

You're from where? The influence of distance factors on New Zealand expatriates' cross-cultural adjustment

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This study empirically tests the influence of various distance factors on expatriate cross-cultural adjustment. Expatriate perceptions of home and host country differences, objective measures of distance and the accuracy of expatriate evaluations of host country distance were compared as predictors of expatriate adjustment difficulty in the host country. The results revealed that perceived distance, objective cultural distance and the expatriate's perceptual inaccuracy had a significant effect on expatriate adjustment difficulty for one's first assignment. However, on subsequent assignments all measures of distance were significant. Adjustment became more difficult as perceptual accuracy improved. The implications of these findings are discussed.

Keywords: cultural distance; expatriate adjustment; objective distance; perceptual accuracy; psychic distance

Introduction

In the 2008 GMAC Global Relocation Services worldwide survey of 154 international corporations regarding various aspects of expatriation, 67% reported an increase in their use of expatriates. However, expatriation is not without its costs. Poor expatriate selection by firms (Black and Gregersen 1999), an expatriate's inability to adjust to new surroundings (Anderson 2005), and the dissatisfaction of the expatriate's spouse or family with the assignment (Naumann 1992; Anderson 2005) are all factors that contribute to expatriate dissatisfaction. Of these, cross-cultural adjustment has been identified as a crucial aspect of expatriate satisfaction and success, as it often influences other contributors to expatriate failure (Naumann 1992; Shaffer, Harrison and Gilley 1999; Anderson 2005). In fact, inability to adjust was among the top reasons for premature return of expatriates – 50% of firms employing expatriates indicated this as a reason second only to dissatisfaction of one's spouse (GMAC Global Relocation Services 2008).

Although the factors influencing the speed and ease of expatriate adjustment have been well-documented in the literature (e.g., Black, Mendenhall and Oddou 1991; Naumann 1992; Black and Gregersen 1999; Shaffer et al. 1999), recent findings suggest that cultural similarity between the home and host country may have little influence on ease of adjustment (Selmer 2007). This raises questions about the nature of adjustment, and the importance of stages of adjustment, such as 'culture shock'. In this exploratory study of expatriates from a single country – New Zealand, we propose and test a three-factor model in answer to these issues and posit that adjustment success may be more a product of mindset than physical location. It is our hope that the preliminary findings of this study will spark further research into the influence of various distance factors on the expatriate adjustment process.

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Our three factors are centered on the concept of psychic distance. A salient issue in the psychic distance literature regards whether the measures of psychic distance should be objective or subjective (Shenkar 2001; Dow and Karunaratna 2006). We address this issue by comparing expatriate *perceptions* of home and host country differences, *objective* measures of distance, and the *perceptual accuracy* of the expatriate as predictors of adjustment difficulty in the host country. The contention that distance may not matter for adjustment (Selmer 2007) will be scrutinized by comparing expatriate adjustment in similar and dissimilar cultures through the lens of these three factors. In doing so, we aim to provide a better understanding of the antecedents of expatriate adjustment, as well as simultaneously build upon and link the psychic distance and cross-cultural adjustment literatures.

Our contribution to the literature is thus threefold. Traditionally, psychic distance has been a concept used to explain the difficulties of internationalizing firms (e.g., Johanson and Vahlne 1977). We apply this concept to the individual in explaining one's success or failure in adjustment on an international assignment. We focus on the essence of the concept, i.e., the *psychic* component, but we do not treat it in isolation. Rather, we compare the perceptions of expatriates, which we term 'perceived distance', with analogous 'objective distance' measures, building upon the many country distance variables proposed by Dow and Karunaratna (2006), and include a combination of these two measures to assess one's accuracy of perceptions. These findings will then be applied in determining whether adjustment is as difficult in a similar culture as in a dissimilar culture. An expatriate's perceptions of a foreign country and cultural similarity are not necessarily accurate owing to the many objective factors of which one may be unaware. We add a new – *perceptual accuracy*, dimension to the distance and cross-cultural adjustment research, building upon the work of Selmer (2007) to argue the importance of mindset in the expatriate adjustment process and outcomes.

We first provide a brief overview of the expatriate literature. The literature review will then focus on the extant literature on expatriate adjustment, country similarity and the psychic distance concept, leading to our hypotheses. We next present our research methods, the setting of our empirical study and the results of our analysis. The practical and theoretical implications of the results of the study will then be discussed. The paper concludes with limitations and suggestions for future research.

Theoretical background

Expatriate literature

'Expatriates are among the most expensive people employed by international companies and they are, almost by definition, in important positions' (Brewster 1996, p. 15). This illustrates the magnitude of expatriate adjustment issues. Sending an expatriate abroad is an extensive, ongoing process involving selection, preparation and training, transferring the expatriate abroad, handling adjustment and relocation, overseeing performance and finally, repatriation (Brewster 1996). Adjustment is a complicated process, comprised of a multitude of factors that contribute to the success or failure of the assignment. Black et al. (1991) have proposed a model of expatriate adjustment that includes numerous in-country (individual, job-related, organizational and non-work environmental) and anticipatory (individual and organizational) adjustment factors; although many of these factors have been empirically tested, some, such as environmental factors and the formation of expatriate perceptions, have received little attention or have resulted in mixed findings.

In a meta-analysis of 66 studies testing the adjustment model of Black et al. (1991), Bhaskar-Shrinivas, Harrison, Shaffer and Luk (2005) identified several antecedents of expatriate adjustment (e.g., cultural novelty, language skills and international experience) that warrant further attention and are the focus of this study. They did not, however, include expatriates' perceptual skills in their analysis, citing a lack of empirical research in this area as the main reason; nor were accurate expectations included. Black et al. (1991) proposed that pre-departure training and previous experience help to form accurate expatriate expectations. In this study, we thus consider expatriate expectations about the host country environment and propose a model that includes perceptual accuracy.

Expatriate adjustment

Adjustment to a new environment is a critical factor in the success of the expatriate assignment as a whole. Adjustment has been defined as 'the degree of a person's psychological comfort with various aspects of a new setting' (Black 1988; Black and Gregersen 1991a, p. 498). Adjustment to a new culture takes time, and the degree and length of the 'culture shock' stage influences the overall adjustment process (Torbiörn 1982). It has been suggested that 'culture shock' is more likely to occur in culturally distant rather than culturally similar countries (Church 1982). This suggests that its impact on adjustment will depend on the host country characteristics as well as the personal characteristics of the expatriate. Adler (2008) estimates that the 'culture shock' period may last up to six months after arrival in the host country. This often follows an initial 'honeymoon' phase, and actual adjustment occurs sometime after the reality of the expatriate's new situation is finally realized (Black and Mendenhall 1991). It may logically be assumed that the length of the assignment has an effect on how well adjusted the expatriate becomes, as the longer the assignment, the more time one has to fully adjust.

