

Learning Orientation Playing the Treacherous Role in Multinational Corporations

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Abstract

Following the growing worldwide competition and internationalization of globe markets, international expatriates' assignments are become more and more essential to successful worldwide development for many multinational corporations. Therefore, expatriates can become an important human resource to international enterprises or multinational operations. Especially, investigating the influential factors as learning orientation of expatriate adjustment is significant for several reasons. Firstly, failure of expatriate adjustment may cause premature return from overseas assignments, which may be very costly financially for international enterprises. Secondly, failure to accomplish the plan of the assignment is as harmful to the expatriate as it is to the parent and host companies. Inability of an expatriate to complete the assignment is likely to damage his or her self-esteem, and self-confidence, and cause a loss of prestige among co-workers. Thirdly, an unsuccessful period of expatriation is likely to decrease both the subsequent commitment to the parent company.

Therefore, to facilitate business expatriates adjust to an overseas environment and work effectively, Multinational Corporations (MNCs) need to recognize the expatriates' learning orientation factor to affect cross-cultural adjustment. The main purpose of this study is utilizing previous researcher Lee's (2002) questionnaire to investigate the relationship between the learning orientation factor and cross-cultural adjustment of Taiwanese Banks' expatriates assigned to America, and this study employed same questionnaire to examine the relationship between the learning orientation and cross-cultural adjustment of Taiwanese expatriates in several different industries assigned to Mainland China. Also, the empirical outcomes were compared between Taiwanese expatriates located in Mainland China and United States. In examining the significant degree of Taiwanese expatriates assigned to Mainland China, the instrument was a questionnaire survey conducted to this study. The variables of interest were measured using items Likert-type questions, and those items are divided into seven categories. Data collected from 353 participants who have experience of a posting to Mainland China for international assignments. Multiple regression and correlation were employed to analyze data.

The statistical results of this study were compared Lee's (2002) research that associated with Taiwanese banking expatriates in United States. Both studies indicated that the expatriates' learning orientation to affect cross-cultural adjustment without doubt. This thesis concludes with suggestions for both international enterprises or MNCs and individual expatriate who operate overseas journey in their normal path of business.

1. Introduction

Since 1987 an open policy under the Chinese government has allowed international investment to flow into Mainland China. Mainland China has been attracting large amounts of foreign capital on the strength of its bountiful resources, low-cost labor and policy incentives. The World Bank indicates that among the world's five largest developing countries - China, Russia, India, Brazil, and Indonesia, China has been the most popular destination for foreign investment during the past decade. It is likely to remain so now since its admission to the World Trade Organization in late 2001 (Tsai 2002). Furthermore, Garten (1998) predicted that Mainland China seems set to transform into the world's second largest economy in the near future. This development has been accompanied by an increased presence of foreign business expatriates managing joint ventures and subsidiaries. These foreign businesspersons have to make things work in a new social and cultural context, which can be a complicated task, sometimes proving too demanding.

In Taiwan during the 1980s, wages were rather high, land costs were extremely expensive, and strict environmental protection was gaining strength (Chiang 1994). At the same time, Taiwan's government deregulated control over foreign exchange, and this led to a rapid increase in outward investment by Taiwanese enterprises, resulting in a growing number of Taiwanese enterprises moving to Mainland China. Nowadays, Taiwan is the fourth biggest investor in Mainland China. Economic relations between Taiwan and Mainland China have developed rapidly. Mainland China offers abundant labor, low wages, cheap land, a vast domestic market and a variety of investment incentive policies. At present, Mainland China's economic importance to Taiwan is continuing to grow, shown by its ousting of the United States for the first time as Taiwan's largest export market in 2002. Taiwan is also Mainland China's second-largest supplier of imports and the fourth biggest investor in Mainland China, just behind Hong Kong, the U.S. and Japan. Following the rapidly increasing foreign direct investment in Mainland China, an increasing number of expatriates are assigned there. According to that, more and more expatriates are being sent to Mainland China to operate foreign subsidiaries.

