

## The Giant In A Dilemma As To Whether To Go Or Stay

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### **Abstract**

*Since 1987 an open policy under the Chinese government has allowed international investment to flow into China. 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 order to facilitate business expatriates adjust to an overseas environment and work effectively, MNCs need to recognize the expatriates' cross-cultural training factor to affect cross-cultural adjustment. The main purpose of this study is utilizing questionnaire to investigate the relationship between the cross-cultural training and cross-cultural adjustment of Taiwanese expatriates in China. The statistical results of this study were exposed the importance of such training in preparing the individuals for intercultural work assignments has become increasingly apparent. The correlation between cross-cultural training and cross-cultural adjustment was significant in this study. It appears that Taiwanese employees believe that prior cross-cultural training is necessary for Taiwanese expatriates. The statistical results revealed that Taiwanese MNCs often neglect to provide any kind of cross-cultural training for their international expatriates. In review, the high costs related to difficulties in expatriation such as adjustment difficulties, premature returns, repatriation difficulties and career management problems, are also widely noticed. From this standpoint it is stressed that the training of employees for their international careers is a very important HRM challenge.*

### **Introduction**

As enterprises develop globally, there is a growing challenge to utilize expatriates on international assignments to complete strategically significant tasks. Multinational corporations (MNCs) (multinational corporations) utilize expatriates, not only for reasons of corporate organization and expertise in critical global markets, but also to smooth the process of entry into new markets or to extend international management abilities. For that reason, in order to remain competitive in today's international marketplace, enterprises not only acknowledge that transferring competent employees adds crucial skill and knowledge to their overseas performances, enabling them to compete more efficiently in all international positions, but also expatriate employees, particularly managerial and professional employees, are vital to the success

of overseas assignments such as implementing international corporate tactics and managing and coordinating subsidiaries.

Cross-cultural adjustment can be facilitated if the expatriate has an awareness of the norms and behaviors that are appropriate to the host country. Black and Mendenhall (1990) declared that a cross-cultural training program was positively connected to an expatriate's skill development, cross-cultural adjustment and job performance. Also, an important commitment by the parent company regards the offering of pre-departure training to expatriates. Pre-departure training on dimensions that are extremely relevant to the expatriate's transition is important (Harris and Brewster, 1999) and is more likely to lead to realistic expectations in relation to the assignment (Caligiuri et al. 2001). The main intention of cross-cultural training is to assist international expatriates to comprehend cultural differences and apply this awareness in cross-cultural situations efficiently and competently. Regarding to that, this study investigated cross-cultural training of Taiwanese expatriates who assigned to Mainland China, the results maybe help international enterprise to improve their overseas assignments.

## **Literature Review**

### **Cross-cultural Adjustment**

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

In conclusion, cross-cultural adjustment is defined as the process of adaptation to living and working in a foreign culture. It is the perceived degree of psychological comfort and familiarity an individual has with the new host culture.

### **Cross-Cultural Training**

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

## **METHODOLOGY**

### **The Research Sample**

The Straits Exchange Foundation of Taiwan was contacted, agreed to support this study and also supplied the addresses of Taiwanese firms established in Mainland China. This organization was founded in Taiwan on 21 November 1990; it has six units including a secretariat, culture service office, economic and trade service office, traveling service office and service office. Its chief function is to deal with affairs concerning cross-Straits exchanges under the guidance of the 'Mainland Affairs Office'.

According to the list of enterprises supplied by the Straits Exchange Foundation of Taiwan, the target population of this study was 1,786 Taiwanese manufacturing firms located in Shanghai (one city in Mainland China). Shanghai is the most developed city of east Mainland China and many Taiwanese investors set up their manufacturing companies here. With its excellent location, comprehensive transportation network in terms of land, sea and airfreight, together with its huge and high quality pool of human resources, it is no wonder that Shanghai has always been the economic leader, commercial center and important foreign gateway for the past several centuries. A city with a population of 14 million, Shanghai's total production value is one-sixth of all production of Mainland China.

### **Sample Size**

Actually, that is hard to find out the real statistics amount about the Taiwanese expatriates work in Mainland China, only the amount of firms located in Mainland China can be found in official statistic of Taiwan Government, therefore, this study adapted the whole Taiwanese firms' amount, instead of whole

population number. But this reason should be described and explained in this section. Table 1 presents a helpful lead for calculating the sample size. Tables such as Table 1 can provide a useful guide for determining the sample size. Researchers may need to calculate the necessary sample size for a different combination of levels of precision, confidence, and variability (Israel 1992), by applying an equation such as that proposed by Yamane (1967).