Black and colleagues (e.g., Black and Stephens 1989; Black and Mendenhall 1991; Black and Gregersen 1991a) distinguished three components of cross-cultural adjustment: (1) work adjustment; (2) interaction adjustment (interacting with host country nationals); and (3) general adjustment (adjustment to the general non-work environment). Uncertainty reduction, in terms of having a greater knowledge and understanding of the host country culture, will have a positive effect on adjustment (Black and Gregersen 1991a). Thus it may be argued that, eliminating uncertainty by preparing oneself thoroughly for the assignment is crucial in facilitating expatriate adjustment. This is perhaps one of the strongest arguments for pre-departure training.

Black and Gregersen (1991a) found that a range of factors influences expatriate adjustment, illustrating its complexity. Their findings revealed that cultural novelty had a significant negative effect on general and interaction adjustment. But, contrary to expectations, previous international experience was not significantly related to any of the three types of adjustment. Bhaskar-Shrinivas et al. (2005) found that host country language knowledge facilitated cultural and interaction adjustment, previous experience had only a minimal effect on adjustment, and cultural novelty hindered adjustment. Self-initiated training was also found by Black and Gregersen (1991a) to have no relationship with work adjustment, a negative relationship with interaction adjustment, and a positive relationship with general adjustment. Thus additional research into how distance and personal characteristics of expatriates influence adjustment is still necessary. We next provide an overview of these areas of the literature and present our hypotheses.

Similar versus dissimilar cultures

Expatriates work in an unfamiliar environment and interact with other individuals from different cultures. Researchers have put forward many definitions of culture; in this study we adopt the definition of Hofstede (1980), who regards culture 'as the collective programming of the mind which distinguishes the members of one human group from another' (Hofstede 1980, p. 21). Although it has been criticized by researchers (e.g., McSweeney 2002; Javidan, House, Dorfman, Hanges and de Luque 2006), Hofstede's framework of national culture dimensions has been the most cited in comparative research (Kirkman, Lowe and Gibson 2006) and applied in prior research on cultural and psychic distance (e.g., Kogut and Singh 1988; Dow and Karunaratna 2006).

While much of the research on cross-cultural adjustment has focused on adjustment in dissimilar cultures, recent research has found that it may be just as difficult for expatriates to adjust to a similar culture as to a different one. Selmer (2007), for example, surveyed American expatriates in a similar culture (Canada) and a more distant culture (Germany) and found no significant differences between the groups in terms of adjustment. An earlier study by O'Grady and Lane (1996) explored the reasons behind the failure of so many Canadian firms in the US market. Canadian managers viewed the American market as identical to their own and assumed that adjustment would be quick and simple (O'Grady and Lane 1996). Fenwick, Edwards and Buckley (2003) researched the effect of perceived cultural similarity on managers in Australian and British manufacturing firms. The interviews conducted with managers revealed that the majority were unaware of the cultural differences between the two countries; Australian managers underestimated the difficulty of doing business in Britain. Selmer and Shiu (1999) studied Hong Kong Chinese expatriates sent to the People's Republic of China and found that expatriates viewed the cultures similarly, resulting in high expectations of unproblematic adjustment. Many of the expatriates experienced difficulties tantamount to those experienced by expatriates in culturally distant countries. They also found that expatriates became frustrated when adjustment did not occur as readily as expected (Selmer and Shiu 1999). Thus, preconceived notions by expatriates about home and host country similarity may hinder adjustment.

Selmer (2002) also found that Western expatriates were able to adjust better to working in China than overseas Chinese. A subsequent study conducted by Selmer (2006) involving Western business expatriates on assignment in China, showed no significant relationship between cultural novelty and three adjustment variables. Forster (1997) found similar results in UK firms that had sent expatriates abroad. Those expatriates sent to culturally similar countries experienced just as many problems as those sent to culturally distant countries (Forster 1997). These results provide further support for the notion that it may be just as difficult to adjust to a similar culture as a dissimilar culture. Brewster (1993) suggested that expatriates who are sent to culturally similar countries often expect things to be the same as in their home country. The expatriates then act on these beliefs, and when their actions do not receive the reactions they expect, they attribute the difficulties to individual rather than cultural differences (Brewster 1993); because they have failed to recognize the true cause of the differences, they are unable to accurately respond to them, furthering their adjustment difficulties. As the above studies illustrate, perceptions about distance are a salient aspect of the adjustment process. Yet, as expectations about country differences are not always accurate, it is important to introduce a measure of real host and home country distance in order to accurately assess the effect of expatriate perceptions on adjustment.

Psychic distance

Real distance measures have not yet been included in the expatriate adjustment literature, and most studies have relied on a single measure – expatriate perceptions of cultural novelty, to assess home and host country distance (Bhaskar-Shrinivas et al. 2005). The concept of psychic distance was first developed by Beckerman (1956) in his study of the effect of distance on trade patterns. Johanson and Vahlne (1977, p. 24) later defined psychic distance as ‘the sum of factors preventing the flow of information from and to the market’. They proposed that companies would attain higher performance in countries that are most similar to their own home country. This presumption has been supported over the years by a number of authors. However, the empirical testing of the concept has proved inconclusive. Over the years, the definition of psychic distance has also been refined. O’Grady and Lane (1996, p. 330) defined psychic distance as ‘... a firm’s degree of uncertainty about a foreign market resulting from cultural difference and other business difficulties that present barriers to learning about the market and operating there’. Evans and Mavondo (2002, p. 516) have argued however, that none of the more recent definitions adequately ‘encapsulate the two most important elements: *psychic* and *distance*’. Instead, they argue that the perceptions of the individual should be a key consideration. They thus define psychic distance as ‘the distance between the home market and a foreign market, resulting from the perception of both cultural and business differences’ (Evans and Mavondo 2002, p. 517). This is the most relevant definition of the concept for this particular study as it encapsulates both the idea of real distance, in the sense of distant and close markets, as well as the perceptions of individuals about their new living and working environment.

Psychic distance indicators

If the psychic distance concept itself seems vague, measurements of psychic distance have been even more so. Psychic distance is often referred to as cultural distance and the two terms are often used interchangeably. While cultural distance has been a highly applied concept (see Kirkman et al. 2006 for an overview), the majority of attempts to empirically measure it have relied on Hofstede’s (1980) cultural dimensions alone (Dow and Karunaratna 2006). Research by Sousa and Bradley (2006) revealed that cultural distance and psychic distance are distinct concepts. Some of the indicators identified in analyzing psychic distance have been ‘differences in language, education, business practices, culture, and industrial development’ (Johanson and Vahlne 1977, p. 24). Since Johanson’s and Vahlne’s (1977) study, the psychic distance measure has evolved, and, more recently, Evans and Mavondo (2002, p. 517) argue that ‘the true explanatory power of psychic distance can only be fully revealed when the individual elements are fully measured. These include language, business practices, political and legal systems, economic environment, industry structure and national culture’.

