LAPPEENRANTA UNIVERSITY OF TECHNOLOGY

Department of Business Administration

Knowledge management

WORKPLACE ADJUSTMENT OF AN EXPATRIATE MANAGER: IDENTIFYING KEY COMPONENTS FROM A SOCIAL CAPITAL PERSPECTIVE

The subject of the thesis was approved by the council of Business Administration on the 11th of October 2005.

Examiner & Supervisor: Ph.D. Jianzhong Hong

Examiner: Professor Kirsimarja Blomqvist

Lappeenranta, October 2nd, 2006

Jukka Vasama

Sarvimäentie 32 A

04200 Kerava

Tel. +358 400 255 927

ABSTRACT

Building on the framework of international adjustment and the complementary nature of the social capital theory, this study examines how a Finnish expatriate manager creates a well functioning social network in a Hong Kong workplace. The thesis work approaches the issue by using Nahapiet and Ghoshal's (1998) three dimensional model of social capital. Research is conducted by reviewing published studies and reflecting the gathered information to the interview data. Reviewing social capital, international adjustment literature, traditional expatriate's performance predictors and stressing the concept of guanxi (Chinese personal ties) the revised theory implies that social capital has a supportive role in the international adjustment literature. The three dimensional sorting of social capital is empirically used as a tool to reflect interview data. The empirical results show that the social network adjustment is related to the expatriate's ability to handle assistant and restrictor characteristics of creation of social capital. Furthermore, expatriate needs to recognise valid performance predictors typical for the host-country and also expatriates own relevant personal capabilities.

TIIVISTELMÄ

Perustaen tutkimuksen kansainvälisen sopeutumisen teoreettiselle rungolle täydentäen sitä sosiaalisen pääoman teorialla, tämä tutkielma tutkii kuinka johtoasemassa oleva ulkosuomalainen luo hyvin toimivan sosiaalisen verkoston hong kongilaisella työpaikallansa. Tutkielma lähestyy aihetta Nahapietin ja Ghoshalin (1998) kehittämän sosiaalisen pääoman kolmen ulottuvuuden mallin avulla. Tutkielmassa kirjallisuudesta haettua teoriaa käytetään tutkimusta varten tehtyjen haastattelujen analysointiapuna. Tutkimalla sosiaalista pääomaa, kansainvälisen sopeutumisen kirjallisuutta, ekspatriootin perinteisiä menestystekijöitä ja guanxia (kiinalaisten henkilökohtaisia siteitä) tämän tutkimuksen teoriaosuus implikoi, että sosiaalisella pääomalla tulisi olla täydentävä rooli kansainvälisen sopeutumisen kirjallisuudessa. Sosiaalisen pääoman kolmen ulottuvuuden mallia käytetään pohjana empiirisen datan analysointiin. Tutkielman empiiriset tulokset osoittavat, että työpaikan sosiaaliseen verkostoon sopeutuminen liittyy exspatriootin kykyyn käsitellä estäviä ja mahdollistajia sosiaalisen pääoman luontiin vaikuttavia tekijöitä. Lisäksi sopeutuminen vaatii exspatriootin tunnistavan kohdemaalle tyypillisiä exspatriootin menestystekijöitä ja ekspatriootin omia tärkeitä henkilökohtaisia ominaisuuksia.

TABLE OF CONTENTS

1 INTRODUCTION

This master's thesis concentrates on the workplace adjustment aspect of an international assignment. This study was made during the autumn 2005 – spring 2006. The study identifies relevant issues from a theory and applies them into a case scenario.

1.1 Overview

Due the consistent trend of globalisation, corporates are forced to send their employees across the nation boarders more today than they were yesterday. Modern managers are required to be able to function effectively in other cultures - think globally, but act locally. For an individual employee an international assignment might form to be a highly stressful experience. Work life, as well as life in general, is always different in a new country (Wang & Kanungo, 2004). Adjusting oneself to an unfamiliar work environment is crucial for successful expatriation (Tucker et al., 2004).

A need for an expatriate may be well planned or sudden. In any case, sending competent people is, or at least should be, top priority. That is why reasons to send particular employee vary. Expatriation might be a result of individuals' superior knowledge, technological competence, personal contacts or just simply a result of being in the right place at the right time. (Oddou, 1991, 302.) It looks like organisations try to send the best and the brightest to fulfil international assignments, only to find out that expatriates run into difficulties after a while (Cassiday, 2005, 2). It remains clearly a challenge that employee transfers are conducted effectively and that expatriates can meet the demands of their foreign assignments (Breiden et al., 2004).

Different sources imply that sending an expatriate is costly and it becomes even more so if the employee returns prematurely. (Sun & Gentry, 2005.) Interesting indication from the research of adjustment literature is that inability to adjust to the foreign environment is the major factor for ineffective performance of expatriate, instead of commonly presented assumption of the major role of the lack of technical competence (Andreason, 2003, 56). If expatriation is so important and costly for the sending company, why so many keep failing is a question presented by multiple authors (see for example Shaffer et al., 1999; Bell & Harrison, 1996). In addition, it is argued that the high rate of turnover results in a loss of knowledge, insight and creativity not only for the individual but also for the company if the failed expatriation ends to an employee disclaim. Networks formed during the international assignment may no longer exist, which is also a big loss for companies seeking global competence. (Cassiday, 2005.)

Holden (2001, 156) is noting that we are now in a knowledge era where cross-cultural teaming is central for the practice of knowledge management internationally. He claimed that cross-cultural learning, interactive networking, and knowledge acquisition among knowledge sharing are highly important for the practical purposes in modern international business world. Thus, in a case of expatriation, it is not enough that a person is competent only with his job. He must be competent also in some other levels. Working and working effectively matters for the results. When an employee reaches the host country, he will become a member of a new social network. This network of people has soaring impact for the results. (Shaffer et al., 1999.)

This thesis work concentrates into the intra-firm person-to-person level communication in Finnish companies operating in Hong Kong. International adjustment literature approaches expatriation from many

different aspects and Hong Kong, as a case country, adds interesting view to the matter. Hong Kong is not considered as a part of China by either its laws or customs. Hong Kong has become a service sector where thousands of multinational companies are looking their way to Asia or away.

1.2 Objectives

The thesis comprises of a theory and an empirical part. The theory part is a review to a current relevant literacy, to which the empirical study is built. The objective of the theory part is to gather information of how social capital is created and what factors affect on that. This information is used to analyse empirical data gathered from a group of Finnish expatriate managers currently working in Hong Kong.

The contribution of this study is to identify the way how exactly social capital theory could add extra value to the international workplace adjustment models and furthermore, how social capital is created especially in the Finnish Hong Kong context. International environment does place special demands for perceived individual success due the existing cultural distance. The concept of creating social capital in this context is created based on published studies of social capital and international adjustment.

This thesis work aims to investigate various aspects of expatriate manager's general work adjustment, perceived performance predictors, and personal competencies that expatriate use and confront in adjustment process in order to succeed in expatriation as good as possible. Approach is intra-firm instead of commonly used inter-firm. Intra-firm approach allows us to understand particularly workplace behaviour in a foreign culture. The issue of expatriation is approached

from a social capital view. Based on that view the study determines a group of aspects that a sending company and chosen expatriate should keep in mind. The core thesis in this study is that social capital plays an important role in successful international assignment.

Social capital is a part of human capital and it has a great value in creating a successful work environment because it specifies structure and quality of a relationship network (Ghoshal & Gratton, 2003). For the studies related individuals, social capital is the contextual complement to human capital. Stressing mainly social capital, rather than human capital, takes into account the social context where individuals are acting. (Liao & Welsch, 2005, 348.) Researchers have studied social capital in different contexts and with different ways. Accessing international workplace adjustment through it is a new perspective, though (Pelling & High, 2005). By reviewing social capital literature this thesis will demonstrate that particularly Nahapiet and Ghoshal's (1998) three dimensional model of social capital could turn to provide useful insight into the matter of adjustment into an international assignment. Thus, extending international adjustment literature and giving social capital theory a supporting role in it.

To implement the study into practise the restrictors and the adjustment assistants of social capital and the actual job performance predictors, useful for creating social capital in international assignment, are approached. The topic is empirically studied by looking into perceived correlation and, more importantly, differences of how dimensions of social capital are approached in Hong Kong from the Finnish point of view. This is done by interviewing selected Finnish expatriate managers working currently in Hong Kong. The three dimensional model of social capital is used as a tool to reflect and analyse collected interview data. Table 1 specifies the research outline.

Table 1. The research questions, sub questions, and objectives of this study

MAIN RESEARCH QUESTIONS	SUB QUESTIONS	OBJECTIVES
1. What extra value social capital theory can add to the international workplace adjustment models?	a. How international workplace adjustment can be accessed by using social capital theory?	Find out what social capital is and how it influences to the international workplace adjustment.
	b. What are the special demands and issues international assignment places for the creation of social capital?	Find out how creation of social capital differs, if any, in international environment compared to domestic environment.
2. What are characteristics of workplace adjustment of a Finnish expatriate manager working in Hong Kong from the social capital perspective?	a. What are common adjustment problems and assistants in Hong Kong?	Determine the problems and differences a Finnish expatriate manager could experience in Hong Kong.
	b. What kind of job performance predictors and personal capabilities are important while adjusting into the Hong Kong workplace?	Create a set of job performance predictors and personal capabilities that could predict success in Hong Kong.

