

UNDERSTANDING THE LIMITS OF EXPATRIATE ADJUSTMENT

by

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"You are not a failure if you fail, you are a failure if you quit"

The above quotation, taken from an airline in-flight magazine, had particular meaning for an expatriate senior manager who was terminated from his post within seven months of assuming his duties as CEO of a local company in an East Asian country. The experience was, for him, a glorious failure, which he felt was almost inevitable given the circumstances that he found himself in. While his termination has not eroded his self-confidence, it has left him confused and angry. This article presents the case study of this CEO's involvement with his company and analyses it within the framework of Nicholson's (1984) theory of work role transitions. This case study shows that the failure of some expatriates may be the result of the roles they are required to play when taking up their overseas assignments. Roles which encourage expatriate managers to apply without modification the assumptions and values from their home country to their host culture. It also shows that the adaptation of the expatriate is not only influenced by the extent to which the manager is open to learning about the host society, but also whether the manager can reconcile conflict between deeply held personal values and the culture of that society.

INTRODUCTION

With the increasing globalisation of business and the expansion in the numbers of managers who will spend at least some years of their career abroad , the management of expatriates, their recruitment, selection, training and career development have become issues of concern for personnel directors and academics interested in international business and management. The costs involved in using expatriate managers are high. Salary, fringe benefits, club memberships, health and education allowances, annual return air-fares, mean that a senior expatriate manager can easily cost US\$500,000. This is expensive, but is it money well spent? The failure rate of expatriates, defined as the early repatriation of the manager, differs from one nationality to another. The failure rates of US expatriates varies between 25 and 40 percent (Misa and Fabricatore(1979)), whereas for Japanese expatriates the failure rate is virtually negligible. The cost of each failure is estimated to be between US\$50,000 and US\$ 150,000,(Copeland and Griggs(1985)) but as Black and Mendenhall (1990) point out that does not include any estimate of the costs of damage to customer relations, or lower morale in a company managed by a discontented expatriate.

The reasons for these failures are many, but perhaps the most important is the inability of the managers and their families to make the adjustments to living and working in a different culture (Black, Mendenhall and Oddou, 1991). Their employers may not help very much in this adjustment process. Often managers are sent abroad at very short notice and with little preparation. Tung (1980) reported that very few U.S. managers were given any form of briefing or training before being dispatched overseas. Of those companies which did have some formal preparation programmes in place, a

variety of different approaches were used to prepare them for what to expect in their host country. The aims of these programmes are to assist the manager, and perhaps also the family, to adjust to the host culture, either by improving their skills in communicating with locals through language training, or by making them more aware of the social norms and mores of their host culture. There is evidence that this training may be effective in improving cross cultural adjustment (Black and Mendenhall, 1990). The main objective of this training is to prepare the expatriate **for** the assignment, as little research has been conducted on the way the expatriate might be developed **by** the assignment. However, Adler (1981) has suggested that culture shock, the disorientation experienced by some expatriates when they move abroad, can be a necessary prelude to personal transformation which enables the expatriate to develop a multi-cultural perspective. According to Osland (1991) the transformations experienced by expatriates can be seen within the context of the mythology of the returning "hero", who can now straddle two worlds. More prosaically some preliminary work was conducted by Adler, (1986) who showed that expatriate managers felt that they had developed better managerial skills as a result of dealing with the problems they faced abroad, but felt that their technical skills had not kept pace with developments in their field.

If we look at the challenges faced by many expatriates in their assignments, we can see that they are confronted by a very rich learning environment (Beck, 1988). Not only do they have to succeed in a culture which they do not fully understand, perhaps speaking a language that they are not familiar with, but also the support systems and networks that they had developed at home are no longer available to them. If only they could be encouraged to exploit this learning opportunity as fully as possible, then they may

be able to make their experience " yield up its riches"(Follet, 1924). It was precisely to encourage this depth of learning from the challenges that face the expatriate manager that an action learning set of expatriate CEOs and senior managers was organised. The CEO who is the focus of this study had volunteered to join the learning set and had agreed to provide research data on the ways he was adjusting to his new post. Therefore, the history of his early termination has perhaps been recorded with more precision than might have otherwise been the case.

