Cross-Cultural Adjustment of Hongkong and Singaporean Expatriates in China:  
A Comparative Study
DECLARATION

I hereby certify that the work embodied in this Dissertation Project is the result of original research and has been not been submitted for a higher degree to any other University or Institution.

_______________________________
Sau Tak Tang
August 30, 2012
ACKNOWLEDGEMENTS

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I am most appreciative of the assistance rendered to me by the administrators of Newcastle Graduate Business School, especially concerning my variation of candidature.
ABSTRACT

There has been increasing demand for ethnic Chinese expatriates in international enterprises in China. Hongkong and Singaporean expatriates are an important source of expatriate labour due to their perceived ability to bridge and integrate Western and Chinese cultures, as well as their higher degree of cross-cultural adjustment in China. The expatriate talent market in China is discussed in detail. An online survey of the members of Hong Kong and Singapore chambers of commerce in China was conducted, resulting in a sample size of 146 (71 Hongkongers and 75 Singaporeans) for this study. Quantitative techniques including $t$-Test, ANOVAs and Pearson’s correlations were employed. Findings of this study demonstrate that both Hongkong and Singaporean expatriate groups perceived their home cultures somewhat similar with that of mainland China, despite the fact that the cultural distance between Singaporean expatriates’ home culture and the Chinese culture is relatively larger than the cultural distance between Hongkong expatriates’ home culture and the mainland’s culture. Besides, both expatriate groups reported ‘somewhat’ successful in all four facets of cross-cultural adjustments, i.e., general adjustment, interaction adjustment, work adjustment, and psychological adjustment. These results show that the ‘Overseas Chinese Staffing Strategy’ of many multi-national enterprises in China has some truth in it. Implications are drawn for theory and practice.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>DECLARATION</td>
<td>i</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENTS</td>
<td>ii</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>iii</td>
</tr>
<tr>
<td>SECTION 1: INTRODUCTION</td>
<td></td>
</tr>
<tr>
<td>Background</td>
<td>1 - 2</td>
</tr>
<tr>
<td>Statement of Purpose</td>
<td>2 - 4</td>
</tr>
<tr>
<td>Research Questions</td>
<td>4</td>
</tr>
<tr>
<td>Significance of the Study</td>
<td>4 - 6</td>
</tr>
<tr>
<td>SECTION 2: REVIEW OF LITERATURE</td>
<td></td>
</tr>
<tr>
<td>The Expatriate Human Capital Markets in China</td>
<td>7 - 11</td>
</tr>
<tr>
<td>Expatriate Failure</td>
<td>11 - 13</td>
</tr>
<tr>
<td>Expatriate versus Locals</td>
<td>13 - 18</td>
</tr>
<tr>
<td>Expatriate Selection</td>
<td>18 - 24</td>
</tr>
<tr>
<td>Cultural Differences and Cultural Values</td>
<td>24 - 27</td>
</tr>
<tr>
<td>Cultural Distance as Variable and Construct</td>
<td>27 - 31</td>
</tr>
<tr>
<td>Chinese Culture and Perceived Hardship</td>
<td>31 - 37</td>
</tr>
<tr>
<td>Ethnic Chinese Expatriates from Hong Kong and Singapore</td>
<td>37 - 43</td>
</tr>
<tr>
<td>Comparative Expatriate Cross-Cultural Adjustment in China</td>
<td>43 - 49</td>
</tr>
<tr>
<td>Theoretical Framework of Expatriate Adjustment</td>
<td>49 - 60</td>
</tr>
<tr>
<td>SECTION 3: RESEARCH METHODOLOGY</td>
<td></td>
</tr>
<tr>
<td>Hypothesis</td>
<td>61 - 63</td>
</tr>
<tr>
<td>Target Population and Samples</td>
<td>64 - 66</td>
</tr>
<tr>
<td>Collection of Data</td>
<td>67</td>
</tr>
<tr>
<td>Instruments</td>
<td>67 - 69</td>
</tr>
<tr>
<td>Reliability Analysis</td>
<td>70</td>
</tr>
<tr>
<td>SECTION 4: RESEARCH FINDINGS</td>
<td>71 – 79</td>
</tr>
<tr>
<td>SECTION 5: DISCUSSION AND CONCLUSION</td>
<td></td>
</tr>
<tr>
<td>Perception of Cultural Distance</td>
<td>80 - 81</td>
</tr>
<tr>
<td>Four Facets of Cross-Cultural Adjustment</td>
<td>81</td>
</tr>
<tr>
<td>Correlations Between Cultural Distance and Cross-Cultural Adjustment</td>
<td>82</td>
</tr>
<tr>
<td>Limitations of the Study</td>
<td>83 - 85</td>
</tr>
<tr>
<td>Implications for Further Research</td>
<td>85</td>
</tr>
<tr>
<td>SECTION 6: IMPLICATIONS FOR INTERNATIONAL ENTERPRISES</td>
<td>86 – 87</td>
</tr>
<tr>
<td>SECTION 7: APPENDICES</td>
<td>88 - 95</td>
</tr>
<tr>
<td>SECTION 8: REFERENCES</td>
<td>96 - 118</td>
</tr>
</tbody>
</table>
LIST OF FIGURES AND TABLES

FIGURES

Figure 1 Hewitt China’s 2007 Expatriate Survey................................. 9
Figure 2 FDI to China by Country/Region of Origin 2008 & 2009........... 40

TABLES

Table 1 Reliability Analyses of All Variables................................. 70
Table 2 Background Data of the Two Sub-Samples (HK & SG Expats). 71
Table 3 Cultural Distance of the Two Sub-Samples (HK & SG Expats). 73
Table 4 Cross-Cultural Adjustment of the Two Sub-Samples (HK & SG Expats)......................................................... 75
Table 5 Correlation Matrix for the Hong Kong Sample.................... 78
Table 6 Correlation Matrix for the Singaporean Sample.................... 78
SECTION 1 : INTRODUCTION

Background

Since its open door in 1978, China has been experiencing unprecedented transformation and rapid economic development. The nation’s remarkable economic growth of about 10% per annum has continued for more than two decades (Mathews & Li, 2009) (Appendix A). Its membership to the World Trade Organisation (WTO) in December 2001 marked the nation’s integration with the world economy. Its gross domestic product (GDP) grew from US$1,175 billion in 2001 to US$2,529 billion in 2006 (IMF, 2004 & 2006) and to more than US$6 trillion in 2011 (China Daily, 2012a). Although her growth has recently slowed due to the recent financial and debt crises in the US and Europe, its GDP has been maintained around 7% to 8% per annum, which economists have considered it heading towards a more balanced and sustainable growth path (Bottelier, 2012). Regionally, a pan-Asian integration with China as the main driver is already in formation (Bhattacharyay, 2012). By the end of 2010, China overtook Japan as the world’s second largest economy (Bloomberg, 2010, Wang & Wheatley, 2010). Economists now predict that China will overtake the U.S. as the world’s largest economy in two decades or sooner (Keidel, 2008). As many writers have remarked, the ‘China Century’ is arriving (Brahm, 2001) and she will ‘rule the world’, soon (Jacques, 2009).

China has surpassed the U.S. in the first half of 2012 as the world’s largest recipient of foreign direct investment (FDI), totaled US$59 billion (China Daily, 2012b,

Despite the growth in expatriation, the rate of expatriate failure in China has been very high (Lund & Barker, 2003) largely because of the cultural disparities (Ward & Rana-Deuba, 1999, Harvey & Kiessling, 2004) and for the fact that most expatriates lack the experience of China, do not speak the Chinese language, and adjust poorly to the environment (Stuttard, 2000). In response to the high rate of expatriate failure, more and more international enterprises in China are shifting away from the primary reliance on Western expatriates (Collings, et al, 2009) to tapping into the ethnic or overseas Chinese, particularly Hongkongers and Singaporeans, as key source for expatriates (Chung & Smith, 2007, Lau, 2007).

**Statement of Purpose**

Expatriates experience socio-cultural and psychological adjustment problems soon after their relocation to a different country like China. Adjustment problems tend to level off steadily over time. As such, some expatriates may find it easier to adjust in a host country while others may find it more difficult. Research findings suggest that the magnitude of cross-cultural adjustment problems is overall related to the cultural gaps

There is a widespread belief that ethnic Chinese expatriates, particularly Hongkongers and Singaporeans, have a smaller cultural gap with mainland Chinese managers and co-workers relative to Western expatriates. They are believed to be more adaptable to the Chinese environment, and hence they may be considered by international enterprises better choice for expatriate appointments in China (Chung & Smith, 2007, Lau, 2007, Tian, 2007, Hewitt Associates, 2010).

However, for simplicity and often misconception, Hongkong and Singaporean expatriates, and others (such as Taiwanese, Chinese Malaysians, etc.) are viewed as one generic group; that is, they are all ethnic Chinese and are therefore alike. As such, research works tend to focus on and compare the experience of Western expatriates versus ethnic Chinese expatriates as two distinct groups. However, based on research (Ratiu, 1983, Kumar & associates, 2005, Ganster & Kedl, 2005, Chia & associates, 2007) and my direct observation as an expatriate in China myself, this study questions the assumption that all ethnic Chinese are equally China-ready and adjustable to the Chinese context. In the past decades, Hong Kong, Singapore and mainland China
followed somewhat different paths of cultural and economic development, thus leading to growing cultural gaps among them. Envisaging such cultural differences, this study is to investigate whether Hongkong and Singaporean expatriates are equally able to adjust to the Chinese environment.

Research Questions

The purpose of this study is to compare the degree of cross-cultural adjustment of Hong Kong and Singaporean expatriates in China. The primary research questions are: to what extent Hongkong and Singaporean expatriates experience cross-cultural adjustment problems in China, to what extent do they exhibit different patterns of adjustment, and in what way they are different. Moreover, are the cultural gaps between Hongkong expatriates and mainland Chinese similar to those between Singaporean expatriates and mainland Chinese? Is there a relationship between their cultural gaps and the degree of cross-cultural adjustment in China?

Significance of the Study

Recruitment and selection of expatriates is key issue of international human resource management (Dowling & Welch, 2005). China, as one of the top destinations for ‘international assignees’, i.e., expatriates, according to the 2011 Global Relocation Trends Survey (Brookfield GRS, 2011), is witnessing the international enterprises struggling with this problem.
Although there have been some research and studies concerning the question of selection criteria and measures for predicting expatriate success in international assignments, they fail to offer effective and practical methods and criteria to human resource practitioners for assessing the cultural skills and knowledge of candidates, and thus selection of candidates relevant to the operations in a host country is always problematic (Smith, 1994). International enterprises in China, based on a seemingly logical sense, have shifted their focus to Hongkongers and Singaporeans as a key source for expatriate appointments (Chung & Smith, 2007, Lau, 2007).

Over the past decades, there was an increasing number of studies focused on expatriate cross-cultural adjustment (Takecuchi, 2010), but so far, for China, studies on this issue have concentrated on Westerners and ethnic Chinese, which is generically inclusive of all ethnic Chinese outside mainland China. Pertaining to this issue, comparative cross-cultural research of Hongkong and Singaporean expatriates as two different subgroups and in the context of China is absent.

Originally from Hong Kong, I have lived in Singapore for almost 20 years, and during this period, I have been posted by a Singapore company to Beijing as its chief representative for six years. There I have seen many Singaporean expatriates, at least, repatriated before completion of international assignments. My expatriation experience in China has always inspired me of researching into the cross-cultural adjustment issues of ethnic Chinese, particularly Hongkongers and Singaporeans.
This comparative study of Hongkong and Singaporean expatriates in the China context is undertaken for its very first time. Results of this study will hopefully fill the research gap, bringing timely knowledge on the emerging phenomenon of ‘Overseas Chinese Staffing Strategy’ in China, and informing the human resource practitioners in the international enterprises and researchers in the field of expatriate management the truth and/or myths about the cross-cultural adjustability and adjustment of Hongkong and Singaporean expatriates in China.
SECTION 2 : REVIEW OF LITERATURE

The Expatriate Human Capital Markets in China

The global human capital market typically seeks to hire talents from to the following categories of sources:

1) Parent country nationals (PCNs)
2) Third country nationals (TCNs)
3) Host country nationals (HCNs)

to fill the management, professional and leadership positions in enterprises located internationally (Gong, 2003a, Ball, et al, 2005, Dowling & Welch, 2005). Parent country nationals (PCNs) are usually citizens of the home countries where the international enterprises are headquartered. Third country nationals (TCNs) are citizens of neither the home nor the host countries. They may have worked for another overseas units of the international enterprises or may be foreign nationals already residing in the host country who have the necessary work permits and some knowledge of the local languages and customs. Host country nationals (HCNs) are citizens of the host countries where the subsidiaries are located (Ball, et al, 2005, Dowling & Welch, 2005).

However, this categorisation does not adequately portray the picture of the human capital markets in China where international enterprises target the following categories of talents (Gross, 1997) instead:

1) Non-Chinese expatriates: While they are primarily Westerners, many are Asians including Japanese and Korean. They belong to the PCN category.

2) Ethnic Chinese expatriates: They are mainly from the region including Hong Kong, Singapore, Taiwan, Malaysia, Indonesia, etc. Overseas Chinese born and brought up in the Western countries also fall under this category. They may belong to the TCN or PCN categories.

3) Mainland Chinese returnees: They are native Chinese but have received education abroad, often with working and living experience overseas. They are usually HCNs or may possibly be TCNs if they have overseas residency rights (e.g., green cards, permanent residence, etc).

4) Mainland Chinese: They are also native Chinese but have been educated and brought up locally in mainland China. They have little overseas exposure, and are typically HCNs.

International enterprises in China recruit expatriates for corporate control, coordination, integration, transfer of know-how, and coverage for the lack of local talents (Torbiorn, 1997, Bonache & Cervino, 1997, Gong, 2003a). Traditionally, they are selected for international assignments because they have been successful and are experienced in the parent or regional firms, and they are usually posted from the home country of the international enterprises (Black, 1992). However, unique to China, the usage of expatriates, particularly ethnic Chinese expatriates, is related to the shift from
an ethno-centric approach to a talent-centric approach to selection of expatriates, and the requirements for bilingual capabilities, cultural understanding and sensitivity are becoming the norms in the selection equation (Glasford International, 2011).

In China, the growth in number of expatriates was unprecedented in recent years and the number is still growing (SRC, 2007, AmCham Shanghai, 2007). A survey by Hewitt Associates (2010) revealed that by 2007, up to 53% of the management, professional and leadership positions in international enterprises in China were filled up by expatriates (Figure 1). The same Hewitt survey also revealed that 55% of participating companies planned to employ more expatriates by the end of 2008. Although China, like all other countries, was hit by the global recession in late 2008, the number of expatriates is still on the rise, and this phenomenon can be explained by the fact that companies nowadays are expanding rapidly from the first-tier cities along the coastal regions to the second- and third-tier cities in the interior regions (WERC & HKIHRM, 2006). So, they still hire, but it is just that they are much more cautious and selective nowadays (China Daily, 2008).