Dow and Karunaratna (2006) recently suggested that there are over 50 possible indicators of psychic distance. They divided the indicators into different groups and focused on culture, educational levels, language, industrial development, political systems, religion, time zones and colonial links, and measured their effect on trade flows between pairs of countries. Each group of indicators was found to be statistically significant in predicting trade flows, except for Kogut and Singh’s (1988) measure of cultural distance (Dow and Karunaratna 2006). Brewer (2007) also developed a comprehensive objective measure of distance, using 15 indicators. The results of his study suggested that his objective distance index was more accurate in determining the psychic distance between two countries than cultural distance alone. These findings again highlight the importance of developing a comprehensive measure of psychic distance that includes a range of different indicators.

Hypotheses

The above literature review has revealed inconclusive and contradictory results regarding the factors that influence expatriate adjustment and the operationalization of the psychic distance concept. We posit that expatriate adjustment is a function not only of *objective* distance, which includes cultural differences, but also the *mindset* of the expatriate – that is, the perceptions that one has about the host country, the extent to which similarities and differences between the home and host countries are anticipated, and the accuracy of one’s perceptions. While the focus of our model is on distance factors, personal characteristics of the expatriate, such as previous experience, language knowledge and pre-departure training, must also be considered, as these may influence one’s perceptions, readiness and willingness to adjust. Figure 1 depicts the relationship between these key variables used in developing our hypotheses.

Distance factors

Perceptions are an important component of psychic distance (Shenkar 2001). It is logical to expect that the greater the perceived distance between the home and host country in the mind of the expatriate, the more difficult (or more lengthy) the adjustment process will be (Harrison, Shaffer and Bhaskar-Shrinivas 2004). One may also argue that anticipation of large differences between the countries will act as a stimulus for better preparation. However, this also depends on the extent of one’s knowledge about the host country. An expatriate may lack the knowledge about how to prepare for specific differences or lack knowledge about real differences. Thus, when the expatriate arrives in the host country, the length of the honeymoon period and the culture shock subsequently experienced may be quite lengthy.

In assessing home and host country distance, it is important to consider both objective and perceived indicators (Shenkar 2001; Dow and Karunaratna 2006). Objective factors will have an effect on the expatriate’s abilities to function in the host country on a day-to-day basis; when faced with differences in language, attitudes and behaviors of host country nationals, differences in educational background and systems, health care, time zones,

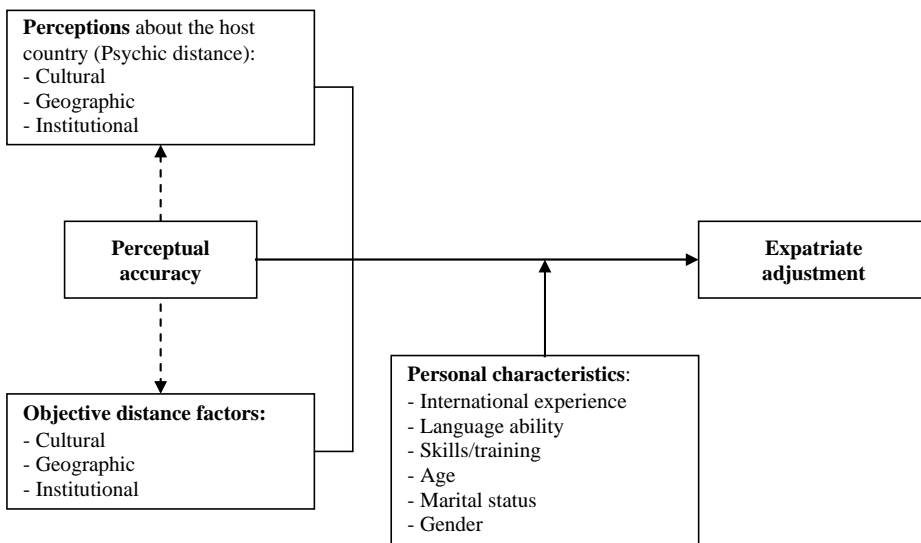


Figure 1. A simplified model of the factors influencing expatriate adjustment.

standard of living and so on, the degree of culture shock will be more pronounced (Church 1982). We thus propose that:

Hypothesis 1: There will be a positive relationship between an expatriate's perceptions about home and host country distance and adjustment difficulty.

Hypothesis 2: There will be a positive relationship between objective distance and adjustment difficulty.

Perceptual accuracy

An expatriate may have perceptions about a host country that are not necessarily in line with actual differences. They may hold stereotypes about the host country, exaggerate differences, or, conversely, be unaware of important differences. In the former situation, exaggerated differences may lead to mistakes made by the expatriate in the host country by acting on false assumptions or stereotypes. In the latter situation, insufficient knowledge may cause one to overlook crucial elements of the host country environment that may lead to inappropriate behaviors or reactions by the expatriate, thus increasing culture shock (Black and Menhendall 1991). If the expatriate has accurate perceptions about these differences, the likelihood of preparedness will increase. This is supported by previous studies (Caligiuri, Phillips, Lazarova, Tarique and Bürgi 2001).

Hypothesis 3: The greater the perceptual accuracy of the expatriate about home and host country differences, the easier adjustment will be.

Similar versus dissimilar cultures

Selmer (2007) found some support for the proposition that an expatriate's adjustment is just as difficult in similar as in dissimilar cultures. He found no statistical difference in adjustment for American expatriates who had been sent to Canada (a similar culture), and those who had been sent to Germany (a dissimilar culture). O'Grady and Lane (1996) in the context of the psychic distance paradox have also found some support for this idea. In their study they found that many Canadian firms failed in the USA, as they erroneously assumed similarities between the two countries. Brewster (1993) argued that expatriates sent to similar countries are often unable to see the cultural differences because of their preconceptions. Thus:

Hypothesis 4: The more accurate an expatriate's perceptions are, the easier the adjustment, regardless of cultural differences between the home and host countries.

