CHAPTER 2

LITERATURE REVIEW

The international human resource field has grown in complexity and quantity of literature over the past decade. As the globalisation of business continues and the quantity of written material on it increases, the involvement of Human Resource in international programs and policies are grows as well. One of the most common and important parts of IHRM literature relates to expatriation. (Suutari and Brewster, 2001). A great deal has been written about the failure rate of overseas assignments, and the considerable cost of these failures to multinational firms. However, very little has been written about the determinant factors that contribute to the failure, in the Malaysia international business setting.

This is necessary in order to identify the dominant factors that contribute to the expatriate failure. The objective of this chapter is first to understand the definitions of expatriate, staffing policy, expatriate transfer cycle and expatriate failure. Secondly, the primary factors contribute to the expatriate failure are highlighted and finally, the significance of expatriate adjustment is addressed. At the end of each section, a research proposition is developed that forms the basis for the subsequent research project.

2.1 Definition of Expatriate

Hill (1998) defines an expatriate as a citizen of one country who is working overseas in one of the firm’s subsidiaries. However, it is rather different from the definition provided by Daniels and Radebaugh (1995), which is that expatriates are either home country nationals (citizens of the country in which the company is headquartered) or third country nationals (citizens neither of the country in which they are working nor of the headquarters’ country). Briscoe (1995) otherwise give more thorough definitions: Expatriate can be viewed as the process of moving from one country to another when staying on the payroll of the original employer. Thus this process can take many forms. At any particular location in the multinational firm, an individual manager may be a TCN (Third Country National) and still be an expatriate from another country who is employed by and represents the parent country.
2.2 Staffing Policies

Hill (1998) expressed concern with the selection of employees for particular jobs. Multinational firms have three options with respective to the management positions such as, Parent-Country Nationals (PCN), Host-Country Nationals (HCN), and Third-Country Nationals (TCN) (Hamill, 1989; Brog and Harzing (1995).

Heenan and Perimutter (1979); and Hill (1998) have identified four staffing approaches: ethnocentric, polycentric, regiocentric and geocentric which are shown as follows:

i. An ethnocentric approach is that MNCs use parent country nationals in key management positions.

ii. A polycentric approach refers to using host-country nationals.

iii. Regiocentric means MNCs utilize and develop regional staff for positions anywhere within the region.

iv. Geocentric approach is one where the best people everywhere in the world are developed for key positions worldwide.

Combinations of these approaches can possibly apply in different functional areas. In Ondrack's (1985) study, he discovered that all the MNCs surveyed use a combination of geocentric coordination for some control functions such as, finance, and product groups; and
poly/regiocentric decentralization for market oriented functions, such as, marketing and personnel. Welch also stated that the

Geocentric approach seems to be a new trend in staffing policies, however, there are several HRM variables which have the potential to constraints its achievement, such as staff availability, time and cost constraints, host government requirements, etc. (Welch, 1994). While the advantages and disadvantages of employing local managers (HCN) are the reverse of those employing third country nationals runs the risk of getting the worst of both worlds.

Therefore, researchers discovered that the MNCs either use local nationals or parent-country nationals, but seldom use third country nationals. According to Ondrack (1985), another facet has been viewed by Toyne and Kuhne (1983). They stated that MNCs tend to use expatriates for transfer of corporate technology and management skills in the early stages of international operations. The use of third-country nationals occurs in the later stage of internationalization. For example, the Japanese MNCs did not use third-country nationals at any level of management in their overseas assignments during the 80’s (Tung, 1982). The situation has changed almost twenty years later, Japanese MNC’s nowadays employ third country nationals are facing discrimination (Merell, 1999).
2.3 Expatriate Transfer (Career) Cycle

Three phases can be identified in the expatriate transfer cycle: recruitment and selection, the actual period abroad and repatriation (Borg and Harzing, 1995).

**Phase 1: Recruitment and Selection**

In terms of recruitment and selection, the main issues are whether to recruit externally or internally and in what way the criteria used for selecting expatriates should differ from that used for domestic staff (Hamill, 1989). Brewster (1988) discovered that most MNCs prefer to recruit expatriates amongst their own employees rather than externally, but they understand that this may not always be possible. For instance, technical specialists may have to be recruited externally.