THE MANAGER

The manager was a graduate in business economics and began his career South Africa, his native country. He joined a well known group of companies in South Africa and was promoted rapidly in the early years of his career to the post of general manger of one of the divisions by the time he was in his early thirties. Following that, he was given a senior executive position in a bigger company, and remained there for a short period before emigrating to Australia. His reasons for trying to emigrate were to give better opportunities to his young family, and because of a disenchantment with the apartheid regime which governed South Africa at that time. He went to Australia without any offer of a job and spent a few weeks pounding the streets before being offered a senior position in a company in the same line of business as that in South African. He stayed with that company for six years before being offered the CEO post in a Chinese family business in East Asia. After visiting the headquarters for about two weeks to get a feel of the

organisation and clarifying, as he saw it, the responsibilities of the job, he decided to accept the position.

He was assured that he would have total responsibility for the particular company of which he would be the CEO. This included responsibility for local operations as well as spearheading the expansion of the company into the region. This company was one of a group of companies which represented the business interests of the family. The Chairman of the group, who was a family member and therefore part owner of the company, indicated that he had interest in developing some of the design and creative work in the company, but reiterated that the CEO would have complete control of the strategy and operations of the company. The Chairman's involvement in the design work was welcomed by the CEO, as he felt that his own strengths were in managing the business profitably, and saw the Chairman's design abilities as a complement to his own skills. The CEO had extensive knowledge of the industry. He knew that the company was facing problems, and believed that he was being brought in to introduce professional management into the organisation and turn the business around. He had travelled in the region before accepting this appointment but had never worked there, and had very little insight into the way in which a traditional Chinese business was managed.

THE COMPANY

The company was founded some decades ago by the patriarch, an immigrant from China who, by hard work, establishing a reputation for integrity in his business dealings,

shrewd acquisitions, and diversification into other profitable areas of business, had built a multi-million dollar business empire which was a household name. As he had grown older, the patriarch had delegated much of the responsibility for the day to day operations of the empire to his three sons, and now played almost no role at all in the management of the businesses. Unfortunately, disagreements had broken out among the sons about the direction of the businesses, and in a public row one of the sons was bought out of the family business, this son consequently moved his new business interests overseas.

The Board of the company had fifteen directors and reflected the structure often found in a Chinese family business. The senior members of the board were non-executive directors and were family members, or old and trusted friends of the Chairman. This group met rarely and had very little control of the activities of the company. The executive directors had *de facto* reporting relationships to the CEO and covered all of the functional areas of the business.

At about this time the business which the CEO had been recruited to manage had moved into a recession. Despite fairly vigorous growth in the rest of the economy, business was declining in their particular sector, and the company was facing much tougher competition. As a result of these adverse business conditions, the business had posted a loss over the last three years. It seemed that that position was not likely to improve in the short term, and there was every prospect that it might get worse. A new venture had been started by the Chairman which had added to the company's woes. It was a very expensive venture which had required extensive financing and was now losing money fast. The new venture created a further burden for the company and there was very little hope that the position would improve in the near term. While the new CEO had read

extensively about the company, seen the financial reports, and felt he understood the problems facing the company, there were a number of problems which he was to find out subsequently which caused him great concern.

THE CASE

The first of these problems was that the financial loss which the company was suffering was substantially greater than what had been revealed to him at interview. In part, this was because the accounting procedures employed by the company did not accurately reflect the real financial position that the company was in. This was part of a broader problem which he noticed when he took up his post, which was that despite the apparent sophistication of the operations in terms of technological hardware, the level of skill of the workforce and professionalism in managing the company was very low by industry standards. The company had embarked on some ventures without any adequate cost forecasts, with the result that wildly optimistic profitability and break-even forecasts were made. The business strategy employed by the company had changed little from that used by the patriarch many decades earlier when he built up the business, apart from the fact that the patriarch was very careful with money, whereas the Chairman was prepared to spend and borrow freely. While there was an understanding by some members of the Board of the problems facing the company, there was no clear view of how they might be solved.

