ages of 23 or more were considered mature, and those expatriates in subsidiaries between 17 and 23 years old (23 cases) were removed from the analyses to allow for sufficient variance across the two categories of country experience. In dummy coding DOI, low and high categories were divided on the basis of one-fourth of a standard deviation from the mean DOI value in

either direction. As a result, DOI values of 1.57 or less were considered low, values of 2.01 or greater were considered high, and those falling between 1.57 and 2.01 (18 cases) were removed from the analyses to allow for sufficient variance between the two DOI categories.

Means and standard deviations for all variables, grouped by degree of internationalization and country experience, are provided in Table 10. For the three dependent variables (adjustment, commitment, and satisfaction), T-Tests for differences among means were conducted based on degree of internationalization, country experience, and industry (also dummy coded into two categories). The results of these tests are provided in Table 11. It is clear from the table that there were no significant differences in the mean values for adjustment and for organizational commitment, but that mean levels of satisfaction differed significantly for those expatriates in firms with low and high degrees of overall internationalization.

The hypotheses were tested by dichotomizing country experience and DOI in a similar manner. However, the study tests hypotheses at three levels of analyses (the individual, the subsidiary, and the firm). Consequently, the distributions of subsidiary ages and of DOI scores will vary depending on the sample being considered and hence the means, standard deviations, and the subsequent dividing points will differ. While the T-tests described here are based on the expatriate sample (230 observations), results for the first set of hypotheses described at the beginning of the next chapter are subsidiary- and firm-specific.

**TABLE 10**

**Means and Standard Deviations by Country Experience and Degree of Internationalization**

Country Experience						
	Young			Mature		
	<i>n</i>	<i>Mean</i>	<i>S.D.</i>	<i>n</i>	<i>Mean</i>	<i>S.D.</i>
ADJ	120	3.68	0.56	93	3.82	0.58
OC	118	3.72	0.64	94	3.73	0.62
SAT	119	3.85	0.46	94	3.84	0.50
IND	120	1.56	0.50	94	1.69	0.46
EDUC	119	3.37	0.86	93	3.57	0.70
AGE	119	44.61	8.93	94	42.90	7.50
TEN	119	14.36	8.90	94	16.99	7.89
OVER	117	3.96	5.54	93	3.57	5.60
RA	118	3.48	0.74	94	3.57	0.72
RD	118	3.72	0.64	94	3.57	0.69
MENT	119	2.63	0.91	94	3.85	0.89
LT	119	3.53	0.60	94	2.89	0.70
TREXP	119	1.19	0.21	93	3.50	0.22
TRSP	101	1.15	0.20	76	1.17	0.19
GEOG	119	137.60	61.12	94	1.15	65.42
CF	120	0.62	0.66	94	0.70	0.65
HDI	109	0.81	0.14	94	1.45	0.15
RISK	111	84.78	12.46	94	85.41	11.65
ADJSP	98	3.48	0.76	71	3.76	0.70

Degree of Internationalization						
	Low			High		
	<i>n</i>	<i>Mean</i>	<i>S.D.</i>	<i>n</i>	<i>Mean</i>	<i>S.D.</i>
ADJ	123	3.72	0.56	85	3.77	0.62
OC	122	3.75	0.62	85	3.70	0.68
SAT	122	3.88	0.44	86	3.82	0.56
IND	123	1.67	0.47	86	1.48	0.50
EDUC	123	3.39	0.83	83	3.54	0.85
AGE	122	43.64	8.67	86	43.50	7.89
TEN	122	15.70	8.47	86	14.94	8.77
OVER	121	3.88	5.66	86	2.87	4.80
RA	122	3.55	0.73	85	3.45	0.84
RD	122	3.77	0.65	85	3.78	0.65
MENT	122	2.72	0.90	86	2.82	1.00
LT	122	3.55	0.60	86	3.52	0.69
TREXP	122	1.19	0.18	85	1.17	0.23
TRSP	99	1.16	0.18	76	1.14	0.20
GEOG	122	117.83	57.88	86	139.79	66.32
CF	123	0.61	0.67	86	0.71	0.65
HDI	112	0.84	0.13	86	0.90	0.08
RISK	114	85.01	10.77	86	89.05	8.81
ADJSP	97	3.53	0.77	72	3.66	0.74

- |      |   |       |   |
|------|---|-------|---|
| ADJ  | <i>Expatriate cross-cultural adjustment</i> | MENT  | <i>Mentorship provisions</i>                |
| OC   | <i>Expatriate organizational commitment</i> | LT    | <i>Long-term career planning</i>            |
| SAT  | <i>Expatriate job satisfaction</i>          | TREXP | <i>Expatriate training</i>                  |
| IND  | <i>Industry</i>                             | TRSP  | <i>Spousal training</i>                     |
| EDUC | <i>Expatriate education level</i>           | GEOG  | <i>Geographic proximity (host and home)</i> |
| AGE  | <i>Expatriate age</i>                       | CF    | <i>Cultural familiarity</i>                 |
| TEN  | <i>Expatriate tenure with company</i>       | HDI   | <i>Level of host-country development</i>    |
| OVER | <i>Expatriate overseas experience</i>       | RISK  | <i>Degree of host-country risk</i>          |
| RA   | <i>Role ambiguity</i>                       | ADJSP | <i>Spousal cross-cultural adjustment</i>    |
| RD   | <i>Role discretion</i>                      |       |   |

**TABLE 11**  
**Differences Among Means for the Dependent Variables**

	range of n	Expatriate Cross-Cultural Adjustment			Expatriate Organizational Commitment			Expatriate Job Satisfaction		
		Mean	F	p value	Mean	F	p value	Mean	F	p value
<b>INDUSTRY</b> Computers/Electronics Petroleum/Chemicals	84-86	3.75	0.073	0.787	3.57	0.089	0.766	3.81	1.007	0.317
	143-144	3.76			3.84			3.88		
<b>COUNTRY EXPERIENCE</b> Young Mature	118-120	3.68	0.009	0.925	3.72	0.143	0.706	3.85	0.794	0.374
	93-94	3.82			3.73			3.84		
<b>DEGREE OF INTERNATIONALIZATION</b> Low High	122-123	3.72	2.042	0.155	3.75	1.168	0.281	3.88	6.155	0.014
	85-86	3.77			3.7			3.81		**

\* p < .10  
 \*\* p < .05  
 \*\*\* p < .01  
 NS Not Significant

## Chapter IV Results

### THE USE OF EXPATRIATES AS FIRMS INTERNATIONALIZE

*H1* was based on the expectation that as firms internationalize, they will gradually increase their expatriate populations in order to expand their international knowledge base, but that the use of expatriation will diminish as international experience is gained. Specifically, *H1a* stated that, when international experience is low, there will be a positive relationship between internationalization and expatriation. *H1b* stated that, when international experience is high, there will be a negative relationship between internationalization and expatriation. To test *H1*, two sets of multiple linear regressions were run, with both country experience and degree of internationalization (DOI) operationalized as continuous variables in order to maintain the richness of information available. Results of these analyses are displayed in Table 12 and are discussed in turn.

#### Expatriation and Country Experience

*H1a-CE* stated that, when there is little country experience, there will be a positive relationship between country experience and the proportion of expatriates in that country's subsidiary. Conversely, *H1b-CE* stated that, when there is extensive country experience, there will be a negative relationship between country experience and the proportion of expatriates in that country's subsidiary.

Country experience was operationalized as subsidiary age, dichotomized as either young or mature, in order to assess the relationship in both age categories. Since the 235

**TABLE 12**

**Results of H1: The Use of Expatriates as Firms Internationalize**

**Country Experience**

Expressed by the function:  $PROPEXP_{sub} = f(b_0..sageb_1..indb_2..e)$

*Young Subsidiaries*  
 n = 78, Adjusted Rsq = .122, F Statistic = 6.370, p = .0028  
 $PROPEXP_{sub} = -3.376 - .027_{sub} + 1.154_{ind} + 1.491$

*Mature Subsidiaries*  
 n = 42, Adjusted Rsq = .151, F Statistic = 4.653, p = .0154  
 $PROPEXP_{sub} = -2.007 - .026_{sub} + .516_{ind} + 1.468$

**Degree of Internationalization**

Expressed by the function:  $PROPEXP_{firm} = f(b_0..doib_1..indb_2..e)$

*Low DOI*  
 n = 13, Adjusted Rsq = .258, F Statistic = 3.090, p = .0902  
 $PROPEXP_{firm} = -.908 + 1.231_{doi} + 1.009_{ind} + .862$

*High DOI*  
 n = 17, Adjusted Rsq = .203, F Statistic = 3.031, p = .0806  
 $PROPEXP_{firm} = -7.404 - .486_{doi} + 1.494_{ind} + 1.160$

PROPEXP<sub>sub</sub>  
 PROPEXP<sub>firm</sub>  
 sage  
 doi  
 ind

*Proportion of expatriates in the subsidiary*  
*Proportion of expatriates in the firm*  
*Subsidiary age*  
*Degree of firm internationalization*  
*Industry*

observations here represented subsidiaries (as opposed to the expatriates upon which means, standard deviations, and T-tests were based in the previous chapter), the distribution of subsidiary ages was different. As a result, country experience, as a dummy variable, was divided on the basis of one-fourth of a standard deviation from the mean subsidiary age in either direction. In this case, the mean age of the subsidiaries was 21.35 years. Therefore, subsidiary ages of 16 years or less were considered young, ages of 27 or more were considered mature, and those ages falling between 16 and 27 years (51 cases) were removed from the analyses to allow for sufficient variance across the two categories of country experience. It should be noted that 16 of these observations represented 21-year-old subsidiaries. Furthermore, casewise plots of standardized residuals (based on simple regressions of subsidiary age on proportion of expatriates) revealed two cases exceeding 2.5 standard deviations and 28 cases exceeding 3.0 standard deviations from the mean. While guidelines (Haire et al., 1992) permit the exclusion of those exceeding the 3.0 threshold with a sample of this size, only the first two outliers were removed due to the fact that 51 observations had already been eliminated.

Independent variables in the analyses included country experience and a dummy variable to control for industry. It was necessary to transform the variable of interest (proportion of expatriates in the subsidiary) to its natural log, as proportions were not normally distributed. However, in transforming the data, proportions of 0 were treated as missing values and hence as missing cases. As a result, sample sizes in either the young or mature categories (or both) may be distorted. Therefore, all analyses for *H1a-CE* and *H1b-CE* were run with both the observed and the transformed data.

Using the observed values, sample sizes included 115 young and 119 mature subsidiaries. In both age categories, the relationship between subsidiary age and proportion of expatriates was negative, but neither was significant. Furthermore, the regression equation for the mature group produced a negative adjusted  $R^2$  (-.01). Upon transforming the data, sample sizes included 78 young subsidiaries and 42 mature subsidiaries. The two regression models explained a greater percentage of the variance in the proportion of expatriates ( $R^2 = .122$  for the young subsidiaries;  $R^2 = .151$  for the mature subsidiaries). Furthermore, while the relationship was again negative in both age categories, it was significant for the mature subsidiaries at the .05 level of confidence ( $p < .0154$ ), and thus *H1b-CE* was supported. A scatter plot of the relevant data is shown in Figure 4.

### **Expatriation and Degree of Internationalization**

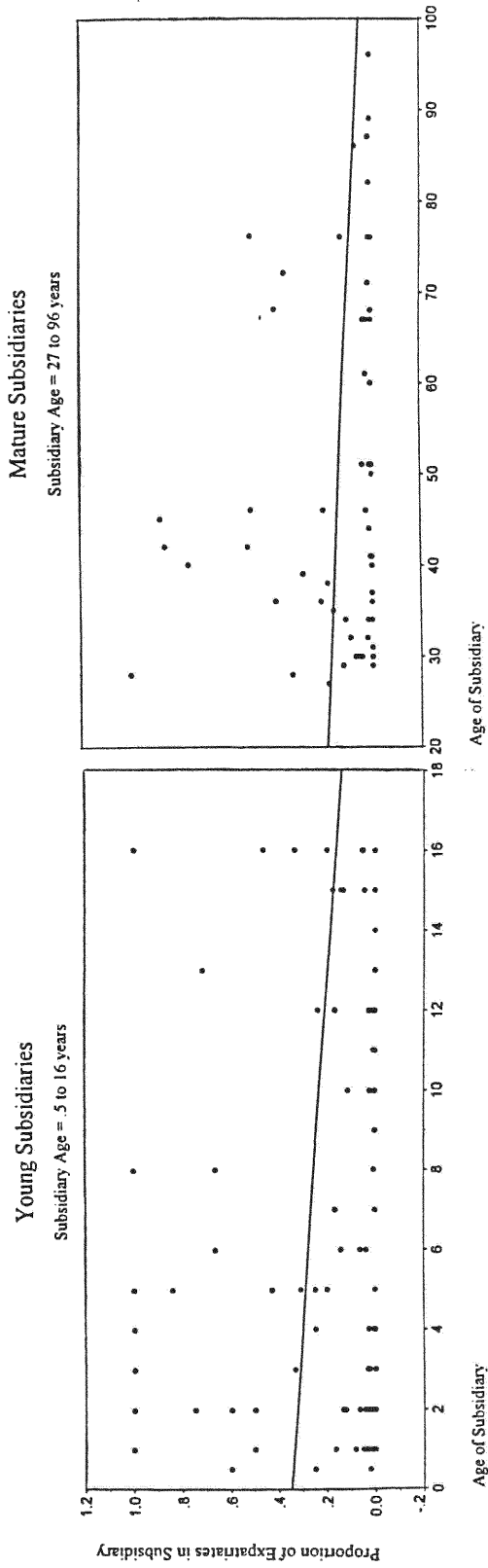
*H1a-DOI* stated that, when overall firm internationalization is low, there will be a positive relationship between degree of internationalization and the proportion of expatriates in the firm as a whole. In contrast, *H1b-DOI* stated that, when overall firm internationalization is high, there will be a negative relationship between degree of internationalization and the proportion of expatriates in the firm as a whole.

