How to survive as an expatriate in China?

-- A case study based on three companies: IKEA, NCR and Texol

Examinators:
Anders Hytter
Marja Soila-Wadman

Tutor:
Marja Soila-Wadman

Authors:
Kamila Karcz  820504
Rongzhi Liu  840818
Joanna Adamska  820128
Summary

The increase of foreign direct investment in China has resulted in the presence of a number of Western expatriates working in Sino–foreign joint ventures. These expatriate managers have to make things work in absolutely new settings. Therefore, without cross-cultural trainings, they may have very stressful experience in China. Understanding of the Chinese culture and Chinese society may ultimately save much frustration and money. With our thesis therefore we would like to explore how companies manage training processes before sending expatriates to China, and prepare them for further knowledge transfer to the employees in China. This has lead us to the following research question: “How do the Western companies manage process of sending expatriates to China?”

The research is based on the experiences of three companies: IKEA, Texol Technical Solutions and NCR and demonstrates possible means that can be engaged by the companies to facilitate adjustment processes of their expatriates in China. The empirical data were gathered from interviews with managers from the mentioned companies. In order to analyze our empirical findings we present literature that was structured as follows: Training in the international context, training in the Chinese context and communication between expatriate and local employees. Both the literature review as well as our empirical data with analysis aspire to provide the reader with an in depth study of the importance of the selection of the right candidates and the provision of trainings, as it can help both to understand the unique Chinese cultural and business characteristics environment as well as effectively and efficiently to operate in China.

In our conclusions we present our findings regarding the following issues: support for the expatriates; training of the Chinese employees and importance of communication. Based on our analysis we introduce our recommendations for the three companies, including: Selection of the right candidates, presence of action plans, motivation and incentives, trainings, contact with the company and other expatriates during the assignment and importance of repatriation.
Acknowledgements

This master thesis had been written in the spring semester 2006, for the program “Strategic Management in Dynamic Organization”, within the School of Business and Economics, Växjö University.

The research process is challenging and interesting, and would have not been completed without help from those who participated. Here, we would like to express our thanks to those who supported us in the research journey.

First of all, we would like to thank the interviewees, offering us empirical data. Even though they are remaining anonymous, we really appreciate their help, time and willingness to engage in interview and questionnaires.

Furthermore, we would like to express our thankfulness to Marja Soila Wadman, our tutor, for her support during the process of writing the thesis, and also Jerzy Kociatkiewicz, who has given us valuable suggestions. They both have had a major impact on the development of our ideas and given constructive feedback during seminars and meetings.

Finally and especially, we really appreciate all of the classmates in the seminar, who had taken time to read our thesis and provide useful suggestions to improve it.

We hope the readers will enjoy the chosen topic and be interested in our findings.

Växjö, May 24, 2006

Kamila Karcz Rongzhi Liu Joanna Adamska
Table of contents

SUMMARY ................................................................................................................................. 2
ACKNOWLEDGEMENTS ............................................................................................................... 3
LIST OF TABLES........................................................................................................................ 5
LIST OF FIGURES....................................................................................................................... 5

1. INTRODUCTION .................................................................................................................. 6
   1.1. BACKGROUND ................................................................................................................. 6
   1.2 PROBLEM DISCUSSION AND PURPOSE ..................................................................... 7
   1.3 OBJECTIVES .................................................................................................................... 8
   1.4 IMPORTANCE OF THE RESEARCH ............................................................................. 8
   1.5 LIMITATIONS .................................................................................................................. 9
   1.6 COMPANY PRESENTATION ............................................................................................ 10
      1.6.1 IKEA ......................................................................................................................... 10
      1.6.2 Texol ......................................................................................................................... 11
      1.6.3 NCR .......................................................................................................................... 14

2. METHODOLOGY .................................................................................................................. 16
   2.1 THE PURPOSE OF METHODOLOGY AND RESEARCH ........................................... 16
   2.2 PRE-UNDERSTANDING ................................................................................................. 17
   2.3 SCIENTIFIC APPROACH - POSITIVISTIC PARADIGM VS. HERMENEUTIC PARADIGM ................................................................................................. 18
   2.4 RESEARCH APPROACH - DEDUCTIVE, INDUCTIVE, AND ABDUCTIVE APPROACH .................................................................................................................. 21
   2.5 RESEARCH METHOD - QUANTITATIVE VS. QUALITATIVE DATA ............................. 23
   2.6 RESEARCH STRATEGY - CASE STUDY ......................................................................... 24
   2.7 DATA COLLECTION PROCESS ...................................................................................... 25
      2.7.1 Research journey ....................................................................................................... 25
      2.7.2 Field data collection .................................................................................................. 26
      2.7.3 Theoretical data collection ........................................................................................ 29
   2.8 VALIDITY AND CREDIBILITY OF THE STUDY .......................................................... 30
      2.8.1 Construct Validity ..................................................................................................... 30
      2.8.2 Internal Validity ........................................................................................................ 30
      2.8.3 External Validity ....................................................................................................... 30
      2.8.4 Credibility ................................................................................................................ 31

3. LITERATURE REVIEW .......................................................................................................... 32
   3.1 TRAINING IN THE INTERNATIONAL CONTEXT ......................................................... 32
      3.1.1 The importance of training in multinational companies ........................................... 33
      3.1.2 Problems with international training ........................................................................ 35
      3.1.3 Training for the expatriate managers ....................................................................... 35
      3.1.4 Selection of expatriates ............................................................................................. 37
      3.1.5 How to motivate managers to go to China ............................................................... 38
   3.2 TRAINING IN THE CHINESE CONTEXT ..................................................................... 41
      3.2.1 Western expatriates in China .................................................................................... 41
      3.2.2 Importance of trainings for expatriates in China ....................................................... 43
      3.2.3 The current training situation in China—training for the local employees ................ 44
      3.2.4 Perceptions of Western trainings in China ............................................................... 45
      3.2.5 Motivating Chinese employees ................................................................................ 46
   3.3 COMMUNICATION BETWEEN EXPATRIATE AND LOCAL EMPLOYEES ............ 47
      3.3.1 Cross-cultural expatriate – employee communication ............................................. 47
      3.3.2 Understanding differences between Western expatriates and Chinese employees ...... 48

4. EMPIRICAL DATA AND ANALYSIS .................................................................................... 53
4.1. SUPPORT FOR THE EXPATRIATES ................................................................. 53
   4.1.1. Sending the right person to China .......................................................... 53
   4.1.2. Preparing the expatriate managers ....................................................... 59
   4.1.3. Family issues ....................................................................................... 63
   4.1.4. Importance of contacts with others expatriates ................................. 67
   4.1.5. Support from the parent organization .................................................. 68
4.2. TRAINING CHINESE EMPLOYEES ............................................................ 74
   4.2.1. Characteristics of training ................................................................. 74
   4.2.2. The role of the expatriate manager ..................................................... 78
   4.2.3. Developing a clear career path ......................................................... 82
4.3. COMMUNICATION ................................................................................. 83
   4.3.1. Learn from each other ................................................................. 83
   4.3.2. Importance of intermediaries in China .............................................. 87
   4.3.3. Patience and Communication ............................................................ 91
   4.3.4. Different understanding of gifts, bribery and corruption in China and in the West .... 93
5. CONCLUSIONS AND RECOMMENDATIONS ............................................... 95
   5.1 RESEARCH FINDINGS ........................................................................... 96
   5.2 RECOMMENDATIONS FOR THE COMPANIES ................................... 98
   5.3 CRITICAL REFLECTION ..................................................................... 101
   5.4 SUGGESTIONS FOR FURTHER RESEARCH ........................................ 102
6. LIST OF REFERENCES ............................................................................. 103

APPENDIX 1. JOINT VENTURES ..................................................................... 113
   WHY BUSINESSES ENTER INTO JOINT VENTURES .................................. 113
   JV FAILURE .................................................................................................. 113
   WHY COMPANIES CHOOSE THE JV MODE? ........................................... 114
   COOPERATION WITH THE CHINESE PARTNER IN THE FORM OF JOINT VENTURE ... 115

APPENDIX 2: CHINESE HALLMARK ............................................................. 116
   THE IMPORTANCE OF GUANXI IN CHINA ............................................. 117
   CONFUCIANISM .......................................................................................... 118
   DOING BUSINESS WITH CHINESE .......................................................... 119

APPENDIX 3: IKEA’S STRUCTURE ................................................................. 122

List of tables

Table 2.3. 1: Positivistic vs Hermeneutic Paradigm ........................................ 19
Table 2.3. 2: Deductive, Inductive and Abductive Approach ....................... 22
Table 2.3. 3: Quantitative vs. Qualitative data ............................................ 23

List of figures

Figure 2.2. 1: Pre-understanding ............................................................... 17
Figure 2.5. 1: Types of interviews ............................................................ 27
1. Introduction

In the first chapter, we give the reader a general view of our research topic and the problem discussion process. We also provide the reader with the presentation of three companies, mostly focusing on the training issues, development processes and trainings in the Chinese context. Finally, we point out our limitations.

1.1. Background

As a result of an increase in the number and influence of multinational enterprises, since the early 1990s there has been a growing interest in international human resource management, reflecting the growing recognition that the effective management of human resources internationally is an important determinant of success in international business. (Shen J. 2004)

China has become an important present and potential market for Western and other international business organizations. Foreign capital has poured into China on a large scale over the last two decades and the Chinese market has retained a considerable attraction for international business (Selmer J. 2005). The country remains a challenging destination for Western business expatriate managers and the implementation of the training programmes (Selmer J.2005).

Recently, there has been a tremendous increase of foreign direct investment in China, resulting in a presence of a number of foreign businesspersons working in Sino–foreign joint ventures, foreign representative offices, and branches of foreign firms. The expatriate managers have to make things work in absolutely new settings. Without knowledge about Chinese culture, expatriates might have very stressful experiences in the Chinese environment. They have to deal not only with a very different way of life than in their own country, but they also need to perform in an unfamiliar work context (Selmer, 1999).
1.2 Problem discussion and purpose

According to Bjorkman (1994) multinational companies in China are usually managed jointly by the local and foreign parent companies, both seeking “due representation” in the top management group. Li et al (1999) states that, besides involving the usual problems of partners having their own expectations, objectives and strategies, top executives usually differ widely in national origins, cultural values and social norms. Hence, the challenges facing Western expatriate managers can be extraordinary (Selmer 2005).

Rapidly developing literature on Western management practices in China shows that Western expatriates assigned there have to undertake many adjustments both at work and non-work life (Child, 1994; Warner, 1995, Selmer, 2000). Also emerging empirical studies about the adjustment of expatriate managers in China offer a similar view. However, as Hutchings (2003) notices, only few researchers have specifically studied expatriates in China. Although Bjorkman and Schaap (1994) discuss some problems encountered by expatriates in Chinese-Western joint ventures and suggest practical ways to handle these issues, and Selmer (1999, 2001, and 2002) has contributed significantly to the literature on expatriates in China and Hong Kong, there are still not enough practical publications available on the topic.

In our field work\(^1\), we had explored what kind of problems IKEA faced during its early stages of entering the Chinese market when sending expatriate managers and training local workers there. We focused on the issue of how IKEA managed to choose the suitable expatriates managers and what were the ways of recruiting and training local co-workers in China. Concerning IKEA’s recent success of the Human Resource Department in China, we aimed to find out how IKEA managed its training processes in China and how it solved the problems that were appearing during this

---

\(^1\) As field work we mean research conducted during our master course that aimed to: first, find an organisation to work with; second, define the problem to work within the organisation, third, analyze the problem from the perspective of “Strategic Management in Dynamic Organisation” and finally to suggest an action plan that will include solution to the problem.
process. After conducting the research in IKEA we decided to conduct further research about the problems with sending Western expatriate managers to China. Since it appeared to be a problematic issue in IKEA, we believed that there are also other Western companies, which faced this problem. Thus, we got in touch with two companies: Texol Technical Solutions, which was in the process of preparing expatriate for the assignment in China, and NCR, which has already had experience in sending expatriates to China. Finally, we decided to examine International Human Resource Management policies used by IKEA, Texol and NCR in order to investigate how these companies both: prepare and support managers going to China. To fulfil the purpose of our study we set research question, as follows:

“How do the Western companies manage process of sending expatriates to China?”

1.3 Objectives

The objective of our study is threefold. First of all we aim to examine problems that the researched companies experienced when sending expatriate managers to China. Looking at the three international business organisations; the Swedish organization—IKEA, Texol Technical Solutions from Scotland and NCR from the US, we aspire to find out how they deal with the expatriation issue. In our paper, we strive to discover: Firstly, how the companies managed training processes before sending expatriates to China; secondly, how they support their managers during the assignment and thirdly, how the differences between Western and Chinese culture can influence expatriation. Finally, we strive to set up a list of advices helpful for the companies and future expatriates when preparing for the assignment.

1.4. Importance of the research

This piece of research is important for several reasons. In academic terms, more research is needed about trainings for business expatriates going to China, as empirical studies on expatriate managers are not very common in the literature. Although the popular business press is brimming with many anecdotal stories about
the expatriate managers in China (cf. Feldman & Tompson, 1993; Janssens, 1995), there are only few papers giving practical hints for companies that are sending managers to China. The literature shows that expatriate training is rarely provided by the companies, and, where it is, tends to be just ad hoc in nature. Thus the issue of expatriate trainings as well as preparation process preparation needs to be examined in a number of important aspects.

Although publications suggest that there is a strong need for expatriates working in China to be provided with trainings before being sent on overseas postings, literature do not examine what such a brief preparation should include. Thus this research affirms the need for organizations to pay greater attention to the need to develop pre-expatriation processes that value the importance of both pre-departure and in-situation training. The time and costs invested in providing expatriates and their families with trainings help to increase cultural awareness, reduce difficulties in adjusting in both business and social context, and contribute to minimizing the risk of early returns, cultural offence and alienation of expatriates in China (Selmer, 1999). Understanding of a unique Chinese cultural and business characteristics environment can greatly help Western expatriates to effectively and efficiently operate in China.

1.5. Limitations

Due to some constrains, we would like to make the reader realise about the limitations of this study that may influence its result. These are as follows:

- The quality of the empirical data strongly depends on subjective statements based on the personal opinions of the interviewees. Even though, this is the character of the qualitative research, still one must realize about its influence on findings.
- The time frame for our research was also limited; therefore we were able to conduct the interviews with no more than three managers from three different companies. Despite the fact that we believe that it gave us a good understanding of the problem, carrying the research on the bigger number of companies could give slightly different results.
• We also would like to mention language as a limitation as the authors of the thesis are not English native speakers.

1.6. Company presentation

We decided to choose IKEA, Texol and NCR as those three companies present three different stages in the process of sending their expatriates to China. As IKEA and NCR have many years of experience in China and managed to organize effective trainings both for the managers, as well as for their families; Texol has just started its operations in the Chinese market.

1.6.1. IKEA

IKEA, a Swedish company was founded in 1943 by Ingvar Kamprad. It sells Scandinavian modern style furniture and accessories. With a dream to create a better everyday life for many people targeting its product to young marriages and families. IKEA based its business on the idea to offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible would be able to afford them. At the same time IKEA took the lead in using non-traditional materials for furniture, like plastics, that made IKEA design well-know worldwide.

After sixty years IKEA Group has 84,000 co-workers (IKEA calls their employees as co-workers) and a grand total of 220 IKEA stores in 33 countries/territories covering Europe, Asia, Australia and America

IKEA in China

After establishing itself in Sweden as a producer of high quality and competitively priced furniture, IKEA decided to ‘internationalize’ and become not only a strong regional player. In 1963 IKEA opened its business in Norway, and then in the 1970s the company moved to Switzerland, Germany, Canada and Australia. In the 1980s it

decided to expand further in Europe and also in the United States. Since the 1990s IKEA has been targeting Eastern and Central European countries.

IKEA group, a franchisee of Inter IKEA Systems BV, entered in Shanghai in 1998, despite having sourced goods in China since 1972. (Laura Burt, 2001) IKEA’s stores in Mainland China (Beijing, opened in 1998, Shanghai, 1998 and Guangzhou, 2005) belong to IKEA Group and operate as Joint Ventures, while IKEA Hong Kong and IKEA Taiwan are separate franchisees (Paula M.Miller, 2004)

Rather than rushing to expand to new cities, the company had taken time to learn about the market. Early on, IKEA realized its potential customers in China were far fewer than might be expected from a country of 1.3 billion.

Recently, business is booming in China. For the fiscal year ending in August, 2004, IKEA’s sales in China increased more than 40% year on year, the best growth results worldwide for the firm, at around Rmb1bn (US$120m), though, the amount still constitutes less than 1% of the company’s total sales. Nine more stores are scheduled to follow in the next six years, with planned locations including Chengdu, Nanjing, Qingdao, and Shenzhen. The company expects to spend US$40m- $80m for every new outlet. With its aggressive expansion plans, combined with slower growth in the US and Europe, the company expects that China could account for as much as 5% of its worldwide sales within the decade and finally become its largest market shortly after. (Business China Sep.13th 2004)

1.6.2. Texol

Texol, based in Dundee, Scotland, is a complete technical solutions service and manufacturing company. The company was grounded in 1998 as Texol Technical Solutions Plc. It provides a wide range of engineering and manufacturing services, including Metal Fabrication, Electronics, Mechanical Assembly, Box Build, and Design Services. Texol Solutions offer customers an unrivalled service for their

---

3 http://www.texol.co.uk/
technical problems, to name a few: Design, Prototyping / Model making, Sheet metal parts and sub assemblies, Electro-mechanical assemblies, Electronic Assemblies, Wiring, Complete Box Build, Functional Testing, Quality Control, Media Duplication, Painting & Finishing and Packaging Continuous investment in technology. The Development of human resources in the company, as well as innovative product manufacture, leads Texol to be a global player.

The number of employees amounts to 200 people and the company’s sub-contract services has been expanding. Sub-contract services into such fields as Electronics, Mechanical Assembly and Box Build to augment the Metal Fabrication operation are some examples. Texol’s initial ambition to mature into a one-stop-shop provider of complete Technical Solutions was realized by resources such as Texol’s people, major investment in state-of-the-art plant, systems and facilities.

Nowadays Texol has become an established, world-class technical solution provider. Within the last year the company has developed from being only a service company to a product manufacturer with its range of Gas Generators and the Midgeater, established at the moment in the global market.

The structure of Texol Technical Solutions Plc is an exceptional set-up within UK industry, where 100% of the shares are wholly owned by employees; however, none of the employee groups have an overall control. In this kind of structure every shareholder has true ownership of the company and can be defined as a driving force behind the phenomenal and unparalleled success of Texol since 1998.

