Expatriate Management

Selection and Training in the Expatriation Process

Bachelor's thesis within Business Administration

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Abstract

One of the many tasks that an International Human Resource Management department has relates to the field of expatriation in which an employee is sent abroad to work in a foreign subsidiary. Expatriation is not a new concept, in the early modern era of expatriation after World War II, businesses were usually driven by international divisions that supervised the export issues, licensing and subsidiaries abroad. The main role of corporate human resource department was to make it easier to select staff for foreign postings. This to find employees that were familiar with the activities and products of the company, organization, culture and also at the same time comfortable with working abroad.

The purpose of this thesis is to gain an understanding of how three Swedish multinational companies select and train their Parent-Country National (PCN) expatriates before the international assignment in China.

In order to reach the goal of our purpose, we have chosen to conduct case studies on three Swedish multinational companies that are currently operating in China, where interviews with the key persons for respective company has been made. The interviews was either conducted through phone or face-to-face.

Our Frame of reference is based upon four sub-chapters in which we in the first chapter defines the concept of Expatriation followed by a brief introduction of the cultural differences between Sweden and China. The third chapter deals with the different selection issues and the fourth chapter deals with training issues.

Based on the Frame of reference, we created six major research questions in which from them we developed our interview questions.

Through the Empirical Findings which was analyzed with help of the Frame of reference, we can say that most of the processes within selection and training are not as visible and clear as what it is said in literatures compared to a few Swedish multinational companies practice.

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We would like to give our greatest appreciations to some people that have contributed to this thesis.

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Ronny Huynh   Richard Johansson   Tuyet-Tu Tran

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Table of Contents

Figures

Tables

Appendices

1 Introduction

In this chapter we would like to introduce the readers to the report by describing the background of the subject of interest and the problems in it. Followed by this, we will state a well-defined purpose of what we want to achieve.

1.1 Background

Trade barriers are slowly declining and the world trade in goods and services have grown in a pace that exceeds the domestic production, and this only in the past decade (Cullen & Parboteeah, 2005). Money flows more freely through borders of nations which make financing head to a direction where it becomes more beneficial, at the same time as investors look for the best location for their returns around the world. All these processes are part of what we today call globalization. Through globalization, the whole world functions more or less as a gigantic market. This leads to freeing up the market for competition. Hence this, firms try to minimize its cost and maximize their profit in order to stay strong and resistant in the market (Yale Global Online, 2006).

Taking a closer look into today's organizations, one common thing for all companies is that they all combine different physical, as well as, financial assets combined with managerial and technical processes to perform some form of work. A vital factor with this phenomenon is that without people, the organization does not exist. Leading and developing human assets are the major functions and goals of Human Resource Management (HRM). HRM works as a bond that binds the organization and the human resource assets together. Usually the basic HRM functions consist of recruitment, selection, training and development, performance, appraisal, compensation and labor relations (Cullen & Parboteeah, 2005).

When HRM is taken beyond national borders, it is defined as International Human Resource Management (IHRM). One of the many tasks that an IHRM department has relates to the field of Expatriation in which an employee is sent abroad to work in a foreign subsidiary (Cullen & Parboteeah, 2005). Expatriation is not a new concept, in the early modern era of expatriation after World War II, businesses were usually driven by international divisions that supervised the export issues, licensing and subsidiaries abroad. The main role of corporate human resource department was to make it easier to select staff for foreign postings. To find employees that were familiar with the activities and products of the company, organization, culture and also at the same time comfortable with working abroad (Evans, Pucik & Barsoux, 2002).

As we have noticed this trend being more and more visible in parallel with companies going global, we think it is interesting to study expatriates sent from Swedish companies to work in its subsidiaries in China.

China today is a fast growing economic power in the world with an average annual GDP growth of above 9 per cent from 1978 to 2003 (The Embassy of the Peoples Republic of China in the USA, 2004), and is predicted to be the 2nd largest market place of the world within 20 years according to Lu Fuyuan, Chinese Commercial Minister (People's Daily, 2003). China is however expected to surpass the US by 2020 in the GDP adjusted for purchasing power (BBC News, 2006). With its open up market and the cheap labor policies, many companies from countries all over the world set up their production in China,

amongst them is Sweden. The number is increasing, and today it is estimated that around 400 Swedish companies have cooperation with China (Exportrådet, 2007).

The idea that Swedish companies build factories in China is perhaps not such a big surprise if one look at how this country economy is described. Sweden with a GDP per capita of $29,800 is having a mixed system of high-tech capitalism and extensive welfare benefits, is a nation that is economically heavily oriented towards foreign trade (CIA World Fact book, 2006).

1.2   Presenting the Problem

Once the company has made the decision to go global, a way of running those companies could be through sending expatriates into the foreign country, whereas there are some processes to consider. According to Evans et al. (2002) to make an international assignment successful both for the expatriate, his/her spouse and family, the firm needs to pay attention to many factors from the time of selection until repatriation.

Based on Gooderham & Nordhaug (2003), from a HRM perspective, such a process can be broken down into a set of four phases, namely:

- Selection – By focusing on selection criterions and characteristics of the expatriates.

- Training – Prepare the expatriate for the international assignment.

- Arrival and Support – Period where the expatriate learn to adjust to new behaviors, norms, values and assumptions.

- Repatriation – How to prepare the expatriate and his/her spouse and family to return to the home country.

Summing up all the phases we get the concept of the Expatriation Process which is illustrated by the picture in Figure 1-1.
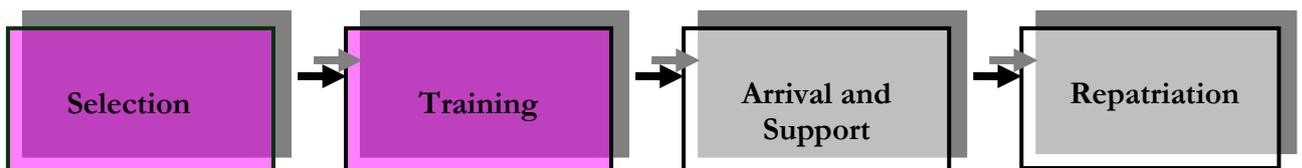
Figure 1-1 The Expatriation Process (Figure based on Gooderham & Nordhaug, 2003)

This thesis concerns the first two phases of the Expatriation Process, described by Gooderham and Nordhaug (2003). The interest of focusing on the first two phases comes from expatriate failure. According to Shay and Tracey (1997) selecting the expatriates as well as training them before the international assignment are correlated to expatriate failure.

Having problem to adapt to the host country culture is one of the reasons why an expatriate fails in an international assignment. Another reason could also be because the spouse and family do not adjust to the new environment which put pressures on the expatriate (Harzing & Ruysseveldt, 2004).

Because of the existence of high failure rates, we caught the interest in carefully examine how a few Swedish companies handle the process of selecting between their candidates that have the potential and are best suited to be given the opportunity to work as an expatriate within China. We would also like to take a deeper look of how the expatriate is trained by the company up until the point where he/she is sent to perform an assignment in China.

1.3 Purpose

The purpose of this thesis is to gain an understanding of how three Swedish multinational companies select and train their Parent-Country National (PCN) expatriates before the international assignment in China.

1.4 Target Group

Besides the companies interviewed, this thesis will hopefully provide other Swedish multi-national companies, that are interested to send away expatriates, an insight of how the processes of selecting and training employees would be before sending them to China.

2   Frame of Reference

In the Frame of reference chapter, the authors have divided it into four subchapters. First, we will introduce the concept of Expatriation followed by the second chapter which deals with cultural differences between Sweden and China. The third chapter will give the reader some insights of what criterions decisions are based upon when selecting which candidate will become an expatriate, followed by the last chapter which will deal with the preparations before sending the expatriate away for the international assignment. Through Frame of Reference, we have developed research questions, that will make our readers aware of what area we have put our focus upon.

2.1   Expatriation

2.1.1   What is an Expatriate?

A fundamental challenge faced by multinational companies today is how to ensure that managers develop not only an overview of the organization in its entirety, but also a feel for international business (Gooderham & Nordhaug, 2003). Due to globalization, in order to stay resistant in the increasing competing global market, it is important to train the employee to become international minded. As Briscoe and Schuler (2004) say, the health of today's multinational companies is the function of International Human Resource Management's ability to match the firms' workforce forecast with the supply of global talent. Therefore, one can ask the question, what is an expatriate specifically?

Today, there are many definitions of the term expatriate. Lasserre (2003, p. 313) define expatriates as:

> *"People that are living and working in a non-native country"*

Harzing and Ruysseveldt (2004, p. 252) define the term expatriate as:

> *"Any employee that is working outside his/her home country"*

Dowling and Welch (2004, p. 5) on the other hand have defined an expatriate as:

> *"An employee who is working and temporarily residing in a foreign country"*

The first definition put emphazise of not being born in the specific country whereas in the second definition the expatriate does not need to be born in the country he/she considers to be his/her home country. The last definition describes an expatriate that works in a country which he/she is not a citizen. Since we believe that these three definitions differ from each other, we have chosen to define our own definition of expatriate, of what we believe is suitable for the purpose of our thesis. Since we are interested in gaining an understanding of how a few Swedish multinational companies select and train their employees to work in China, we have defined an expatriate according to the definition:

> *"An expatriate is an employee that is temporarily working and living in a country or region that is not his or her home country".*

The reason behind this definition is because we want to emphasize that even though a citizen of Sweden is not born in Sweden, or if the person has moved to Sweden for some specific reasons, he/she still considers being an expatriate when a company in Sweden sends

him/her to perform an assignment in a foreign country. Knowing what our definition of expatriate is, we now look at the different forms that "Expatriation" can take.

2.1.2   The Three Faces of Expatriation

Dowling and Welch (2004) define PCNs as employees, in the parent company, that are transferred to a host country subsidiary. PCN's role today is changing. Evans et al. (2002) state that traditional expatriates was sent abroad only to fix a problem or control the foreign organization. Today, more and more companies recognize that cross-border mobility is a potential learning toll, thus it increases the number of assignments in which the primary drive is to support individual or organizational learning.

Except for PCNs, there are two more kinds of employees that are considered to be expatriates, namely:

- Host - Country Nationals (HCN) and
- Third - Country Nationals (TCN)

HCN are employees sent from the host subsidiary to the parent company. TCN are employees sent from one foreign subsidiary to another foreign subsidiary that are both owned by the same parent company (Dowling & Welch, 2004). For example, the Swedish multinational company employs Chinese citizens in its Swedish operations (HCNs), or a Swedish company sends some of its Japanese employees on assignment to China (TCNs). Below in Figure 2-1 is an illustration by Dowling and Welch (2004) on the different kind of expatriates created by international assignments.
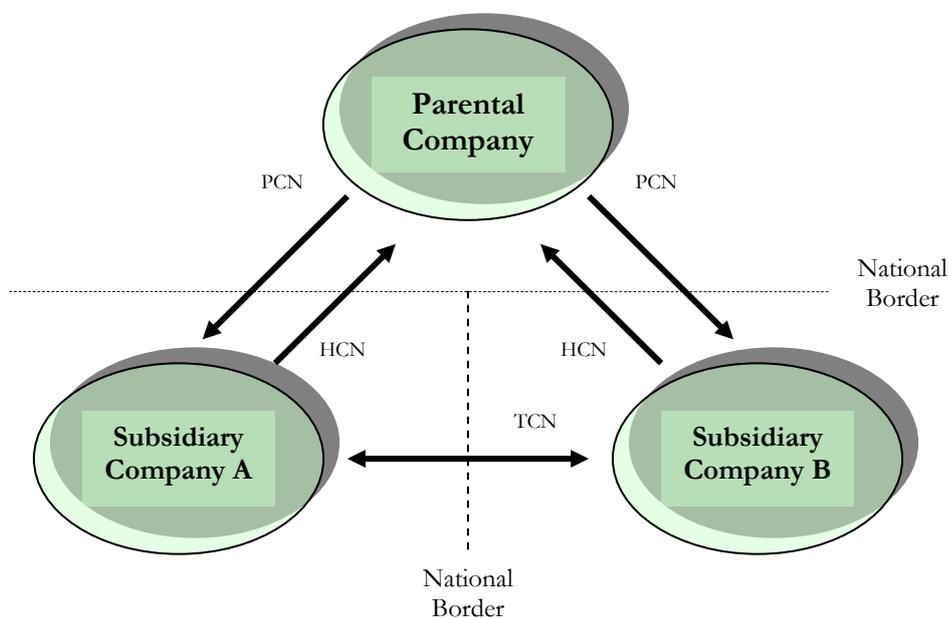

Figure 2-1 International Assignments Create Expatriates (Dowling & Welch, 2004)

As stated in the purpose, our research will only be focused upon gaining an understanding of how three Swedish multinational companies select and train their Parent-Country Na-

tional (PCN) expatriates before the international assignment in China. Therefore, when we refer to the word expatriate in the rest of this thesis will automatically refer to PCN expatriate.

The reason why we chose to look upon PCN expatriate is because, today it is still the most common way to send an employee to work in a foreign environment. A PCN expatriate does not only help the head quarter to bring in new knowledge, but also transfer new ways of doing things to the subsidiaries (Evans et al., 2002).

2.1.3 Motives and Roles of Expatriation

After having decided that PCN expatriates are the most suitable employees for us to look at we will now describe the different roles that an expatriate can take and the motives behind it. Dowling and Welch (2004) have identified several reasons for using expatriates. The most common reasons for a company to send an employee to work abroad are displayed in figure 2-2.