Overall firm internationalization was operationalized using Sullivan's DOI index and was dichotomized as either low or high, in order to assess the relationship at stages of internationalization. There were 32 observations (or firms), with a mean DOI score of 1.592 (on a scale of 0 to 5). Low and high DOI categories were divided on the basis of



**FIGURE 4**

**Scatter Plot of the Relationship Between  
Country Experience and Proportion of  
Expatriates in the Subsidiary**



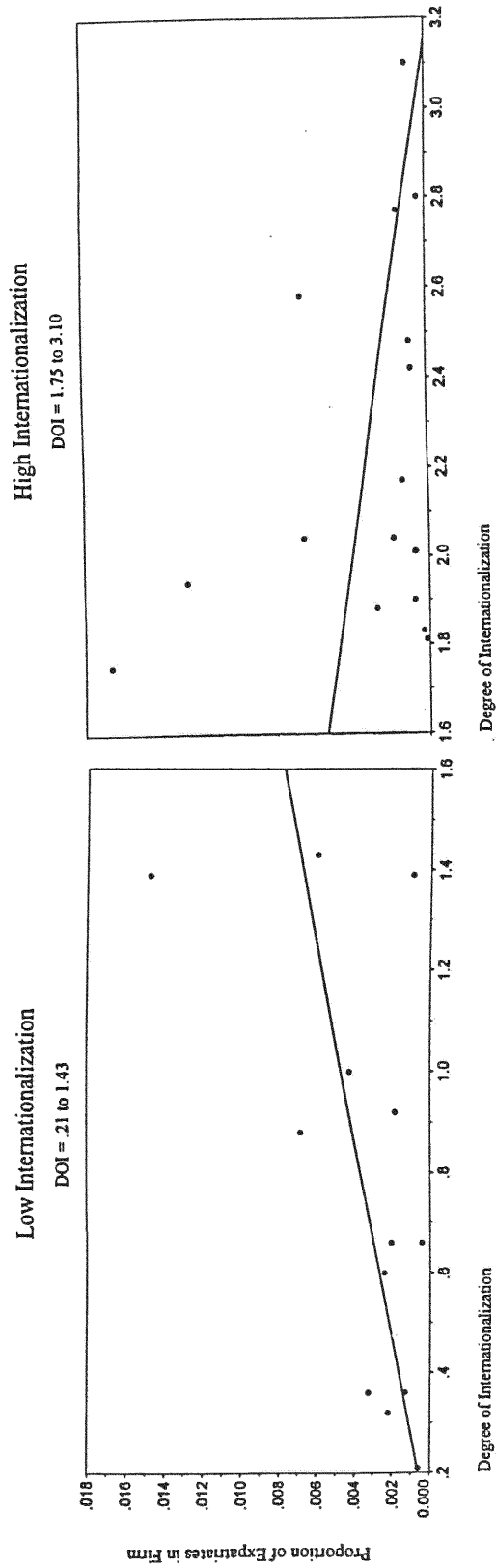
one-eighth of a standard deviation from the mean DOI value in either direction. As a result, values of 1.43 or less were considered low, values of 1.75 or greater were considered high, and those falling between 1.43 and 1.75 (two cases) were eliminated from the analysis. Casewise plots of standardized residuals indicated that three cases exceeded 1.0 standard deviation from the mean. These observations, however, were not treated as outliers, because, due to the limited number of observations, these may indeed represent a segment of the population.

Again, regression equations included a dummy variable to control for industry, and data for the dependent variable (proportion of expatriates in the firm as a whole) was transformed to a natural log to meet the assumption of normality. Proportions were never equal to zero for the firm as a whole, since having an expatriate population was a criteria for inclusion in the study. Therefore, *H1a-DOI* and *H1b-DOI* were tested with regressions using only the transformed data.

Sample sizes included 13 firms with low DOI values and 17 firms with high DOI values. For low DOI firms, the relationship between DOI and proportion of expatriates was positive and significant at the .10 level of confidence ( $p < .0905$ ), thus supporting *H1a-DOI*. This regression model explained 25.8 percent of the variance in proportion of expatriates in the firm. For high DOI firms, the relationship was negative, as expected, but was not significant. However, with an  $R^2$  of .203, industry was a significant predictor of expatriation, and the positive beta value indicates that petroleum/chemicals firms expatriate more than do firms in computers/electronics. A scatter plot of the relevant data is shown in Figure 5.

# FIGURE 5

## Scatter Plot of the Relationship Between Degree of Internationalization and Proportion of Expatriates in the Firm



## **THE DETERMINANTS OF EXPATRIATE SUCCESS AS FIRMS INTERNATIONALIZE**

There were three sets of regression equations using country experience (young and mature) and three sets using firm internationalization (low and high) to moderate the determinants of expatriate adjustment, commitment, and satisfaction. These dichotomies are the same as those for the T-tests described in Chapter III.

Although the effects of industry were of interest here, the amount of data available for each industry group did not lend itself to a split of the data set. Therefore, industry was entered into the regression equations as a dummy variable in order to control for any variance that it might explain. Finally, for each model, the remaining two dependent variables were entered as independent variables to account for any variance that these might explain. All variables entered into the linear regression models were normally distributed across the range of possible values, determined by plotting the distribution of each of the variables separately. Results of the regression analyses for each dependent variable are provided in turn.

### **The Determinants of Expatriate Cross-Cultural Adjustment**

*H2* stated that *individual, environmental, and family-related* characteristics will each have a significant effect on expatriate cross-cultural adjustment for expatriates whose subsidiaries and firms are low on internationalization, and that each of the *organizational*

characteristics will have a significant effect on adjustment for expatriates of highly internationalized subsidiaries and firms. Some hypotheses were supported at either the subsidiary or the overall firm level of analysis.

A summary of the support received for *H2* is provided in Table 13. The table provides the beta coefficients for all variables entered into the models, and those which are bold-faced indicate significant effects on expatriate adjustment. The table also provides the amount of variance in the dependent variable explained by each model as well as results of the overall significance tests. Shaded areas indicate support for the hypothesis with respect to that variable. Linear regressions were then run with only those variables which emerged as significant. Results of these analyses are provided in Table 14.

Each regression model met the remaining assumptions of the general linear model. The first was the linearity of the relationship between the dependent and independent variables. By plotting the standardized predicted values for adjustment against the studentized residuals, it was shown that the change in adjustment was constant across the range of values for the independent variables. The same plot was helpful in determining the constant variance of the error term (or homoscedasticity), where no systematic patterns in the error terms were observed. Furthermore, independence of the error terms was assumed, since the basic conditions of the model were not changed. Finally, normal probability plots indicated normality of the error term distribution. With a straight diagonal line representing a normal distribution, plotted residuals fell close to this line, if not directly on it. Having met the assumptions of the general linear model, and with low enough variance inflation factors to assume no multicollinearity effects, the regression

**TABLE 13**

**Results of H2: Expatriate Cross-Cultural Adjustment Models with Country Experience and Degree of Internationalization as Moderators**

Overall Sample		Country Experience			Degree of Internationalization		
		Young	Mature	Low	High		
constant	.245	.832	-.283	.481	-.074		
OC	-.014	.010	-.025	.048	-.011		
SAT	.172 **	.097	.165	.021	.284 *		
EDUC	-.006	-.016	.079	-.014	-.018		
IND	.023	.007	.041	.162 *	-.185 *		
AGE	-.001	-.000	-.006	.003	-.008		
TEN	-.000	-.000	-.001	-.003	-.000		
OVER	-.009 *	-.020 **	.008	-.009	-.001		
RA	.050	.114	.001	.024	.025		
RD	.167 ***	.155 *	.176 **	.162 **	.269 **		
MENT	-.027	-.045	-.033	-.023	-.002		
LT	.057	-.025	.167 **	.042	.038		
TREXP	.155	.538	-.238	.492	-.412		
TRSP	-.239	-.579	.006	-.146	.185		
GEOG	-.000 *	-.000	-.000	-.002 *	-.000		
CF	.082 *	.084	.138 **	.141 **	-.011		
HDI	-.648 **	-.555	-.742	-.1458 ***	-.514		
RISK	.007 *	.006	.009	.013 **	.011		
ADJSP	.582 ***	.519 ***	.646 ***	.605 ***	.613 ***		
n	230	120	94	123	86		
Error	.374	.412	.325	.383	.361		
Adjusted Rsq.	.575	.466	.681	.523	.655		
F statistic	18.211	6.759	12.022	8.436	9.968		
p-value	.0000	.0000	.0000	.0000	.0000		

ADJ	Expatriate cross-cultural adjustment	MENT	Mentorship provisions
OC	Expatriate organizational commitment	LT	Long-term career planning
SAT	Expatriate job satisfaction	TREXP	Expatriate training
EDUC	Expatriate education level	TRSP	Spousal training
IND	Industry	GEOG	Geographic proximity
AGE	Expatriate age	CF	Cultural familiarity
TEN	Expatriate tenure with company	HDI	Level of host-country development
OVER	Expatriate overseas experience	RISK	Degree of host-country risk
RA	Role ambiguity	ADJSP	Spousal cross-cultural adjustment
RD	Role discretion		

* p < .10
** p < .05
*** p < .01

**TABLE 14**

**Cross-Cultural Adjustment Models with Country Experience and Degree of Internationalization as Moderators: Significant Variables Only**

Overall Sample		Country Experience			Degree of Internationalization		
<i>constant</i>	.256	<i>constant</i>	<u>Young</u>	<i>constant</i>	<u>Low</u>	<i>constant</i>	<u>High</u>
SAT	.204 ***	OVER	.993	RD	1.314	SAT	.120 ***
OVER	-.010 **	RD	-.018 ***	LT	.161 **	IND	.293 ***
RD	.171 ***	ADJSP	.238 ***	CF	.211 ***	RD	-.253 ***
GEOG	-.000 *		.538 ***	ADJSP	-.002 **	ADJSP	.193 **
CF	.085 **				.094 *		.586 ***
HDI	-.656 **				-1.553 ***		
RISK	.007 *				.012 **		
ADJSP	.578 ***				.516 ***		
n	230	n	120	n	123	n	86
Error	.369	Error	.407	Error	.379	Error	.349
Adjusted Rsq.	.587	Adjusted Rsq.	.477	Adjusted Rsq.	.534	Adjusted Rsq.	.678
F statistic	41.612	F statistic	37.161	F statistic	21.012	F statistic	45.652
p-value	.0000	p-value	.0000	p-value	.0000	p-value	.0000

\* p < .10  
 \*\* p < .05  
 \*\*\* p < .01

models shown in Table 14 represent strong sets of predictors of expatriate cross-cultural adjustment across the levels of internationalization.

Before considering the internationalization phenomenon, significant predictors of adjustment included expatriate satisfaction, previous overseas experience, role discretion, geographic proximity to the host country, cultural familiarity with the host country, level of host-country development, degree of risk in the host country, and spousal cross-cultural adjustment. With an adjusted  $R^2$  of .575 ( $p < .0000$ ), these variables represent a strong set of predictors of expatriate adjustment. In fact, when only these significant variables were entered into a regression model, the adjusted  $R^2$  increased to .587.

When internationalization is considered, findings indicate that predictors of adjustment will vary depending on the extent of international experience of the expatriate's firm and of the subsidiary to which he/she is assigned. The roles played by host-country experience and firm degree of internationalization (DOI) in predicting expatriate adjustment are examined below.

### Country Experience

#### Young Subsidiaries

The regression model for expatriates assigned to young subsidiaries explained 46.6 percent of the variance in expatriate adjustment ( $p < .000$ ). Significant predictors of expatriate adjustment included individual overseas experience, role discretion, the extent to which long-term career planning was provided by the organization, and spousal adjustment. Therefore, hypotheses for individual characteristics ( $H2a-c$ ) were supported



for *H2f*, the hypothesis for family-related characteristics (*H2aa*) was supported, and the hypotheses for environmental characteristics (*H2s-v*) were not supported. Those variables which were significant to adjustment for expatriates in young subsidiaries were entered into a new regression model for an adjusted  $R^2$  of .477.

The relationship between expatriate experience abroad and adjustment was negative, indicating that less experience may prove more beneficial in the long run. This is due to the fact that overseas experience is typically gained in another location, and some market-specific knowledge that was gained on a previous assignment may have to be unlearned. This finding is specific to expatriates assigned to young subsidiaries, indicating that, for the more mature subsidiaries, the means for applying accumulated market-specific knowledge to a new location have been established.

Spousal adjustment, while important to the adjustment of expatriates in young subsidiaries, was in fact highly significant in predicting expatriate adjustment at all stages of the firm's international life.

### Mature Subsidiaries

For *H2g-l*, both *H2h* (role discretion) and *H2j* (long-term planning) were supported. As hypothesized, role discretion was significant to the adjustment of expatriates in mature subsidiaries. Given the institutionalized procedures in place for subsidiaries which have been up and running for years, it was expected that a certain degree of discretion would discourage the expatriate from becoming too comfortable with the status quo. Since the expatriate is no longer required to interact extensively with the

external environment, he/she is free to exercise creativity within the confines of the organization. It was also found that, when the organization articulates the importance of the current assignment to the expatriate's career path, adjustment is more likely in mature subsidiaries. This is simply because, having experience in that locale, the organization is able to make historical inferences about the future of its repatriates based on the types of knowledge gained in that particular country. For expatriates assigned to young subsidiaries, the organization is not able to offer such wisdom.

Other significant predictors of adjustment for expatriates of mature subsidiaries included the expatriate's familiarity with the host culture and the adjustment of the expatriate's spouse. The adjusted  $R^2$  was .681 for the original model ( $p < .0000$ ), and .688 for the reduced model entering only the significant variables.

### Degree of Internationalization

#### Low DOI

This regression model was similar to that where the full sample was used. In fact, the only differences in the predictor set were that industry emerged as significant here, whereas satisfaction and overseas experience were significant for the entire sample. The adjusted  $R^2$  for the low DOI model was .523 ( $p < .0000$ ) and increased to .534 when only the significant variables were entered into the regression.