Figure 1 Hewitt China’s 2007 Expatriate Survey

<table>
<thead>
<tr>
<th>Western Expatriates</th>
<th>Professional</th>
<th>Senior Professional</th>
<th>Middle Managmt</th>
<th>Senior Managment</th>
<th>Director</th>
<th>Top Executive</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.4 %</td>
<td>8.2 %</td>
<td>14.0 %</td>
<td>24.1 %</td>
<td>36.5 %</td>
<td>51.1 %</td>
<td>21.4 %</td>
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<table>
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<tr>
<th>Asian Expatriates</th>
<th>HK/Singapore</th>
<th>Taiwan</th>
<th>Other Asian</th>
<th></th>
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<tr>
<td>5.2 %</td>
<td>30.1 %</td>
<td>19.1 %</td>
<td>17.1 %</td>
<td>21.0 %</td>
<td>14.7 %</td>
<td>19.9 %</td>
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<table>
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<tr>
<th>Chinese Nationals</th>
<th>Chin Returnee</th>
<th>Native Chinese</th>
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<tbody>
<tr>
<td>7.0 %</td>
<td>4.6 %</td>
<td>37.0 %</td>
<td>43.5 %</td>
<td>25.6 %</td>
<td>21.1 %</td>
<td>41.3 %</td>
<td></td>
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</table>

Government statistics in 2005 showed that the number of expatriates legally working and living in China almost doubled than that in 2002, reaching a record high of more than 150,000 (People Daily, 2006). Other reports, citing government statistics, showed that the total number of expatriates in China was estimated to be more than 380,000 by 2005 (Beijing China, 2010) or even more than 400,000 by 2009 (Glasford International, 2011). The discrepancy of these statistics may be due to the definition of visas and expatriates. For example, there are a large number of foreigners who are regularly in China on secondment using long-term, multiple entry business visas. Also there are many Hong Kong managers, including Hongkongers and Caucasians, posted by the offices in Hong Kong to mainland China, and they may not have a work visa simply because of proximity of these two places. Technically speaking, the government does not consider them expatriates but the companies will likely provide them expatriate remuneration (Stewart, & DeLisle, 1994).

In the last few years, many foreigners entered China to study the Chinese language and culture. They are younger, and/or are from all over the world. After one to three years of study and living experience in China, many of them found a job and stayed. However, they were often offered employment contracts on local terms although the remuneration would probably be higher than that earned by local Chinese. These new breed expatriates are known as ‘local hire’ expatriates, who are on employment in China with the so-called ‘plus-plus’ (local) contracts (Brubaker, 2008).

Since a lot of international enterprises are located in the first-tier cities such as Shanghai, Beijing, Guangzhou and Shenzhen, the percentage of expatriates in these
cities is expectedly much higher. For example, Shanghai alone has registered over 700,000 foreigners on employment visas (china.org.cn, 2008). A survey in 2005 revealed that in Shanghai, up to 85.6%, 74.5% and 63.8% of top executive, director and manager positions, respectively, were held by expatriates (Filou, 2006).

The composition of expatriates in China was rapidly changing in recent years. A comparison of Hewitt surveys in 2005 and 2007 shows that the percentage of Western expatriates has drastically dropped from 31% in 2005 to 21.4% in 2007 (Hewitt Associates, 2010). This downtrend can be explained in view of the challenges facing international enterprises in China nowadays, and some of these challenges include the high rate of expatriate failure and the high-cost expatriate package.

**Expatriate Failure**

The term ‘expatriate failure’ has been defined as the premature return of an expatriate, i.e., a return home before the period of international assignment is completed (Dowling & Welch, 2005). The question of expatriate failure typically focuses on emerging economies such as China because of the obvious cultural disparities and cross-cultural adjustment problems experienced by expatriates (Harvey & Kiessling, 2004).

Two global surveys conducted in 2002 by ORC Worldwide and GMAC Global Relocation Services revealed that the rate of expatriate failure was between 10% and 17% (Dowling & Welch, 2005). Other researchers such as Hill (2005) estimated it somewhat between 10% and 40%. Besides, reports in the 1980s showed that American
expatriates’ failure rates worldwide were between 15% and 40% (Bohl, 1986, Tung, 1987). On the other hand, European expatriates seem to be generally more successful cross-culturally than the American counterparts (Aycan, 1997a, Morley, et al, 1997). In fact, it was reported that the failure rate for British expatriates was as low as 8% (Forster, 1997).

In the contexts of China, Lund and Barker (2003) reviewed nine reports and concluded that the failure rate for Western expatriates in China could be as high as 70%. According to another report, almost half of newly-appointed expatriates leave China early and fail to complete their international assignments because of difficulty in adjusting in China (China Daily, 2009).

Expatriate failures cost the companies enormously. According to Wederspahn (1992), the first-year posting of Western expatriates could cost international assignments at least three times the basic salaries of their domestic counterparts. A recent survey showed that the remuneration packages for expatriates in China ranged from US$4,000 to US$7,000 (median) per month, plus housing allowances ranging from US$1,000 to US$3,000 (median) per month (Klump, 2010). Depending on the contracts, expatriate benefits may include international school education for children, tax equalization, and/or foreign-service (previously called hardship) premiums.

Researchers have reminded that expatriate failure does not just mean premature repatriation only, but also under-performance while on the job (Morley, et al, 1997, Tung, 1982, Stuttard, 2000, Baruch, 2005, Tian, 2007). It is estimated that under-
performance could constitute between 10% and 20% of expatriate failures (Wang, et al., 2003), and these under-performing expatriates could adversely affect the performance of business, causing serious harm to the company and its business (Chew & Zhu, 2002, Dowling & Welch, 2005). Researchers have also identified other indirect and non-monetary costs incurred by expatriate failures, including poor client relationships, unrealized business opportunities, loss of sales and market share, damaged company reputation, and psychological damage to the expatriates, their family members, and likely the successors (Morley, et al., 1997, Chew & Zhu, 2002). Therefore the longer an under-performing expatriate stays on the job, the higher the costs to the company (Black & Stephens, 1989).

Expatriates versus Locals

In response to the stiff challenges and cross-cultural adjustment problems faced by Western expatriates, international enterprises attempt to reduce or shorten their assignments. Those who are there for operative functions and transfer of know-how roles tend to be repatriated first (Torbiorn, 1997). Concurrently companies are accelerating localisation of the management, professional and even leadership roles (Selmer, 2003a & 2004a, Fryxell, et al., 2004). As shown in Figure 1, today 46.9% of such positions are filled up by local Chinese.

However, there are acute problems that hinder the localisation process. Such problem is called ‘Talent Crunch’ (Farrell & Grant, 2005), which means that while many have intention of replacing the foreign staff with local Chinese, international
enterprises have also found themselves facing other enormous challenges, one being the existence of ‘management gap’ between expatriates and local talents (Perkowski, 2008, Enright, 2008). According to a study, Chinese university students, in comparison with the American counterparts, achieved lower scores in occupational achievement, self-described intelligence, self-assurance, decisiveness, and initiative. The same study was replicated six years later (in 1993) but it still did not show any significant change or improvement. That means, the problem of ‘management gap’ has yet subsided over time (Spector & Solomon, 1991 cited in Tabak, et al, 1998). Despite the fact that China produces more than three million university graduates every year (Farrell & Grant, 2005), it is estimated that fewer than 10% of them are ready and suitable for employment with international enterprises (Lue, et al, 2008, Wu, 2008). It is therefore not surprising that there have been more and more corporate complaints about the acute shortage of qualified and skilled staff in China (Zinzius, 2004, Hahn, 2007, Wu, 2008).

The shortage of talents in China is a very complicated issue. Pertaining to this issue, it is important to understand that during the Mao Zedong era, an enormous damage was caused to Chinese institutions (e.g., schools and universities). One should also note that China has a very short history of reforms and development, which can be dated back to 1992 when Deng Xiao Ping toured Shenzhen, sparking rapid reforms and growth (exceeding 14%) (Zhao, 1993, Panitchpakdi & Clifford, 2002). Therefore local Chinese with ten years of professional experience or more are rare, and those with overseas experience and international business practices are even smaller in number.
Although China is undergoing its modernizations, the mindsets of Chinese remain ‘backward’. It is not difficult to prove it as international enterprises make loud noises about the ‘twisted’ way of doing business by Chinese businessmen, managers and others. For example, Midler (2009), after many years of business dealing with the Chinese, concluded that too many of Chinese businessmen were only interested in keeping costs low by compromising product quality. They dared to copy technologies, the entire business models, and even the brand names. Besides, there are many other negative comments about the Chinese managers. As Chung and Smith (2007) have observed, mainland Chinese managers often excuse themselves for not getting things done by just saying – ‘This is China. It can’t be done’. Yet there are other times they behave wildly entrepreneurial, like cowboys. When this occurs, they say – ‘This is China. Everything could be done here, but differently’. Besides, there is widespread talk about their reliance on instinct and gossip when making decisions; they count on informal networks (i.e., Guanxi); they tend to be passive and over-compliant; many are so bureaucratic that things will never get done; they job hop; so on and so forth (Stuttard, 2000, Schafer, 2005, Tian, 2007, Perkowski, 2008). Problems like nepotism, corruption, incompetence, wrong assessment of market, unwillingness to implement strategies, inability to cooperate and motivate, short-termism, and eagerness to make quick money are prevailing (Zinzius, 2004).

According to a survey cited by Wozniak (2003), each year some 43% of Chinese executives are prepared to leave their companies. Compared with just 5% in Singapore, the turnover rate is unacceptably high. Many international enterprises talk of the costs
associated with developing the star-employees only to have them poached by rivals (Enright, 2008).

Siu and Darby (1999) have attempted to explain this negative view of local Chinese executives. In the first place many Chinese workers are migrants from various parts of China. Their main purpose is to earn as much money as possible, and as quickly as possible as well. Once they have earned enough (?), they will return to their home town or village. Besides, some scholars have added that local Chinese who were born after 1978 have been ‘spoilt’ because they were brought up like little emperors and empresses in the families as a result of the One-Child Policy (Sull, 2005, Chung & Smith, 2007, Dewoskin, 2008).

Lastly, the localisation process may be blocked by the expatriates themselves. For example, companies may have asked the expatriates to start training the local Chinese so that they may one day take over key positions once filled up by foreigners. Yet expatriates have unenthusiastically, reluctantly and slowly acted because successful localisation implicates early displacement of themselves (Fryxell, et al, 2004, Selmer 2004a).

There is a new breed of Chinese though – the Chinese returnees. Over the last decades, international enterprises are eyeing on Chinese returnees who left China but have now decided to return (Cui, 2006). These returnees are known as ‘hai qui’, which in the Chinese pronunciation sounds as the words ‘sea turtles’. They usually hold overseas degrees, are able to speak fluent English, and possess some international
experience (Wang, 2005, Yang & Tan, 2007). According to recent statistics, there are more than 600,000 students currently studying overseas (Yang & Tan, 2007), and each year, over 100,000 students join in (Gross, 2007). Just between 1978 and 2005, a total of 930,000 Chinese went overseas, but among them, only about one-third returned to China (Fang, 2007, Yang & Tan, 2007).

However, there has recently been reversal of this trend. According to a recent survey, more than 80% of Chinese students abroad want to return to China after graduation and/or after some years of work overseas (Gross, 2010). As such, instead of calling the trend ‘brain drain’, people now call it ‘brain gain’ (Alsop, 2007, Filou, 2006, Yee, 2006).

In fact, the government has provided favourable policies and incentives to attract them home. For example, more than 60 techno-preneurship parks have been set up in major cities to lure their returns (Yang & Tan, 2007). However, despite the fact that more and more overseas-educated Chinese are returning to China, the number is too small, relative to the demand. As Figure 1 shows, so far only 5.6% of the management, professional and leadership positions are filled by Chinese returnees today.

Many international enterprises provide training opportunities to high-performing Chinese by providing them overseas attachment to the headquarters or regional headquarters (Torbiorn, 1997). When they return, they become the so-called inpatriates who set to replace expatriates (Harvey & Miceli, 1999, Harvey, et al, 1999a & 1999b,
Mayerhofer, et al, 2004a). However, again the number of inpatriates is negligibly small.

As a result, many international enterprises turn to a controllable alternative approach to address the management gap issue in China; that is, they target the ethnic Chinese in the region.

**Expatriate Selection**

Recruitment and selection are crucial to any company, whether it is domestic or international. However, this process is a lot more difficult for international enterprises because the selection of candidates includes a task of predicting their future performance and cross-cultural adjustment potentials in a foreign country, and the chance of making selection error, thus leading to high rate of expatriate failure, is high. Therefore, according to a recent survey, international enterprises rate *finding suitable candidates* as their top challenge (Dowling & Welch, 2005).

International enterprises typically follow the ethnocentric staffing strategy by filling management, professional and leadership positions with PCN expatriates. However, this strategy is largely ineffective in the contexts of China because of the cultural myopia of PCN expatriates, particularly Western expatriates. Nowadays the selection of expatriates has become more talent-centric, which means that candidates for expatriation have to be assessed against specific aspects (i.e., attitudes, knowledge and skills) of cultural competence (Stanhope, et al, 2005), and attitude consists of cognitive,
affective and conative components (Wiseman, et al, 1989). Moreover, cultural competence must also be country-specific (e.g., China, if the candidate is to be posted to China), and it includes language, dominant values, beliefs, prevailing ideology and rules governing communication and behaviour (Ibid, 1989). This means, given technical knowledge and skills, candidates’ country-specific cultural competence will be assessed as well.

Seak and Enderwick (2008) surveyed 40 New Zealander expatriates in China. Results showed that cross-cultural skills is the most important skill set required for working successfully in China, given the country’s cultural complexities.

An international executive company highlights that, specific to China, bilingual capabilities and cultural understanding should deserve special attention (Glasford International, 2011). According to an extensive survey, Zeira and Banai (1985) found that the top three selection criteria of expatriates are:

1) Proficiency in the host-country language
2) Expertise in the specific assignment in the host country
3) Expertise in the host-country business practice and environment

Tung (1981) added that one’s personality traits and family situation should also be assessed for international assignments.
A recent study shows that the management systems in East Asia have been successful, but behind the success is their capability of forming hybrid systems, based on the U.S. or European models and Asian characteristics (Zhu, et al, 2007). Based on the same logics, international enterprises in China, if they want to be successful, will have to form hybrid systems by incorporating Chinese characteristics. This burden is rested on the shoulder of expatriates, who must be equipped with China-abilities for the cross-cultural adjustment of themselves, and, depending on the portfolios, for forging China-compatible hybrid systems in the country.

Tung (1982) distinguished expatriate roles into the following four types:

1) chief executive who is to oversee and direct the entire operation
2) functional head who is to manage a department
3) trouble shooter who is to handle operational problems, and
4) operative

Torbiorn (1994) also distinguished the operative and strategic use of expatriates. The point is that each of these types requires a unique kind of cultural competences. Besides, they are involved in varying degrees of contacts with the local culture and people. So selecting the right person for the aforesaid types of expatriate job is extremely challenging to the human resource practitioners.