Personal characteristics of expatriates

International experience, the ability to speak foreign languages and the number of previous assignments an expatriate has been on have been identified as factors that may help to decrease the distance between two cultures (Naumann 1992; Shaffer et al. 1999; Shenkar 2001). Yet empirical support for this has been mixed. Shaffer et al. (1999) found that previous international assignment experience and host country language fluency had strong moderating effects on adjustment. This suggests that previous experience and language fluency will facilitate adjustment as expatriates learn from previous assignments and utilize this knowledge on subsequent assignments. Bhaskar-Shrinivas et al. (2005) found that both factors had only a minimal influence on adjustment. Naumann (1992) has suggested that

previous international experience is an indicator of a successful expatriate, as unsuccessful expatriates are unlikely to go on subsequent assignments. Thus:

Hypothesis 5: Previous international experience will facilitate expatriate adjustment.

Hypothesis 6: Foreign language knowledge will facilitate expatriate adjustment.

Pre-departure training has been identified as having a positive effect on expatriate adjustment (Black and Mendenhall 1990; Black et al. 1991; Caligiuri et al. 2001; Morris and Robie 2001). Black and Mendenhall (1990) argued that pre-departure training helped expatriates to form appropriate perceptions. Brewster and Pickard (1994) found that previous international experience had no significant effect on an expatriate's positive views of pre-departure training. Indeed, the research indicates that both expatriates with and without previous international experience view pre-departure training as a necessity (Brewster 1995). This suggests that expatriates do in fact find some benefit in pre-departure training. We thus propose that:

Hypothesis 7: There will be a positive relationship between pre-departure training and ease of adjustment.

Methods

Sample and data collection procedures

A number of directories were used to identify which New Zealand firms were involved in business activities abroad. Questionnaires were then emailed to these firms, targeted at New Zealand business expatriates working overseas. One hundred and seventy-five firms were selected that had activities in Australia, as well as other overseas markets, so that a range of geographically and culturally close and distant countries could be obtained. A search for potential target firms using the Kompass database of New Zealand firms revealed a greater proportion of firms with international activities and larger numbers of employees in the retail and manufacturing industries; we thus concentrated on these sectors. Emails were addressed to the CEOs or Managing Directors and asked them to pass the questionnaire on to employees who have been on any type of assignment abroad. In several cases, subsequent correspondence with company heads resulted in further mailing of the questionnaire to identified employees, resulting in a total of 210 mailed questionnaires. The total number of returned surveys was 52, and the number of usable surveys was 46, however calculation of an effective response rate is difficult, as we do not know how many additional surveys were sent by company heads. While the number of responses is not particularly high, it is comparable to similar studies (e.g., Caligiuri et al. 2001; Selmer 2007).

The means and standard deviations for all variables are depicted in Table 1. Respondents had an average tenure with their company of 10.09 years (SD = 8.51). The average length of respondents' first assignment as an expatriate was 21.12 months (SD = 29.27), and the average length of respondents' most recent assignment was 8.75 months (SD = 15.75). The most common destinations of expatriates were Australia, the United States, China, and the United Kingdom. A total of 16 countries were represented by the first assignment. 60.9% of respondents had been on further international assignments ($n = 28$). The most common destinations for the most recent assignment were Australia, China, Hong Kong and Italy. A total of 17 countries were represented by the most recent assignment. The number of unique destination countries for both assignments was 24. A detailed breakdown by destination country is depicted in Table 2.

Table 1. Descriptive statistics.

	Total				Subset for most recent assignment					
	n	Mean	Min	Max	SD	n	Mean	Min	Max	SD
Adjustment difficulty	46	2.42	0.93	5.00	1.16	26	2.53	0.93	4.57	1.28
Perceived distance	46	3.40	1.00	6.36	1.49	26	3.21	1.00	5.91	1.51
Objective distance	42	3.11	1.14	5.71	1.02	25	3.69	1.67	5.57	1.20
Cultural distance	42	20.87	9.08	43.15	13.92	25	23.98	9.04	42.63	14.10
Geographic distance (thous km)	42	10.47	2.32	19.87	6.04	25	10.34	2.32	19.01	5.97
Time zone difference (hrs)	42	7.44	2	17	5.38	25	6.86	2	17	5.17
Perceptual accuracy	42	1.30	0.08	3.59	0.82	24	1.67	0.03	4.24	1.20
No. foreign assignments	46	2.98	1	6	2.15	28	4.21	1	6	1.89
Length of assignment (mos)	46	21.12	0	128	29.27	28	8.75	0	66	15.75
Pre-departure training ^a	46	0.30	0	1	0.47	28	0.32	0	1	0.48
No. hrs training provided	11	85.91	2	540	158.19	6	25.50	2	100	37.37
No. languages spoken	45	0.51	0	3	0.73	27	0.48	0	2	0.64
No. countries lived in	45	1.27	0	4	1.10	27	1.04	0	4	1.06
Marital status ^b	45	0.78	0	1	0.42	27	0.70	0	1	0.47
Age ^c	44	2.93	1	5	1.04	26	2.88	1	5	1.03
Gender ^d	44	0.16	0	1	0.37	26	0.12	0	1	0.33
Company size	46	1131.15	7	12000	2582.93	28	618.25	7	7000	1676.68

Notes:

^a Values for *Pre-Departure Training* are: 1 = Yes, 0 = No^b Values for *Marital Status* are: 1 = Married, 0 = unmarried^c Values for *Age* are: 1 = 20–29, 2 = 30–39, 3 = 40–49, 4 = 50–59, 5 = 60+^d Values for *Gender* are: 1 = Female, 0 = Male

Table 2. Home and destination country statistics.

	<i>n</i>	%
Home company location		
New Zealand	39	85
Other	7	15
Country of first assignment		
Australia	12	26.1
USA	7	15.2
China, UK (5 each)	10	21.7
Hong Kong	4	8.7
Germany	2	4.3
Belgium, Cook Islands, Cyprus, France, India, Japan, Peru, Spain, Vanuatu, Vietnam, (1 each)	11	23.9
Country of most recent assignment		
Australia	7	25.0
China	4	14.3
Hong Kong, Italy (2 each)	4	14.3
Canada, Chile, France, Germany, India, Jamaica, Japan, Niue, Papua New Guinea, Thailand, UAE, UK, USA (1 each)	13	46.4

Research instrument

The questionnaire consisted of 75 multiple choice, Likert-type scale and open-ended questions. The questionnaire consisted of four parts. The first part asked about company-related information, details of the expatriate's employment and questions about company-provided pre-departure training. This section also asked for details on the length, date and location of the respondents' first and most recent expatriate assignments.

The second section asked respondents to rate the country of their first expatriate assignment against their own in relation to cultural similarity and then in terms of their own adjustment. The third section included identical questions to those in the second section but in relation to the most recent expatriate assignment. The final section contained demographic questions, such as: citizenship, countries lived in for more than six months, foreign language knowledge, gender, marital status and other similar questions.