In Hamill's (1989) survey, he revealed that all of the companies believed that the correct selection of individuals was crucial to successful performance abroad. According to Brewster (1988), there have been much useful literature discussed about the selection criteria, but there is no agreed conclusion on relevant criteria. For example, Torbiorn (1982) identified eight criteria, namely: adaptability, language skills, motivation, level education, social manner, family adaptability, medical status and status of job.

However, Borg and Harzing (1995) stated that four major groups of criteria that have been derived by Tung (1982). They are technical
competence at work, personality traits/relational abilities, ability to cope with environmental variables, and family situation.

In Teagarden and Gordon's survey (1996), they found 16 selection criteria related to expatriate success in the international HRM literature, they grouped these criteria into four categories. Four categories are technical abilities, relational skills, family situation, and motivational state. The list of selection criteria is presented in Table 2.2. Borg (1988) stated that Phatak listed similar criteria. He believed that whilst they do not provide a guarantee for overseas success, the lack of them may possibly increase the chances failure (Phatak, 1983).

Zeira and Banai (1985) criticized that most of the selection of expatriates is a closed-system rather than an open-system. They believed that an open-system approach is definitely needed and proposed that selection should be widened to include an analysis of the expectations of the host environments in addition to those of the MNCs. It is important that MNCs base the selection of their expatriates on the expectations of the real environment where expatriates operate and with which they have to cope. They also found that the current selection tools used by MNCs are not enough for identifying candidates who have the characteristics desired by HCOs (Host Country Organisations). Generally speaking, they pointed out that the list of selection criteria currently used by MNCs is not comprehensive (Zeira and Banai, 1985: 45).
Selection procedure is another important issue when selecting staff for international assignments (IAs), but many MNCs do not pay sufficient attention to it. According to Forster and Johnsen (1996), Harvey (1985) stated that one of the main reasons for the high expatriate failure rate is the inadequate selection criteria and procedure used by MNCs. According to Borg (1988), a study by Phatak (1983) discovered that none of the American companies seem to have any sophisticated methods for selecting expatriate candidates for international assignments. It is believed to be one of the reasons for the high failure rate of American expatriates. Four basic selection methods can be identified: used by MNC's an examination of past performance, a battery of tests, interviews with senior managers, and no selection method at all (Borg, 1988).

Selection criteria and selection procedure will differ from job to job and from company to company, depending upon the nature of the job, company culture and structure. Before designing any criteria and procedure, it is very important for MNCs to review and understand their needs and strategy first.

**Phase 2: the assignment period abroad**

The report of Borg and Harzing (1995) discussed culture shock and expatriate adjustment. In addition in a survey of Borg (1988), managers want to have new experiences and opportunities, which are the most
important motives. The second and third motives in levels of importance motives are better economic conditions of working abroad and increased opportunities of future promotion. Culture shock and expatriate adjustment will not be discussed here, as a detailed discussion will be conducted later in this chapter.

**Phase 3: repatriation**

After certain years, usually about three to five, the assignment ends and the expatriate is repatriated. In the case of failure, the expatriate returns earlier than the contract expiry date (Borg and Harzing, 1995). Borg (1988) identified two problems of repatriation: re-adjustment and re-establishment.

**Readjustment** is adjusting to one's native culture again. Returning expatriates often have the experience of *second culture shock* (Borg and Harzing, 1995). There are several reasons why re-adjustment is required. For example, when the expatriates return, the organisation's policies might have altered. The informal and formal contact patterns might have changed too. In addition, promotion of former colleagues may cause depression and dissatisfaction while expatriate managers have not been promoted after international assignments. Therefore, many returned expatriates have found that repatriation is like starting a new job (Borg, 1988).
Re-establishment means finding a suitable position after return (Borg and Harzing, 1995). It has been described as a problematic issue by (Borg, 1988) owing to the difficulty of predicting changes within a company. In addition, companies seldom guarantee a particular position on return. Borg and Harzing (1995) revealed that the situation in which repatriates are arranged appropriate positions on return seldom happens. It is not a rare occurrence that the experience gained from working abroad cannot be useful at home, hence, some returned expatriates would leave the company after returning. This situation can be minimised by comprehensive planning which ensure that plans should be made well in advance to able the returning expatriates to be offered job assignments that can use the skills and experience acquired overseas (Feldman and Thomas, 1991)