The company believes that for the employees the direct ownership in the company is a big motivator –shareholders increase their stake by share gifts and tax exempt share purchase schemes. The philosophy adopted by Texol is “shareholders work hard to overcome any challenges or obstacles and share the success”.4

4 http://www.texol.co.uk/texol_structure.htm
Texol in China
Texol has set up global presence and distributes parts and products around the world using distributor networks in the US, Canada, India, Brazil and Europe. After building a joint venture\textsuperscript{5} with a manufacturer in China, Texol is in the process of establishing a representative office in Nanjing, China.\textsuperscript{6} Since the company has chosen this kind of market entry, it also has its consequences, namely it gives a low-cost vehicle allowing foreign investors to explore the market and search for business opportunities. Nevertheless there are also a few challenges, like for instance the fact that the representative office is not a separate legal entity, but an extension of its parent company and it can only engage in non-profit making activities. These are for instance:

- Conducting research and survey for its parent company in the local market
- Liaise with local and foreign contacts in China on behalf of the parent
- Act as a coordinator for the parent company’s activities in China;
- Make travel arrangements for parent company representatives and potential Chinese clients

Also in terms of employing staff a representative office has its limitations. It can only proceed to hire and register local Chinese staff when the authorities approve its application. Moreover since it is not a legal entity, it can only hire staff though specific state-approved foreign services companies (FESCO). However, this formality does not hold back a representative office from selecting suitable candidates, who are not currently registered with the FESCO, and employing them through the FESCO for the representative office.\textsuperscript{7}

Texol’s objective in China is to develop its business in the country, with regard to manufacturing and distribute the product. The first Texol’s step in China is to test the environment with the Mosquitoeater\textsuperscript{8} before moving on to the other products. The

\textsuperscript{5} For more information about joint ventures, see appendices
\textsuperscript{6} http://www.texol.co.uk
\textsuperscript{7} The information about representative office in China was received from the interviewee, the expatriate manager.
\textsuperscript{8} Mosquitoeater is a product that helps to get rid of the mosquitoes. It attracts the insects by emitting carbon dioxide similar to the one of human and catches them into the trap.
goal is to successfully transfer the technology and sell as many units as possible whilst at the same time build brand awareness. According to what the manager from Texol said during the interview the company does not plan to open new offices in China in the near future. However it is possible that it will be able to utilize the offices of Scottish Enterprise in the Jin Mao Tower when it comes in Shanghai. More offices may need to be opened if Texol appears to be successful in the cities that are remote from the existing offices.

During the interview with the expatriate manager we extended the understanding of his role in China. The manager is going to the representative office in China as the first Texol’s employee and he is also limited in the duties that he can carry out by the operating rules of the representative office. The manager will have a Chinese counterpart, responsible for translating documents, coordinating activities throughout China as well as liaising with indigenous companies.  

1.6.3. NCR

NCR was founded by in 1884 as the National Cash Register Company. In the beginning of its existence the company was first producing mechanical cash registers. In 1997 the NCR started its evolution from a hardware-only company to a full solutions provider, constantly developing its business over the years.

NCR is providing solutions in order to facilitate companies’ operations. NCR technology makes interactions between companies and customers more convenient and relevant to the customers, no matters if this interaction takes place by telephone, over the Internet. At the same time NCR provides to these companies the tools necessary to gather essential data about the customer’s individual preferences, requirements and needs. Finally NCR combines the unique customer reach together with data warehousing solutions, which helps in better understanding and serving the customer. This data warehousing solutions is to assist the companies in building

---

9 The additional information about the company’s plans and objectives in China comes from the first interview with the expatriate manager.
brand loyalty and trust among the customers and enrich the companies’ service possibilities.\textsuperscript{11}

**NCR in China**

NCR has been present in China since 1937; however in 1984 its re-emergence was initiated together with the first Banking Saving System in China. The company opened its offices in Beijing, Guangzhou, Shanghai, Shenyang and Chengdu, where the number of employees amounted to over 400.

By the means of providing world-class solution technologies and products NCR has contributed to the development of the Chinese economy. In 1998 NCR and two Chinese companies established a Professional Services joint venture and nowadays NCR is a leader in high-tech industry in China

\textsuperscript{11} http://www.ncr.com/en/about_ncr/aboutncr.htm
2. Methodology.

This chapter aims both; to describe the purpose of the methodology and research and explains the rationale behind the choice of research method applied to this investigation. We show epistemological grounding and the methodology of our paper. We present our pre-understanding of the research topic, the research journey, as well as our approach. Furthermore, we describe how and from which sources we collected our data. Finally we give an overview on the scientific credibility of our paper.

2.1. The Purpose of Methodology and Research

Jankowitz (1991, p.160) defines methodology as “the analysis of, and rationale for, the particular method or methods used in a given study and in that type of study in general”. The application of qualitative methodologies to management research has a long track record and has developed as an important part of what Denzin and Lincon (1998) refer to as, the ‘quiet methodical revolution’ in social sciences (cited in Partington, 2003, p.137).

The strategic rationale behind our choice of methodology was based on the fact that ‘qualitative research (…) produces rich depiction and strategic comparison across cases thereby overcoming the abstraction inherent in quantitative studies’ (Firestone, 1987. cited in Partington, 2002, p.168). It would be easy to fall into the trap of thinking that one research approach is better than another. “This would miss the point. They are ‘better’ at different things” (Saunders et al., 2000, pp. 86). However, the qualitative paradigm fitted to our requirements since it recommends that ‘researchers observe human behaviour and action as it occurs in (…) everyday life (Schutz, 1967).
2.2. Pre-understanding
Pre-understanding refers to things such as people’s knowledge, insights, and experience, before they engage in the research program or a consultant assignment (Gummesson, 2000, pp.57) According to Gummesson (2000), personal experiences from both private and working life (first hand pre-understanding) and experience of others (second hand pre-understanding) contribute to the growth of pre-understanding. The contribution of the second hand pre-understanding is indirect, which makes use of intermediaries such as books, articles, lectures and the participation in the experience of others.

Figure 2.2 1: Pre-understanding

Since the background of a researcher may have influence on the paper, we realize that the lack of a relevant working experience in our research topic may limit our pre-understanding of the problem. The basis for our pre-understanding is the educational background (books, report and lectures) which presents a second-hand pre-understanding. The members of the research group have studied in Poland, Scotland and in China various subjects from the economics and business administration fields, and have recently taken part in the “Strategic Management in Dynamic Organization” program at Växjö University. During the study time authors got a general knowledge concerning theories and concepts about training in general and cross-cultural context. Thus we are aware that the educational and personal background may have an influence on the research.
2.3. Scientific approach - Positivistic paradigm vs. Hermeneutic paradigm

There are several aspects that a scientist need to consider in the beginning of his/her research when he/she decides which approach is the most appropriate for the investigation that he/she is going to conduct.

The concept of paradigm is used to represent people’s value judgments, norms, standards, frames of reference, perspectives, ideologies, myths, theories, and approved procedures that direct their thoughts and acts. (Gummesson, 2000) Further, the author explains that in science, a concept of paradigm is built of the perception of a researcher what he/she should be doing (i.e. what are the interesting research problems) and how it should be done (i.e. which methodological approach can be used to in order to deal with them).

There are two main schools of philosophy, which discuss the issue of paradigms – positivistic (traditional) and humanistic (most often referred to as hermeneutics) (from Greek hermeneuïen, to interpret). The basis for positivistic approach is a statistical analysis of data collected in the process of descriptive and comparative experiments and studies. The assumption of this approach is that only the knowledge that was obtained through measurement and objective identification can be regarded as a truth (Gummesson, 2000). Hermeneutics, in order to understand reality, use more personal interpretative procedures, in which language plays an important role, qualitative assessments tend to replace quantitative data and also the general point of view becomes less important than the specific (Gummesson E. 2000). Moreover, hermeneutics are more context directed and when interpreting they often try to go further than what is apparent and noticeable, undertaking the effort to “read between the lines”. Gummesson (2000) explains more clearly the difference between these approaches, saying that the scientists lead by the positivistic paradigm, usually tend to structure questions and answers to simply quantitative processing of data and take no notice of non-verbal phenomena (e.g. body language, physical environment and
unexpected events that may occur when conducting the interview). Finally, hermeneutics would go a step ahead interpreting all events considering also the previous and private, and whatever else they find relevant to the investigated situation.

More differences between the Positivistic and Hermeneutic Paradigm are illustrated in the Table 2.3.1:

**Table 2.3.1: Positivistic vs. Hermeneutic Paradigm**

<table>
<thead>
<tr>
<th>Positivistic Paradigm</th>
<th>Hermeneutic Paradigm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research concentrates on description and explanation</td>
<td>Research concentrates on understanding and interpretation</td>
</tr>
<tr>
<td>Well-defined, narrow studies</td>
<td>Narrow as well as total studies (holistic view)</td>
</tr>
<tr>
<td>The vantage point is primarily deductive; thought is governed by explicitly stated theories and hypotheses</td>
<td>The vantage point is primarily inductive; researchers’ attention is less focused and is allowed to “float” more widely</td>
</tr>
<tr>
<td>Research concentrates on generalization and abstraction</td>
<td>Research concentrates on the specific and concrete (“local theory”) but also attempts generalizations</td>
</tr>
<tr>
<td>Researchers seek to maintain a clear distinction between facts and value judgments; search for objectivity</td>
<td>Distinction between facts and value judgments is less clear; recognition of subjectivity</td>
</tr>
<tr>
<td>Researchers strive to use a consistently rational, verbal, and logical approach to their object of research</td>
<td>Pre-understanding that often cannot be articulated in words or is not entirely conscious – tacit knowledge- takes on and important role</td>
</tr>
<tr>
<td>Statistical and mathematical techniques for quantitative processing of data are central</td>
<td>Data are primarily non-quantitative</td>
</tr>
<tr>
<td>Researchers are detached – i.e., they</td>
<td>Both distance and involvement,</td>
</tr>
<tr>
<td>maintain a distance between themselves and the object of research; take on the role of external observer</td>
<td>researchers are actors who also want to experience what they are studying from the inside</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Distinction between science and personal experience</td>
<td>Researchers accept influence from both science and personal experience, they use their personality as an instrument</td>
</tr>
<tr>
<td>Researchers try to be emotionally neutral and make a clear distinction between reason and feeling</td>
<td>Researchers allow both feelings and reason to govern their actions</td>
</tr>
<tr>
<td>Researchers discover an object of research external to themselves rather than “creating” the actual object of study</td>
<td>Researchers partially create what they study, for example, the meaning of a process or a document</td>
</tr>
</tbody>
</table>

Source: Gummesson (2000), pp. 178

In our research we follow the hermeneutic approach. In order to gather information about preparing expatriates for assignment in China, we interviewed different people in three companies: Internal consultant in IKEA for China, the manager assigned to China in Texol and also an expatriate manager from NCR. We also gathered information using Texol’s expatriate manager’s present co-workers. We considered their opinions, trying to understand their point of view, analyze the results and then make sense of the findings. According to our approach we used not only science but also personal experience as an instrument in the research process, and also our pre-understanding is based on that, therefore the character of this thesis might be subjective. Furthermore, we would like to notice, that the subjectivity is inevitable in our research, as we conduct a qualitative study.
2.4. Research approach - Deductive, Inductive, and Abductive approach

According to Gummesson (2000), research can be progressed from a deductive, inductive or abductive approach. The following table explains the overview of the three different approaches:
According to Gummesson (2000) the role of deductive research is mainly to test already existing theory. Inductive research on the other hand primarily creates new theory. He also adds:

“After the initial stages, all types of research become an iteration between the deductive and the inductive. This is sometimes referred to as abductive research. The term may be useful to stress the combination, but it is misleading if perceived as a third type of approach.” (pp.64)

In the paper, we apply an abductive approach, iterating the inductive and the deductive approach. According to Alvesson and Skoldberg (1994), a researcher following abductive approach starts from gathering empirical data and then s/he is searching for theoretical framework, which is then again tested against empirical findings.

We started our research from collecting empirical data about IKEA for the topic of our field work, which led us to the problem concerning international training. Thereafter we built a theoretical framework in order to enhance understanding of our filed data. Finally, this led us to the idea to investigate in this field into other companies. Therefore, we believe that it is the most suitable for us is to follow the abductive approach in our present research.
2.5. Research Method – Quantitative vs. Qualitative Data

The research process can be divided into qualitative and quantitative research. Most quantitative management research involves a questionnaire or a survey and always involves the numerical analysis of data (Partington, 2002). The same author explains a qualitative research saying that the data in this kind of research is collected in the form of words and observations, instead of numbers. The basis for analysis is the interpretation of this data instead of statistical manipulation (Partington, 2002). Looking at data produced in the process of qualitative research we can draw some important distinctions between them and those which result from quantitative work (Saunders et al., 2000). For instance, the quantitative approach is objective in its nature and focuses on measuring a phenomenon, whereas the qualitative approach tends to be subjective in nature and engages examination and reflection based on perceptions (Hussey & Hussey, 1997). Table 2.3.3 highlights three distinct differences between quantitative and qualitative data.

Table 2.3.3: Quantitative vs. Qualitative data

<table>
<thead>
<tr>
<th>Quantitative data</th>
<th>Qualitative data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Based on meanings derived from numbers</td>
<td>Based on meanings expressed through words</td>
</tr>
<tr>
<td>Collection results in numerical and standardized data</td>
<td>Collection results in non-standardized data requiring classification categories</td>
</tr>
<tr>
<td>Analysis conducted through the use of diagrams and statistics</td>
<td>Analysis conducted through the use of conceptualization</td>
</tr>
</tbody>
</table>

Source: Saunders et al., 2000. pp.381

However, it is important to remember that one should be critical reading the research since both approaches have their drawbacks. Quantitative research may force responses into categories that might not fit, in order to make meaning, while qualitative research sometimes focuses on individual results too closely, and fails to make connections in a wider dimension or possible causes of the results.

In our opinion, the choice of the approach mostly depends on the research topic. When studying the training of the expatriate managers going to China and their perspective about how to train and communicate with the Chinese employees, we
decided to follow the qualitative approach. The main sources of empirical data in our paper were interviews, including face-to-face interview, phone interviews and internet-based conversation. Therefore the data we got are mostly from the interviewee’s words and explanation. The basis for analysis is the interpretation of this data, in order to take on evaluation and reflection based on our perceptions.

The qualitative approach also allowed us the flexibility and responsive interaction, which allows meanings to be probed, topics to be covered from a variety of angles and questions made clear to respondents (Sykes, 1991:8, cited in Saunders et al; 2000). However we realize that there may appear misunderstandings of responses due to translation difficulties or cultural differences between the respondent and the interviewer.

2.6. Research strategy - Case Study

According to Yin (2003) a case study is one of five different research strategies (the survey, experiment, the archival analysis, the history, case study) that the researcher can adopt when conducting a study. Yin (2003) argues that this when following this strategy, a researcher is asking a question “how” or “why” about present events over which s/he has no or only little. He defines case study in the following way: “A case study is an empirical inquiry that investigates a contemporary phenomenon within its real life context are not clearly evident” (Yin, 2003, pp.13). Furthermore the author argues that there are three conditions, which have an influence on the choice of the research strategy: research question, role of the investigator and the focus of the study. Saunders et al (2000) believe that a case study is a valuable way of exploring contemporary theory.

In order to study the process of sending an expatriate managers to China; we chose three specific organizations that have developed their business in China by the expatriates. Our interviews are conducted with several expatriate managers, who had experienced or have recently faced the situation of being expatriates to China. Thus

24
we aimed at collecting available data to illustrate the issue. We believe that the case study strategy is the most suitable to answer our research question.

2.7. Data collection process

2.7.1. Research journey
We started our research journey in February 2006 from collecting data for our fieldwork. We contacted Linda Xu in China and Eva Stal in Sweden, who are responsible for IKEA’s press contacts. Linda Xu provided us with phone contact details of IKEA’s stores in Beijing, Shanghai and Hong Kong. Eva Stal also offered help, giving us contacts to different managers in China, like business manager and Beijing store manager David Mulligan, Shanghai property manager Mr. Feng, human resource manager Mr. David Chain and marketing manager Mr. Magnus in Shanghai. All the above mentioned managers were willing to help us, however, they asked that we get in touch with people in Inter IKEA Group first as they are responsible for all the plans that are going to be implemented in China. At the same time we contacted IKEA’s student coordinator in Sweden and she also suggested calling Inter IKEA Systems B.V. in Netherlands and Inter IKEA Group in Sweden in order to get more information. Calling both Inter IKEA Systems B.V. in Netherlands and Inter IKEA Group in Sweden we have been transferred to 6 different people who had something to do with IKEA in China and finally we were connected to internal consultant for IKEA in China, who was our main source of information from IKEA. We described the process of looking for the internal consultant in detail to show the reader that he was the only person in Sweden who could provide us with the information about our topic.

The research journey for our master thesis appeared to be very long. Before we decided to enhance the topic for our fieldwork, we investigated carefully into a Scottish organization, Texol Technical Solutions, which has recently started a new plan for expanding their business into the Chinese market. We managed to establish a close contact with the Managing Director for China, who was the chosen to represent
the company in China. After a careful analysis of the Chinese environment and conducting interviews with the managing director from Texol, we realized that this company also encounters problems with expatriations and training in the international context. With this discovery our field work topic became inspiration for the master thesis and we decided to conduct further research in this direction. Again, the managing director from Texol appeared to be very helpful and agreed for further interviews, during which he shared his experience and knowledge about Chinese culture and country with a real delighted. He also has been in touch with our research group during the whole process of conducting the study. Finally, thanks to the same person we got contact to another expatriate from NCR, who was also willing to share his experience with us.

Inspiration taken from different people during our research journey brought us to the formulation of our research question in the following way:

“How do the Western companies manage process of sending expatriates to China?”

2.7.2. Field data collection

According to Yin, there are six sources of evidence commonly used in doing case studies: documentation, archival records, interviews, direct observation, participant observation, and physical artefacts. (Yin, 2003, p.83)

First of all we decided to collect and present general information about the three companies and their business activities in China, which showed the need to investigate into the training and support for expatriate in these organizations. Secondly, since we set up good contacts with the interviewees, who are interested to help in the research process, we have conducted interviews, and managed to collect data about our research topic from all of them. In the following section, we will describe in detail our interview conducting process.
Interviews

According to Yin (2003) the interview is one of the most significant sources of information when applying a case study in a research process. An interview is defined by (Kahn and Cannell, 1957) as ‘a purposeful discussion between two or more people’. Types of interviews are commonly divided between: structured, semi-structured and unstructured (Saunders et al; 2000). The graph below illustrates the different types of interviews:

Unstructured interview

In this stage, the interviews are mostly based on free conversations, with the purpose to get a general understanding of the research topic and the interviewee. From the result of the unstructured interview, the author can get to know more about the interviewee and the potential research problems.
Being aware of the fact that interviewees are from three different organizations, with different personal background, we started with unstructured interview that is based on free conversation. At this stage, we gathered information from different perspectives based on their own experience: the expatriate manager from IKEA is rich in the experience about how to train Chinese co-workers; the expatriate manager from NCR talked a lot about the company support, as well as the family and his life in China; the other expatriate manager, provide much information about his Chinese contact and his preparation for going there.

**Structured interview**

Structured interview helps to collect logical and clear information about the research topic, in order to strongly support the analysis and conclusion, by provision of structured and logical empirical data. At this stage, questions for each interviewee are more or less the same, and there are two types of interviews: standardized and non-standardized. In the standardized interview, fixed answers are expected (yes/no questions or multiple choices, like survey). In the non-standardized type of interview, the questions are designed with the purpose of enabling interviewee to answer freely (in the form of several sentences and a paragraph of description). Those two types of interviews can be combined.

After analyzing the information collected during conducting the unstructured interview, we decided to enrich our understanding with certain topics that all the interviewees are interested in. Therefore we decided to conduct a structured interview with the expatriate managers. We asked more or less the same questions to all of them, in order to get comparative data and more focus on our research topic.