The hypotheses for environmental ( $H2w-z$ ) and family-related ( $H2bb$ ) characteristics were fully supported, since each variable was significant to adjustment when DOI was low. These included geographic proximity, cultural familiarity, level of

host-country development, degree of host-country risk, and spousal adjustment. The negative beta value for GEOG (operationalized as geographic distance) indicates that, in these early stages, expatriates assigned to farther host locations did not adjust as well as those assigned closer by. The negative beta value for HDI indicates that, when overall DOI is low, it is in the less developed host locations that expatriates are better able to adjust. While this may seem counterintuitive, it could be that, due to its inexperience on the international front, the firm overcompensates for underdeveloped conditions by providing unusually high incentives and hardship allowances. The level of host-country risk was positively associated with adjustment, indicating that expatriates adjusted more easily in less risky environments. This may be explained by the fact that firms with little international experience overall have not encountered the variety of situations from which to learn effective risk management techniques. These may range from ingratiating host governments to hedging against foreign exchange discrepancies. The individual characteristics of age, tenure, and overseas experience, on the other hand, were not significant to adjustment in this early stage, and thus *H2d-f* were not supported.

One organizational characteristic, that of role discretion, emerged as significant when DOI was low. It may be the case that, when the firm has little experience abroad, expatriates perceive the overseas assignment as empowering -- as an opportunity to be one's own boss, and as a token of top management's faith in his/her abilities. Therefore, when the overseas assignment meets these expectations, adjustment is made easier. However, hypotheses were not offered for role discretion, nor for any of the other

organizational characteristics, for expatriates of low DOI firms, but rather that they would be significant predictors of adjustment for expatriates of highly internationalized firms.

### High DOI

For *H2m-r*, only *H2n* was supported, as role discretion was significant to adjustment when DOI was high. While expatriates may have expected a certain degree of role discretion when DOI was low, they may become accustomed to setting their own agendas and deciding how tasks are to be carried out. As a result taking this authority away may inhibit adjustment. The regression model yielded an adjusted  $R^2$  of .655 ( $p < .0000$ ), increasing to .678 when only the significant variables were entered into the model. In addition to role discretion, expatriate satisfaction, spousal adjustment, and industry were significant predictors of adjustment for expatriates of highly internationalized firms.

### **The Determinants of Expatriate Organizational Commitment**

*H3* stated that *individual*, *environmental*, and *family-related* characteristics will each have a significant effect on organizational commitment for expatriates whose firms and subsidiaries have little international experience, and that each of the *organizational* characteristics will have a significant effect on the organizational commitment of expatriates of highly internationalized firms and subsidiaries. While the analyses did produce significant models of organizational commitment for the entire sample as well as

for the various levels of internationalization, the hypotheses for organizational commitment were not supported.

Table 15 provides the beta coefficients for all variables entered into the models, and again, those which are bold-faced indicate significant effects on expatriate commitment to the organization. The information provided in Table 15 for organizational commitment is similar to that of Table 13 for adjustment. The absence of shaded areas, however, indicates the lack of support for H3. Similar to the adjustment models, subsequent linear regressions were run with only those variables which emerged as significant. Results of these analyses are shown in Table 16. The assumptions of the general linear model were met for each regression, using the same procedures described in the previous section.

Significant predictors of expatriate organizational commitment, without considering internationalization, included expatriate satisfaction, level of education, the extent of training provided to the expatriate for the current assignment, and the industry in which the expatriate's firm competes. The original regression model yielded an adjusted  $R^2$  of .436 ( $p < .0000$ ), increasing to .441 when only the significant variables were entered.

When considering firm internationalization and country experience, predictors of organizational commitment did vary depending on stage of internationalization. The moderating roles of country experience and DOI on the relationships between these predictors and organizational commitment are examined below.

**TABLE 15**

**Results of H3: Organizational Commitment Models with Country Experience and Degree of Internationalization as Moderators**

Overall Sample		Country Experience				Degree of Internationalization			
		constant	Young	Mature	High	Low	High	Low	High
constant	-.049		.068	-.046		-.039	.974		
ADJ	-.022	ADJ	.013	-.060	ADJ	.066	-.021	ADJ	-.021
SAT	.705 ***	SAT	.721 ***	.620 ***	SAT	.608 ***	.799 ***	SAT	.799 ***
EDUC	-.084 **	EDUC	-.050	-.082	EDUC	-.147 ***	.003	EDUC	.003
IND	.201 ***	IND	.117	.194	IND	.085	.359 **	IND	.359 **
AGE	.006	H2a	.011	-.008	H2d	.010	-.012	AGE	-.012
TEN	-.000	H2b	-.001	.007	H2e	.000	.013	TEN	.013
OVER	-.007	H2c	-.007	-.008	H2f	-.005	-.013	OVER	-.013
RA	.078	H2g	.052	.109	H2m	.117	.002	RA	.002
RD	-.046	H2h	-.003	-.047	H2n	.002	-.180	RD	-.180
MENT	.046	H2i	-.008	.087	H2o	.009	.045	MENT	.045
LT	.067	H2j	.114	.060	H2p	.155 *	.086	LT	.086
TREXP	.570 **	H2k	.901 **	.283	H2q	1.208 ***	.338	TREXP	.338
TRSP	-.291	H2l	-.645	-.126	H2r	-.990 **	-.023	TRSP	-.023
GEOG	.000	H2s	-.000	.000	H2w	-.000	.000	GEOG	.000
CF	.028	H2t	-.038	.113	H2x	-.023	-.006	CF	-.006
HDI	-.011	H2u	-.520	.460	H2y	.357	-.1876 *	HDI	-.1876 *
RISK	-.002	H2v	-.001	-.001	H2z	-.005	.011	RISK	.011
ADJSP	.052	H2aa	.025	.148	H2bb	.003	.014	ADJSP	.014
n	230	n	120	94	n	123	86	n	86
Error	.476	Error	.472	.502	Error	.450	.502	Error	.502
Adjusted Rsq.	.436	Adjusted Rsq.	.450	.346	Adjusted Rsq.	.460	.456	Adjusted Rsq.	.456
F statistic	10.825	F statistic	6.410	3.730	F statistic	6.780	4.958	F statistic	4.958
p-value	.0000	p-value	.0000	.0000	p-value	.0000	.0000	p-value	.0000

\* p < .10  
 \*\* p < .05  
 \*\*\* p < .01

ADJ Expatriate cross-cultural adjustment  
 OC Expatriate organizational commitment  
 SAT Expatriate job satisfaction  
 EDUC Expatriate education level  
 IND Industry  
 AGE Expatriate age  
 TEN Expatriate tenure with company  
 OVER Expatriate overseas experience  
 RA Role ambiguity  
 RD Role discretion  
 MENT Mentorship provisions  
 LT Long-term career planning  
 TREXP Expatriate training  
 TRSP Spousal training  
 GEOG Geographic proximity (host and home)  
 CF Cultural familiarity  
 HDI Level of host-country development  
 RISK Degree of host-country risk  
 ADJSP Spousal cross-cultural adjustment

**TABLE 16**  
**Organizational Commitment Models with Country Experience and**  
**Degree of Internationalization as Moderators: Significant Variables Only**

Overall Sample		Country Experience		Degree of Internationalization	
constant	.115 ***	constant	.881 ***	constant	1.078 ***
SAT	.794 ***	SAT	.743 ***	SAT	.716 ***
EDUC	-.072 *	TREXP	.508 **	EDUC	.428 ***
IND	.188 ***			LT	.133 *
TREXP	.430 ***			TREXP	1.374 ***
				TRSP	-1.069 ***
n	230	n	120	n	123
Error	.474	Error	.479	Error	.447
Adjusted Rsq.	.441	Adjusted Rsq.	.435	Adjusted Rsq.	.468
F statistic	46.156	F statistic	46.850	F statistic	22.445
p-value	.0000	p-value	.0000	p-value	.0000
		n	94	n	86
		Error	.498	Error	.500
		Adjusted Rsq.	.355	Adjusted Rsq.	.481
		F statistic	52.097	F statistic	27.281
		p-value	.0000	p-value	.0000

\* p < .10  
 \*\* p < .05  
 \*\*\* p < .01

## Country Experience

### Young Subsidiaries

The most significant predictor of commitment for expatriates in young subsidiaries was the expatriate's level of satisfaction. The extent of training provided to the expatriate was significant to his/her commitment as well. The model explained 4.50 percent of the variance in expatriate commitment, and was still strong when only those two significant variables were entered into a regression ( $R^2 = .435$ ).

### Mature Subsidiaries

As with expatriates in young subsidiaries, satisfaction had a significant effect on commitment for expatriates in mature subsidiaries. In fact, no other variables were significant to commitment at this stage. The model yielded an adjusted  $R^2$  of .346 ( $p < .0000$ ) and increased to .355 when satisfaction was the only independent variable in the equation.

## Degree of Internationalization

### Low DOI

Those factors significant to expatriate commitment to the organizational during this early stage of internationalization included expatriate satisfaction, level of education, and the provision, on the part of the organization, of long-term career planning and training for both the expatriate and the spouse. The adjusted  $R^2$  for the low DOI model was .460 ( $p < .0000$ ) and increased to .468 when only the significant variables were entered into the regression.



## High DOI

A shift in the set of predictors of organizational commitment left only expatriate satisfaction as significant in both stages. Other significant predictors when DOI was high included the industry and the level of economic development in the host country.

### **The Determinants of Expatriate Job Satisfaction**

*H4* stated that *individual, environmental, and family-related* characteristics will each have a significant effect on job satisfaction for expatriates whose firms and subsidiaries have little international experience, and that each of the *organizational* characteristics will have a significant effect on the job satisfaction of expatriates of highly internationalized firms and subsidiaries.

A summary of support for *H4* is provided in Table 17. Again, shaded areas indicate support for that variable and hence that hypothesis. Results of each linear regression with only the significant variables are shown in Table 18. As with all regression models described thus far, those for expatriate job satisfaction met the assumptions of the general linear model by applying the same procedures as previously described.

When considering the entire sample, regardless of firm internationalization or country experience, significant predictors of satisfaction included expatriate adjustment and organizational commitment, role ambiguity, role discretion, the provision of long-term career planning and the extent to which the organization provided training to the expatriate for the current assignment. The adjusted  $R^2$  was .626 ( $p < .0000$ ) for the original

**TABLE 17**

**Results of H4: Job Satisfaction Models with Country Experience and Degree of Internationalization as Moderators**

Overall Sample		Country Experience			Degree of Internationalization		
		Young	Mature		Low	High	
constant	.738	1.252	.403	constant	1.821	-383	
ADJ	.105 **	.052	.139	ADJ	.011	.173 *	
OC	.266 ***	.295 ***	.218 ***	OC	.246 ***	.271 ***	
EDUC	.018	-.013	.063	EDUC	.014	.016	
IND	.024	.010	.065	IND	-.016	.052	
AGE	.001	-.002	.002	AGE	-.007	.010 *	H4d
TEN	.002	.000	.009	TEN	.003	-.005	H4e
OVER	.000	.004	-.006	OVER	.008	-.008	H4f
RA	.103 ***	.109 **	.100 *	RA	.050	.160 **	H4m
RD	.266 ***	.240 ***	.282 ***	RD	.270 ***	.367 ***	H4n
MENT	.012	.036	.030	MENT	.068 *	-.032	H4o
LT	.102 ***	.061	.119 *	LT	.081	.006	H4p
TREXP	-.349 **	-.401	-.472 *	TREXP	-.300	.114	H4q
TRSP	.231	.304	.229	TRSP	.181	-.202	H4r
GEOG	-.000	.000	-.000	GEOG	-.000	-.000	H4w
CF	-.028	.003	-.059	CF	-.036	.055	H4x
HDI	.087	.270	.173	HDI	-.213	1.267 ***	H4y
RISK	.000	-.001	-.000	RISK	.000	-.008	H4z
ADJSP	-.053	-.059	-.029	ADJSP	-.021	-.027	H4bb
n	230	120	94	n	123	86	
Error	.293	.302	.298	Error	.286	.292	
Adjusted Rsq.	.626	.560	.649	Adjusted Rsq.	.564	.723	
F statistic	22.321	9.424	10.557	F statistic	9.759	13.339	
p-value	.0000	.0000	.0000	p-value	.0000	.0000	

ADJ	Expatriate cross-cultural adjustment	MENT	Mentorship provisions
OC	Expatriate organizational commitment	LT	Long-term career planning
SAT	Expatriate job satisfaction	TREXP	Expatriate training
EDUC	Expatriate education level	TRSP	Spousal training
IND	Industry	GEOG	Geographic proximity
AGE	Expatriate age	CF	Cultural familiarity
TEN	Expatriate tenure with company	HDI	Level of host-country development
OVER	Expatriate overseas experience	RISK	Degree of host-country risk
RA	Role ambiguity	ADJSP	Spousal cross-cultural adjustment
RD	Role discretion		

\* p < .10  
 \*\* p < .05  
 \*\*\* p < .01

**TABLE 18**

**Job Satisfaction Models with Country Experience and Degree of Internationalization as Moderators: Significant Variables Only**

Overall Sample		Country Experience			Degree of Internationalization		
constant	.993	constant	Young	Mature	constant	Low	High
ADJ	.058	OC	1.380 ***	1.086 ***	OC	1.570 ***	-.420 **
OC	.270 ***	RA	.284 ***	.253 ***	RA	.254 ***	.144 **
RA	.115 ***	RD	.115 ***	.102 *	RD	.290 ***	.274 ***
RD	.283 ***	LT	.272 ***	.320 ***	M	.097 ***	.005
LT	.106 ***	TREXP		.160 ***			.158 ***
TREXP	-.185 *			-.303 **			.354 ***
n	230	n	120	94	n	123	86
Error	.289	Error	.295	.297	Error	.280	.281
Adjusted Rsq	.635	Adjusted Rsq	.583	.652	Adjusted Rsq	.583	.744
F statistic	67.400	F statistic	56.350	35.773	F statistic	57.779	42.128
p-value	.0000	p-value	.0000	.0000	p-value	.0000	.0000

\* p < .10  
 \*\* p < .05  
 \*\*\* p < .01

model and .635 for the reduced model, which included only the significant independent variables.

While some of these factors are significant for expatriates of firms and subsidiaries with little international experience, others are significant when there is increased internationalization. In addition, some factors have a significant impact on satisfaction in both stages of the internationalization process. The roles of DOI and country experience in moderating the predictors of expatriate satisfaction are discussed below.