Scholars are critical of human resource practitioners for not using proper criteria and methods for expatriate selections (Stone, 1991, Caligiuri, et al, 2009). On the other
hand, human resource practitioners also complain about the inadequate selection methods and the impractical and excessively complicated selection criteria (Sergeant & Frenkel, 1998). For example, the four-stage model of Varner and Palmer (2005) below is simply too complicated and impractical to the human resource practitioners and the international enterprises. The model involves 4 stages of selection process:

1) Stage 1: to screen a candidate for personality characteristics
2) Stage 2: to find out the candidate’s cultural preferences
3) Stage 3: to study his/her degree of tolerance for cultural differences
4) Stage 4: to determine optimal adaptation strategies and provide adequate training to prepare the candidate for international posting

Understandably, human resource practitioners of international enterprises will find these selection criteria and methods ‘valid’ but ‘vigorous’ but extremely difficult to follow and implement. For them, it is already hard for them to find enough candidates who are willing and ready to accept international assignments (Wan, et al, 2003). If the candidates are told that they have to take part in and pass these exhaustive screening and tests, they will certainly shy away. On the other hand, it is also hard to expect that international enterprises are to be equipped with these capabilities in terms of processes, systems, policies and (HR) staff (Deloitte, 2010). Many actually outsource their expatriate selection function to ‘head hunting’ agencies, assuming that they should have the capabilities.
In order to make selection criteria simpler and easier for practical use by the human resource practitioners, some scholars (e.g. Stanhope, et al, 2005) recommend use of psychometric tests for assessing and predicting a candidate’s cultural competence (e.g., Cross-Cultural Adaptability Inventory by Myers, 2009). However, they are not effective either because of the reliance on self-reported ratings (Tung, 1981). After all, imposition of psychometric testings will make international assignment much more unattractive and potential candidates will simply shy away.

In the absence of simple and practical methods for evaluating cultural competence, especially China-specific cultural competence, human resource practitioners have turned to the simplest but obvious direction; that is, to hire those who have the Chinese blood. In China, Western expatriates are being replaced by Asian-born ethnic Chinese (Chung & Smith, 2007). Tian (2007) calls this China-unique approach to expatriate management ‘Overseas Chinese Staffing Strategy’. Presently almost 32% of the management, professional and leadership positions in China are staffed with Asian-born expatriates and among them (19.9%) are from Hong Kong and Singapore (Figure 1).

Behind this ‘Overseas Chinese Staffing Strategy’ are assumptions about ethnic Chinese as more ideal candidates for expatriation to China because they are English- or Western-educated, able to speak at least two languages (that is, English as the first or second language and Chinese as mother tongue), are conversant about Western, Asian and Chinese business practices, and have their cultural roots in China (Varma & Stroh, 2001, Zinzius 2004, Wee & Combe, 2009, SRC, 2007). So they are sought by
international enterprises in China because of their ‘Chinese-ness’ (Chung & Smith, 2007). Pertaining to this assumption is the belief that ethnic Chinese should be not only more adjustable to the environments in China, but can better be more able to integrate (i.e., hybrid) the two ‘worlds’ for corporate success (Zinzius, 2004, Wee & Combe, 2009). As such, ethnic Chinese are considered by international enterprises a better choice for expatriate appointments in China (Chung & Smith, 2007, Tian, 2007, MacKinnon & Powell, 2008, Hewitt Associates, 2010). It is also thought that ethnic Chinese such as Hongkongers and Singaporeans are well positioned to establish and maintain linkages between the parent company, regional headquarters in Asia, and the operations in China (Mayerhofer, et al, 2004a & 2004b). After all, as reported in a recent survey by a consulting firm, most regional headquarters of these international enterprises are located in Hong Kong or Singapore, although many have moved their regional headquarters to Shanghai in recent years (Goss-Custard, 2012).

According to the East Asia Analytical Unit of the Australian government, there are about 55 million ethnic Chinese worldwide. In the East Asia alone, their number stands at 50.3 million (EAAU, 1995). Wang (2010), citing China’s Xinhua News Agency, has reported that there are 48 million Chinese living outside China, Hong Kong, Macau and Taiwan, and there has been a renewal of interest in their number and the amounts of capital that they make available for investment in China. Lau (2007) of an executive search agency candidly says that the vast number of ethnic Chinese in the East Asia is good news to international enterprises in China. Ethnic Chinese tend to be pro-China and are keen to bring their skills into the country. In fact, EEAU gave credits to the ethnic Chinese for their first-wave investments into Asia and later China. It was
their FDI that directly led to the ‘East Asian Miracle’ and later the ‘China Miracle’ (EAAU, 1995). No wonder the Chinese government at one time attempted to lure the ethnic Chinese home by a green card (permanent residence) system in 1996 (Zinzius, 2004).

**Cultural Differences and Cultural Values**

When working and living abroad, expatriates will somehow experience culture shock. Their reaction to culture shock can be quite stressful. Zapf (1991) has identified 45 emotional reactions that indicate the stress derived from cultural shock; they include frustrated, confused, anxiety, fatigued, overwhelmed, irritated, resentful, resentful, impatient, homesick, etc.

Research findings suggest that the greater cultural differences between home and host cultures, the higher level of culture shock and the stronger the feeling of homesickness and stress felt by the expatriates (Elmer, 2002). In fact, because of the inability of many Westerners to understand the realities of new China, the cultural differences between Westerners and Chinese are said to be growing, in divergent directions, rather than in convergence (Mahbubani, 2008: 133).


Cultural distance is not only manifested at national level, but also organisational and individual levels (Vertinsky, et al, 1990, Meschi, 1997). There have been voluminous research studies on cultural differences at the national level. Ralston and associates (1992, 1993a, 1993b, 1996) have been at the forefront of comparative research on differences in cultural values at national level. Why cultural values? Cross-cultural psychologists assume that core cultural values define to a large extent what a culture is (Wan, et al, 2007), and core cultural values tend to be resistant to change and convergence (Vertinsky, et al, 1990). One of the studies by Ralston and his associates (Ralston, et al, 1996) was on managers in the US, Russia, Japan and China, using the Schwartz Value Survey (SVS). They found that at the macro- (national and organisational) levels, there are signs of cultural crossvergence. However at the micro- (individual) level (i.e., at the sub-dimensional of SVS), there appear too many value differences. In fact, research findings further suggest that at the individual level, the greater cultural differences between home and host cultures, the higher the level of culture shock and the stronger the feeling of homesickness and stress felt by expatriates (Elmer, 2002). These findings are consistent to the findings by Child (1981, cited in Vertinsky, et al, 1990) that macro-level variables, particularly organisational structure and technologies, show some form of convergence, though not entirely), whereas micro-level variables such as behaviours and attributes of individuals remain divergent.
These findings implicate two areas of concerns for expatriate management in China:

1) senior level expatriates likely need the kind of cultural competence that can bridge and integrate the Western and Chinese cultures in terms of systems and practices, i.e., at a more macro-level.

2) middle level expatriates likely need the cultural competence to function ‘in-between’ the values, i.e., at a more micro-level.

Pertaining to the idea of functioning ‘in-between’ two value systems, Chung and Smith (2007) observed in a study of an Australian operation in China that ethnic Chinese managers often developed dual identities and operated them simultaneously. On certain occasions, they behaved as if they were a ‘Chinese’ while on others they became someone else (e.g., Australian, Canadian, Singaporean, Malaysian, etc.). The study found that when this survival strategy did not work, cultural conflicts occurred.

Ralston and his teams also conducted comparative studies on differences in managerial values, i.e., in-between two value systems, viz. between American, Hong Kong and mainland Chinese managers (Ralston, et al, 1993a), between American and Hong Kong managers (Ralston, et al, 1993b), and between American, Hong Kong and mainland Chinese managers (Ralston, et al, 1992)
These studies draw similar conclusion that culture and business environment interact to discriminate among the nationals, and have created a set of values unique to managers in each of these countries. They also imply that expatriates must make an effort to adapt to each other’s values if they want to function in others’ countries, or they will likely fail.

Research findings in general support the smallest cultural differences between mainland Chinese and ethnic Chinese expatriates, including Hongkongers, Singaporeans and Taiwanese (Chiu, et al, 1998, Curtis & Lu, 2004, Chung, et al, 2008, Tung & Baumann, 2009). According to a study by Selmer and de Leon (1993), the Chinese work-related values are found quite consistent across the two societies (Hong Kong and Singapore), and there are high similarities in work values between the two peoples. In fact, Hofstede’s extensive research (1991, 2001) confirmed that mainland Chinese, Hongkongers, Chinese Singaporeans and Taiwanese share core values such as collectivism. He argued that when the Chinese from mainland China migrated overseas, they carried with them the Chinese values, attitudes and Confucius heritage.

Cultural Distance as Variable and Construct

The term ‘cultural difference’ means that from a culture A to a culture B, there is a spatial distance. When measuring the ‘cultural distance’ of more than two cultures (e.g., B and C from A), their relative degrees of cultural space may be mapped. For example, while we know that the Chinese culture is distinctively distant from the Caucasian culture, it has relatively shorter ‘cultural space’ between the Chinese culture and the
Asian cultures. On the other hand, among the Asian cultures, they have different spatial distance too. For example, Furnham and Bochner (1982, cited in Redmond, 2000) classified cultural distance into three, i.e., near, intermediate and far. Similarly Kumar and associates (2005) postulated that if there were three space zones circumventing the Chinese culture, Taiwanese and Hongkongers would fall within the immediate and first zone, as they have shortest cultural space between the mainland Chinese culture and theirs. Then Singaporeans would fall within the second zone. Further away and in the outer and third zone would be Japanese and Koreans (Appendix B).

Researchers and scholars have developed models to measure the cultural differences (or similarities) between nationalities. The most popular model is Hofstede’s cultural dimensional constructs. However, this type of western-developed models has been criticized by many scholars for over-simplification into a few macro-dimensions and indexes (e.g., Shenkar, 2001), cultural bias (e.g., The Chinese Culture Connection, 1987, Cheung, et al, 1996), and measurement errors built into the models (e.g., Fang, 2003, Maseland & van Hoorn, 2009). For example, Child and Markoczy (1993) have argued against Hofstede’s notion on the Chinese collectivistic orientation that collectivism is simply a form of self-protection as the Chinese people tend to avoid making a first move; they want to see what others do first before they will act. This is called ‘dependency culture’. Jones (2010) also disagrees to the notion that Chinese are conformists or collectivists. Actually Chinese project a collectivistic image and conformity to the superiors to show respect to authority and outsiders, but under the surface, their real feelings are different. So it is this Chinese ‘cultural duality’ that often confuses foreigners. Even worse, this cultural duality contains a lot of co-existing
paradoxes in values like ‘Yin’ and ‘Yan’ (Faure & Fang, 2008). By drilling into each question of Hofstede’s survey, Maseland and van Hoorn (2009) criticized that the phrasing of questions led respondents to report the desired (‘should be’), rather than the actual (‘as is’) situation, thus mistakenly capturing marginal preferences rather than deep-rooted cultural values.

Pertaining to the question of measuring cultural distance, Shenkar (2001) reminded researchers some fallacies in assumptions:

1) Cultural distance (i.e., between A and B, and between B and A) is not symmetric
2) Culture is usually measured at a single point in time and space, but it actually may change over time and spatially
3) Culture differences exerting a linear impact on performance may not stand
4) Culture is not the only variable affecting performance
5) Cultural differences may be complementary to a host culture, causing positive synergetic effect on performance

The perceived cultural distance and cross-cultural adjustability often lead to some form of cultural stereotyping (Selmer, 2007) that some people are more ready for overseas posting (e.g., to China) than others. For example, Asians (e.g., Japanese and Korean) are believed to be more China-ready and –adjustable than Westerners, then Singaporeans are believed to be more China-ready and –adjustable than Japanese and Korean, and then Hongkongers may be more China-ready and –adjustable than Singaporeans, according to their differential degree of cultural distance and their
differential degree of adjustability (Ratiu, 1983, Ganster & Kedl, 2005). In principle, ethnic Chinese presumably possesses substantial cultural specific (i.e., Chinese culture) experience. So their cultural distance from the mainland Chinese is said to be smaller. As a result, they are often culturally stereotyped better adaptability and adjustability to the cultural settings of China (Takeuchi, et al, 2005, Zhou & Qin, 2009).

Ironically there are some research studies that have proved the otherwise. Selmer (2006b) tested the association between culture novelty and cross-cultural adjustment. Results showed no significant association between them. In a study on American expatriates in Canada and Germany, Selmer (2007) again proved no significant association between dissimilar cultures, or with any aspect of the adjustment. Selmer and Lauring (2009) surveyed the expatriate academics in 34 Dutch universities, and once again found that between academics from EU countries and academics from non-EU countries, there was no significant difference in their cross-cultural adjustment.

Nevertheless, overall research findings widely support that cultural distance is an antecedent (Galchenko & van de Vijver, 2007, Suanet & van de Vijver, 2009) and/or a mediating/moderating variable (Redmond, 2000, Waxin, 2004) that can impact the expatriates’ cross-cultural adjustment to a host country.

The concept of cultural distance has embedded an assumption/hypothesis that larger cultural distance is associated with greater difficulties in cross-cultural adjustment (Waxin, 2004), thus negatively affecting ones’ willingness to accept international postings (Wan, et al, 2003) based on their anticipation of cross-cultural adjustment.
problem in a host country (Jassawalla, *et al*, 2006). In an attempt to produce new research directions in the field of cross-cultural adjustment, Aycan (1997b) concluded 22 propositions, and one of them was:

“Expatriate managers who are assigned to cultural contexts similar to their own cultural background will adjust better than those who are assigned to completely unfamiliar cultural contexts” (Aycan, 1997b: 441)

On the other hand, those who failed to overcome the cross-cultural adjustment problems they would end up repatriation halfway of their international assignments (China Daily, 2009). As discussed earlier, if they do not enjoy the overseas posting, they will not be effective on the job.

In summary, as cultural distance offers an objective and efficient construct that can bypass the complexities and intricacies of cultural differences (Shenkar, 2001: 519), it is often used as an independent, predicting variable that likely exerts direct and casual effect on cross-cultural adjustment and experience of expatriates in mainland China.

**Perceived Hardship of the Chinese Culture**

It is not easy for foreigners, including ethnic Chinese from ‘abroad’, to understand China. In the first place, China is a culture in transition (Goodall, *et al*, 2007). Depending on the types of the Chinese people whom a foreigner interacts with, s/he may experience China very differently, so much so that some may see an ‘old China’ while others see a ‘new China’, or a mixture of both (Lam & Graham, 2007). It is true
that there is an ‘Old China’, which holdovers of the communism and centrally-directed planning. There is also a ‘New China’ which is market-driven and is based on consumerism. Moreover, this differential experience changes spatially. As Ralston and associates (1996) pointed out, people of the coastal and inland regions are quite different, in terms of attitudes and values. Ralston (1999) further remarked that older Chinese (who were brought up during Mao’s time) and young Chinese (who were brought up after China opened its door) could be vastly different.

Indeed it is wrong to think that the Chinese people have given up the Chinese traditions. Instead evidences show that they are more and more reconnecting with the past, and are fascinated by the Chinese history and traditions more than any time in the past (Mahbubani, 2008). For example, the Chinese government has established Confucius Institutes in China and all over the world. On September 29, 2010, China celebrated the anniversary of the birth of Confucius for the first time since the founding of communist China; they hosted grand ceremonies in the Confucius temples in Beijing, Qufu and other places (The Straits Times, September 29, 2010).