1.3 Research framework and structure

This thesis work consists of nine sections. These sections can be further divided into two main parts. Section one is an introduction to the thesis and to its objectives.

Sections from two to four form the first main part. Section two studies expatriate's adjustment into a new social network and how this network is constructed as a part of adjustment process. It will identify performance predictors that expatriate confront or possess and analyse the meaning of these aspects in the international assignment. Later, in the empirical part, these aspects are studied in the Finnish – Hong Kong context in connection with the framework of the thesis. The chapter will also study social capital in both general level and also how it is present in international adjustment process. It discusses the current

aspects of social capital and shows how social capital brings value to the network.

Section three and four study the dimensions of social capital introduced in second chapter. These sections are based on Nahapiet and Ghoshal's (1998) multidimensional model of social capital theory. Section three will concentrate on cognitive aspects of expatriation. The chapter will study different perspectives of cultural novelty and it presents a way to study cognitive dimension from a practical view. The fourth chapter concentrates on last two parts of social capital, introduced in the second chapter: relational and structural dimensions.

In this thesis work international workplace adjustment is divided into two entities. While other half of international workplace adjustment is based on Black, Mendenhall, and Oddou's (1991) framework of international adjustment, the basis of another half of international workplace adjustment (which is studied in this thesis work) lies on social capital adjustment mainly focusing in Nahapiet and Ghoshal's (1998) three dimensional model of social capital.

Black, Mendenhall and Oddou's (1991) framework is chosen because it is extensively quoted in international adjustment literature. Haslberger (2005) says that no noteworthy work has been made in the research area of international adjustment since Black et al. (1991). However, the main focus of the thesis is laid on facets of social capital in the international workplace adjustment. More precise, social capital is approached by using Nahapiet and Ghoshal's (1998) three dimensional model of social capital, which is also widely discussed as it will be later demonstrated. Figure 1 indicates consensus of the framework in relation to the successful international assignment.

Figure 1. The framework for this study
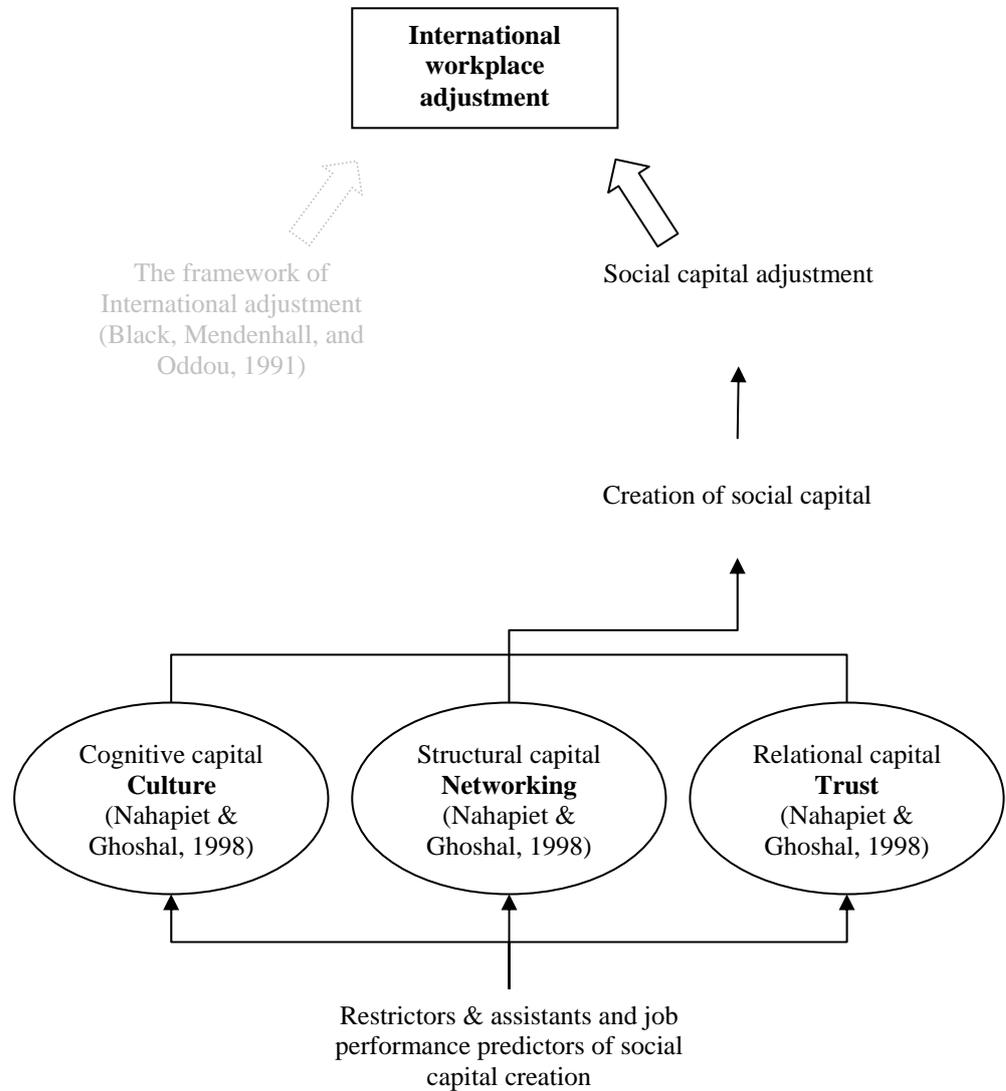
The second main part of the study consists of sections from five to eight. Fifth section is the research methodology in which the research methods and reliability and validity of the research will be discussed. The next section introduces Hong Kong Special Administrative Region (HKSAR). The section will cover both Hong Kong economy and Hong Kong society.

In section seven, the theory is brought to the case scenario. Expatriation is examined from multiple viewpoints. All three dimension

of social capital are accessed. The dimensions are used as a tool where to reflect interview data. Differences, problems, and how to cope with them is discussed. The section eight is conclusion where overall results and findings of this study are presented. Theoretical indications are discussed and restrictors & assistants and job performance predictors are accessed. Chapter nine works as an epilogue for the thesis.

1.4 Restrictions

The theory part is restricted to aspects of social capital and parts of in-country adjustment process of an expatriate. More specifically, social capital is accessed from the Nahapiet and Ghoshal's (1998) cognitive, structural, and relational dimensions. Aspects of in-country adjustment process are discussed based on Black, Mendenhall and Oddou's (1991) framework of international adjustment. The theory part's main objective is to give a theoretical background for the case study. The working of a Finnish expatriate manager in the case country is restricted in intra-firm level because concentration point of the study is workplace adjustment. The general issue of communication is approached from person-to-person point of view.

This study does not aim to be a comprehensive guide to Hong Kong culture nor to explain what kind of people the Hongkongers or the Finnish are. The study merely concentrates on the individual perceptions about adjustment in a foreign assignment. It tries to identify the important aspects of adjustment for the work abroad, based on literature and interview data.

It is also to keep in mind that this study is not a study about job satisfaction either. Job satisfaction is not a guarantee for commitment to

an organization or the absence of withdrawal behaviour (Flap & Völker, 2001, 299). Thus, job satisfaction is out of the scope of this study.

Successful expatriation in this study is approached from the view of social capital. Incorrect conclusion would be that social capital is the only factor affecting to the international assignment. For example, this study does not take under consideration predictors such as politics, religion, prejudices or individual's general world view nor it studies the relation of satisfaction to Hong Kong through spent time. All these matters might as well have their part in the studied matter.

Also the interviews set a group of limitations. First, this thesis is built on limited amount of interviews (9 participants) and the sample might be too small in order to assemble solid implications. Second, the interviews represent interviewees own personal perceptions which are then reflected to the theory. The thesis discusses workplace adjustment and it uses expatriate success as an aspect to measure if adjustment has been as the sending company originally hoped. Due the fact that the researcher does not have access to the real success factors, such as economical figures, the expatriate success in this thesis is restricted to perceived success based on interviewees own perceptions. Third, all participants were Finnish which limits the perspective to one party's view.

1.5 Prologue to the international adjustment literature

The theoretical framework of this study consists of concepts of expatriate adjustment and social networking. Studying expatriate adjustment is a relatively new research field; researchers started to approach that concept systematically as late as 1970's. However, there exists research about this topic from many different aspects such as: general expatriate adjustment (Black et al., 1991; Haslberger, 2005; Selmer, 2001; Andreason, 2003; Shaffer et al., 1999) effectiveness (Shay & Baack, 2004), efficacy, and coping strategies (Lee, 2005). All these elements can be divided into even smaller elements regarding perspective. Social networks on behalf are a widely studied matter. Combinations of these are under-emphasised area in literature, though (Wang & Kanungo, 2004, 775). Selmer (2001, 171) is pointing out that only few authors have dealt with western[1] business managers and no study of that kind is known from Hong Kong by the year 2001.