In our interviews, we applied both standardized and non-standardized type. For the mainly interviewees, we mostly conducted the non-standardized interview by designing the questions with open answers, in order to encourage them to answer freely and provide as much information as possible. Moreover, we also designed standardized interview with yes/no questions or multiple choices for several other
employees in the organization, this is due to the fact that time can be saved in this way to involve more interviewees. And this standardized interview is with the purpose of understandings about interviewee’s personal characters and skills to analyze him to decide if he is an appropriate expatriate candidate.

When deciding to adopt interviews for the needs of our research, we kept in mind the fact that they have both – have positives as well as drawbacks. In-depth (unstructured) interviews are very helpful in discovering new insights (Robson, 1993), although they are difficult to apply when interviewing non-native speakers. In addition, when applying unstructured methods, the researcher also runs the risk of becoming inundated with data, which can result in losing focus of the initial unit of analysis. Nevertheless, in-depth interviews were regarded as an essential component in our research methodology. Thus, it was our decision to employ this technique since we believed the informal nature of the unstructured interview would grant us the flexibility to develop a relationship with the respondent.

For gathering our empirical data apart from interview we were also prepared questions to the employees from Texol and we asked the manager from Texol to fill in an adjustment test. We did applied an adjustment test only on this manager, since our interviewees from NCR and IKEA, have already came back from China and overcame adjustment in this culture some time ago. The manager from Texol, however, is only at the beginning of his assignment.

2.7.3. Theoretical data collection

In order to collect the theoretical data, we used different sources, such as: books and formal reports, journals and articles from the library databases (e.g. Elin@Växjö, Emerald). When gathering information about the researched companies we used search engines (Google) in order to explore Internet resources.
2.8 Validity and credibility of the study

2.8.1 Construct Validity
According to Yin (Yin, 2003, p.35), the research should cover two steps, in order to meet the test of validity:
- Select the specific types of variables that are going to be used.
- Demonstrate that selected measures of these variables do reflect the specific types of changeable that have been selected

In order to construct validity, multiple sources of evidence should be used in the research process. Another tactic to achieve the validity is to establish a chain of evidence, by performing a linkage between the theoretical frameworks, the construction of the data collection tools and the actual empirical data (Yin, 2003, p.36).

We believe that our research is valid since we gathered empirical information essential for showing the understanding of our research question. We believe that there is a linkage between the theoretical frameworks (training in international cross-cultural context and expatriates in China), the construction of data collection tools (various forms of interviews with different western expatriate managers that have been to China from the chosen organizations) and the actual data (expatriate managers’ perception and reflection about their own expatriation in China).

2.8.2 Internal Validity
Yin (2000) argues that the idea of internal validity relates only to the explanatory or causal studies not to descriptive and exploratory ones. Since we do not conduct a causal study we do not give the relevance of internal validity in our paper.

2.8.3 External Validity
External validity is related to the possibility of generalization from research results. It is important to notice that the generalization is not automatic (Yin 2003). The issue of expatriation in China has been studied in the context of three organizations- IKEA,
NCR and Texol Technical Solutions. Although organizations may vary from each other, the expatriation in a given environment may be understood as general ones under similar conditions, i.e. when considering a Western expatriate in China.

2.8.4 Credibility
According to Yin (2000) credibility means to show in depth description of the way the research was conducted. The aim of credibility is to reduce errors and biases in a study through detailed documentation. However, credibility does not really mean that the later researcher has to come to the same findings and conclusions at the end of a study.

By detailed investigation in our study process, we attempt to ensure the credibility of this paper. The potential later investigators will be able to follow all of our steps, nevertheless, their findings and conclusions may differ from what we came up with. The reason for that is that organizational supporting and training during expatriation, especially in the Chinese context depends heavily on surroundings and is a human behavioural issue. However, the explanation of our pre-understanding might be helpful to clarify our research perspective and help the reader to understand our results from this perspective.
3. Literature Review

In this chapter, we will introduce the most relevant theories that can help to enhance the understanding of the empirical data and to analyze it. This section consists of three main parts; the first concerns the theories about training in the general, and its importance for international companies; the second one illustrates this issue in the Chinese context and also provides information regarding selection of the expatriate. Finally, the third part demonstrates the meaning of communication between the Western expatriate and the Chinese employees.

3.1 Training in the international context

Treven (2003) defines training as “a learning experience in that it seeks permanent change in an individual that will improve the ability to perform the job”. (pp.5) Training may lead to changes in skills, knowledge, attitudes or behaviours, which means that it can change what the employees know, the way they work, their approach to work, as well as their relations with co-workers and supervisors.

Treven (2003) gives a few reasons demonstrating the importance of training for the organization as well as for the employees: (1) modifications in the place of work and the workers themselves (2) sustaining productiveness and progressing in productivity (3) regulatory requirements. A constantly changing working environment, like moving from manufacturing to service economy and increasing use of high technologies necessitate ongoing employee training. Furthermore, internationalisation of the companies and maintaining competitiveness on the global market is impossible without well designed training and development programs, which assist to preserve high level of productivity and flexibility. Finally, Treven (2003) indicates that also that law requires companies to provide trainings for the employees, especially in certain industries and on certain issues especially safety-related ones. The issue of
training employees is especially difficult when it takes place in cross-cultural international environment\textsuperscript{12}.

3.1.1. The importance of training in multinational companies

Since the early 1990s both the number of multinational enterprises and the importance of international human management have been growing, which is defined as a determinant of successful international business operations. According to Shen (2004) the quality of management training appears even more essential in the international field rather than in domestic operations. Adler and Bartholomew (1992) suggest that training as a part of organizational policy is becoming more international quicker than the implementation, and much more rapid than the development process of international managers.

Shen (2004) proposes three types of international trainings: (1) preparatory training for expatriates (pre-departure training provided in order to make sure that the candidate has the proper abilities and knowledge crucial to work abroad efficiently); (2) post-arrival training for expatriates (training provided after the expatriate has gone abroad so as to familiarize the expatriate with the local working surroundings and procedures; (3) training for host-country nationals (HCNs) and third-country nationals (TCNs) (this type of training should be provided so that the HCNs as well as TCNs find it easier to understand corporate strategy, corporate culture and socialize).

Different authors propose different strategies in terms of developing global managers. Shen (2004) strongly evokes the approach suggested by Gregerson et al. (1998) who identified such strategies as: international travel; the formation of diversified teams; international assignments and training. The above mentioned strategies refer to expatriate managers, which integrate international training and management development in particular. The goal of training is to progress the current work

\textsuperscript{12} More information about Chinese culture is available in appendices.
abilities and behaviours, while development is to improve skills concerning future position or job.

It is also important to underline the abilities, which the international manager should have. Apart from the industry specific knowledge, Baumgarten (1992) identifies such characteristics as: cultural sensitivity; ability to deal with responsibilities, ability to develop employees and finally ability to display and demonstrate skills. According to Shen (1994) it is possible to develop these international competences through effective international training and management development.

Cultural training helps individuals to adjust quicker to the new culture and to be more effective in their jobs (Earley, 1987 in Shen, 2004). Caligiuri et al. (2001) recognizes link between the expatriate’s expectations and provision of international training. An appropriate cross-cultural training creates either accurate expectations or expectations of difficulty prior to the assignment” (Caligiuri et al., 2001). Also Treven (2003) believes that expatriate managers are more successful when they are provided with training, since lack of it may lead to failure in their job in a foreign country.

The expatriate failure rate is an important measure for the effectiveness of expatriation management. An early return of expatriate managers before the time, when the job is completed, can be perceived as an example of an expatriate failure. There can be many different reasons for expatriate failures. Shen (2004) underlines that expatriate failure costs a company a lot – direct costs include salary, training costs, travel and relocation expenses. Additionally, it appears to be impossible to quantify indirect costs such as destructive relations with host country government, local organisations and customers. Furthermore loss of market share, harm to corporate reputation and finally lost business opportunities are other indirect costs for the companies.
3.1.2. Problems with international training

Despite the fact that the significance of international training was often emphasized in the literature, the issue is still overlooked and defectively handled in the multinationals (Shen, 2004). Some surveys, like for instance the one conducted by McEnery and DesHarnais’s (1990) indicate that between 50 and 60 percent of US companies doing business abroad, did not offer their employees any pre-departure training. Furthermore Shen (2004) points out that only about half of the European enterprises provide formal training.

The reasons for the lack of appropriate training for international managers might be diversified. According to Shen, (2004) the most common causes for that are:

• training is not thought to be effective
• lack of time to conduct training
• the temporary nature of most assignments does not warrant budget expenditures for training
• lack of knowledge of how to carry out training and what courses should be offered (lack of training experts and expertise)
• no need for training because there is a belief that technical skills are the only ones needed to carry out assignments abroad
• the right people do not need to be trained.

3.1.3. Training for the expatriate managers

Publications about expatriates international assignments usually underline the importance of expatriate’s social and professional skills in order to increase the efficiency of the expatriation (Fischlmayr, 2004). Fischlmayr (2004) underlines that there are many areas which require training before the manager will be ready to work effectively abroad. Shen and Darby (2004) name such issues as host-contextual factors, including political, legal, economic and socio-cultural aspects. Shen (2004), following Mendenhall and Oddou (1985) propose three significant areas, on which companies should focus when preparing expatriates for assignments abroad. These are: cultural training, language instruction training and orientation training concerning
familiarity with everyday matters. Shen (2004) underlines that many authors agree that the elements of training programs should be adjusted to the needs, concerning such variables as: country where the trained person is going, type of job, length of time the person is going to stay there, available time for training.

According to Treven (2003) the most essential piece of expatriate training is a cross-cultural training. This aspect helps to prepare expatriate managers to live and work in a different cultural environment. It is so important, since dealing with new surroundings appears to be even more difficult than the assignment itself. Treven (2003) also underlines that it is crucial to train not only managers but also their families – both before leaving for the foreign country and during the assignments.

Tsang (1994) identified six types of cross-cultural trainings, which are usually used by the US, European and Japanese enterprises. These are as following (1) environmental briefings in order to provide information in terms of climate, geography, housing and schools; (2) orientation on culture in order to familiarize cultural institutions and value systems of host country with an individual ones; (3) cultural assimilators using programmed learning approaches proposed to expose members of one culture to some basic ideas, approaches, role perception and habits of the other culture; (4) language training; (5) sensitivity training to increase attitudinal elasticity; (6) field experience, which sends the person to the country of assignment in order to undergo some of the emotional stress of living and working with people who differ culturally.

Another important issue that Treven (2003) underlines is the language training for the expatriate family, as it provides the recognition of a new culture, including such a cultural elements as history, economy, politics, religion, social atmosphere and business practices. The importance of family involvement in pre-departure training of the manager was the topic analyzed by many authors. According to Shen (2004) the reason for this is that many failures of international managers’ assignments were
caused by the inability of the manager’s partner to adapt to the new and culturally different environment.

3.1.4. Selection of expatriates

Selection of the right expatriate is crucial for success of an international assignment. Fischlmayr (2004) indicates several different factors that influence choosing the right candidate for an expatriate. Basically, the candidate has to meet the technical skills required for the position abroad. Not only specific competence in certain field, but also the knowledge about the company and the corporate culture can be equally important. Another important factor is the managerial qualities, as the foreign assignment requires the expatriate to have an experience in a managerial position. Furthermore, the appropriate expatriate needs to have a psychological and emotional stability in order to deal with the culture shock (Fischlmayr, 2004). Hofstede (1980, p. 398) suggests that the key cross-cultural skills are:

1. The capacity to communicate;
2. The capacity to be non-judgemental;
3. The capacity to accept the relativity of one's own knowledge and perceptions;
4. The capacity to display empathy;
5. The capacity to be flexible;
6. The capacity for turn-taking (letting everyone take turns in discussions)
7. Tolerance for ambiguity.

As Fishmayr (2004) adds, all the attributes need to be viewed in the context of the host country’s culture. Each culture has its own criteria of the importance of characteristics, and the particular location of the foreign assignment should be applied with regard to the cultural area (Fishlmayr, 2004).

Robock, Sommonds (1989) underline that there is no ideal criterion when choosing an expatriate. Authors indicate: “the acculturation process is not yet well understood to create satisfactory selection methods” (Robock, Sommonds, 1989, p.582). On the
other hand Torrington (1994) suggest that the general way of choosing an appropriate expatriate by means of HRM tools, appraisal and career planning can function pretty well. Thus it seems that every multinational company should follow its own approach towards the selection of the candidates for expatriates (Torrington, 1994).

Once an expatriate manager has been selected, it is necessary to motivate and prepare him for the coming assignment. The success of the expatriation is mostly based on the willingness to be sent abroad, including the simple availability, the frankness, the attitude and the interest in the expatriate destination. (Fishlmayr, 2004)

3.1.5. How to motivate managers to go to China
As stated before China is the main destination for foreign investment for many Western companies and therefore many firms intend to localize their management in the country (Selmer, 2004). However, many researchers notice that so far not many publications and studies has been done in this field (Law, Wong & Wang, 2002; Wong & Law, 1999; Worm, Selmer & de Leon, 2001) despite the fact that the topic is essential for an international business.

Selmer (2004) underlines that the role of expatriate managers is of great importance for the localization process especially in terms of “developing, mentoring, coaching and giving development opportunities to local employees” (pp.1) with the goal to move these employees in the future into positions held by expatriates. Nevertheless, the idea to “work oneself out of a job” is not popular practice among people from the business world. Also Sergeant and Frenkel (2001) perceive succession as one of the problems encountered by expatriate mangers in China. Therefore expatriates may not be willing to be localized in China and also the companies will face the problem of how to encourage them to implement the corporate goal (Selmer, 2004).
Encouraging performance

Selmer (2004) suggests the ways to motivate managers in terms of convincing them to the localization process. He believes that compensation might be helpful in this process. Lynton (1999) suggests that companies should state in a clear way that expatriates localizing their position in a successful way will be rewarded. Also, Melvin & Sylvester (1997) share the point of view that the company should reward expatriates achieving the goal. Another possibility is to offer “lump-sum” bonus when the task is finished effectively (Wong & Law, 1999). Selmer (2004) indicates that in Western multinational companies operating in China, accomplishment of set targets is often a determinant of the individual monetary bonus for an expatriate. Worm, Selmer and de Leon (2001) stress that without the incentive in a form of bonus, the managers would not be interested in searching for success in China, especially in case of localization of the job.

Motivating by giving support

Motivating managers by non-financial incentives seems to be of big importance, since it not only encourages managers making them willing to perform well, but it also makes them self-confident in terms of working, living and achieving good results in China. This contributes not only to manager’s psychological well being and job satisfaction but also to the success of a company.

Some authors underline that being unsure of one’s skills and future after coming back from the assignment abroad, managers may be discouraged to undertake this challenge (Wong & Law, 1999). Also Sergeant and Frenkel (2001) touch on the issue of repatriation saying that expatriates often experience such problems as:

“limited continuity in international assignments and difficulties of adjusting to more specialized and less autonomous position at home, lack of career prospects and undervaluation of international experience” (pp.21).
The company should secure the manager’s future so that he/she will not feel insecure about the long-term assignments and will not be restricted to train his/her successors. In the case when the company is not able to offer another job in China after the accomplishment of the task, it should propose a better position in the other place (Selmer, 2004). Rogers (1999) argues that keeping a vision of a better and more responsible job might work as a motivational factor for the future and encourage expatriates to pass their experience to Chinese people. There are two essential aspects in terms of repatriation of expatriates in case of localization. First of all expatriates must be made clear about their future role in the company, so that they remain motivated and willing to develop effectively and efficiently the skills of future local managers. Then, when finally the task is accomplished by an expatriate, the proper repatriation arrangement should by done by the company in order to support the expatriate moving back home (Wong & Law, 1999).

Another reason for unwillingness among Western managers to go to China may be a lack of knowledge about the country and being unsure to go alone to the far away country. Then one can also name cultural differences and very probable cultural shock, which contribute to problems with psychological well being. Sergeant and Frenkel (2001) list the issues that limit the attractiveness of assignments in China for expatriates. These issues are as follows: the lack or too little cross-cultural training provided by the company before leaving for assignment abroad, family, education and health concerns.

Since expatriation is often perceived as a stressful event, Wang and Kanungo (2004) believe that a very important role when sending managers to China play adjustment and acculturation process, which can secure manager’s psychological comfort. Forster (1997) and Tung (1981) report that the cross-cultural assignment failure is often caused by threatened psychological well-being as a result of adjustment problems, stress and uncertainty. However one must remember that psychological well-being is not always equal to freedom from stress, satisfaction and happiness, but it is a state, in which a person can function well enough in order to fulfil tasks with one’s real potential (Ryff e.g. 1989, 1995). Ryff (1989, 1995) also proposes six main
aspect of psychological well-being: “self-acceptance, positive relations with other people, autonomy, environmental mastery, purpose in life and personal growth” (in Wang and Kanungo, 2004, pp. 3). There are several things that a company should take into consideration in order to support the manager in his/her assignment and assure his/her psychological well-being. First of all many researchers demonstrate that cross-cultural training influence adjustment and performance in a positive way (Black and Mendenhall, 1990; Caligiuri et al., 2001; Deshpande and Viswesvaran, 1992 in Wang and Kanung, 2004). When sending an expatriate to China, a company should also keep in mind the importance of social networks for psychological well-being of the manager, providing him/her with available contacts (Wang and Kanung, 2004).

3.2. Training in the Chinese context

3.2.1. Western expatriates in China
In the past few years, there have appeared a number of studies Western expatriates in China. Björkman and Schaap (1994) examined problems encountered by expatriates in Chinese–Western joint ventures, suggesting several ways to deal with them. Problems in Chinese–Western companies were also illustrated by Weldon and Jehn (1996) and Rimington (1996). Weldon and Jehn (1996) focused on conflicts in intercultural context in US-Chinese joint ventures, while Rimington (1996) described difficulties in the management process when developing a Sino-British joint venture. The issue of Western expatriates in China was also touched by Kaye and Taylor (1997) who explored the occurrence of culture shock when working in joint-venture hotels in Beijing. Solution to the problem described by Kaye and Taylor (1997) tried to find year later Sergeant and Frenkel (1998) and Selmer (1999). Sergeant and Frenkel (1998) underlined how significant is individual learning and the application of knowledge of cultural differences when managing Chinese-Western joint venture. Selmer (1999) tried to answer question: Does the Western expatriate managers experience culture shock in China? by examining adjustment patterns (work
adjustment, general adjustment and interaction adjustment) of western expatriate business managers.

In 2006 Selmer extended his study about adjustment of expatriate managers in China, by looking at the correlation between language ability and adjustment. His study gave a clear evidence of the benefits of expatriates’ language ability in China and proved the words of Bjorkman and Schaap, (1994) that importance of language training for Western expatriates is apparent in a location like China. As Dolainski (1997) underlines, the best way to understand another culture is through its language.

Other recent studies (cf. Selmer, 1998a) also examined many issues concerning Western business expatriates in China, underlying that China presents a demanding cultural environment, in which expatriates have to cope with many difficult and stressful situations. Selmer (2002) directed his survey in comparison of overseas Chinese and Western business expatriates working in China. He found that Western expatriates are using mostly problem focused strategies, such as showing patience and tolerance, while Chinese overseas expatriates often apply symptom focused strategies, such as resorting to parent country escapism. Authors such as Wang and Kanungo (2004), Selmer (2004) looked at the social and psychological issues that Western expatriates have to face. Wang and Kanungo (2004) notice that expatriate social networks constitute an under-emphasized area in expatriate literature. Their study is an empirical test of the relationship between expatriate personal networks and psychological well being. Selmer (2004) explores socio-cultural and psychological barriers to international adjustment of Western expatriates in China.