Addressing the question of how Chinese thinks and behaves, Zhang and Baker (2008) have pointed out that Western alphabets are sound-based but Chinese are pictorial, symbolic and meaning-based. Sometimes a Chinese character does not have a meaning unless it is combined with others. On the other hand, a character can have multiple meanings. So there is a deep, underlying difference on their ways of interpreting the meaning of the world.
By assumption, cultural distance may be reduced if expatriates, before departure, have received some training on the Chinese culture and/or read enough about the Chinese management. This assumption is in line with tenets of social learning theory (Selmer, 2006b). However such training and readings are mostly viewed through Western lenses, which put excessive focus on Chinese traditional thoughts including Confucianism, Taoism, and Sun Tzu’s Art of War (Examples: Haley & Tan, 2004, Sheh, 1995, 2001 & 2003). As Lin and Ho (2009) pointed out, better understanding of Chinese traditional thoughts would not help them much because the country had gone through drastic political and economic changes over the past 50 years. MacKinnon & Powell (2008) noted that such traditional thoughts as Confucianism are not so much a religion but a set of moral precepts governing human relationships of Chinese. They also pointed out that foreigners are not only concerned about the differences between Chinese and Western values but more about how Chinese people (including the government and companies, especially state-owned companies) play ‘the management and business game’ with their rules and in a non-transparent manner. No wonder, Selmer (2005) found that even though expatriates have received cross-cultural training prior departure, they do not find it beneficial to cross-cultural adjustment.

Tamney and Chiang (2002) pointed out that the Five Classics (i.e., the bible of Chinese traditional thoughts) was abolished from the school system a long, long time ago (i.e., in 1919). Furthermore, the ‘liberation’ of China in 1949 by the Communists led to the birth of People’s Republic of China and the separation of Taiwan. Engardio (2008) added that Chinese culture was greatly damaged during the Great Leap Forward in the 1950s and the decade-long Cultural Revolution (1966-1976).
its door in 1978, China made an abrupt U-turn and began to seek modernization while retaining Chinese characteristics (Lin & Lin, 2008). No wonder, Kemenade (1997) citing a Chinese researcher, said that China is ‘no longer Eastern, not yet Western, and also not Marxist. It’s nothing’. All these point to the fact that it is very difficult for a non-Chinese to comprehend China, its culture and people nowadays. It is almost impossible for one to figure out what a typical, average Chinese is like.

Faure and Fang (2008) studied the impact of China’s modernization on the Chinese people in the past three decades, and found that although the impact of modernization has been enormous, the Chinese people have yet given up their traditional cultural values. It is just that both the old and new values co-exist, and both are important to the Chinese thinking process. Wu (2008) analysed the business environment in China, and results showed that expatriates were faced with several challenges including the differences of social environment, cultural differences, Guanxi, and expatriate failure. Li (2005) surveyed 181 international enterprises in China; results showed that expatriates found it too challenging to network with the government officials and business partners such as Chinese suppliers and clients. Other scholars also highlighted the differences in thinking and underlying assumptions, values and EQ as major causes for expatriates’ difficulties in communications (Leonard, 2008, Zhang & Baker, 2008). As the main competitors of international enterprises in the China market are the local Chinese companies themselves, it is important that expatriates are able to understand and deal with the Chinese competitors, thus needing good knowledge about the Chinese people and the way they think (Leonard, 2008, Nie & Xie, 2009).
China’s adoption of market economy does not mean that she is being westernised. Jacques (2009) argued that the most, it had some discounting effects on the perceived hardship there, and in the areas of economics and technology, whereas Kemenade (1997) argued that it might have some erosion effects on communism only. In other word, the Chinese-style business practices have not converged with the Western-style practices, not yet. In line with this thought, Guthrie (1999), in his book ‘Dragon in a Three-Piece Suit’, categorically rejected the notion of cultural convergence in China. He argued that whatever has been adopted in China is simply to make things look Western-style, aiming to attract foreign investors or for the sake of linking up themselves with the international systems and practices (i.e., as Chinese say, ‘gen guoji jiegui’). MacKinnon and Powell (2008) observed that the notion of Chinese ways converging to Western’s was misleading. It was actually a convergence of problems, not cultural ways of thinking and doing things. The cultural gap still exists as people from two worlds meet. As Naisbitt (2010) has humorously remarked, people may feel comfortable in sharing the same bed but they are making different dreams.

Intuitively international experience is an asset to expatriates (e.g. Western expatriates) but, as Takeuchi and associates (2005) argued, successful expatriation depends more on experience with cultural specificity relevant to the destination of posting. In the context of China, a Western expatriate may claim his/her previous international experience but if he/she has no China-specific experience at all, he/she is vulnerable to the risk of expatriate failure. On the other hand, because of their Chinese ethnicity, the ethnic Chinese expatriates may not need international experience in other countries, other than China.
Although the living conditions in the first-tier Chinese cities such as Shanghai and Beijing are rapidly improving, thus reducing the severity of the cultural impact on expatriates, recent ECA surveys show that international assignments to China remain to be hardship postings (ECAI, 2007, Airwise, 2009). Besides surging costs of living as a result of inflation and appreciation of the Chinese currency, Renminbi (or Yuan), have made Chinese cities expensive places to work and live in (Reuters, 2008). After all, scholars maintain that cross-cultural difficulties are mostly from people and culture, not only physical environment. Today more and more expatriates are posted to the second-tier cities such as Chengdu, Wuhan, etc. These more remote and less prominent environment means greater challenges to expatriates, so much so that many international enterprises consider ethnic Chinese and preferably mainland Chinese, for filling the management, leadership and professional roles there (Shamdasani, 2009).

Citing empirical findings, Tian (2007) reported that at least 60% of expatriate failures in China were mainly caused by the following three factors:

1) Expatriate inability to adjust to the Chinese culture and environment
2) Inability of the spouse to adjust to the Chinese culture and environment
3) Expatriate’s family problem

The question of expatriate cross-cultural adjustment has attracted researchers’ attention since the late 1970s (Berry, et al, 1988). So far research literature have grown enormously and now accumulated voluminous stock of studies, including those on the cultural difficulties and challenges faced by expatriates in China (Takecuchi, 2010).
Sergeant and Frenkel (1998), after interviewing 27 expatriates with extensive experience in China, concluded that it would be necessary for one to reside in China for an extended period of time before s/he could fully comprehend the Chinese culture. After surveying 154 Western expatriates working and living in China, Selmer (1999a) found that expatriates (mainly Western expatriates) can take up to one-and-half year after arrival to China to transit from the initial honeymooning stage to the real culture shocking stage of a cross-cultural adjustment cycle. He estimated that Western expatriates ‘initially’ would need and mostly would have local supports to buffer them from the cultural difficulties, for up to 20 months, before they could really experience the cultural realities in China. In another research, Selmer (2005) found that Western expatriates are only ‘somewhat adjusted’ to China after having spent an average of three to four years there. According to Oberg’s Culture Shock theory, this is known as ‘negotiation or adjustment’ stage (Selmer, 1999a), and that also means, many expatriates might have failed their international assignments at the end of the second or third year, and those who could stay on in the fourth year or longer are mostly ‘somewhat adjusted’ to the Chinese culture. In contrast, many believe that ethnic Chinese should have a better chance of success within a shorter period of time in China.

**Ethnic Chinese Expatriates from Hong Kong and Singapore**

It is believed that ethnic Chinese all over the world keep their Chinese identity and close ties with relatives in mainland China. So in a broad sense, the entire global Chinese culture in- and outside mainland China may be defined as a civilization state (Jacques, 2009), which is often referred as the ‘Greater China’ or the ‘Chinese Diaspora’
(Harding, 1993, Wang, 1993, Jacques, 2009). In a narrow sense, Greater China refers to the region covering mainland China, Taiwan, Hong Kong and Macau. Some have arguably included Singapore and Mongolia because of their close commercial and cultural ties with China (Selmer, 2006b, Harding, 1993).

Within the mainland, the Chinese do not use the term Greater China so often. Instead, they refer the mainland as ‘inner’ (‘nei di or da lu’) and the rest as ‘outer’ (‘wai di’).

For the ‘outer China’, Lam and Graham (2007) have identified three major Chinese systems - Hong Kong, Singapore and Taiwan.

On the other hand, Wang (1993) has distinguished three ethnic Chinese groups within the Greater China or the Chinese Diaspora. Group A refers to Hong Kong, Taiwan and Macau; their ethnic Chinese are expected to be more enthusiastic to make mainland China strong and prosperous. Group B refers to the Southeast Asia, including Singapore; their ethnic Chinese still share the cultural roots in China but their commitment to China is for both sentimental and commercial reasons. Group C refers to those who are local-born, have received education in the national system, and have strong national identity with their own states. Singaporeans may belong to Group B or C depending on their generation. Older generations like ex-Prime Minister Mr Lee Kuan Yew should belong to Group C while the young generation of Singapore should belong to Group C as they tend to reject China’s role in Singapore’s path to nationhood (Tan, 2010).
Like the various groups of the Chinese Diaspora, are there ethnic groups of Western culture? If yes, has any studied their differential cross-cultural adjustment, say, in the context of China? In a study of Western expatriates’ adjustment to Hong Kong, Selmer (1999) compared the four sub-groups of Western expatriates, viz. US, French, British and Swedish groups. So his study is similar to the approach adopted in this study.

Ethnic Chinese from overseas have made enormous contribution to China. They, like Jews, have been the engine driving the country’s economic transformation (EAAU, 1995, The Economist, 1992). Since China established its first special economic zones in Shenzhen in 1979, ethnic Chinese have poured in capital for investments. Ethnic Chinese, particularly Hongkongers, Singaporeans and Taiwanese, have been playing special roles by bringing in FDI, know-how and talents to the country (Tian, 2007). By 2007, there were more than 80,000 Hong Kong companies just in Guangdong Province alone (Fang, 2007).

Mainland China, Hong Kong and Singapore are economically connected. Mainland China and Hong Kong have entered into a kind of ultimate WTO arrangement, known as CEPA (Closer Economic Partnership Arrangement) since June 2003 whereas China and Singapore have entered into a free trade agreement since January 2009 (http://www.tid.gov.hk/english/cepa/ & http://www.fta.gov.sg/fta_csfta_csfta.asp?hl=27). Figure 2 provides a snapshot of FDI inflow in 2009 showing that Hong Kong tops the list (54%) whereas Singapore is ranked 4th (3.9%), just after Japan.
As pointed out, mainland China, Hong Kong and Taiwan are commonly referred as the Greater China region. Some have arguably included Singapore into it. Besides, Hong Kong and Singapore, together with Korea and Taiwan, are referred as ‘Little Dragons’ as they soared from poverty to become rich and prosperous in the 1970s (Maital, 1993). Interestingly, Hong Kong and Singapore are often referred to as ‘Tales of Two Cities’ because of their similarities and differences (Maital, 1993, Geiger, 1973, Rajan & Siregar, 2000). In terms of similarities, both are small but open economies, are regional financial centres, have similar economic structures with strong international links, and have soundest ‘fundamentals’ in the region (Rajan & Siregar, 2000, Ghosh & Rajan, 2006).

Both were British colonies. Hong Kong, after 155 years of British colonial rule, has become China’s Special Administrative Region (SAR) since July 1997. The city has a population of 7 million. Citizens are predominantly Chinese. Although schools teach
the Chinese language and use it as the medium of instruction, Hongkongers primarily speak the Cantonese dialect but can speak English. Since 1997, schools have included the national language, ‘Putonghua’, into the Chinese language curriculum. It is necessary to note that there are two methods of writing Chinese characters. Simplified Chinese (or ‘jianti’) is used in mainland China and Singapore whereas traditional Chinese (or ‘fanti’) is used in Hong Kong and Taiwan (Zhang & Baker, 2008). At the same time, English is taught as a foreign or second language in schools.

Singapore, which was British colony before 1963, has a population of about five million. Among them, three quarters are ethnic Chinese. As the Chinese language has somehow lost popularity to English in the 1970s and 1980s, proficiency of Chinese in Singapore has generally dropped (Tsang, 1999). In the early 1990s, the Singapore government attempted to shift its cultural policy from Western values to Confucian and Asian values. In 1991, the government launched the ‘Speak Mandarin Campaign’, and began to promote the Chinese language and culture (Xie, 2006). Chinese Singaporeans write simplified Chinese and speak Mandarin (Putonghua equivalent). Today, the government admits that Singapore has a hybrid formation of the East and the West. The government calls its people ‘the New Asians’, and the official national identity ‘cosmopolitanism’ (Velayutham, 2007).

Both Hong Kong and Singapore are the gateways in Asia, to/from the rest of the world. Hong Kong is well positioned as gateway to mainland China and East Asia, and has successfully evolved to become Greater China’s hub. Singapore, a city-state, has strived to become the world’s gateway to both ASEAN region and China (Xie, 2006).
Today Singapore has become a growing hub for regional headquarters of multinational corporations (MNCs) covering ASEAN and Greater China. In the wake of rising China, the city-state has a vision of becoming China’s ASEAN hub (Goss-Custard, 2012).

Interestingly there is a ‘Stepping Stone’ theory suggesting that MNCs set up a business in Hong Kong or Singapore for familiarization of Asian and Chinese cultures first before entry to mainland China (Selmer, 2006b, Goss-Custard, 2012). Besides, both Hong Kong and Singapore are proving themselves ideal recruiting grounds for Chinese- and English-speaking expatriates to staff the management, professional and leadership positions in international enterprises in China (Reuters, 2009).

It is reported that Hong Kong and Singapore each has 587,400 and 140,000 (or 230,000 if permanent residents are included) outbound expatriates, respectively. About 300,000 Hongkongers work and live in mainland China (SRC, 2007) whereas about 20,000 Singaporean expatriates are in China (Reuters, 2009). As Singapore has a small population of five million, local employers have expressed concern about the ‘talent outflow’ to China and other countries (Goh, 2008, Ramesh, 2008). Note that not all expatriates are posted by the companies; many are actually on self-directed expatriation (Richardson, 2006).

Ethnic Chinese expatriates from Hong Kong and Singapore have claimed cutting edge and cultural advantages over Western expatriates in terms of better adjustability in China. Besides it costs lesser to relocate an expatriate from Hong Kong or Singapore than it costs to relocate an expatriate from the United States or Europe (SRC, 2007).
Ethnic Chinese expatriates also enjoy less preferential compensation packages than Western expatriates do. Furthermore, many ethnic Chinese expatriates are willing to accept single status packages, thus leaving their families in Hong Kong or Singapore or other parts in Asia (Ball, et al, 2005). Their relatively small cultural gap reduces the need for orientation and training, thus further reducing costs (Stewart & DeLisle, 1994). More importantly, ethnic Chinese are considered the best of both worlds; that is, they can bridge the divide between Chinese and international mentality, integrate their cultures, and combine/hybrid their management practices (MacKinnon & Powell, 2008, Wee & Combe, 2009). Ethnic Chinese are also in better position to establish and maintain linkages between the parent company, regional headquarters and the operations in China (Mayerhofer, et al, 2004a & 2004b). Besides, they can play a role as effective catalysts to facilitate transfer of know-how and management concepts to China (Zinzius, 2004).

**Comparative Expatriate Cross-Cultural Adjustment in China**

When Ward and Kennedy (1993) conducted a comparative study of expatriate cross-cultural adjustment, they identified three types of intergroup comparison. The first type of comparison involves one type of group in one host country. An example is the study of Japanese expatriates in Britain (Nicholas & Imaizumi, 1993). The second type of comparison focuses one type of group in multiple destinations. Examples are the study of American spouses in four countries (Black & Stephens, 1989), Western expatriates in Hong Kong and China (Selmer, 2000) and Spanish in seven countries (Sanchez, et al, 2007). The third type of comparison focuses on comparisons of multiple groups who
have been exposed to new culture. Examples are the study of American and European expatriates in Hong Kong (Selmer, 1999b), Japanese and American expatriates in China (Zhou & Qin, 2009). So this study on Hongkong and Singaporean expatriates in China belongs to this type.