Black, Mendenhall, and Oddou (1991) made attempt to construct a theoretical framework of international adjustment based on earlier studies. According to them this topic has been studied since 1970's but due to the lack of proper theoretical grounding it is hard to locate the place of the studied topic in the international adjustment literature (Black et al., 1991, 291). They approach this matter by combining the international adjustment literature with the domestic adjustment literature. As a result they came out with a framework consisting of a three distinct adjustment dimensions: adjustment to work, adjustment to interacting with host nationals, and adjustment to the general non-work environment (Black et. al., 1991, 303). According to this scheme the degree of cross-cultural adjustment should be treated as a

---

[1] *Western* is a common generalisation of a Caucasian man or a woman who works in an Asian county. It is not a country specific word, which makes the comparisation of the studies difficult.

multidimensional concept rather than a unitary phenomenon which was previously the dominating view (Selmer, 2001, 170).

Wang & Kanungo (2004) have recently studied expatriate's social networks in China. In their work they searched for a correlation between expatriate personal networks and psychological well-being. This correlation is based on the assumption that establishment of interpersonal relationships and frequently contacting others via this network is a basic need for human beings. When entering in a new country expatriate is cut off from the previous interpersonal relationships and established social networks and, due to human nature, he or she is forced to establish new networks. (Wang & Kanungo, 2004, 775.) This deprivation, in addition to the perceived uncertainty and anxiety in the new environment, can threaten the expatriate's psychological well-being (Wang, 2002; Granovetter, 1995)

Wang & Kanungo (2004 786-787) argue that network characteristics which may have positive influence to the expatriate psychological well-being are size, cultural diversity, localization, closeness, and contact frequency of personal network. According to their findings, these factors have indeed a big influence. Study also confirmed that expatiates from a different cultural background tend to form different types of networks. (ibid.)

Selmer (2001) has also studied western business managers. His study is one of the few about Hong Kong what comes to expatriate managers. Selmer examines coping mechanisms of western business managers to determine how those strategies are associated with the expatriates' sociocultural and psychological adjustment. Important finding was that all sociocultural adjustment variables were all above mid-level point of adjustment, demonstrating a certain level of well-being of expatriates in Hong Kong (Selmer, 2001, 178). In his later study considering previous

international experience he found more evidence to support this (Selmer, 2002, 79).

Another study of Selmer (2002) concentrates in the international experience and the expatriate adjustment in the Hong Kong. Unexpected finding was that experience from other Asian countries had only very small effect on sociocultural adjustment (Selmer, 2002, 71), although many authors in literature emphasise importance of previous experience (Black & Mendenhall, 1990; Carlsson et al., 2005; Möller & Svahn, 2004), according to Selmer, non-Asian countries did not have any effect at all. He concludes with an argument that it might be possible that Hong Kong is unique to the extent that experience of the "real thing" is the best way to cope and work there. (Selmer, 2002, 83.) According to Selmer one of Hong Kong's specialty, which should have effect to adjustment, is the fact that in Hong Kong it is possible, and not uncommon, to live almost totally protected from the local Chinese community, since Hong Kong's large expatriate community is mainly living in separated areas from locals (Selmer, 2001, 179).

Bringing social capital into the discussion of adjustment is new perspective (Pelling & High, 2005). In their opinion, it is a welcome addition towards a concern for the behavioural elements of adaptive action. After all, social capital was started to study from totally different point of view than expatriate adjustment. Published studies reveal that discussion about social capital is mostly arisen from one of the three main stream views. Modern studies of social capital are commonly following Bourdieu's, Coleman's, or Putnam's groundwork. (ibid.)

Central idea of social capital theory is that networks of relationships constitute a valuable resource for the conduct of social interactions (Bourdieu, 1984). Opposed to that, according to the study of Coleman (1990) social capital is largely unintentional outcome of social

interaction. While both Bourdieu's (1984) and Coleman's (1990) ideas continue giving starting points to studies it was Putnam's (1993) work that became most widely used definition of social capital. He claims that social capital is constructed from the features of social life: norms, networks, and trust. Those aspects enable parties to act together more effectively to pursue shared objectives.

From Putnam's (1993) work arise also Nahapiet and Ghoshal's (1998) definition of social capital. They take Putnam's work forward by introducing three different clusters where social capital is formed: cognitive, structural, and relational dimensions. These three clusters are analytically separated but Nahapiet and Ghoshal point out that they all are very much interrelated. Based on earlier literature, at first it seems that social capital is rather simple concept, but the closer one gets to it the more slippery is seems to get (Pelling & High, 2005, 310).

2 SOCIAL NETWORK ADJUSTMENT

Expatriation is a matter of adjustment into a new environment. This is naturally highly dependent of the person itself but literately has identified also some other factors that have their affects on adjustment process. In addition to adjustment process developed by Black, Mendenhall and Oddou (1991), this chapter presents how social capital is connected to the general work effectiveness.

As already earlier explained, social capital enables participants to act together more effectively to pursue individual objectives. Although, this study has not yet addressed that it is easy to claim that social capital should have some kind of connection with adjustment process and work effectiveness abroad.

2.1 Traditional adjustment process

Black, Mendenhall and Oddou (1991) compiled their widely quoted comprehensive model of an international adjustment by reviewing existing literature from international and domestic adjustment. The framework provided starting point for different aspects of expatriation and it is still used to that purpose, as multiple studies indicate (Breiden et al., 2005; Takeuchi et al., 2005; Andreason, 2003; Shaffer et al., 1999; Bell & Harrison, 1996) and some studies (Shaffer et al. 1999) have also deeply tested and supported their model. It is interesting to note however, that although Black et al. (1991) mentioned the lack of valid empirical expatriate studies already in their framework, studies with the same argument is still present according to Breiden, MIrza, and Mohr (2005, 6). Expatriate adjustment theory has indeed made little progress over the last decade (Haslberger, 2005). According to

Haslberger (2005) no significant theoretical development has been created in the field of expatriation adjustment since Black, Mendenhall, and Oddou (1991).

Black et al. (1991) argue that adjustment to an international assignment is a construct of three distinct aspects of adjustment: work adjustment, interaction adjustment and general adjustment.

Figure 2. Framework of international adjustment (Black, Mendenhall, and Oddou, 1991, 303)

Anticipatory adjustment   In-country adjustment
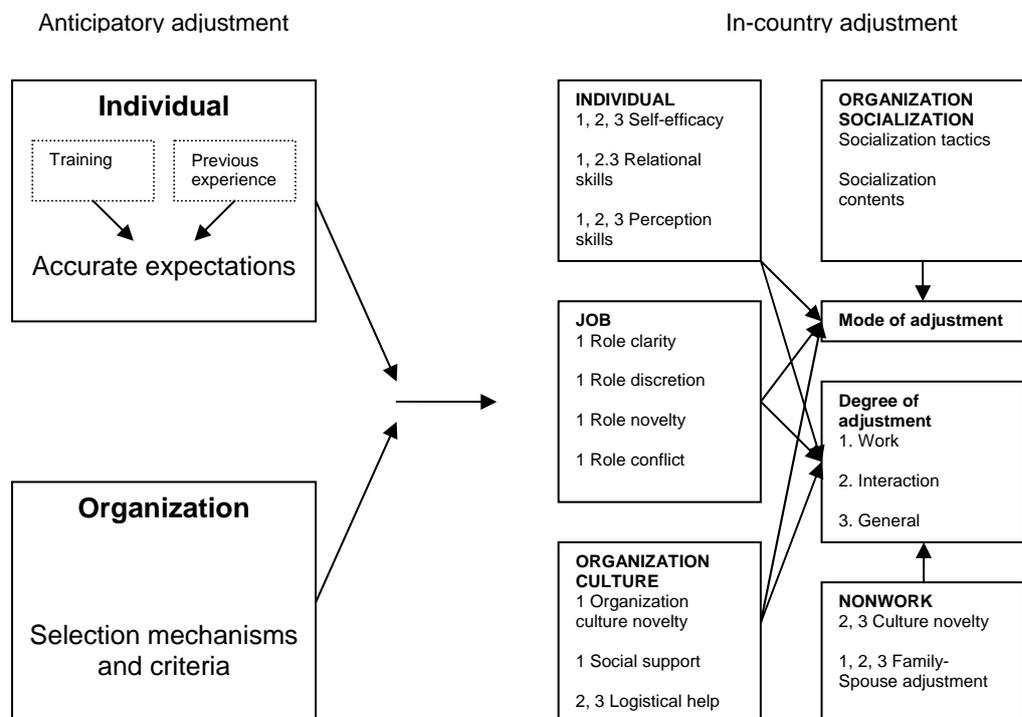
The model has two major components. The first one, anticipatory adjustment, includes pre-entry matters such as selection mechanisms and expectations of future expatriation based on training and previous experience. Anticipatory adjustment facilitates the second major component: in-country adjustment. The term in-country refers to the phase of the adjustment process which takes place in host country. This component consist of four major sets of factors: job factors,

organizational factors, positional factors, non-work factors and individual factors. The focus of this thesis work lies in individual factors. According to the model, individual factors (self-efficacy, relation skills, and perception skills) are the only one to affect to the complete degree of adjustment (with some support from spouse). Another non-work matter, culture novelty, will affect for interaction and general adjustment. (Black et al., 1991.)

Self-efficacy is one's ability to believe oneself and to cope effectively in foreign cultures although great amount of uncertainty is present. Individual who believes his own success is able to use feedback more effectively and correct behaviour to correspond better to expectations. (Black et al., 1991, 307.) Self-efficacy is two dimensional: one focus is on performance achievements and another focuses on interpersonal relationship development (Andreason, 2003, 53). Shaffer et al. (1999) were first ones to test the role of self efficacy in adjustment empirically. They conclude predictably, that none of the dimensions alone did explain the variance in any of the degrees of adjustment.