1. Agent of Socialization: The person that performs the task knows and is familiar with the "values and beliefs" of the parent firm. Dowling and Welch (2004) call the transfer of values and beliefs socialization. An example is that the parent firm has values and beliefs, visions and strategies that they want to communicate through the whole organization. The best way to transfer these factors is through someone that has a clear understanding of the parent company.

2. Network Builder: International assignments are viewed as a way of conducting interpersonal linkages that can be used for informal control and communication purposes. An expatriate that works as a network builder will possess knowledge that is of value for the company. Knowing people from different key positions and what they need as well as these people know what the expatriate is credible for, when performing a task, there is a mutual dependence between both parts (Dowling & Welch, 2004).

3. Agent of Direct Control: The parent company wants to have an overview and control over the host company (Ström, Bergren, Carle & Polgren, 1995). The use of expatriate in this context can be regarded as a bureaucratic control mechanism since the primary role is to ensure compliance through direct supervision (Dowling & Welch, 2004).

4. Boundary Spanners: Boundary Spanning refers to the activities that an expatriate conduct, such as gathering information that bridge internal and external organizational contexts. Visiting the foreign country, the expatriate has the function to promote its own firm to a high level but also at the same time able to collect host country information. The expatriate will also have the opportunity to gather markets intelligence for the firm (Dowling & Welch, 2004).
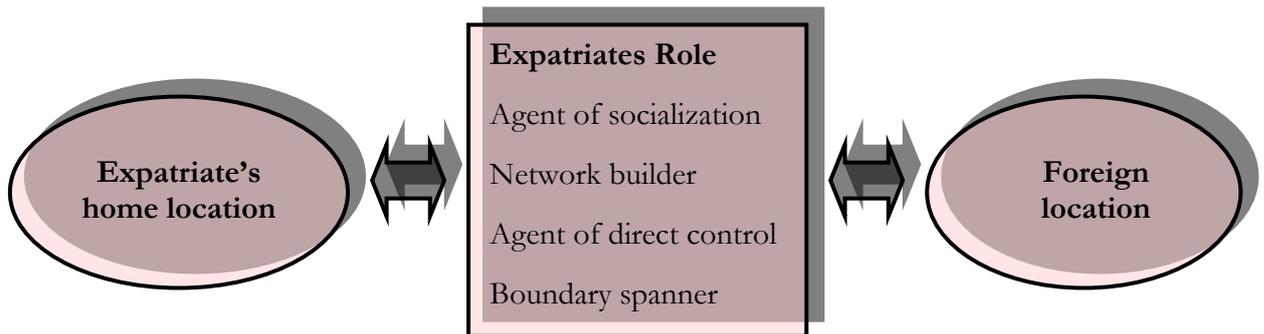
Figure 2-2 The Roles of an Expatriate (Dowling & Welch, 2004)

Some other reasons could be that the parent company wants to develop the organization by transferring knowledge, competence, procedures and practices, or that the task requires skills and know-how that the host company lacks, in other words there is lack of competence personnel and the expatriate are sent to fill that gap (Evans et al., 2002). Seeing that companies would send its workforce to a foreign country, and everything through simple procedures, there are both positive and negative sides with using expatriates. Dowling and Welch (2004) as well as Evans et al. (2002) have identified some advantages and disadvantages of using the parent firm's own employee in a host country company.

The advantages are mainly that organizational control and coordination are maintained and facilitated, managers are given international experience, expatriates from the parent country may be best suited for the job because of their skills and experience, and it will be assured that subsidiary complies with the company's objectives and policies

The disadvantages are that promotional opportunities will be limited for expatriates, it may take long time for the expatriate to adapt to the host country, and he/she may use inappropriate managerial style in the host country, so called ethnocentrism where there is a belief that one's culture or way of doing things is superior over others. Harzing and Ruysseveldt (2004) have identified other disadvantages such as costs of selecting, training and maintaining expatriates and their families abroad, and also adjustment problems from the expatriate's family.

2.1.4   Expatriate Failure

Expatriate failure is a term that is defined as the premature return of an expatriate which means that the expatriate is returning home before completing the assignment. If the expatriate remains during the whole assignment and have done what was intended, the assignment will then count as a success. However, if an expatriate return home earlier it can also be because he/she has completed the assignment prior in time successfully (Dowling & Welch, 2004).

Today, expatriate failure rate is between 25 and 40 percent of when an expatriate is assigned a task in a developed country compared with 70 percent in still developing countries (Shay & Tracey, 1997).

Companies should acknowledge that the costs of expatriate failure might exceed beyond a simple calculation including the expatriate salary, relocation costs and training costs. They might include indirect costs such as damage to customer relationships and contacts with host government officials and a negative impact on the morale of local staff. Expatriate failure will also be very traumatic for the expatriate and his/her family and might impact his/her future performance (Harzing & Ruysseveldt, 2004). Lasserre (2003) refers to Rosalie Tung (1987, 1988) who has identified the main causes of failure among US expatriate managers as:

- Lack of motivation
- Lack of technical competence
- Inability to handle responsibility
- Personality or emotional immaturity from the manager
- Inability for the expatriate to adapt to the host country
- Problems related to family and/or spouse. It can for example be difficult for family members to adapt to the new environment in a short time
- No sufficient training

Seeing that one of the reasons to expatriate failure has to do with the spouse and family members having difficulties to adjust in a new environment, we think it is important for managers to realize the impact culture has on the expatriate, spouse and his/her family.

2.2   Culture

Every country has at least some differences compared with other countries, e.g., its history, government and laws (Briscoe & Shuler, 2004). There are distinguishable differences between cultures such as in how a person dress and behaves but also discrete differences such as values and beliefs (Harzing & Ruysseveldt, 2004).

Today, it is generally recognized that culturally insensitive attitudes and behaviors stemming from ignorance or from misguided beliefs not only are inappropriate, but often cause international business failure (Dowling & Welch, 2004). Managers, as well as the people they work with, are part of national societies. If the managers want to understand the behavior of people in a different culture, they have to understand their society (Hofstede & Hofstede, 2005).

Multinational companies need to learn to cope internationally with issues like selecting and preparing people for working and managing in other countries, how to negotiate and conduct businesses in a foreign country, to be able to capitalize and absorb the learning throughout the international operations. In order to succeed in these activities, one has to understand the effects of culture on day-to-day business operations (Briscoe & Shuler, 2004).

The cultural aspects of this thesis will only be dealt in a general level with the aim to make the reader aware of the contrast between Sweden and China.

2.2.1　　Hofstede's Dimensions; Sweden versus China

Professor Geert Hofstede conducted perhaps the most comprehensive study of how values in the workplace are influenced by culture. His research gives us insights into other cultures so that individuals can be more effective when interacting with people in other countries. If his work is understood and applied properly, this information should reduce the level of frustration, anxiety, and concern (Itim International, 2003a). Cullen and Parboteeah (2005) stress the importance of what Hofstede (1984) identified as four dimensions for which every country can be classified in. Hofstede (1991) has according to Leung and White (2004) identified a fifth dimension, long-term orientation to be added to the previous four dimensions. The dimensions are as follows:

Power Distance Index (PDI) **–** Concerns how cultures deal with inequality in institutions and organizations in a country. A country with large power distance is characterized by formal hierarchies, and by subordinates that have little control over its work and the manager has the total authority (Hofstede, 1984).

Individualism (IDV) - The values, norms and beliefs associated with individualism focus on the relationship between the individual and the group. Individualistic cultures view people as unique, and are valued for their own characteristics, achievements, status etc. Collectivistic culture on the other hand is the opposite of the individualistic culture whereas the emphasis is on groups, which also have influence on management practices (Hofstede, 1984).

Masculinity (MAS) **–** The masculinity versus femininity dimension describes if a culture are bound towards values that are seen as more similar to women's or men's values. Masculinity is characterized by stereotype adjectives such as assertiveness and competitiveness, while the femininity is characterized by modesty and sensitivity. High masculinity ranking indicates that the country experiences a high degree of gender differences, usually favoring men rather than women (Hofstede, 1984).

Uncertainty Avoidance Index (UAI**) –** Relates to the values and beliefs regarding the tolerance for ambiguity. A higher uncertainty avoidance culture seeks to structure social systems where order is required. Rules and regulations dominate. Institutional laws, regulations and controls are implemented to diminish the amount of uncertainty (Hofstede, 1984).

Long-Term Orientation (LTD) – The long-term versus short-term orientation. Values associated with long-term orientation are thrift and perseverance and values associated with short-term orientation are respect for tradition as well as fulfilling social obligations. A long-term oriented society emphasize on building a future oriented perspective in contrast to the short-term oriented society which values the present and past (Leung & White, 2004).

Figure 2-3 is a summary of the cultural differences between China and Sweden according to Hofstede's Dimensions. The figures should be read accordance to the height of each dimension. The bigger the difference is between the dimensions of Sweden and China, the more different they are in terms of culture. For instance in Sweden, which is a country where people are more individualistic oriented (ranked 70) compared with China, where people are more group oriented (ranked 10).
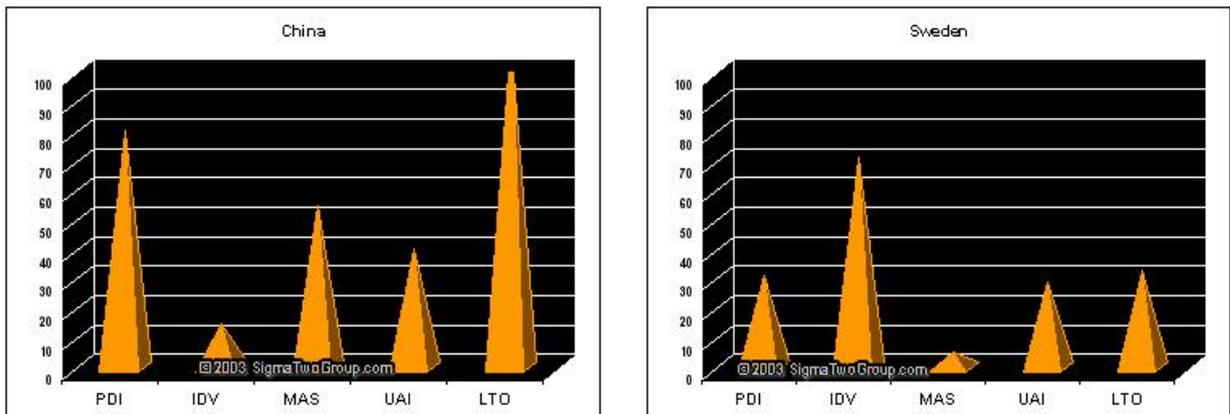
Figure 2-3 Hofstede's Dimensions; China versus Sweden (Itim International, 2003a, b)

2.2.2 Low versus High Context Cultures

Another important issue to take into consideration when gaining a better overview of the differences between Sweden and China, according to us, is the issue of low versus high context cultures. Kim, Pan, and Park (1998) refer to Hall (1976) who proposed that the concept with high versus low context is a way of understanding different cultural orientations. It is useful since it summarizes people from one culture to another in terms of relationship bonds, responsibility, commitment, social harmony and communication.

We have chosen to include this part in our thesis because we believe that this perspective is important for managers to understand before the selection and training processes, since all business transactions contain communication, whether it is within the same culture or across different cultures. According to Barak (2005) business related communication includes activities such as exchanging information and ideas, decision making, motivating and negotiating.

Members of *High context culture* are in deep relationship with each other. As a result of this intimate relationship, among people, a structure of social hierarchy exists and, individual feelings are kept under strong self-control, and information is widely shared through simple messages with deep understanding (Kim et al., 1998). Examples of countries with high context cultures are Japan, China, Mexico and Chile (Barak, 2005).

Members in a *Low context culture* on the other hand exchange information through transactions that are the opposite of the high context cultures (Barak, 2005). A low context culture is an individualistic culture that is somewhat alienated and fragmented with little involvement of each other (Kim et al., 1998). The actual word in the text is the actual meaning that the person wants to convey. Examples of low context culture countries are United States, Germany and Australia along with the Scandinavian countries (Barak, 2005).

Now that we know more about what an expatriate is and how big the cultural contrast is between Sweden and China, we are ready to see how the selection and training processes are conducted.

2.3 Selection

Today, reseach within how to select an expatriate is heavily oriented. According to Evans et al. (2002) this has led to lists of competences and characteristics that an expatriate should have. Selection is thus about how to make a fair and relevant choice among the applicants by accessing their strengths and weaknesses (Boxall & Purcell, 2003).