Other members of the board, including the Chairman, did not seem to recognise the seriousness of the situation. They believed that, while a few minor changes

might be necessary, if they went back to doing things the way they used to then everything would be all right. There was an ignorance of how the industry elsewhere in the world was managed and a lack of awareness of the general standards and practices which were now well established in the industry. His role, as CEO saw it, was to change the culture of the company, turn the company around, stop the losses which had been building up over the past few years, and to educate the management to use more professional business methods than they were currently using.

After being in the post for about six weeks he had analysed the problems facing the company, and identified about twelve major issues that the company needed to resolve if it were to return to profitability. When he presented these to the Board, there was no general disagreement with his diagnosis, although now he wonders whether there were some unspoken reservations about his concerns. As a priority, he set up a taskforce to look at the most urgent problem, which was to sort out the new venture. The taskforce came up with some recommendations to concentrate on more profitable items, and to reduce some of the overheads significantly. At the same time, the CEO introduced strict budgetary control mechanisms, something which had not been done in the past with the result that many departments regularly ran way over budget .

On top of this the CEO had identified some members of the Board who were incapable of doing their jobs within the new austerity constraints that he had imposed. The CEO aimed to appoint a planning director whose role would be to limit the power of two directors purchasing. This move was originally approved by the Chairman, but created anxiety with two of the other members of the Board and was actively resisted by one of the directors involved. One of these directors was a close family friend, while the

other had been a very hard working and loyal employee who had been promoted to the Board. Perhaps one of the aspects of Chinese family business dynamics which the CEO did not realise was the effect of Confucian values on the way in which the business was managed, especially concerning the immense loyalty and indebtedness which can exist between the patriarch and those who are closest to him. The relationship is one in which the subordinate gives loyalty and obedience to the superior, while the superior reciprocates with consideration and protection. In this network of mutually supportive relationships, the members of the network look out for each other's interests. In a situation as threatening as that created by the CEO, it is not surprising that at least one of the directors would use this relationship and his influence with the Chairman to resist the proposed changes. The resistance was successful. After an expensive recruitment exercise, a suitable candidate for the planning position was found, but the appointment was blocked by the Chairman.

This was not the only issue that caused friction with the other directors. The CEO also felt that the current organisational structure was inappropriate to the management of the business. The company had adopted a matrix structure, not for any rational reason, but because they were following a fad. There were unclear reporting lines, confusion with overlapping and grey areas of responsibility, and very little delegation of authority and responsibility to middle management. As a result, those in middle management were poorly developed and had little prospect of improving their capabilities without being given direct responsibility for the performance of their units. This change meant decentralising some of the decision making power which had always resided with Board members, who had developed their own empires within the company.

The CEO instituted changes in the structure which clarified responsibilities and pushed authority and responsibility as far down the line as was feasible, He saw this as one of his main achievements during his short tenure with the company. However, this move again caused friction with some members of the Board.

The group Chairman spent much of his time out of the country and therefore the CEO did not have many opportunities to meet him and put his point of view to him. The Chairman's absence was not seen as a problem by the CEO since he doubted whether he had much to contribute to solving the problems the company was facing. However, the Chairman was kept informed by other board members about their concerns and unhappiness with the developments. The Chairman became very concerned with what he was hearing and raised this with the CEO. The CEO's reaction was that he was not surprised that some people were upset by his plans. In fact, he welcomed it. He felt that the changes he wished to introduce were bound to upset some vested interests, and that he was happy that some of those concerned had recognised that it was not "business as usual" at the company, and that he was serious about making the changes required by the seriousness of the company's position.

The CEO saw these attempts by senior managers and members of the board to undermine the changes he was proposing as attempts to "test" him and to see whether he had the resolution, determination and conviction to see the changes through. It was really a battle of wills, and it was a battle which he thought he had to win if ever the company was to institute the changes that were necessary to bring the company back to profitability.

The Chairman was aware of the conflict that was developing and was most concerned that some of the company's senior staff were upset. His view was that these staff might leave and that it would be difficult to find replacements. The CEO shared his view that some might leave, but was more sanguine about finding good replacements. While he had made it clear that he was not expecting to get rid of any staff he would have been prepared to see those staff who could not, or would not, accept the required changes move on to other employers. However it became clear that on a number of occasions that contentious issues arose, the Chairman backed off from making the changes in order to maintain peace and harmony with his staff. Again this may be another example of Confucian values affecting his actions. There is a strong emphasis in Confucian teaching that relationships should be harmonious and that conflict is to be avoided almost at all costs. The conflict created by the CEO's approach, and his resolution not to back off from what he thought was necessary, made the Chairman feel very uncomfortable. For his part, the CEO saw the situation that the company was in as requiring urgent measures, which would not have allowed a more gradual approach to introducing the changes.