Measures

Dependent variables

Adjustment difficulty was measured using the scale used by Black and Stephens (1989). The expatriates were asked to indicate how easy or difficult it was to adjust to a number of work and general-living aspects of the host country on a 7-point Likert-type scale, where 1 = extremely easy and 7 = extremely difficult. The original measure used by Black and Stephens (1989) used a 5-point Likert-type scale. In this study a 7-point Likert-type scale was used in order to obtain a better contrast of the opinions held by the expatriates. For this 14-item scale, the Cronbach α was 0.92.

Independent variables

Perceived distance was measured using the 8-item cultural novelty scale used by Black and Stephens (1989). Three additional items (education system, language and people's way of thinking) were included in order to ensure that the perceptual items matched the

items in our objective distance measure. Respondents were asked to indicate the extent of similarity between the home and host countries regarding a number of aspects on a 7-point Likert-type scale, where 1 = extremely similar and 7 = extremely different. The Cronbach α for this 11-item scale was 0.94.

Objective distance was measured using many of the variables included in Dow and Karunaratna's (2006) study, as well as additional secondary data sources. Dow and Karunaratna's (2006) measures were employed in assessing differences in: language, level of education, industrial development, political systems and religion for each of the countries represented in this study. The data used in their calculations was updated with more recent figures, and data were obtained from the United Nations Development Programme (2008) and the World Bank (2007) databases. We also included an additional measure – a health indicator; this ensured that all of the variables included in the objective distance measure were analogous to the questionnaire items measuring perceived distance. Following Dow and Karunaratna (2006), various health measures were also considered, but they did not form a reliable construct. We thus selected the most relevant health factor – hospital beds per 1000 people (World Bank 2007). The six indicators in Dow and Karunaratna's (2006) study were combined with this additional health indicator into an aggregate objective distance index. The Cronbach α of the final construct was 0.66.

Cultural distance was measured with Kogut and Singh's (1988) formula of cultural distance, using Hofstede's (1980) four dimensions (individualism, power distance, uncertainty avoidance and masculinity). Relying on Hofstede's dimensions instead of other possible measures of cultural values allowed us to calculate cultural distance for almost all of the countries in this study, and ensured consistency with the variables in the Dow and Karunaratna (2006) study.

Geographic distance was measured by calculating the difference in kilometers between the capital city of the home country and the capital city of the host country. *Time Zones* measured the time difference between the capital city of the home country and the capital city of the host country in hours.

The difference between perceived distance and objective distance (*Perceptual accuracy*) was measured by subtracting the objective distance index from the perceived distance index. A smaller value for this variable indicates greater perceptual accuracy.

Previous foreign experience and language experience of expatriates were controlled by including the following variables: the total *Number of foreign assignments* the expatriate has been on, the total number of other foreign countries the expatriate has lived in for six months or more (*Number of countries lived in*) and the total *Number of foreign languages* the expatriate is able to speak on an intermediate level. *Pre-departure training* has been shown to have some effect on adjustment in previous studies (Caligiuri et al. 2001) and was thus included as a dummy variable, where 1 = training was provided and 0 = no training.

Control variables

Shenkar (2001) noted the importance of controlling for variables that may decrease the distance between two cultures, such as company size and other related factors. It is recognized that the quality and amount of training provided to employees may differ depending on the size of a firm and the resources it possesses. *Company size* was measured as the number of employees in the home country office. *Marital status* has also been shown to be relevant (Black and Gregersen 1991b), as spousal adjustment may negatively or positively influence the expatriate's overall adjustment, and was controlled for with a dichotomous variable, where 0 = unmarried and 1 = married. *Age* (measured on a scale

from 1–5, where 1 = 20–29, 2 = 30–39, 3 = 40–49, 4 = 50–59 and 5 = 60 and over), *gender* (where 0 = male and 1 = female) and the *length of the assignment* (measured as the total number of months) were also included as they have been included as control variables in similar studies (Selmer 2007).

Results

Ordinary Least Squares (OLS) regression and T-tests were both used to test the hypotheses and to model the relationships between the variables. T-test analyses were chosen, as there was limited data available, particularly concerning the most recent assignment. Groups for the T-tests were obtained using the median-split method for each variable. Six models were employed to evaluate how well the various independent variables predict ease of adjustment. There were some pair wise correlations that differed significantly from zero, as evidenced in Tables 3 and 4, however the only problem multicollinearity was with the geographic distance and time zone variables. In order to remove the problem multicollinearity the time zone variable was removed from all the models. Problem multicollinearity was no longer an issue for any of the regression models, as all of the variance inflation factors (VIFs) were less than 4.0. Analysis of the residuals suggests that the OLS assumptions are satisfied well enough, with no evidence of heteroscedasticity in any of the six models.

Table 5 depicts the explanatory power of the different variables on expatriate adjustment on the expatriate's first assignment, while Table 6 refers to the most recent assignment. The first column in both tables employs perceived distance as the independent variable; the second column focuses on the relationship of the dependent variable to objective measures of distance. Objective distance, cultural distance and geographic distance are employed as independent variables. The third model in both tables depicts the explanatory power of perceptual accuracy on the dependent variable.

Hypothesis 1 is supported by models one and four. In both models *perceived distance* is positive and significant ($p < 0.001$ and $p < 0.01$, respectively). The models suggest that perceived distance may be less significant in model 4, because on subsequent assignments, an expatriate already has some idea about what to expect in the host country and in one's own role as an expatriate. In model 1, the number of countries lived in ($p < 0.10$) and marital status ($p < 0.01$) are negative and significant, yet pre-departure training is positive and significant ($p < 0.05$). Age ($p < 0.05$) is found to be positive and significant in model 1, but is no longer significant in model 4. The coefficient for length of assignment is negative and significant in model 4 ($p < 0.10$) for the most recent assignment, but not in model 1, suggesting that as an expatriate gains international experience, assignment length becomes more important in facilitating adjustment.

Hypothesis 2 found some support in models 2 and 5. In model 2, cultural distance was positive and significant ($p < 0.001$), whereas objective distance and geographic distance were not significant predictors. Age was also found to be positive and significant ($p < 0.05$). In model 5, objective distance ($p < 0.10$), cultural distance and geographic distance ($p < 0.05$) are all positive and significant. In model 5, the length of the assignment is negative and significant ($p < 0.05$), indicating that the longer the expatriate's assignment, the easier adjustment becomes as the expatriate has more time to adapt to new surroundings. Pre-departure training and the number of languages spoken are both positive and significant ($p < 0.05$).