### Country Experience

#### Young Subsidiaries

While the model for young subsidiaries was highly significant in predicting job satisfaction, the variables hypothesized to be significant were not. These included the individual characteristics (*H4a-c*), environmental characteristics (*H4s-v*) and family-related characteristics (*H4aa*). However, organizational commitment, as well as two of the organizational characteristics (role ambiguity and role discretion) did have a significant effect on the satisfaction of expatriates assigned to young subsidiaries. In fact, this was a highly significant set of predictors, with an adjusted  $R^2$  of .560 in the original regression model, and of .583 in the model with only these significant variables included.

#### Mature Subsidiaries

Again, findings indicate a highly significant model for predicting job satisfaction. For expatriates of mature subsidiaries, results confirmed four of the six hypotheses which

were offered. Significant effects of organizational characteristics, hypothesized in *H4g-l*, were found for *H4g* (role ambiguity), *H4h* (role discretion), *H4j* (long-term planning) and *H4k* (expatriate training).

Ambiguous roles, offering considerable expatriate discretion, contributed to job satisfaction in mature subsidiaries. In fact, these factors were important to expatriates in young subsidiaries as well. The fact that long-term planning leads to satisfaction, when expatriates were assigned to mature subsidiaries, is attributed to the accuracy with which organizations can predict the future of the expatriate's career upon return. With experience in a particular host environment, the firm is aware of the skills which the expatriate will acquire and the value of these skills to the organization as a whole.

With regard to expatriate training, a negative beta value indicates that expatriates in mature subsidiaries exhibited higher levels of satisfaction when less training was provided. This may be because firms are simply providing the wrong types of training, passing on knowledge that is not applicable in certain host locations. In young subsidiaries, perhaps any type of training will add value, but in these mature subsidiaries, expatriates must be trained to assimilate into the established subsidiary culture.

In addition to the organizational characteristics mentioned above, expatriate commitment had a significant effect on satisfaction in this mature stage. Adjusted  $R^2$  for the regression model was .649 ( $p < .0000$ ), increasing to .652 when only the significant predictors were entered.

## Degree of Internationalization

### Low DOI

The adjusted  $R^2$  for the low DOI model was .564 ( $p < .0000$ ), increasing to .583 when only the significant variables were entered into the model. These include expatriate commitment to the organization, as well as role discretion and the provision of mentorship to the expatriate. Since there were no significant variables characteristic of the individual (*H4d-f*), the environment (*H4w-z*) or the family (*H4bb*), these hypotheses were not supported.

### High DOI

For those hypotheses at the organizational level (*H4m-r*) both *H4m* (role ambiguity) and *H4n* (role discretion) were supported. Expatriates were more satisfied with their jobs when their roles were ambiguous and when they were able to exercise considerable discretion within their work roles. While discretion was also important to satisfaction in low DOI firms, this was not the case for role ambiguity. It may be the case that, while expatriates would like to set their own agendas, roles must be clearly defined in the absence of accumulated knowledge regarding overseas operations.

Both expatriate adjustment and organizational commitment also had a significant effect on the job satisfaction of expatriates in high DOI firms, as did one individual characteristic (expatriate age) and one environmental characteristic (level of host-country development). The model produced an adjusted  $R^2$  of .723 ( $p < .0000$ ), increasing to .744

with only the significant variables included. In addition, in the second regression run, expatriate age was no longer a significant determinant of job satisfaction.

### **The Relative Importance of Individual, Organizational, Environmental, and Family-Related Characteristics**

Until now, discussion has focused on the difference in the effects of individual, organizational, environmental, and family-related characteristics across two stages of internationalization (low and high, young and mature). However, it may also be interesting to examine which groups of factors play a larger role within a given stage of the internationalization process. A comparison of standardized betas will determine the importance of each of the sets of independent variables, relative to each other. Standardized betas for the analyses for given levels of country experience and DOI are provided in Tables 19, 20, and 21, for expatriate adjustment, commitment, and satisfaction, respectively. Each of these is discussed in turn below.

#### Expatriate Cross-Cultural Adjustment

##### Country Experience

Again, while overseas experience and role discretion had a significant effect on the adjustment of expatriates assigned to young subsidiaries, spousal adjustment, with a standardized beta coefficient of .655, clearly had the largest effect. The same is true for expatriates assigned to mature subsidiaries.

**TABLE 19**

**Standardized Beta Coefficients for Significant Variables:  
Expatriate Cross-Cultural Adjustment**

Country Experience		Degree of Internationalization		
	Young	I	RD	Mature
OVER	-.176			.263 O
RD	.267	O	LT	.188 O
ADJSP	.655	F	CF	.193 E
			ADJSP	.694 F

Degree of Internationalization		Individual Characteristics		
	Low	I	O	High
IND	.137			.264
RD	.247			-.207
GEOG	-.200	E	RD	.203 O
CF	.114	E	ADJSP	.657 F
HDI	-.353	E		
RISK	.218	E		
ADJSP	.634	F		

OVER	Expatriate overseas experience
RD	Role discretion
ADJSP	Spousal cross-cultural adjustment
LT	Long-term career planning
CF	Cultural familiarity
GEOG	Geographic proximity (host and home)
HDI	Level of host-country development
RISK	Degree of host-country risk
SAT	Expatriate job satisfaction
IND	Industry



**TABLE 20**  
**Standardized Beta Coefficients for Significant Variables:**  
**Expatriate Organizational Commitment**

Country Experience		Degree of Internationalization	
	<u>Young</u>	<u>Low</u>	<u>High</u>
SAT	.610	.542	.584
TREXP	.166 <b>O</b>	-.162	.316
		.131 <b>O</b>	-.102 <b>E</b>
		.412 <b>O</b>	
		-.280 <b>O</b>	

SAT	Expatriate job satisfaction	I	Individual Characteristics
TREXP	Expatriate training	O	Organizational Characteristics
EDUC	Expatriate education level	E	Environmental Characteristics
LT	Long-term career planning	F	Family-Related Characteristics
TRSP	Spousal training		
IND	Industry		
HDI	Level of host-country development		

**TABLE 21**  
**Standardized Beta Coefficients for Significant Variables:**  
**Expatriate Job Satisfaction**

Country Experience		Degree of Internationalization			
	<u>Young</u>		<u>Low</u>		<u>High</u>
OC	.396	OC	.360	ADJ	.160
RA	.183	RA	.436	OC	.336
RD	.377	RD	.200	AGE	.072
		LT		RA	.206
		TRESP		RD	.413
				HDI	.097

I    *Individual Characteristics*  
O    *Organizational Characteristics*  
E    *Environmental Characteristics*  
F    *Family-Related Characteristics*

OC    *Expatriate organizational commitment*  
RA    *Role ambiguity*  
RD    *Role discretion*  
LT    *Long-term career planning*  
TRESP *Expatriate training*  
MENT *Mentorship provisions*  
ADJ    *Expatriate cross-cultural adjustment*  
AGE    *Expatriate age*  
HDI    *Level of host-country development*

## DOI

Both environmental and family-related characteristics were significant to expatriate adjustment when DOI was low, as were industry and role discretion. Upon comparison of standardized beta coefficients, it is clear that spousal adjustment (.634) is the single most important factor to adjustment at this time. For expatriates in highly internationalized firms, again we find spousal adjustment (.657) to be more important than the other significant predictors of expatriate adjustment.

## Expatriate Organizational Commitment

### Country Experience

Satisfaction had the strongest effect on the commitment of expatriates in both young and mature subsidiaries (.610 and .601, respectively), although training was also important in young subsidiaries.

## DOI

With regard to the various categories of determinants considered in this study, only organizational factors were significant to commitment when firms were less internationalized. However, when considering all variables included in the equation, the standardized beta coefficient for expatriate job satisfaction indicated the largest effect on commitment (.542). The same is true for the commitment of expatriates of highly internationalized firms. While HDI, an environmental characteristic, was the most

important predictor out of the set of determinants of interest, the effect of satisfaction was stronger (.584).

### Expatriate Job Satisfaction

#### Country Experience

For expatriates of both young and mature subsidiaries, findings indicate that satisfaction is a function of organizational factors and of expatriate commitment to the organization. In young subsidiaries, however, commitment appears to be most important to satisfaction (.396), whereas in mature subsidiaries, role discretion is the most predictive (.438).

#### DOI

Only the organizational characteristics, in addition to commitment, were significant to the satisfaction of expatriates in low DOI firms. Based on the standardized beta coefficients, role discretion had the strongest effect on satisfaction (.436), followed by commitment (.360). For highly internationalized firms, there were significant determinants at several levels. However, those at the organizational level (role discretion, .413; and role ambiguity, .206), as well as commitment (.336), had the strongest impact on expatriate job satisfaction.

### **Summary of Results**

The results reported above indicate partial support for the first set of hypotheses, concerned with the use of expatriates at two distinct stages of internationalization. At the

subsidiary level, the proportion of expatriates did increase significantly along with subsidiary age when subsidiaries were young, and the practice of expatriating did taper off in the mature subsidiaries, although this relationship was not significant. For the firm as a whole, the relationship between degree of internationalization and expatriation was negative regardless of whether internationalization was low or high. This relationship, however, was only significant for highly internationalized firms.

Partial support was also received for the second set of hypotheses (H2, H3, and H4), which were concerned with the determinants of expatriate success for distinct levels of country experience and degrees of internationalization. Environmental and family-related factors were significant to expatriate cross-cultural adjustment when firms were low on internationalization. In addition, the majority of organizational-level factors considered were significant determinants of expatriate satisfaction once experience had been gained in a particular country. The implications of these findings for theory and for practice are discussed in the next chapter.

## Chapter V Discussion

### INTRODUCTION

The primary goal of this study was to examine the role of expatriate managers in the learning process that firms undergo as they increase their international involvement. In doing so, two issues were addressed: (i) the employment of an expatriation strategy as a company internationalizes and (ii) the importance of individual, organizational, environmental, and family-related factors to expatriate success as the company gains international experience. As indicated in Chapter II, the study of expatriate success has been limited to the assessment of relationships at one point in time, or under a given set of circumstances. Recognizing that circumstances change, and that organizations learn over time how to cope with otherwise unfamiliar situations, the hypotheses incorporate a dynamic, contingency perspective. In other words, the expectation that relationships may change should be built into a model of the determinants of expatriate adjustment, commitment, and satisfaction. The proposed model was tested on a sample of current expatriates of Fortune 500 corporations in the computers/electronics and petroleum/chemicals industries.

This chapter reviews the empirical findings for the two research questions and discusses the implications of these findings for both International Human Resource Management (IHRM) theory and practice. Potential limitations from both a theoretical and methodological perspective are then addressed, followed by some possible avenues for pursuing this stream of research. The chapter closes by juxtaposing the findings of both

research questions, synthesizing their implications, and offering some concluding remarks on international human resource management in general and on expatriation in particular.

**HYPOTHESIS 1:  
THE USE OF EXPATRIATION AS FIRMS INTERNATIONALIZE**

The primary purpose of the first research question was to investigate the relationship between organizational learning and expatriation. Specifically, *H1* examined the relationship between international experience and the proportion of expatriates employed, as both market-specific knowledge and general organizational knowledge is gained. A significant relationship emerged between country experience and proportion of expatriates in a given subsidiary, but only when there was considerable experience in that host environment. This relationship is negative, indicating that, after a certain level of experience, or market-specific knowledge, is gained in a host country, firms tend to reduce their expatriate populations in subsidiaries located there. A significant, positive relationship emerged between degree of internationalization (DOI) and the proportion of expatriates in the firm, for those firms with little international experience. While this relationship was also negative for highly internationalized firms, it was not significant, indicating that the economies of scope associated with the accumulated general knowledge and subsequent applications to other subsidiaries reaches a point of diminishing returns. Thus, it is no longer advantageous, from a learning perspective, to continue to expatriate home-country nationals to foreign subsidiaries.

## **Implications**

### Theory

A theoretical model of intraorganizational knowledge transfer by expatriates was presented in Chapter II (see Figure 2). This model depicted the learning process, facilitated by the transfer of knowledge, as dynamic and cyclical, occurring at both the market-specific level and at the overall firm level. Further, Path 1, as distinguished from Path 2, represented an increasingly holistic approach that firms may take in pursuing international endeavors, based on the accumulation and translation of many market-specific experiences.

Based on the empirical analyses, it was shown that MNCs do develop sufficient knowledge about host environments, which diminish the need for expensive expatriate practices in those locations. In fact, firms tend to reduce their expatriate populations almost immediately after subsidiaries are established (in this case, after six months of operation). After 27 years of experience in a given location, this reduction is more drastic, indicating a progression along the learning curve. Knowledge that is gained may include characteristics of the business climate and structure of the market system, as well as an ability to negotiate successfully with host governments.

Findings also provide empirical evidence of an overall increase in expatriation during the early stages of overall firm internationalization and a reduction in the use of expatriates over time. This increase is significant in the early stages (when DOI is low), indicating that firms seek to gain as much general overseas knowledge as possible when initially pursuing international business. Once a considerable portion of firm assets, sales,



and subsidiary locations are accounted for by its international operations, it begins to rely less and less on expatriates to manage overseas subsidiaries. This reduction comes at a slower rate than the increase of expatriates in the early stages, since the relationship between DOI and expatriation, while negative, is no longer significant.

By looking at the pattern of expatriation that emerges as experience in a country increases, research can move beyond an examination of this practice as a static phenomenon. A significant relationship between internationalization and expatriation allows for an advancement in the field of IHRM by providing a theoretical explanation for why expatriation prevails as a staffing practice among MNCs. The inclusion of organizational learning, a theory which is embedded in the literatures in both strategy and internationalization, represents a logical step in legitimizing the practice of expatriation from a theoretical perspective.

### Practice

Based on the findings, young subsidiaries have proportionately larger expatriate populations than do those which have been up and running for many years. In addition to an overall reduction in expatriation managers over the life of the subsidiary, results indicate that the drop was quite significant after approximately 27 years of operations. This pattern is consistent with the organizational objectives behind expatriating -- to transfer tangible as well as tacit resources to the overseas affiliate through the expatriates and to pull back on the use of expatriate assignments as these transfers are completed.

Examples of such tacit resources include the overall company philosophy and corporate mission, technical expertise, and managerial know-how.