Comparative studies support that the cultural differences between mainland Chinese and Western expatriates are larger than that between mainland Chinese and Asians such as Japanese. For example, Zhou and Qin (2009) surveyed 54 American expatriates and 41 Japanese expatriates in China, and concluded that:

1) The American expatriates experienced larger cultural differences than the Japanese counterparts, in the contexts of China

2) The American expatriates demonstrated poorer cross-cultural adjustment to China, than the Japanese counterparts

mainland Chinese is said to be smaller. As a result, they are often culturally stereotyped better adaptability and adjustability to the cultural settings of China (Takeuchi, et al, 2005, Zhou & Qin, 2009).

However, a study by Fu and associates (2004) showed that the cultural profiles of mainland Chinese and Hongkongers are significantly different and such differences are substantial enough for surprise or frustration to Hongkongers. Another study by Lin and Ho (2009) found that as mainland China and Hong Kong have been on divergent paths over the past 50 years, Hongkongers, especially the younger generation, have weakened their traditional cultural values, causing differences in numerous ethical and cultural characteristics. Other comparative studies also supported that the mainland Chinese and Hongkong expatriates have significant differences in managerial characteristics, values and concepts of organisation and management (Vertinsky, et al, 1990, Okechuku, 1994, Cheung & Chow, 1999).

A study by Selmer (2003b) showed that Asian expatriates have done poorer in general and interaction adjustment than the Western counterparts. Hongkong expatriates, in particular, seem to have encountered extraordinary adjustment problems in mainland China. In a study, Selmer and Shiu (1999) found that many Hongkong expatriates have encountered adjustment problems closely resembling that of Western expatriates. Selmer (2002a & 2002b) later surveyed 154 Western and 59 ethnic Chinese expatriates (including ethnic Chinese from the US, the UK, France, Hong Kong and Singapore) in China, and found that Hongkong and Singaporean expatriates are not really immunized from cultural adjustment problems in China. In fact, despite the fact
that Hongkong and Singaporean expatriates have a smaller culture distance from the mainland Chinese, they are less able to adjust than the Western expatriates, in terms of socio-cultural and work adjustments. Another study by Wang and Kanungo (2004) on American and Asian expatriates in China showed that ethnic Chinese expatriates have experienced no significant difference in psychological well-being from Western counterparts; that is, they are just on par.

Tsang (1999) studied 12 Singapore companies in China and found that they in general have held an ethnocentric attitude, attempting to replicate and impose their business practices to China. Not only that this attempt has failed but also it has caused high rate of (Singaporean) expatriate failure. When commenting the failure of the China-Singapore Suzhou Industrial Park (SIP) project, Yeoh (2005) suggested that the SIP project has demonstrated the failure of Singaporean expatriates in managing the local culture and people in Suzhou, China. In another study on why the SIP project failed, Inkpen and Wang (2006) reported that the clash in the minds (i.e., mindsets, culture and values) of Singaporeans and mainland Chinese constituted 90% of the problems experienced by Singaporeans. Other researchers (e.g., Fan, 2000) reported that the topmost reason of Singaporean expatriate failure was their inability to adjust to the new environment of China. To many, Singaporeans are viewed by mainland Chinese as Westernised, sharing more common values with American-born Chinese managers than mainland Chinese (Tan, 2002a & 2002b). In another study by Kumar and associate (2005) on why the SIP project failed, they noted obvious cultural gaps between Singaporean expatriates and mainland Chinese (Kumar, et al, 2005).
Addressing reports that queried the notion that ethnic Chinese expatriates (e.g., Hongkong and Singaporean expatriates) were no better than Western expatriates in terms of cross-cultural adjustment in China, Selmer (2002a) himself cautioned that Western and ethnic Chinese could have been appraised against different yardsticks. That is, as people know that Western expatriates are less familiar with Chinese culture, expectation imposed on them is likely lower than that imposed on ethnic Chinese expatriates. This bias in perception would likely be reflected in the self-rated questionnaire survey. Besides, Stewart and Delisle (1994) pointed out that ethnic Chinese expatriates do not always have the same authority than Western expatriates. It is then generalised that ethnic Chinese expatriates tend to work in a more difficult context where they may directly deal with mainland Chinese employees. As far as Hongkongers are concerned, they may be judged by different but harder standards (Hung, 1994), whereas other Westerners may command more local support, understanding and forgiveness by the locals.

People (e.g., human resource practitioners, scholars, etc) have taken for granted that mainland Chinese and ethnic Chinese, collectively, have small cultural distance, and so as long as one is an ethnic Chinese, s/he could be a good candidate for expatriate appointment in China. Judging from the research findings on the relative cross-cultural adjustment of Western and Ethnic Chinese expatriates in the context of China, this notion remains inconclusive, controversial, questionable and even conflicting (Stewart & Delisle, 1994, Selmer & Shiu, 1999, Selmer, 2002a, 2002b, 2003b & 2006b, Wang & Kanungo, 2004). It shows that further investigation is needed in order to qualify the getting-popular ‘Overseas Chinese Staffing Strategy’ as it is nowadays an emerging
phenomenon in the fields of expatriate management, cross-cultural management, and international human resource management (Montagliani & Giacalone, 1998).

There are voluminous research studies on cross-cultural adjustment in the context of China, but most have put the focus on the differences between the Westerners and Asians or ethnic Chinese expatriates as two distinct groups (e.g., Stewart & Delisle, 1994, Selmer 2002a, 2002b & 2003b, Wang & Kanungo, 2004, Zhou & Qin, 2009). An extensive review of literature has confirmed that comparative research on the cross-cultural adjustment of Hongkong and Singaporean expatriates as two separate subgroups of ethnic Chinese is largely absent. This study intends to go deeper into the differential cultural distance between Hongkong and Singaporean expatriates working and living in China, and to investigate their cross-cultural adjustability and adjustment pattern in mainland China.

According to a study by Selmer and de Leon (1993), the Chinese-related values are consistently similar across the two societies of Hong Kong and Singapore. However, Kumar and associates (2005), using a model of spatial cultural space (Figure 4), have demonstrated that ethnic Chinese consists of different sub-groups within the Chinese Diaspora, and that Hongkongers are ‘situated’ closer to mainland China where Singaporeans are ‘situated’ in the second zone, which is are further away from mainland Chinese culture. So the cultural gaps between Hongkongers and Singaporeans, between Hongkongers and mainland Chinese, and between Singaporeans and mainland Chinese are different. Another study by Chia and associates (2007) rejected the hypothesis that Hongkongers and Singaporeans are similar in values, although the two cities share
similarities in economic development and industrialization, geographic context and socio-political institutions.

This study maintains that researchers have overlooked the variation between the subgroups of the Chinese Diaspora because ethnic Chinese are perceived similar in appearance, language, and cultural heritage. Researchers often take it for granted that ethnic Chinese are one group, and the perceived cultural distance between ‘the group’ and mainland Chinese is overall small. It is a misnomer to think that whoever is called ethnic Chinese should be an equally good candidate for expatriate appointment in China. This study questions the belief that Hongkong and Singaporean expatriates are equally-ready and adjustable (or not) in the context of China. The findings of this study hopefully will fill the gap of understanding about overseas Chinese staff strategy, and it should have practical implications to the practices of expatriate management in China.

**Theoretical Framework of Expatriate Adjustment**

An expatriate’s adjustment to a new culture is a complex process. In this study, expatriate is defined as voluntary, temporary migrant who resides abroad for a particular purpose such as international assignment, but s/he will ultimately return to the place of origin (Cohen, 1977). On the other hand, the terms ‘adjustment’, ‘adaptation’ and ‘acculturation’ have often been used interchangeably although they are in fact distinctive concepts (Searle & Ward, 1990; Morley, et al, 1997; Pihamaa, 2002). Besides Searle and Ward (1990) define ‘expatriate adjustment’ as feelings of satisfaction and acceptance of a host culture, and coping with everyday activities there.
It also refers to one’s states of mood as well as acquisition of culturally appropriate behaviours and skills. Black and associates (Black, 1988, Gregersen & Black, 1990) have defined ‘expatriate adjustment’ as a process through which an expatriate comes to feel comfortable with the host culture. Aycan (1997b) extends it to include the nature and the extent of interaction with host nationals, and possible reduction of psychological problems such as stress or depression. Based on Aycan’s suggestion, adjustment is not static but a process.

In theory, the cross-cultural adjustment process implies reduction of discomfort with a host culture over time. In reality, the expatriate failure is high. In this study, expatriate failure refers to voluntary turnover which includes all expatriates who quit or transfer back home prior to the completion of their expected assignments (Naumann, 1992).

In the initial decades, researchers studied a myriad of variables and factors affecting expatriate adjustment, performance and effectiveness, but they were organised independently and were atheoretical. As Mol and associates (2005) observed, it was impossible for one to find a common denominator from these long lists of discrete variables and factors. Mendenhall and associates (2002) also found that research works were multi-disciplinary in nature, but they were conducted through an inter-disciplinary approach. As such, the studies were rather like a ‘warehouse in silos’.

However, over time theorists have begun to integrate the important research findings and developed conceptual, typological and methodological rigors. Hechanova
and associates (2003) conducted a meta-analytical review of 42 empirical studies covering American, Japanese, Canadian and German expatriates in such locations as Japan, Thailand, USA, Mexico, etc. The review concluded strong empirical support for the importance of the following variables for expatriate adjustment:

1) interpersonal skills  
2) self-efficacy  
3) role discretion  
4) role ambiguity  
5) role conflict  
6) interaction with host nationals  
7) culture novelty  
8) family adjustment

Similarly Mol and associates (2005) conducted a meta-analytical review of 30 empirical studies. After examining a myriad of dependent variables, they generalised that the Five Factor Model of Personality (Big Five) could be used as the predictor of expatriate performance and selection because, as they claim, personality correlated with most other variables. Whether or not this claim is true, there is an issue. Personality profiling tools are based on one’s self-reports (Huang, et al, 2005). So if the human resource practitioners are unable to ensure a candidate honestly report his or her personality traits, use of those tools for selection of expatriates lacks reliability.

Mendenhall and associates (2002), after extensive review of research literature in the field of expatriate adjustment, classified the theoretical models in four categories:
1) Learning models which relied upon psychological and social learning theories, based on the assumption that adjustment involved acquisition of new skills within a new culture.

2) Stress-coping models, which were based upon applied psychology. Culture shock, role conflicts, and the stress of living and working in a new culture are core hypotheses.

3) Development models, which focused on one’s transitional experience when, for example, dealing with culture difference. Such experience changes through stages resulting in positive personal growth and acquisition of new cross-cultural skills.

4) Personality-based models, which suggest that people of a certain ‘ideal’ type are suitable for certain assignments (e.g., international assignment). The Big Five (Costa & McCrae, 2003), the Cross-Cultural Adaptability Inventory (CCAI) (Myers, 2009), and Intercultural Adjustment Potential Scale (Matsumoto, 2001) are instruments designed to assess one’s personality traits, factors and skills, and to predict his/her cross-cultural adjustment.

Although there is a lack of methodological rigor, some researchers have begun to look for working models and dimensional taxonomy (Mol, et al, 2003). For example, Mendenhall and Oddou (1985) have conceptualized that expatriate acculturation is not unitary but a multi-dimensional process consisting of the following dimensions:
1) the self-orientation
2) the others-orientation
3) the perceptual skills
4) the cultural-toughness

Self-orientation refers to an expatriate’s activities and attributes that strengthen his/her self-esteem and confidence. Specifically, it means that s/he can find substitutes for his/her interests and activities in the new culture, can effectively manage his/her stress, and can remain high in work morale and social self-efficacy. The other-orientation dimension refers to an expatriate’s ability to develop relationships with the nationals of the host country, i.e., PRC nationals. Specifically, it means that s/he can develop mentorship ties with the host nationals. Perceptual dimension refers to an expatriate’s non-evaluative and non-judgemental abilities. Specifically it means that s/he is more willing to update his/her beliefs to fit with the foreign culture. Finally, cultural-toughness refers to the perception of the living standard of the host country. Specifically it means that the larger the discrepancy in living standards between the home and foreign country, the more difficult the adjustment process (Mendenhall & Oddou, 1985). Now researchers are provided with a model that explains the contextual factors that influence the expatriate’s cross-cultural adjustment. However, this model has a weakness; that is, it does not include work environment and therefore cannot explain the adjustment issues in relation to work transitions.

Black and associates (1991) later refined the multi-faceted dimensional process of cross-cultural adjustment further into a multi-faceted framework of cross-cultural...
adjustment (Appendix C), which consists of four variables that affect or facilitate expatriates’ cross-cultural adjustment to a host country:

1) Individual variables, which include such factors as self-efficacy, relation skills and perceptions kills

2) Job variables, which include job-related factors - role clarify, role discretion, role novelty and role conflict

3) Organisation culture variables, which include organisation novelty, social support and logistical help

4) Non-work variables, which include culture, family, spouse, etc.

Expatriate adjustment has been strongly linked to non-work variables. The multi-faceted framework has distinguished these variables into two major factors:

5.1) cultural novelty

5.2) spouse/family adjustment

Cultural novelty (or cultural distance) is a contextual variable that is not directly controllable by anyone (Parker & McEvoy, 1993, Waxin, 2004), but on the other hand, impacts the expatriates’ cross-cultural adjustment to host country. Cultural distance is considered by researchers an antecedent (Galchenko & van de Vijver, 2007, Suanet &
van de Vijver, 2009) and/or a mediating/moderating factor (Redmond, 2000, Waxin, 2004). Besides, expatriate’s family-related problem or his/her spouse’s adjustment is one of the most essential factors of whether an expatriate completes the international assignment (Handler, 1995).

The multi-faceted framework of expatriate cross-cultural adjustment is further conceptualized, operationalized and tested by Black and associates (1991) to be three facets of cross-cultural adjustment as follows (Appendix C):

1) Adjustment to the general environment (i.e., general adjustment)
2) Adjustment to interacting with host nationals (i.e., interactional adjustment)
3) Adjustment to work (i.e., work adjustment)

‘General adjustment’ refers to the degree of (dis)comfort with the general living conditions such as climate, food, housing, cost of living, transportation, health facilities and so on. ‘Interactional adjustment’ refers to the degree of comfort in socialising and interacting with host nationals; that is, local Chinese. ‘Work adjustment’ refers to job responsibilities, performance standards and expectations, and supervisory responsibilities (Black, et al, 1991, Black & Stephens, 1989, Black, 1988). Now a comprehensive multi-faceted framework of cross-cultural adjustment is formed (Appendix C).

This comprehensive multi-faceted framework of cross-cultural adjustment framework has gained strong support from empirical studies (Black & Stephens, 1989,
Black & Gregersen, 1990, 1991a & 1991b, Harrison, et al, 2004). Hechanova and associates (2003) conducted a meta-analytic review of 42 empirical studies on adjustment in the past 20 years. Results provided empirical support to the model, especially for the following variables that affected the three-faceted adjustment: interpersonal skills, self-efficacy, role discretion, role ambiguity, role conflict, frequency of interaction with host nationals, culture novelty, and family adjustment. Plugging these variables back to the comprehensive theoretical framework of expatriate management, Hechanova and associates (2003) developed a structural model which confirmed strong associations between the aforesaid variables and job satisfaction, commitment, performance and intent to leave the international assignment. Bhaskar-Shrinvas and associates (2005) conducted another meta-analysis of 55 empirical studies. Results also supported the three-faceted adjustment of the multi-faceted framework of cross-cultural adjustment.