In conversations, the Chairman and the CEO discussed their differences. It became apparent to the CEO that the Chairman would be very reluctant to back him in making some of the changes in the face of opposition from the senior staff. On a number of occasions the Chairman revoked a decision that had been agreed at a formal meeting after having been informally influenced by some of the older and long serving members of the staff. In the face of this, the CEO felt that either he could moderate his stance on the changes, or stick to what he and some others both inside and outside the company saw as the way forward. He choose to do the latter. It was clear that the CEO and the Chairman

were on a collision course. Not only because the CEO's plans were upsetting some of the staff but also because the budgetary discipline introduced by the CEO was curtailing some of the creative work that the Chairman saw as his forte. The Chairman's avoidance style of dealing with conflict meant that he became increasingly inaccessible to the CEO, and it was in this context that the CEO decided to bring matters to a head by calling for a meeting with the Chairman. At the meeting the CEO reviewed what he had been trying to achieve over the past few months and asked the Chairman either to publicly endorse him and his policies, or fire him. The Chairman's view was that since his arrival the CEO had stirred things up very well and change was in the air, but he had done so in such a way that had upset important people, and that these were the people who would be needed in the future to manage the company. The Chairman felt that he could not give his full endorsement and both agreed that, in the circumstances, a termination was probably the only course of action open to them. Terms were agreed and the CEO returned to Australia.

ON REFLECTION

In reviewing his experiences, the CEO believes that if the situation had not been as urgent as he had thought, then he could have spent longer building relationships, selling the changes that he wanted to implement rather than telling the staff what they would be. This may have reduced the resistance, but he feels that it may have drawn the conflict out over a longer period of time without necessarily changing the result. He perceived that his role was to change some of the practices which had contributed to the poor performance of the company. The resistance to his proposals, if successful, would have meant that the company would have continued with those practices. If he had

allowed this, the whole philosophy and rationale for the changes in procedures, policies and culture that he was trying to introduce would have been undermined. He was not prepared to accept this, and therefore chose to force the issue.

He is aware that he misjudged the significance of the cultural influences affecting the relationships in the company, particularly the paternalistic and patriarchal nature of the Chinese family business in which decisions could be overturned fairly easily, and in which influence was based more on connections than strength of the case. He has worked in family businesses in other countries and had faced similar transitions in moving a company towards more professional management, but found the changes easier to make since they were less bound in traditional and paternalistic practices.

He is also uncertain and annoyed about why he was employed in the first place. As he saw it, the decision had been made to bring in someone who could institute major changes in the company, to bring a more professional approach to managing the business, yet when he attempted to do this he lost the support of the Chairman. It seems likely that the Chairman did not believe that things were as serious as the CEO's diagnosis. The Chairman may have felt that recovery would come if the CEO implemented a few "quick fixes" to turn things around. The CEO believed also that he had the responsibility for managing the business, but again found that the Chairman was reluctant to let go when pressured by those who were close to him.

ANALYSIS

One of the useful frameworks for examining this case is Nicholson's (1984) theory of work role transitions. This model has been used by other authors to identify the

transitions that expatriates make in adjusting to their new roles overseas and the adjustments that they have to make in adapting to a new culture (Black,1988,, Nicholson and Imaizumi,1993. In this theory, Nicholson suggests that there are two possible outcomes which can occur when individuals adjust to major transitions in their working life. The adjustment might be seen as a process in which an individual might undertake personal change and development to accommodate to the demands of a new role, or the person might change the way in which the job is done to make it more compatible with his or her current skills and orientation. Nicholson suggests that these two broad dimensions of *personal development* and *role development* can be used to identify four major strategies of adjustment to a new role. These strategies of adjustment are presented in Fig.1