By looking at the pattern of expatriation that emerges as market-specific knowledge is acquired, organizations may benefit from reconsidering current IHRM paradigms and perhaps taking a more country-specific approach toward overseas staffing. In the dynamic global environment, where industry configurations and hence the nature of competition are constantly changing, conceptual learning, or the accumulation of “know-why” on the part of the organization is the key to its long-term survival. In other words, organizations must continually challenge the nature of existing practices, which may include prevailing HR management strategies.

The pattern of expatriation at the firm level shows that, while firms tend to reduce their expatriate presence in individual subsidiaries, their overall expatriate populations increase until they have achieved a certain degree of internationalization. This indicates that firms are entering many markets during these early stages, at which time knowledge about these specific environments is being accumulated at the corporate location and general organizational knowledge is being widely disseminated. Once a certain degree of internationalization is reached, expatriation is reduced, but at a much slower rate. This may be the result of technological advancements and/or product and service innovations, which may render some previous knowledge obsolete and perhaps dictate updates in subsidiary learning. It is also possible that expatriate rotations overlap more in mature subsidiaries since organizational initiatives are often in place abroad to facilitate the transfer back home.

The examination of this research question, however, was not intended for prescriptive purposes. Rather, it is a prelude to understanding the phenomenon of learning and how it can be attributed to a transfer process through individuals. In assessing the effects of learning about specific markets and about operating overseas in general, the fundamental purpose of pursuing an expatriation strategy becomes clear. While it has been shown that the expatriation of home-country nationals is an expensive organizational endeavor, the benefits may outweigh the costs. What is gained in terms of knowledge may increase the firm's bottom line by incorporating this knowledge into strategic initiatives and allowing for the gradual replacement of expatriates with HCNs. However, since this learning is a continuous process, the need for expatriate personnel in overseas affiliates will not disappear completely, thus underscoring the importance of the next set of research questions, concerned with achieving desirable outcomes for these individuals and for the organization.

### **Limitations**

As with the majority of research that focuses on particular industries, the internal validity of the findings is improved at the expense of generalizability across a wider array of companies. While this study represents an attempt to balance both internal and external validity, by selecting two sets of related industries, generalizability remains somewhat limited. Furthermore, while ample data was available at the country level, it should be noted that Fortune 500 firms in the two sets of industries studied here do not represent the youngest of subsidiaries.

With respect to the way in which international experience was operationalized here, the DOI measure has recently come into question for the way in which each of the five components (FSTS, FATA, OSTs, PDIO, and TMIE) are weighted. It was important, however, that each of these elements be taken into consideration in this study. As this index is relatively new and perhaps its reliability not yet established on a consistent basis, duplications of Sullivan's (1994) efforts may serve future research well. This matter is somewhat overcome, however, by also assessing international experience at the country level. It became apparent, early on, though, that expatriates did not know the ages of their respective subsidiaries, and it was therefore necessary to obtain this information from HR managers at the central location. It also became evident that country experience may date back beyond that of the established subsidiary, as sales and distribution activities sometimes preceded foreign direct investment.

### **Suggestions for Future Research**

Subsequent research on patterns of expatriation may be well-served to study other industries, both for comparative purposes and to assess the generalizability of the current findings. For those studies pursuing the role of internationalization, it may be helpful to preselect firms and subsidiaries based on the variance they represent on international experience, both at the overall firm level and at the subsidiary level. At the subsidiary level, it is recommended that experience be assessed at the point of initial presence in a given country in order to get an accurate account of the firm's country-level familiarity.

It may also be interesting to examine whether the use of expatriates may be more prevalent in some subsidiaries based on host-country characteristics. For example, home-country nationals may be preferred in LDCs as opposed to the more industrialized locations, where infrastructures for cross-border communications and the use of other technologies are in place to support business operations. Further, host government restrictions on foreign personnel may preclude the use of expatriate assignments in an effort to pursue their own employment agendas. In addressing these issues, future research endeavors may include more qualitative components for capturing the dynamics behind the use of expatriates which may vary by country as well as by region.

**HYPOTHESES 2, 3, and 4:  
THE DETERMINANTS OF EXPATRIATE SUCCESS AS  
FIRMS INTERNATIONALIZE**

In an effort to enhance the expatriate experience, in terms of greater adjustment, commitment, and satisfaction levels, the determinants of these outcomes was assessed. Of particular interest was which determinants were significant in firms with limited international experience and which were significant in highly international firms. Again, international experience was examined both at the subsidiary and firm levels, and implications stemming from these results are discussed below.

## Implications

### Theory

The knowledge gained through expatriation at distinct stages of the internationalization process was modeled in Chapter II (see Figure 3). The upper portion of the diagram shows that, when firms with little international experience expatriate home-country nationals abroad, specific-market knowledge is only relevant in the location where it is gained. Further, as these experiences are novel to the firm, it has not built up an infrastructure to shield the expatriate from any environmental obstacles. Therefore, the expatriate remains vulnerable to elements of the host culture, as well as its economic and political systems. Hypotheses to test this portion of the model offered that individual, environmental, and family-related characteristics would have a significant effect on the success of expatriates in firms low on internationalization.

In contrast, the bottom portion of Figure 3 shows that highly internationalized firms have the ability to buffer its home-country personnel from outside pressures, by virtue of the knowledge gained about how to operate in specific markets as well as in the international arena in general. This suggests that learning is transferable from market to market. When there is extensive experience abroad, firms need not expose expatriates to the host environment as a means of gaining market-specific knowledge, since scanning mechanisms have no doubt been institutionalized. Hypotheses to test this portion of the model offered that organizational systems would have a significant effect on the success of expatriates in highly internationalized firms.

This theoretical model was tested for three measures of expatriate success: (i) cross-cultural adjustment, (ii) organizational commitment, and (iii) job satisfaction. Further, a selected set of individual, organization, environmental, and family-related factors were included as determinants of success in each model. Environmental and family-related factors were significant to expatriate cross-cultural adjustment when firms were low on internationalization. In addition, the majority of organizational-level factors considered were significant determinants of expatriate satisfaction firms once experience had been gained in a particular country, indicating that “learning-by-doing” overseas does tend to promote organizational initiatives to shield individual expatriates from host-country pressures.

The model specified here combines two distinct streams of research. This study is the first of its kind, integrating paradigms from the organizational development and international human resource management disciplines into a cohesive platform for understanding how relationships can change given different sets of circumstances. While the body of literature in several disciplines has incorporated longitudinal dimensions, as well as other contingencies, into theoretical models, the potential role played by internationalization has been largely overlooked. In fact, recent research on internationalization has been primarily psychometric in nature, in search of adequate measures of this phenomenon. It is likely that various conceptualizations will be introduced over time. This study moves beyond basic measurement issues, incorporating a dynamic element into a model of expatriate success by linking internationalization to

Organizational Learning Theory. The basic tenets of organizational learning are still relevant but are now applied on a worldwide scale.

### Practice

Due to the complexity of variables considered, practical implications borne from the results become more clear when interpreted from three different angles -- *(i)* support of the model based on the outcome considered, *(ii)* support of the model for individual, organizational, environmental, and family-related characteristics, and *(iii)* the role of firm country experience and internationalization in moderating these relationships. These issues are addressed in turn.

### Support of the Model Based on Outcome

The preponderance of support was found for those hypotheses looking at expatriate cross-cultural adjustment in the early stages of overall firm internationalization. The majority of hypotheses were supported regarding the effect of organizational characteristics on expatriate job satisfaction when there is extensive country experience. And, no support was received for those assessing the determinants of expatriate organizational commitment. Therefore, the model offered in this study was supported for some outcomes more than for others.

Organizations may capitalize on these findings, enhancing both expatriate adjustment and satisfaction abroad through an emphasis on certain characteristics at distinct stages of internationalization. For example, to increase expatriate adjustment,



organizations with little international experience overall would be well-served to select operation sites with favorable conditions. These may include politically stable, economically developed environments with which the expatriate is relatively familiar. In addition, firms may benefit from giving extra consideration to spousal issues, including assistance in obtaining work visas and training both before departure and on an ongoing basis. Expatriation satisfaction may be enhanced through increased attention to organizational initiatives, such as long-term career planning and expatriate training programs, once subsidiaries have been up and running for many years.

#### Support for Individual, Organizational, Environmental, and Family-Related Characteristics

At first, it may seem as though implications for management are limited to those characteristics at the organizational level, since those are the only ones that the firms can control. After all, it would be difficult to alter individual traits, and more difficult still to change the macro environment of the host country. In actuality, however, the firm has control over all of these.

Once it is known in which stage of internationalization individual traits are significant to expatriate outcomes, it is at this time that the greatest amount of resources should be invested in the staffing process, which is typically the responsibility of international human resource management. This includes recruitment, screening, and selection. In this study, individual overseas experience was a significant determinant of adjustment for expatriates assigned to young subsidiaries. In fact, it less experience abroad was more desirable. This may be due to the fact that previous experience was

market-specific and not directly applicable to the current host environment. This would be particularly true if this experience was very recent, not allowing for sufficient transfer to and processing by the parent. While HCNs may possess the knowledge specific to the current host environment, this option should be considered along with the goals set forth for the transfer process. Most likely these HCNs will not complete the transfer process and the learning experience for the firm by returning to the corporate location. Therefore, their experiences will not be shared, or “added to the pot” of knowledge about international operations.

It is also possible to place greater emphasis on the environment in the early stages of the internationalization process. This may be accomplished through the process of site selection, which is really part of the firm’s overall corporate strategy. In assessing such issues of scope, it might serve newly internationalized firms to seek out geographically proximate locations with at least a moderate level of economic development, due to the firm’s inexperience in dealing with foreign cultures. Such inexperience may be characterized by a lack of established networks with suppliers and/or customers, a lack of familiarity with distribution channels within the host as well as those associated with the transportation of materials both in and out of the host, and overall limited knowledge about how to work around these issues through negotiations with host governments. Each of these concerns may be a direct result of the fact that sufficient organizational learning on an international scale has not yet occurred. As the firm gains experience and knowledge in these areas, it is possible to transfer this knowledge from subsidiary to subsidiary, with subsequent knowledge accumulated along the way. If the expatriate is

“thrown” into an unfamiliar environment, he/she is faced with challenges that extend beyond the job. The external environment may be a source of stress and contribute to an inability to adjust to the surrounding conditions.

Finally, firms are advised to look closely at spousal adjustment as an important predictor of expatriate adjustment. In fact, the adjustment of the spouse to the general host environment and to interacting with the locals was significant to expatriate adjustment regardless of country experience or firm internationalization. Therefore, organizations may make arrangements for a representative in the host country to assist the spouse with shopping and with establishing social networks. Furthermore, attempts should be made to provide housing with conditions comparable to that in the home country, and to compensate for any cost-of-living discrepancies.

#### The Role of Overall Firm Internationalization v. Specific Country Experience

A comparison of the two levels at which international experience is considered begs the question of whether organizational learning is transferable across firm subsidiaries, or whether each learning process is unique to its respective host environment. Findings indicate that overall firm internationalization dictates the determinants of success more often than does specific country experience. This is particularly true for characteristics of the macro environment, such as geographic proximity, economic development, and levels of risk. Therefore, what the firm learns through its expatriates about foreign environments may aid in enhancing subsequent expatriate assignments in other host locations as well.

## **Limitations**

It can be said that there are constant trade-offs involved in developing and testing theoretical frameworks. In constructing a model of expected relationships, comprehensiveness is often sacrificed for the sake of parsimony, and vice versa. It is also possible, as this study exemplifies, to build a model that is all-inclusive from a levels-of-analysis standpoint, necessitating a restriction in the variable set at each level. Here, independent variables at the individual, organizational, environmental, and family levels were chosen on the basis that each had been a significant determinant in the various outcomes in previous tests of “static” models. The question then remained as to whether these determinants would play as strong a role as firm international experience increased.

Moreover, as suggested in the expatriation literature, particularly those studies on expatriate cross-cultural adjustment, characteristics of the task (or role) at work and those of the organization may be two distinct categories. This suggests that some findings at the organizational level were actually task-specific, and may also explain why results for role ambiguity and role discretion supported the hypotheses more often than did those for other organizational-level characteristics.

Testing of the proposed model was limited to U.S.-based firms, for the purpose of maintaining parent country homogeneity and thus making it easier to attribute the variance of the dependent variables to the factors of interest. Again, the issue of the trade-off between internal and external validity emerges.

### **Suggestions for Future Research**

While the expatriate outcomes considered here (adjustment, commitment, and satisfaction) were assessed through well-established measurement instruments, the question of which correspond most directly to organizational objectives remains unanswered. Although it is likely that each is important in its own right, the fact that adjustment and satisfaction, for example, are not attributed to the same set of factors, and at the same stages in the internationalization process, necessitates the alignment of firm and expatriate objectives for the assignment. Future research on expatriate outcomes should focus on determining which expatriate success measures will enable the organization to achieve its stated objectives.

In addition, expatriate performance was not considered here, due to the lack of a valid and reliable method for assessment. Past studies have used expatriate recollections of their most recent performance evaluations, begging a host of methodological concerns. Future endeavors on expatriate success should seek actual performance ratings through the central HR location. Appraisals from expatriate subordinates (who are likely represented by host-country nationals) may offer additional insight into how he/she was received by the local environment.

Other independent variables should also be considered, particularly at the individual and organizational levels. These may include expatriate language ability, functional area of expertise, and position in the organizational hierarchy, as well as firm strategy and structure. It is further recommended that future studies compare the

application of this model to U.S. (or North American firms) to its application with respect to firms of other national parentage. It may be interesting to find, for instance, whether the organizational learning process plays a similar role for expatriates of Japanese or Western European firms.

### **OVERALL IMPLICATIONS AND CONTRIBUTIONS**

Through the investigation of both research questions, it was determined that organizations do learn, either about specific markets or about international operations in general, by increasing their international experience. In an era where learning, or the transfer of core competencies, is the key to sustained competitive advantage, firms may benefit by internationalizing on a strategic rather than ad hoc basis. This may entail more rapid international expansion for the purpose of location economies and first-mover advantages. In addition, creating an international cadre of managers with diverse experiences overseas may be part of this internationalization effort.