Another key aspect in the literature about expatriate managers in China is the issue of cross-cultural training. Hutchings (2003) notices that despite that fact that a recent survey underlines that expatriates want their employers to provide cross-cultural assistance to them and their families. Research conducted over two decades has consistently proved that expatriate cross-cultural preparation is either handled poorly or neglected outright by international organisations. Hutchings (2003) in her research
examined the training provided to Australian expatriates in China, underlining that although literature is giving increasing attention to recognising skills that are crucial to achieve intercultural effectiveness in China, companies are continuing to provide expatriates with scant time and resources. Although there is a limited amount of empirical studies about the training and intercultural effectiveness of expatriates working in China (Osman-Gani, 1999), there are many publications about expatriate failure rates (Tung, 1981) and Forster (1997). Huo, Huang and Napier (2002) actually say that IHRM research is overwhelmingly parochial in its focus on Western expatriates.

3.2.2. Importance of trainings for expatriates in China

Literature has consistently highlighted the problems experienced by expatriates and their families, organisations, when expatriates lack cross-cultural skills (Forster, 2000; Osman-Gani, 2000; Zakaria, 2000). As Forster (2000) underlines, the need to develop cross-cultural skills in expatriates in China is especially important when gap between cultures is very wide or as Kaye and Taylor (1997) note of China, where culture shock is emphasized. As Hutchings (2003) notes, the key for intercultural effectiveness of expatriates going to China is the provision of pre-departure and/or post-arrival training, especially cross-cultural training.

Most of the literature describing cross cultural training for expatriates in China provides a variation on different categories. Tung (1982) identifies cross cultural training as being significant for the understanding of a foreign nation. The author illustrates different categories of cultural training, including: factual information; cultural orientation; cultural assimilation training; language training; sensitivity training; and field experience. Zakaria (2000) adds other aspects of training, such as: areas studies and intercultural effectiveness skills. The discussion of an intercultural training effectiveness was also taken by Bhagat and Prien (1996) and Selmer (2001). Bhagat and Prien (1996) created intercultural training effectiveness model, while Selmer illustrated the relative benefits of pre-departure or post-arrival trainings for expatriates in China.
3.2.3. The current training situation in China—training for the local employees

Chinese values are widely recognized to be characterized by harmony and personal relationships (guanxi). Such values are evidently manifested in the workplace. Chinese employees are more likely to listen and to obey than to initiate change in order to maintain harmony in the company (Ying and Siu, 2004).

Previous studies of human resource management (HRM) in China have generally illustrated all aspects of HRM. Research specifically focusing on training and management development generally discloses the inadequacy of enterprises’ training provision, particularly in the area of management skills. Along with these studies, a stress on training in joint ventures or wholly foreign-owned enterprises is commonly found (Lu and Bjo¨rkman, 1998, Ying and Siu, 2004)). The most common observation is the lack of basic skills crucial for the operation of technology transferred from overseas, as well as the lack of basic managerial skills. Mentioned authors claim that both technical and management training are necessary and effective instruments to improve employees’ capabilities. Zhu (1997) provided a more in-depth study of training in enterprises in China. Zhu found, relying on the sample of 440 enterprises of various ownership types in Shanghai, that joint ventures tend to provide more training, and that technical and professional skills training as well as management development programs are commonly found in such form of ownership. Zhu identified three main purposes of development and training: (1) to eliminate performance deficiencies and update technical knowledge and skills; (2) to enhance workforce adaptability; and (3) to increase staff commitment. The end results showed that training and development is focused more on job-related skills and improvement of worker productivity. Thus technical training remain the standard practice, while behavioural training in areas such as team-building and interpersonal skills can be found only at low to moderate levels. Furthermore, training that is used at moderate level help employees to understand the firm’s business and value system. The overall result of the study conducted by Zhu (1997) presented that training and development are recognized as an effective tool.
Another survey in China in late 1995, based on a sample of 156 foreign-invested enterprises, disclosed that training is important in achieving six functions (Tang et al., 1996). The functions are as following: (1) improving the administrative capability of management, (2) improving productivity, (3) developing employees’ skill range, (4) expanding employees’ ability to deal with technical innovation, (5) answering to production changes and (6) improving employees’ morale. The author also pointed out that the high mobility of employees in foreign companies may hinder investment in staff training. This viewpoint was also described by Ding and Akhtar (2001). On the other hand, there are also authors who underline that firm-specific or skill specific training implies that it will be difficult for employees to find employment opportunities outside the firm. Thus companies can lower turnover rates by providing higher levels of this type of training. In this regard, training can be a way to minimize the turnover rate of the employees, which seems to be of particular interest to firms operating in a transitional economy (Ying and Siu, 2004).

3.2.4. Perceptions of Western trainings in China

Li (1999) underlines that although foreign direct investment has boomed in China over the past two decades, so there are major gains to be made, there are also risks. One of the major risks is the management issues facing foreign companies. Managing a company is never an easy task, and can be even more difficult task in China’s context. Although managerial basics of Western management such as American, European, Japanese and overseas Chinese are the same, their management styles are cultural-dependent, and are not universally applicable or acknowledged across the mentioned nations. Ali et al. (1995) states that value systems reflect individual and group behaviour across nations. Author mentions that the most significant differences in value systems (leadership styles, managerial success, job satisfaction and organizational effectiveness) are seen between local and foreign managers in China (Tsang, 1994, Ali et al., 1995).
Branine, M. (1996, 2005) argues that the perception of training and management development in China is socio-culturally and politically guided. In this respect, the main problems to the implementation of Western management training programmes in China are the difficulties in understanding Chinese learning practices and the difficulty in knowing what is relevant to China.

Branine (2005) notices that the main obstacles to the implementation of Western management training programmes in China are related to the difficulty in understanding Chinese approach to learning and perception of management as a discipline. The Chinese approach to learning and management development is teacher-centred and culturally and politically orientated because of the status granted to teachers and the way Chinese learn their language. In China, teachers and trainers are expected to dominate the process of learning and have a significant power in influencing the learning environment. The learning is generally passive rather than active, and based on taking notes and remembering them. This passive and trainer-centred approach is one of the main barriers to the transfer of knowledge and skills from the West to China.

3.2.5. Motivating Chinese employees
Jackson and Bak (1998) indicate specific human resource practices aimed at motivating Chinese employees in foreign companies:

(1) Organizational rules and procedures should be well documented and communicated to reduce risk and ambiguity. It provides a strong element of “security” for Chinese employees by informing them of rules of conduct, and expectations in terms of performance and quality. It can be done by providing clear job descriptions, clear instructions for specific tasks.

(2) Structural reward systems are especially important in China’s context as it includes a “loyalty” element which reflects “belongingness” and seniority, rather than
directly addressing an achievement motive, which may not be as appropriate as in Western surroundings

(3) Human resource policy should also foster the feeling of identity with the company and belongingness. It can be done by development of effective induction programmes which draw the new employee closer to the company; provision of subsequent training programmes which reflect the way things are done in the organization. It is also important to set examples of positive behaviours, a foreign manager, working hard, not coming in late, not drinking tea all day, can expect Chinese employees to copy their positive behaviours.

(4) Attention should be also paid to developing clear career paths as part of Human resource plans as well as through a need to develop loyalty, identification with the organization. It can be done by presentation of clear options for career development, external rewards which are appropriate to the Chinese situation and reflect belongingness.

3.3. Communication between expatriate and local employees

3.3.1. Cross-cultural expatriate – employee communication

When individuals from one culture train individuals from other culture, cross-cultural interaction takes place. When an individual (a trainer) from one culture sends a message to an individual (a trainee) from another culture, they engage in cross-cultural communication, and there is a risk that a cultural noise will distort the communication process (Osman-Gani, Zidan 2001)

Adler (1991) underlines the issue of cross-cultural miscommunication, when trainee does not receive the message, as was intended by the trainer. The cross-cultural miscommunication may results in appearance of communication barriers, which are the main blockage of effective communication (Adler, 1991)
Bell (1992) identified several barriers of communication, those are the following: (a) physical, time, environment, intermediate, etc; (b) cultural, religious, ethnic, social, etc; (c) perceptual, views, way of thinking etc; (d) motivational, mental inertia; (e) experiential, life activities; (f) emotional, personal belief; (g) linguistic, language, understanding; (h) nonverbal, body language, gestures, etc; (i) competition, attention, entertainment. Most of the above barriers are affected by the cultural differences that exist between the communicators, for instance the cross-cultural trainers and trainee’s communication (Bell, 1992)

According to Osman-Gani (2001), in a cross-cultural context, the trainers should be responsible for remembering their own cultural attributes and being educated about the cultural characteristics of the trainees. Nevertheless, trainers and trainees must have a common language to enable verbal communication. However, as Osman-Gani and Zidan (2001) underline, it is only a small fraction of the cross-cultural communication activity for verbal communication, most messages sent and received between two individuals can also be silent, that is, nonverbal.

In addition, there are also various factors that affect the effectiveness of cross-cultural communication, such as appropriate consideration of cultural perspectives on the concept of time, time orientation, and relationship to nature and relationship among others. All of these issues have significant implications on the cross-cultural relationships between the trainer and the trainee while conducting training (Osman-Gani, Zidan 2001).

### 3.3.2. Understanding differences between Western expatriates and Chinese employees

China is an important current and potential market for Western and other international business firms. Over the last two decades the Chinese market has retained a considerable attraction for international business (Selmer, 2005).
However, China is distinctly different from most of the other countries and remains a challenging destination for most of the Western business expatriates. In that case the need for effective cross-cultural training appears to be substantial, as expatriates must adjust to a fundamentally different cultural and social context than their own. As the old Chinese saying goes: sharing the “same bed” and having “different dreams” is not the only issue at stake here (Walsh et al., 1999). Communication is necessary to achieve the same goal between Western expatriate managers and the Chinese counterpart.

Most expatriate managers operate in unfamiliar surroundings; do not understand the language and the culture. Moreover, Chinese managers are usually older than their expatriate counterparts. Since elders are respected in traditional Chinese culture, the older Chinese executives expect younger members of the leadership group to respect them. This is one of the subtle expectations that most Westerners probably do not even perceive it, what can be considerable friction and strain as a result if the Western executives are behaving without such consideration. Also, foreign and Chinese managers often differ a great deal in terms of education, as senior managers in China have good technical training, but it is not common for Chinese managers to have formal management training. Such differences may create substantial problems for the communication between expatriate managers in China with the Chinese managers.

Disparity in education and background may result in avoiding interpersonal contacts, differences in age and experience may lead to further complications, as Chinese managers expect age and general life experience to be given some priority in discussions, while Westerners usually value expertise and experience specific to the business task at hand. (Li et al., 1999). As a result, a negative circle can easily take hold, creating a considerable amount of stress when communicating. Selmer (2005) and Baliga (1985) underline that cross-cultural training of Western business expatriates sent to China in some way can ease such problems. However, the author also believes that a cross cultural training is not enough for the successful
performance of expatriates in China. He provides the list published by Business International with characteristics that he believes every successful overseas manager should possess. These characteristics can be classified into four categories.

1. Basic characteristics: zeal for work, ability to develop others, persuasiveness, resourcefulness, initiative, self-sufficiency, ability to make decisions, alertness, foresight, flexibility, ability to learn new languages, ability to adapt to new ideas.
2. Experience factors: technical competence, professional business experience, knowledge of company policies, markets and goals, resourcefulness, knowledge about assigned job, open-minded to new ideas, attitude toward foreigners, lack of fixed prejudices
3. Environmental factors: Knowledge of firm’s international operations, foreign markets, local language, contacts in foreign market
4. Personal factors: motivation for accepting foreign assignment, nationality, family status, personal appeal and attitudes, emotional stability, dignity and integrity.

The differences between Chinese and Western culture are well documented (Goldenberg, 1988; Li, 1999), and they can be a strong barrier to communication. Chinese culture is collective, influenced by Confucian values, and reinforced by collective orientations and of “high context” while Western culture is individualistic and of “low context”. Foreign managers from individualistic culture may put an emphasis on individual privileges and independence and these differences affect how managers make their decisions.

---

13 High context culture refers to a cultures trend towards in-groups, and in-group is a group that has similar experiences and expectations, from which inferences are drawn. This concept had also been presented by Edward Hall 1977 in his book Beyond Culture. In a high context culture, many things are left unsaid, letting the culture explain. Contrastly, a low context culture request independence, and expects many relationships, while few intimate ones. (Wikipedia, 2005); http://en.wikipedia.org/wiki/High_context_culture, access 2006-05-23
Goldenberg (1988) underlines that Western managers are often aggressive in getting performance and achieving chosen goals. On the contrary, Chinese employees rarely take the initiative and pay much more attention to maintaining a harmonious relationship. As Hofstede (1998) notes, management practices that work in one country do not automatically work in another, because they are culturally dependent. Efficiency and effectiveness of managerial practices in foreign companies depends fundamentally on the extent to which they fit value and belief of Chinese employees. Value and belief are heavily influenced by a nation's culture, which cannot be changed overnight. Therefore, it is worthwhile to choose those practices that are likely to have a good prospect for success (Li, 1999). There is a need to find a balance between the best of both the East and the West, to ultimately develop an optimum management system in China.

Zhou (2005) underlines that theories and researches on human resource management and cross-cultural management have a generic guiding significance for the businesses in China of multinational companies. Newell (1999) presents that the managers in China face a very different set of problems from their Western counterparts, moreover Chinese employees have a very different set of underlying assumptions and values. Management knowledge, presented as "best practice" prescription, is unlikely to be acknowledged and, in any case, would be inappropriate to the very different culture and context (Newell, 1999). Also Jaeger (1990) argues that uncritical use of Western management theories and techniques in China can contribute to a company’s inefficiency and ineffectiveness. Newell (1999) stresses the importance of interaction rather than one-way communication from East to West, he alerts us to the fact that the West has much to learn from China. As Tsang (1999) notes: "Managers from industrialized countries are ready to teach native Chinese staff, but seldom do they realize that they can learn something from the locals" (p. 94). For example, there is currently a stress on inter-organizational networking and cooperation as a new and more efficient organizational form for Western companies. As Li (1998) notes this emerging network form in the West, bears a close resemblance to the Chinese
network form, which has long been established as the traditional way of conducting business here. Developing learning communities to promote dialogue between employees from China and the West would therefore seem to be much more worthwhile exercise than the mechanistic translation of Western management knowledge in China (Newell, 1999).
4. Empirical data and Analysis

In this Chapter, we describe our findings and analyse them. The analysis is guided by the theoretical framework from Chapter 3. We analyse such issues as: the choice of the appropriate person for the assignment and the importance of pre-departure preparation. We look at kinds of support that the expatriates receive from their companies (such as family issues, support during and after the assignment). Then we analyse the role of the expatriate in training and developing Chinese employees. Finally, we examine the issue of cross-cultural communication.

When reading this part the reader might get the feeling that some concepts repeat in different parts of this chapter. We would like to explain that the reason for this is that we aspired to look at analysed problems from different perspectives, in order to get deeper understanding of our study. Also some issue like for instance training and communication are so connected to each other that it is impossible to analyze one without mentioning the other.

4.1. Support for the expatriates

4.1.1. Sending the right person to China

Walsh (1999) argues that China differs a lot from Western countries and therefore remains a challenge for most of the Western business expatriates. Consequently the need for effective cross-cultural skills appears to be substantial, as expatriates must adjust to a cultural and social context that is very different from their own. Therefore it is important for the companies to select the right person for the assignment. Nevertheless, it may appear that the ‘right person’ has a different meaning depending on the company.

IKEA from the very beginning had paid attention to selecting the right team to send to China to start their business there. They considered the cultural relationship which may play an important role in recruiting, attracting and training people in China. As said by our interviewee:
“When Ikea came to China they hired a lot of people in Sweden with Chinese connections. So for example when you had Chinese parents but you were born in Sweden, you knew Chinese and well studied the right thing than you…So they hired people with Chinese experience in 98[…]

In the case of Texol the policy of the company regarding selection of a person with cross-cultural skills, was similar to the one in IKEA. Our research, both questions to the employees in this company as well as question to the manager, shows that our interviewee from Texol has skills suggested by Baumgarten (1992) as necessary in order to effectively and efficiently fulfil their task in China (apart from the industry specific knowledge, such features as cultural sensitivity; ability to deal with responsibilities, ability to develop employees and finally ability to display and demonstrate). The employees working before with the manager from Texol indicated different abilities that he has, those are as following: good organizational skills and willingness to adapt to change. Our research showed that the manager from Texol has also an engineering background. This made the collaboration with technicians easier, during the transfer of product knowledge, before he left for the assignment in China. We identified that our interviewee, also has soft skills such as cultural sensitivity and understanding based on his previous contacts and visits in the country. Asked about his feeling regarding China he said:

“I feel very comfortable in there because I’ve been there several times. I enjoy the people, the food, I enjoy the climate, I enjoy the whole culture.”

Moreover his co-workers identified such skills as good relations with people and commitment to work. However, both, employees and interviewee himself does not list ability to develop people among the manager’s skills.

We also discovered that the interviewee from NCR has certain skills necessary in order to accomplish the assignment abroad. Our research shows that he has ability to adjust to the other culture and understand people with different mentality. Moreover,
he is able to cooperate effectively with the Chinese employees. This is shown by the short anecdote about challenge of adjustment process between himself and the Chinese employees. He concludes the story:

“They don’t always want to come up to ask you questions but after these first four, or five months we have achieved that level of trust and yes, they would come back and ask. So if I ask them to do something such as, a presentation for me and they were not 100 per cent sure what I was looking for from them, they did come back and ask.”

The adjustment abilities and cultural flexibility of the interviewee from NCR illustrates also his view on his own personality. Asked about the issue of cultural shock, he said:

“It’s difficult, but you know, when you go there first …. I think that there can be a lot of things that can be a cultural shock, but I’m a kind of person that will just go…Well, I also worked in Brazil and India, I also worked in Hungary… I go just to these areas and I just take, I go to different cultures and I respect other’s peoples’ cultures and their beliefs and I work with that and, you know, whatever they do I would never criticize or… say to anybody you shouldn’t to this or that because it is not correct.”

What also plays a significant role when selecting a person for assignment in China is experience. In both companies the issue was of a great importance. In IKEA selecting the right person is essential, as the company wants to send the full IKEA concept to China and manage to attract more followers there to join the business. When asked about the recent years selection criteria, the manager from IKEA answered:

“Experience, I would say, mostly experience. For example, the expansion manager in China has more than 30 years of IKEA experience and he has been working in France, Austria, Arabia, all the Eastern European countries, Poland, Czechoslovakia, all over for 30 years expanding IKEA, so we have really experienced expansion
manager. So they are sending sort of the old guard, people who have lots of experience."

When selecting a team going to China, IKEA puts a great emphasis on selection of the right trainers, who have sufficient knowledge to be transferred to the followers in China.

Similarly in Texol, experience played an important role. However, one can notice a slight difference in the sort of experience. In IKEA, a key issue was experience in the company and knowledge about the company, its culture, values, goals and mission. In Texol, however, what was important when choosing the person for assignment in China was his technical background and experience regarding the country of destination. When asked about why he thinks he was chosen to go to China, the interviewee from Texol answered:

“Cause I’m the most experienced in China and I’ve already established relationships with a Chinese company, which takes time so instead of doing everything by themselves or finding someone who is going to do it, they gave me the opportunity.”