{Fig.1 about here}

Replication is a strategy in which the person makes very few changes to adjust to the new role, and can continue to behave in much the same manner as before without any negative consequences to performance or settling in to the new job. The replication strategy may be most appropriate in situations in which the new incumbent has little discretion to change the scope of the role, and the role is not novel, since the incumbent can rely on previously acquired skills and habits to perform it. A strategy of *absorption* occurs when the individual undertakes a lot of personal change in order to accommodate to the demands of the new role, and has very little influence in changing the way in which the job is done. The absorption strategy is most appropriate in situations in which there is

little discretion for the person to change the way the job is done, but the job is novel in that it requires the holder to exercise skills and abilities that he or she may not already possess. In contrast, a strategy of *determination* requires that the person changes the parameters of the role considerably, except for their core values or skills. Determination is most appropriate in those situations in which there is high role discretion and relatively low novelty so that the person can utilise the skills and attitudes developed in earlier jobs. The strategy of *exploration* involves changes in both the person and the role parameters as the person influences, and is influenced by, the new role. The exploration strategy is most appropriate in situations in which the person has high discretion in influencing the way the role is performed, and also in which there is high novelty so that the person will be called upon to develop new skills and abilities to cope with the demands of the new role.

If this theory is applied to the case which has been outlined earlier, it seems that the adjustment strategy employed by the CEO in adapting to his new role became unacceptable to the Group Chairman. While initially the Group Chairman and the CEO might have shared similar expectations that the CEO should do what he thought best to turn the company around, the Chairman later expected the CEO to show greater conformity to the current norms and practices of the organisation, despite having hired him to change these very norms and practices.

If we look at the circumstances in which the CEO's appointment was originally made, it seems the Chairman and other senior managers had decided that the company needed an infusion of new blood, particularly someone with extensive industry experience who was expected to introduce changes into the organisation and bring it in

line with industry standards. This was in response to the poor performance of the company over the past few years. This was the first occasion that this family company had decided to bring in an outsider into a senior managerial position, and perhaps reflected the very strong need they had to bring in the professional expertise that the company currently lacked. The decision to advertise the post internationally was also a recognition that the skills they needed were not likely to be available within the organisation or could even be brought in from a local competitor. At the interview, the CEO had managed to establish that he would have a free hand to make the changes that he thought fit, and that while the Chairman would be involved in the creative aspects of the business, the CEO would be responsible for strategy formulation and day-to-day operations. The CEO would, therefore, have a very high level of discretion in his role, perhaps even more discretion than most CEOs enjoy, since he believed that he had been employed specifically to introduce change into the organisation and turn the company around. The basis of this belief was that he had been selected on his track record within the industry, and the Chairman had emphasised at the interview the need to introduce more professional management and the best industry practices into the company. The implied psychological contract from the CEO's point of view was an agreement to use a *determining* adjustment strategy in bringing about the required changes. This was such a clear expectation that after his termination the CEO continually raised the question: "If they did not want me to do what I thought necessary, why did they employ me?" The Chairman may have been less clear about such an agreement and, even if he had tacitly gone along with such an arrangement, may have had second thoughts as the implications of the CEO's style of managing became apparent.

As time went by, the CEO saw more problems than he had originally envisaged. As he challenged more of the current practices in the business, it seems that he was questioning some of the core values which had driven the business for many years. He was beginning to confront some of the vested interests of other senior managers and, as the resistance to his proposed changes built up, his relationship with the Chairman deteriorated. In some of his confrontations, when the Chairman tried to reverse decisions that had already been agreed, the CEO was sent subtle, perhaps too subtle, messages that he should conform to current organisational practice and go more softly with the reforms, if he was going to retain the support of the Chairman and other senior managers. In so doing, the Chairman was seeking to reduce the discretion of the CEO had to introduce the changes which he thought necessary in order to rein him in and control his actions more. The CEO was being encouraged to adapt by using more of an *absorption* strategy, to adjust to the situation by conforming to the current organisational norms rather than seeking to change them. Such an approach would, of course, have been an anathema to the CEO who saw his role and responsibility to change the very norms and practices that he was being asked to conform to. For him, it was essential to challenge and change those norms if the company was ever to become profitable again. It was this fundamental difference in the conception of his role that led inevitably to his termination. In the showdown with the Chairman, which the CEO precipitated, he demanded the restoration of his discretionary powers and the full endorsement by the Chairman. When that was not forthcoming, as he saw it, there was only one possible outcome.