2.4 Definition of Expatriate Failure
Definition of 'expatriate failure' varies in past and present literature on expatriation. Hill (1998) suggests that expatriate failure is the premature return of an expatriate to his or home country. This term is simplistically defined as "premature return" (Ashamalla 1998; Fukuda and Chu 1994; Naumann 1992; Simeon and Fuji 2000). However, the concept of expatriate failure defined within these limits is far too narrow, as expatriate failure encompasses a great deal more (Harzing 1995; Sappinen 1993; Shaffer and Harrison 1998). For example, Tung (1987) defines expatriate failure in her survey as the inability of an
expatriate to perform effectively in an overseas country and, hence, the employee is either dismissed or recalled home. Indeed, Briscoe (1995) proposed that expatriate failure can be defined in terms of early return home or termination, however, it could also be defined in terms of:

i. Poor performance in foreign assignments

ii. Personal dissatisfaction with the experience (expatriate or family)

iii. Inability to adjust to the local environment

iv. Not accepted by local nationals

This definition implies that the expatriate assignment has been successful if the expatriate remains for the full duration of the planned stay. This does not occur in reality (Sappinen 1993).

The definition of expatriate failure measured in terms of premature return has questionable effects upon the accuracy of calculating expatriate failure. An abundance of literature documents that expatriate failure rates are at unacceptably high levels (see e.g. Ashamalla and Crocitto 1997; Gray 1991; Naumann 1993; Shaffer and Harrison 1998; Shilling 1993; Simeon and Fujiu 2000; Stone 1991). Harzing (2002) argues that this may be a result of referencing errors that replicate previous literature rather than basing such findings on their own empirical research. This suggests that more empirical research is necessary in order to measure the true extent of expatriate failure. Expatriate failure needs to be defined in a different way, other than premature return.
In this paper, it is proposed that the definition of expatriate failure should also include measures including performing under par in international assignments, repatriation difficulties and, more specifically, skills developed by the expatriate not being valued by the parent company. These factors are also imperative in characterizing a successful expatriate program but are often unjustifiably neglected. This leads to the first proposition:

*Proposition 1: Expatriate failure is predominantly defined on the basis of premature return*

2.4.1 Not Achieving Performance Objectives

One of the weaknesses of the commonly used definition of expatriate failure is that it does not take into consideration the underperformance by expatriates. There is no measure of productivity, effectiveness or whether the assignment objectives were ascertained. Harzing (1995) argues that returning prematurely before the expiration of the assignment may not be the most damaging scenario. It is proposed that those expatriates who are stay on for the full duration of their assignment but performed at a substandard level are potentially more damaging to the company than if they were to return home prematurely. Expatriate managers who return home prior to the expiration of their international postings are naturally considered to have ‘failed’ to achieve the corporate objectives of the assignment.
However those expatriates that remain for the planned stay should still be classified to have 'failed', if they too are unsuccessful in achieving company goals.

The expatriate’s inferior performance can have significant negative ramifications on the employing company that are often concealed (Black, Gregersen and Mendenhall 1992a). Selmer (2002) highlights that those managers who elect to 'stick it out' incur large direct and indirect costs are often unknown and miscalculated by both the company and expatriate. Lanier (1979) termed these expatriates as 'brownouts', as they do not decide to return early but instead perform at a lower capacity. As a result, not only is the expatriate deemed incompetent because of their inadequate performance, but the company also receives unenthusiastic publicity, which can affect the company’s overall reputation.