The dictionary defines learning as 'the acquiring of knowledge'. 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. It is important to measure learning because no change can be expected in behavior on the international assignment and subsequent performance unless one or more of the learning objectives has been accomplished. The importance of evaluating learning applies especially to cross-cultural adjustment. It is important to determine if indeed the expatriates have developed the requisite knowledge and understanding of the different work and life environment to which they will be assigned.

2. Literature Review

2.1 Learning Orientation

Learning orientation is an identifiable tendency and one that can be developed through systematic training (Porter & Tansky, 1999). The VandeWalee and Cummings (1997) empirical work in the context of organizations showed a positive relationship between a learning orientation and feedback inquiry frequency. Porter and Tansky (1999) proposed that a high learning orientation is critical for the success of an expatriate. The result suggested that people do benefit differentially from experience and the extent to which they allow themselves to learn from their experiences. Expatriates with a high learning orientation would tend to be attentive to information and feedbacks that may help them best adjust. When faced with

uncertain and different cross-cultural situations, those oriented toward learning will more likely stay in the situation, attempt to re-frame the task, and consider alternatives for future behavior than those low in this dimension. Expatriates who possess these characteristics are more likely to display the adaptability and openness to learn from their experiences abroad, and use their new-found capabilities to enhance the learning of their co-workers and the organization as a whole.

2.2 Cross-Cultural Adjustment

On the whole, cross-cultural adjustment is conceptualized as the degree of psychological comfort with various aspects of a host country (Black, 1988; Black and Gregerson, 1991; Oberg, 1960; Nicholson, 1984). In the past, most researchers have conceptualized cross-cultural adjustment as a uni-dimensional phenomenon (Gullahorn & Gullahorn, 1962), much as job satisfaction (Wanous & Lawler, 1972) and organizational commitment (Reichers, 1985) originally were. However, like these two constructs, recent research suggests that cross-cultural adjustment is also a multifaceted construct (Black, 1988; Black & Stephens, 1989). Expatriates adjust to work, to interacting with host nationals, and to the general environment, while spouses adjust to interacting with host nationals and to the general, foreign environment (Black & Stephens, 1989), although the exact type of host country nationals and general environmental factors spouses confront might vary somewhat by individual.

The concept of “cross-cultural adjustment” began with earlier work on culture shock. Culture shock was defined as the period of anxiety before an individual feels comfortable in a new culture (Oberg, 1960). Subsequent research found that not all sojourners experience the same level of anxiety, or experience anxiety for the same length of time (Church, 1982; Stening, 1979). This resulted in the study of cross-cultural adjustment as an individual difference criterion, which could potentially be predicted, rather than as a fixed period of anxiety that all sojourners will necessarily experience when they enter a new culture (Black, 1990).

3. Methodology

The target population of this study was 1,786 Taiwanese manufacturing firms located in Shanghai. Shanghai is the most developed city of east China and many Taiwanese investors set up their manufacturing company in here. This study used a stratified sampling procedure based on type of industry to select the sample. There are 20 different categories of industries such as food industry, plastics industry, cement industry, spinning and weaving, electric machinery, electric equipment and so on included in these 1,786 firms. Ten companies were selected from each industry by using a random numbers table. Therefore, there a total of 200 firms were selected from the address book that is issued by the Straits Exchange Foundation of Taiwan. Non-response was managed by replacement. In this study, the respondents targeted are one expatriate in the each firm.

3.1 Statistics Analysis

All of statistical data analyses were performed using SPSS (Statistical Package for Social Science) for Windows. The analysis used Correlation Coefficient; Descriptive statistics methods were used to describe the sample and inferential statistics to draw conclusions about the theoretical model.

3.2 Research Results

Total of 1200 questionnaires initially mailed to Taiwanese business expatriates in Shanghai and followed-up by e-mail. Total responses were 353, but there were 22 invalid questionnaires. As a result, total

response 353 minus the invalid questionnaires 22; therefore, 331 returned surveys were usable. The percentage of valid questionnaires was 27.58 percent. Table 1 also showed the Standard Deviation of learning orientation was 0.4273.

This section of the study, through regression analysis investigated the influence of learning orientation on cross-cultural adjustment through the stepwise method.