What seems to have happened is that the CEO developed an increasing sense of role conflict between his personal values, reflected in the way in which he

interpreted his role, and the prescribed role behaviour as defined by the Chairman, which was changing as the assignment progressed. In a related study, Shenkar and Zeira (1992) examined the role conflict and ambiguity of CEOs employed in international joint ventures. One of their surprising results was that CEOs in joint ventures which had more “parents” experienced less role conflict and role ambiguity. This result runs counter to the predictions of role theory. One explanation offered was that a CEO can manoeuvre his way through the competing demands of various “parents” by playing them off against each other in order to pursue his own objectives. This, of course, is one variation of the *determining* strategy of role adaptation. For the CEO in this study, the luxury of the confusion and ambiguity of having several “parents” did not exist. The changing role demands came principally from one source, the Chairman, which could not be ignored, and, from the point of view of his values, could not be complied with.

The analysis of the case has so far concentrated on the dimension of discretion which the CEO had in that particular organisational context. An equally important dimension is the novelty of the situation that he found himself in. The CEO was moving to an organisation that prior to his appointment he had had no contact with. While the company was publicly listed, it was to all intents and purposes a Chinese family business. The CEO had never worked in such a context and knew very little about the structure and culture of a Chinese family business. Equally important was that most of his working experience was in more Western oriented cultures and he had never worked in S.E.Asia. Therefore, he was entering a very different social, political and cultural milieu than he had ever had to deal with before. He was confronted on all sides by great novelty, in work, in business methods, and in the social, economic and political culture

that he found himself in. He would be managing a business in a turnaround situation, and in a country and culture which were totally unknown to him. Black(1988) has found that work role adjustment is independent of general adjustment to the society, and has also shown that successful adjustment is predicted by different variables in each of these domains. It seems, therefore, that the problems that the CEO was experiencing at work might not have been replicated in his adjustment to the society in general.

Initially, the novelty of his new situation presented a great challenge, and one which the CEO was very happy to embrace. He read what he could on Asian business practices and about his host country. Soon after assuming his new responsibilities, he participated in a seminar offered by the local employer's federation which was explicitly designed to introduce expatriate CEOs and other senior managers to the local business scene. During the seminar, he learnt about some of the characteristics of the local culture and how that culture was likely to affect the behaviour and practices that would confront the CEO in his new role. The CEO also volunteered to join an action learning set organised for the participants in the seminar so that they could reflect on their experiences in managing local workers, and in making the adjustment to living in that society. The learning set would be part of an on-going research project on the acculturation of expatriate managers, in particular examining what expatriates learnt from their overseas assignment. The CEO was one of a group of about seven other senior managers who volunteered for the learning set. He was, therefore, actively engaging in learning about the culture of the society that he was working in and using a variety of opportunities to improve his skills in dealing with locals. Within the framework of Nicholson's theory, the CEO was adopting an *exploration* strategy to change himself and to improve his skills

and understanding of the local culture. This was in contrast to the strategy that he was using in discharging his role and responsibilities as CEO which was using more of a *determining* strategy, relying on his established business and industry experience to bring about changes in the company.

The action learning set met at monthly intervals for about seven months following the seminar. The CEO was one of the most enthusiastic members of the set and attended every meeting until he returned to Australia. The research data being gathered from the participants included Repertory Grid data (Kelly 1955) and attitudinal data in order to assess the extent to which the participants adopted a "defensive" or "exploratory" response to the learning opportunities confronting them in their overseas assignment. The attitudinal questionnaire included measures of whether the respondent saw the requirements of dealing with a new culture as a "problem" or "learning opportunity", in particular whether he was defending his current model of reality by denying or distorting some of the events which disconfirmed his model of the world, or if he was open to such disconfirmations and could learn from his experiences of the host society.