Daniels and Insch (1998) contribute to this view by suggesting that there is a strong need to refocus expatriate research away from expatriate turnover, but to instead focus on expatriate performance. Persisting to define expatriate failure within such narrow terms induces inaccuracies and the difficulty of trying to gain a true estimate on the frequency of expatriate failure. Perhaps more alarmingly, this stubbornness also encourages expatriates to become 'brownouts' in an attempt to avoid being labeled a 'failed expatriate'. This leads to the following proposition:
Proposition 2: Expatriates who do not achieve the performance objectives of their international assignments should also be regarded as expatriate failures

2.5 Factors Contributing To Expatriate Failure

It has been established that the cost of expatriate failure is alarmingly high, thus it is imperative to understand the factors that contribute to expatriate failure. Although there have been suggestions made that expatriate failure is on the decline (e.g. Daniels and Insch 1998), many corporations still focus on the technical competencies required in the international assignment and overlook the significance of cross-cultural knowledge and expatriate dissatisfaction as a factor that contribute to the expatriate failure. Sappinen (1993) contests that some of the challenges in understanding this subject perhaps associated with the inadequacy of the widely used definition of a failed assignment. Unfortunately, the majority of the research that has been undertaken about expatriate failure defines it as premature return. Because of this, the factors that contribute to expatriate failure will be discussed based on this definition.

Inappropriate management of expatriates can have detrimental effects upon the organization and the expatriate. In terms of the expatriate, the costs incurred are likely to be financial and psychological. From
the company's perspective, the more obvious costs or the direct costs of expatriate failure was stated by Mendenhall, Dunbar and Oddou (1987) to range anywhere between $55 000 to $150 000. In a more recent study by the National Foreign Trade Council in 1994, it was found that the estimated cost of poor international staffing decisions had escalated to deviate between $200 000 to $1.2 million (cited in Ashamalla 1998). These accounted for costs associated with relocation, compensation and retraining of a replacement. It is the indirect costs that are the most damaging and difficult to reverse in a short period of time (Ashamalla and Crocitto 1997; Daniels and Insch 1998; Shilling 1993). These encompass negatives such as loss of product market share and business opportunities, discredited corporate image and reduced productivity.

Research on expatriate failure has traditionally focused on two general areas. (1) the selection of the most 'appropriate' expatriate (Zeira and Banai 1985) and; (2) poorly developed or the complete absence of cross-cultural training (CCT) programs (Black and Mendenhall 1990).

2.5.1 Challenges in Repatriation

Although repatriation completes the cycle of the expatriation process, there is a noticeable inequality in the amount of attention devoted to repatriation in comparison to the expatriation stage. As a consequence, there has been insufficient empirical research conducted in this final phase (Black, Gregersen and Mendenhall 1992b; Riusala and Suutari.
2000). Repatriation, defined by Dowling and Schuler (1990) as "the process of return to the home country at the completion of an international assignment" (p. 173), is seen as "perhaps the least carefully considered aspect of global assignments" (Black, Gregersen and Mendenhall 1992a; p. 14). Unlike most assumptions, the repatriation process is not an event that is either easy or natural (Hammer, Hart and Rogan 1998). On the contrary, it can be more difficult than the expatriation phase as repatriates themselves do not expect this 'reverse culture shock' to occur as they are returning 'home' (Brislin and Pedersen 1976; Martin 1984). This reverse culture shock is caused by the mismatching of the expatriate's expectations prior to their return and what they actually encounter after they have been repatriated (Adler 1981; Howard 1974).

Due to the commonness of reverse culture shock, Poe (2000) identifies the importance of expectation management, as a means by which re-entry culture shock may be alleviated. From a business perspective, expatriates will often have the expectation that they will be holding similar, if not higher, hierarchical positions upon their return, where there will be generous opportunities to utilize their skills and knowledge acquired abroad (Stroh, Gregersen and Black 1998). However research conducted by Feldman (1991) and Welch (1994) have suggested otherwise. Expatriates tend to find themselves being relocated into 'holding positions' as the company has yet to find an appropriate position for them.
Poe (2000) suggests that it is often unrealistic to guarantee the expatriates the specific position they will be assigned to upon their return. In this case, it is crucial to be as honest to the expatriate as possible to ensure that they have time to realign their previous expectations. Attempts by the organization to minimize any readjustment difficulties should be addressed before the expatriate sets off for their overseas assignment (Ashamalla 1998; Yavas and Bodur 1999). The key ingredient for effective repatriation is to start early so that expatriates are aware of all the possible outcomes that can be derived from this career decision (Poe 2000). Issues that need to be discussed include how the company intends to keep in touch with expatriates so that they are kept up to date with the latest company information and developments (Black 1992) and how the expatriate’s new qualifications will be used by the corporation (Napier and Peterson 1991).