Other individual factors, relational and perceptual skills, have also been suggested to help individuals to interact with host nationals (Black et al., 1991). Additional to above individual traits, culture novelty seem to affect to the adjustment as noted before. Culture novelty is the perceived distance between host and parent country cultures (Varner & Palmer, 2005). According to studies some cultures are more difficult to adjust than others and cultural novelty has always role in non-work as well as work adjustment (Shaffer et al., 1999). Selmer (2002) on the other hand, presents critique and argues that it is largely taken granted that the more different the host culture is from the expatriate's own, the more difficult the adjustment process is.

Moreover, it is suggested that some degree of interaction exists between work-related and non-work-related aspects of adjustment. (Shaffer et al., 1999). On this basis, according to Black et al. (1991) framework and additional studies, successful expatriation requires adjustment in multiple levels. Additionally, supporting the importance of interaction and general adjustment Wang & Kunungo (2004) emphasise that expatriate's well-being is depending on social networking capabilities of individual.

2.1.1 Workplace performance predictors

Tucker, Bonial, and Lahti (2004) mention, that measuring intercultural adjustment among expatriates is a central concept at the field of intercultural relationship. Since companies realised the defect of expatriate failure, there has been increasing attempt to isolate the criteria that can contribute to the success (Varner & Palmer, 2005, 6). However, neither a clear and measurable definition nor a valid set of predictors of expatriate job performance has emerged from studies up to date (Tucker et al., 2004, 222). A few attempts have been made to identify and examine the characteristics of expatriates as a whole (Breiden et al., 2004, 6). Although earlier chapters have proven the nature of multiple dimensions of expatriation, Bell and Harrison (1996) proposed that even more emphasis should be put on the individual differences that an expatriate holds. However, instead of evaluating personal capabilities, companies are sending expatriates based on other business elements: product quality and cost sourcing as for example (Oddou, 1991, 301).

Expatriate preparations have been repeatedly identified in the literature as being an essential part for a successful expatriate assignment (Selmer, 2002, 29). The form preparations take is often depended on

the cause of an expatriation. High-potential employee is often sent only to enrich his perspective of the company's operations. Others might leave just because the position is open and the company needs someone to fill that position. Last expatriate type is technical consultant who is meant to expand the knowledge of the target unit in technical know-how. (Oddou, 1991, 302.) While practise might indicate something else, preparations are never useless and should always been taken under consideration.

From the individual point of view, being intercultural effective is proposed to consist from three broad and distinct factors: ability to cope with psychological stress, ability to communicate effectively, and ability to establish interpersonal relationships (Gudykunst, 1995; Wiseman, 2001). This approach is very much following Black, Mendenhall, and Oddou's (1991) comprehensive model of intercultural adjustment.

During the initial period of expatriation, when individual has not yet established any patterns into his life, positive feedback loops are likely to occur that stem from just a few interactions. Hence, frustration from not knowing different coping mechanisms typical to host country, might lead even to a withdrawal decision. (Haslberger, 2005, 172.) Therefore, personal communication competencies should have a big role in adjustment especially in early stages of a foreign assignment. Haslberger (2005) points out that, what comes to individual competencies, the goal should lie in prediction.

Building social capital is dependent on individual competencies as well as predictors that surround individual. When studying social capital in the expatriate adjustment process from individual point of view, it is useful to glance what kind of capabilities and performance predictors earlier literature about expatriation has suggested. In the table 2 these assets are reviewed. According to the researchers of particular assets,

results of the assets to the international assignment are deviating. Not all aspects have great impact – some have a more crucial part than others and sometimes the impact is not clear at all. For that reason, sorting of skills and aspects based on researchers findings offers a clearer view.

Table 2. Authors sampling of past research about expatriate performance predictors

Researcher	Positive Impact	Minor Impact	Negative Impact	Unknown Impact
Arasaratnam & Doerfel, 2005	Empathy, Listening skills			
Au & Fukuda, 2002	Previous local experience	Previous overseas experience	Environmental uncertainty	
Carlsson, Nordegren, Sjöholm, 2005	Experience from cultural similar country			
Cassiday, 2005	Non-verbal language			Language training
Costra, McCrae, 1985	Personality factors, Language proficiency		Weak host identification	
Dahl & Pederson, 2005	Informal contacting, Frequent interactions with locals	Ethnic majority		Ethnic minority
Haslberger, 2005		Sending & receiving organizations monitoring		
Jun & Gentry, 2005	Flexibility to adapt cultural norms	Similar personal values		
Mak & Tran, 2001	Intercultural social-efficacy			
Mäkilouko, 2004	Cultural empathy, Synergy leadership style		Ethnocentrism leadership style	
Möller & Svahn, 2004		Dissimilar country experience		Professional culture
Ramsey, 2005	Institutional un-distance, Self-categorization			Language proficiency
Selmer, 2002	Cultural minority	Cultural majority		
Selmer, 2001	Language proficiency, Tolerant & problem focused coping	Emotional stability	Sympton focused coping, Parent country escapism	
Shaffer, Harrison, Gilley, 1999	Previous experience			
Tucker, Bonial, Lahti, 2004	Believing what one is doing	General communication, Trust in people, Cultural believes		
Wang & Kanungo, 2004	Social network characteristics			

Many assets above are self-explaining. For example, it is somewhat a fact that verbal language skills correlate positively with expatriate success but how it does that and in what level is harder to clarify (Ramsey, 2005). Language proficiency in expatriation is a little studied matter while most authors agree the importance of it. Authors, such as Selmer (2001) and Cassiday (2005), often note that the field is lacking tenable studies because the language proficiency factor is hard to isolate.

Another hardly accessible entity is the affect of ethnics. Researchers (see for example Carlsson, et al. 2005 and Dahl & Pederson, 2005) often find that being from another ethnic group or from a culturally dissimilar country makes it much harder for expatriate to adjust. On the other hand, some researchers (see for example Selmer, 2002 and Möller & Svahn, 2004) found out that actually, being cultural minority can help sometimes, or at least, it is not as bad as generally believed.

Personal and personality factors are also represented. Although multiple authors have dealt with the issue of personal competencies needed a few result any solid conclusion about what kind of person expatriate should be. Most studies rely heavily on expert evaluations and country specific matters on judging what is really important dimension assumed to be relevant to predict international success. This seems to be a generally approved approach what comes to the personality and personal factors of expatriate. (Van Oudenhoven & Van der Zee, 2002, 680.)

The leader of the community has impact on what kind of atmosphere is predominant in working environment and atmosphere has impact for community's willingness to form network structures (Mäkilouko, 2004, 387). Kloppenborg and Petrick (1999) suggest that leaders have a key

role in developing team characteristics, such as ethics, respect, trust, honesty, courage and responsible to use and share of power.

Mäkilouko (2004) has made a study about leadership styles in a multicultural environment. Dimensions were Finnish – European, Finnish – Chinese, and Finnish – USA. Ethnocentrism was the most common leadership style found. It indicates cultural blindness and task-orientated practices. Often this had come normal way of working and leaders did not tried to change status quo. Only few of ethnocentrism leaders pictured themselves as leaders (Mäkilouko, 2003, 391.) and cultural blind leadership tends to cause severe problems in the workplace (Mäkilouko, 2004, 389).

Synergy leader was less frequently seen. These managers tried actively to build personal relationships with the people from other cultures. Interactions were based on informal negotiations. Relationships were seen as a primary motor for the communication. To these leaders it was a common way to think themselves as leaders. Differences between cultures were noticed and respected. There was no cultural blindness what so ever. (Mäkilouko, 2004, 392.)

Moreover to personal capabilities, previous experience has received enormous interest in the literature. Previous experience from working abroad is more anticipatory adjustment than in-country adjustment. Nonetheless, it is still something that individual possess as Bell and Harrison (1996) explains[2]. Bell and Harrison (1996) are narrowing the comprehensive model of intercultural adjustment (Black et al., 1991) in

---

[2] Yet, other before assignment processes, such as training and corporate selection methods are beyond the scope of this study because those aspects are not in a direct relationship on what competencies individual possess. The goal of training is more in teaching understanding to the future expatriates how their abilities will influence to adapt new cultures (Gudykunst, 1998, 232).Corporate selection methods on behalf, concentrate on finding appropriate candidates.

their framework where they study effects of bicultural life experiences on expatriate adjustment. They support Black's et al. (1991) model that expatriate adjustment is a sum of interaction, work, and general adjustments. Their main conclusion is that previous experience has clear and big influence to the expatriate successfulness.

Researchers mostly agree that earlier expatriate experience indeed has at least some affect to the adjustment process (Black et al., 1991; Shaffer et al., 1999) but newer studies have indicated that previous experience is not as important as field have presumed earlier (Au & Fukuda, 2002; Sjöholm, 2005). Indeed, these newer studies narrow the impact of previous experience in a way that only experience from same or very similar culture has importance. Carlsson et al. (2005) showed in their study, which was consisting of China, Hong Kong, Singapore, and Taiwan, that this might be very true especially what comes to Asian countries.