The first data collected, soon after the CEO had arrived in his new post suggests that he had a very positive approach to learning about the new culture. He saw the experience as an opportunity to extend his understanding of the new culture, and did not see the differences between his home culture and host culture as a threat. He was a little defensive, but in general open to learning about, and from, the host culture. He was concerned to test out his ideas about the society and was looking for feedback about his views. He also felt that there were people who could understand him in his own terms very well. Those of us involved in cross-cultural training would expect that his

proactivity and openness to learning should have resulted in a fairly successful transition to living and working in the society. Yet within six months he became disillusioned with his job and disaffected with the society. So what went wrong? Well, his disaffection and disillusionment were not based on ignorance and prejudice. The CEO was making energetic efforts to get to grips with the society and understand what was going on. Unfortunately, what he had learnt about the society and its business practices did not facilitate his adjustment, largely because it was not consistent with his personal values. He understood and was sensitive to Asian values, but the conflict between his personal values and what he saw to be the values of the society reflected in business practices, cultural norms and the political system of that society, was irreconcilable. This led to an increasing sense of alienation from the society.

This reaction was shown in the final data collection when he was much less positive about his experiences. While he still saw the assignment as challenging he reported a much higher level of alienation from the society, and a reduced desire to get to know the local population better. Of course, this might be due to the fact that he was leaving the country, so there was little benefit in learning more about the local population. However during the set meetings he had reported a number of incidents which showed a growing rejection of the local society. He took every opportunity to leave the country, particularly during weekends when he would fly away on short breaks to neighbouring countries. This reaction was also accompanied with greater defensiveness, in particular becoming less open to his experiences of the society and less interested in getting feedback from locals. He ceased to take local newspapers or listen to local television or radio. He arranged a satellite connection in order to receive CNN news in his home, and had a CD

player fitted into his car so that he could have in - car entertainment without having to listen to local radio. He felt less understood and was himself less understanding. Overall it was a fairly negative outcome in terms of the way he was dealing with the society.

Interestingly, the negative outcome in terms of his learning processes was not reflected in the changes to his construct system. In measures derived from the Repertory Grid (Slater, 1965) he showed increasing cognitive complexity from the first to final grid and also became more propositional in his construing processes. These are positive outcomes. What is also interesting is that while he could roundly condemn and reject the society as a whole, he did not show increased stereotyping of his local colleagues relative to his home country colleagues. This may be because he knew his local colleagues quite well in the work situation as individuals, and therefore they were treated as special cases distinct from the rest of society. The one negative change in the Repertory Grid data from the first to the final data collection, was an increased distance between how he saw himself and how he saw other people. This would seem to indicate a sense of estrangement and isolation from other people in general as a result of his experiences. So there is considerable evidence of personal change as a result of his experience in S.E.Asia. Not all of these changes are positive. For example, the CEO is adamant that he would never accept a post in Asia again, but as Nicholson (1984) points out, the changes that occur in work role transitions are not necessarily beneficial.

Despite his termination, the CEO also maintains that he does not feel a failure. On the contrary, his self-image and confidence have improved. This is interesting and deserves some comment. Despite the clear evidence that he was not adapting well either to his work role or to the society, he feels a sense of exhilaration at the

opportunities that now present themselves in his life. He has been in touch with head-hunters who have suggested that his recent experiences would be more of an asset than a liability in seeking a new post as CEO, and he is seriously considering setting up his own business now that he has returned to Australia. Of course, this might be his way of defending against the pain of his termination. However, his self confidence is almost palpable. The quotation at the beginning of the paper illustrates how he rationalised his decision to have things out with the Chairman. He believed that what he was trying to do for the company was right. In taking his stand rather than taking the easy way out, he has affirmed what he sees as core values about acting responsibly and discharging his duties, even when doing so was personally inconvenient or uncomfortable. Since his departure was announced, other members of his staff have expressed their regret at his leaving. One even said that at last the business seemed to be getting a sense of "conviction" about what it was and where it was going. This view is something which the CEO treasures; it reflects his responsibilities to the organisation and to himself. In some ways this seems to echo the transition which Levinson et al (1978) suggest occurs when adults make the transition between the intimacy and generativity stages of their development. Levinson calls this the BOOM (becoming one's own man) effect, when the adult makes his last assertion for independence. The CEO was already very much his own man before he took up the post, but what has happened seems to have caused him to re-affirm his core values. His rejection of the values of the society and his confrontation with the Chairman, clarified his own values and sense of direction in life which he was not prepared to compromise by remaining in his current post.