In a study conducted by Harvey (1989), information was sought as to why companies did not have a formal repatriation-training program. Research revealed that only 31 percent of respondents answered positively and the most common responses were: (1) 47% stated that the company had a lack of expertise in devising such a program; (2) 36% identified that it would simply be too costly to have to train repatriates and; (3) 35% said that the top level management did not perceive a need for repatriation training. Unfortunately, this signifies
that companies have yet to realize the importance of this final link of the expatriation process. Additionally, Adler’s (1991) study showed that: (1) one out of five repatriates want to leave the home company upon their return; (2) two thirds of returned expatriates felt that the assignment had negative ramifications upon their career development; (3) less than 50% of repatriates had received career advancements upon return and; (4) approximately half of the returned employees felt that their re-entry status was less satisfying than the position in their overseas assignment. This leads to the following proposition:

Proposition 3: A successful repatriation process has a positive influence on the readjustment of the repatriate into their home environment

2.5.2 Skills Acquired by the Expatriate are not Utilized

Corporations not valuing the competencies and wisdom of their repatriates have been one of the more specific challenges accompanying repatriation. Although returning home may signal the end of the international posting for the repatriate and company, utilizing the skills acquired by the repatriate will not only be in the best interest of the company in terms of human resource maximization, but also demonstrate that the expatriation assignment has been a full success.

It is therefore disappointing that many organisations do not take full advantage of the skills and knowledge that repatriates have acquired
from their overseas experience. Expatriates note that their tolerance for ambiguity, magnified intercultural understanding and ability to relate effectively with people from other cultures are untapped by their home organisation (Napier and Peterson 1991). Varner and Palmer (2002) term this inability to systematically identify, capture, disseminate and formalize the knowledge gained by the expatriates as 'knowledge mismanagement'. Moreover, this malfunction is both counterproductive and expensive for the home company. Large investments have been devoted to this elite group, thus to ignore the know-how that they transport back is simply poor management. This is supported by Poe's (2000) article that stresses that providing opportunities for repatriates to utilize their skills deters them from leaving the company. Companies that fail to take advantage of the knowledge gained by the expatriates possess a high risk of forgoing them to a competitor. If the organisation is willing to invest significant sums of money into sufficiently training the expatriate, then all attempts should be made to institutionalise that knowledge.

This inability to exploit the intellectual capital gained by expatriates should also be considered as one form of expatriate failure as the company has not been able to extract the inclusive benefits that an expatriate project entails. The remuneration of such a program should be as rewarding for the expatriate and host company as it is for the home company. There is as much to be gained by all parties of the
expatriation process (Poe 2000). From this, a fourth proposition is developed:

Proposition 4: Companies that fail to utilize or value the skills and knowledge gained by the repatriates from their overseas posting will run a higher risk of those repatriates leaving the organization.

Although what has been discussed so far uses the broader definition of expatriate failure, it is still important to give attention to the traditional reasons for expatriate failure, using the more predominant definition, that being premature return.

2.5.3 The Selection of Expatriates

Many researchers have noted that despite the evidence which proves that a variety of skills are necessary for success in an international assignment, a lot of MNCs, particularly American companies, still focus on one selection criteria: technical competence (Black, Mendenhall, and Oddou, 1991). It is obvious that this selection criteria is not wide enough to choose an appropriate candidate for an international assignment.