Because stepwise regression was requested, SPSS first investigated a model with the correlated independent variable learning orientation, as demonstrated in Table 3. It also revealed that the partial correlation for learning orientation was 0.133, In effect, independent variable as family support was significant for explaining the cross-cultural adjustment model. The bi-variate correlation between learning orientation and cross-cultural adjustment was positive. At the same time, the independent variable was statistically significant as revealed in Table 2 and Table 3 below: learning orientation ($P= 0.000 < 0.05$). This appeared to verify that the practical predictor in this study for cross-cultural adjustment was learning orientation. It accounted for 43.68 percent (0.209^2) of the variance of cross-cultural adjustment.

Table 1 Descriptive Statistics

	Mean	Std. Deviation	N
<i>Cross-cultural Adjustment</i>	4.5075	1.0039	331
Learning orientation	3.9355	0.4273	331

Table 2 Correlations

		Cross-cultural Adjustment	Learning Orientation
Pearson Correlation	<i>Cross-cultural Adjustment</i>	1.000	0.209
	Learning Orientation	0.209	1.000
Sig. (1-tailed)	Cross-cultural Adjustment	.	.000
	Learning Orientation	.000	.
N	Learning Orientation	331	331

Table 3 Coefficients of Proposed Model

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
Constant	-3.860	.506		-7.633	.000	-4.855	-2.865
Learning Orientation	0.207	0.085	0.088	2.422	0.016	0.039	0.375
Correlations							
Model	Zero-Order		Partial	Part			
Learning Orientation	0.209		0.133	0.086			

Note: A Dependent Variable: CAA(Cross-cultural Adjustment)

3.3 Discussion and Comparison

The results of this study were also compared with Lee’s (2002) research shown in Table 4. Results were quite different between Taiwanese located in the United State and Mainland China. In this section, independent variable which was significant in the present study but not previous study as Lee (2002): learning orientation was statistically significant, and the statistical result of Taiwanese expatriates assigned to Mainland China was compared with the Taiwanese expatriates located in the United States (Lee 2002) as shown in Table 4 below.

Table 4

The Significance of the Relationship of Independent Variable to Adjust In Mainland China and the United States

The Significance of the Relationship of Independent Variable to Adjust in Mainland China and the U.S.		
	Mainland China	United States *
Learning Orientation	Significant	Not Significant

Source: Lee, H.W. 2002, ‘A study of Taiwanese banking expatriates in the United States’, Published dissertation of University of Idaho.

4. Conclusion

Conclusions from Porter and Tansky’s (1996) study supported the premise that employees vary in the extent to which they allow themselves to learn from their experiences on the job. The correlation between learning orientation and cross-cultural adjustment was significant in this study, in other words, learning orientation affected the cross-cultural adjustment of expatriates in overseas locations. In the contrast with to study, Lee’s (2002) published research indicated that expatirates adjustment was rarely dependent on learning orientation ($r = 0.186$, $p > 0.05$). Therefore, the cross-cultural adjustment of Taiwanese expatriates assigned to Mainland China is positively related to learning orientation. Conversely, a clear mediation effect of the latter was not found for cross-cultural adjustment in Lee’s (2002) research.

Possibly, adjusting to a culture in closer proximity to one’s own can reduce stress arising from psychological uncertainty allowing one to open to a new learning situation. At the same time, learning is facilitated if an experienced person can guide a neophyte in the new environment, and such a relationship is more likely if there is cultural proximity. Previous researchers support the assertion that a learning orientation is very significant in the workplace (Button, Mathieu and Zajac 1996; VandeWalle 1997; VandeWalle and Cummings 1997). Therefore, it can be said that high learning orientation is critical for the success of an expatriate. From a social learning perspective, the socialization that occurs in the host company abroad will facilitate cultural understanding, and subsequently, facilitate adjustment. Furthermore, the social learning theory would suggest that, through the process of gradual behavior modeling and mentoring during the orientation to the host company abroad, expatriates not only learn appropriate skills, but also come into contact with host nationals, and develop a mutual understanding that promotes adjustment abroad.

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