Despite the fact that the interviewee from Texol, as checked in an adjustment test, has never had any experience in an expatriate assignment before, he still has a wide knowledge about China and its culture and managed to established informal relations with the Chinese locals.

In the case of the NCR’s expatriate experience we got to know that the assignment in China was not the manager’s first assignment abroad. Asked about the previous experience in this field, he said that before China he was working in Canada, however as he states:
“(…) I guess, you know, the UK culture and Canadian culture is very, very similar, so it wasn’t a great deal to stay there. I guess China was the first country where I went and the culture was totally different.”

This statement shows that while the expatriates from Texol and IKEA were in China, the interviewee from NCR did not go to China before the assignment. Asked about his opinion why he was the one chosen for this role, he said that probably the reason for that was the character of his assignment. Since the company has already sent experts to China before, they did not need an expert to be sent, but a person like him, who has a broad knowledge about the supply management across all commodities. Apart from this factor there was also one more aspect that had an influence on choosing him for the assignment in China. According to the interviewee this was the acquaintances in the UK departments, which made it easier for him to communicate with the company in the UK and solve problems in China. As stated by the interviewee:

“I knew the people within departments and the UK (…) who I could ask for assistance or resource (…).”

Baliga and Baker (1985) and Li (1999) share the opinion that cross-cultural training of expatriates sent to China can be helpful; however it is not enough for the successful performance of expatriates in China. They believe that the most important is to choose the right people possessing special abilities and characteristics.

Our research shows that our interviewee from Texol has most of the skills named by Baliga and Baker (1985) and Li (1999), necessary for successful performance in China. Furthermore, the research also indicates that not only the skills and knowledge of the assigned person decided about his/her achievements but it is also the support from the company that played an important role in this matter. Baliga and Baker (1985) argue that success abroad depends on such factors as: technical skills highly developed human empathy, management qualities that play an important role in
China (the ability to organize, control, coordinate and plan). In our research IKEA, Texol and NCR assigned qualified people for expatriation. IKEA was very careful in choosing expatriates to go to China; the company looked not only at experience, but also at their human empathy. The company provided additional cross-cultural trainings that helped the person to understand Chinese work ethics and attitudes. Also Texol paid attention to what qualifications, skills and experience the assigned person had so far when deciding about sending him to China. However, our research demonstrated that despite previous experience in China, our interviewee from Texol had the feeling that he needed more training than actually received. Asked if he was provided with any specific training in order to be prepared to train the Chinese employees, our interviewee from Texol said:

“No, not at all. But that’s a good question cause they just assume that it is going to be matter of training (technical training that the manager receives in Texol-note from the authors) then the way that you would train people back in the peering company and it’s certainly not going to be that way.”

The interviewee from NCR asked about his preparation to go to China, said that he had received the minimum of cultural training, however most of the knowledge about the country he got from books. As he said:

“We got some the minimum of cultural training (...). I bought books myself and then we got some e books on Chinese culture and business within China. So maybe I had three, four, five different books and I was just referred to these books.”

Despite the fact that he was not carefully instructed in terms of providing training for the Chinese employees, the expatriate from NCR asked how he had been getting on with the Chinese employees when working with them and training, he said:

“OK, not any problem at all. I don’t treat or look upon anybody any different, as I would expect people to look at me.”
The examples of Texol, NCR and IKEA show that despite the fact that these companies differ between one another and have different policies when sending a person for assignment, there are still some similarities. First of all the companies choosing the expatriate, were taking into consideration skills and experience of the person, whether in the company or in the country of destination. Secondly, all the companies realized that the person needs to be provided with some training before leaving, whether it was technical or cultural preparations. This creates a question about the balance between necessity to choose the person with appropriate skills for the assignment abroad and providing appropriate training for this expatriate.

4.1.2. Preparing the expatriate managers
Shen (2004) indicates that many authors have suggested the elements of training programs should be adjusted according to the needs, regarding such factors as country where the trained person is going, type of assignment, length of duration the person is going to stay there, and available time for training. As our interviewee from Texol states:

“The training that I’m receiving is mainly technical. Based on the fact that I knew nothing about the product until I came back. They choose me basically because of the skills that I had from China and based on the Chinese environment. So, most of the time I developed the technical skills on how to transfer the knowledge to China. [...]”

Furthermore, according to Treven (2003) the most crucial piece of expatriate training is a cross-cultural training. It helps to prepare expatriate managers to live and work in a different cultural environment. It is so crucial, since coping with new surroundings appears to be even more difficult than the assignment itself. This is also indicated by of the expatriates themselves, as the manager from Texol said:
“I think the challenges won’t be so much in the factory. I think that will be the easy part. The difficult part will be living in China. Becoming accustomed to everything that is so unusual to me. That will be the hardest part...”

Also Mendenhall and Oddou (1985) underline three significant areas, in which companies should prepare their employees. These are: language instruction training, cultural training and orientation training on acquaintance with everyday matters.

NCR had organized a pre-travel to China for the family to help them get to know the environment, and get to know the climate, geography, housing and schools and so on, as the interviewee described:

“Before accepted the job (the expatriation assignment), we went there for a couple of times to see [...] I’ve been working a couple of weeks in China, came back, discussed it with my family and they say, yes, that looks pretty good. So the next trip myself and my wife went there, [...] we looked at the housing, we looked at medical care, we looked at all these kind of things... just to see as a family if we would be able to settle down, are there all the facilities that we need, are they at hand for us. [...] That was all organized by NCR.”

When we asked if the company had provided other kinds of cross-cultural training, the answer was yes, but the interviewee did not perceive this as enough. Instead, he had prepared himself:

“We got the minimum of cultural training, not a big deal that was mainly to do with a… you know, I bought books myself and then we got some books relating to Chinese culture and business within China [...]”

NCR also offered Chinese language training for the expatriate after they (there are four expatriates at the that branches) have arrived, even though the manager a feels lack of time to receive the language training, because he had spend most of the time
on working, and on business travel. Therefore, he did not perceive the language training as very effective:

“When we arrived there we did get Chinese lessons if we wanted them and actually I was getting taught Chinese at home but I found it very difficult, when I went for the first six months I was working lots of hours […] I was even sometimes doing conference calls at midnight or one o’clock in the morning. So I tried to keep my weekends as free as possible, for the family and myself. And actually I was getting lessons on the Saturday morning, but I found out that it was taking too much time to do that. So I changed that and I started taking lessons in the office three times a week and the session was during a lunch time, so I was getting three lessons per week from 12 o’clock to 1 o’clock on the Monday, Wednesday and Friday […] I was more than likely to travel at least once or twice a week to Shanghai or to Shenzhen or wherever, so my lessons may probably not be so effective”

While he also realizes that the effective of language training is mostly dependent on the person’s time and self-motivation. As he said:

“I think a lot (effectiveness) is dependent upon the individuals’ self-motivation to learn Chinese […] we did those lessons in a group so there were three people doing lessons together, that one guy was there more or less every lesson, he was more advanced with all his Chinese than perhaps myself or my college. I maybe missing three or four lessons at the same time, I’ve been coming back two lessons. And one of these guys was more advanced because he didn’t have to do the same amount of travelling.”

But as we found in our study, both IKEA and Texol lack cross cultural and language training for their expatriate. As said by the interviewee from IKEA

“When Ikea came to China they hired a lot of people in Sweden with Chinese connections. So for example when you had Chinese parents but you were born in
Sweden, you knew Chinese and well, studied the right thing … then it was very easy to get job in China. So they hired people with Chinese experience in 98”

In this way, Ikea saved the resources and time for providing training in culture and language. In the case of Texol, the company selected the person who already had knowledge about Chinese culture, thus thinking that there is no need for a cross cultural training. But the interviewee from Texol said:

“I’ve been training, with design engineers. Probably I should get some training on the Chinese environment, but they just take for granted that I know enough, so I hope I do.”

Even though, the candidate has knowledge about the Chinese culture as he had been in China several times, he has just a basic knowledge of the Chinese language. The company tried to solve the translation problem by offering him a personal assistant:

“When I go there I will have a personal assistant and she will be with me 24 hours a day, basically, and she will be responsible for all the translation.”

The reasons for the lack of appropriate training for international managers might be diversified. According to Shen,(2004) the most common causes for that are: 1) the right people do not need to be trained.; 2)lack of time to conduct trainings; 3)the temporary nature of most assignments does not warrant budget expenditures for training; 4) no need for training because there is a belief that technical skills are the only ones needed to carry out assignments abroad; 5) lack of knowledge of how to carry out training and what courses should be offered (lack of training experts and expertise); 6) training is not thought to be effective
4.1.3. Family issues

Treven (2003) underlines that it is also crucial to train not only managers but also their families – both before leaving for the foreign country and during the assignment. Especially, language training for the expatriate family, as it provides the recognition of a new culture, including such a cultural elements as history, economy, politics, religion, social atmosphere and business practices (Treven 2003).

The interviewee from NCR, who had taken his family and stayed in China for two years deeply realized the difficulties for his family to adapt to the new environment:

“Monday till Friday I was in the company, my job didn’t change all that was the same as when I was working in Dundee in Scotland, still for NCR, still doing the same things maybe for different people, but majority of my job didn’t change, so I didn’t have to change, I guess mentally a lot, culturally yes. […] So actually for me it was quite easy to settle but the rest of the family, you take them up there and put them in the strange environment and then you leave at 7 o’clock in the morning to go to work and you don’t return till 7 or 8 o’clock in the night. So they had 12 hours during the day that they had to acclimatise by themselves and get used to the different cultures, different people, and different way of living.”

The importance of family involvement in pre-departure training of the manager was the topic analysed by many authors. According to Shen (2004) this is because that many failures of international managers’ assignments were the result of an inability of the manager’s partner to adapt to the new and culturally different environment.

Even though, NCR did preparation for the family members, as mentioned by the interviewee, NCR had organized travel for his family to China as preparation to settle down the family, the support only lasted during the first period of time. And we have not found any evidence that NCR offered language training or cultural training for the family members:
“I think the moment we moved out there the support stopped I guess was as great as when trying to get you up there. I guess the assumption was that we have house, kids are going to school, we are provided with a medical care, and everything must be ok. And there wasn’t a great deal of ongoing support once we moved up to China.”

So far in IKEA most of the European managers allocated to China do not encounter this problem since they do not have their own families. In the case of Texol, our interviewee is the first expatriate to be sent there, and he is by chance also single. Therefore, it is much easier for them to adjust to a new life and different cultural surroundings. Nevertheless, we believe that the company should be prepared for the situation, in which a manager with a family would be assigned to go abroad. It is both in Texol and IKEA’s interests to send out people with experience and willing to go out of their home country, consequently the families of these employees should be taken into account as well.

The families should be prepared to deal with the situation when a member is leaving and in the case of the longer leave the managers should have the possibility to take their family with him/her. Then the post arrival training would have to be provided not only for the manager him/herself but also for the relatives. We mean at least basic knowledge about the country and its social, political and economical conditions. Also a language course might be helpful, providing basic vocabulary, phrases as well as words essential for everyday situations in the foreign country. In this way the manager as well as his/her family get more confidence about going abroad and reduce the possibility of early return and a failure of expatriate in his/her work.

4.1.3. Post arrival adjustment

As Selmer (2004) states, it is completely normal for an individual to have difficulty adjusting to living or working in a foreign country. When socio-cultural adjustment factors are concerned, our interviewee indicated that he feels adjusted to items living
in China, such as: Shopping and housing conditions, while he feels it difficult to adjust to food, health care facilities, entertainment/recreation facilities and opportunities and living conditions in general. When we asked about psychological adjustment, the answers were as following: manager from Texol stated that that over the past few weeks he felt that he couldn’t overcome your difficulties, however he felt capable of making decisions about things, felt that he is playing a useful part Was able to concentrate on what ever he is doing, enjoying normal day-to-day activities. Although the time in China is full of changes and tension, he did not feel unhappy or repressed, did not lose sleep, has never thought about himself as a worthless person, did not feel under strain and did not loose confidence in himself.

We also asked checked interviewee psychological barriers to adjustment. The answers were as following: Interviewee from Texol agreed that he does not understand non-verbal communication where he lives in the P.R.C, however, he knows a lot about local culture to adapt behaviours, he can understand Mandarin, he is interested in the history of China and had a lot of time to get knowledge about China before came there. He also took initiatives to travel throughout China and take a language training course. What also helps him to adjust is the fact that he has host country friends in China and has much information about local customs and practices in China. When we asked questions about unwillingness to adjust, the answers were as follows. He does not see the point in trying to pretend that he is someone that he is really not, however he would not feel dishonest if he tried to act and behave as the locals do, believing that: ‘When in Rome, do as the Romans do’. Moreover he does not feel deceitful adjusting his normal behaviour to local standards, as he knows a lot about the local culture, he lets it influence his behaviour.

As Selmer (1999) states the adjustment of psychological variables are more difficult to achieve than socio-cultural adjustment. The psychological adjustment issues involve personal attitudes towards the situation, while the socio-cultural adjustment, (as far as social skills are concerned), does not mean that the expatriate has to develop positive attitudes at the same time. Although many authors underline that expatriates
experience the culture shock phase already after 0-2, 3 months after arrival, Selmer’s research present that expatriates that went to China did not experience any culture shock until after 17–18 months. It took place because expatriates were to a certain degree barred from socio-cultural interactions with host nationals, thus delaying their culture shock. Those expatriates lived in a virtual expatriate ‘ghettos’, as in hotels or compounds exclusively designated for expatriates (Bjo¨rkman & Schaap, 1994). Their social interaction with Chinese people took place only at work.

A general implication of the research was that companies that are assigning Western managers to go to China should engage all possible means to facilitate the adjustment process in China. One of the most important means is cross-cultural training including language training, as well as careful selection of candidates for expatriate assignments. Apart from pre-arrival cross-cultural training, expatriates should be also provided with post-arrival cross-cultural training that helps to facilitate international adjustment of expatriate managers (Selmer, Torbio¨rn & de Leon, 1998). Selmer (1999) also mentions that the training is the most effective when the trainees are most motivated to learn. Sometimes organizations give assignments to people from homogenous cultural environments, who do not have travelling experience, thus they do not understand the need for any training given prior to departure. On the other hand, people who have travelled a lot and have cross- cultural experience are aware of the need for training and are motivated to learn. Thus it is important for the company to examine the characteristics of the potential candidates for expatriates in order to find people for whom training will not be unrealistic, exotic, or simply picturesque. For most of the time the duration of training programs is generally too short to achieve any fundamental and permanent changes in cultural norms, selection of the candidates with broad travelling experience may ease the conduct of training. As mentioned before, also post-arrival training need not necessarily take place after the expatriate arrival to China. Such training should help to cope with the culture shock in China by focusing on the culture of the host country, mentality of people. As Selmer (1999) explains, such training should provide the expatriate with a ‘grammar’ rather than a ‘vocabulary’, as at this time, the manager has a large amount of
information, however, it is unstructured. Companies must understand that pre- and post-arrival cross-cultural training programs are not exclusive, but complementary (Selmer, Torbio’rn & de Leon, 1998). As Selmer (1999) notes, to establish a basis for the cross-cultural training it is important for expatriates to report to headquarters during their assignment in China. Such actions help in individual and organizational learning, as by communicating practical solutions can be applied, and important lessons can be learned. In such an organization-expatriate cooperation, also managers repatriated from China can play an active role in managing and supporting current expatriates in China, performing coaching or mentoring roles.

4.1.4. Importance of contacts with others expatriates

We asked our interviewee from Texol if the company provides him with information about any other expatriate managers he can get in touch with. The answer was as following:

“No, I don’t really want to. I’m quiet comfortable with my own company and I have Chinese friends in Nanjing. So that’s not going to be problem for me.

As Sergeant and Frenkel (2001) note, the most valuable source of information and advice is the expatriate community in the host country. Authors state that examples of many companies show that learning by experience, other people’s experience, is always better than having to bear the costs. As authors add, returned managers can play a very active role in managing and supporting current expatriates in China. In that case organizations should utilize a changeover period during which both returning and new expatriate managers can stay for a time together in China. Although our interviewee from Texol does not see the need to contact expatriates when he is in China, he contacted expatriate from the company NCR who had two years of experience in China, when he was preparing for his assignment. However, the opinion of the manager from NCR about contacts with expatriates is different from the view of the expatriate from Texol. The reason for this is the fact that manager from Texol was going to China on his own, while the expatriate from NCR
was taking his family, thus it was important for him to get in touch with other expatriates.

“I think I need other people that you can talk to, share your experience and talk to somebody else who is in the same situation to yourself, cannot speak Chinese either, right… this happened today, I had to do this and I had to do that, and I still cannot get the message through, you know, other people, other expatriates we share our experiences… we talk a lot we make jokes about it… I think… I think you need that.”

We asked more about other expatriates he met in China, the answer was as following:

“When I went to China there was another two expatriates already working within the facility, so there were those two guys plus myself and another guy that went more or less at the same time so we did keep in touch with the expatriates but again that’s difficult for the family because if you go out for a meal or a drink on a Friday evening with the people from the work then you will probably finish talking about the work and things that happened that week and that was difficult for the partners, you know their life already involves the company the expatriates is working for so it would be nice if you could meet other people away from NCR shall we say. So we found, that there were some expatriates bars where we met other people maybe from Sweden, from Germany, Spain so we did meet other people but not necessarily from NCR”.

4.1.5. Support from the parent organization
We asked our interviewee about support he got from the parent company. The answer was as following:

“Now I must be careful of what I say here. There is quite a lot of financial support, there is also technical support as the training are going. Some engineers they give me a lot of support but there are some single managers who do not feel very comfortable with the project. That’s because they don’t have enough involvement. And there’s
also been… maybe it’s because the amount of time that we had because I had only been there a month so that’s the time when I had to get to know how to work with them. So it’s been very rushed, but I think we know what we are doing”.

When we asked the same question our interviewee from NCR, he said that:

“We got the minimum of cultural training, not a big deal that was mainly to do with you know, I bought books myself and then we got some of the books on Chinese culture and business within China. So maybe I had three, four, five different books and I just referred to these books”.

He also added that when he arrived in China he took Chinese lessons, he was also getting taught Chinese at home but he found it very difficult:

“When I went for the first six months I was working lots of hours, starting very early 7.30 in the morning and finishing maybe 8 o’clock in the evening, coming home and then you keep working with the emails and possibly you also have conference calls to report back to the company in the UK. So you find yourself doing the conference calls at midnight or one o’clock in the morning. So I tried to keep my weekends as free as possible, you know, for myself and the family. And actually I was getting lessons on the Saturday morning, but I found out that it was taking too much time to do that. So I changed that and I started taking lessons in the office three times a week and the session was during a lunch time, so I was getting three lessons per week from 12 o’clock to 1 o’clock on the Monday, Wednesday and Friday.”