However, perhaps the most important conclusion about previous experience in the scenario of this study would be Selmer's (2001). He conducted a survey about expatriates assigned to Hong Kong and found out that not even experience from another Asian county was useful, or had only very minor meaning, in Hong Kong. He concluded that Hong Kong might be unique to the extent that experience work in there is truly the best way to help expatriates to cope in Hong Kong (Selmer, 2001, 83).

2.2 Bringing social capital into adjustment process

Pelling and High (2005) argue that social capital offers us a lens through which to study social networks and norms. The term itself is complex. Researchers agree the importance but, on the other hand, the

field is lacking of consensus what social capital really is (Bjørnskov, 2006, 36). Originally Putnam (1993) outlined in his groundbreaking work that social capital consist of three basic parts: trust, norms, and networks. This is still its broad definition although there are many aspects added after Putnam's work (Pelling & High, 2005, 310).

Social capital is a productive phenomena, it makes possible to reach certain benefits which would not be accessible without it (Nahapiet & Ghoshal, 1997, 35). According to Nahapiet and Ghoshal (1997) very central idea of social capital is that these benefits are achieved by using social network in some way and with some attributes. Therefore, they are emphasising the importance of networks although they are also saying that specific definition of the term is hard to find.

To possess social capital a person must be related to others and it is those others, not oneself, who are the source of advantages (Portes, 1998). Either, the actor does not own his network. Access to knowledge through networks is temporary and borrowed in the sense that individual does not possess the resources provided by the network. Without consistent investments to the network individual compromises one's social capital and also all the possible knowledge one might acquire through it. (Glover et al., 2005, 453.) For example, when expatriate leave home country he is automatically disconnected, or is able to maintain only limited connection, from many earlier relationships (Wang & Kanungo, 2004, 775).

Social capital is also suggested to be goal specific, meaning network structures adopt different forms depending on individuals' intentions. Generally speaking, this indicates that only particular forms of social capital are conducive to attainment of a particular goal. (Flap & Völker, 2001, 301.)

As described, social capital theory has made progress from its initial idea. But Liao and Welsch (2005) are pointing out, that there are still a few limitations how social capital is explored. First, they argue that most of the field concentrates and maybe over emphasise the network structure component. This means that social capital is still broadly seen as one-dimensional construct rather than multidimensional, which it very much is, according for example Pelling and High (2005), Anderson and Jack (2002), and Flap and Völker (2001). Second problem arise from the assumption that the role of social capital is unitary regardless of the context. They suggest that social capital should be studied differently depending the sample. They also point out that dimensions of social capital are not mutually exclusive and may be actually very interrelated.

For the purpose of this study, Nahapiet and Ghoshal's (1998) view of social capital is adopted. In their widely quoted model, they defined social capital to consist of a sum of actual and potential resources embedded within, available through and derived from the network of relationships possessed by an individual. They categorised different attributes into a three clusters: the structural, the relational, and the cognitive dimensions. (ibid.) This grouping of social capital is more than just a structure of network. It also includes multiple aspects of different social contexts, as Liao and Welsch (2005) noted to be healthy for studying of social capital.

Structural dimension refers to the fundamental proposition of social capital theory that network ties provide access to resources and information (Liao & Welsch, 2005). It consists of how interactions between actors are made in the network and what is the strength of ties created (Anderson & Jack, 2002). On the behalf of *relational dimension* social capital consists of respect, trust, trustfulness, and friendliness. While structural dimension is necessary for creation of network,

relational dimension captures the accessibility into the possible information. (Liao & Welsch, 2005.) *Cognitive element* is about shared values and norms that facilitate common understanding and a suitable way to behave (Anderson & Jack, 2002). Nahapiet and Ghoshal (1998) themselves emphasise the importance of studying the interrelationships among these three dimensions and the various facets within each dimension.

Although Nahapiet and Ghoshal (1998) separate those three dimensions analytically, they recognise that many features are in fact highly interrelated. Dimensions can be studied separately but their consensus defines the actual benefit of social capital. Each of the dimensions of social capital has two characteristics in common: first, they constitute some aspects of the social structure, and second, they facilitate the actions of individuals within the structure. (ibid.)

In their model of international adjustment Black, Mendenhall, and Oddou (1991) conclude among other things, that individual skills are important in every degree of adjustment. Furthermore, the social capital theory claims that interactions between participants make things happen (Bjørnskov, 2006). However, Pelling and High (2005) says that the search for general rules regarding the distribution of different types of social capital according to social variables has had little success. They do point out though, that the most common rule of social capital is that its character depends not only on history but also on the social context.

3 COGNITIVE DIMENSION

Liao and Welsch (2005) claim that the dimension of social capital, what Nahapiet and Ghoshal (1998) labelled as cognitive dimension, has not been discussed in social capital literature nearly as much as other two dimensions. This was also noted by Nahapiet and Ghoshal (1998, 253) themselves.

Nahapiet and Ghoshal (1998) took the cognitive dimension into their classification because in their opinion, fundamentally, social capital is a social artefact which means that knowledge and meaning is always embedded in social context. They said that although new knowledge is typically created by combining different knowledge and experience and that diversity of opinions is a way of expanding knowledge, successful and meaningful communication requires at least some sharing of context between the parties. (Nahapiet & Ghoshal, 1998, 253.) Additionally, they also suggest that this sharing might appear in two ways: first, through the existence of shared language and second, through the sharing of collective narratives (ibid).

Thus, cognitive capital is a background factor which is deeply interlocked with other two dimensions of social capital. Many different aspects of cognitive capital provide powerful means in communities for creating, exchanging, and preserving sets of meanings. The cognitive dimension of social capital refers to those resources which "represent shared understanding, interpretations, and systems of meanings between parties achieved through shared language, code, and narratives". (Nahapiet & Ghoshal, 1997, 35.)

3.1 Identifying cognitive dimension

According to Schein (1991) nationality is one of the levels of the culture. The word culture has wide range of definitions, and point of view about the concept varies from the studied matter. It is argued that if a company can identify cultural variables associated with expatriate success, the selection and training process are more effective therefore increasing the possibility of success in foreign assignments (Varner & Palmer, 2005). Consequently, culture's role in expatriation is both self-evident and studied (Andreason, 2004) but in order to understand which dimensions are useful in this kind of study, it is perhaps best to introduce some of the different aspects in order to understand complexity of culture.

It is claimed that employees from similar kind of cultures are more likely to form and maintain strong social ties with each others (Manev & Stevenson, 2001, 296). People from different national backgrounds acquire different expectations about the formal structures of companies and the informal patterns by which the work is being done. These expectations then affect the way people respond to unfamiliar behavior when they work with, negotiate with or generally do business with people from other societies. (Bell & Harrison, 1996.) Too often cross-cultural encounters result in misperception, misinterpretation and negative evaluation of the other's cultural intentions and abilities (Sackmann et al., 1997, 25). Cultural patterns are integrated to our behavior (Schein 1991). It influences our sense making, situation framing and our abilities to share and process knowledge (Möller & Svahn, 2003, 225).

Although Davenport and Prusak (1998) found that informal networking in multicultural environment may require altering of mental programming in cultural level and that without an appropriate culture, knowledge

sharing is, at best, very difficult and limited (Davenport & Prusak, 1998) other researches claim that this might not be necessary (Schein, 1991). In spite of multiple views, it is common believe that the cultural orientation will affect how expatriates cope with certain situations (Valmer & Palmer, 2005).

3.2 Hofstede's cultural dimensions

Manev and Stevenson (2001) have claimed that cultural distance itself creates a gap between individuals when networking. Hofstede's (1980) cultural dimensions are one of the best and most famous cultural studies known to exist in the literature. It is extensively quoted since it offers a solid base for many kinds of cultural studies. The categorisation can be applied to concern a whole national culture or only a workplace when needed. The cognitive dimension of social capital is accessed in this study by reviewing Hofstede's dimensions and implications from them.

The study offers to examine differences and similarities across cultural boarders by identifying four-dimension taxonomy through theoretical reasoning and statistical analyses. Elements are: individualism / collectivism, uncertainty avoidance, power distance, and masculinity / femininity. In following chapters, these four factors are introduced and furthermore, discussed how Finland and Hong Kong were rated according to Hofstede's (1980) study.

Cultural standard theory like Hofstede's (1980) is based on the belief that problems in international encounters arise from the distance between cultures and from different cultural standards. With this assumption, the problems would be predictable, and it could be possible to learn how to avoid them. However, Hofstede's empirical

identification of four dimensions of cultural values must not be taken definitive because no cultural study is perfect. Nevertheless, Hofstede's work represents the best available attempt to measure empirically the nature and the strength of value differences among cultures. (Lustig & Koester, 1998, 111-113.)

In following subheadings Hofstede's four cultural dimensions are further explained and Hong Kong's as well as Finland's scores are brought forth. Scores are displayed as Lustig and Koester (1998) adopted them from Hofstede's original study.

3.2.1 Individualism / collectivism

In an individualistic culture employees are expected to act according to their own interest. This means that the work should be organised in a way that the self-interest of the person is somewhat the same as the employer's interest. In a collective culture, the employee will act according to the interest of an in-group to which he or she belongs to. (Hofstede, 1993, 63.) In individual culture, ties between individuals are loose and they value personal time and personal accomplishments. Collective cultures, on the other hand, finds people integrated to strong groups and value the groups' well-being more than individual desires. (Hofstede, 1980.)