The practice of expatriation represents a large investment for both the organization and for the assignee, but firms continue to send home-country nationals abroad for several reasons. While it is unlikely that expatriate adjustment, commitment, or satisfaction is articulated in the company's expatriation agenda, its objectives may be more closely tied to some of these outcomes than to others.

Expatriates may act as vehicles through which the organization can communicate its vision, overall philosophies, and corporate mission to the overseas location, in an attempt to align subsidiary goals with those of the organization. This may also aid in

gaining company loyalty among local nationals, who may “buy in” to the company culture and thus be less inclined to seek other employment. Expatriates may also be tools for disseminating information and knowledge to the subsidiary locations, whether technical or managerial in nature, in a manner that is consistent worldwide. The process of sending home-country nationals abroad may also be part of a company-wide initiative to develop an international cadre of managers, who collectively and cumulatively contribute to organizational learning and hence the international experience of the organization as a whole. When speaking directly with corporate HR managers, an objective which emerged consistently was the acquisition and development of skills, which are transferred back to the corporate location when expatriates return. This essentially completes the transfer loop by adding to the organization’s existing knowledge base.

In order for organizational objectives to be fulfilled, the expatriate must remain in their assignment long enough to be effective, as well as to incorporate any new information into his/her resident base of knowledge. It is therefore an implicit organizational objective that expatriates remain abroad throughout the designated length of the assignment, during which time they seek to fulfill their own individual objectives. As mentioned above, the alignment of individual and organizational objectives may differ from firm to firm, and some individual outcomes may be more relevant to those of the firm than will others.

For the expatriate, the international assignment may be viewed as a necessary rung on the corporate ladder. As such, the material rewards associated with promotional opportunities upon return, as well as the premiums and allowances received while abroad,

provide attractive inducements. The expatriate may also accept the assignment in fulfillment of his/her own self-actualization, by acquiring and developing skills, which in turn will make him/her more marketable in both the internal and external labor markets. Regardless of stated, or even implicit objectives, it is safe to expect that positive outcomes of a behavioral/attitudinal nature, such as those evaluated here, will enhance the expatriate's ability to succeed.

## CONCLUSION

Based on the findings, it can be concluded that organizational learning, manifested in the extent to which organizations have acquired international experience, does dictate the determinants of expatriate cross-cultural adjustment and to a lesser extent expatriate satisfaction. Therefore, what may be important to adjustment and satisfaction at one level of internationalization may be less so at another. Knowing what predicts these outcomes at the various stages can assist the organization (most likely the IHRM function) in the screening and selection of candidates for overseas assignments, as well as in initiating the appropriate programs.

This study represents a significant breakthrough in realizing the potential outcomes of overseas assignments. The results found here, when combined with existing models of the determinants of expatriate success, provide a contingency framework for improving future expatriate assignments both for the individual and for the organization. By exploring the concept of expatriate success over distinct stages of internationalization, this study incorporates a dynamic element into the heretofore static expatriation literature.



Research such as this can provide the expatriate and potential expatriate with more realistic expectations about the experience of an overseas assignment and the factors most likely to facilitate or impede it. The cost of expatriation combined with the reportedly high failure rates makes the topic one of great interest to human resource managers. In an era when geographic expansion is essential to long-term survival, insights into the determinants of enhanced expatriate experiences have the potential to add significant value to multinational corporations as they approach the new millennium.

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## Appendix A

### Summary of Expatriate Cross-Cultural Adjustment Literature

	Adjustment Measure(s)	Sample Description	Positive	Relationships Observed (p<.05)	Non-Significant
<b>Individual</b>					
<i>Clarke &amp; Hammer</i> 1995	Personal/Family Adjustment	US Expatriates in Japan Japanese Expatriates (of US firms) in Japan	Interpersonal Skills		Assignment Expectations Initiative/Self-Confidence Communication with Family Self-Assertion Skills
<i>Black</i> 1994	Repatriation Adjustment to: Work Interaction with nationals General Environment	Japanese repatriates (from assignments in 37 countries)	<u>To Work:</u> Age	<u>To Work:</u>	<u>To Work:</u> Time Overseas Total Years Overseas Time Back (in Japan)
<i>Feldman &amp; Tompson</i> 1993	Ability to work with a diverse workforce	Graduates of US schools -- job relocators: domestic, expatriates, repatriates	<u>To Interacting:</u> Age	<u>To Interacting:</u>	<u>To Interacting:</u> Time Overseas Total Years Overseas Time Back (in Japan)
<i>Feldman &amp; Thomas</i> 1992	Relationships with local nationals	Expatriates in Saudi Arabia, Japan, and Europe & South America	<u>To General Environment:</u> Age Time Back	<u>To General Environment:</u> Total years Overseas	<u>To General Environment:</u> Time Overseas
<i>Black</i> 1992	Adjustment to: Work Interaction with nationals General Environment	4 US MNCs (host countries not specified)	Coping Strategy (Psychological Reappraisal)	Coping Strategy (Psychological Withdrawal)	Demographic Factors Position Type of Job Changer (domestic, expatriate, repatriate)
			Social Integration	Psychic Withdrawal	Seeking Task Help Psychological Reappraisal Palliative Coping
			Met expectations (overall conclusions: as opposed to over- or undermet expectations)		

Appendix A (cont'd)  
 Summary of Expatriate Cross-Cultural Adjustment Literature

	Adjustment Measure(s)	Sample Description	Positive	Relationships Observed (p<.05)	Non-Significant
<i>Black &amp; Gregersen 1991A</i>	Expatriate & Spouse Adjustment to: Work Interaction with nationals General Environment	4 US MNCs (host countries not specified)	<u>Positive</u> <i>For the expatriate:</i> <u>To Work:</u> Time Back  <u>To Interacting:</u> Age  <u>To General Environment:</u> Age	<u>Negative</u> <i>For the expatriate:</i> <u>To Work:</u> Time Overseas  <u>To Interacting:</u> Total Years Overseas  <u>To General Environment:</u> Total Years Overseas	<u>Non-Significant</u> <i>For the expatriate:</i> <u>To Work:</u> Age Total Years Overseas  <u>To Interacting:</u> Time Overseas Time Back  <u>To General Environment:</u> Time Overseas Time Back
<i>Black &amp; Gregersen 1991B</i>	Spouse Adjustment to: Interaction with nationals General Environment	US expatriates in: England, France, Germany, Hong Kong, Japan, Korea, Netherlands, Taiwan	<i>For the spouse:</i> <u>To Interacting:</u> Total Years Overseas  <u>To General Environment:</u> Age	<i>For the spouse:</i> <u>To Interacting:</u> Total Years Overseas  <u>To General Environment:</u> Total Years Overseas	<i>For the spouse:</i> <u>To Interacting:</u> Age Time Overseas Time Back  <u>To General Environment:</u> Time Overseas Time Back
			<u>To Interacting:</u> Self-Initiated Training Family Social Support	<u>To Interacting:</u>	<u>To Interacting:</u> Previous Int'l Experience Favorableness of Spouse Opinion Time in Country  <u>To General Environment:</u> Self-Initiated Training Family Social Support Previous Int'l Experience Favorableness of Spouse Opinion Time In Country
			<u>To General Environment:</u>	<u>To General Environment:</u>	

Appendix A (cont'd)  
 Summary of Expatriate Cross-Cultural Adjustment Literature

	Adjustment Measure(s)	Sample Description	Positive	Negative	Non-Significant
<i>Black</i> 1990	Adjustment to: Work Interaction with nationals General Environment	Japanese expatriates in US	To Work, Interacting & General Environment: Cultural Flexibility Social Orientation Willingness to Communicate Conflict Resolution Orientation	To Work, Interacting & General Environment: Ethnocentricity	
<i>Black</i> 1988	Adjustment to: Work General Environment	US expatriates in Japan	To Work: Knowledge Before Departure Previous Int'l Experience	To Work:	To Work:
<b>Organizational</b>			To General Environment: Knowledge Before Departure	To General Environment:	To General Environment: Previous Int'l Experience
<i>Black</i> 1994	Repatriation Adjustment to: Work Interaction with nationals General Environment	Japanese repatriates (from assignments in 37 countries)	To Work: Role Discretion Role Clarity	To Work:	To Work: Role Conflict Clarity of Repatriation Practices
			To Interacting:	To Interacting: Role Conflict	To Interacting: Role Discretion Role Conflict Clarity of Repatriation Practices
			To General Environment: Clarity of Repatriation Practices	To General Environment:	To General Environment: Role Discretion Role Clarity Role Conflict

Appendix A (cont'd)  
 Summary of Expatriate Cross-Cultural Adjustment Literature

	Adjustment Measure(s)	Sample Description	Positive	Negative	Non-Significant
<i>Feldman &amp; Tompson</i> 1993	Ability to work with a diverse workforce	Graduates of US schools -- job relocators: domestic, expatriates, repatriates	Career Development Programs (Mentoring, Long-Term Career Planning Skill-Development Programs, Realistic Job Previews)		Degree of Change Between Organizational Units Degree of Change Between Job Duties
<i>Feldman &amp; Thomas</i> 1992	Relationships with local nationals	Expatriates in Saudi Arabia, Japan, and Europe & South America	Long-Term Career Planning		Free Choice Realistic Job Previews Definite Repatriate Plans Mentoring
<i>Black &amp; Gregersen</i> 1991A	Expatriate Repatriation Adjustment to: Work Interaction with nationals General environment	4 US MNCs (host countries not specified)	To Work: Role Discretion Role Clarity	To Work: Clarity of Repatriation Practices Role Conflict	To Work: Clarity of Repatriation Practices Role Conflict
			To Interacting: Role Discretion	To Interacting:	To Interacting: Clarity of Repatriation Practices Role Clarity Role Conflict
			To General Environment: Role Discretion	To General Environment:	To General Environment: Clarity of Repatriation Practices Role Clarity Role Conflict
<i>Black &amp; Gregersen</i> 1991B	Spouse Adjustment to: Interaction with nationals General Environment	US expatriates in: England, France, Germany, Hong Kong, Japan, Korea, Netherlands, Taiwan	To Interacting: Firm Sought Spouse Opinion	To Interacting:	To Interacting: Training Provided Pre-Move Visit
			To General Environment: Firm Sought Spouse Opinion	To General Environment: Training Provided	To General Environment: Pre-Move Visit

Appendix A (cont'd)  
 Summary of Expatriate Cross-Cultural Adjustment Literature

	Adjustment Measure(s)	Sample Description	Relationships Observed (p<.05)
<p><i>Black</i> 1988</p>	<p>Adjustment to: Work General Environment</p>	<p>US expatriates in Japan</p>	<p><u>Positive</u>  <u>To Work:</u> Role Discretion  <u>To General Environment:</u></p> <p><u>Negative</u>  <u>To Work:</u> Role Ambiguity  <u>To General Environment:</u></p> <p><u>Non-Significant</u>  <u>To Work:</u> Role Conflict Role Overload  <u>To General Environment:</u> Role Discretion Role Ambiguity Role Conflict Role Overload</p>
<p><i>Earley</i> 1987  <b>Environmental</b>  <i>Black</i> 1994</p>	<p>Perceived Difficulty in Adjusting  Repatriation Adjustment to: Work Interaction with nationals General Environment</p>	<p>Expatriates going to South Korea for 3 months  Japanese repatriates (from assignments in 37 countries)</p>	<p>Documentary Training Interpersonal Training</p> <p><u>To Work:</u> Lower Social Status Upon Return  <u>To Interacting:</u></p> <p><u>To Work:</u> Worse Housing Conditions Upon Return Culture Novelty  <u>To Interacting:</u> Lower Social Status Upon Return Worse Housing Conditions Upon Return Culture Novelty  <u>To General Environment:</u> Lower Social Status Upon Return Worse Housing Conditions Upon Return Culture Novelty</p>

Appendix A (cont'd)  
 Summary of Expatriate Cross-Cultural Adjustment Literature

	Adjustment Measure(s)	Sample Description	Relationships Observed (p<.05)
Black & Gregersen 1991A	Expatriate & Spouse Repatriations Adjustment to: Work Interaction with natives General environment	4 US MNCs (host countries not specified)	<p><u>Positive</u>  <i>For the expatriate:</i>  <u>To Work:</u>            Lower Social Status Upon Return            Worse Housing Conditions Upon Return</p> <p><u>To Interacting:</u></p> <p><u>To General Environment:</u></p> <p><i>For the spouse:</i>  <u>To Interacting:</u></p> <p><u>To General Environment:</u></p>
			<p><u>Negative</u>  <i>For the expatriate:</i>  <u>To Work:</u>            Lower Social Status Upon Return            Worse Housing Conditions Upon Return</p> <p><u>To Interacting:</u>            Worse Housing Conditions Upon Return</p> <p><u>To General Environment:</u>            Lower Social Status Upon Return            Worse Housing Conditions Upon Return</p> <p><i>For the spouse:</i>  <u>To Interacting:</u>            Lower Social Status Upon Return            Worse Housing Conditions Upon Return            Culture Novelty</p> <p><u>To General Environment:</u>            Lower Social Status Upon Return            Culture Novelty</p>
			<p><u>Non-Significant</u>  <i>For the expatriate:</i>  <u>To Work:</u>            Culture Novelty</p> <p><u>To Interacting:</u>            Lower Social Status Upon Return            Culture Novelty</p> <p><u>To General Environment:</u>            Culture Novelty</p> <p><i>For the spouse:</i>  <u>To Interacting:</u>            Lower Social Status Upon Return            Worse Housing Conditions Upon Return            Culture Novelty</p> <p><u>To General Environment:</u>            Lower Social Status Upon Return            Culture Novelty</p>



Appendix A (cont'd)  
 Summary of Expatriate Cross-Cultural Adjustment Literature