Tung (1987) suggests that when companies select potential candidates for expatriate assignments, there is an overemphasis on technical competence to the disregard of other important attributes such as relational abilities. In her study, it was determined that the lack of technical competence by an expatriate as a contributor towards
expatriate failure was ranked only in sixth place. It has been argued that because sufficient technical competence will, in most cases, avoid immediate failure, companies will opt to take the safest route by placing the focus on the expatriate’s technical qualifications. The main reasons for expatriate failure in Tung’s (1987) study were:

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<th>Main Reasons for Expatriate Failure</th>
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<td>1) Inability of manager’s spouse to adjust to the new environment</td>
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<td>2) The manager’s inability to adapt to the new environment</td>
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<td>3) Other family related issues</td>
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<td>4) The manager’s personality or emotional immaturity</td>
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<td>5) The manager’s inability to cope with responsibilities associated with the overseas work</td>
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<td>6) The manager’s lack of technical competence</td>
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However, recent research undertaken by Stone (1991) of Australian and Asian managers and expatriates where all participants in the survey were asked to rank the criteria in expatriate selection, only the Asian managers ranked technical competence first. The Australian managers and the expatriates ranked this factor in second and third place respectively. More interestingly, both groups ranked the ability of the expatriate to adapt to the foreign environment as the first selection criteria. Although the sample size was relatively small, which may limit its generalisation, it may be a positive indication that organizations are beginning to appreciate that other factors other than technical competencies are necessary when making selection decisions.
The debate that the ability to adjust to the foreign environment is equally as important as technical competencies is supported by Yavas and Bodur’s (1999) study, where it was found that relational capabilities were just as essential for expatriate success, as it directly supports the adjustment dimension. More specifically, they identified the following personal characteristics as ideal for an expatriate to possess: (1) being a culturally sensitive person; (2) having empathy for others; (3) willing to accept the challenge of intercultural experiences and; (4) being culturally prepared for the assignment. Although this list is by no means exhaustive, it provides a good indication that other factors are also necessary in selecting the most appropriate expatriate to relocate for an international posting. This leads to the following proposition:

**Proposition 5: Selecting expatriates primarily on their technical competence increases the probability of expatriate failure**

2.5.4 Expatriate Training

Once a member of staff has been selected for an expatriate position, pre-departure training is considered to be the next necessary step in attempting to ensure expatriates could work effectively and successfully abroad (Dowling, Welch and Schuler, 1999). In Oddou’s survey (1991), it was discovered that over 65% of the expatriates reported receiving no training at all. Also Enderwick and Hodgson (1993) found that in their study, only 15% of respondent companies claimed have conducted formal training programmes to prepare for
expatriate assignments. The results were not surprising, as the MNCs doubt the effectiveness of the training programmes. There are a number of other reasons for not providing any pre-departure training, four of which have been summarised by Mendenhall and Oddou (1985):

i. There was past dissatisfaction with the training programmes on the part of expatriate trainees.

ii. The time between selection and departure is short, and there is inadequate time for the expatriate to become exposed in-depth acculturation training.

iii. As the expatriate’s assignment is sometimes for a short-term purpose, it is not worth spending many resources in training.

iv. The dimensions of acculturation are simply not well enough known to formulate practical training programmes.

As highlighted earlier, training is of crucial importance for expatriates, particularly in helping to establish cultural empathy. As stated by Foster and Johnsen (1996), training in cultural empathy can be broadly described as any procedure intended to increase an individual’s ability to cope and work in an unfamiliar environment (Early, 1987). Tung (1982) proposed that the training programmes designed for expatriates on cross-cultural should be classified into six major categories:
i. Environmental briefings. Information should include geography, housing and schools.

ii. Cultural orientation. Information about the cultural institutions and value systems of the new country should be mentioned.

iii. Cultural assimilation. Information consists of brief episodes describing intercultural encounters.

iv. Language training.

v. Sensitivity. Training to develop attitudinal flexibility should be included.

vi. Field experience. Where candidates are sent to the country of assignment or a micro-culture where they can undergo some of the emotional stress of living and working with people with different cultures.