**Table 1** Sample size for  $\pm 3\%$ ,  $\pm 5\%$ ,  $\pm 7\%$  and  $\pm 10\%$  Precision Levels

Size of Population	Sample Size (n) for Precision (e) of:			
	3%	5%	7%	10%
1,000	a	286	169	91
2,000	714	333	185	95
3,000	811	353	191	97
4,000	870	364	194	98
5,000	909	370	196	98

Note: a = Assumption of normal population is poor. The entire population should be sampled. Where Confidence Level is 95% and P=.5.

Source: Israel (1992).

Yamane (1967) provided a simplified formula that was also used to calculate sample sizes; the result was similar to Table 5.3.

$$\text{Equation: } n = N / 1 + N(e)^2$$

n=Sample size

N=Target population

This Study:  $1786 / 1 + 1786(0.00212598425) \cong 373$

As a result, the sample size of this study was 400 firms in this study.

There are 20 different categories of industry such as food industry, plastics industry, cement industry, spin and weave, electric machinery, electric equipment included in Taiwanese enterprises located in Shanghai. Twenty Taiwanese companies were selected from each category by using a random numbers table. Therefore, a total of 400 firms was selected from the address book issued by the Straits Exchange Foundation of Taiwan. In this study, the respondents targeted were one expatriate in each firm.

### Procedures for Data Collection

A mailing survey was used to collect data for this study. Prior to sending questionnaire packages, e-mail follow-ups were made after four weeks later. In a word, the questionnaire packages sent first, and follow up by e-mail. The invitation letters for participation were sent to each company and HR managers were to asked allocate questionnaires to participants.

The survey package was mailed to each enterprise, and then distributed to Taiwanese expatriates by HR managers. The survey package contained a letter explaining the purpose of the study, the questionnaire, a supporting letter from the Straits Exchange Foundation of Taiwan and a freepost of reply envelope. In order to ensure confidentiality, all respondents were provided with reply envelopes and returned the surveys directly to the researcher. All of the data were anonymous.

Based on the deadline for returning the questionnaire, and due to time and cost considerations, it was decided that follow-up letters would be sent to participating enterprises by e-mail for participants who had not returned the questionnaires. Approximately four weeks after sending the initial packages, the follow-up invitation letters and follow-up packages were sent. The follow-up package contained a letter explaining the purpose of the study, a supporting letter from the Straits Exchange Foundation of Taiwan and the questionnaire.

### **Multiple Regressions Analysis**

A multiple regression analysis was conducted to see how well the proposed model predicted the overall cross-cultural adjustment from job satisfaction, family support, organizational socialization and cross-culture training. With multiple regression analysis, each individual or case has scores on multiple independent variables and on a dependent variable. A predicted dependent variable is formed that is a linear combination of the independent variables.

### **Pearson Correlation Coefficient**

Correlations are a measure of the linear relationship between two variables. A correlation coefficient has a value ranging from -1 to 1. Values that are closer to the absolute value of 1 indicate that there is a strong relationship between the variables being correlated, that means the correlation will have a value of 1, indicating perfectly matched order of the two variables. A value of -1 is a perfect negative covariation, matching the highest positive values of one variable with the highest negative values of the other. However, if the value is closer to 0 it indicates that there is little or no linear relationship or indicates a random relationship by order between the two variables. The sign of a correlation coefficient describes the type of relationship between the variables being correlated. A positive correlation coefficient indicates that there is a positive linear relationship between the variables: as one variable increases in value, so does the other.

### **Research Results**

#### **Research Instrument Reliability**

A test of reliability was conducted on the scales used in the questionnaire. Before conducting consistency estimates of reliability, the reverse-scaled items were reversed. The result of each of the coefficient alphas indicated satisfactory reliability. According to DeVellis Reliability Guidelines (1991), a Cronbach alpha coefficient over 0.7 implies respectable reliability. In this study, Cronbach alpha coefficients of cross-cultural adjustment, and cross-culture training were 0.84387, and 0.85112 respectively. A value of 0.8 is seen as an acceptable value for Cronbach's alpha; a value substantially lower indicates an unreliable scale. In this study, the Cronbach alpha coefficients of the six scales were over 0.8 that were seen as a good indicator of their reliability and high acceptability.

**Table 2** : Research Instrument Reliability

Variables	Number of Questions	Cronbach $\alpha$
Cross-Cultural Adjustment	14	0.84387
Cross-Cultural Training	5	0.85112

**Regression Analysis**

A multiple regression analysis was conducted to see how well the proposed model predicted overall cross-cultural adjustment from cross-cultural training. The Table 3 demonstrates summary that the linear combination of the proposed model was significantly related to cross-cultural adjustment ( $F = 92.315$ ,  $P$  value =  $0.000 < 0.05$ ). In this study, there was a statistically significant linear relationship between independent variable: cross-cultural adjustment.