We also asked if the training provided by the company was effective, the expatriate from NCR stated that it was, however, a lot depends on the individual being self-motivated to learn Chinese:

“I think when we went there first we got a lot of pressure to get the supply base, so we tried to learn but maybe it was not that great but when somebody has a pressure
on him.... When other people were based within a plant and I had to do a lot of travel within China, they had more time to... do their Chinese lessons, whereas I was finding it, you know, for the first six months, you know, more or less all the time I was there, I was more than likely to travel at least once or twice a week to Shanghai or to or to Shenzhen or wherever, so.. We did those lessons in a group so there were three people doing lessons together, that one guy was there more or less every lesson, he was more advanced with all his Chinese than perhaps me or my colleague. I was maybe missing three or four lessons the name, I’ve been coming back two lessons and one of these guys was more advanced because he didn’t have to do the same amount of travelling.”

As given in the literature, selection of the candidates for expatriates is mostly based on technical and managerial skills, organizations do not formally assess expatriates cross-cultural adaptability. Also later, when expatriates are already in China, many companies do not pay attention towards cross-cultural issues. As our interviewee from Texol stated, the company did not provide him with any training on how to treat and train Chinese employees, as they assume that it is just going to be a matter of technical training (Sergeant and Frenkel, 2001).

Sergeant and Frenkel (2001) state that many managers complain that they are ill-prepared for their expatriate assignments. As their selection is mostly based on technical and managerial skills, organizations do not formally assess expatriates cross-cultural adaptability. Thus many expatriates complain about lack of support provided by their companies during their assignments in China. One of the IKEA’s managers said that one of his colleagues got an assignment to set up a plant in Zhuhai. There were no schools for children, no places to play; they felt like in a jail. When the expatriate tried to explain the problem to people in the home country, they told him that he should to his best and see what he can do about it. He felt like the headquarters did not understand his situation at all, as they communicated just electronically and did not come to visit. Thus it can be useful for directors to make
relatively frequent, brief visits to China, as they demonstrate support for expatriate managers and help to understand the situation.

The case of NCR on the other hand presents an absolutely different story, the expatriate was provided with language training, literature. He also got a great deal of support when the family of the expatriate was concerned:

“The company was very good, at doing this. For the first six months I was travelling two weeks to China then two weeks back before I finally decided to take the job we went there for a couple of times to see. You know I’ve been working a couple of weeks in China, came back, discussed it with a family and they say, yes that looks pretty good. So the next trip myself and my wife went there, so I went to work during the day and we were staying in the hotel in China in Beijing and we went then to look at the schools, we looked at the housing, we looked at medical care, we looked at all these things … just to see if my family would be able to settle down, are there all the facilities that we need, are they at hand for us. So the first time my wife went she was happy, came back and then six weeks after that my son and daughter went with us again to just have a look at the types of the schools and the type of house we will be staying and yes, that was all organized by NCR. We did work with an agency in China like a housing agency to help us choose and pick a house. So we were shown a thousand different houses and then we choose that one that fitted us best. So actually we got a lot of support from NCR. I think the moment we moved out there the support stopped I guess was as great as when trying to get you up there. I guess the assumption was that we have house, children are going to school, we are provided with medical care, and everything must be ok. And there wasn’t a great deal of ongoing support once we moved up to China”.

The company offered also financial support, as the salary was paid to the bank in the UK, since the expatriate wanted to keep his house in the UK thus had to afford the community charged, taxes in the UK and the mortgage in the UK. He underlined that
the main value for him had been the experience in China; however, he also stated that:

“If the dollar value wasn’t there maybe we wouldn’t consider the first place. We always believe that … I don’t think that there is any point in leaving to go to another job in general if you are going to live worse after. If you have to sacrifice to go and do it I don’t think you would do it.”

To understand the issue of family, we asked about their perception of China. The interviewee stated that going to China was difficult for his son especially, as he was only 10 years old, taken away from all his friends and his family and his grants, aunties, uncles and cousins in the UK, put in the strange environment, put into a new school

“Probably it was more challenge for him on a personal perspective what was for me on a working perspective. It was probably hard, you know for my wife and my daughter to settle and the main reason for that was … you know, Monday till Friday I was in the company, my job didn’t change all that was the same as when I was working in Dundee in Scotland, still for NCR, still doing the same things maybe for different people, but majority of my job didn’t change, so I didn’t have to change, I guess mentally a lot, culturally yes. But my job stayed the same. I’ve still been talking to the same people back in the UK as I was doing the week before and now involving the local Chinese people at the same conversation. So actually for me it was quite easy to settle but the rest of the family, you take them up there and put them in the strange environment and then you leave at 7 o’clock in the morning to go to work and you don’t return till 7 or 8 o’clock in the night. So they had 12 hours during the day that they had to acclimatise themselves and get used to the different cultures, different people, and different way of living”.

As the whole family went to China, all the family members experienced some kind of problems with repatriation after going back to the UK:
“You know in the family we talk most of the time about the things that we did in China. People ask me if it was harder to go out to China or to come back to the UK. Initially when coming back to the UK I was kind of looking forward to coming back home. When you spend six to ten weeks of planning to come home, your flights are booked and you are looking forward to coming home and then at home after two or three weeks you get the cultural shock of settling back in the UK. You say, Jesus, it’s never changed after the years! But when you live in China for two years without being there, everything changes on the daily basis. There’s new buildings going on, there’s new shopping malls, there’s new restaurants opened, there’s something happening every single week in Beijing or Shanghai when you come back to the UK, there is exactly the same as when you left, nothing get changed, people are the same, talking about the same things, complaining about the same things, you almost have the feeling as if you’ve never been away. You know, you spend two years away from the UK and then come back and things haven’t changed. We found it very difficult in the UK, we found people in general, and manners were totally different than the Chinese were. We go on meeting other expatriates and go to the Chinese restaurants, meeting there and make friends … But I don’t think you can make the same friendship here…and we found it difficult to come back and we still find it difficult.”

As Selmer (2004) states, companies should secure the manager’s future so that he/she will not feel insecure about the long-term assignments, offer another job in China after the accomplishment of the task, or propose a better position in the other. Also Rogers (1999) and Wong & Law, (1999) argue that expatriates must be made clear about their future role in the company and when the task is accomplished the proper repatriation arrangement should by done by the company in order to support the expatriate moving back home.

The manger from NCR after repatriation has a more global role in the company:
“I have been working in Poland, Romania, Hungary, Czech Republic, Slovakia, Slovenia, since I came back to NCR. One of my other jobs was also to set up a new factory in Brazil.”

Nowadays, his main role is to train others:

“I came back from China with the view to train…. one of my roles in Brazil was to go across and help the local manager with interviews, however, we didn’t want to do the same training as we did in China. We didn’t have the same time schemes to build the operation set up so we were looking for people, who were already trained in their skills instead to train people. So I went across and I helped the manager interview local Brazilians into the roles that we trained the Chinese people to do. I also helped the Brazilian people set up the supply base in Brazil and get business suppliers and train them in negotiations skills and things like that. I’ve done the same things in India. That’s basically my role is at the moment.”

4.2. Training Chinese employees

4.2.1. Characteristics of training
Branine, M. (1996, 2005) and Tsang (1994) argue that what guides training and management development in China are socio-cultural and political factors. Additionally, Branine (2005) notes that the main barriers for implementing the Western management training programmes in China are related to the difficulties in understanding the Chinese cultural environment. As Hofstede (1998) states, management practices that work in one country do not always work in another, because they are culturally dependent. Therefore, effectiveness of managerial practices in foreign companies is dependent on the extent to which they fit beliefs and values of Chinese employees. In our research we were also investigating the attitudes of the company to the cultural issues in China in regards to training.
Since IKEA operates in many culturally different countries, it needs cross-cultural managers, who can effectively accomplish tasks across the globe. Therefore, the policy of the company in this field is to offer professional training for the managers in order to prepare them for abroad assignments abroad. The interviewee from IKEA informed us that these trainings also provide the managers with academic knowledge. He added that some of the training was made within IKEA Group and that there was a lot of internal training in China. Moreover, he said:

“(…) but then we have something that is called IKEA’s Business College that is placed in Delft, in Holland. So then you can send managers and also people that are responsible for departments in the store (...) there have been a lot of people trained in Delft.”

However, in our field work we discovered that IKEA locates many training processes in China. This is to make people not only learn in the country of the assignment destination, but also to teach them how to run the business in accordance with the local rules and conditions.

Furthermore, during our study we also found out that IKEA puts a great value in training its employees in China. Our interviewee from IKEA informed us that the majority of this kind of training the company organizes in China. This action can be explained by King (1998): “Customers can be better served according to local needs, and local conditions are important for employees” (pp. 162). Since the company puts a lot of effort into this issue the result is that after more than five-year development, the human resource department is nowadays very strong in China. The interviewee from IKEA said:

“They have been waiting 5 years to expand and there has been lots of training programs so they are really well trained I would say. The HR organization in China is very strong.”
The interviewee from IKEA underlines that the training for employees in China is so well organized that for the training in China the company is also sending employees from newly-developed Japanese stores.

“(…) now they hired a lot of people in Japan and now they train them in our IKEA stores. They are now opening the store in Tokyo in the spring and they have sent a lot of Japanese to China, to train them.”

When looking at IKEA, one can notice that training in this company take place all around the world, and is developed and contains many different issues. However, this is not the case in Texol and NCR. The expatriate manager from NCR informed us that before leaving, he got the “minimum cultural training” and enriched his knowledge about the country by reading books about China and doing business in this country. In case of Texol all training of the person assigned to go to China took place in Europe and did not concern issues about Chinese culture and environment. As the interviewee from Texol said:

“Probably I should get some training on the Chinese environment, but they just take for granted that I know enough, so I hope I do.”

On the contrary to IKEA, where the training programmes are designed by the specialists, training for the Chinese workers in Texol and in NCR is carried by the assigned expatriates. This means that these expatriates need to have their own idea how to provide training in China, without being instructed in this matter about the cultural issues.

The factor that decides about the issues that are significant for training people in the company is the character of the company and the branch, in which it operates. Customer service is of great importance in terms of training for employees in IKEA, however the company also sets value on informing people about the company’s culture, tradition, history and common practices. Also in Texol and NCR despite the
fact that the accent in employees’ training is put on technical issues, the expatriates also present to the employees the company and its culture. When we asked the interviewee from Texol how he is going to conduct trainings in China, he said:

“I want to transfer all the technology, all the knowledge that we have about the product, we will transfer it to China, and so it will be an explicit knowledge. However, we will also transfer the tacit knowledge that we have. It is very easy to document things but it is actually very difficult to show people what to do without introducing some kind of tacit knowledge. So we will give them all the knowledge that we have and tell them all that they have to know to build the product.”

Asked, if he was presenting the company’s culture during the training, the interviewee from Texol answered:

“Yes, I am. I have a presentation to build and I’m telling them how it looks like because they are very curious as well. And they should know what we are like, to know that we are committed. Because I think that we are committed quite a lot.”

Finally, the expatriate from NCR was conducting similar practices during his assignment in China. Asked if he had provided training in company’s culture or containing technical issues, he said:

“That was actually both, we trained them in regards to the NCR culture and different contexts within how we are working, we also trained them in one or two aspects within procurement, what they need to know in b2b running the operations, coming into the plant (...) we also trained them up in negotiations skills, calling processes, procurement process so we trained the Chinese people on how to get on with all the suppliers and negotiate.”
In spite of operating in a hi-tech sector, where professional technical knowledge is of great importance, expatriates from Texol and NCR perceive transferring knowledge about the company and its culture to be significant.

In our research we found out that despite the fact that NCR has longer experience in China, it does not have such wide range of cross-cultural trainings for managers and employees as IKEA does. Both of these companies have been much longer established on the Chinese market than Texol, which is in the position of a beginner. The interviewee from Texol admits:

(...) we know how to train people how to manufacture but we don’t know how to train people cross-culturally. We have never done that before, so this will be a new experience for us as well and it will be an experience for me (…)

In comparison to IKEA, and NCR, Texol has never prepared its expatriates in terms of cross-cultural training before, since the company has not been operating in countries, which differ so much from the UK regarding the culture. The above analysis illustrates that each company, depending on the branch that it is operating in, its experience, goals and culture, puts value on different aspects in terms of expatriate preparation and trainings and to the preparation process itself. For IKEA the familiarity with the company’s spirit is of great importance, for Texol, technical skills of the expatriate, and for NCR the expatriate’s general orientation and knowledge of the commodities.

4.2.2. The role of the expatriate manager
In our fieldwork, we noticed that in IKEA was sending the expatriate managers who were supposed to be coachers over there, who were going to help the workers in China to perform, rather than supervise their job. As our interviewee from IKEA stated:
“My reflection is that they (IKEA) are sending the expatriate to China but not at a high level they send people more […] for coaching. So, a lot of the people are sent more to be coachers than to be managers. Of course they are the managers, which are from Sweden but most of them are mostly coaching.”

Our interviewee from IKEA added:

“[…] and also the managers know that their job is exactly to coach, to coach Chinese to take their responsibilities [...]”

Treven (2003) defines coaching as “(...) informal, unplanned training and development activities provided by supervisors and peers” However, Treven (2003) believes that coaching should be just an addition to the formal training program, not the substitute. Jackson and Bak (1998) indicate that in the Chinese context feeling of “belongingness” is very important for the employees. It can be done by the development of effective induction programmes, provision of subsequent training programmes which reflect the way things are done in the organization, it is also important to set examples of positive behaviour.

IKEA holds its way of coaching as the main approach for training workers in China. The company believes that the workers should have their own initiative to learn without strict supervision. However, as our interviewee from IKEA underlines, it may be somehow inappropriate in China:

“I think the biggest problem is that Swedes are more willing to take initiatives and Chinese are more willing to give orders and obey. But that I think is a historical factor, because China was run by emperors and when you have to control so many people then you cannot have all these people taking their own initiatives. That is my interpretation that Swedes are more willing to take initiative”
The problem of unwillingness to take initiatives between Chinese employees was widely analyzed by Goldenberg (1988) and Li (1999). Authors explained that Chinese culture is collective, influenced by Confucian values, and reinforced by collective orientations, while Western culture is individualistic. Thus foreign managers from an individualistic culture may put emphasis on individual privileges, independence, initiative to make their decisions, being sometimes aggressive in getting performance and achieving chosen goals. On the contrary, Chinese employees rarely take the initiative pay much more attention to maintaining a harmonious relationship.

Nevertheless, the role of the expatriate manager can vary according to the organization situation and the purpose of international assignment. As in Texol, the expatriate manager recognizes his role as mostly transferring the technical knowledge about the product. As he said:

“I am going to transfer all the technology […]. I will also be a tacit knowledge that we have […]”

For Texol, the most important thing is the “quality” of the products, as perceived by the manager.

“Checking the quality is a very important part of my job actually. Because then we can assemble the machine and sell it but we have to make sure that the quality is good. If anything goes wrong with the quality then we are in trouble.”

Therefore, the manager from Texol will be more or less a supervisor to be sure that everything goes well in the manufacturing process. However, he also believes in the capability of the Chinese employees, saying that:

“They are very qualified in what they are doing so they could easily follow drawings to manufacture the units. But to manufacture the units is easy.
Assembling and knowing how the machine works is a difficult part, because it’s a hi-tech machine. The parts assembly is very complicated so I’ll have to show them how to do that and what can go wrong with that.”

And in the case of NCR, the interviewed expatriate manager was sent to set up a supply chain, train people in China in supply management engineering skills,

“What I went there for originally was to train people up so that when you are coming back home you can leave the factory to operate without any Western people there […] we trained them in regards to the NCR culture and different contexts within how we are working, we also trained them in one or two aspects within procurement, what they need to know in b2b running the operations, coming into the plant, arriving on time at the right course and miss the required quality. So we trained them upon these skills but we also trained them up in negotiation skills when for example starting the new supply you have to call up the old supplier to see you there, calling processes, procurement process so we trained the Chinese people on how to get on with all the suppliers and negotiate.”

As seen from the above, the role of expatriate in NCR is not only to help in the operation but mostly to help the local employees learn the required skills and knowledge.

As indicated by Fischlmayr (2004), the multinational companies usually assigned expatriate with the purpose of filling the vacant positions, especially in less developed countries, where skilled workers are difficult to find and the expatriate was therefore being used for knowledge transfer. It can be a special know-how for a certain job, or relevant information about the company in order to spread it over the whole organization. Seen from our empirical data, the expatriate managers from IKEA were mostly assigned to transfer the organizational management philosophy and cultural value as IKEA identity, and thus they are most likely to act as the coacher to communicate with the workers and try to influence their behaviour. On the other
hand, the expatriates from Texol or NCR are more likely to perform as supervisor or trainer, in order to show and transfer special know-how for a certain job. For instance, the manager from Texol is to transfer the knowledge about how to manufacture and assemble the certain product, and in NCR it is about how to setup the supply chain.

4.2.3. Developing a clear career path

Training can only be meaningful when the company can maintain the trained workers. Jackson and Bak (1998) indicate specific human resource practices aimed at maintaining Chinese employees in foreign companies. They state that the most important is the provision of a strong element of “security” for Chinese employees by informing them of rules of conduct, and expectations in terms of performance and quality. Also structural reward systems are especially important in China’s context as it includes a “loyalty” element which reflects “belongingness” and identity with the company. For IKEA maintaining local workers is a very important issue, especially those who are skilled. Thus IKEA is constantly paying attention to develop clear career paths for the local workers. Said by our interviewee from IKEA:

“[…] the store manager in Shanghai is Chinese, she is a woman. So it is to show that everything is possible and it’s not that all the managers are Swedish, so people will think that the only way to become a manager is to become a Swede. Then it is not interesting to grow within the company. The logistic manager, who is Chinese, is also a woman. Also on departmental level, many are Chinese.”

Not only in China, all over the world, IKEA promotes a culture of both empowerment and encouraging entry-level employees to be vocal about suggestions for store improvements and to exert their own decision-making skills on the sales floor. One of our group members had interviewed a Swedish IKEA member, she joined IKEA as a management trainee in Hong Kong, during the 10 years working life in IKEA, and she had tried many different jobs in IKEA. Based on her own experience and others colleagues’, she described her feelings about the career path in IKEA as below:
“The job positions here are open to all the persons inside and outside the organization. You can always apply for the jobs you are interested in, and get what you want when you match the requirement. So you can choose jobs you are interested in, and IKEA is such a big corporation, you have a lot of chances. I like my present job very much, and I am also trying to improve myself.”

As the examples of store manager from Shanghai and this Swedish manager show, there are no national borders existing in Ikea’s career path. All the employees have a chance to get training abroad and work in all the IKEA’s stores worldwide. In IKEA employees are encouraged to try even 10 jobs in 10 years. They can plot their careers through a "Paddle Your Own Canoe" development program, where they keep an online file of career goals and how to achieve them. Moreover they can participate in an "I want your job" program, where they identify desired positions and seek coaching from the person who has that job. On their breaks, employees can surf company computers to search for job opportunities in any of the company's global outlets, including IKEA’s stores in China. No matter where you are from, you have plenty of opportunities with IKEA worldwide. Nationality is not a restriction.

4.3. Communication

4.3.1. Learn from each other
In the process of training Chinese workers, IKEA does not hold the view that its own way is always the best; it enables the employees to show respect and to learn from each other. In terms of training, IKEA does not try to push its own idea to the local people; it also tries to listen to their voice.

Newell (1999) and Jaeger (1990) stress the importance of interaction rather than one-way communication from East to West, they alert to the fact that the West has much to learn from China. Also Tsang (1999) notes: "Managers from industrialized countries are ready to teach native Chinese staff, but seldom do they realize that they
can learn something from the locals" (p. 94). Li (1998) notes the importance of networks and cooperation forms in order to develop learning communities to promote dialogue between employees from China and the West would therefore seem to be a much more worthwhile exercise than the mechanistic translation of Western management knowledge in China (Newell, 1999).