Hypothesis 3 is supported when the expatriate's first international assignment is taken into consideration, but not with regard to subsequent assignments. In model 3, perceptual accuracy is positive and significant ($p < 0.001$) and in model 6 it is negative and

Table 3. Correlation matrix, means and standard deviations for all variables, first assignment.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. Adjustment difficulty	0.84***													
2. Perceived distance	0.32*	0.30 [†]												
3. Objective distance	0.80***	0.80***	0.46**											
4. Cultural distance	0.32*	0.73**	-0.32*	0.26 [†]										
5. Geographic distance	-0.05	0.06	-0.39*	-0.12	0.73***									
6. Time zone difference	0.19	0.18	-0.36*	0.18	-0.060	-0.28 [†]								
7. Perceptual accuracy	0.18	0.28 [†]	-0.06	0.27 [†]	-0.00	0.10	0.13							
8. Length of assignment	0.16	0.04	-0.16	0.20	0.15	0.09	0.11	0.13						
9. Pre-departure training	0.32*	0.39**	0.14	0.34*	0.17	-0.05	0.13	0.40**	0.16					
10. No. languages spoken	0.09*	0.18	0.14	0.12	0.07	0.09	-0.18	0.40**	0.16	0.23				
11. No. countries lived in	-0.20	-0.04	-0.10	-0.13	-0.20	-0.16	0.02	0.19	0.22	-0.07	0.08			
12. Marital status	0.16	0.10	0.14	-0.02	0.07	0.09	-0.44**	0.23	-0.00	0.14	0.50**	0.28 [†]		
13. Age	0.01	0.00	-0.19	0.15	0.28	0.39*	0.19	0.00	-0.01	-0.06	-0.10	-0.21	-0.33*	
14. Gender	0.09	0.12	-0.18	0.18	-0.01	0.09	0.10	0.51***	0.23	0.10	0.11	0.20	0.02	0.27 [†]
15. Company size														

Note: *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$, [†] $p < 0.10$ (two-tailed).

Table 4. Correlation matrix, means and standard deviations for all variables, most recent assignment.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. Adjustment difficulty	0.80 ^{***}													
2. Perceived distance	0.17	-0.06												
3. Objective distance	0.80 ^{***}	0.63 ^{***}	0.26											
4. Cultural distance	0.52 [*]	0.63 ^{***}	-0.44 [*]	0.29										
5. Geographic distance	0.25	0.33	-0.32	0.03	0.69 ^{***}									
6. Time done difference	-0.43 [*]	-0.32	0.35 [†]	-0.47 [*]	-0.09	-0.13 [*]								
7. Perceptual accuracy	0.04	-0.03	0.52 ^{**}	0.14	-0.37 [†]	-0.26	0.29							
8. No. foreign assignments	-0.15	-0.18	-0.22	-0.06	0.32	0.25	-0.23	-0.45 [*]						
9. Length of assignment	0.33 [†]	0.20	-0.33	0.21	0.42 [*]	0.33	-0.29	-0.24	0.33 [†]					
10. Pre-departure training	0.43 [*]	0.34	-0.15	0.45 [*]	0.19	-0.13	-0.32	-0.06	0.19	0.15				
11. No. languages spoken	0.12	-0.03	0.24	0.24	-0.08	-0.08	-0.31	0.09	0.33 [†]	0.06	0.37			
12. No. countries lived in	-0.24	-0.18	-0.28	-0.21	-0.00	-0.09	0.39	0.18	0.22	0.24	-0.15	-0.23		
13. Marital status	0.22	0.11	0.26	0.47 [*]	-0.11	-0.26	-0.23	0.17	0.19	-0.09	0.45 [*]	0.58 ^{***}	0.17	
14. Age	-0.07	-0.22	0.12	-0.05	0.28	0.38	0.00	-0.15	0.46 [*]	0.02	-0.10	0.12	-0.28	-0.19

Note: *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$, [†] $p < 0.10$ (two-tailed).

Table 5. Regression results for adjustment difficulty on the first assignment (standard errors in parentheses).

	<i>Model 1</i>	<i>Model 2</i>	<i>Model 3</i>
	<i>Perceived distance</i>	<i>Objective distance</i>	<i>Perceptual accuracy</i>
Constant	0.13 (0.36)	0.85 (0.73)	2.16** (0.56)
Perceived distance	0.64*** (0.06)		
Objective distance		-0.15 (0.18)	
Cultural distance		0.07*** (0.01)	
Geographic distance		0.00 (0.00)	
Perceptual accuracy			0.51*** (0.10)
Pre-departure training	0.44* (0.20)	0.05 (0.29)	0.10 (0.32)
No. languages spoken	-0.08 (0.14)	0.11 (0.19)	0.18 (0.21)
No. countries lived in	-0.19 [†] (0.10)	-0.09 (0.14)	-0.08 (0.16)
Company size	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Length of assignment	0.00 (0.00)	-0.00 (0.01)	-0.00 (0.01)
Marital status	-0.74** (0.23)	-0.43 (0.33)	-0.80* (0.38)
Age	0.27* (0.11)	0.31* (0.15)	0.25 (0.17)
Gender	-0.01 (0.26)	-0.24 (0.43)	-0.37 (0.48)
<i>n</i>	43	40	40
<i>R</i> ²	.81	.72	.58
<i>R</i> _{adj} ²	.76	.61	.46
Max VIF	1.60	2.38	1.63
F-ratio	15.48***	6.42***	4.67**

Note: *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$, [†] $p < 0.10$, two-tailed tests.

Table 6. Regression results for adjustment difficulty on the most recent assignment (standard errors in parentheses).

	<i>Model 4</i>	<i>Model 5</i>	<i>Model 6</i>
	<i>Perceived distance</i>	<i>Objective distance</i>	<i>Perceptual accuracy</i>
Constant	0.13 (0.67)	-0.46 (0.76)	0.73 (0.88)
Perceived distance	0.45** (0.11)		
Objective distance		0.33 [†] (0.17)	
Cultural distance		0.03* (0.01)	
Geographic distance		0.00* (0.00)	
Perceptual accuracy			-0.24 [†] (0.13)
Pre-departure training	1.17 [†] (0.37)	0.90* (0.32)	1.50* (0.49)
No. languages spoken	0.45 (0.29)	0.69* (0.26)	0.57 (0.41)
No. countries lived in	-0.06 (0.17)	-0.04 (0.14)	-0.10 (0.22)
No. of foreign assignments	0.03 (0.09)	-0.04 (0.09)	0.13 (0.13)
Length of assignment	-0.02 [†] (0.01)	-0.02* (0.01)	-0.03 [†] (0.01)
Marital status	-0.41 (0.40)	-0.05 (0.37)	-0.60 (0.54)
Age	0.25 (0.19)	-0.00 (0.18)	0.45 (0.26)
Gender	0.94 (0.59)	0.08 (0.53)	1.22 (0.80)
<i>n</i>	25	23	23
<i>R</i> ²	.83	.92	.75
<i>R</i> _{adj} ²	.72	.84	.57
Max VIF	3.19	3.50	3.15
F-ratio	7.89***	11.56***	4.21*

Note: *** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$, [†] $p < 0.10$, two-tailed tests.

significant ($p < 0.10$). This suggests that an inaccuracy in perceptions leads to adjustment difficulties initially; however, on subsequent assignments perceptual accuracy hinders adjustment. It may also signal that perceptions actually become more accurate with subsequent international assignments. Marital status is negative and significant ($p < 0.05$) in model 3 as well, meaning that being married in this case aids expatriate adjustment. In model 6, pre-departure training is positive and significant ($p < 0.05$), and the coefficient for length of assignment is negative and significant ($p < 0.10$).