**Table 3** Descriptive Statistics

	Mean	Std. Deviation	N
AA	4.5075	1.0039	331
CTA	3.9420	0.4746	331

**Pearson Correlation Coefficient**

This section of the study applied stepwise regression analysis to investigate the influence of cross-cultural training on cross-cultural adjustment. The test result, shown in the Table 4, revealed that the partial correlation for cross-cultural training was 0.320. Therefore, the independent variable was significant for explaining the cross-cultural adjustment model.

All the bivariate correlations between cross-cultural training and cross-cultural adjustment were positive. Cross-cultural training ( $P = 0.000 < 0.05$ ), the independent variable was statistically significant as revealed in Table 4 below. This appeared to verify that the practical predictor in this study for cross-cultural adjustment was cross-cultural training. It accounted for cross-cultural training, 18.49 percent ( $0.430^2$ ) of the variance of cross-cultural adjustment.

**Table 4** : 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	0.506		-7.633	0.000	-4.855	-2.865
Cross-cultural Training	0.501	0.082	0.237	6.084	0.000	0.339	0.664

Model	Correlations		
	Zero-Order	Partial	Part
Cross-cultural Training	0.430	0.320	0.217

Note: A Dependent Variable: CAA.

Correlation coefficients were the statistical method utilized to explore the variable: cross-cultural training and cross-cultural adjustment. The results of the correlation analysis are presented in Table 5 below which shows that 14 out of the 15 correlations were statistically significant.

The correlation between cross-cultural training and cross-cultural adjustment was also significant ( $r = 0.430$ ,  $P < 0.01$ ).

**Table 5: Correlations Matrix**

	C.T.	C.A.
Cross-Cultural Training	<b>1.000</b>	0.430*
Cross-Cultural Adjustment	<b>0.430**</b>	<b>1.000</b>

Notes: \*\* Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

The previous researcher reviewed the correlation among the variables and concluded that they were associated; therefore, collinear statistics were used. The tolerance for a variable is 1-R squared for the regression of that variable on all the other independents, ignoring the dependent. When tolerance is close to zero, there is high multicollinearity of that variable with other independents and the B and Beta coefficients will be unstable. VIF is the variance inflation factor, which is simply the reciprocal of tolerance. Lower tolerance values indicate that there is a great deal of overlap with other predictors. When VIF is high that means there is high multicollinearity and instability of the B and Beta coefficients. In this

study, according to Table 6 the VIF of cross-cultural training was 1.194. And the tolerance of cross-cultural training was 0.838.

**Table 6:** Collinearity Statistics

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
Constant	-3.860	0.506		-7.633	0.000		
C.T.	0.501	0.082	0.237	6.084	0.000	0.838	1.194

### Conclusions

Cross-cultural training has long been advocated as a means of facilitating effective cross-cultural interaction. The importance of such training in preparing an individual for an intercultural work assignment has become increasingly apparent. A comprehensive literature review by Black and Mendenhall (1990) found strong evidence for the assertion that cross-cultural training is positively correlated to adjustment and performance. The results of this study,  $r=0.43$  and  $P<0.01$ , demonstrated that expatriate adjustment depended significantly on cross-cultural training.

The correlation between cross-cultural training and cross-cultural adjustment was significant in this study. It appears that Taiwanese employees believe that prior cross-cultural training is necessary for Taiwanese expatriates. However, 70.1 percent of respondents did not receive previous cross-cultural training, and 29.9 percent had previous cross-cultural training. Given the notorious lack of cross-cultural training, this could result in a stressful experience, as indicated by the few empirical studies touching on the subject of expatriate adjustment in Mainland China (Björkman and Schaap 1994; Sergeant and Frenkel 1998). Also, previous cross-cultural training indeed facilitated the adjustment of Taiwanese expatriates, and assisted expatriates to perform well in Mainland China and to complete their terms, even though Taiwan and Mainland China share a similar Chinese culture. Cross-cultural training appears to be an important factor in the adjustment of Taiwanese expatriates. Nevertheless, the statistical results revealed that Taiwanese MNCs often neglect to provide any kind of cross-cultural training for their international expatriates. In review, the high costs related to difficulties in expatriation such as adjustment difficulties, premature returns, repatriation difficulties and career management problems, are also widely noticed. From this stand points it is stressed that the training of employees for their international careers is a very important HRM challenge.

Consequently, international organizations should offer expatriates cross-cultural training relevant to expatriate needs and the overseas location. In fact, most cross-cultural training for expatriates is generally superficial in degree, incomplete or non-existent. This suggests it was an effective cross-cultural training program which significantly impacted upon the cross-cultural adjustment of Taiwanese expatriates in Mainland China.

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