In general, Cross Cultural Training (CCT) refers to any activities or procedures implemented for the objective of increasing an individual's ability to work in and cope with a foreign environment (Tung 1981). CCT is a means by which companies can try to maximize the cultural sensitivity and tolerance that is necessary in expatriate programs. Black and Mendenhall (1990) found strong evidence that CCT has a positive correlation with expatriate adjustment. Zakaria (2000) supports this by suggesting that there are numerous benefits that expatriates can gain by having access to CCT. These include: providing an aid to culture shock in the new working environment; providing a means of
reducing anxiety; and facilitating the expatriates’ ability to cope with stress and disorientation. Finally, it has also been suggested to have the function of reducing or even preventing the failure of expatriate assignments (Giacolane and Beard 1994).

Despite these positives, it is unfortunate that many firms are sceptical about its usefulness. Firms that do offer such programs tend to define their efforts only within the parameters of debriefings about the host country’s economic, political and general living conditions (Black and Mendenhall 1990). Although these documentary training sessions are more effective than none at all, it is still insufficient. CCT should include information that will assist the newly appointed expatriate in understanding some of the ways in which business is conducted in the new environment or information regarding the country’s culture and customs. This will assist in enhancing performance in the new work setting, as well as facilitate a smoother transition into the living environment (Ashamalla and Crocitto 1997). This leads to the sixth proposition:

**Proposition 6**: Expatriates that have received some form of pre-departure training will experience an easier adjustment into the new environment and hence increase the probability of a successful international assignment

2.5.5 Socialization Issue
Socialization is the systematic means by which firms bring new members into their culture (Berlew & Hall, 1966). The socialization process assists expatriate managers in learning the appropriate national culture of the subsidiary. It encompasses the process of being made a member of a group, "learning the ropes," and being taught how one must communicate and interact to get things done (Pascale, 1985; Van Maanen & Schein, 1979). Host country managers also benefit from socialization to the "corporate culture" of headquarters since they must interact with headquarters regularly.

Organizational socialization is, therefore, an important process by which employees are transformed from organizational outsiders to participating and effective members. During organizational socialization an employee: (1) acquires a set of appropriate role behaviours, (2) develops work skills and abilities, and (3) adjusts to the work group's norms and values. For an employee to acquire appropriate role behaviours, he or she must therefore be able to resolve three issues. First, new employees need to clarify their roles within their own work groups. These employees must have a realistic and accurate role definition. Second, new employees need to deal with those in their immediate work group and others in the organization. The employees learn how to manage their inter-group and interpersonal roles. Third, new employees need to deal with conflicts between their work and personal lives. Employees who do not resolve these conflicts may
experience a negative effect of the job on the quality of home life (Feldman, 1981).

In order for employees to develop work skills and abilities that correspond to their jobs, they must possess a minimum level of job-related technical competency. Without adequate job skills there is little chance of international business success (Baliga and Baker, 1985; Mendenhall and Oddou, 1988; Tung 1981). Thus, socialization can be used to improve the fit between workplace tasks and the existing skills of the manager.

In order for socialization practices to enhance managerial effectiveness, three factors must be considered: the nature of the job, the personality characteristics of the manager, and the country of assignment.

i. Nature of the Job.

The nature of the job is described by job demands, job constraints, and job choices. The more novel the new responsibilities and tasks, the more the expatriate candidate will need training to learn and execute desirable managerial skills. Greater expatriate manager effectiveness occurs through the recognition that different jobs involve varying degrees of contact with other cultures and varying durations of stay in a foreign country (Tung, 1981).
ii. Expected length of assignment in a host country also affects the nature of the job. Influential executives, who are oftentimes unprepared for cultural differences, are called upon to conduct business overseas with sometimes disastrous results. Stories are common about executives sent to foreign countries unable to speak the language encountering host country executives unable to speak English and the resulting miscommunication. According to Triandis (1992), research strongly links overseas inefficiency to unprepared new global managers who cross borders to negotiate contracts, conduct training on home country operations, and prospect for new customers.

iii. Personality Characteristics.