Studied countries were given an individualism index which varied from U.S.A's 190 to Guatemala's -147. The average score is zero. In this range, Finland's score is 79 and Hong Kong's -72. High positive score means the country prefers individualism. (Lustig & Koester, 1998. Ref. Hofstede, 1980.) According to these numbers Finland is substantially more individualistic than Hong Kong. This means that Finnish people

prefer to act more according to their own interests instead interest of the group. Hong Kong people prefer to act vise versa.

3.2.2 Uncertainty avoidance

This indicates in which extent members of a culture feel threatened by uncertain or unknown situations. Uncertainty avoidance is related to anxiety, need for security and dependence upon experts. (Hofstede, 1980, 110.) A culture with high uncertainty avoidance will be rule orientated and prefer employment stability (Hofstede, 1980). In addition, in a strong uncertainty avoidance country, people like to work hard and they also want to appear to be busy all the time. On the other hand, in the low uncertainty avoidance countries people are also able to work hard, but only when necessary. (Hofstede 1991, 120-122.)

Singapore got the lowest score of -239 and Greece highest 193. The average score is zero. Finland's score is -27 and Hong Kong's -157. A large negative number means the country does not prefer to avoid uncertainty. (Lustig & Koester, 1998. Ref. Hofstede, 1980.) Numbers indicate both countries to avoid uncertainty but Hong Kong much more than Finland. This means that they believe in minimising the number of rules that govern social conduct and human behavior and they tolerate people who behave in ways considered to be socially deviant.

3.2.3 Power distance

According to Hofstede (1991) Superiors and subordinates consider each other existentially unequal in a large power distance cultures. Organisations centralize power in a few hands by strong hierarchical structures. Subordinates are expected to be told what they should do. Superiors without consulting subordinates make decisions. There are

also many supervisory personnel in tall hierarchies reporting to each other. There is as well a wide gab in salary between the top and the bottom of the organisation. (Hofstede, 1991, 35.)

Highest power distance were seen in Malaysia with its 218 score and lowest was Austria's score of -212. The average score is zero. Finland got -110 and Hong Kong 52. High positive number means that country prefers a large power distance. In a large power distance country people tend to give superior status to some people for example because of their wealth, age, education or such. It is the basic questions of human equality. (Lustig & Koester, 1998. Ref. Hofstede, 1980.) According to the scores Finnish people value other humans equal no matter their backgrounds. Hong Kong people, on the other hand, seem to tend valuing people by his merits.

3.2.4 Masculinity / femininity

In feminine cultures, there is a preference for solving conflicts by compromise and negotiation. Organisations in a masculine society stress results and want to reward it according to performance. Instead in feminine cultures organisations are more likely to reward people on the basis of equality (as opposed to equity). In feminine cultures, people are socialized towards modesty and solidarity. A masculine manager hero type is assertive, decisive, and aggressive; he is a lonely decision maker looking for facts. The manager in feminine cultures is less visible, intuitive rather than decisive, and accustomed to seeking consensus. (Hofstede, 1991, 92-95.)

According to Hofstede (1991) most masculine country without a doubt is Japan with score of 252. Most feminine is Sweden with -239. The average score is zero. Finland's score is -124 and Hong Kong's 45.

(Lustig & Koester, 1998. Ref. Hofstede, 1980.) Once again difference between Hong Kong and Finland is noteworthy. Additional to believe in manliness, masculine cultures tend to believe in achievement and ambition in judging people on the basis of their performance. Hong Kong people would also be less interest in negotiation and compromises than Finnish.

3.3 Implications from cultural dimensions

In the table 3 results of Finland and Hong Kong using Hofstede's cultural dimensions are summarised.

Table 3. Finland and Hong Kong from the view of Hofstede's cultural dimensions

Cultural dimension	Interval / avarage	Finland	Hong Kong	Cultural distance
Individualism / collectivism	190 – -147 / 0	79	-72	High
Uncertainty avoidance	193 – -239 / 0	-27	-157	High
Power distance	218 – -212 / 0	-110	52	High
Masculinity / femininity	252 – -238 / 0	-124	45	High

These four dimensions may affect to knowledge sharing process. Additionally, some dimensions might be more important than others because studying culture is context dependent. (Doney et al., 1998, 608.)

Ford and Chan (2003) have suggested several implications to organisational behavior and knowledge sharing from these dimensions: Individualistic cultures may have difficulties in knowledge sharing, since knowledge is seen as source of power and as a tool for successful

individual (Ford & Chan, 2003, 14). According to Cassiday (2005) this might be very true in Chinese cultures. Also, in a case of a conflict, individualistically orientated people are more likely to leave from an expatriate assignment since they usually weight individual goals and opportunities more important than company goals (Varner & Palmer, 2005). Collective cultures on the other hand, can find knowledge sharing easier because group harmony is more important than individual success. High masculinity cultures knowledge sharing is prevent if competitiveness is individual based. Finally, problem with high power distance cultures arises from high hierarchy system. Knowledge tends to flow from top to down and free knowledge flow vertically is staunched. Knowledge in low position in hierarchy is usually low valuated. (Ford & Chan, 2003, 14-15.)

Expatriates own cultural background has great influence how successful the assignment can be. Therefore, analysis of one's own culture should be part of expatriate's cultural self-knowledge before and during the foreign assignment (Varner & Palmer, 2005.)

In sum, people from different national backgrounds acquire different expectations about the formal structures of firms and the informal patterns according to which work is done. These expectations then affect the way people respond to unfamiliar behaviour when they work with, negotiate with, socialize with, or do business with people from other societies (Sackmann et al., 1997, 25). Since it is proved that norms and values tend to vary across cultures Doney, Cannon, and Mullen (1998) are concluding that also the processes that are used to form trust between actors may depend heavily on culture.

4   STRUCTURAL AND RELATIONAL DIMENSION

The structural and the relational dimensions of social capital are combined under the fourth chapter. These two dimensions differ from the cognitive dimension in the extent that they both have been part of the concept of social capital longer time period than cognitive dimension. Parts of cognitive dimension has been previously undistinguishable part of cultural studies but interest to affiliate cognitive dimension to social capital theory was rarer before Nahapiet and Ghoshal (1998) discussed about its role. Structural and relational parts of social capital theory on behalf are the initial and fundamental parts of social capital theory. (Nahapiet & Ghoshal, 1998.)

4.1   Structural capital: social interactions and ties

Among other things, individual goals are achieved by using personal networks (Flap & Völker, 2001, 300). The structural capital develop social capital through the ways in which its various perspectives give access to parties to the specific network for exchanging knowledge (Nahapiet & Ghoshal, 1998).

These knowledge flow networks keep communities together, whether people are aware of them or not (Zhuge, 2005). Person who has complex and vast network can get more information will get it faster and more reliable (Flap & Völker, 2001, 302). Wang and Kanungo (2004) argue that expatriate's networking is an under-emphasised area in the literature. Their paper not only brings social network perspective into expatriate adjustment literature, but also proves the importance of such networks. By reviewing literature, they end up to a hypothesis that network characteristics which might have influence to the expatriate

psychological well-being are: size, cultural diversity, localization, closeness, and frequency (Wang & Kanungo, 2004, 778). Their findings partially support this hypothesis. Maintaining social network individual networking skills are needed. Individuals' themselves create boundaries of networking by their own actions. Understanding network structure and the skills needed for building it as well as developing those skills are important. (Hastings, 1995.)

Although, Wang and Kanungo's (2004) study considers the whole network of expatriate instead of only workplace, the aspects of their study are good to review and to remember.

Size is the basic determination of social network. It is the total number of local friends, colleagues and peer expatriates. It is reasonable enough to imagine that broader the network is the more support expatriate receive in every aspects of life. (Wang & Kanungo, 2004, 777.) Diversity of the network is defined as how many different kinds of actors exist in the total size of network (Wang & Kanungo, 2004, 778). Diversity can also be seen as cultural diversity; in what extent network comprises both local nationals and peer expatriates (Wang, 2002). Localization is defined as to the extent expatriates have local nationals in their personal network. This aspect is unique to the expatriates. It is a common believe that social support from locals is important ad to the expatriate complete adjustment process. (Wang & Kanungo, 2004, 778.) Closeness refers to the relationship and the amount of emotional intensity between expatriate and network participants and frequency represents number of connections in certain time period (ibid).

Last two aspects are in relation with weak and strong ties presented first by Granovetter (1973). People with strong ties think the same way and network provides high level of trust, communication, and emotional

support. On the other hand, when members share a common base for knowledge it is often hard to create new knowledge. Thus, having weak ties might be useful source to create knowledge. (ibid.)

What is more, bonding, bridging, and linking are assets which give a form to social networks. Bonding ties often builds between individuals with same ethnic or religious groups when bridging ties occurs between persons with shared interests or goals but contrasting social identity. Linking ties are ties that cross group boundaries in a vertical direction. (Pelling & High, 2005, 310.) Hence, bonding ties create connections where is likely to exist trust whereas bridging ties are good for creating new knowledge by sacrificing some trust. This triplet has become default classification of ties in social capital literature. (ibid.) However, the ability of individual to shape and change the orientation and characters in their network give social capital its dynamic perspective (Leonard & Onyx, 2003).