2.3.1 Selection Criterions

A lot of research has focused on understanding selection criterions (Evans et al., 2002). According to Briscoe and Schuler (2004) errors in the selection process can have a negative impact on the success of an organization's overseas operations and therefore it is crucial to select the right person for the assignment. Dowling and Welch (2004) have identified six criterions that a manager evaluates when selecting an employee for an international assignment, they are: *technical ability, cross-cultural suitability, family requirements, country/cultural requirements, MNE requirements, and Language.* All the criterions mentioned above are summarized in figure 2-4.
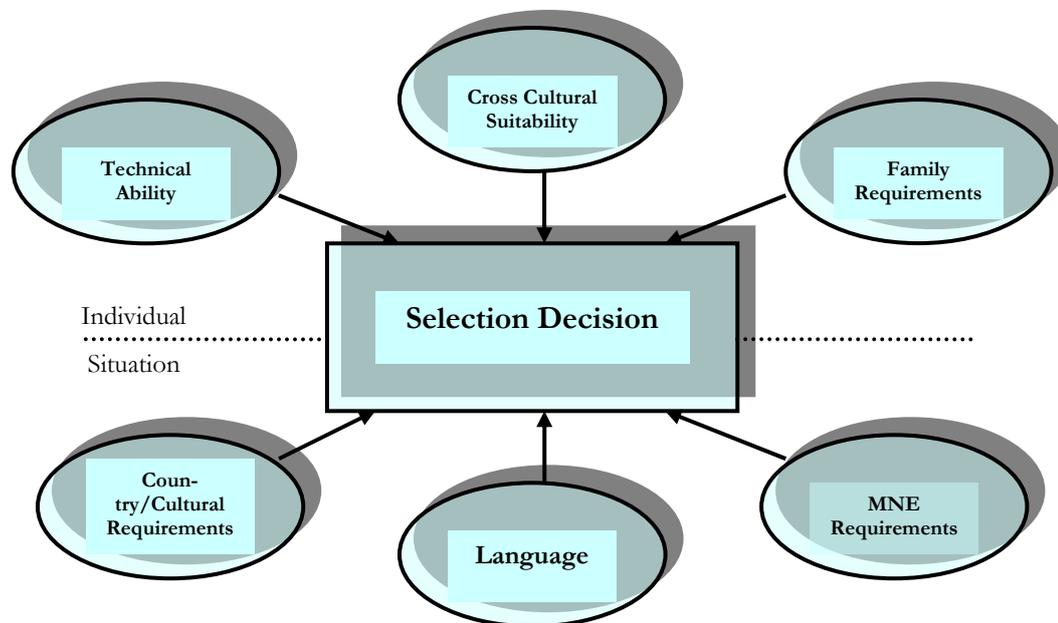
Figure 2-4 Factors in Expatriate Selection (Dowling & Welch, 2004, p. 98)

Technical Ability - The candidate needs to know how to perform the required technical and managerial tasks while abroad (Dowling & Welch, 2004). According to a study by McEnery and DesHarnais (1990) most managers and other professionals involved in international work, regard functional expertise to be the most important criteria when selecting and training an expatriate. Companies emphasize on the technical and managerial skills since these can be evaluated by looking at past performance of the candidate (Dowling & Welch, 2004). However, past performance has little or no bearing on how the candidate will perform in a different culture (Dowling & Welch, 2004).

Cross-Cultural Suitability - Allows the candidate to operate in a new culture. Some of the abilities that should be included are; cultural empathy, adaptability, diplomacy, language

ability, positive attitude, emotional stability, and maturity. Even though cross-cultural abilities are said to be important, very few senior managers will actually test the candidate for these, since they are difficult to determine. Even if a candidate possess a number of cross-cultural abilities the candidate's personality might still make him/her unsuitable for international assignments, for instance; attitude towards foreigners, and the inability to relate to people from another cultural group (Dowling & Welch, 2004).

Family Requirements - Since the candidate might have a family which he/she needs to take into consideration, such as; the spouse/partner especially in dual-career families, the adolescent children especially considering schooling, health issues, dependent parents, and psychological difficulties like for instance phobia of flying (Briscoe & Schuler, 2004). Gooderham and Nordhaug (2003) refers to Tung (1982) who in a study on expatriate failure of American, Japanese, and European expatriates shows that not only is the inability of the spouse to adjust the number one reason among the Americans, it is also the only consistent reason among the European expatriate. The spouse/partner might not work during the international assignment however, their workload is quite extensive, starting with settling the family into the new home, and perhaps even employing servants, caring for the wellbeing as well as arranging with the schooling for the children, and all of this comes at a time when the spouse/partner has left their career behind them as well as their friends and relatives (Dowling & Welch, 2004).

Country/Cultural Requirements - It may sometimes be difficult for the companies to get work permits for their expatriate, not to mention their spouse, which may in a dual career relationship add hardship on the expatriate and hence, increasing the risk of expatriate failure. Also it seems that some companies prefer not to send women to certain conservative countries or regions, such as parts of the Middle East and South East Asian (Dowling & Welch, 2004). Although this is common among companies, research has shown that even in traditionally male dominated countries, such as Japan and Korea, female expatriates do as good as the male ones. In fact, the locals sees a female expatriate as a representative for the company first, a foreigner second and as a women third (Stroh et al., 2004). Lastly, it is also important that the company keeps up-to-date on the legislation in the countries that they operate in (Dowling & Welch, 2004).

The Multinational Enterprise (MNE) Requirements - A company might try to keep a certain proportion of expatriates compared to their local staff, hence choosing to hire Host Country Nationals (HCN) instead.

Language – The ability to speak a local language is considered to be more important in some countries than others. For instance in certain countries using an interpreter may be a much better choice since learning that language would take to long. Since there is a risk that a candidate might be removed from the pool of possible expatriates because of lack of speaking the language, the company might oversee a person whom would have been perfect for the job, and hence increase the risk of failure for the company (Dowling & Welch, 2004).

Dowling and Welch (2004) believes that technical ability, cross-cultural suitability, and family requirements are all based upon the individual meanwhile country/cultural requirements, language and multinational company requirements are different depend on the host country and culture. Companies usually choose to hire their expatriates from within the organization since it is generally easier for the company to observe an individual's ability and efforts that is already employed, compared with a candidate from an external job market (Baron & Kreps, 1999).

2.3.2   Competences of an Expatriate

Another way for firms to avoid the phenomenon of expatriate failure is to select expatriate, with their families, that will be most able to adapt overseas and also at the same time possess the necessary skills to have the job done in the foreign environment (Briscoe & Shuler, 2004). According to Schneider and Barsoux (1997) there are nine competences that are significant for an expatriate in order to cope with differences abroad, they are:

Interpersonal Skills - An expatriate needs to be able to form relationships so that they can integrate into the social fabric of the host country. Thus, satisfying both the personal need for friendship and intimacy, as well as smoothing the progress of transferring knowledge, and improving coordination and control between the parental company and the host subsidiary (Schneider & Barsoux, 1997).

Linguistic Ability - Is a competence that helps the expatriate in establishing contact with the locals. Having total command of the language is not necessary, however efforts to speak the language, even if only parts of local phrases, shows that the expatriate is making a symbolic effort to communicate and to connect with the host nationals. The opposite, a resolute unwillingness to speak the language may be seen as a sign of contempt to the host nationals (Schneider & Barsoux, 1997).

Motivation to Work and Live Abroad - This has shown to be important in order for the expatriate and his/her family to successfully adapt to the new culture. Selecting expatriates and their families should be based on a genuine interest in new experiences and other cultures (Schneider & Barsoux, 1997).

Ability to Tolerate and Cope with Uncertainty - Since circumstances might unexpectedly change, or that the behaviors and reactions of the local employees may be unpredictable, the expatriate needs to be able to show the capability of quick adaptation to the new situation. It is good if the expatriate knows, in advance, that uncertainty and ambiguity exists, that people might have different perspectives, and that not everything is as straightforward as it might appear (Schneider & Barsoux, 1997).

Flexibility – When something unexpected occurs, the expatriate might need to let go of the control, in order to let the company adapt to the event and use it as an opportunity to grow. This may be especially difficult, since managers are generally rewarded for staying on top of things (Schneider & Barsoux, 1997).

Patience and Respect – The expatriate needs to remember that different cultures have other ways of doing things, which is why patience is so important when dealing with a new culture. An expatriate needs to be careful so that he/she does not always use their own culture as a benchmark for the new culture, but instead try to make sense of the reasoning behind the way the locals think and act. Patience and respect is the golden rule of international business, but it seems that this rule is the one to be most often broken (Schneider & Barsoux, 1997).

Cultural Empathy - An expatriate should be able to respect the ideas, values, and behaviors of others. Listening with a non-judgmental approach helps the expatriate understand the thoughts, feelings, and experiences of the locals. However, this ability is deeply rooted in a person's characteristics and may not be acquired easily (Schneider & Barsoux, 1997).

Strong Sense of Self (ego strength) - Having a strong sense of self enables a person to interact with other cultures without losing one's own identity, as well as allowing the expatriate to be self-critical and open to feedback. It also makes the expatriate treat failures as a

learning experience and not as an injury to their self-image, which would undermine their self-confidence. When the expatriate has a strong ego, the ability to handle stress becomes better (Schneider & Barsoux, 1997).

A Sense of Humor – Is needed for two reasons. Firstly, it is a way to deal with frustration, uncertainty, and confusion that the expatriate might encounter. It also helps him/her distancing from the situation, in order to regain some perspective. Secondly, if used correctly humor can work as an ice breaker, a way of establishing a relationship with others. Or, it can be used to put people at ease, to break the tension, and allow a more open and constructive discussion (Schneider & Barsoux, 1997).

Having gained an understanding of the different criterions that firms use and the different competences that an expatriate can possess, the next step is to use different selection tools, and based on the selection criterions; find the appropriate expatriate for the international assignment.

2.3.3   The Different Selection Processes

Today, organizations rely on different procedures in their selection of individuals for international assignments. There are, according to Briscoe and Schuler (2004), a number of procedures to choose from when selecting an expatriate.

Interviews – According to Briscoe and Schuler (2004) interviews with the candidate and possibly his/her spouse should be conducted in order to find out if they have the ability to adjust to the foreign culture. The interview in itself should be focused on the candidate's past behaviors that might provide evidence of the presence or absence of the characteristics the interviewer favor (Stroh et al., 2004). Interviews can be most useful when assessing a candidate's communication and interpersonal skills, and also, sometimes, general intelligence (Baron & Kreps, 1999).

Formal Assessment Tests - Evaluates the candidate's personal traits found to be important in adjusting to the new culture; these include adaptability, flexibility, a liking for new experiences, and good interpersonal skills (Briscoe & Schuler, 2004). Testing to see if the candidate has competences related to managing diversity is as important if not more important than the candidate's technical competences (Schuler, Jackson & Luo, 2004).

Career Planning - Is another reason for multinational companies to send an individual for an international assignment. Managers see that international assignment may be a step for an employee in his/her career development (Briscoe & Schuler, 2004).

Self-Selection - Many multinational companies use one or more of the above processes. However, at the end it is usually up to the candidate to decide if he/she is ready or have the necessary skills, experiences, or attitudes to go on an international assignment (Briscoe & Schuler 2004). It is as important for the expatriate as it is for the company that he/she fits the assignment in question since the expatriate would suffer from a bad fit. The general idea is that the longer a worker is happily employed, the greater will the worker's commitment and loyalty to the firm be (Baron & Kreps, 1999).

Recommendations – Recommendations is normally made by either senior managers, or line managers with an international human resource need (Briscoe & Schuler 2004). The manager that recommends a candidate might have good information about the competences of the candidate, which may otherwise be unavailable for the manager that makes the decision (Baron & Kreps, 1999). Harzing and Ruysseveldt (2004) refer to Harris and

Brewster (1999) who has identified a downside with relying on recommendations which they call the "coffee-machine system". This means that the expatriate is chosen based on who gives the personal recommendations and not on the qualifications of the candidate, which means that he/she may not be the right person for the assignment.

Assessment Centers – According to Wigdor and Green (1991) assessment centers are most suitable to use when the considered position is very different from the current position the candidate holds, since assessment centers allows for evaluation of skills that might not be possible to observe in the workplace. Individuals are usually assessed in small groups by trained management personnel or professional psychologists, and sometimes even both (Wigdor & Green, 1991).

2.4   Training of the Expatriate

Once an employee has been selected for an expatriate position, pre-departure training is considered to be the next critical step in attempting to ensure that the expatriate's effectiveness and success abroad, especially where the destination country is considered to be culturally tough (Dowling & Welch, 2004). It is said that good preparation can go a long way to reduce the time it takes to adjust to the new environment (Evans et al., 2002). Strong evidence shows that pre-departure cross-cultural training reduces expatriate failure rates and increases expatriate job performances (Cullen & Parboteeah, 2004).

Evans et al. (2002) describe three main issues that concern training and development of the expatriates. The first one concerns the different *training methods*, second the *timing of training* and the third issue concerns *preparing the spouse and family* when accompanying the expatriate during the international assignment.

2.4.1   Training Methods

According to Dowling and Welch (2004), studies indicate that the essential components of pre-departure training programs that contribute to a smooth transition to a foreign location include Cross-Cultural Training (CCT), preliminary visits, language training and assistance with practical day-to-day matters.

2.4.1.1   Cross-Cultural Training

It is generally accepted that, to be effective, the expatriate employee must adapt to and not feel isolated from the host country. Without an understanding of the host country's culture, the expatriate is likely to face some difficulties during the international assignment. Therefore, cultural awareness training remains the most common form of pre-departure training (Dowling & Welch, 2004).

Stroh et al. (2004) refers to the training and the three learning processes. They claim that the training should help expatriates to:

1. Become aware that behaviors differ across cultures and the importance of observing these cultural differences carefully.

2. Build cognitive cultural maps so that expatriates understand why the local people value certain behaviors, how these appear to be and how these can be appropriately reproduced.

3. Practice the behaviors they will need to reproduce in order to be efficient in their international assignments.

The processes mentioned above reflect back upon the importance for expatriates to be able to deal with cultural differences that he/she may confront. It builds the foundation of designing cross-cultural training for the managers (Stroh et al., 2004). According to Stroh et al. (2004), Evans et al. (2002) as well as Dowling and Welch (2004), the success factor of a training program is the level of rigor of the training. Stroh et al. (2004) state that rigor is the degree of mental involvement and effort that the trainer and the trainee need to get use of in order for the trainee to learn the required concepts.