	Adjustment Measure(s)	Sample Description	Relationships Observed ( $p < .05$ )		
			Positive	Negative	Non-Significant
<i>Black &amp; Gregersen 1991B</i>	Spouse Adjustment to: Interaction with nationals General environment	US expatriates in: England, France, Germany, Hong Kong, Japan, Korea, Netherlands, Taiwan	<u>To Interacting: HCN Social Support</u>	<u>To Interacting:</u>	<u>To Interacting: Living Conditions at Least Equal Culture Novelty</u>
<i>Black &amp; Stephens 1989</i>	Expatriate & Spouse Adjustment to: Work Interaction with nationals General Environment	US expatriates in Japan, Korea, Taiwan, Hong Kong	<u>To General Environment: Living Conditions at Least Equal</u>	<u>To General Environment: Culture Novelty</u>	<u>To General Environment: HCN Social Support</u>
			<u>For the spouse: To Interacting:</u>	<u>For the spouse: To Interacting:</u>	<u>For the spouse: To Interacting: Culture Novelty</u>
			<u>To General Environment:</u>	<u>To General Environment: Culture Novelty</u>	<u>To General Environment:</u>
<b>Family-Related</b>					
<i>Stephens &amp; Black 1991</i>	General Adjustment	US Expatriates in Japan.			Work Status of Spouse

Appendix A (cont'd)  
 Summary of Expatriate Cross-Cultural Adjustment Literature

	Adjustment Measure(s)	Sample Description	Relationships Observed ( $p < .05$ )
<p><i>Black &amp; Stephens</i> 1989</p>	<p>Expatriate &amp; Spouse Adjustment to:            Work            Interaction with nationals            General Environment</p>	<p>US expatriates in Japan, Korea, Taiwan, Hong Kong</p>	<p><u>Positive</u>  <i>For the expatriate:</i>            To Work:            Spouse General Adjustment  <u>To Interacting:</u>            Spouse General Adjustment  <u>To General Environment:</u>            Spouse General Adjustment</p> <p><u>Negative</u>  <i>For the expatriate:</i>            To Work:  <u>To Interacting:</u>            Spouse Interaction Adjustment  <u>To General Environment:</u></p> <p><u>Non-Significant</u>  <i>For the expatriate:</i>            To Work:            Spouse Interaction Adjustment  <u>To Interacting:</u>  <u>To General Environment:</u>            Spouse Interaction Adjustment</p> <p><i>For the spouse:</i>  <u>To Interacting:</u>            Favorableness of Spouse Opinion  <u>To General Environment:</u>            Favorableness of Spouse Opinion</p> <p><i>For the spouse:</i>  <u>To Interacting:</u>            Previous Int'l Experience  <u>To General Environment:</u>            Previous Int'l Experience</p>

## Appendix B

### Summary of Expatriate Organizational Commitment Literature

	Organizational Commitment Measure(s)	Sample Description	Positive	Negative	Non-Significant
<b>Individual</b> <i>Feldman &amp; Tompson</i> 1993	Intent to Remain with Firm	Graduates of US schools; job relocators: domestic, expatriates, repatriates	Position Married Coping Strategy (psychological reappraisal)	<u>Negative</u> Age Coping Strategy (psychological withdrawal)	<u>Non-Significant</u> Demographic Factors Type of Job Changer (domestic, expatriate, repatriate)
<i>Banai &amp; Reisel</i> 1993	Loyalty/identification Involvement	American, Dutch & Israeli banks in Great Britain Rank	Age Seniority		Employee Role (expat, HCN, HQ official) Nationality
<i>Feldman &amp; Thomas</i> 1992	Intent to Remain with Firm	Expatriates in Saudi Arabia, Japan & Europe & South America		Palliative Coping	Seeking Task Help Social Integration Psychological Reappraisal Psychic Withdrawal
<i>Gregersen</i> 1992	Commitment to parent during repatriation Commitment to local work unit	US repats from 5 MNCs (host not specified)	<u>To Parent:</u> Tenure in Parent	<u>To Parent:</u> Int'l Work Experience	<u>To Parent:</u> Tenure in Assignment Transfer Loops Time Back Overseas Adjustment Repatriation Adjustment
			<u>To Local Unit:</u>	<u>To Local Unit:</u>	<u>To Local Unit:</u> Tenure in Parent Tenure in Assignment Transfer Loops Time Back Int'l Work Experience Overseas Adjustment Repatriation Adjustment

Appendix B (cont'd)  
 Summary of Expatriate Organizational Commitment Literature

	Organizational Commitment Measure(s)	Sample Description	Relationships Observed (p<.05)
<i>Gregersen &amp; Black</i> 1992	Commitment to parent during expatriation Commitment to local work unit	US expatriates in the Pacific Rim and Western Europe	<p><u>Positive</u></p> <p>To Parent: Tenure in Parent</p> <p>To Local Unit: Overseas Gen. Adjustment</p> <p><u>Negative</u></p> <p>To Parent: Overseas Gen. Adjustment</p> <p><u>Non-Significant</u></p> <p>To Parent: Tenure in Assignment Int'l Work Experience Adjustment to Locals</p> <p>To Local Unit: Tenure in Parent Tenure in Assignment Int'l Work Experience Adjustment to Locals</p>
<i>Black &amp; Stephens</i> 1989	Intent to stay in the assignment	US expatriates in Japan, Korea, Taiwan, Hong Kong	<p>Spouse Interaction Adjustment</p> <p>Spouse Gen. Adjustment Expatriate Work Adjustment Expatriate Interaction Adjustment Expatriate Gen. Adjustment</p>
<b>Organizational</b>			
<i>Bird &amp; Beechler</i> 1995	TMT turnover Management turnover	Japanese subsidiaries in US	Matched Strategies
<i>Guzzo, Noonan, &amp; Ebron</i> 1994	Org. Commitment	Expats of firms who are members of the Society for HRM's International Institute	Perceived Organizational Support
<i>Feldman &amp; Tompson</i> 1993	Intent to Remain with Firm	Graduates of US schools -- job relocators: domestic, expatriates, repatriates	<p>Career Development Practices (Mentoring, Long-Term Career Planning, Skill Development Opportunities, Realistic Job Previews)</p> <p>Degree of Change in Organizational Unit</p> <p>Degree of Change in Job Duties</p>

Appendix B (cont'd)  
 Summary of Expatriate Organizational Commitment Literature

	Organizational Commitment Measure(s)	Sample Description	Positive	Negative	Non-Significant	Relationships Observed (p<.05)
<i>Feldman &amp; Thomas 1992</i>	Intent to Remain with Firm	Expatriates in Saudi Arabia, Japan & Europe & South America	Long-Term Career Planning		Free Choice Realistic Job Previews Definite Repatriate Plans Mentoring	
<i>Gregersen 1992</i>	Commitment to parent during repatriation Commitment to local work unit	US repats from MNCs (host not specified)	To Parent: Role Clarity Satisfactory Repatriate Compensation Values International Experience	To Parent: Role Clarity Role Conflict	To Parent: Pre-Return Training Role Discretion Role Conflict	
<i>Gregersen &amp; Black 1992</i>	Commitment to parent during expatriation Commitment to local work unit	US expatriates in the Pacific Rim and Western Europe	To Local Unit: Role Discretion Role Clarity Values International Experience	To Local Unit: Role Discretion Role Conflict	To Local Unit: Satisfactory Repatriate Compensation Pre-Return Training Role Conflict	
			To Parent: Pre-Departure Training	To Parent: Role Conflict	To Parent: Role Discretion Role Ambiguity Organizational Sponsor Clarity of Repatriation Practices	
			To Local Unit: Role Discretion	To Local Unit:	To Local Unit: Role Ambiguity Role Conflict Organizational Sponsor Clarity of Repatriation Practices Pre-Departure Training	
<b>Environmental</b>	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
<b>Family-Related</b>	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX

## Appendix C

### Summary of Expatriate Satisfaction Literature

	Satisfaction Measure(s)	Sample Description	Relationships Observed ( $p < .05$ )
<b>Individual</b>			<p><u>Positive</u></p> <p><u>Negative</u></p> <p><u>Non-Significant</u></p>
<i>Feldman &amp; Tompson</i> 1993	General Satisfaction	Graduates of US schools -- job relocators: domestic, expatriates, repatriates	<p>Age</p> <p>Coping Strategy (Psychological Withdrawal)</p> <p>Type of Job Changer (domestic, expatriate, repatriate)</p>
<i>Feldman &amp; Thomas</i> 1992	Job Satisfaction	Expatriates in Saudi Arabia, Japan, and Europe & South America	<p>Psychic Reappraisal</p> <p>Palliative Coping</p> <p>Seeking Test Help</p> <p>Social Integration</p> <p>Psychic Withdrawal</p>
<i>Stening &amp; Hammer</i> 1992	Satisfaction	Japanese expats in Thailand US expats in Japan US expats in Thailand Japanese expats in the US	<p>Ability to deal with inter-cultural stress, communication, and relationships</p> <p>Ability to deal with inter-cultural communication (for US expats in Thailand only)</p>
<i>Miller</i> 1975	Job Satisfaction (in terms of need deficiencies in security, social, esteem, autonomy & self-actualization needs)	US expats in Europe and Latin America	<p>Previous International Experience</p>
<b>Organizational</b>			
<i>Feldman &amp; Tompson</i> 1993	General Satisfaction	Graduates of US schools -- job relocators: domestic, expatriates, repatriates	<p>Career Development Practices (Mentoring, Long-Term Career Planning, Skill Development Opportunities, Realistic Job Previews)</p> <p>Degree of Change in Organizational Unit</p> <p>Degree of Change in Job Duties</p>

Appendix C (cont'd)  
 Summary of Expatriate Satisfaction Literature

	Satisfaction Measure(s)	Sample Description	Relationships Observed (p<.05)
<i>Naumann 1993</i>	Intrinsic Satisfaction Extrinsic Satisfaction	US expats in S. Korea, HK, Taiwan, PRC	<p><u>Positive</u></p> <p>Intrinsic: Skill Variety Task Identity Participation in Decision-Making Value of Assignment to Career Advancement</p> <p><u>Extrinsic:</u> Skill Variety Autonomy Participation in Decision-Making Value of Assignment to Career Advancement</p> <p>Long-Term Career Planning</p> <p><u>Negative</u></p> <p>Intrinsic: Role Ambiguity</p> <p><u>Non-Significant</u></p> <p>Intrinsic: Not Specified</p>
<i>Feldman &amp; Thomas 1992</i>	Job Satisfaction	Expatriates in Saudi Arabia, Japan, and Europe & South America	<p><u>Extrinsic:</u> Role Ambiguity</p> <p>Free Choice Realistic Job Previews Definite Repatriate Plans</p>
<b>Environmental</b>			
<i>Miller 1975</i>	Job Satisfaction (in terms of need deficiencies in security, social, esteem, autonomy & self-actualization needs)	US expats in Europe and Latin America	<p>US Expats in Europe were more satisfied than were US Expats in Latin America</p>
<b>Family-Related</b>	XXXXXXXXXX	XXXXXX	<p>XXXXXX</p> <p>XXXXXX</p>

## APPENDIX D

### Letter to HR Manager (limited participation)

May 23, 1996

Ms. XXXXX  
Vice President, Human Resources  
ABC CORPORATION  
XXXXXXXXXXXX

Dear Ms. XXXXX:

I am very pleased that you have decided to participate in this aspect of the project. Obtaining information from firms in the Computer/Office Equipment industry will provide the most applicable results for the industry as a whole.

In this package you will find a one-page questionnaire, labeled "H.R. Manager Survey", for you to complete. If you have any questions, please do not hesitate to contact me.

Phone: (954) 433-9234  
Fax: (305) 348-3278  
E-mail: Richardm@servax.fiu.edu

Ms. XXXXX, I would like to thank you for your assistance with this project. As I may have mentioned in our previous phone conversation, six weeks have been allocated to the collection of completed surveys. Therefore, may I ask that you return the questionnaire by July 20? I have enclosed a self-addressed, stamped envelope for this purpose. If you prefer to fax it to me, my fax number is provided above. In the ensuing months, I will prepare a report for you highlighting the results of the project and their value to firms in your industry. If at any time you decide that you would like to have your current expatriates participate by completing a questionnaire, please feel free to make copies from the one provided in the enclosed envelope, including the attached biodata card and cover letter. I will also be happy to forward any number of copies to you immediately. I assure you that at no time will the responses of this survey be used for any commercial purposes, nor will any of the individual respondents be identified.

Again, thank you very much, and I look forward to your responses and to our next correspondence.

Sincerely,

Meredith Downes  
Florida International University



## APPENDIX E

### Letter to HR Manager (full participation)

May 23, 1996

Ms. XXXXX  
Vice President, Human Resources  
ABC CORPORATION  
XXXXXXXXXXXX

Dear Ms. XXXXX:

I am very pleased that you have decided to participate in this project. Obtaining information from firms in the Computer/Office Equipment industry will provide the most applicable results for the industry as a whole.

In this package you will find a one-page questionnaire, labeled "H.R. Manager Survey", for YOU to complete. You will also find an envelope containing the expatriate survey questionnaires (an adequate supply for your U.S. expatriate respondents), each accompanied by a demographic/biodata card and a cover letter. These are to be administered to your firm's expatriates that are currently on assignment abroad. The expatriate population of interest includes those who have been sent from the U.S. to work in another country. In the event that more surveys are needed, please let me know and I will forward them to you immediately.

Phone: (954) 433-9234  
Fax: (305) 348-3278  
E-mail: Richardm@servax.fiu.edu.

I assure you that at no time will the responses of this survey be used for any commercial purposes, nor will any of the individual respondents be identified.

Ms. XXXXX, I would like to thank you for your assistance with this project. I am confident that you will find the results beneficial to you. As indicated by the cover letter to each expatriate, I would like to receive the completed forms by July 20. May I ask that you return the completed H.R. Manager Survey by that time as well? I have enclosed a self-addressed, stamped envelope for this purpose. If you prefer to fax it to me, my fax number is provided above. In the ensuing months, I will prepare a report for you highlighting the results of the project and their value to firms in your industry.

Again, thank you very much, and I look forward to your company's responses and to our next correspondence.

Sincerely,

Meredith Downes  
Florida International University

# APPENDIX F

## H.R. MANAGER SURVEY

1. What is your title with the organization? \_\_\_\_\_

2. For each country in which your organization has a subsidiary, please list that country below and then indicate the total number of professional-level employees used in that country's subsidiary. Of that population, please indicate the number that are U.S. expatriates and the number that are local nationals.