Additional point to remember, as mentioned before, Flap and Völker (2001) draw attention to that social capital is goal specific. This indicates that different network structures are depending on what kind of goals the actor wants to attain (Flap & Völker, 2001, 301). For example, the more intense the strangers' motivation to adopt is, the more they are likely to make an effort to learn about and participate in the host environment with enthusiasm and perseverance. (Kim, 2000, 109.)

In sum, structural capital essentially defines the potentials or possibilities to access information, resources, and support that are critical to an individual.

4.2 Relational capital: trust, trustfulness, and guanxi

Great amount of research highlights the significance of the relational dimension of social capital. According to Nahapiet and Ghoshal (1998, 254) relational dimension of social capital is developed between individuals through time. These personal relationships form from a history of interaction and how those interactions took place. Relational capital focuses relationships people have, such as respect, trust, trustfulness, and friendliness. (Liao & Welsch, 2005.)

Main difference of relational and structural capital is that structural capital might be necessary for acquiring potential knowledge but relational capital captures the accessibility. This is the amount of knowledge an individual can actually exploit from the network. (Liao & Welsch, 2005.)

4.2.1 Guanxi

Chinese business and managerial practices are still been guided by old Confucian values such as: filial piety, industriousness, the saving of face and networks of personal relationships (Ramasamy et al., 2006, 130). Chinese personal ties, known also as guanxi, is often been regarded as a key element in the success in East Asian business. However, Chow and Ng (2004) are arguing that very little is known from the characteristics of guanxi. (Chow & Ng, 2004, 1075.) In the same article they also point out, that the few studies about guanxi network are not comparable as there is no consistency in how guanxi is defined. In a nutshell, it could be said, that guanxi is all about the cultivation of long-term personal relationships (Ramasamy et al., 2006) and it refers to the establishment of a connection between two individuals to enable social and personal transactions (Yeung & Tung, 1996).

Guanxi may also appear in other places than only in mainland China (Ramasamy et al., 2006) and in support to this argue, Chow and Ng, (2004) and Davies et al. (1995) have indeed found evidence of guanxi in Hong Kong. Ramasamy's et al. (2006) study is an inter-firm study proving that guanxi is strongly present in that level also. Davies et al. (1995) are continuing that "without guanxi, one simply cannot get anything done." This conclusion was made based on data collected from Chinese managers in Hong Kong.

According to the study of Ramasamy, Goh, and Yeung (2006) there are three components utilizing guanxi: trust, relationship commitment, and communication. Their study concludes that from these components most important are trust and communication. Both of those aspects are seen highly important for relationship building around the globe, regardless players' nationalities (Tucker et al., 2004) but Ramasamy, Goh, and Yeung (2006) see the meaning of trust and communication to be even more important in Asian countries than elsewhere.

Due the dispersed nature of guanxi, few authors conclude their study into actual definition of it. More popular view to the matter is reviewing the advantages and disadvantages and also how guanxi diverges from the western personal networking. A Table 4 collects main differences between guanxi and western personal networking based on the work of Ramasamy et al. (2006), Chow and Ng (2004), Fan (2002), Fock and Woo (1998), Yeung and Tung (1996), Simmons and Munch (1996), and Davies, Leung, Luk and Wong, (1995).

Table 4. Authors sampling of key differences between Chinese and western relations

Chinese guanxi	Western personal networks
Based largely on collectivism / relationships	Based primarily on individualism
Highly important	Important
Frequent exchanges	Exchanges thrive in time
Exchanges / requests are usually personal	Exchanges / request are usually non-personal

Despite of the multiple approaches to guanxi, the term can be implemented to the general concept of informal networking. The presence of informal network structures is widely recognised all over the world and most researchers are even agreeing the importance of it in a way. (Björkman, 1995.) Furthermore, studies indicate that expatriates network characteristics have a direct and significant influence to the well-being of the expatriate (Wang & Kanungo, 2004). Walker et al. (1977, 35) has defined informal network to be "the set of personal contacts through which the individual maintains his social identity and receives emotional support, material, aid and services, information, and new social contacts." Psyka (1997, 210) has found that individual is networking when he is conducting "any action that can contribute to disclosure, dissemination, transmission and communication of knowledge".

Björkman (1995) has even stated that these social relationships are prerequisite for business interaction, instead of commonly presented idea, that social relationships are outcome of ongoing business exchange. As discussed above, this is very true in Chinese environment.

While the field is lacking a census of guanxi, Standifird and Marshall (2000, 23) argue that the main difference between east and west personal networking is that guanxi is more assurance-based than trust-based. He claims that many researchers have tried to explain guanxi as a trust-based phenomenon which, in their conclusion, is only partially true.

Davies et al. (1995) note though, that east and west share the same concept what Blomqvist (2002) discussed about: trust is build over the time as continues process. Inside guanxi network social interaction is also compulsion because guanxi network is based on personal, not corporate, relations. Social interaction involves exchange of favours and giving social status. Western business associates might overemphasise this with pushy dinners or such, and by doing this, they go dangerously close to be perceived as "meat and wine friends". This is a Chinese metaphor of mistrust. (Davies et al., 1995.)

As most factors of trust are true also in east, Chinese differs from western in the extent that they make no assumptions of other's goodwill beyond their own close network (Ramasamy et al., 2006). Assurance can be defined as an expectation of behaviour on other basis than goodwill of the partner. Trust exist when other party beliefs that another party does not behave opportunistically regardless possibility of acting so. Assurance exist when other party beliefs that another party does not behave opportunistically regardless possibility of acting so specifically due the external constrains and the expectation of future exchange. (Standifird & Marshall, 2000.)

4.2.2 Trust

The type of trust here is restricted to trust between two persons or small group of individuals leaving out other types of trust[3]. According to Blomqvist (2002) trust includes four important components: capability, goodwill, behaviour, and self-reference, as shown in the figure 3.

Figure 3. Components of trust Blomqvist (2002)

Capability   Self-reference

Trust

Goodwill   Behaviour
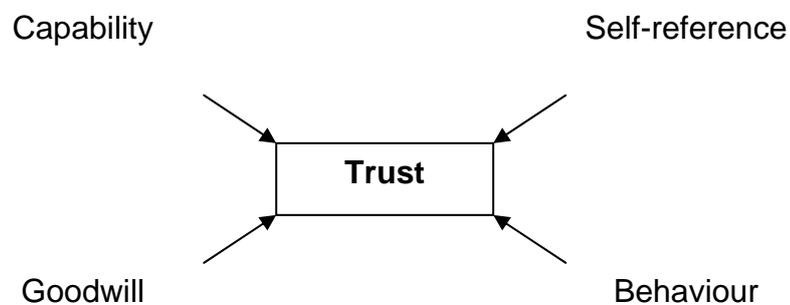
Capability consists of technological capability, business capability and meta-capability to cooperate. It is relative passive component of trust. *Goodwill* is a very important and active component of trust. It is a rather abstract thing and can be seen as moral responsibility or positive intensions toward each other. Goodwill consists of gestures, behaviour, care, and concern. (Blomqvist, 2002.) Tyler (2003) is in the same path. He represents motive-based trust to be a huge influence to workplace satisfaction. Social based trust is based on the motives of others rather than predictability or competence of other parties (Tyler, 2003, 559). People should trust that others intent to do good for them. For example, it is impossible to evaluate pilot's competence to fly a plane, but one

---

[3] Trust has received a great deal of attention and it has been defined in extremely multiple ways in the literature of sociology, psychology as well as in economics. Each research line offers unique insights into the nature of trust and the process how it develops and they are not comparable (Doney, Cannon, Mullen, 1998)

probably beliefs pilots' motivations to take good care of the passengers. According to Tyler (2003, 562) motive-based trust arises from shared backgrounds and common values. It seems that people having especially similar education and nationality tend to trust each others easier. *Behaviour* component builds trust and adds trustworthiness. The actual behaviour of partners can be seen along time when the relationship develops. It can be seen in signals and in the partner's action. Such things can be open communication, commitment and adaptation. *Self-reference* on behalf, is awareness of one's own identity: perception of capabilities and clear values and culture identity. (Blomqvist, 2002.)

4.2.3 Shared characteristics of trust and guanxi

Trust is a valuable contributor to many forms of exchange as many authors have found. Nowadays people and knowledge tends to move faster and faster. Connections between people are looser and they must be done quicker. Hence, trust has become more central concept to organisations as well as individuals in learning how to be efficient and effective. (Tyler, 2003, 556.) Definition of trust varies and each research line provides different insights into the nature of trust and how it is developed. Trust is commonly seen as a lubricant of transaction, though. (Doney et al., 1998.)

Developing of trust in Chinese context is often been generalised as developing of guanxi. Hence, guanxi is seen as a synonym of trust. However, this is true only partially. (Standifird & Marshall, 2000.) Guanxi is commonly seen as a lubricant of transaction in Chinese cultures (Ramasamy et al., 2006). Because of this, the loss of guanxi might lead to failure of opportunity with certain network participant and this on behalf might end into offended party's punishment from the network

altogether making future transactions unlikely (Standifird & Marshall, 2000).

Although, the concepts of trust and guanxi are somewhat different they both share at least one similarity: it is developed through time (Davies, Leung, and Wong, 1995). Blomqvist (2002) introduced useful concept how trust is developed through time. According to her, it is rather a slow process, which evolves through interaction, investments and experiences. It is an outcome of a process. Thus, trust between individuals is a bridge between experiences of the past and prediction of the future.