In order to allow the CEO the opportunity to comment further on his learning, the results of the data collection, as well as this article, have been fed back to him, and he has been invited to comment on them. His comments are presented at the end of the article.

CONCLUSION

In conclusion, what does this case tell us about the processes of expatriate adjustment? The first point is that expatriates are expensive, and if they are bought into overseas operations it is usually because they have a very specific function to perform for the business.. In general, managers are sent overseas either because the skills that the company requires are not available locally, or because the company wants to have control over its foreign venture and wants to have someone that it knows and trusts to manage the overseas operations (Edstrom and Galbraith, 1977). In both of these situations, the company wants the manager to adopt a *determining* work transition strategy. They want the manager to export the skills and work practices that he has been using at home to the foreign operation so that it conforms with the standards of the home country. In this way there is better control of the operations and greater predictability of the foreign venture's activities. In doing so, they may exacerbate the problems of the manager's adaptation to the local culture. The manager will be less open to influence from locals, and the corporation is less likely to benefit from synergistic resolutions of cultural differences since it is not open to learning from the host culture practices.

The second point is that over the past few years there has been a growing literature on the methods and outcomes of cross-cultural training programmes. Some theorists have

been optimistic about the transformational potential of the overseas assignment in helping managers to develop a multicultural perspective on their organisations and managerial styles. We have to recognise that there may be limits to what any manager can achieve in adapting to other cultures. These limits are not determined by the “trainability” of the manager in terms of his prejudice against other cultures, or his openness to learning about them, but by the extent to which he is prepared to compromise deeply held values by adapting to a society that is inconsistent with these values. This is perhaps an important element of Mendenhall and Oddou’s (1985) concept of “cultural toughness”, except that with personal values it is not just the extent of the differences which make the adaptation difficult, but that making the adaptation might be personally abhorrent.

The CEO’s Comments(Given about six months after his return to Australia.)

“ I wonder whether the recruitment process is not a critical factor that we did not really discuss very much. I believe that the company that recruited me was aware of the culture within the organisation and had misgivings about the assignment (recruiting an expat) from the outset. This was irresponsible, especially as it is a well respected international recruitment organisation, and supports the view that these companies are perhaps interested in the revenue more than the ongoing success of filling the position. There are one or two recruitment companies in Australia who will intentionally paint a gloomy picture but the success rate of expats remaining is very good.

I found the learning set particularly useful as a means to identify with other expats many of whom shared common frustrations and problems. This was all the more important in my case, being the only expat in a very Chinese organisation. I found the group very supportive and in many cases quite incredulous of what I was describing to them. This

gave me some strength as at times one naturally wonders whether one is out of step with all the others in the organisation. The learning group helped me in my belief in what I was doing , irrespective of how it turned out.

I am not sure ...but I wonder whether the problems in relation to that society had a greater influence on me than I realised, especially moving from a very free society such as Australia. However, after returning to Australia, I have greater tolerance, understanding and respect for the Asian work ethic. I admire the number of Asians who regularly take the top academic honours here and I am finding the laid back Australian way of life a little irritating - certainly the economy is a disaster and this is all linked to the work ethic.

With the benefit of hindsight, I have made one important change to an earlier decision, that is. I would work in another Asian country. In fact, I am doing consulting work in Indonesia as of the end of November. Incidentally if I do return to Asia , I would do so on a different basis and would recommend a similar approach to any other Westerner. I will not relocate furniture and dispose of cars, rent the house etc. Given the opportunity again, irrespective of the additional cost, I would move with my suitcase only, leaving behind a domestic infrastructure for at least six months. I appreciate that not all potential expats would be able to do this and perhaps the organisations for which they work would regard this as a negative sign. However, as they say, a week is a long time in politics and I believe that six months is a long time in an expat environment and provides an ample opportunity for a thorough assessment. There is no alternative for living in a country and working in a job---no amount of research can substitute.”

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FIGURE 1 : Modes of Adjustment to Transitions Resulting From Personal and Role Development (Adapted from Nicholson N., Administrative Science Quarterly(1984) Vol.29.