Mendenhall and Oddou (1986), cited in Dowling and Welch (2004) proposed a three dimensional model; levels of training rigor, training methods, and duration of the training depending on how new culture is for the expatriate and the time length of the international assignment (See Figure 2-5). The figure suggests that the longer the assignment is and the more unfamiliar the expatriate is towards the culture, the longer should the training be. The level of complexity of training should also be determined by the length of the assignment.
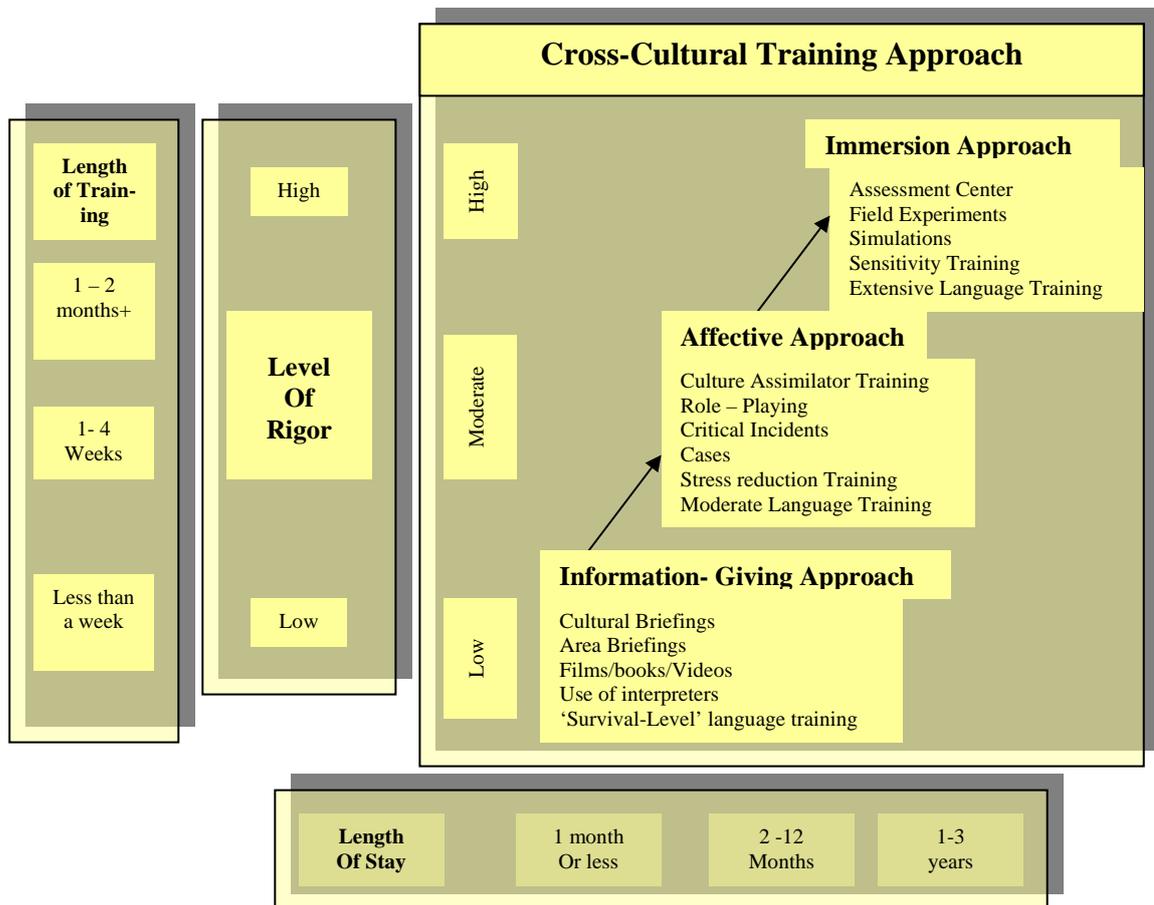

Figure 2-5 Cross Cultural Training Model (Mendenhall and Oddou (1986), cited in Dowling and Welch 2004, p. 122)

Low Rigor Training (information giving approach) - Training that last for a short period of time and includes activities such as area briefings and cultural briefings (lectures), watching videos, reading books and language training at a survival level (Stroh et al., 2002; Evans et al., 2004; Dowling & Welch, 2004).

Moderate Rigor Training (affective approach) - The training last about 4 weeks and contain activities such as culture assimilator training, role playing, cases, stress reduction trainings and moderate language training (Stroh et al., 2002; Evans et al., 2004; Dowling & Welch, 2004).

High Rigor Training (immersion approach) - Are often planned to endure more than a month and it contains more experimental training such as assessment centers, field experiments (the employee is sent to work abroad for a short period of time), simulations, sensitivity training as well as extensive language training (Stroh et al., 2002; Evans et al., 2004; Dowling & Welch, 2004).

The concept of rigor is time related. A training with 25 hours spread over 5 days is less rigorous than a training that consists of 100 hours spread over 3 weeks. Usually time and expenses that comes with the training increases as rigor increases, so does the level of what has been learnt and maintained (Stroh et al., 2004).

As key managers have defined the need to offer the future expatriate rigorous training, the next critical decision is to see *how* rigorous the training should be. According to Stroh et al. (2004) there are three dimensions that determine the level of rigor on the training, they are; cultural toughness, communication toughness, and job toughness.

Cultural Toughness refers to the level of cultural differences between the home country and host country in which the expatriate is going to spend an extended period of time. The tougher the new culture is for the expatriate the more rigorous training should be implemented. Stroh et al. (2004) and Jacob (2003) refer to Torbiörn (1982) who when conducting a study of 1,100 Swedish expatriates proposed a ranking that shows the descending orders of toughness, where the top one is the most difficult for a Swedish expatriate to adjust to in a foreign culture (see table 2-1).

1	Africa
2	Middle East
3	Far East
4	South America
5	Russia / Eastern Europe
6	Western Europe / Scandinavia
7	New Zealand / Australia

Table 2-1 Order of Toughness for a Swedish Expatriate to Adjust in a Foreign Country (Stroh et al., p. 86)

Another factor that affects the cultural toughness is the experiences of the expatriate. The more experiences the person has had with the specific culture in which he or she will be assigned to work, the more should the candidate expect to be able to cope with the challenges in the new culture (Stroh et al., 2004).

Job Toughness is due to that many expatriates are promoted when they are sent overseas. The promotion usually means that new challenges will come with the new job since the manager is working in a new area and has more responsibilities and more autonomy. The more responsibilities and challenges that the expatriate confronts the more assistance from rigorous pre-departure training the manager need (Stroh et al., 2004).

Communication Toughness can be defined in the global assignment by examining the extent in which the overseas job requires communicating with local nationals. As the intensity of interactions increase, so will the need of rigor in the training program. Although an employee may have low level of interaction on the job, the expatriate candidate still needs to undertake levels of interactions outside of the business area (Stroh et al., 2004).

2.4.1.2   Preliminary Visits

Another training form that is useful in orienting international employees is to send them on a preliminary trip to the host country. A well-planned trip overseas for the candidate, spouse, and family provides a preview that allows them to assess their suitability for and interest in the assignment. Such a trip also serves to introduce expatriate candidates to the business context in the host location and helps encourage more informed pre-departure preparation (Dowling & Welch, 2004).

2.4.1.3   Language Training

It is generally accepted that English is the language of the world business. The result of lacking host language competence has strategic and operational implications as it limits the multinational's ability to monitor competitors and processes of important information. Having the ability to speak a foreign language can improve the expatriate's effectiveness and negotiating ability (Dowling & Welch, 2004). Baliga and Baker (1985) point out, that it can improve manager's access to information regarding the host country's economy, government, and market. Disregarding the importance of foreign language skills may reflect a degree of ethnocentrism, which is when one believes that ones culture is superior over other cultures. Knowledge of the host-country language can assist expatriates and family members gain access to new social support structures outside of work and the expatriate community (Dowling & Welch, 2004).

2.4.1.4   Practical Assistance for day-to-day Matters

To provide information that assists relocation is another component of a pre-departure training program. Practical information makes sure the expatriate does not feel left behind during the adaptation process. Many multinational companies now take advantage of relocation specialists that help the expatriate with accommodation, suitable job and school for the spouse and children. Language training is usually provided if the expatriate never got one during the pre-departure training (Dowling & Welch, 2004). Another way of gaining this information is from the people that are already working as expatriates in the area and whom are willing to help the spouse and family of the new expatriate to adapt (Webb & Wright, 1996). Usually the company will organize practical orientation programs for the expatriate, his/her spouse and family so that they get familiar with the place they are going to live in (Dowling & Welch, 2004).

2.4.2 Timing of Pre-departure Training

When should the training take place? Some companies start this process long time before the departure so as to ensure solid preparation. Meanwhile, other may argue that the training is more effective when it is implemented after the start of the international assignment (Evans et al., 2002).

Pre-departure training is conducted apart from the actual experiences of realities in the host countries (Pazy & Zeira, 1985). Traditional training usually starts a month before actual departure. For maximum effectiveness, it is recommended to give the training when the trainee feels most motivated to learn. For instance, a person that does not see the essence of learning other cultures may not benefit from pre-departure training. People from homogeneous culture that have little traveling experiences may see the training being of little benefit prior to the departure. On the other hand, trainees that realize the difficulties associated with working and living in a foreign culture, people that have had many traveling experiences of meeting people from different culture are more likely to see the essence of cultural training and hence get more motivated to learn (Grove & Torbiörn, 1985).

One general problem that arises when conducting the training too far in advance of the actual departure, is that instead of getting the candidate aware of the culture, he/she may instead find it unrealistic, exotic, or simply picturesque. This problem could lead to the candidate at the end builds up a stereotyped picture of the host country (Selmer, 2001).

2.4.3 Preparing the Accompanying Family and Spouse

Smooth adjustment of the spouse and family to an assignment abroad enhances expatriate productivity, performance and morale. A wise manager should not only choose a person that has the characteristics of being an successful expatriate, but also look into the family's situation, motivation, and adaptability, when being sent abroad to conduct an international assignment (Webb & Wright, 1996).

International assignments are not always pleasant experiences for the expatriate. The expatriate may have worries of how the educational perspective of his/her children may continue or if the spouse will adapt to the foreign environment. Research has done to show that spouse's inability to adjust in the foreign country was the number one reason for expatriate failure (Porter & Transky, 1999).

The spouse is typically more exposed to the local culture than the expatriate (Evans et al., 2002). He/she has the heavier burden of the family adjustments, and consequently, feels stronger pressure due to the move (Webb & Wright, 1996).

Children, especially teenagers may find it difficult to adapt to the new social environment. This parallel with the pressure of the spouse to adapt to the foreign environment, may cause conflict that makes the expatriate even more vulnerable when performing the assignment abroad. Some training that could help them to confront the cultural differences is role playing games or communicating with families who have lived in the host country (Webb & Wright, 1996).

The most critical moment for the spouse and family is during the initial stage of expatriate period since the expatriate usually have a great workload and have little time to accompanying his/her spouse and family (Evans et al., 2002). Therefore, training for the family, or at least the spouse, deserves the same attention and material support as for the expatriate.

Companies should consider separate training modules for the spouse and children hence their level of adjustment is different from the expatriate (Evans et al., 2002).

2.5   Research Questions

Reflecting back to the purpose of our thesis, this report deals with: gaining an understanding of how three Swedish multinational companies select and train their Parent-Country National (PCN) expatriates before the international assignment in China. Upon these areas, research questions have been defined as a foundation to our analysis. The research questions are described more in dept below.

Selection

One critical issue for a HR manager is to select the right people for the right job.

- *What selection criterions do the managers consider when choosing their expatriates?*

- *What competences do the managers think is important that their expatriates possess?*

- *What selection processes do the managers use when choosing between their candidates?*

Training

One of the reasons of an expatriate returning home earlier than expected is due to his/her inability to adapt to the foreign culture.

- *What training methods are used?*

- *When should the training be conducted?*

- *Are training provided for spouse and family of the expatriate?*

3 Method

In this chapter we will present alternative approaches that can help us conduct this study and fulfill our purpose. We will describe the differences between qualitative and quantitative research, primary and secondary data, and also why reliability and validity is important when making a thesis. We will go deeper into the chosen method, qualitative research, why we chose this method, how to conduct it and also how we will collect primary and secondary data.

3.1 Chosen Research Metod

Quantitative and qualitative methods refer to the ways of conducting a research. These methods are used in order to generate, arrange and analyze the information and data that have been collected (Patel & Davidson, 2003).

Quantitative method is characterized by its systematic and structured way of conducting research; an example is questionnaires with alternative answers. A big difference in a quantitative method compared with the qualitative method is that the data in a quantitative research are often transformed into numbers and statistics which then are analyzed (Holme & Solvang, 1997).

Using a qualitative method on the other hand, allows for a different and a deeper knowledge on the subject compared with using a quantitative method (Patel & Davidson, 2003). According to Holme and Solvang (1997) it is characterized by its unsystematic and unstructured way of doing research with the purpose of understanding the problem to be studied.

The purpose of this thesis is to gain an understanding of how three Swedish multinational companies select and train their PCN expatriates before an international assignment in China. Therefore, we have chosen to make use of the qualitative approach of conducting our research. In order to create a deeper understanding of the problem, we have chosen to conduct interviews with suitable respondents.

Having selected target respondents for the interview, the next step is to get access to them. According to Mason (1996), qualitative interviews require a lot of planning as well as finding suitable respondents that are willing to cooperate. Due to this fact, during the thesis writing process we faced some difficulties with getting enough companies who wanted to be part in our study. This of course has influenced the result of our thesis.

3.2 Case Study

A case study is the study of a specific case and its complexity in order to understand its activities within important circumstances. It investigates for details of the interaction with its context. One can chose one or more cases and investigate them deeply in order to maximize the learning from the study (Stake, 1995). According to Gillham (2000) the main objective with case study is to create new knowledge through the evidence and the research materials which then have to be analyzed in order to make sense.