Little support was found for hypothesis 4. The T-test results showed that the difficulty of adjustment did differ according to the degree of cultural similarity. For the results of the first assignment (Table 7), adjustment was significantly more difficult for those expatriates going to countries with a large *perceived* distance from New Zealand, as opposed to a small perceived distance. The same was true of cultural distance, where adjustment in more culturally distant countries was significantly more difficult. These results suggest that adjustment does differ according to whether the culture of the destination country is similar or dissimilar, contrary to the results of Selmer (2007).

The results for the most recent assignment (Table 8) revealed significant differences in adjustment between expatriates who perceived large and small distances between the home and host countries; expatriates going to a country with a small perceived distance found adjustment easier. Likewise, the difference in adjustment mean scores for expatriates going to culturally similar versus culturally distant countries was statistically significant, where adjustment was more difficult in culturally distant countries. There was a significant statistical difference in adjustment between expatriates with differing levels of perceptual accuracy about host country differences; adjustment was more difficult for those with higher perceptual accuracy and easier for those with less accurate perceptions. Also, while the difference in mean scores was not significant, expatriates working in more distant countries experienced slightly easier adjustment than those in more objectively similar countries. These results seem somewhat counterintuitive. A plausible explanation is that some expatriates overlook small differences between New Zealand and the host country and these unexpected, smaller differences make it harder to adjust, similar to the findings of O'Grady and Lane (1996). Several possible explanations underlie easier adjustment for those with lower perceptual accuracy. Expatriates with less accurate perceptions may have relied on prior experience to help them adjust to their new situation, or they were simply unaware of cultural differences

Table 7. T-Test results for adjustment difficulty on the first assignment.

	<i>Mean adjustment difficulty</i>	<i>SD</i>	<i>df</i>	<i>T-value</i>	<i>p</i>
Perceived distance			44	9.429	0.000
Small PD	1.49	0.46			
Large PD	3.36	0.83			
Objective distance			40	0.912	0.367
Small OD	2.17	0.84			
Large OD	2.52	1.33			
Cultural distance			40	4.881	0.000
Small CD	1.54	0.66			
Large CD	3.05	1.15			
Perceptual Accuracy			40	-0.355	0.724
High	2.46	1.15			
Low	2.32	1.27			

Note: A higher mean score indicates greater adjustment difficulty.

Table 8. T-test results for adjustment difficulty on the most recent assignment.

	<i>Mean adjustment difficulty</i>	<i>SD</i>	<i>df</i>	<i>T-value</i>	<i>p</i>
Perceived distance			25	4.054	0.000
Small PD	1.74	0.97			
Large PD	3.30	1.03			
Objective distance			22	-0.480	0.636
Small OD	2.73	1.07			
Large OD	2.46	1.52			
Cultural distance			22	4.170	0.000
Small CD	1.77	1.12			
Large CD	3.51	0.88			
Perceptual accuracy			22	-3.580	0.002
High	3.24	1.03			
Low	1.64	1.15			

Note: A higher mean score indicates greater adjustment difficulty.

due to being less involved in the host country. This could be the case if expatriates rely on other expatriates or do not filter and learn from positive and negative behavioral cues from social interaction with host country nationals (Black and Mendenhall 1991). Expatriates with greater perceptual accuracy may simply have a greater appreciation of cultural differences. Adler (2008, p. 278) suggests that culture shock or adjustment difficulties are not always negative, as they are 'often a positive sign indicating that the expatriate is becoming deeply involved in the new culture instead of remaining isolated in an expatriate ghetto'. Thus perceptual accuracy should not automatically be viewed as an indication of easier adjustment. Overall, the notion that adjustment is just as difficult for those expatriates going to a similar country as it is for those going to a dissimilar country was not supported in our findings.

Hypothesis 5, pertaining to previous experience of the expatriate, was partially supported. The number of countries lived in was negative and significant ($p < 0.10$) in model 1, indicating that the more international experience an expatriate had prior to one's first assignment, the easier adjustment was. The number of countries lived in variable remained negative on subsequent assignments but was no longer significant. Thus, experience living in other foreign countries was significant when expatriates first form their perceptions about the host country. The total number of international assignments did not have a significant effect on adjustment in models 4 to 6, but this is not surprising, given the low overall number of assignments completed by the expatriates in our total sample ($M = 2.89$, $S.D = 2.15$). This finding is in line with that of by Bhaskar-Shrinivas et al. (2005), in which prior overseas assignments were found to have only a minimal effect on adjustment in an analysis of prior studies.

The number of languages an expatriate speaks had no influence on the adjustment process in all but one model – model 5. The expected relationship between language skills and adjustment was found only in model 1, where the coefficient is negative, but not significant. In fact, in all the other models, the coefficients are positive, indicating that greater language knowledge is associated with greater adjustment difficulty. Hypothesis 6 was thus not supported.

Hypothesis 7 pertained to the benefits of pre-departure training. In all models the coefficients were positive, contrary to what was expected. For all models, this indicates that pre-departure training is associated with greater adjustment difficulties. The coefficients were significant in model 1 and all models pertaining to the most recent assignment. These results

contradict those of earlier studies (e.g., Black and Mendenhall 1990; Suutari and Brewster 1998; Morris and Robie 2001) that have found pre-departure training to be conducive to expatriates. Hypothesis 7 was not supported.

Conclusion

The main contributions of this research are threefold. Firstly, this study has highlighted the important role that the expatriate's perceptions play in adjusting to a new host country. Although prior research has ascertained that smaller perceived differences between the home and host countries help to facilitate adjustment, these studies have relied mainly on the cultural novelty scale of Black and Stephens (1989) alone (Bhaskar-Shrinivas et al. 2005). We have added a new dimension to the extant expatriate adjustment literature by analyzing the effects of an expatriate's perceptions of the host country and the *accuracy* of these perceptions on overall adjustment. The findings suggest that both perceptions about distance and perceptual *inaccuracy* have a significant positive effect, but as the expatriate gains international assignment experience, the effect of perceptual accuracy changes, so that more accurate perceptions lead to greater adjustment difficulties.