On the other hand, Ward and associates (Searle & Ward, 1990) proposed that cross-cultural adjustment consists of two overarching dimensions:

1) Socio-cultural dimension, which refers to the ability to fit in a new culture, and its predicting variables include language and cultural distance, interaction with local people, etc.

2) Psychological dimension, which means emotional feeling of well-being and satisfaction, and its predicting variables include personality, life changes and social support.

A study of Ward and Kennedy (1993) revealed some interesting findings; that is, psychological well-being is affected by socio-cultural adjustment and other variables such as life changes, and socio-cultural adjustment is, like a loop, affected by psychological well-being and other variables such as cultural distance.

While they are correlated, each has its own set of predicting variables. Their study tested and confirmed cultural distance as the most powerful predicting variable of socio-cultural adjustment; that is, the greater the degree of cultural distance, the more likely an individual is to experience socio-cultural adjustment problems. Shaffer and associates (1999) surveyed 452 expatriates of 10 U.S. companies in more than 22 countries (including China, Hong Kong and Singapore). They found that culture novelty hindered general and interaction adjustment. It is obvious that those who have failed to overcome the adjustment are not likely to enjoy their assignments, and will not be effective on the job as well as in interacting with the locals. A study by Ait Ouarasse & van de Vijver (2004) shows that cultural novelty is a primary stressor of psychological well-being, which in turn positively correlated with socio-cultural dimension of adjustment.
Researchers later agreed that *socio-cultural dimension* actually embeds the three facets, viz. general adjustment, interaction with host nationals, and work adjustment, and they at the same time proposed a *psychological dimension* as a new addition to the process of cross-cultural adjustment (McEvoy & Parker, 1995, Selmer, 2006b, Suanet & van de Vijver, 2009). As a result, the *multi-faceted framework of expatriate cross-cultural adjustment* is now reformulated and is considered complete. It now consists of four facets (Black, Mendenhall & Oddou, 1991):

1) Adjustment to the general environment (i.e., general adjustment)
2) Adjustment to interacting with host nationals (i.e., interactional adjustment)
3) Adjustment to work (i.e., work adjustment)
4) Psychological adjustment

International assignments to international enterprises in culturally distant locations such as China involve a great deal of uncertainty and stress to the expatriates (Gong, 2003b). It is for this reason that international enterprises have turned to ethnic Chinese like Hongkongers and Singaporeans for the postings (Selmer, 2002a).

Shaffer and Harrison (1998) and Takeuchi and associates (2002) have pointed out that the cross-cultural adjustments are independent variables as they in turn can affect two other outcome variables – job/work and non-work satisfaction (Appendix D & Appendix E). Takeuchi and associates (2002) have further dissected expatriates’ cross-cultural adjustment into two domains, viz. non-work domain and work domain. ‘General adjustment’ falls within the non-work domain whereas ‘work adjustment’
under the work domain. ‘Interaction adjustment’ is present in both domains. Takeuchi and associates proposed that there is a ‘spillover’ effect between the expatriate’s non-work and work domains.

External to the expatriate’s framework is a third domain, ‘spouse’s non-work domain’, which exerts a ‘crossover’ effect on the expatriates’. Takeuchi and associates have turned the cross-cultural adjustment variables into independent variables as the non-work and work satisfaction has become the outcome variable, which determines an expatriate’s intention and decision on ‘withdrawal’ from the international assignment (Shaffer & Harrison, 1998, Takeuchi, et al, 2002). Even if the expatriates choose to stay on, their work commitment and performance will be greatly affected because of the low level of non-work and work satisfaction (Aycan, 1997a).

As this study intends to investigate the influence of the Hongkong and Singaporean expatriates’ country/city of origin (i.e., cultural distance or novelty) on the four facets of cross-cultural adjustment to China, viz general adjustment, interactional adjustment, work adjustment and psychological adjustment), their differential patterns of cross-cultural adjustment can help generalise that Hongkong and Singaporean expatriates experience different levels of non-work and work satisfaction (Appendix F). This study employs the comprehensive multi-faceted framework of cross-cultural adjustment to investigate and compare the four facets of cross-cultural adjustment (i.e., general adjustment, interactional adjustment, work adjustment, and psychological adjustment) of Hongkong and Singaporean expatriates in China, and to examine if and how culture distance (novelty) is associated with each of the four facets. As such, this
study tests the hypothesis that cultural distance (novelty) is associated with all four dimensions of adjustment, general adjustment, interaction with host nationals, work adjustment, and psychological well-being.
SECTION 3 : RESEARCH METHODOLOGY

Hypotheses

In this quantitative research study, research hypotheses were tested. These hypotheses were formulated based on the extensive review of literature as presented above.

Owing to Hong Kong’s geographical proximity to mainland China and its current status as the Special Administrative Region of China, it is likely that Hongkong expatriates exhibit more ‘Chinese-ness’ in character (Chung & Smith, 2007), thus having smaller cultural distance from mainland Chinese than their Singaporean counterparts. It is then likely that Hongkong expatriates are more able to socio-culturally and psychologically adjust in China than the Singaporean counterparts. It is further assumed that ethnic Chinese expatriates can add value to the international enterprises in China by better bridging and integrating the Western and Chinese cultures for corporate success (Varma & Stroh, 2001, SRC, 2007). It is therefore significant for this study to formulate its first hypothesis to investigate the cultural differences in terms of the cultural distance between Hongkong expatriates’ home culture and mainlanders’, as well as the cultural distance between Singaporean expatriates’ home culture and the Chinese culture.

Hypothesis 1: The cultural distance between Singaporean expatriates’ home culture and the Chinese culture is relatively larger than the cultural distance between Hongkong expatriates’ home culture and the mainland’s culture
The theoretical argumentation follows that the smaller the cultural distance, the higher the degree of cross-cultural adjustment (Parker & McEvoy, 1993). It is therefore assumed that cultural distance is negatively associated with all facets of cross-cultural adjustment; that is, the smaller the cultural distance, the higher the degree of cross-cultural adjustment, or the higher the cultural distance, the smaller the degree of cross-cultural adjustment. Based on the same assumption that the cultural distance between Singaporean expatriates’ home culture and the Chinese culture is relatively larger than the cultural distance between Hongkong expatriates’ home culture and the mainland’s culture, or the cultural distance between Hongkong expatriates’ home culture and the mainland’s culture is relatively smaller than the cultural distance between the Singaporean counterparts’ and the Chinese culture, four hypotheses (#2-5) were formulated to investigate whether Hongkong expatriates are really doing better in four facets of cross-cultural adjustments in China than their Singaporean counterparts:

Hypothesis 2: Hongkong expatriates demonstrate higher degree of general adjustment to China than Singaporean expatriates

Hypothesis 3: Hongkong expatriates demonstrate higher degree of interaction adjustment to China than Singaporean expatriates

Hypothesis 4: Hongkong expatriates demonstrate higher degree of work adjustment to China than Singaporean expatriates

Hypothesis 5: Hongkong expatriates demonstrate higher degree of psychological adjustment in China than Singaporean expatriates
Cultural distance is widely-accepted as the antecedent factor effecting one’s cross-cultural adjustability and adjustment to a new culture. The high rate of expatriate failure in China is likely a result of expatriates’ poor cross-cultural adjustment in the country (Lund & Baker, 2003, China Daily, 2009). Researchers also pointed to their findings that the greater cultural differences between home and host cultures, the higher the stress felt by the expatriates (Elmer, 2002). So the sixth and last hypothesis was formulated used to investigate if Hongkong and Singaporean expatriates’ perceived cultural distance from mainland China is negatively related to their cross-cultural adjustability and adjustment to the Chinese host culture. That is, the smaller the cultural distance, the higher the degree of cross-cultural adjustment is anticipated.

Hypothesis 6: Cultural distance is negatively related with the four facets of cross-cultural adjustment

There has not been any comparative research on cross-cultural adjustment of Hongkong and Singaporean expatriates working and living in China. Thus this study is undertaken for its very first time. Results of this study will hopefully fill the research gap, bringing timely and significant knowledge on the emerging phenomenon of ‘Overseas Chinese Staffing Strategy’ in the context of China, and informing the international enterprises and researchers in the field of expatriate management the truth and/or myths, if any, about the cross-cultural adjustability and adjustment of Hongkong and Singaporean expatriates in China.
Target Population and Samples

In this study the population targeted are Hongkong and Singaporean expatriates who work and live in mainland China.

Samples are drawn from membership directories of Hong Kong and Singapore chambers of commerce in China. The subjects are selected following the following criteria:

1) Respondents are Hong Kong or Singapore citizens.
2) They are ethnic Chinese.
3) They are stationed in mainland China, i.e., work and live there. This study excludes frequent travellers who are based in Hong Kong or Singapore but frequently and regularly travel to mainland China.
4) They have stationed in mainland China for at least three (3) months but not longer than four (4) years.
5) Their postings to China are employment relevant. exchange students, diplomatic officials, spouses and dependents are excluded.

The criterion of stationing in mainland China for a period of not less than three (3) months but not longer than four (4) years is based on the ground that time must be allowed for expatriates to gain enough cross-cultural experience in a host culture (Torbiorn, 1997), but it also needs to ensure that they have not become ‘China experts’. According to the Job Stage model, people learn and adapt to new things over time (i.e.,
there is a ‘transitional’ stage) and life will subsequently become routine (i.e., approaching the ‘maintenance’ stage) (Sackett & Lievens, 2008). In a study by Zhou and Qin (2009), they selected the expatriate respondents based on a criterion of working and living in China for at least three months. It is therefore believed that an international assignment for, say, less than three months without physical relocation will not have the experience substantial and significant enough for cross-cultural adjustment (Woods, 2003). In fact, they probably will experience the ‘honeymoon’ effect only as the assignment is too short (Black & Mendenhall, 1991). Furthermore, in the context of China, a typical expatriate assignment usually lasts from three to five years, (Selmer, 2003b). As such, this study has judged that expatriates who have been working and living in China for more than three months but not longer than four years can be considered good samples.

Despite some estimates by individuals (e.g., Fang, 2007) and agencies (e.g., China Daily, 2006, SRC, 2007, Reuters, 2009, Beijing China, 2010, Glasford International, 2011), the actual number of Hongkong and Singaporean expatriates working and living in China is unknown, and their wide distribution in a huge country like China makes it hard for one to locate them. Therefore it is difficult to derive a firm judgement on the optimal sample size for this study. As pointed out by Berenson and associates (Berenson, et al, 2010), it is common that business research’s population properties are unknown, thus making it difficult for business researchers to determine an accurate sample size. In fact, it was commonly acknowledged that access to the expatriate population is usually difficult, and even if one can access the population, their response rate is usually low (Takeuchi, 2010).
So research studies of this type often follow some ‘convention’ to determine how much data is considered ‘enough’ (Israel, 1992, Lenth, 2001, Zikmund, 2002). As such, this study has benchmarked the works of leading researchers in expatriate management (e.g., Black & Stephens, 1989, Parker, 1993, Selmer, 1999a, Selmer, 2002a, 2002b & 2006a, Wang & Kanungo, 2004, Zhou & Qin, 2009), and has expected a sample size of 140-150, with 70-75 at least for each subgroup (i.e., Hongkong and Singaporean expatriates) of the ethnic Chinese expatriates.

Invitation letters were distributed to expatriates selected from business directories of Singapore Chamber of Commerce in China, Singapore Shanghai Business Association, and Hong Kong Chamber of Commerce in China. The letter provided an URL which linked to an online, self-administered questionnaire. A total of 286 respondents viewed the URL, but likely because of the aforesaid stringent criteria, only 146 questionnaires could be used. They include 71 Hongkong expatriates and 75 Singapore expatriates.

It is important to highlight the ethics consideration concerning sampling for this study. All respondents, who were provided with a participant information statement, participated in the survey based on the voluntary principle, and they are kept anonymous and given guarantee of confidentiality.
Collection of Data

The data was collected through a questionnaire survey which consists of 43 items. The first section of the questionnaire, consisting of 9 items, is designed to capture expatriates’ background data for use as control variables, viz. gender, age, marital status, number of years on employment in China and elsewhere, if any, and current position. The second section, consisting of 8 items, is designed to measure respondents’ perceived cultural distance from the host country culture, i.e., China. The third section, consisting of 14 items, is related to the three facets of cross-cultural adjustment, viz. general adjustment, interactional adjustment, and work adjustment. The final section consists of 11 items, and is related to psychological adjustment.

Data collected in the third and final sections of the questionnaire were used as dependent variables when investigating their relationship with culture distance, i.e., second section.

Instruments

A number of instruments have been developed by researchers and scholars to measure cultural distance, or equivalent concepts such as cultural novelty (Ng, et al, 2007), and cross-cultural adjustment. Noting that cultural distance is best measured by respondents’ self-rating based on their perception (Suanet & van de Vijver, 2009, Galchenko & van de Vijver, 2007, Ng, et al, 2007, Ait Ouarasse & van de Vijver, 2004), this study adopted the 8-item instrument derived by Black and associates (Black,
1988, Black & Stephen, 1989) for measuring perceived cultural distance (Appendix G). Ratings are based on a 5-point-Likert scale (i.e., from 5 = extremely different to 1 = extremely similar).

Two other instruments were used for measuring the four facets of cross-cultural adjustment (i.e., general, interactional and work adjustment, and psychological adjustment). The first instrument is a 14-item instrument, designed by Black and associates (Black, 1988, Black & Stephens, 1989, Gregersen & Black, 1990, Black, Mendenhall & Oddou, 1991), covering three facets, viz. general, interaction and work adjustment (Appendix B). Respondents rate the extent of experience on a 7-point-Likert scale (i.e., 1 = very unadjusted, and 7 = completely adjusted).

The second instrument deserves some discussion. There are actually several instruments for measuring psychological stress as a reaction or response to life events such as cross-cultural encounters (Cohen, 2000). For example, Goldberg’s GHQ-12 (General Health Questionnaire) is most popularly used (Nicholson & Imaizumi, 1993, Forster, 1997, Selmer, 1999a, Selmer, 2002a, Selmer, 2003b, Fenner & Selmer, 2008, Sanchez-Lopez & Dresch, 2008). However, GHQ is designed to screen individuals with psychiatric disorder. As criticized by Cohen (2000), instrument designed for measuring psychiatric illness and disease is not appropriate for measuring psychological stress, which is largely a state of normal tension, in cross-cultural adjustment research. There are some other instruments that address psychological stress such as tension, anger, fatigue and confusion. An example is Profile of Mood States (POMS), developed by McNair, Lorr and Droppleman (used by Ward and Searle (1991)), which simply has too
many items (i.e., 65 items) to rate. So after evaluation, this study adopted the Psychological Stress Measure (PSM-9) which was developed by Lemyre and Tessier (2003) for measuring the psychological well-being of expatriates in a foreign culture (Appendix C). PSM-9 is a simplified version of its original 49-item instrument. PSM-9 was designed to examine a ‘normal’ population (i.e., does not assume that the target population has mental illness) who are in a process of adapting to certain life events and circumstances (e.g. international assignment). Respondents rate the degree of anxiety and stress according to a 8-point scale (i.e., from 1 = not at all to 8 = extremely). In this case, the interpretation follows that the lower the rating, the better their psychological well-being is.