Since we want to gain a deeper understanding in how the three Swedish companies do, we think that this could be done by conducting case studies. Gummesson (2000) argues that a case study cannot create generalizations for the society at large. Therefore, due to the purpose, we believe that the choice to conduct case studies are the most suitable approach for us.

3.3   Data Collection

3.3.1   Secondary Data

Secondary data are already existing data that has been collected for another purpose than the actual research study (Secondary Data Collection Methods, 2006). According to Patel and Davidson (2003) secondary data can be everything except for observation or first hand information. As our secondary data, we have chosen to use the internet, literatures and data bases that the library of Jönköping's International Business School provided the authors with.

The library has a large selection of literatures within International Human Resource Management which has helped us to gain access to valuable theories that we used when analyzing the primary data. As for the internet, we got access to the library online resources such as databases and online literatures. We also used the search engine, Google Scholar, to look for research papers within our field of research.

According to Cowton (1998) who states that the most severe drawback of using secondary data is associated with the loss of control. Since there are loads of secondary data available to us, it is important to be able to narrow down the search. Otherwise the subject that we are researching upon will be too broad. Therefore we have come up with keywords that facilitated our search for secondary data. The list started with a few key words such as "*International Human Resource Management*", "*Expatriation*" and "*Selection and Training*". As the time passed by, this list has evolved to be more specific towards our field of research, such as:

Expatriate, Expatriation, Expatriate Selection Criterions, Expatriate Failure Rate, Expatriate selection processes, Cultural Training, Human Resource Management, International Human Resource Management, International Management, Global Strategic Management, Hofstede's Dimensions, Low Context Culture, High Context Culture, Business Culture.

3.3.2   Primary Data

Primary data are observations or any other kind of first-hand information. They are data collected for the purpose of the actual research (Patel & Davidson 2003). Primary data are collected either from surveys, questionnaires, observations or interviews (Primary Data Collection Methods, 2006).

Hence, as earlier mentioned this thesis take a qualitative approach where case studies are conducted. As for the primary data, we have chosen to conduct in depth interviews with chosen respondents. The interviews with the respondents are done by either meeting the interviewee face-to face or conduct the interview through telephone.

We will first describe how we selected our respondents followed by how the interviews where done.

3.3.2.1   Sampling of Respondents

Maxwell (1996) states that for qualitative research, sampling falls into the category of purposeful sampling. This strategy in which events, settings and persons are selected on purpose to provide important data that cannot be retrieved from other choices.

Due to the purpose of our thesis in which we wanted to focus upon the selection and training processes of expatriates before sending them to China by three Swedish multinational companies, which is exactly what we have done.

In order to fulfill the purpose, the first critical moment is to find the respondents. We had two criterions when selecting our respondents. The first one is that the company needs to be Swedish and multinational. The second criteria, was that we were looking for companies that have their subsidiaries in China. In order to get our first sample of respondents, we used the internet and through the website of the 'Swedish Chamber of Commerce' we retrieved our first list of Swedish multinational subsidiaries in China.

After having established the list of companies suitable for our research, the next step is to create a contact with the company. In order to get the relevant information, it is important to find the key persons for each specific company (Maxwell, 1996).

The first approach we used in order to gain access to the companies' key managers was to send e-mails (see appendix 1) to each one of the companies on our list of suitable enterprises. Although we got few responses, this unfortunately did not give us companies that we felt would benefit our research. Since, between the time of sending out the e-mails, and receiving the answers, we came to the conclusion that we needed again to change the purpose in order to have a topic that we would be able to grip. Seeing that responses from companies by e-mail are a rather slow process, on top of that very few companies deemed it necessary to reply to us. We unfortunately spent two weeks on using this method before we decided that it was not going to give us any results, and that we had to find a new way of contacting the companies.

The next step in the process for us was to call directly to the companies and ask for directions to the right key person. The result was that we managed to get three key persons that represents the type of companies we believed would be suited for the purpose of our thesis (see table 3.1).

As a result of this process, we found three companies that were interested to participate in our research. They are Stora Enso, Scania and Company X. Due to Company X.'s wish to keep a low profile; the company has chosen to be anonymous.

3.3.2.2 Conducting Interviews

When focusing on qualitative research, one of the most difficult tasks is to be objective, since the information that one gets through interviews are from people that usually are connected to the companies that you are researching. This means that the information you receive from the contact people is, most likely, either deliberately or unconsciously bias towards making the company sound better. Therefore, it is much more difficult to check whether or not the information is valid, than it would be in quantitative research where you, most often, transform the data into numbers and statistics (Yin, 2003).

As stated earlier, interviews will be done in two ways, either face-to-face or through phones. We are fully aware that each of the ways of conducting an interview has its own strengths and weaknesses. Unfortunately this is out of our control since the distance, financial issues as well as the time aspects have great impact on the ways we conduct the interviews.

Company	Contact Person	Position in the company	Form of Interview
Scania	Jonas Tallroth	Manager for global assignment policy	Phone
Stora Enso	Inger Thorén	VP Talent Management	Face-to-face
Company X	Manager Y.	Senior HR Manager	Phone

Table 3-1 Interviewees

We gave each and everyone of these key persons the opportunity to choose which kind of interview they preferred. This resulted in two companies choosing phone interviews and one company choosing face-to-face interview. These key persons where then allowed to choose when it would be best suited for them to get interviewed.

The research questions should formulate what you want to understand, while the interview questions is what you ask people in order to gain that understanding (Maxwell, 1996). When we created our interview questions we tried to make sure that these reflected our research questions.

Interview questions are prepared and sent out to the chosen companies in order to let the interviewees be more prepared before the actual interview (see Appendix 2). We have tried to create open questions, so that the interviewees will be able to elaborate in their answers. This in turn allowed us to follow up with more in-depth questions during the interview.

We will make sure that there are at least two people conducting each interview. One is in charge of asking the questions and the other one takes notes. Since, taking notes might lead us to miss out on important information we decided upon using a tape recorder during every interview occasion, only if the respondents agree with being recorded. By having the whole interview recorded, we are able to go back and retrieve missing facts.

When conducting the face to face interview, we had about an hour and half with the manager of Stora Enso. The discussion was deep and intereactive. The phone interviews where conducted with an average of 40 minutes each, where answers were more direct and less detailed as from the face to face interview. We believe this has affected the quality of the empirical findings, but in order to keep in the same standard, we made sure that everything did not derivate far from the original interview questions. Whenever the answer where to short, we would ask them to specify more in details.

3.3.2.3 Face-to-face Interview versus Phone Interview

A face-to-face interview is characterized by its synchronous communication in time and place. Due to this synchronous communication that is not like other methods, it has the advantages in the form of social cues such as voice, intonation and body language. There are no bigger time delays between asking a question and getting an answer since the interviewee can directly react to what the other says or does, which gives a more spontaneous answer (Forum, 2006).

On the other hand, conducting an interview through phone does not differ much from interviews face-to-face except for that one can not see the interviewee since the interviewer and the interviewee are not situated at the same place (asynchronous communication), so the body-language of the interviewee can not be seen. However, conducting an interview face-to-face has the disadvantage that it can be more expensive and time consuming to travel to the interviewee compared to phone interviews (Forum, 2006).

A great advantage in face-to-face and phone interviews is that follow up questions are more common compared to methods such as e-mail interviews. By interviewing face-to-face or via phone, the interviewee has the opportunity to ask the researcher to specify the question and the researcher have the chance of asking the interviewee to specify their answers (Forum, 2006).

3.3.2.4 Anonymity

Since we might be dealing with internal information that the company sees as confidential we have always, before every interview made sure to inform the interviewee the following:

"This thesis will be published so you and/or your company can, if desired, remain anonymous."

Besides this being stated in the questionnaire, we have also chosen to before and after each interview remind the manager of their right to remain anonymous.

3.4 Finding a Purpose

The first topic we decided upon was that, we wanted to look closer at five Chinese companies that where going to establish subsidiaries in Sweden. Our interest was to look at which strategies the Chinese companies where thinking of using and what processes they had gone through to gain an understanding of the Swedish business climate. This topic was rather quickly changed into looking for three Chinese companies that had already been established in Sweden, since we realized that the only way of finding the first five companies would involve searching for companies in China. The second topic was abolished about three weeks into the thesis writing. When we realized that trying to find companies that had moved from China to Sweden was nearly impossible, since not even the Chinese Embassy had any documentation or lists about which Chinese companies that where operating in Sweden.

This lead us to our third topic, were we decided that we wanted where to gain a deeper understanding in how Swedish companies, that goes global, confronts cultural conflict when establishing its activities in China. Seeing that this topic was so broad, there was no way we could possibly cover the entire subject in one semester. Therefore, we decided again to change our topic in order to narrow down the thesis. This was achieved rather quickly which brings us to what we believed was our final topic.

The purpose of that thesis was to examine with a dual perspective how Swedish companies recruit, select, and train their expatriate employees and how these employees perceive to be chosen as well as being trained before the international assignment in the Chinese market. This was not abandoned until there was only about one and a half month left on the thesis writing process when we realized that one of the companies' expatriates were too busy to help us. The information we got from the one expatriate that we had interviewed did unfortunately not fit into the purpose of this thesis. Furthermore, we do not think that we can write a reliable thesis with a dual perspective if we only have one expatriate. Therefore, we decided to once again rewrite the purpose. The fifth and final purpose ended up being to gain an understanding how Swedish multinational companies select and train their Parent-Country National (PCN) expatriates before the international assignment in China.

3.5 Quality of Qualitative Research

There are, according to Yin (2003), four commonly used tests when trying to establish the quality of empirical social research, which case studies are a form of. These are; *construct validity, internal validity, external validity, and Reliability.*

3.5.1 Validity

The term "validity" does not imply the existence of an objective truth, a truth that can be applied to every case all over the world hence, you are not required to find an ultimate truth it is enough to find solid ground, as compared to rock solid, which you will be able to stand on (Maxwell, 1996).

A valid argument is based on facts or evidence (Webster's Concise Dictionary, 2000). The first test is *construct validity:* which is used in order to establish correct operational measures for the studied concepts. It is a particularly difficult test in case study research, since the researcher would need to set up a sufficient and relative set of measures. There is also no guarantee that the data collected will not be misinterpreted by the researcher. This can be achieved by using multiple sources of evidence, establishing a chain of evidence, and creating a draft study report to be reviewed by the key participants (Yin, 2003).

To strengthen validity of our thesis we will send the empirical findings to the companies so that they will be given the chance to correct any misunderstandings or errors. Through the whole process of thesis writing, we will try to make the best use of the constructive criticisms we get when meeting our seminar groups. This will not only help us to stay on track but also keep us to stay as objective as possible.

The second test is *internal validity:* which includes establishing a casual relationship, where a specific condition leads to another condition, as compared to spurious relationships. (Yin, 2003). Hence, it deals with the process of making accurate conclusions. The third and last of the validity test is *external validity:* which is created to find out if the findings can be generalized beyond the specific case (Yin, 2003). Since, we are not interested in creating a generalization to be applied to all companies this test does not affect our thesis.

3.5.2 Reliability

The objective of the reliability test is that if at a later time a researcher follows the same processes and conduct the same case study, then the same findings and conclusions should be found, to minimize the errors and biases. The first thing the researchers need to think of is to make sure that the methods used are properly documented otherwise there is no way to make the exact same case study in the future, which would weaken the reliability of the case study (Yin, 2003).

When dealing with the data in our thesis, we will make sure that all references are carefully documented in the reference list in order to be able to be retrieved and replicated for future studies. We will also try to use as many different sources to ensure that the theories we use are reliable. This is done by comparing the different author's research.

4 Empirical Findings

In this chapter, we will introduce the reader to the companies Stora Enso, Scania and Company X. and the findings from the interviews.

4.1 Stora Enso

Stora Enso is an integrated paper, packaging, and forest products company. It produces publication and fine paper, packaging board, and wood products. Throughout these areas, the group is a global market leader.

Stora Enso's revenue totaled EUR 13.2 billion in 2005. The company has approximately 46,000 employees in more than 40 countries on five continents. Stora Enso's shares are listed in Helsinki, Stockholm, and New York stock markets.

The company mainly serves business-to-business customers through its own global sales and marketing network. Stora Enso's customers include publishers, printing houses, and merchants, as well as the packaging, joinery, and construction industries. The customers are mainly concentrated in Europe, North America, and Asia. As Stora Enso moves into the future, it focuses on expanding its operations in new growth markets in China, South America, and Russia. Today Stora Enso has production facilities in Europe, North and South America, as well as Asia (Stora Enso, 2006).

4.1.1 Interview with the Talent Manager

November 29th 2006, face-to-face interview with VP of Talent Management Mrs. Thorén.

We have interviewed Inger Thorén who is working as Vice President Talent Management at Stora Enso. Mrs. Thorén has had previous experiences within the Human Resource field; amongst them is the Boston Consulting Group where she set up the HR department for Nordic Area. She also worked for KREAB as the administrative manager at the stress department in Karolinska Institutionen in Stockholm.

Working with talent management means to focus on recruiting future leaders. Mrs. Thorén focuses upon finding talented people, giving them new challenges and develops their career. The process of recruiting and educating future leaders starts, according to her, already at an early phase when Stora Enso visits schools to market itself. It also gives students the opportunity to approach the company. Mrs. Thorén states that the most important success factor within a company is to make sure that people are doing their best and always achieve a bit extra every time.

The first time Stora Enso invested in China was about 6-7 years ago when the first plantation was built. Today, Stora Enso is expanding in China but Mrs. Thorén explained difficulties with investing in China due to the laws and regulations that exist there. She does not have previous experiences of working in China except for being there on short vacations, which has given her the opportunity to experience the culture. Nevertheless she is involved in different Chinese projects. One of her tasks is to find talents that are suitable for Chinese assignments.