Secondly, this study has shown the importance of creating a comprehensive measure of psychic distance in which both objective and subjective measures are considered (Clark and Pugh 2001). Perceived distance between the home and host countries was an important predictor of adjustment in both the first and subsequent assignments. This suggests that had our study considered only objective measures of distance, as in much of the prior literature on psychic distance, our evaluations of adjustment would have failed to take into account the important element of expatriate mindset.

Thirdly, the findings also show that cultural distance is an important element of objective distance, despite its lack of statistical significance in some prior research. Dow and Karunaratna (2006), for example, found that cultural distance was not a significant indicator of trade. However, because the cultural distance measure relies on Hofstede's (1980) national culture framework and focuses on mental programs, the fact that it was found to be relevant to cultural adjustment is not surprising. Thirdly, this study sought to confirm Selmer's (2007) recent research on adjustment in similar and dissimilar cultures. Our findings are not in alignment with those of Selmer (2007), as expatriate adjustment did differ according to cultural similarity/distance based on both objective and perceptual measures.

Some of the results obtained warrant further discussion, as they were counterintuitive. Foreign language knowledge had a positive relationship with adjustment difficulty. This is contrary to the findings of prior studies reviewed by Bhaskar-Shrinivas et al. (2005) showing that host country language ability fosters adjustment. Our study did not link language knowledge with the specific countries to which expatriates were assigned, but only asked respondents about the number of languages spoken. The respondents in this study may simply have lacked the language knowledge necessary for their specific host countries. Thus, foreign language knowledge may not have acted as an actual barrier to adjustment, but simply did not facilitate it.

Previous research has suggested that expatriate training is crucial to the adjustment process (Black and Mendenhall 1990). A positive relationship was found between cross-cultural training and adjustment in a meta-analysis of studies conducted by Morris and Robie (2001). Company-provided pre-departure training aids in reducing uncertainty about the expatriate's work role and provides the expatriate with more firm-specific information than they would find on their own initiative (Black and Gregersen 1991a). Yet, pre-departure training did not assist with adjustment in our study; a positive and significant relationship was

found in four of the models, indicating that when pre-departure training was provided, expatriates experienced more, rather than fewer, adjustment difficulties. A possible explanation may be that the type or length of training provided by firms was inadequate. This is supported by the findings of prior research. It has been estimated that up to 50% of expatriates receive no pre-departure training (Stroh, Black, Mendenhall and Gregersen 2005), and where pre-departure training is provided by firms, it is often insufficient in length and quality (Tung 1981). Thus, while training may have been provided to expatriates in our study, it did not help to ease adjustment. On the other hand, we were unable to gauge the quality of training provided by firms in this study. We agree with Caligiuri et al. (2001) that this is still an issue that researchers need to explore.

Limitations and suggestions for future research

While this study makes an important contribution to the literature, it does have limitations. Of the objective distance measures, only cultural distance had a significant effect on adjustment in both the first and subsequent assignments. Expatriates must also adjust to different standards of living, levels of education both in dealing with host country nationals and if their children require schooling, healthcare, and other factors. A limitation of this study is that these factors were combined into one objective distance index, and their individual effects were not measured. The relatively low reliability coefficient for our objective distance measure should be viewed with some caution. Future research should consider the various factors separately. Yet, it is important to stress that perceptions about these factors were important regardless.

We also relied on an established, though arguably dated, measure of cultural distance, to enable comparisons to the extant literature. Although cultural distance was found to have significant effects on adjustment in our study, it would be beneficial for future studies to develop and compare additional cultural distance measures. The inclusion of the relatively recent GLOBE (House, Hanges, Javidan, Dorfman and Gupta 2004) societal culture dimensions would be a positive step in this direction.

It should also be borne in mind that the expatriate adjustment scale of Black and Stephens (1989) has been criticized in the literature as being too broad and arbitrary (Hippler 2000) and empirically, as opposed to theoretically, derived (Thomas and Lazarova 2006). Thomas and Lazarova (2006) have also suggested that the three-factor adjustment scale is based on ambiguous statistical manipulation. In the context of this study, the items comprising the scale were useful as they represented a holistic measure of host country characteristics that were objectively measurable. However, this should be viewed as a possible limitation of this study.

Additional limitations pertain to our data collection procedures. Our sample was unquestionably small, and data were cross-sectional – identified as common among studies on expatriates (Hechanova, Beehr and Christiansen 2003; Harrison et al. 2004). Our findings should thus be viewed as tentative. Adjustment is a process that occurs over time; however, our study provides an indication only of expatriates' *ex post* views about the degree of adjustment difficulty. It is also, understandably, difficult to obtain data from respondents immediately upon completion of their international assignments, and this was not possible in our study. We also asked respondents for their recollections of their very first international assignment, which for some respondents occurred more than a decade earlier, while others may have been on their first international assignment fairly recently. Respondents were also asked to provide information only about assignments on which their current employer had sent them. This may have excluded some interesting data about experiences with additional employers.

Future research should also look in more detail at the effects that an expatriate's experience, i.e., previous expatriate assignments, assignment duration, the ability to speak another language and experience living abroad, actually has on facilitating adjustment. Previous experience proved beneficial for expatriates in our study. The length of the assignment had no influence on adjustment for one's first assignment, but was negative and significant on subsequent assignments. Distance factors may become increasingly important as personal experience increases, and on lengthier assignments; immersion in the day-to-day life of the host country may also help to facilitate adjustment. An analysis of the interaction of these factors would build upon the results of this study and add a further dimension to our model of expatriate adjustment. Whether or not assignment length and previous experience aid in improving one's perceptual accuracy also warrants further study.

The results of this study provide an important caveat for firms that regularly rely on expatriates, whether or not they have a well-developed international assignment policy: an individual's perceptions are among the most crucial factors for success. Ensuring that the expatriate is ready to undertake the international assignment means ensuring not only that one's technical expertise is to standard, but also that the cross-cultural adjustment process begins before departure with accurate expectations about working abroad and acquiring sufficient host country knowledge. Our findings have shown that the pre-departure training provided by firms in our sample generally did not positively enhance the adjustment process; thus, a revisit of their expatriate training policies to take these factors into account would be one step by firms toward measuring and ensuring a return on their investment.

Acknowledgements

We would like to thank Lena Zander and an anonymous reviewer for their comments on an earlier version of this paper.

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