In IKEA, the idea to show respect and understanding of different national characteristics creates the situation, in which some of the coachers who were sent to train Chinese workers can ignore the conflicts. We felt surprised when our interviewee from IKEA said:

“I think the difference between China and Sweden is of course so big everyone is thinking it’s going to be a really big problem. But then I would say that there are so many things that are common between China and Sweden […]”

Of course, there are differences between these two nations, but if people communicate with each other they also learn from each other and understand each other’s way of thinking. In this way communication assists to avoid conflicts arising from misunderstanding and lack of information about what other co-workers are doing.

Our interviewee from Texol also underlines the importance of learning from each other; however he states that the process can be difficult as only one person in the Chinese company speaks English:

“Her name is XXX. She is the business executive for the XXXX she does all the translations for me. So it’s basically just myself, XX Me and Lin, who communicate all the information to the engineers and to the general manager and to the staff. Apart from that, it is the only way that we do the business with them verbally. When I show them how to build the product, it will basically tell Lin, who will tell the personnel at
the Chinese company. So, I will tell her and she will tell them. But we also have a visual tillage, the product being manufactured because it is easier to witness someone doing it when you can physically see them doing it than by be telling them.

We asked about more details concerning transferring knowledge between partners. Our interviewee stated that his aim is to

“Transfer all the technology, all the knowledge that we have about the product, we transfer it to the Chinese. It is also a tacit knowledge that we have. It is very easy to document things but it is actually very difficult to show people what to do without introducing some kind of tacit knowledge. We want to give them all the knowledge that we have and tell them all that they have to know to build the product”.

When we asked about what knowledge they are getting from the Chinese side of the joint venture, our interviewee said:

“I want to learn about the country, culture, about how to do business in China”

What makes the process of learning and teaching each other difficult is the fact that partners are culturally different. The Scottish company assumed that it is going to be a matter of training, just technical training that the interviewee should conduct with the Chinese employees. As the interviewee from Texol states:

“It’s certainly not going to be that way like you train people in the peering company. That’s why I will train the Chinese representative and then they will train their employees because I find it very difficult to communicate with them. He also adds that the possible reason why managers in Scotland are not noticing the difficulties with training in China is that some of them don’t have enough involvement in the projects in China. And there’s also been… maybe it’s because of the short amount of time that we had since I had only been there a month or so that’s the time when I had
to understand how to work with them. So it’s been very rushed, but I think we know what we are doing”.

What is also important for interviewees both from Texol and NCR is the fact that it is not enough to transfer technical knowledge to the Chinese counterparts. It is important to tell them more about the company itself and Western culture. As the expatriate from Texol states:

“I have a presentation to build and I’m going to tell them what it looks like because they will be very curious as well. And they should know what we are like, to know that we are committed. Because I think that we are committed quite a lot… financially, how could you say it…. the manufacture of the part is very expensive. If we ship out all the machines that will be around GDP 500 per machine, all together GDP 80 000, it’s only investment not including my salary and expenses. So maybe GDP 200 000 we will commit to the project”.

Manager from NCR adds:

“That was actually both, we trained them in regards to the NCR culture and different contexts within how we are working, we also trained them in one or two aspects within procurement, what they need to know in b2b running the operations, coming into the plant, arriving on time at the right course and miss the required quality. So we trained on these skills but we also trained them in negotiating skills when for example starting the new supply you have to call up the old supplier to see you there, calling processes, procurement process so we trained the Chinese people on how to get on with all the suppliers and negotiate

The manager from Texol also underlines the importance of knowledge about cultures, saying that he would not even be chosen for this position without the knowledge about the Chinese culture:
“They would certainly not send a person who has no knowledge about the country but they are well aware that I’ve knowledge about the country and I’ve been there several times so the reason they took me was based on that because I had no knowledge on the product, they picked me based on the knowledge about the country”.

The fact that interviewee from Texol perceives Chinese counterparts as real partners, and expects to learn from each other is presented by the following words:

“The Chinese will help me with the distribution. I want to get them more involved because it’s a joint venture not just a supplier. They agreed to build a relationship and build something else or they could just go and sell it themselves. So I think it’s more important to get them involved and develop a joint venture”.

4.3.2. Importance of intermediaries in China
The differences between Chinese and Western culture are well documented (Goldenberg, 1988; Li, 1999). All the authors emphasize that Chinese culture is collective, influenced by Confucian values, and reinforced by collective orientations and of “high context”, while Western culture is individualistic and of “low context”. Hofstede (1998) for example notes that management practices that work in one country do not automatically work in another, because they are culturally dependent. In that case there is a need to find a balance between the best of both the East and the West, to ultimately develop an optimum management system in China.

Regarding the professional knowledge transfer, IKEA uses the intermediaries, who can act as the knowledge bridge between the person from the IKEA world and the local workers. In this process, English language played a useful role.

“So, if you hire people with lot of English knowledge in China and you bring the people from all the IKEA world with lot of experience and they have the IKEA
experience and English of course, then you have some people in the beginning that you hire that are these culture bearers between China and Europe.”

This illustrates that the ability to speak a common language in order to communicate plays an important role. Dhir and Priola (2002) notice that business, which operates on the global scale brings together people coming from different cultures, having different traditions, education through verified learning processes and who function in different political systems and live in regions of different level of development. Dhir and Pariola (2002) stress that language in multinationals has been a factor that contributes to creating cultural distance. Dhir and Pariola (2002) also perceive language as a mean by which a company communicates its culture within the members of society, communicates information and enables the creation of value in the process of exchanging ideas.

The interviewee demonstrates that IKEA has an understanding of the significance of the role of the language in multinationals. He stresses the function of the English language in integrating employees. Many publications deal with the issue of how common language helps to manage an international company. For instance Dhir and Parionla (2002) argue that it enables the communication of formal reports, access to corporate documents and reduces the possibility of misinterpretations. Furthermore, universal language also increases informal communication and the flow of information between the subsidiaries.

In the process of communication also patience is very important. IKEA spent almost five years learning the Chinese market and trained the local workers, from the store floor to the store manager level.

The Chinese have patience in their approach to doing business. The Chinese have a particular affinity with gathering information before making or entering any deal. Furthermore, they tend to be scrupulous with details and look to form long-term relationships (Woo and Prud’homme, 1999) Such activities can be very time-
consuming and are very different from the way the European companies act, keen to close the deal and act in the market as quickly as possible. Such an attitude focuses only on gaining quick revenues may be the cause of the failure in China. Doing business in China is a lengthy process as it usually takes a long time to get things done, as in China there is a need appear to stay calm and composed. IKEA succeeds in China because it applied Chinese attitudes. The Chinese have traditionally believed in doing things carefully, and meticulously examine every detail and clarify every point. IKEA restrained itself from attempting to hurry the process along as the Chinese place considerable emphasis on time. Time itself is viewed as a cost to the foreigner but not to the Chinese themselves. IKEA, by treating time in the Chinese way, wasn’t in a hurry in China and was patiently learning about the Chinese market and its customers (Woo and Prud’homme, 1999).

Also in Texol and NCR operations in China, intermediaries play a very important role. As our interviewee from Texol describes his intermediary in China:

“She will be with me 24 hours a day, basically, and she will be responsible for all the translation. Although she is mostly responsible for translation, soon she will have to do much more. She will have to know, transfer all the documents we need, she will have to translate them into Chinese. I think she is going to develop a website as well and she will also have to know about the engineering of the product because when we go to meet customers she will have to tell them about the product because I cannot do that”.

When we asked how long our interviewee has known the intermediary, the answer was as following:

“We have known each other for maybe two years now. I met her the first time I was in China and we kept in touch and we have been working together ever since. She helped me with the translation and she is doing some research for me in China. So she is employed with Texol, but she is a sort of free lance. Texol pays
her salary on a regular basis. The importance of her role is described by the following sentence: I couldn’t do anything basically. She is my voice and my ears, she has to communicate back”.

Also the manager from NCR says about the presence of intermediaries:

“Yes, we had them. One of the first things when we went up there we were travelling with a local team. When I went to visit the suppliers I would always take someone from the office with me to… to do the translation. The majority of the companies that we did go and see had some English speakers there as well, so you know.. it wasn’t too bad, but one or two companies we did go to see were, , purely Chinese-spoken and I couldn’t converse with them and I did need a translator for these ones.”

He also stated that although he did not have any Chinese person who could advise him in the beginning of his assignment in China, he became sort of friends with one of the Chinese sales managers:

“When I wasn’t sure, when sometimes I was asking a question and someone needed to explain it, I could go and ask this Chinese manager. Li used to go and ask people if they fully understood what I asked them to do. And then he came back and said yes, they fully understand or I think we need to do this and this corrected. And we worked together on that.”

Both interviewees from Texol and NCR many times underlined importance of having Chinese friends, keep in touch with them, as there is a moment in China when they are becoming intermediaries, and it is hardly possible to do anything in the Chinese environment without them. The great relationship that our interviewee from Texol has with Chinese people is described in the following words:
“I met my Chinese friends maybe 3 years ago when I was in China and then I’ve been keeping in touch with them ever since. And every time I go there they take me out for dinner, they take me sightseeing for tours, I have dinner with their families, it’s very nice, because the people are very nice. They are very friendly so it is easy to make friends. When we asked if it is easy to make friends with Chinese people, we heard that: Yes, for me it is easy to make friends with everyone. I suppose it’s the way you treat people. If you respond in a great way, they will be interested in you. That’s just the way it works”.

Similar opinion has expatriate from Texol:

“We found it very difficult in the UK, we found people in general, manners were totally different than the Chinese We go on to meeting other expatriates and go to the Chinese restaurants, meeting there and make friends … But I don’t think you can make the same friendships here…and we found it difficult to come back and we still find it difficult.

When we ask if it is easy to make friends with Chinese people, answer was short:

“Yep, Yep”

4.3.3. Patience and Communication

Similarly to IKEA, also Texol and NCR see the importance of being patient when operating in China. As our interviewee from Texol underlines, he needs a lot of patience when training people of different cultures:

“We know how to train people how to manufacture but we don’t know how to train people cross- culturally. We have never done that before, so this will be a new experience for us as well and it will be an experience for me… I will probably be very frustrated. Hehehe, no actually I don’t think so, it’s just patience and there is no rush. We’ve got to remember that they are very competent in what they do. It is only the language barrier that stops us”.
Patience is also important when trying to communicate with Chinese people. The anecdote told by our interviewee from Texol supports this statement:

“The first time when I went to China, it was a cultural shock, I went there and I thought everything was just so strange, probably because I couldn’t go anywhere without assistance. I lived with a Chinese family and they didn’t speak any English and I wanted to go places but I just couldn’t go there until I found someone who spoke English… the way we communicated was a computer program. The Chinese was a young man after the university so he was able to read written English but he couldn’t talk any English. And he typed in the computer “what do you want to do this afternoon” and he pressed the button and I see it, ok. And then I wanted to tell him I wanted to work in the afternoon so typed “I want to work this afternoon” I was just about to pronounce the Chinese and he stopped me “ora ora, no problem” he says. Ok, he understood, so in the afternoon he came with his mother to get me and they took me and asked me to put my shoes on and he took me up a mountain for 3 hours cause he understood that I wanted to walk in the afternoon, not work, but walk so he took me up a mountain overlooking Hong Kong and he nearly killed me! It is just showing how confusing the language can be.”

Also a story told by an expatriate from NCR illustrates how important patience is and communication between manager and Chinese employees:

“The challenge for me in China… was obviously the language barrier that was a big challenge to myself but I also think that some Chinese people did not want to disappoint you when you were across there and without the trust, you know, the Chinese wouldn’t always tell you the whole truth, shall we say so, if you ask them a question 9 times out of 10 they will give you the answer that you want to hear so as not to disappoint you and I was asking them question but answering before them but in a negative .. so I was asking them questions: would you do this and when I was say yes when the answer should be no so I was answering the
question in a negative and they were looking at me ‘he is giving me the wrong answer there’ then general they answered me back and by doing that I was getting along with them for the first two or three months’.

The expatriate manager built trust with the Chinese employees, as the result of this when they did not understand what he had said, they came back and were asking to explain the issue to them again. The interviewee stated that probably the biggest challenge both – for himself and probably for the Chinese people to achieve such a level of trust that people will come back and ask.

As Sergeant and Frenkel (2001) underline that in China there is a great need for patience and communication. People are very competent, and as long as they know what managers want, they will deliver. Western managers cannot expect from the Chinese employees to rely on their initiative, as our interviewee said “You need to be clear about what you want from them”. Authors add that what is also very important is communication. In China communication means understanding what Chinese employees are saying. Seargeant and Frenkel provided many examples referring to Asian “yes”. In China “yes” does not mean that the person agrees nor understands, it means that the person heard you. Also the story told by our interviewee about misunderstanding when living in the Chinese family, shows how important is communication in China.

4.3.4. Different understanding of gifts, bribery and corruption in China and in the West
Gifts in China are a very controversial issue. While in the Western countries giving presents to business partners is perceived as bribery, in China is seen as a step in relationship building and harmony creation.

We asked manager from Texol if he takes any gifts for the business partners, the answer was as following:
“Of course, I have a lot of golf gifts from Scotland to take, bag is full, I will put them all in the shipment, including reference books because it is too heavy to carry.”

We also asked who is paying for the gifts, if the manager paid from his own packet, or the company’s money were involved:

”I don’t mind paying for them, I like giving gifts to people, but the company will pay this time, normally I pay everything but this time is their business.”

One of the most controversial issues that Western expatriates have to face is the bribery and corruption in China. As Sergeant and Frenkel (2001) note corruption and bribery are the issues that Western managers are unaccustomed to and feel the need of companies support. As the law and legitimacy are not accorded the importance they have in the West, it encourages expatriate managers to believe that the rules of competition in China are unfairly weighted against them if they follow the Western rules of doing business. As some Western organizations have very strict rules and policy on bribery, Western expatriates do not know what to do if they are in a situation when payment may ensure the smooth passage of paperwork through relevant government departments. As manager says:

“... Corruption is very common in China, as it is not perceive like corruption, but as a part of guanxi (building relationships), sometimes you see the people who were paid to cause you troubles and then you have to pay double to make them go away”.
5. Conclusions and recommendations

In this chapter we present the conclusions drawn from our study. However, beforehand we decided to make the reader more familiar with China paraphrasing an anecdote by Ambler. We divided our conclusions into a few parts. First, we present our findings regarding following issues: support for the expatriates; training of the Chinese employees and importance of communication. Then, we introduce our proposal with advices, which on the basis of our study, we perceive as helpful when sending an expatriate to China. We finish our conclusion chapter with a critical view on our paper and suggestion for further research.

Ambler started his book from words: ‘There is no such thing as a Western “expert” on China, only varying degrees of ignorance.’ Saying those words he was thinking about variety and vastness of China. To show the reader how difficult is for the Western people to do business in China, he said the following story: This old story will be about the six blind men who were introduced to an elephant for the first time. Each was asked what it was. The first, who was stroking one of the elephant’s legs, declared it to be a tree. The second, at the rear, felt the elephant’s tail and announced it to be a rope. The third and fourth thought that the tusk and the ear were, respectively, a weapon and a carpet. ‘Nonsense’, cried the fifth, pushing against the beast’s side, ‘it’s a wall’. ‘Rubbish’, said the last as he handled the elephant’s trunk, ‘you are all wrong. It’s a hosepipe’. None of them could comprehend that they were in the presence of an elephant” Ambler (2000, pp.8). Western managers, when visiting China for the first time are rather like the blind men, forming view of the country on few impressions, which often have little to do with real China. Understanding China is a long term process in which both pre-departure as post departure support for Western expatriates can be of a great value for the future success of the company. Thus all possible means should be engaged by the companies to facilitate adjustment process of the Western expatriates in China. Cross-cultural training and preparation, such as language training, as well as careful selection of
candidates for expatriate assignments, were areas identified in our study as both: being important for success of expatriates’ adjustment in China and insufficiently provided by the companies. Furthermore, not only traditional pre-arrival cross-cultural training, but also post-arrival cross-cultural training appeared to be needed for facilitation of international adjustment of expatriate managers.

5.1 Research findings
Our study showed that maximum effectiveness of training takes place only when trainees are motivated to learn. Thus, it is important for the companies to select people with travelling experience, who see benefits of training given prior to departure, as they have experienced contacts with other cultures. When the post arrival training is concerned, there is a need for it to take place not necessarily after the expatriates’ arrival to China, but after 3-6 months after arrival, as it is defined as a time when manager tries to cope with culture shock. At that time expatriate has a large amount of unstructured information, thus there is a need for a training that will include focus on relationships in the Chinese culture, mentality, values, living patterns and social structure. As was mentioned, at this time expatriate has to structure the info from his own experience, what can be patterned by the structure offered by the training program. It is also important for the company to notice that pre- and post-arrival cross-cultural training should be complementary.

What is also important when creating trainings and organizing support for expatriates, is the fact that there should be a constant cooperation between expatriate and company. Expatriate managers should continuously report to headquarters during the assignment in China in order to examine experienced problems together. Company can also contact Chinese employees to ask how they view expatriate manager in order to make him aware of local values and perceptions. Company should also provide expatriate with support from previous expatriates in China, as they have potential to perform coaching and mentoring roles (Sergeant & Frenkel, 1998). What is also useful is to let the expatriate predecessor and successor to stay together for some time at the location in China to facilitate information exchange. Finally, the company can
support expatriates by giving more exposure to China through visits, as it can increase awareness of the special circumstances that expatriates are meeting in China.

**Role of the expatriate’s preparation when training Chinese employees**

Our research confirmed the findings from previous researchers saying that the performance of the expatriates in employees’ training process is crucial. He/she should be well prepared for this role, especially when going for assignment to the country like China, which is culturally different from the Western cultures. The question is, however, what a good preparation means in the context of China? We believe that in the first place it is ability to adjust and ability to understand other culture. Even a manager, who has many years of experience in training employees, may fail if he/she does not consider cultural differences between Western and Chinese employees. What is important for the Chinese workers is the feeling of “belongingness” and maintenance of harmonious relationships in case of private life as well as in the workplace. All this aspects should be considered by the Western expatriates so that they can communicate with their employees and train them effectively.

The company plays an important role in preparing the expatriate for training Chinese employees. When looking at our results the researched companies perform differently. IKEA for instance perceives its expatriate managers more as coachers rather than supervisors and trainers, who are to teach people about customer service and provide with knowledge about the company and its spirit. In Texol and NCR the issue regarding corporate culture was also taken into account, nevertheless the role of expatriate was mostly to train people in technical and business issues (such as the knowledge about how the product works and how to assemble it, how to run the operations or keep high quality standards). Nevertheless, the expatriates from all the three companies agreed that in order to perform effectively, no matter what the issue of training was, they had to understand their employees’ culture and work on building trust in the relation with them. In this aspect, even when the companies provide cross-cultural trainings, the expatriate anyway has to work on this issue on his own.
Communication

Communication is also very important during the expatriate’s stay in the host country. As we have found from the interviews, appropriate communication can help to facilitate process of knowledge transfer. What is also important in the communication process is the willingness to learn, presence of intermediaries and patience.