When it comes to recruitment and selection processes, Mrs. Thorén said that Stora Enso does not have a clear corporate process of how to recruit and select people for the assign-

ment. So far, it has been through networks, former experience and interviews. Alike any other recruitment procedures, Mrs. Thorén said, that Stora Enso has taken the approach of matching the profile of people with what is needed for the international assignment. However, Stora Enso does not have a standard profile of China which makes the work to match people with the task difficult. Also, something that is not done when recruiting people is making assessment tests which also the company is working on to implement. Mrs. Thorén is today also responsible of making an inventory of all the employees at Stora Enso to see what kinds of knowledge or skills people possess and who of those are able and willing to take on an international assignments.

When choosing the "right person for the right job", Mrs. Thorén said that the time length that the person has worked in the company is not the decisive factor for selecting an expatriate. Stora Enso has expatriates that have both been recruited from within the company as well as recruited externally. In the latter case, she told us about an expatriate that had been recruited from outside, however the reason was because he/she has had past experiences from within the same industry. Another example that an expatriate was chosen to work in China was because of his/her technical ability, but also because he/she has experiences from the Chinese culture.

When we asked Mrs. Thorén about who approaches who for the international assignments, she answered it is both the employees as well as the company itself. The employees may feel that there is a need or interest of gaining new experiences by working abroad. On the other hand, it can also be an approach from the manager who sees that the employee is the suitable candidate for the international assignment, as a step in his/her career development.

Most of the time, the assignments are vacancies, positions that need to be filled in the Chinese subsidiary. Another reason could be because of newly started projects in the Chinese subsidiary in which the head quarter sends its employee to China. Usually the contracts are signed for 2-3 years. 2 years contracts are usually situated in European countries meanwhile the 3 years contracts are places in for example China and South America. In rare cases, when the assignment lasts for over 5 years, the expatriate is supposed to sign a local contract but this does not according to Mrs. Thorén work properly.

The expatriates, as well as their families, are offered a one day cultural training. However, they do not always have their training on the same day since it depends on how the time schedule works. Language training is always offered, and if there is no time to conduct the training before the assignment, language training can be provided during the period of the assignment abroad. Mrs. Thorén said that the training part can be improved. What she means is that the employees already possess technical skills moreover it is the "soft" skills that should be more focused upon. With "soft skills", Mrs. Thorén, refers to a more focus upon cultural awareness training in the future. This is to see how people perceive and react on the culture that they confront when going to China to perform the assignment. This is of importance since it is easy, according to her, for a person to think that his or her culture is dominant over others.

The chosen expatriate are always offered to go for a pre-visit to the foreign country where the assignment takes place. The timing of the pre-visit differs depending on the time frame until the actual assignment begins. Mrs. Thorén said that Stora Enso provides help with finding accommodation, schools and if possible, jobs for the expatriates' spouses. Salary, accommodation and all the practical things are done together between the expatriate and the manager, and this is a part of the one day training session.

Mrs. Thorén put emphasize on taking the family and spouse into consideration when matching the right person for the assignment. Family is not the tipping point of sending away the person for an international assignment, but she said that it is important to be cautious of sending a person that recently has gone through personal crisis. Because of the demanding environment that this person will face, the person needs to be in good mental condition. When asked if it is common for an expatriate to return early from his/her assignment in China, Mrs. Thorén said that it is very rare but exists. Last when asked how the company evaluate Training, Inger said that there is no systemized way of debriefing the expatriate of his/her opinion of the training before and experience in China, as well as no systemized way of evaluating the expatriate. One of the problems with expatriates is, according to Mrs. Thorén, how to position them after that they have returned back to Sweden.

4.2 Scania

Scania was founded in 1891. Unlike its competitors, Scania has systematically concentrated their resources in the heavy transport segment. Today it is one of the world's leading manufacturers of heavy trucks and buses. The company exports its trucks and buses to over 70 countries. They have regarded as more high-tech than others in their class. The company also markets and sells a broad range of service-related products and financing services. Scania is an international corporation with operations in more than 100 countries. The number of employees is more than 28,000.

A technologically advanced modular specification system has made Scania the heavy vehicle industry leader in terms of profitability. Its revenue was totaled at EUR 8.5 billion. Even during periods of sagging markets for trucks, Scania has shown good earnings. For more than seven decades, Scania has reported a profit every year. In 1996 Scania was listed on the stock exchange in Stockholm and New York. In 1998 the company changed over to the new truck and bus generation. In 1999 Scania launched a complete range of Euro 3 low-emission engines for distributions, construction and normal long-haulage operation (Scania, 2006).

4.2.1 Interview with Manager

November 22 2006, phone interview with Mr. Tallroth, responsible for Scania's global international assignments policy.

After having studied Business and Human Resources Management in Brussels, Jonas Tallroth started working for Scania in 1996, where his current position is being responsible for their global international assignments policy. Mr. Tallroth has been traveling to China twice where he went to Shanghai, Guangzhou and Hong Kong for vacation. This has according to Mr. Tallroth helped him to understand China's different culture and thus to develop better policies. Although Mr. Tallroth has an area manager responsible for the Asian region he is temporarily working hands-on with expatriations to that region while the manager in question is currently on maternity leave. China is a market which Scania first entered about seven or eight years ago. At the moment Scania has about 150 expatriates living with their families in about 50 countries, out of which about 10 expatriates with their families live in China.

Mr. Tallroth's department is not directly in charge of recruiting and selecting the expatriates for Scania. However, since they are in charge of developing the policies within international

assignments they will most often develop a Country Profile for a specific country which contains information which the recruiter will base his/her decision on. In the Country Profile, there is data about what kind of person should be sent, how they should live, access to international schools as well as hospitals. Without access to international schools it is not possible to send an expatriate with a family. Today there is no systematic updating system on these profiles. Instead the recruiter will discuss with expatriates that have returned from the same country or region, in order to find out what kind of person that is needed for the next assignment in that specific country or region.

There are two types of assignments depending on the length of the assignment, the short-term ones that are less than one year, and the long-term ones which range between one to five years. Scania does not want anyone to work in the same country too long on the same position as the job should ideally be handed over to a local resource or a new expatriate. When selecting someone to go abroad, there are many reasons to consider depending on how different the culture is from the home country's culture. It is also depending on the situation in the country of service. For example if there is a lack of certain personnel with certain skills on the local market, Scania needs to look for this skill elsewhere. After finding the right person for the job, other factors will need to be considered like social status, his/her cultural awareness, or language skills.

Since Scania is a traditional industrial company with a long history, their staff also reflect this where their expatriates normally have more traditional families. Scania has therefore not yet encountered any serious problems with dual career families, but when this becomes an issue they try to help the spouse with getting a work permit, as well as to offer coaching for the spouse both on arrival and upon repatriation to the home country. However, keep in mind that although Scania tries to help the spouse to get a work permit, in the end they are only offering one job and not two.

How the future expatriates are trained is very important. He or she should not only be trained for the position they will hold but also on how to live and work in a new culture. That is why Scania offers the expatriate as well as the expatriate's family, both language training and a two day cross-cultural seminar. The seminar usually takes place about three months before the international assignment, while the language training starts as soon as is possible (sometimes even before the contract that the assignment is based on has been finalized). Day one of the seminar usually consists of general information on how it is to work and live abroad, and the second day is more concentrated on the specific culture which the expatriate and his or her family will face. They might for instance get to meet expatriates that have recently returned from an assignment in the country, or the country's ambassador.

Prior to the assignment both the expatriate and his or her family will travel to the country in question on a pre-visit sponsored by Scania, this in order to get a feeling of the country and to visit possible schools and residential areas.

Upon repatriation from the expatriate assignment Scania offers the family to meet with the same company that handled the cultural seminar prior to departure, this in order for them to better gain an understanding on what awaits them in the form of "reverse culture shock" (Mr. Tallroth's wording) Scania will also get feedback on how they can improve their handling of expatriates in general, this in the form of a report which is handed over to the company by the consultant after having briefed 10 families.

Scania has so far not encountered expatriate failure in China, however the biggest problem

today occurs instead after that the expatriate has returned, he or she might not get the kind of position within the company that they believe they deserve, something which might be true or not. Inevitably, there is a risk that none of the jobs that are available when the expatriate returns reflect the expatriate's experience. In this case Scania needs to clearly communicate that they are aware of the fact that the job offered is below the employee's competence, but that they will actively help to identify a more suitable position whenever it opens up. However, the main problem according to Mr. Tallroth is that this is not often communicated enough and thus some employees are feeling disappointed with their new position. If this spreads in the company the whole workplace is affected negatively. According to an internal survey, four percent of the returning expatriates leave Scania within a year after returning which, according to Mr. Tallroth is low when comparing with other multinational companies. However, in some cases it might have been better for both the company as well as the employee if the disappointed employee decided to seek work elsewhere, and hopefully be re-attracted to Scania sometime in the future with new useful experiences.

Scania must understand that the returning expatriate's improved level of competence should be used in the best possible way, or else there is a poor return on investment. On the other hand, the former expatriate might have an expectation of being offered a job which is above his or her actual career level. The communication between the company and the expatriate needs to be very effective, so that the expatriate does not feel that the time spent abroad is a wasted part of their career where the company forgets about them, but instead a step towards a steeper upward career - in other words a win-win situation for the company and the employee.

4.3   Company X

Company X. is a multinational production company with its root stated back over hundred years. Due to the company's wish to keep a low profile, the manager has chosen to remain anonymous of himself as well as the company. Therefore we will call it the Company X. and the interviewee Manager Y. Hence this, no further description of the activities of the company will be revealed.

4.3.1   Interview with Manager

December 15th 2006, phone interview with the senior HR manager; Manager Y.

The person in question has been working for the company for several decades; he/she has currently a senior management position in the human resource department, which he/she has held for around half of the time spends in the company. Manager Y. is in charge of the company's expatriates as well as management compensation. Manager Y. has never had the opportunity to travel to China, and has never worked as an expatriate either.

Today, the company has specific processes when selecting the expatriate, they are all hand-picked by the subsidiary company with the help of the human resource department, then the possible expatriate goes through an assessment development center, for one day in order to do interviews and tests to see if the person is right for the job.

The most prioritized criterion is technical ability, without which the candidate in question would not even be considered. The language ability is not an issue when deciding on a candidate to go to China, for expatriates going to other countries it is a must such as France,

Germany. For the company, the age the expatriate is definitely not an issue, however in some cases extensive experience is a must which imply that the candidate cannot be too young. Also, the company does not mind whether or not the candidate has a family since the competence of the expatriate is much more important.

The company realizes how expensive it is if the expatriate decides to go home before the contract is fulfilled, therefore, one of the things the company offers is to allow the expatriate, accompanied with spouse and family if desired, to go to the host country for a pre-visit. This visit usually lasts for one week, and it takes place somewhere between a couple of months in advance down to just a few weeks depending on how much time the company has prior to the assignment. When it comes to practical matters, Company X. hires expertise locally that help the expatriate as well as his/her spouse and family to arrange these. This could concern accommodation, schooling or even jobs searching. After the pre-visit the expatriate decides if he/she will take the assignment.

The company is considering of implementing cultural awareness training, which is something that they do not have at present time. As of now they do offer language training for the expatriate and his/her spouse and family, which usually takes place in the host country.

After the assignment, the expatriate will fill out forms evaluating the entire process of the assignment, including the training. The normal time for a contract depends on the task at hand, but usually not more then 3 years, the company does not want anyone to stay as an expatriate for more than 5 years in the same country. Manager Y. said that the company has so far not experienced an expatriate return prematurely from China.

The manager we interviewed argues that an expatriate going to China will not have such a big problem with the cultural difference, since he/she knows that there is a difference. On the other hand, a person going to Denmark might have bigger problems with the initial culture shock since he/she does not expect any difference in culture.

5   Analysis and Discussion

In the Analysis chapter we have related theoretical framework with empirical findings from the three companies, Stora Enso, Scania and Company X., interviewed in order to answer our purpose. Through the theoretical framework, we have established essential research questions that kept us in focus in the analysis. The empirical framework has the function of reinforcing our discussions about the theories.

The Analysis is structured by looking upon the two parts, the selection and the training processes, separately. The authors will then bring each part to an end by summarizing the important findings that arouse through the discussions of the analysis.

5.1   Selection

- *What selection criterions do the managers consider when choosing their expatriates?*

- *What competences do the managers think is important that their expatriates possess?*

- *What selection processes do the managers use when choosing between their candidates?*

According to Briscoe and Schuler (2004) errors in the selection process can have a negative impact on the success of an organization's overseas operations, it is therefore crucial to select the right person for the assignment. Dowling and Welch (2004) have defined six criterions (see figure 2-4) a manager can use of in order to select the appropriate candidate for the international assignment.

Through the interviews we noticed that Stora Enso, Scania and Company X. have different opinions of selection criterions, but they all put technical ability as a first priority when selecting a candidate to work in China. The time in the company of a candidate is, according to Stora Enso, not the decisive criterion of being selected for an assignment in China, rather the technical ability the person possess, followed by cultural awareness (Thorén, personal communication 2006-11-29). Scania put emphasis on, when selecting an expatriate, technical ability to be the number one priority to look for followed by the cultural awareness of the country, language skills that the person possess and also the social status of the candidate (Tallroth, personal communication 2006-11-22). Company X. considers technical ability to be the most important feature a candidate possess, without this skill, the person will not even be considered in the selection process (Manager Y., personal communication 2006-12-15) This reinforces the statement that McEnery and DesHarnais (1990) claimed that managers and professionals involved in international work, regard functional expertise to be the most important criteria when selecting an expatriate.