<u>COUNTRY</u>	<u>Total Number of Professional- Level Employees</u>	<u>Number of U.S. Expatriates</u>	<u>Number of Local Nationals</u>
1. _____	_____	_____	_____
2. _____	_____	_____	_____
3. _____	_____	_____	_____
4. _____	_____	_____	_____
5. _____	_____	_____	_____
6. _____	_____	_____	_____
7. _____	_____	_____	_____
8. _____	_____	_____	_____
9. _____	_____	_____	_____
10. _____	_____	_____	_____
11. _____	_____	_____	_____
12. _____	_____	_____	_____
13. _____	_____	_____	_____
14. _____	_____	_____	_____
15. _____	_____	_____	_____

(please use the back of this paper if necessary)

*Thank you for your cooperation in this research study. Please attach a business card to this form in order to expedite the mailing of the survey results to you.*

# APPENDIX G

## Letter to Expatriates

May 23, 1996

Dear Survey Respondent:

Your company has decided to participate in a research project conducted at Florida International University. The purpose of the project is to assess the expatriate experience both for the firm and for the individual on assignment abroad. More specifically, we are interested in the importance of certain elements to the overall outcomes of expatriate assignments. Therefore, your perceptions, as measured by the enclosed survey, are essential to this research. Your company has reviewed the outline for the project and sees potential benefits from participating.

Enclosed you will find the questionnaire survey, as well as a Demographic/Biodata card. It is equally important that both the questionnaire and the card be completed. It is approximated that this will take a total of 20-30 minutes.

As indicated above, this research is being conducted independent of your organization. Therefore, your responses will remain confidential by sending BOTH THE COMPLETED SURVEY AND THE BIODATA CARD to the following address:

Meredith Downes  
Department of Management & International Business  
Florida International University  
University Park  
Miami, FL, USA 33199

I have enclosed a self-addressed envelope for this purpose. If you prefer to fax the completed forms to me, my fax number is provided below.

Recognizing possible delays in mail delivery time, as well as the fact that many people vacation around this time of year, six weeks have been allocated to the collection of completed surveys. Therefore, we would like to have your responses by July 20, 1996. If this date will pose a problem for you, or if you need any other assistance in completing these forms, please do not hesitate to contact me.

Phone: (954) 433-9234  
Fax: (305) 348-3278  
E-mail: Richardm@servax.fiu.edu

I sincerely thank you, in advance, for your assistance in this endeavor.

Sincerely,

Meredith Downes  
Florida International University

## APPENDIX H

### Expatriate Survey (p. 1)

#### AN INDUSTRY SURVEY OF EXPATRIATION

This survey is part of a research project designed to investigate expatriate policies in multinational firms and to assess the perceptions of expatriates regarding their international assignments. Please answer all of the questions as they pertain to your current expatriate assignment.

1. In what country are you currently assigned? \_\_\_\_\_
2. Number of years that your company has had a subsidiary in this country \_\_\_\_\_
3. Number of years working for this company \_\_\_\_\_ Are these consecutive years? \_\_\_\_\_
4. What is your age? \_\_\_\_\_
5. How many years have you spent (in your lifetime) working overseas (not including this assignment)? \_\_\_\_\_

*For the statements below, ask yourself: "How satisfied am I with this aspect of my job?" and respond by circling the appropriate number:*

	Very Satisfied	Satisfied	Cannot Decide If Satisfied or Not	Dis- satisfied	Very Dis- satisfied
1. Being able to keep busy all the time	1	2	3	4	5
2. The chance to work alone on the job	1	2	3	4	5
3. The chance to do different things from time to time	1	2	3	4	5
4. The chance to be "somebody" in the community	1	2	3	4	5
5. The way my boss handles his/her subordinates	1	2	3	4	5
6. The competence of my supervisor in making decisions	1	2	3	4	5
7. Being able to do things that don't go against my conscience	1	2	3	4	5
8. The way my job provides for steady employment	1	2	3	4	5
9. The chance to do things for other people	1	2	3	4	5
10. The chance to tell people what to do	1	2	3	4	5
11. The chance to do something that makes use of my abilities	1	2	3	4	5
12. The way company policies are put into practice	1	2	3	4	5
13. My pay and the amount of work I do	1	2	3	4	5
14. The chances for advancement on this job	1	2	3	4	5
15. The freedom to use my own judgment	1	2	3	4	5
16. The chance to try my own methods of doing the job	1	2	3	4	5
17. The working conditions	1	2	3	4	5
18. The way my co-workers get along with each other	1	2	3	4	5
19. The praise I get for doing a good job	1	2	3	4	5
20. The feeling of accomplishment I get from the job	1	2	3	4	5

**APPENDIX H (cont'd, p. 2)**

*Please rate the statements below by circling the appropriate number:*

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
1. I feel certain about how much authority I have.	1	2	3	4	5
2. Clear, planned goals and objectives exist for my job.	1	2	3	4	5
3. I know that I have divided my time properly.	1	2	3	4	5
4. I know what my responsibilities are.	1	2	3	4	5
5. I know exactly what is expected of me.	1	2	3	4	5
6. Explanation is clear of what has to be done.	1	2	3	4	5
7. I have discretion as to what work gets done.	1	2	3	4	5
8. I have discretion as to how work gets done.	1	2	3	4	5
9. I have authority to decide what tasks to delegate.	1	2	3	4	5
10. I have freedom to choose what to become an expert in.	1	2	3	4	5
11. I have discretion as to what tasks subordinates do.	1	2	3	4	5
12. I have authority to decide what work gets shared.	1	2	3	4	5
13. I have freedom to decide how much of a generalist or expert to become.	1	2	3	4	5
14. I have discretion as to what I am responsible for.	1	2	3	4	5
15. I am proud to tell people who I work for.	1	2	3	4	5
16. I sometimes feel like leaving this organization for good.	1	2	3	4	5
17. I am not willing to put myself out just to help this organization.	1	2	3	4	5
18. Even if this organization were not doing so well financially, I would be reluctant to change to another employer.	1	2	3	4	5
19. I feel myself to be a part of the organization.	1	2	3	4	5
20. In my work I like to feel I am making an effort not only for myself but for the organization.	1	2	3	4	5
21. The offer of some more money with another employer would not make me think seriously about changing my job.	1	2	3	4	5
22. I would not advise a close friend to join our staff.	1	2	3	4	5
23. To know that my own work had made a contribution to the good of the organization would please me.	1	2	3	4	5
24. I've kept in close touch with people in the home office, so I think the transition back home will be fairly smooth.	1	2	3	4	5
25. I'm in contact with my bosses and colleagues back home a lot, and pretty much know what's happening on the home front.	1	2	3	4	5
26. I have a mentor back home who is looking out for my best interests while I'm overseas.	1	2	3	4	5
27. There's someone in management I can count on to keep me visible and under consideration for good assignments while I'm away.	1	2	3	4	5
28. I have a friend in management back home whom I can really trust and whom I can talk to honestly about my problems over here.	1	2	3	4	5
29. My mentor is keeping his/her eyes out for a good repatriate assignment for me.	1	2	3	4	5

*(cont'd on opposite page)*

APPENDIX H (cont'd, p. 3)

	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
30. I'm not sure that accepting this overseas assignment will be good for my career in the long run.	1	2	3	4	5
31. I can see how the skills I'm developing in this assignment will be useful to me later in my career.	1	2	3	4	5
32. I probably could have moved up the corporate ladder faster if I had stayed in a domestic assignment.	1	2	3	4	5
33. In terms of my career path in this company, this expatriate assignment makes a lot of sense.	1	2	3	4	5
34. Sometimes I feel like this expatriate assignment might not be very good for my career.	1	2	3	4	5
35. I'm not sure how this particular overseas assignment is going to help me later in my career.	1	2	3	4	5
36. This expatriate assignment is going to open up lots of doors for me in my career.	1	2	3	4	5
37. This expatriate assignment was the logical next step in my career.	1	2	3	4	5
38. I know how this expatriate assignment fits into my overall career.	1	2	3	4	5
39. This expatriate assignment really positions me well to get a good job when I get back home.	1	2	3	4	5
40. All in all, this expatriate assignment will be good for my career in terms of advancement and career mobility.	1	2	3	4	5
41. I'd probably have a better chance of getting promoted soon if I weren't in a foreign assignment.	1	2	3	4	5
42. This expatriate assignment has helped me develop important skills that will be useful to me later in my career.	1	2	3	4	5
43. This expatriate assignment fits in logically with my career path.	1	2	3	4	5

Five types of expatriate training programs are listed below, together with a brief description of each. Please indicate whether you or your spouse received each type of training by checking the appropriate box.

	Expatriate		Spouse	
	Yes	No	Yes	No
<b>Area Studies Programs</b> Environmental briefings to provide information on the host country's sociopolitical history, geography, economy, and culture.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Culture Assimilator</b> A series of short episodes briefly describing intercultural encounters that are critical to the interaction between member of different cultures.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Sensitivity Training</b> Programs for developing attitudinal flexibility so that expatriates can become aware of and eventually accept unfamiliar behaviors and value systems as valid ways of doing things in a different culture.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Field Experiences</b> These involve sending the candidate to the country of assignment or to "microcultures" nearby (e.g. Indian reservations, urban black ghettos) prior to the actual assignment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Language Training</b> Please indicate the number of months for which language training was provided at the company's expense.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	_____	months	_____	months

APPENDIX H (cont'd, p. 4)

*Please indicate the degree to which you feel adjusted or not adjusted to the following aspects of your expatriate assignment by circling the appropriate number, and please ask your spouse to do the same under the column labeled "Spouse" for items 1-9:*

	Expatriate				Spouse					
	Very Unadjusted	Unadjusted	Neutral	Adjusted	Very Adjusted	Unadjusted	Neutral	Adjusted	Very Adjusted	
1. Living conditions	1	2	3	4	5	1	2	3	4	5
2. Housing conditions	1	2	3	4	5	1	2	3	4	5
3. Food	1	2	3	4	5	1	2	3	4	5
4. Shopping	1	2	3	4	5	1	2	3	4	5
5. Cost of living	1	2	3	4	5	1	2	3	4	5
6. Entertainment/recreation facilities and opportunities	1	2	3	4	5	1	2	3	4	5
7. Health care facilities	1	2	3	4	5	1	2	3	4	5
8. Socializing with host nationals	1	2	3	4	5	1	2	3	4	5
9. Interacting with host nationals on a day-to-day basis	1	2	3	4	5	1	2	3	4	5
10. Interacting with host nationals outside of work	1	2	3	4	5	N/A	N/A	N/A	N/A	N/A
11. Speaking with host nationals	1	2	3	4	5	N/A	N/A	N/A	N/A	N/A
12. Specific job responsibilities	1	2	3	4	5	N/A	N/A	N/A	N/A	N/A
13. Performance standards and expectations	1	2	3	4	5	N/A	N/A	N/A	N/A	N/A
14. Supervisory responsibilities	1	2	3	4	5	N/A	N/A	N/A	N/A	N/A

# APPENDIX I

## Demographic/Biodata Card

**DEMOGRAPHIC/BIODATA CARD**

1. Your title in your current assignment \_\_\_\_\_

2. Gender  male  female

3. Are you married?  yes  no

4. Number of children \_\_\_\_\_

5. Country of birth \_\_\_\_\_

6. Mother's country of birth \_\_\_\_\_

7. Father's country of birth \_\_\_\_\_

8. Number of months in current assignment \_\_\_\_\_

9. Total length of current assignment (in months) \_\_\_\_\_

10. Your highest educational degree earned?

High School Diploma  Master's Degree

2-Year College Degree  Doctoral Degree

Bachelor's Degree  Other \_\_\_\_\_

11. Please list those countries (other than the U.S.) in which you have lived prior to your current assignment, and indicate whether or not you were in that location on expatriate assignment. (use back of card if necessary)

<u>Country</u>	<u>Expatriate Assignment</u>
	yes      no
_____	yes <input type="checkbox"/> no <input type="checkbox"/>
_____	yes <input type="checkbox"/> no <input type="checkbox"/>
_____	yes <input type="checkbox"/> no <input type="checkbox"/>

12. Please list any languages spoken (other than English), prior to any training for your current assignment, and indicate whether you consider yourself fluent. (use back of card if necessary)

<u>Languages</u>	<u>Fluent</u>
	yes      no
_____	yes <input type="checkbox"/> no <input type="checkbox"/>
_____	yes <input type="checkbox"/> no <input type="checkbox"/>
_____	yes <input type="checkbox"/> no <input type="checkbox"/>



## APPENDIX J

### Index of Abbreviations

ADJ	Expatriate Cross-Cultural Adjustment
ADJSP	Spousal Cross-Cultural Adjustment
AGE	Expatriate Age
CF	Cultural Familiarity
DOI	Degree of Internationalization
EDUC	Expatriate Education Level
FATA	Foreign Assets as a Percentage of Total Assets
FSTS	Foreign Sales as a Percentage of Total Sales
GEOG	Geographic Proximity
HDI	Human Development Index
IHRM	International Human Resource Management
IND	Industry
LT	Long-Term Career Planning
MENT	Mentorship Provisions
MNC	Multinational Corporation
OC	Expatriate Organizational Commitment
OSTS	Overseas Subsidiaries to Total Subsidiaries
OVER	Expatriate Overseas Experience
PDIO	Psychic Dispersion of International Operations
PROEXP <sub>firm</sub>	Proportion of Expatriates in Firm

## APPENDIX J (cont'd)

PROPEXP <sub>sub</sub>	Proportion of Expatriates in Subsidiary
RA	Role Ambiguity
RD	Role Discretion
RISK	Degree of Host-Country Risk
SAT	Expatriate Job Satisfaction
SUB	Subsidiary Age
TEN	Expatriate Tenure with Firm
TMIE	Top Management International Experience
TREXP	Expatriate Training
TRSP	Spousal Training

## VITA

### MEREDITH DOWNES

- March 1, 1965**                      **Born, Miami, Florida**
- 1987**                                **B.S., Journalism**  
**University of Florida**  
**Gainesville, Florida**
- 1992**                                **M.B.A.**  
**Florida International University**  
**Miami, Florida**
- 1997**                                **Ph.D., Business Administration**  
**Florida International University**  
**Miami, Florida**
- 1997**                                **Assistant Professor**  
**Illinois State University**  
**Normal, Illinois**

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