In our research we found that deep understanding of the Chinese culture and social norms is important. This can be seen in the different perception of gifts and bribery in China and in the West. When doing business with Chinese, sending gifts in order to build relationship between the business partners is much more appreciated than the formal negotiation process and verbal communication. Therefore, it appears to be very helpful for the expatriate, if the company supports him/her in this matter, providing appropriate resources.

5.2 Recommendations for the companies

When looking at the researched companies we see that there are both – similarities and differences between their businesses and the way they provide training for their expatriate managers and how they prepare the expatriate managers to train employees.

We believe that the process of preparation and training of the expatriate managers should be considered in each company for each and single case. When planning the support for an expatriate, the companies should pay attention to the following aspects:

- The period of time for which the person is going for the assignment and the time scheme for preparation processes
- The character of the assignment, its goal, the role of the assigned person
- Personality of the expatriate, his/her soft skills
- His/her experience and knowledge about the country and its culture
• His/her experience in the company and profession
• The person’s own opinion about his/her strength and weaknesses

Studying the literature concerning the issue of expatriation and looking at the results of our study about the three researched companies, we strived to find out the how these companies prepare their expatriate managers for the assignments in China. Considering the successful stories as well as problems that our interviewees encountered during their expatriation in China, we would like to present our recommendations. We believe that the following suggestions are worth to be reflected by the organizations sending their expatriates to China:

• **Prepare the action plan, which is to be implemented during the assignment, so that the expatriate has a clear idea of his/her task**

• **Recognize the character of the assignment**

• **Look at personality of the candidate and his/her professional background taking into consideration the country of assignment and the task**

Our study indicates that what is an important factor deciding about success or failure of operations abroad is the selection of the right candidate for an assignment. This step should be taken very carefully, as the success of the company is mostly dependent on this person, and the company has to invest in the assigned person.

What company should consider is weather the person has capabilities necessary to adopt in a different culture, namely if he/she is open-minded, tolerant, like to work with people, listen to them etc. At this stage previous experience in the country of destination would be of great value, however, as showed in our study, not necessarily.

Then, depending on the character of the assignment, company should look at professional background and skills of the candidate. If the person is supposed to be
responsible for the products in the hi-tech industry, should have engineering background, so that it makes it easier for the company to prepare the person for the assignment.

- **Choosing appropriate candidate considering the above issues.**

- **Give motivation and incentives.**
The person should be determined and motivated to fulfil the task and convinced that he/she wants to go to China. The company in this case can give the person incentives, which will be additional motivator for the expatriate. In our research the incentive that was mentioned by all interviewees was salary, good package, security (medical, school if family, flat, home, flights to the country, if needed, driver, translator, security with repatriation)

- **Together with the assigned person company should try to find balance between skills, abilities and training issues that need to be provided.**
Again, training should be dependent on the role of the expatriate in China, as well as on his previous experience and background. Therefore, we would suggest that the expatriate should be involved in the process of preparing the scheme for his/her training. He/she should give feedback to the people responsible for this matter saying what he/she is interested in, which points he/she finds him/herself to be weak in. However, we realize that the preparatory training is highly dependent on the time before the person is leaving for assignment.

We also believe that the expatriate ought to be provided with possibility to study the language of the assigned country, and this is the company’s role to make sure the person has this opportunity. Since the language is an integral part of the culture, the language trainings may be of a great value for understanding the cultural environment. This may contribute to the psychological well-being of the expatriate and diminish the possibility of the assignment failure.
• **Give feedback during the assignment abroad**

In this case, if the expatriate needs it, the post-arrival training should be provided, concerning for instance culture, language, etc.

Furthermore, the company should make sure that it stays in touch with an expatriate. The communication between the parties is important for both – the company, cause it will be informed about the situation in the assigned country, and for the expatriate, since he/she can report the potential problems and stay in touch with the locals from the home country.

• **Support with repatriation**

When the assignment abroad comes to the end, the company should make sure that the expatriate does not stay on his/her own. Many people find it difficult to readjust to the home country and they cannot find their place in the organization. Therefore the role of the company would be here to find a role for the expatriate after coming back. The best solution would be to give the person task, in which he/she could use experience gained abroad, so that the profit could be double; for the expatriate, because he/she has a meaningful job, and company, because it has experienced worker.

**5.3 Critical Reflection**

Reflecting upon our research we realized that there are some points that should be critically annotated. A part of our critical reflection will be guided by the following issues, like for instance: time constrains, the field we studied and finally our approach.

Our study is based on three international companies operating in China; however we realize that study on a bigger number of companies would give different results and allow us to generalize.
There are some aspects in our research like for instance the matter of trust or motivation, communication and cross-cultural relationship that we think could be analysed more in depth from the point of view of a sociologist, not manager. However, the field that we study and the knowledge that we possess makes us unable to look at our topic from the sociologist perspective.

The expatriate managers, whom we interviewed, were only men. After finishing this study, we realized that we might have considered also the issue of gender that in such a culturally different environment might have a huge meaning for expatriation.

5.4 **Suggestions for further research**

Considering our limitations and critical reflection upon our study, we discovered a wide field for conducting further research in this topic. First of all, we believe that the matter of gender may enrich our findings, providing very interesting results. We also think that there is a need for a deeper investigation into the issue—how the expatriate’s family may influence the assignment abroad and also how the decision about expatriation depends (or if it depends) on the presence or lack of family in expatriate’s life.

Furthermore, we think that conducting a quantitative study on a big number of international companies operating in China might give fascinating results. We also suggest considering factors such as: marital status of the expatriate, age and gender of the person assigned to go to China, his or her skills and abilities and his or her role during the assignment.

Finally, we would like to suggest that the same or similar study could be conducted on another country that is receiving more and more foreign investments and differs a lot in terms of culture from the West, like for instance India. We suppose studying India, its cultural environment and expatriations may also provide valuable findings.
6. List of references


CHILD, J. (2000), A configurational analysis of international joint ventures drawing upon experience in China, Hong Kong, University of Hong Kong Press.


Employee Engagement Report (2005), BlessingWhite Inc. Princeton, NJ


FISCHLMAYR, Iris C.; 2004, Expatriation, Trauner Verlag


KOCIATKIEWICZ, J. (2006), Lecture, Vaxjo University, Vaxjo, Sweden


THESIS (2005), Importance of trust when doing business in China, (authors: Ian Ross, Kamila Karcz), Abertay University Scotland, UK


Internet sources:
Texol Technical Solutions: http://www.texol.co.uk/, (2006-05-02)


Appendix 1. Joint Ventures

Why Businesses Enter Into Joint Ventures

Intense competition has forced many firms to seek competitive advantage beyond their native boundaries. The economic achievement of China during the last two decades has been impressive. As a result, China has become the place where many Western companies are eager to gain competitive advantage through the exploitation of its abundant resources. Numerous international companies have been competing for business opportunities in China in the form of JV. As Fryxell (2001) notes, when entering Chinese market joint ventures are increasingly common form in China. In joint ventures the ownership is shared by two companies, one of which is usually foreign. Joint ventures agreements and arrangements may vary, most of the times membership on the board is shared, foreign company has personnel on site who provide technical support and serve controlling functions (Child, 2000). The mode of entry through JV is considered practical for overcoming trade barriers or expanding current production techniques into Chinese facilities (Yan, 2000). According to Yan (2000), the most frequently mentioned foreign objectives for creating joint ventures in China investment are, to gain a strategic position, opportunity for long-term profit and low labour costs. Nevertheless, despite the potential opportunities that gaining a foothold in the Chinese market may provide, many companies have already experienced JV failure (Thesis 2005).

JV Failure

According to (Child and Faulkner, 2000. p.165) ‘the dissolution rate for joint ventures is reported to be about 50 per cent’ they observe that for many companies the temptation to succeed where other have failed often overwhelms common sense. Many organizations rush into joint ventures without first considering the impact that the different environmental and social conditions will have on their business; others
simply ignore the warnings, jumping on the bandwagon, fearing they will lose out on market share to their competitors if they fail to follow in their footsteps.

**Why companies choose the JV Mode?**

‘Strategic alliances can take a number of forms, ranging from the total integration of partners via mergers between them…to more loosely constituted arrangements such as consortia and collaborations (Lorange and Roos 1992, cited it Lane and Bachmann, 1998, p.241). However, the Chinese government favours joint ventures as the market entry mode and subsequently encourages Western businesses to invest by providing preferential treatment and enhanced subsidies. Although both the Chinese government and the foreign investor provide many reasons for entering into a JV, they have different objectives and motivational grounds for undertaking such a form of entering Chinese market. For example, according Yan (2000), the fundamental Chinese criteria for entering into joint ventures is (1) to absorb foreign capital, advanced technology and managerial skills, and (2) to gain better access to export markets. In the vein of the Chinese governments’ philosophy, foreign businesses establishing joint ventures in China also maintain a rationale directly focused towards personal gain. While the four basic purposes that lead foreign businesses to the creation of joint ventures, are: (1) to strengthen the firm’s existing business; (2) to take the firm’s existing products into new markets; (3) to obtain new products that can be sold in the firm’s existing market; (4) to diversify into a new business  (Thesis 2005).
Cooperation with the Chinese Partner in the Form of Joint Venture

Hamel (1991) sees the international joint venture as a process of collaborative knowledge transfer, which may take the form of specific skills and technologies, or consists of tacit knowledge that can be related to beliefs or assumptions. Wong (2003) also stated that joint ventures could lead to a number of tangible and intangible benefits, such as, acquisition of knowledge, specific skills and competencies (Thesis 2005).

When studying the collaboration of a joint venture in China Child (1994) identified three different types of learning. The first, the technical level, involves the implementation of new techniques. The second, systemic, concerns the introduction of new systems and procedures, the third is the strategic level and involves senior managers and their criteria for business success. Child noticed that learning and expertise sharing at the strategic level was “inducing major cognitive changes in the mindset of Chinese managers.” Unmindful of this potential reciprocity in expertise sharing, Wong (2003) states that many foreign firms do not include such learning in their long-term strategies. He also states that organizations should actively pursue sharing expertise with their Chinese partners. This is not only regarded as convenient, efficient and economical, but also looked upon as vital to success in the Chinese market and the long-term continuity of the partnership.

Hutchings (2005) caution that expertise sharing in the Sino-foreign joint ventures is particularly problematic. This is due to the existence of many differences between Chinese employees and foreign management outsiders. Hutchings (2005) provides an example of the expatriate saying: “It is hard to work with the Chinese when you are not an insider. If you want to share knowledge within an organization in China it is critical to work with existing networks, it is more than family and more influential friends.” Voelpel and Han (2005) suggest that in the Chinese environment, creating an “in-group” feeling can effectively leverage knowledge sharing. They also
discovered that building in-group relationships is a challenge that applies mainly to managers in China (Thesis 2005).

Nowadays, more and more companies see the importance of offering long term contracts for their expatriates in China. The general opinion saying that it is enough to send a manager for two years to the Chinese unit is no longer valid. More and more organizations are suggesting longer engagements with China (minimum 10 years) to present their willingness to the long term commitment. However the problem to convince expatriates to stay in China for such a long time remains. One way of encouraging them to do so is the possibility to also send managers’ families to China (Bender and Fish, 2000).

**Appendix 2: Chinese Hallmark**

The Chinese Hallmark includes: harmony, time and patience, flexibility, trust and collectivism, communication, the unspoken rule of “Guanxi” and the concept of “face”. It is very difficult for the foreign companies to understand those key driving forces that underlie the Chinese culture. The Chinese strongly believe that success is possible to achieve when one is at harmony with oneself. Such a balance is possible by maintaining discipline (Yang, Lee, 2002).

People from the West value time, repeating “time is money”, the Chinese on the other hand value patience, seriousness, sincerity and think that Westerners are always in a hurry. As Chinese strategist Sun Tzu said, “Time, used correctly can be the most useful and powerful weapon”. Sun Tzu also advocated next principle-flexibility:” Just as water shapes itself according to the ground; an army should manage its victory in accordance with the situation of the enemy. Just as water has no constant shape, so in warfare there are no fixed rules and regulations”. Trust for the Chinese is a valuable gift and for “Outsiders” can be a real passport into Chinese community. Another important principle is communication. It is strongly connected with trust; while trust shows the way in that individual communicate. Chinese communication is multi-levelled-it includes body language and “Wan Zuan”-
communication style, which is non-provoking, polite and graceful. The sign of understanding and mutual obligation is “guanxi”-explained by the western phrase “You scratch my back, I scratch yours”.” Who one knows rather than what one knows”-that is determinant of success in China (Yang, Lee, 2002).

The last concept is “face”-symbol of pride and reputation. A Chinese has “face” only when addressed by superiors. Many people believe that loss of “face” takes place only when Chinese is ridiculed or criticized in public. This is not true. There were examples in international companies when a Chinese employee was disciplined, and the way of singling the person out in public provoked very bad reaction against him.

Lack of understanding of the Chinese Hallmarks can be a significant barrier when doing business in China. Many Western companies do not understand that in China individual success is not a major focus; staff motivation is based more on security than achievement. Finally, use of “guanxi” is the most favoured practice in China. For Western companies it is important to understand that the Chinese culture is not a mystery but it is a unique characteristic that should be understood by the multinational organizations that are selling business opportunities in China (Thesis 2005).

The importance of Guanxi in China

Chinese business society is relationship-based and personal relationships are pervasive throughout Chinese society. As in the West a successful businessperson is spoken of as ‘wealthy’, in the Chinese context he or she is described as ‘well connected’ (Chen, 2001 pp.47) However, being part of a ‘well connected’ network does not come naturally. In most of the cases it takes many years in China to create a network of relations that will suit specific organizational needs (Chen, 2001 pp.63). Thus it must be emphasized that establishing an alliance in China cannot be done. As Chen (2001) underlines, before creating a joint ventures, companies must take time
to construct strong and long-term relationships with clients, partners and others. In effect, it may take several visits to China even before a decision can be made. Such visits help to introduce key people, increase the cultural knowledge of the organization, increase the chances for development of local relationships with government officials and institutional bodies. Thus, at the early stages of creating joint venture, sufficient time must be allocated to analyze environment, perceived not as time wasted, but rather as an exercise in promoting long-term relationships. As Hong & Prud’homme (1999) underline, to succeed in China, cultivation of close personal relationships with business associates and earning their respect is very important’. It is this commitment of time to building relationships with others that defines guanxi. Guanxi is the Chinese term for relationship and personal contacts, grounded in trust, mutual obligations and shared experience. Guanxi is one of the most important cultural traits of Chinese people the world over’ (Fang, 1998, p.118). As Fang 1998 adds, guanxi is the lifeblood of the Chinese business community and without it; one simply cannot get anything done. As stated in The China Business Review, May-June 2004, ‘A good understanding of guanxi is thus crucial for Western firms intending to succeed in business in China’ (Thesis 2005).

Confucianism

Chinese behaviour is strongly influenced by cultural factors grounded on Confucianism. This influence is seen in family life, person-to-person relationship, and the forms of addressing one another. All those kinds of relationships in China are powerful, long lasting and inflict the fact that Chinese do not do business with people they do not know or trust. Polite conversation, credibility, reliability, modesty, banquets, all those factors are very important in the process of negotiating with the Chinese. They always try to rely on friendly negotiations in order to build consensus, while Western negotiators try to resolve issues relying on legal stipulations in the contract (Thesis 2005).

Chinese people are extremely sensitive about linguistic expression and manners.” Have you eaten”—question asked by Chinese is not invasion for privacy but a sign of
concern and what is important, if you decline one or two times and you are not invited by the host again it means that the invitation was just a courtesy. Reliability and modesty of a potential partner is very important for the Chinese. Modesty is a virtue in China; therefore, while hearing somebody praise you, you must respond with a negation (Herbig, 1998). Because for the Western businessman “time is money” banquets and complicated eating rituals in China can be frustrating. The big cultural difference is how much food and drink and entertaining is involved in building the relationship as opposed to the UK where it is much less. It is quite acceptable to go for a sandwich together. But in China it is sort of like a 10 course banquet with live monkeys etc!’(Wilson, J., 2003).

Doing business with Chinese
When the issue of contract is concerned, Westerners generally come to the town, have a quick deal, sign the contract and come back home to tell about the victory to headquarters, while Chinese arrive in town, very slowly build consensus and trust, try to acquire information about product what can be another frustration for many Westerners while their Chinese counterparts ask for a great deal of technical information, and they ask for the information repeatedly. The example of Ernest De Bellis, a Former general manager of the Shanghai joint venture of Massachusetts’ Foxboro Company, “if you repeat yourself, everybody falls asleep. In China repetition means that you are really serious, repetition is important in that culture. It is incredible how much you repeat yourself to be effective”, hopefully get somebody to sign contract then they come back home still thinking what they might have lost. Only by understanding those Chinese negotiation techniques and the fact that business relationship with the Chinese is like a marriage, may save a lot of time, money and frustration. Initial meeting is like a first date. It is hopeful to host a banquet before the first meeting, if not; the first meeting should be started from questions about families, counterparts, and backgrounds. An excellent opportunity to learn about the needs of the Chinese can provide a good interpreter that is why it is essential to have an interpreter who hears all that was being meant and said.
Chinese has many dialects and it is crucial to have at least two fully bilingual people in order to maintain high standard of accuracy (Herbig and Martin, 1998).

Gifts are not only the Chinese ritual in business but also the expression of friendship and hope for the success in the future. A gift always follows the rule of the hierarchy and the higher the value the better the guest is considered. Symbolism plays a very important role, for example turtle means luck and the colour red is strongly connected with success. (Woo and Prud’homme 1999).

Many companies encounter difficulties while doing business in China; these are for instance: differences in management style, problems with local staff and language problems. One of the features of the Chinese managers, which may cause discrepancy in the management style, is reluctance to take responsibility. Child and Markoczy (1996) reported that in half of 30 joint ventures in China, Chinese managers refused to implement decisions until the written authorization of the general manager. Problems with local staff experienced Sheraton, when training session for the local staff became a period of frustration. Staff was not only resistant to change, but also did not respond to verbal communication (Mwaura, Sutton, Roberts, 1998).

Many language problems faced two companies-Coca Cola and KFC. There were many attempts to write the name Coca Cola phonetically. In Chinese the pronunciation Keh-kou-keh-la was adopted, but it meant, “Female horse stuffed with wax”. Later the name was changed to ko-kou-ko-le, what meant “Happiness in the mouth”. The first slogan of KFC in 1987 was Finger-licking good was translated as “Eat your fingers off” (Dance, 1999).

There is a popular saying that the Chinese eat anything mobile on the land except for cars, anything flying except for airplanes, anything swimming in the sea except for submarines (Cheng-Chung, 2000). This short sentence can be a joke, but there is one true in it-the Chinese market has a huge potential and even if it takes a long time until agreement is reached, it means that we may not see the fruits in our
lifetime, maybe even in our son’s lifetime, but hopefully people will be able to look back in our grandson’s lifetime and say that it was a good decision (Thesis 2005).
The parent company for all IKEA Group companies, to include Swedwood, the industrial group manufacturing IKEA furniture, the sales companies running IKEA stores, and IKEA of Sweden, which is responsible for designing and developing IKEA products.

The INGKA Holding BV is wholly owned by Stichting INGKA Foundation, registered in the Netherlands.

Inter IKEA Systems B.V., the Netherlands, is the owner of IKEA trademark and concept. There is a franchising agreement with every IKEA store in the world and the biggest franchisee of Inter IKEA Systems B.V. is the IKEA Group.