It seems to be a lot of reasons why technical ability is the most important criterion when selecting a candidate for an international assignment. First of all, most of the positions that need to be filled within the Chinese subsidiaries of the three parental companies are due to lack of certain technical skills. Another reason could be a foreign subsidiary that is in urgent need of a person to fill a position, which is not possible to find in the local market. This is for instance a reason for Scania. Why we believe technical ability to be the number one priority is due to the time aspects. Maybe these companies in general perceive vacancy as a problem in the organization that needs to be dealt immediately. Therefore, amongst all criterions, technical ability is the most common criteria to base the selection of the expatriate on in these firms.

Dowling and Welch (2004) said that companies emphasize on the technical and managerial skills since that these can be evaluated by looking at the past performances of the candidate. Although technical ability seems to be an important criterion to base the selection upon, we believe that the strong dependence of this criterion could lead to an ignorance of other selection criterions. For instance a candidate that has been selected based on his/her skills within the company might have a problem when working in China because of different cultural factors, such as working policies.

Due to our assumption, we still encountered a very interesting question after having interviewed a company, namely Company X. According to the senior manager, Manager Y. the company has so far not encountered any expatriate that returned home prematurely (expatriate failure) from China. Manager Y. does not see cultural difference to be a problem since, he claimed that there is a common perception that there is a big contrast between Sweden and China. Based on this belief, Manager Y. says that expatriates are aware of what it is that they will face, mentally, to the coming assignment in China (Manager Y, personal communication 2006-12-15). Seeing that a company pays no attention to cultural awareness and has zero in expatriate failure leads us to the question: Is cultural awareness an important criteria for companies to base on, when selecting their expatriates? This might be true, but looking at how the other companies do, this question is still worth discussing.

According to Mrs. Thorén, the VP in talent management in Stora Enso says that beside the technical ability, the experiences from the Chinese culture are important in order to succeed in China. She thinks that it is important to get familiar with the culture so the person does not believe that his/her culture is dominant over others (Thorén, personal communication 2006-11-29). Dowling and Welch (2004) also stress the importance of culture awareness. According to them, cross-cultural suitability allows the candidate to operate in a new culture. However, they also state that managers should not base a selection solely upon the candidate's cultural awareness of the specific culture.

Amongst the companies, one uses several criterions when selecting its candidate for an assignment in China, namely Scania. Scania put weight on cultural differences as well as the situation in the country of service. Other factors such as social status, cultural awareness and language skills are also looked upon (Tallroth, personal communication 2006-11-22). One positive approach with having many criterions when selecting the expatriate for a country, such as China, is that it narrows down the pool of candidates that hold the quality that Scania looks for. Besides Scania, there are companies such as Company X. that has succeeded to send successful expatriates to China and back without problems, and they base their selection on candidates only on the level of technical ability.

Seeing that the different companies put different weights on what criterions to base their selection of expatriates on, it is interesting to see what competences an expatriate possess that are valued by these companies, and if this person has the knowledge or personality to represent the Swedish parental company in its Chinese subsidiary. According to Schneider and Barsoux (1997) there are nine competences (see chapter 2.3.2) that are important for an expatriate to cope with differences. Seeing that all three companies provide some form of linguistic training show us that linguistic ability is a competence that is highly valued for a company. Linguistic ability according to Schneider and Barsoux (1997), is a competence that helps the expatriate in establishing contact with the locals, showing that the expatriate is making a symbolic effort to communicate and to connect with the host nationals. This made us believe that language does not only fill its function as establishment of

contact with people, but also that by being able to get familiar with the language, the expatriate can increase its interest in learning new experiences that China offers. Schneider and Barsoux (1997) call this competence for motivation to work and live abroad. According to Mrs. Thorén, she states the importance of motivation since it gives the expatriate the interest to gain new experiences in the new environment (Thorén, personal communication 2006-11-29). Having the interest and motivation to work abroad is a good way to make the manager aware of your interest. However, by solely base selection of a candidate on motivation as a competence is not desirable since motivation is something that can last for a shorter period of time. Seeing that an expatriate's assignment can last for up to five years, this should instead be a critical factor to be considered when evaluating the candidates.

One common thing when looking at Stora Enso, Scania and Company X. in their current state is that, although two of the companies provide some form of cultural training (Stora Enso and Scania), all three of them believe that they should improve and even implement more cultural training. This to us is a form of sign that they believe cultural empathy is an important competence that an expatriate should possess. Who knows? Maybe one day this might even play a big role as a future selection criterion.

Seeing what competences the companies probably want, and how they possibly select their criterions, it is interesting to see how Stora Enso, Scania and Company X. do to select their expatriates. According to Briscoe and Schuler (2004) there are a number of selection procedures to choose from when selecting an expatriate (see section 2.3.3). We have noticed a clear difference in how structured the selection processes are in these three companies. Starting with Scania, today the company is using country profile for selecting expatriates to China. According to Tallroth, the country profile is data about what kind of person should be sent, how the expatriate ad his/her spouse and family should live, access to international schools as well as hospitals. With this country profile, the recruiter will then base his/her decision of which of the candidates will be sent as an expatriate (Tallroth, personal communication 2006-11-22). For Company X, the candidates that are sent to China are handpicked by the Chinese subsidiary with the help of HR department in Sweden. The handpicked candidates will then be sent to a one day assessment center to conduct interviews and tests. Through this day, the most suitable candidate will then be selected to do the international assignment in China (Manager Y., personal communication 2006-12-15). When asking Mrs. Thorén what selection processes Stora Enso conducts when selecting its candidate to do an international assignment in China. She said that in current state, the company does not have a clear way of conducting the selection of expatriates to go to China. It is either through networks or interviews or both (Thorén, personal communication 2006-11-29).

Comparing all these companies in current state, Scania is the one that has the most structured way of selecting its employees to work in China. Scania base all of their selection of candidates to China mainly on a country profile. Although it works as a template to select an expatriate for the assignment, the company do not systematically update the profile which make us suspect that the profile in itself might be turning obsolete.

Some assumptions of why Scania does not upgrade its country profile have been made. The first assumption is, Scania maybe believes that the Chinese profile have not changed much since the first day it was developed. However, something that they may do to control the accuracy of the Chinese country profile is that the recruiter in Scania discusses it with returned expatriates on what type of person is needed for the next assignment. We believe that by working this way, Scania gets feedback that they can then use to check if the country profile is accurate. Another assumption is that they do not have other selection proc-

esses which left them out with depending on the country profile. This led us to a question that is worth discussing. If the company itself already uses a country profile in order to select its employee to work in China, but is not updating it, what role does then the evaluation of home coming expatriates have with future selection of expatriates?

Company X. as stated before said that the Chinese subsidiary handpicked their candidates with the help of HR Department in Sweden and then go through interviews and tests in an assessment center. This is according to the authors a great help for the Chinese subsidiary that candidates get recommended without having to look for candidates themselves. Like Briscoe and Schuler (2004) said, recommendations are normally made by either senior manager or line managers with an international human resource need.

However, something that can be problematic is if there are communication problems of what skills an expatriate should have between the Chinese subsidiary and HR Department in Sweden, which has the consequence of unnecessary work and time wasted on trying to solve this. Another problem that may arise with this approach of selecting an expatriate is that the person that is recommended through his personal relationship with the manager, but not through the qualifications. The result would be that the candidate is chosen before another person who would have been more suitable for the position. Harris and Brewster (1999) call this for the "coffee-machine system". Making it fairer for all the candidates, all the candidates should go through several selection processes that ensure that the company finds the most suitable candidate that represents the company to work in China.

As earlier mentioned, Stora Enso does not have a clear structure (specific tests to rely on when selecting candidates for the international assignment) when conducting its selection process. Mrs. Thorén from Stora Enso is fully aware of this situation and said that the company is working on createing an inventory of all the employees' skills. Based on this, the company will have a better overview of what competences a person possess and through this system find the suitable candidate for the task. She also said that the company today is working on implementing assessment tests (Thorén, Personal communication 2006-11-29). In our opinion, a big company such as Stora Enso should have a more structured way of conducting selection of expatriates going to China. Otherwise it could have negative impact on the managers in the organization, in the sense that they might feel stressed of not knowing how to select a candidate. This could have an impact on selecting the wrong person for the assignment.

Having analyzed these companies, we see that they use different ways of selecting its employee and what criterions they base their decision upon. Scania and Company X. have more structured ways of selecting its candidates for international assignment in China compared to Stora Enso. Also, seeing that Stora Enso is the only company of these three that has expatriate failures, although very rare, gives us the impression that a structured way lowers the risk of failure of Expatriates in China.

5.2   Training

- *What training methods are used?*

- *When should the training be conducted?*

- *Are training provided for spouse and family of the expatriate?*

According to Dowling and Welch (2004), pre-departure training programs contribute to a smooth transition to a foreign location that includes cross-cultural training, preliminary visits, language training as well as support with practical matters. According to him, without an understanding of the host country's culture, the expatriate is likely to face some difficulties during the international assignment. Because of this, cultural awareness training remains the most common form of pre-departure training.

Based on what Stroh et al. (2004) say, there are three learning processes in which one of them says that cultural training is to help expatriate to become aware of the importance to observe the differences in behaviors across cultures. When looking at Stora Enso, Scania and Company X. we can see that two of the companies (Stora Enso and Scania) have cultural training, whereas Company X. lack this training but want to implement it.

In our opinion, it is beneficial for managers to understand the importance of how culture impacts on the expatriate's performance in China. To support it, one can look at Scania and Stora Enso. They both already provide the expatriate with some form of cultural training before the international assignment in China, however, they still want to increase the amount of training which shows us the importance the companies see cultural awareness.

Evans et al. (2002), Dowling and Welch (2004), and Stroh et al. (2004) claim that the success factor behind cultural training is the level of rigor. The level of rigor is according to Stroh et al. (2004) the degree of mental involvement and effort that the trainer and the trainee need to go through in order for the trainee to learn the required concepts. This is not in line of what type of cultural training Stora Enso and Scania are currently conducting. When relating the companies' time length of the assignments in China (One up to five years) with the Cross Cultural Training Model (see figure 2-5), the model suggests that an assignment that lasts between one and three years should have a high rigor training. High rigor training includes field experiments where a candidate is sent to work in a foreign country for a period of time to see how he/she performs in a foreign environment. Because high rigor training is to prepare the candidate mentally what he/she is going to confront the coming 1-3 years in China, the length of training should also last something in between 2 months and above.

Despite this fact that an international assignment in China lasts something between 2-5 years for Stora Enso and Scania, both only offer a couple of days of cultural trainings for its expatriates. During these training days, activities offered are cultural briefing and practical information about how it is like to live in China. According to figure 2-5, this form of cultural training is of low rigor level, where the intended period to stay and work in a foreign country is less than a week. Obviously it is a big contrast between what is recommended, in order to be successful, with what is actually done. Mrs. Thorén from Stora Enso stresses the importance of cultural training and that the current training program within the company can be improved. According to her, the company is working on implementing more cultural training for future expatriates who are going to work in China. This is of importance according to Mrs. Thorén since she thinks it is easy for a person to

think that his/her own culture is superior over others (Thorén, personal communication 2006-11-29). This gave us a feeling that the company may have taken feedbacks from expatriates after having returned from their assignment in China.

The companies are doing well without having too extensive trainings, and Company X. is so far doing excellent with the handling of their expatriates to work in China without even having cultural trainings. So, this made us in the group question, whether cultural training really is something effective for these three Swedish multinational companies when sending their expatriates to work in China?

In our opinion, as the result of what these companies have revealed, we think that cultural issues are important to a level that the candidate gets familiar with it. Swedish expatriates from these three companies seem to have it easy adapt to the Chinese culture. According to Company X., which has so far not experienced any failure of Swedish expatriates in China, the expatriates are aware of the cultural differences and are therefore alert to the differences between Sweden and China. He also stresses the fact that an expatirate that is sent to Denmark would have a bigger problem in initial culture shock since the person does not expect the differences in culture (Manager Y., personal communication 2006-12-15). This contradicts the study made by Torbiörn (1982) taken from the book written by Jacob (2003) (see table 2-1) in which it says that a Swedish person has more difficulties in adapting to the Chinese culture compared with Scandinavian countries.

Seeing Manager Y's opinion on the subject differ from what Torbiörn (1982) says, could according to us be because the research by Torbiörn (1982) is more than 25 years old. This could explain why Stora Enso, as well as Scania, with their few cultural training sessions is enough for the Swedish expatriate to handle an assignment in China.

Another reason could also be that the theories are biased, in the sense that most of the literatures today within Human Resource Management are based upon North American companies and opinions. Therefore it might not be suitable to apply it to these Swedish multinational companies.

Refering back to what Dowling and Welch (2004) said that without an understanding of the host country's culture, the expatriate is likely to face some difficulties during the international assignment. We agree that an understanding is good to have of the host country, but the level of rigor in the training methods recommended to managers, do not seem to apply to Swedish multinational companies.

Besides offering training for the expatriates all three companies also offer training for the expatriates' spouses and families. Gooderham and Nordhaug (2003) refer to Tung (1982) who said, that one of the main reasons for European expatriates as well as other cultures to fail is due to the inability for the spouse and family to adjust to the foreign environment. We believe that when the managers know that the expatriates will bring spouses and families to China, they do not want to face the risk of expatriate failure due to spouse and family inability to cope with the cultural differences in the foreign country. To cope with this issue, the managers therefore provide training for the expatriate's spouse and family. Webb and Wright (1996) state, a wise manager should not only choose a person that has the characteristics of being a successful expatriate, but also looking into the family's situation, motivation and adaptability when being sent abroad to conduct an international assignment.