All instruments were consolidated into a 43-item questionnaire, designed to be online, self-administered without any need for supervision. All items of the questionnaires are written in English. As Hongkong and Singaporean expatriates are professionals working for international enterprises in China, they are bilingual. So in terms of language and literacy proficiency, completing a questionnaire in English and online is no issue.

The combination of several instruments co-incidentally prevented the respondents to give uniform answers. For example, the rating scales for section two and section three followed reverse-polarity. On the other hand, a few items measuring psychological adjustment also had reverse-polarity.
Reliability Analysis

The study samples were drawn using several instruments each consisting of multiple items. Their scores were averaged from various items’ into a value for the relevant variable. It is needed to examine the reliability of scores of all variables (i.e., internal consistency) using Cronbach’s $\alpha$ Alpha, which is one of the most popular reliability statistics in use today (Peterson, 1994). Cronbach’s $\alpha$ Alpha stipulates that $\alpha \geq 0.7$ indicates reliable internal consistency whereas $0.6 > \alpha \geq 0.5$ indicates questionable reliability.

According to the results tabulated in Table 1 below, almost all variables had Cronbach’s $\alpha$ Alpha were above 0.7. Four scores marked ‘*’ were marginally below 0.7. Overall, the data sets and thus the study’s reliability were considered acceptable.

<table>
<thead>
<tr>
<th>Table 1 Reliability Analyses of All Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hk Expats (n= 71)</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Cronbach’s $\alpha$</td>
</tr>
<tr>
<td>Cultural Distance (8 items)</td>
</tr>
<tr>
<td>General Adjustment (7 items)</td>
</tr>
<tr>
<td>Interaction Adjustment (3 items)</td>
</tr>
<tr>
<td>Work Adjustment (3 items)</td>
</tr>
<tr>
<td>Psychological Adjustment (9 items)</td>
</tr>
</tbody>
</table>

Note: * - $\alpha$ (marginally) below 0.7
SECTION 4 : RESEARCH FINDINGS

This study employed a quantitative research methodology. Firstly, descriptive statistics about the two Hongkong and Singaporean expatriate groups are tabulated and presented in Table 2 below:

<table>
<thead>
<tr>
<th>Gender</th>
<th>HK Expats (n= 71)</th>
<th>SG Expats (n=75)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>%</td>
</tr>
<tr>
<td>Male</td>
<td>43</td>
<td>60.6</td>
</tr>
<tr>
<td>Female</td>
<td>28</td>
<td>39.4</td>
</tr>
</tbody>
</table>

Age: -- -- 37.5 - - 34.1

<table>
<thead>
<tr>
<th>Marital Status</th>
<th>HK Expats (n= 71)</th>
<th>SG Expats (n=75)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>38</td>
<td>26</td>
</tr>
<tr>
<td>Single</td>
<td>33</td>
<td>49</td>
</tr>
</tbody>
</table>

Years in China: -- -- 3.5 -- 2.6

Int’l Experience Prior to Posting to China: * 45 out of 71 (63.4%) * 37 out of 75 (49.3%) * Their Means = 4.2 years * Their Means = 3.9 years

<table>
<thead>
<tr>
<th>Positions</th>
<th>HK Expats (n= 71)</th>
<th>SG Expats (n=75)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO/MD</td>
<td>20</td>
<td>9</td>
</tr>
<tr>
<td>Managerial</td>
<td>32</td>
<td>41</td>
</tr>
<tr>
<td>Professional</td>
<td>16</td>
<td>11</td>
</tr>
<tr>
<td>Others</td>
<td>3</td>
<td>14</td>
</tr>
</tbody>
</table>

Locations of Expatriation:

<table>
<thead>
<tr>
<th>City</th>
<th>HK Expats (n= 71)</th>
<th>SG Expats (n=75)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beijing</td>
<td>8</td>
<td>19</td>
</tr>
<tr>
<td>Shanghai</td>
<td>30</td>
<td>39</td>
</tr>
<tr>
<td>Guangzhou</td>
<td>23</td>
<td>7</td>
</tr>
<tr>
<td>Shenzhen</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Huizhou</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Cheungsha</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Suzhou</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Kunshan</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Chongqing</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Tianjin</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Xiamen</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>
Both sample groups had more men than women expatriates. For the Hongkong sample group, 60.6% were male whereas 39.4% were female. For the Singaporean sample group, 62.7% were male whereas 37.3% were female. On the other hand, the average age of the two groups was 37.5 and 34.1, respectively. So comparatively, the composition of the two sample groups by gender and age was similar.

However, the two sample groups exhibited contrast in terms of marital status. For Hongkong expatriates, there were more married than single ones, whereas for Singaporean expatriates, almost two-third (65.3%) of them were single. As I worked and lived in China for many years, I had this understanding that Singaporean families hesitated to relocate the entire families overseas because they were concerned about the schooling for their children. This could be the reason why there were fewer married Singaporeans to relocate overseas.

On the average, Hongkong expatriates had spent 3.6 years in mainland China as compared with Singaporean expatriates 2.6 years. Not all participants had previous expatriate experience before expatriation to China. 63.4% of the Hongkong expatriate group had previous expatriate experience in other countries before expatriating to China, and their average number of years was 4.2 years. On the other hand, 49.3% of the Singaporean expatriate groups had previous expatriate experience in other countries before coming to China, and their average number of years was 3.9 years. Besides, more Hongkong expatriates were CEOs or managing directors than Singaporeans, whereas more Singaporean expatriates occupied managerial positions. This shed some light about the fact that more expatriates of the Singaporean sample group were single,
and their stay in China and international experience were shorter and lesser than those for Hongkongers’. These factors could be related to the fact that more Singaporeans occupied the managerial positions while more Hongkongers occupied the CEO/MD positions.

The overwhelming majority of both expatriate groups were stationed in the first-tier cities including Beijing, Shanghai, Guangzhou and Shenzhen, but more Hongkong expatriates stationed in Guangzhou and Shenzhen.

With data of these two expatriate groups (i.e., Hongkong and Singaporean expatriates), the means and standard deviations for the measure of cultural distance, using the 8-item instrument derived by Black and associates (Black, 1988, Black & Stephen, 1989), was made available in Table 3 below. Ratings, based on a 5-point-Likert scale (i.e., 5 = extremely different, 4 = quite different, 3 = neither different nor similar, 2 = quite similar, and 1 = extremely similar), were arranged in a reverse order, i.e., from 5 to 1.

<table>
<thead>
<tr>
<th></th>
<th>HK Expats (n= 71)</th>
<th>SG Expats (n=75)</th>
<th>t-Test</th>
<th>sig (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>2.15</td>
<td>2.59</td>
<td>4.920</td>
<td>0.000(^a)</td>
</tr>
<tr>
<td>SD</td>
<td>0.46</td>
<td>0.50</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** \(^a p < .01\)
The mean scores show that both Hongkong and Singaporean expatriates perceived their home cultures somewhat between ‘neither different nor similar’ and ‘quite similar’ with the culture in mainland China. This was despite the fact that the Singaporean expatriate group exhibited slightly higher mean score than Hongkong counterparts, indicating that they perceived slightly larger cultural distance between Singaporeans’ home culture and the Chinese culture. Or equally true, Hongkong expatriates perceived slightly smaller cultural distance between their home culture and mainland Chinese’s.

An independent group $t$-Test was performed to determine whether the difference between the two mean scores (i.e., Hongkongers’ cultural distance between their home culture and mainland Chinese’s, and Singaporeans’ cultural distance between their home culture and the Chinese culture) was statistically significant. Their two-tail significance indicates that $t (144) = 4.920$, $p < .001$. Hence, there is statistically significant difference between the two mean scores. Consequently, it was intended to use the cultural distance variable later for correlation analyses of the cross-cultural adjustment of the two expatriate groups.

Again, at that $t (144) = 4.920$, $p < .001$, hypothesis #1 is supported. Specifically, although both Hongkong and Singaporean expatriates expressed their comfort with the Chinese culture, the cultural distance between Singaporean expatriates’ home culture and the Chinese culture was statistically larger than the cultural distance between Hongkong expatriates’ home culture and mainland Chinese’s.
Table 4 below provides the means and standard deviations for the cross-cultural adjustment of the two expatriate groups. The first three facets, viz. general, interaction and work adjustments, were measured using the 14-item instrument derived by Black and associates (Black, 1988, Black & Stephens, 1989, Gregersen & Black, 1990, Black, Mendenhall & Oddou, 1991). Ratings are based on a 7-point-Likert scale (i.e., 1 = very unadjusted, 2 = unadjusted, 3 = somewhat unadjusted, 4 = neutral, 5 = somewhat adjusted, 6 = adjusted, and 7 = very adjusted). Both Hongkong and Singaporean expatriates reported their comfort with the Chinese culture, resulting in adjustments in terms of the three facets, i.e., between the 4 and 5 scale points (i.e., ‘neutral’ and ‘somewhat adjusted’). However, Hongkong expatriates reported slightly higher mean scores than Singaporean counterparts.

Table 4 Cross-Cultural Adjustments of the Two Sub-Samples (HK & SG Expats)

<table>
<thead>
<tr>
<th>Facet</th>
<th>HK Expats (n= 71)</th>
<th>SG Expats (n=75)</th>
<th>F-ratios</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>SD</td>
<td>Mean</td>
</tr>
<tr>
<td>General Adj</td>
<td>4.75</td>
<td>0.95</td>
<td>4.68</td>
</tr>
<tr>
<td>Interactional Adj</td>
<td>4.91</td>
<td>1.43</td>
<td>4.77</td>
</tr>
<tr>
<td>Work Adj</td>
<td>5.52</td>
<td>1.07</td>
<td>5.04</td>
</tr>
<tr>
<td>Psychological Adj</td>
<td>3.34</td>
<td>0.94</td>
<td>3.69</td>
</tr>
</tbody>
</table>

Note: \( b \) \( p < .10; p > .05 \)

The fourth facet of psychological adjustment was measured using the 9-item instrument derived by Lemyre and Tessier (2003). Ratings are based on a 8-point scale, increasing from 1 = not at all to 8 = extremely. The increasing scales between 1 and 8 are: 2 = not really, 3 = very little, 4 = a bit, 5 = somewhat, 6 = quite a bit, and 7 = very much.
Both Hongkong and Singaporean expatriates reported relatively good mean scores for the psychological adjustment; that is, both of their mean scores fell between 3 (very little stress) and 4 (a bit of stress) points of scale. Similarly to the other three facets, Hongkong expatriates score a moderately lower mean score, indicating that they experienced slightly lesser degree of stress (or in other word, they could better manage their psychological well-being) than the Singaporean counterparts.

To test the hypotheses #2 to #5, analyses of variances (ANOVAs) were performed on the four facets of cross-cultural adjustment for the two expatriate groups as tabulated in Table 4 above.

Before presenting the ANOVA results, it is worth mentioning the determination of statistical significance first. Selmer and Leung (2003) suggested that $p < 0.1$ can be used to determine the statistical significance of an $F$-ratio if the study is of exploratory nature, or such kind of research is attempted for the first ever. Their suggestion was followed by Chen and Chung (2011) in a recent study of expatriates’ cross-cultural adjustment and performance in China. Taking into consideration that this study is indeed exploratory in nature, and as discussed previously, it is also a study for the first time on comparing Hongkong and Singaporean expatriate in China, $p < 0.1$ is now used to decide on the statistical significance of the ANOVAs.

ANOVA produced no significant different mean scores on all four facets of cross-cultural adjustments, thus the following results are concluded:
1) General adjustment ($F = 0.303, p > .05$), not supporting hypothesis #2 that Hongkong expatriates demonstrate higher degree of general adjustment to China than Singaporean expatriates

2) Interactional adjustment ($F = 0.548, p > .05$), not supporting hypothesis #3 that Hongkong expatriates demonstrate higher degree of interactional adjustment to China than Singaporean expatriates

3) Work adjustment ($F = 1.267, p > .05$), not supporting hypothesis #4 that Hongkong expatriates demonstrate higher degree of work adjustment to China than Singaporean expatriates

4) Psychological adjustment ($F = 3.303, p > .05$), not supporting hypothesis #5 that Hongkong expatriates demonstrate higher degree of psychological adjustment to China than Singaporean expatriates

5) Psychological Adjustment ($F = 3.303, p < .10$), supporting hypothesis #5 that Hongkong expatriates do demonstrate higher degree of psychological adjustment to China than Singaporean counterparts.

To test the last hypothesis #6 that cultural distance is related with the four facets of cross-cultural adjustment, all variables, split into two sub-samples, were evaluated and compared using Pearson’s moment correlations. Results are provided in Tables 5 and 6:
### Table 5 Correlation Matrix for the Hongkong Sample

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultural Distance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson correlation</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig (2-tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Adjustment</td>
<td></td>
<td>0.171</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson correlation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig (2-tailed)</td>
<td>0.154</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interactional Adjustment</td>
<td></td>
<td>0.148</td>
<td>0.562&lt;sup&gt;c&lt;/sup&gt;</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Pearson correlation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig (2-tailed)</td>
<td>0.218</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work Adjustment</td>
<td></td>
<td>-0.122</td>
<td>0.559&lt;sup&gt;c&lt;/sup&gt;</td>
<td>0.479&lt;sup&gt;c&lt;/sup&gt;</td>
<td>1.00</td>
</tr>
<tr>
<td>Pearson correlation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig (2-tailed)</td>
<td>0.311</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Psychological Adjustment</td>
<td></td>
<td>0.037</td>
<td>-0.089</td>
<td>-0.184</td>
<td>-0.113</td>
</tr>
<tr>
<td>Pearson correlation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig (2-tailed)</td>
<td>0.760</td>
<td>0.458</td>
<td>0.124</td>
<td>0.348</td>
<td></td>
</tr>
</tbody>
</table>

Note: <sup>c</sup> p < 0.001 (2-tailed)

### Table 6 Correlation Matrix for the Singaporean Sample

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultural Distance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson correlation</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig (2-tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Adjustment</td>
<td></td>
<td>0.177</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson correlation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig (2-tailed)</td>
<td>0.128</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interactional Adjustment</td>
<td></td>
<td>0.088</td>
<td>0.426&lt;sup&gt;c&lt;/sup&gt;</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>Pearson correlation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig (2-tailed)</td>
<td>0.455</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work Adjustment</td>
<td></td>
<td>-0.061</td>
<td>0.148</td>
<td>0.349&lt;sup&gt;c&lt;/sup&gt;</td>
<td>1.00</td>
</tr>
<tr>
<td>Pearson correlation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig (2-tailed)</td>
<td>0.602</td>
<td>0.204</td>
<td>0.002</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Psychological Adjustment</td>
<td></td>
<td>-0.122</td>
<td>-0.089&lt;sup&gt;c&lt;/sup&gt;</td>
<td>-0.362&lt;sup&gt;c&lt;/sup&gt;</td>
<td>-0.113</td>
</tr>
<tr>
<td>Pearson correlation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig (2-tailed)</td>
<td>0.340</td>
<td>0.001</td>
<td>0.001</td>
<td>0.348</td>
<td></td>
</tr>
</tbody>
</table>

Note: <sup>c</sup> p < 0.001 (2-tailed)
For the Hong Kong expatriate group, except the correlations among the general, interactional and work adjustments (not psychological adjustment), there is no statistical significance in correlation between cultural distance and all four facets of cross-cultural adjustment (Table 5). This result is in line with the fact that Hongkong expatriates felt that their home culture was ‘quite similar’ to that of China, and they also felt ‘somewhat adjusted’ with the Chinese culture and perceived lesser degree of stress.