The ability of an individual to deal effectively with his or her superiors, peers, subordinates, and business associates directly relates to personality. Highly developed human empathy is a necessary attribute of a successful expatriate manager. The manager must understand local work ethics and respect them (Baliga and Baker, 1985). Additional variables that are dependent on personality characteristics include the ability to relate to, live with, and work among people whose value systems, beliefs, customs, manners, and ways of conducting business may be greatly different from one's own (Black, 1990;
Three personality dimensions are essential to the successful socialization of expatriate managers (Mendenhall and Oddou, 1985). First, the self-oriented dimension includes activities and attributes that serve to strengthen the expatriate's self-esteem, self-confidence, and mental hygiene. The self-oriented dimension is comprised of reinforcement, stress reduction, and technical competence. Reinforcement substitution involves replacing activities that bring pleasure and happiness in the home culture with similar activities that exist in the host country. The ability to cope successfully with new physical environments, including limitations in housing, services, entertainment, and climate has emerged as an important variable in the socialization process.

Second, the others-related dimension encompasses activities and attributes that enhance the expatriate's ability to interact effectively with host country nationals. Effective interaction with others, especially foreigners, is necessary for successful adaptation. This dimension consists of relationship development and the willingness to communicate. The ability to develop long-standing relationships with nationals has emerged as an important factor in successful overseas adjustment. Establishing close relationships with host country nationals has the same effect on the expatriate that a mentor has on a new employee. The ability to develop these relationships is important to the successful socialization and performance of an expatriate
manager. The willingness of an expatriate to use the host country language has a greater influence on successful adjustment than the actual level of fluency in the foreign language (Mendehall and Oddou, 1985). The willingness to communicate includes the expatriate's willingness to use the host nationals' language, confidence in interacting with people, use of conversational idioms and anecdotes, and desire to understand and relate with host country nationals. The expatriate who needs to communicate with others is more likely to be successful if he/she is willing to try to speak a foreign language, and does not worry about making linguistic mistakes.

The overall ability of a candidate to associate with others is important to successful socialization and performance in the host country. Third, the perceptual dimension relates to understanding the behaviour of host country nationals. The ability to make correct attributions about the reasons or causes of nationals' behaviour allows the expatriate to predict how they will behave in the future. People from different cultures often misinterpret each other's behaviour because of learned cultural differences in their perceptions and evaluations of social behaviour. Expatriates who are non-judgmental and not evaluative when interpreting the behaviour of host country nationals will be more effective in foreign countries (Hogan & Goodson, 1990; Mendehall & Oddou, 1985).
iv Country of Assignment.

An important step in expatriate selection and training is determining how difficult it will be for the manager to adapt to the host country's culture. The degree of difference between the home and host countries must be considered during the selection and socialization process. The cultural orientation of the host country should include the politics and the economics of the local environment (Baliga & Baker, 1985). Information gathered about the host country should be compared to that of the home country. The cultures of some countries will be more difficult to adapt to than those of other countries.

An indication of the ease of adaptability can be found by observing the location of the two countries on Ronen and Shenkar's (1985) country cluster model. As previously noted, the closer the proximity of the countries in the model, the more compatible the cultures and work values. The degree of similarity or dissimilarity of the countries' cultures can be a major determinant in the methods of socialization used by multinational corporations on expatriate managers.

Therefore the seventh and eighth proposal is presented:
Proposition 7: The expatriate inability to adapt or socialize with the new environment will increase the probability of failure in the international assignment.

Proposition 8: Expatriate who are lacking of management skill, immaturity of personality and character and also lacking of language and communications skill are the personal factors that contribute to the expatriate failure.

In summary, this literature review proposes that the most commonly accepted definition of expatriate failure is inadequate in measuring the true extent of expatriate failure. Furthermore, it is suggested that the reasons for expatriate failure require further investigation. This is partly because expatriate personal factors and inability to adapt to the new environment are believed to be the main factors for expatriate failure, have received insufficient attention and research. As such, eighth propositions have been devised in this study that directly relate to these gaps in the current literature. The first four propositions refer to the poorly suited definition of expatriate failure, while the last four propositions refer to the factors for expatriate failings. Chapter three will discuss the research methodology that was implemented to test these