On top of providing cultural training for the expatriates, the spouses and families, there are several more training methods that managers have included in order to prepare the expatriates before the international assignment. When looking at Stora Enso, Scania as well as

Company X. what they all have in common is that they all have language training, pre-visit in China as well as help with practical matters as methods. This could be because the managers rather see the cost as an investment. As Manager Y. says, the company realizes how expensive it is if the expatriate decides to go home before the contract is fulfilled, therefore one of the things the company offers is to allow the expatriate, accompanied with spouse and family if desired, to go to the host country for a pre-visit (Manager Y., personal communication 2006-12-15).

Pre-visits according to us in this context are a way for companies to cautiously see how the expatriate itself behave when he/she is in a foreign country. If the manager in this early stage notice that the expatriate can not fulfill the expectations required, or that the expatriate realize that he/she is not suitable for the assignment, it would be better to interrupt the whole process. The cost would not be as big as what it would be if the expatriate was sent away and then realized that he/she is not suitable. It is also a way to give the whole family a feeling of how it would be like when they live in this environment for a longer period of time. This should be combined with other assistance such as practical matters.

Stora Enso, Scania as well as Company X. do support the family in the sense that they offer them all with expertise of finding accommodation, schools and eventually job for the spouse. Some companies such as Scania help the spouse with getting a work permit in China, but cannot guarantee a job. When the expatriate moves, with his/her spouse and family, they leave behind a secured daily life in exchange with an environment that is totally different of what they are used to. Managers who are not aware of this aspect will give the expatriate and his/her family the feeling of being ignored. This reinforce with what Dowling and Welch (2004) say, that practical information makes sure that expatriate does not feel left behind during the adaptation process. They also say that knowledge of host-country knowledge can assist the expatriates and family members gain access to new social support structure outside of work and the expatriate community. When looking at the companies interviewed, we see that they all provide language training, which means that they do worry and are aware of the communication difficulties that may arise for the expatriate and his/her family as well as the spouse.

Now that we have speculated of what training methods are used for the expatriate and his/her family as well as spouse, it is interesting to see when the trainings start before the international assignment related to theories. According to Pazy and Zeira (1985) who said that traditional training usually starts a month before actual departure, and for maximum effectiveness, it is recommended to give the training when the trainee feels motivated to learn.

As what concerns the different companies, Stora Enso, Scania and Company X. have different opinions of when the training should start. Scania said that the company usually starts three months before the actual assignment and the language training even earlier (Tallroth, personal communication 2006-11-22). Stora Enso has no specific policies of when to conduct the predeparture training (Thorén, personal communication 2006-11-29) and Company X.'s training starts about one and a half month before the actual assignment in China starts.

We drew the conclusion that the most unstructured, when it comes to the timing of trainings, is Stora Enso. We earlier mentioned that Stora Enso's many assignments in China are mostly based upon vacancies that need to be filled as fast as possible, this may have the effect on the company not being able to implement training long before the actual start of the training, since the expatriate is needed urgently. The problem that may arise for the

company here is that the expatriate may not be sufficiently prepared for the assignment and upon arrival get a shock. Since Stora Enso is working on implementing more cultural awareness training in the future. We think that in order to let the expatriates have more time for training before the assignment starts, Stora Enso needs to implement better planning to avoid having vacancies that needs to be filled in a very short time period. Otherwise, time and money will go wasted, and a risk that the expatriate fails in absorbing the information given during the training. This may have caused the very few expatriate failure that Stora Enso has had during its presence in China. What we see is good though is that Stora Enso is today working on creating an inventory of its employees. If there are vacancies that need to be filled with expatriates, the company will in short time find the most suitable man/woman to do the job, hence giving him/her more time to get trained before the assignment.

Although Scania does not have any expatriate failure, seeing that the company offer the expatriate training three months prior to the actual start of the assignment abroad, make us wonder if the expatriate remember the two days seminar after three months? What consequences do this have on the expatriates when Scania trains them so early prior to the training? As what Selmer (2001) said, one general problem that arises when conducting the training too far in advance of the actual departure, is that instead of getting the candidate aware of the culture, he may instead find it unrealistic since the assignment is to far into the future. But, seeing that Scania has not faced the problem of expatriate failure, this ssumption may not be true.

Expatriates going to China will not have such a big problem with the cultural differences, since he/she knows that there is a difference (Manager Y., personal communication 2006-12-15). Is the philosophy Manager Y. has towards its expatriates, and so far, the company has not faced a single expatriate failure. This could be because, like Manager Y. said, the company X.'s expatriates might be more open minded towards foreign cultures, such as China. As Grove and Torbiörn (1985) say, trainees that realize the difficulties associated with working and living in a foreign culture, people that have had many traveling experiences of meeting people from different culture are more likely to see the essence of cultural training and hence get more motivated to learn.

Or it could also be because of the timing of the predeparture training. Since the training, provided by Company X. usually start one and a half months prior to the assignment, the expatriates may have had good condition of retaining what have perceived from the training, enough to survive the culture shock in China.

Nevertheless, timing of training may have an impact on how expatriates perform and behave in a foreign culture. However, we do see derivation from what have been said in theories about training the expatriates too early or too late. This could be due to, as we mentioned earlier, that theories based on American firms and opinions might be biased towards Swedish expatriates from Stora Enso, Scania and Company X.

6 Conclusion

In this chapter, the authors will share the result of the thesis. We will summarize the most important findings of this research and reflect it back upon the purpose of this thesis.

Before deciding on the purpose of the thesis which was to gain a deeper understanding of selection and training processes of an expatriate, we had some brief understanding within this field that we were interest in. We wanted to see how Swedish multinational companies select and train its expatriates before sending them to China, and if there are any derivation of what today's theories say.

After interviewing the three Swedish Multinational companies, Stora Enso, Scania and Company X. we see that they all see technical ability to be the most important factor to look upon when selecting an expatriate for the international assignment in China. This due to that most of the assignment are vacancies that need to be filled in a short notice. Another reason is that the expertise can not be found in the host-country company or on the local market whereas the company have to find this skill elsewhere. Looking at what theories say about technical ability and the companies we can draw the conclusion that they match each other.

When looking at competences that expatriates should have in order to succeed in their assignment in China, motivation to work and live abroad and cultural empathy were something that the companies value. This could be seen through the willingness of the firms' implementation of more cultural training.

When it comes to the selection processes, companies today seem to strive for a direction to somehow standardize its selection processes. One of them, Scania, has already a country profile where they select the candidate for the job. Stora Enso is working on assembling its employees so that managers will have access over all skills and competences that exist within the organization. Meanwhile, Company X. is working on collecting data from former expatriates to evaluate the next generation of candidates.

Cultural awareness is something that the companies value more and more. The companies either provide or want to implement cultural training, which shows that the companies are aware that without having this training, the expatriate can run the risk of failuring because of difficulties to adjust. However when looking at in what extent the level of training is, it is far from what is recommended in theories in order to make the expatriate succeed in China.

Despite cultural training, the three companies do offer language training, pre-visits, as well as help with practical matters for the expatriate as well as spouse and family before going abroad to China. The fact that the companies include training for spouse and family show us that they do care about them. This is for us a sign that the expatriate and his/her spouse and family do not get the feeling of being left behind when sent abroad. Helping the spouse and family to adjust in the new environment means reducing the extra burden on the expatriate when working in the new environment.

When looking at the timing of training in relation with the length that the training should be, we noticed that the three companies have different approaches. Although not all of them follow the recommendation of the training to start about a month before departure, they have all been successful with their expatriates.

In conclusion we can say that our contribution in this thesis has been to let the reader become aware that most of the processes are not as visible and clear as it says in literatures compared to what the three Swedish companies practice. One reason could be that the theories might not be applied in these three multinational companies, since most of the literatures are written by and for North Americans. Instead of following the theories in detail, they should be viewed as a foundation when deciding which processes are best suited for each company.

6.1   Implications

As stated in the method part, about finding a purpose, we had some implications when writing the thesis. First of all, our aim was to write a thesis from a dual perspective of managers and expatriates in the selection and training processes before an international assignment. As we proceeded with this purpose in mind, we had a hard time to gain access to expatriates from respective companies. The reason is because most of the expatriates have been exposed to interested students around Sweden that wrote their thesis within the same subject, and the companies have chosen to keep a lower profile in order to not let the expatriate get too distracted. We would like to give Edward Chan, former expatriate in Ericsson, our greatest thanks for taking part in our research. Unfortunately we did not manage to get hold of a manager from Ericsson that could take part in our interview. With this implication in mind, the best solution was to change our purpose and abandon the idea of having a dual perspective. Nevertheless, to re-organize a thesis after such an implication has proven to us to be very time consuming and inefficient. One thing we have learned through this is to really make the best out of the situation, and we are all proud of the result.

6.2   Further Studies

We have seen what three of Sweden's multinational companies have chosen to include in their training processes, however we think an interesting subject to touch upon is to see what training forms Swedish expatriates would like to have before their assignment abroad.

One issue that we came upon, when interviewing the companies, was the resignation of the expatriates after having returned back to Sweden. These expatriates had been chosen to work abroad and after have succeeded in the assignment, gained invaluable experiences and knowledge which got all wasted for the company when the expatriate chose to resign. We think a study of how managers should do to prepare the expatriates for returning home would be an interesting subject to write about.

This study has been a qualitative research of how selection and training processes are like in three Swedish multinational companies. Another approach could be to conduct a quantitative research where a study of how many companies in Sweden that actually use the methods mentioned in these three companies, in order to see if a generalization can be made.

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Appendix 1 Introduction Letter to our Respondents

Dear Sir/Madam,

We are three final year students from the International Business School of Jönköping, Sweden. Our names are Huynh Ronny, Johansson Rickard and Tran Tuyet-Tu.

The reason why we are contacting your company is because we are currently writing a Bachelor Thesis in Business Administration and our subject of interest is about Swedish Companies that have established in the Chinese market.

We want to see how companies manage cultural differences, and what challenges they faced and how the companies have adapted to changes within the field of human resources. The goal of our thesis is to try to analyze how companies deal with human resource issues concerning cultural differences (confrontation) in already established company branches in China.

Through research we found out that your company matches the purpose of our thesis. We hope that you are interested of what we want to achieve with our thesis. We would really be grateful if your company wants to help us with this work.

Our plan is that a couple of interviews will be conducted, through mail or phone since the distance makes it difficult to make interviews face to face. The thesis will hopefully be finished before January 2007. Before submitting the essay to the school, we will make sure that your company will receive a copy of our Bachelor thesis so that you would be able to make comments.

We are interested in getting contact with someone that is currently working as a representative for the company in China.

We look forward to get an answer from you.

Best Regards

Ronny Huynh
Rickard Johansson
Tuyet-Tu Tran

Contact info:
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Appendix 2 Questions for the Manager

We are three students from Jönköping International Business School that are writing a thesis in the field of Business Administration with a focus on Human Resource Management. The purpose of our thesis is: to gain an understanding of how three Swedish multinational companies select and train their expatriates before the international assignment in China.

Through our research, we believe that your company suits the purpose of our thesis and we are very grateful that you want to participate in our thesis. This thesis will be published so you and/or your company can, if desired, be anonymous.

When the final draft is done we will assure that you will receive a copy of our thesis so you can give us eventual feedback before we hand it in to the school.

In overall, when talking about expatriate in this interview, we define **expatriate** as: *An expatriate is an employee that is temporarily working and living in a country or region that is not his or hers home country.*

Personal Biography

1. Name (first name and last name):
2. Gender:
3. Age:
4. Civil status (Spouse and/or children):

Professional Background

5. Which company do you work at?
6. How long have you been working for this company?
7. What is your position in this company?
8. Have you been living and/or working in China before? If yes, do you think it has helped you in your work and in what way?

Selection

9. Are there any processes that you go through when finding suitable expatriates for the assignment (interviews, assessment tests and so on)?

10. Which competences do you look at and prioritize when choosing a candidate (language skills, social skills and so on)?

11. Who makes the final decision on which candidate is the most suitable for the international assignment (the manager, a committee and so on)?

12. Is a candidate with spouse and/or children less or more preferred to other candidates?

13. Do you think the age of the expatriate has any impact on the choice of candidate? If yes, what would that be?

14. How do you evaluate overall selection processes?

Training

15. According to your professional background, do you believe training is necessary for an expatriate before the international assignment in China? If yes, why is it so?

16. Does your company provide any training for the expatriates before they go abroad? If yes, what type of training methods are provided (pre-visits, lectures, language training and so on), how frequent is this training and how long before departure is the training provided?

17. Many factors are considered when sending an expatriate abroad, from the training perspective, what do you believe is the most important training methods before going to China?

18. Do you have discussions with the expatriate of suitable trainings?

19. Do you arrange with some local representatives that help the expatriate as well as his/her family before the initial stage of the international assignment (accommodation, social networks, school and so on)?

20. Does your company provide any preparation for the expatriate's family (spouse and/or children)? If yes, what sort of preparation do you offer them and how frequent and how long before departure is the training provided?

21. Does your company evaluate the training methods? If yes, how does it evaluate the training methods?

Other Questions

22. Do you have experiences of previous expatriates that found it hard to adapt to the country, China? If yes, what, according to you could have been done better in the selection and training process in the earlier stages to minimize these failure possibilities?

23. When being successful (assignment being accomplished), was there anything that was particular helpful to help you to improve the selection and the training process for future expatriates?

Any other Comments?

Thank you for taking time participating in our thesis

Best regards,

Ronny Huynh
Rickard Johansson
Tuyet-Tu Tran