Similarly, there is no statistical significance between cultural distance and all four facets of cross-cultural adjustment for the Singaporean expatriate group, except the correlations among the general, interactional, work and psychological adjustments (Table 6). Again, this result is in line with the fact that Singaporean expatriates felt that the culture of Singapore was somewhat between ‘neither different nor similar’ and ‘quite similar’. They also felt ‘somewhat adjusted’ with the Chinese culture and perceived not so much of stress.

As such, the hypothesis #6 that cultural distance is related with the four facets of cross-cultural adjustment for both Hongkong and Singaporean expatriates is not supported.
Although both Hongkong and Singaporean sample groups exhibited statistically significant difference in their perceived cultural distance between their home cultures and the culture in mainland China, they actually perceived their home culture ‘neither different nor similar’ or ‘quite similar’ with that of mainland China. This result is contrary to the expectation of this study. It is not known whether their personal characteristics could have affected the results in some way. For example, more Hongkong expatriates (53.5%) than Singaporean expatriates (34.7%) were married. If their spouses followed them to China, the spillover effect by the spouses to the expatriates’ non-work and work domains would be likely (Takeuchi, et al, 2007, Herleman, et al, 2008). Likewise, Singaporean expatriates tended to occupy managerial positions (54%), and, by default, they had to interact more with the local operative staff and people outside the companies. On the other hand, the Hongkong expatriate subgroup got 28% of them at the CEO or managing director levels. Presumably they would be less interaction with the Chinese staff and locals on the ground and on a day-to-day basis. Interestingly several researchers and scholars have discussed how different levels of management actually demand different kind of cultural skills. For example, Tung (1982) distinguished differential cultural skills for CEO, functional heads, operative, etc. Besides, Vertinsky (2002) distinguished the differential cultural skills for senior and middle level expatriates. Nevertheless, the findings of this study support the widespread belief that ethnic Chinese, particularly Hongkong and Singaporean
expatriates, experience relatively small cultural gaps with mainland Chinese, thus supporting the hypothesis that they are better choice for expatriate appointments in China.

Both Hongkong and Singaporean expatriate groups reported their relatively adjustability in terms of four facets, viz. general, interaction and work adjustments, as results between 4 and 5 scale points show that, they felt either ‘neutral’ or ‘somewhat adjusted’ in terms of general, interaction and work adjustments, and they perceived either ‘very little stress’ or ‘a bit stress’ only as per psychological adjustment.

Four Facets of Cross-Cultural Adjustment

All of six hypotheses have been tested. Except hypothesis #1 which is statistically supported that cultural distance between Singaporean expatriates and mainland Chinese was perceived slightly larger than that between Hongkong expatriates and mainland Chinese, hypotheses #2 to #5, concerning whether Hongkong expatriates demonstrated higher degree of cross-cultural adjustments, are not supported at $p > .05$. Only when raising the bar to $p < .10$, Hongkong expatriates then demonstrated slightly higher degree of psychological adjustment than Singaporean counterparts. So, results show that both Hongkong and Singaporean expatriate sub-groups exhibited good degree of cross-cultural adjustments in China, and these results have in principle but clearly supported the ‘Overseas Chinese Staffing Strategy’. As such, this finding is considered important to and useful for selection of expatriate appointment to China.
Correlations Between Cultural Distance and Cross-Cultural Adjustment

Correlation analyses unexpectedly show that cultural distance was not a factor associated with the four facets of cross-cultural adjustment, at least to the Hongkong and Singaporean expatriates. However, it does not mean that cultural distance is no longer an antecedent and/or a mediating and moderating factor affecting cross-cultural adjustment for other nationalities in the context of China. This study only concludes that as far as Hongkong and Singaporean expatriate sub-groups are concerned, they are quite adjusted in China, and the cultural differences and possibly the associated stress can be overcome and managed quite effectively.

Anyway, both Hongkong and Singaporean expatriate groups reported that they did experience some degree of stress, in the ratings between ‘very little’ to ‘a bit’; it was not ‘not at all’ nor ‘not really’ points of scale. According to the correlation analyses (Tables 5 and 6), the four facets do correlate with each others, and thus, one’s psychological well-being when working and living in China can interact with the other three facets. No wonder, Selmer and his associates in numerous studies found that there was no association between cultural differences and cross-cultural adjustment (Selmer, 2006b, Selmer 2007, Selmer & Lauring, 2009). The attributes of the sample data may affect the results. Nevertheless, results of the study show that both Hongkong and Singaporean expatriates can largely cope with the cultural difference and can manage the stress quite well, and that is good news (Lau, 2007).
Limitations of the Study

Possible limitations of this thesis should be taken into consideration when interpreting the findings and drawing conclusion based on the study. Firstly, the respondents were not selected at random but based on acquaintances and the membership directories of chambers of commerce. Secondly, data were collected through self-reports or self-rating which may inflate or underestimate the actual scores. However, as Searle and Ward (1990) note, cross-cultural adjustment is an internal, psychological state and it can only be assessed by the individual himself, who is experiencing a new cultural environment. Therefore after trading-off, this limitation is considered technically unavoidable.

This study has followed an unconventional method of deciding the level of significance for psychological adjustment at \( p < .10 \), based on the argument that .10 is acceptable in an exploratory, first attempt to compare statistically the international adjustment of expatriates (Selmer & Leung, 2003, Chen & Chung 2011). However, this practice can still be seen as a potential shortcoming.

China is a vast country. This study has not taken into its regional differences, knowing that the expatriate respondents actually were from various cities and different regions in China, but for this study, respondents tended to concentrate in a handful of first-tier cities only. For example, more than 77\% of Singaporean expatriates stationed in Shanghai and Beijing. The rest were also stationed in the Putonghua-speaking cities.
This might give the Singaporean expatriates an advantage of interacting with locals in the work and non-work domains in Putonghua. On the other hand, more than 40% of Hongkong expatriates worked and lived in Guangdong Provinces where they could interact with the locals in Cantonese dialect. The rest were mainly in Shanghai and Beijing, where Putonghua is the language for conversation. In other words, as both reported their relatively successful cross-cultural adjustment experience in China, Singaporeans’ mother tongue, which is Mandarin (Putonghua-equivalent) could have helped them survive better in the first-tier cities like Beijing, Shanghai and Suzhou. On the other hand, Hongkongers’ Cantonese dialect could have helped them survive better in Guangdong Province while most of them could also speak Putonghua (with Cantonese accent) in cities like Beijing and Shanghai.

Cross-cultural adjustment to new culture is subject to the effect of time lags (Markovizky & Samid, 2008) as cross-cultural adjustment is in fact a transitional process, which is better understood by longitudinal studies (Selmer & de Leon, 2002). However, because of the scope and limited resources, this study could only be able to isolate the longitudinal effect by excluding those who have been in China for less than six months and those who have been there for longer than three years.

Besides, success (or failure) of cross-cultural adjustment ultimately rests with the expatriates and are subject to many factors such as the host nationals. (Caligiuri, et al, 1999, Florkowski & Fogel, 1999). In fact, Takeuchi (2010) stresses that expatriate cross-cultural adjustment is a question that involves many stakeholders and is concerned about complex relationships between the antecedent variables and cross-cultural
adjustment (Appendix J). He criticized that previous studies have restricted the focus exclusively at the employees (i.e., expatriates) themselves. This study, unintentionally, belongs to one that Takeuchi is critical of. Besides, the exploratory investigation of this study has certain limitations such as relatively small sample size, restricting its generalisability. However, given the fact that this study is the first of its kind about Hongkong and Singaporean expatriates working and living in China, and is exploratory in nature, it is hoped that it will still help fill the knowledge gap and contribute to advancing future research about ethnic Chinese expatriates in China. It is also hoped that future research could try to reduce or eliminate the (potential) shortcomings of this study as discussed above.

**Implications for Further Research**

Although this study is an individual research project and is exploratory by nature, its results have provided a good pointer for further research. Targeting the limitations identified above, more sophisticated research designs (e.g., longitudinal research design) may be formulated in future, in order to avoid the ‘snapshot’ effect. In fact, the same research and its methodology may be replicated, but in a larger scale in terms of geography, sample size, and variables such as non-expatriate variables (e.g., expatriate spouse). However, these will require support of research funding, and possibly partnership with organisations and institutions within China (e.g., a Chinese university, the Hong Kong Chamber of Commerce, the Singapore Clubs, etc.).
SECTION 6 : IMPLICATIONS FOR INTERNATIONAL ENTERPRISES

Is recruitment of ethnic Chinese as expatriates a solution to all cross-cultural and expatriate management for international enterprises in China? Obviously, the answer is negative, and this study does not intend to provide a definitive answer to this question because this recruitment approach primarily addresses the issues of expatriate adjustability to a host country, which is one aspect of a very broad and complex problem (Takeuchi, 2010).

Nevertheless, the results and findings of this study have demonstrated that the ‘Overseas Chinese Staff Strategy’ has some truth in it, and therefore to a large extent, human resource practitioners will find usefulness from the results of this study. The main findings is that ethnic Chinese, particularly Hongkong and Singaporean expatriates, have perceived small/smaller cultural distance between their home cultures and the mainland China’s, Therefore they are more successful in all facets of cross-cultural adjustment; that is, general, interaction, work and psychological facets of adjustments. Because of the cultural advantage, they are likely to experience a lower rate of expatriate failure in China. In that sense, Hongkongers and Singaporeans are likely to be good candidates for expatriate assignments in China.

International enterprises in a host overseas country, such as China, should not confine themselves to this traditional view that expatriates are needed for corporate control, co-ordination, transfer of know-how, etc. (Torbiorm, 1997, Bonache & Cervino, 1997, Gong, 2003a). Literature reviewed in this study shows that this model
actually goes hand in hand with the problem of high rate of expatriate failure (Ward & Rana-Deuba, 1999, Lund & Barker, 2003, Harvey & Kiessling, 2004). Luo (2007) reminds us that after three decades of economic development, China has come to a stage that international enterprises in China should no longer merely see themselves ‘foreign investors’ but ‘strategic insiders’. That requires hybrid managers who can bridge and integrate the two ‘worlds’ for the success of the operations in China (Zinzius, 2004, Wee & Combe, 2009), and to bridge and integrate the operations in China with the regional operations and the headquarters outside China. Results of this study point to the need for ‘hybrid’ managers some more and ethnic Chinese expatriates from Hong Kong and Singapore, the regional hubs for many multi-national corporations, can position themselves for this role.

What are the implications to the headquarters located away from China? Yang and associates (2011), after reviewing almost 200 articles, found that in the recent decade, research interests have focused on issues that have implications for strategy, practice and the performance of international businesses. Nielsen and Nielsen (2010) have given a good pointer on this question by pointing out that nationality provides a source of valuable knowledge about a particular country or region, about its economic and market factors, institutions, culture, behaviour, norms, etc. As international enterprises are so globally connected today, they should not just consider recruitment of culturally-adaptable expatriates for the subsidiaries in host overseas countries but also appoint them to the top management team in the regional operations and the headquarters. The ‘Overseas Chinese Staffing Strategy’ should really be elevated to be a corporate strategy; it is not just for recruitment of staff for the overseas subsidiaries.
Appendix A

China’s GDP Growth from 1991 to 2009

Figure 1 China’s GDP Growth Since 1991

Source: China National Bureau of Statistics
Appendix B

Measuring Culture Distance

Source: Adopted from Kumar, et al., 2005.
Appendix C
Theoretical Framework of Expatriate Adjustment

Source: Black, et al, 1991a

Appendix D
Facets of Expatriate Satisfaction and Performance

Source: Shaffer and Harrison, 1998
Appendix E
Spillover and Crossover Effects of Expatriates’ Cross-cultural Adjustment

Spouse Non-work Domain

Expatriate’s Non-work Domain

Expatriate’s Work Domain

General Adjustment

Non-work Satisfaction

Interactional Adjustment

Work Satisfaction

Work Adjustment

Source: Adopted from Takeuchi, et al, 2002; Shaffer and Harrison, 1998
Appendix F

Tentative Model of Expatriate Cross-Cultural Adjustment for this Dissertation

![Diagram showing the model of expatriate cross-cultural adjustment]

Note: Variables tested in this investigation are identified by ‘*’.

Appendix G

Scale and Items Used for Measuring Cultural Distance

Instructions:
The following 8 items relates to your perception on how different (or similar) the following aspects are compared between your home and mainland China. Please respond to each of these items using the following 5-point-Likert scale and circle the most relevant number.

Scale of scores (from left to right):
⑤ = ED: Extremely Different
④ = QD: Quite Different
③ = DS: Neither Different or Similar
② = QS: Quite Similar
① = ES: Extremely Similar

Items:
1) Everyday customs that must be followed
2) General living conditions
3) Using healthcare facilities
4) Transport systems
5) General living costs
6) Quality and types of foods
7) Climate and weather
8) General housing conditions

Appendix H

Scale and Items Used for Measuring Cross-Cultural Adjustment

Instructions:
The following 14 items relates to the degree to which you think you are adjusted (or not adjusted) to the following aspects while working and living in mainland China. Please respond to each of the items using a 7-point-Likert scale and circle the most relevant number.

Scale of scores (from left to right):
① = VU: Very Unadjusted
② = U: Unadjusted
③ = SU: Somewhat Unadjusted
④ = N: Neutral
⑤ = SA: Somewhat Adjusted
⑥ = A: Adjusted
⑦ = VA: Very Adjusted

Items:
1) Food
2) Health care facilities
3) Entertainment/recreation facilities and opportunities
4) Living conditions in general
5) Cost of living
6) Shopping
7) Housing conditions
8) Interacting with host nationals (local Chinese) outside of work
9) Interacting with host nationals (local Chinese) on a day-to-day basis
10) Speaking with host nationals (local Chinese)
11) Socializing with host nationals (local Chinese)
12) Performance standards and expectations for work
13) Supervisory responsibilities
14) Specific job responsibilities

Items 1-7 are to measure General Adjustment in China. Items 8 – 11 are to measure Interactional Adjustment. Items 12 – 14 are to measure Work Adjustment.

Appendix I

Scale and Items Used for Measuring Psychological Adjustment

Instructions:
It is common that an expatriate experiences some form of stress when working and living away from home. The following 10 items relate to the degree of stress on you while in mainland China. Please respond to each of these items using the following 8-point-Likert scale and circle the most relevant number.

Scale of scores (from left to right):
① = NA: Not At All
② = NR: Not Really
③ = VL: Very Little
④ = AB: A Bit (of Stress)
⑤ = SW: Somewhat (Stressed)
⑥ = QB: Quite a Bit (of Stress)
⑦ = VM: Very Much
⑧ = ET: Extremely

Items:
1) I feel calm (reverse rating)
2) I feel rushed and do not seem to have enough time
3) I have physical aches and pains; sore back, headache, stiff neck, stomachache, etc.
4) I feel tension, preoccupied, annoyed, agitated, or worried
5) I feel confused; my thoughts are muddled; I find it difficult to focus or concentrate
6) I feel energy and keen (reverse rating)
7) I feel a great weight on my shoulders
8) I feel difficulty in controlling my reactions, emotions, moods, or gestures
9) I feel stressed

Appendix J

Integrative, Interactionist Framework of Multiple Stakeholder View of Expatriate

Source: Takeuchi, 2010
SECTION 8 : REFERENCES