Figure 4. Trust seen as a bridge between experiences and future (Blomqvist, 2002)

| Increasing satisfaction and propensity to trust |

| Past experience **Reputation** | Current interaction **Experience** | Prediction **Of future behavior** |
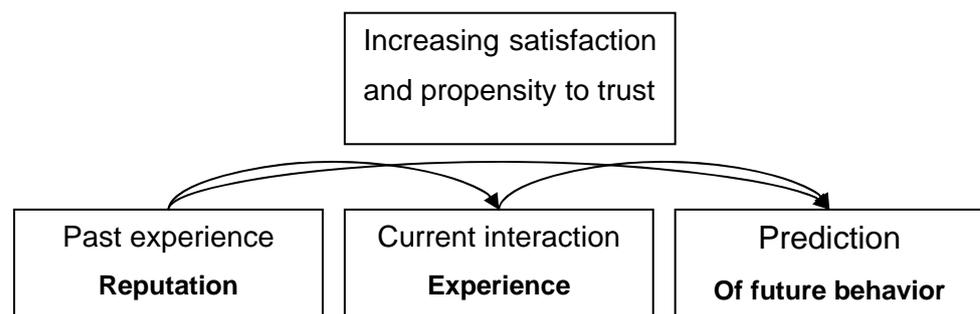
There is evidence that people from different groups, such as different regional area or different demographic categories, tend to view each others with distrust and suspicion (Williams, 2001, 377), which multicultural working environment often is. On the other hand, it also looks like individuals start relationship with low level of trust regardless of their similar or dissimilar backgrounds (Williams, 2001, 391). Dirks and Ferrin (2001, 453 – 454) have studied the main effects of trust to the workplace behavior and, according to them, the positive correlation between trust and work outcomes is clearly visible. However, it is proved that having only trusting ties with other members in network is not enough by itself to produce satisfaction with the social side of the

job (Flap & Völker, 2001, 315). Among other things, for example right attitudes are also essential. Attitudes reflect the things people are motivated to do, such as, enjoyment of work and commitment to group. (Tyler, 2003, 563.)

Trust has also its effect to how organisation sees the importance of control and level of hierarchy. There is a studied relation between trust and control. However, controversy ideas have been presented. Many consider trust to be a substitute to control because trust reduces transaction costs. The higher level of trust in relationship, the lower is the costs of control mechanisms (Smith & Barclay, 1997.) Some see trust and control to be complementary. This is due to the observation that violations of trust is more likely to happen when competition gets harder and those violations can lead to dramatic consequences. (Bijlsma & Koopman, 2003, 543.)

Helbing, Ammoser, and Kühnert (2006) have recently studied the relationship of hierarchical networks to the organisation knowledge flow. Hierarchical networks are best solution to the knowledge flow only when the failure rate of nodes and links is negligible and when organisation is or is recovering from a crisis (ibid). Furthermore, hierarchical organisation works well only when it's all aspects work perfectly and there is enough time for information transmission (Helbing et al., 2006, 149). Informal networks are important because they prevent the loss of important knowledge flow and top-bottom and bottom-up communication. They argue, that lower hierarchical rate in the organisation can improve the information flows considerably.

5 METHODOLOGY

5.1 Research method

For acceptable, valid, and reliable outcomes of the study it is necessary to choose a correct research method. Alasuutari (1995, 41) defines research method as "consisting of all of the operations and practices used by the researcher in making observations, as well as the rules by which these observations are modified and interpreted in order to evaluate their meaning and significance".

For this thesis the use of qualitative methods was chosen, as they are more suitable when sample is as limited as it is in this study. In other words, it was considered to be possible to study the topic of predictors of successful expatriation more effectively and with greater depth by using qualitative methods than it would have been by using quantitative methods. In qualitative research one discusses the ways in which the material was gathered and, for instance, the criteria used in classifying the cases. (ibid.) Moreover, a qualitative approach was used because soft issues are under exanimation and those are not accountable to quantification; meanings which lie behind actions (Rubin & Rubin, 1996, 20).

In this study, no specific hypotheses were postulated. Eskola & Suoranta (2003) write that in qualitative research, working without a hypothesis means that the researcher has no pre-formed ideas with regard to the goal and the outcome of the study, though obviously we are all affected by our previous experiences. It is important that the researcher's personal preconceptions are not allowed to limit or influence the research process. While performing qualitative research

one should instead be surprised by, and learn from, the research, and allow it to dictate its own course. Awareness of one's own preconceptions regarding the object and outcome of the research provides an opportunity for insight, and should be taken into consideration. (Eskola & Suoranta, 2003, 19-20.)

5.2 Interviews

Qualitative interviewer listens to people as they describe how they understand the world in which they live and work (Rubin & Rubin, 1996, 3). For this thesis, interviewing was considered to be a suitable method of gathering empirical information. According to Tuomi & Sarajärvi (2002) the main advantage in using interviewing as a research method is its flexibility. The interviewer has the opportunity to repeat questions, correct misunderstandings, clarify or reformulate questions and lead a conversation with the interviewee. (Tuomi & Sarajärvi, 2002, 75.) After all, Shay and Baack (2004) mentioned that self-reported observations are one important way to measure expatriate effectiveness.

Text and speech are always created in a social context in which it is possible to identify the roles of speaker and audience (Alasuutari 1995, 95). Hirsjärvi & Hurme (2001, 96) describe that the role of the interviewer is to be impartial and objective and not discuss her own opinions, conduct a debate with the interviewee, or seem surprised at anything they say. However, working without human feedback is not the best way to obtain good information from respondents. Hirsjärvi & Hurme go on by saying that the interviewer has two main roles - she should make the questions as efficient and exact as possible, but also support the interviewee in giving answers. (Hirsjärvi & Hurme 2001, 97-98.)

Whether use an unstructured or a semi-structured interview format is always matter of wanted results. According to Rubin and Rubin (1996) many qualitative interviews is constructed from both formats but the balance vary between them. The balance of this study lies greatly on semi-structured format: The interviewer introduces the topic, and then guides the discussion by asking specific questions (Rubin & Rubin, 1996, 5).

This study will mix storytelling with semi-structured interview method. By asking for stories, a study will obtain rich narratives to be used in analysis of the research work. Commonly speaking, these stories concern incidents which left great impact on subject's behaviour. In other words: "critical incidents". In the form of a story, the respondent is encouraged to talk about issues that might otherwise be too sensitive. (Geer et al., 2004, 328-329.)

A semi-structured interview questionnaire was designed with reserved answer time for storytelling as well as specific questions. The focus of the questionnaire was on determining differences in the host country from the aspects of structural, relational, and cognitive dimensions. Interview was concentrating into these aspects through interviewees own perceptions and experience.

5.2.1 Interviewees

15 Finnish managers currently working in Hong Kong were contacted. Nine of them replied their willingness to participate to the study. Interviews were made in Hong Kong during the March 2006 – May 2006. Each interview lasted 60–80 minutes. One interview round was made. The interviews were held in Finnish and then were translated into

English, which may conceivably cause a slight divergence in the meaning from that originally intended by the interviewee.

Represented companies were typically small or mid-size businesses but a few multinational corporations were also represented. Regardless the company size all interviewed expatriates were working in an office where average amount of personnel was six.

Table 5. Interviewees

Manager	Position	Time spent in HK /~years	Date of interview
A	Managing Director (Asia Pacific)	9	13 March 2006
B	Managing Director (Asia Pacific)	1	29 March 2006
C	Director	7	3 April 2006
D	Office Manager	2.5	11 April 2006
E	Country Manager	1	21 April 2006
F	Account Manager	1.5	27 April 2006
G	Sales & Marketing Director	4	28 April 2006
H	Managing Director	7	2 May 2006
I	Sales Director	3	8 May 2006

5.3 Reliability and validity of the research

In a qualitative study, the researcher is one of the most important research instruments. When the reliability of a qualitative study is evaluated, the main criterion is the researcher himself. This means that evaluation affects the whole research process. (Eskola & Suoranta 2003, 210.)

Qualitative research does not aim towards statistical generalisation, but instead aims to describe a certain incident, understand certain actions, or provide a theoretically meaningful interpretation of a certain phenomenon (Eskola & Suoranta 1998, 61; Tuomi & Sarajärvi 2002, 87). According to Alasuutari (1995) generalisation as a word should only be used for surveys and should not be used as such for qualitative studies. What can be analysed instead, in his opinion, is how the researcher demonstrates that the analysis relates to things beyond the material at hand. In this sense relating could be a more suitable term, although Alasuutari finds it difficult to name a single term that would fulfil this subtle distinction. (Alasuutari 1995, 156-157.)

The data has to be in harmony with the theoretical framework of the study. If the data only consists of a small number of personal interviews, it is impossible to consider extrapolating this to discover the attitudes of a nation towards foreigners. (Alasuutari 1995, 42.) Alasuutari's notion applies to this study; the study does not claim to present a statistically-provable picture of the adjustment process of Finnish expatriate in Hong Kong, but it does enlighten viewpoints and perhaps reveals important implications to the management. By studying both written material independent of this study and interviews specifically made for this purpose this thesis aims to find out crucial elements of adjustment of Finnish expatriate in to the Hong Kong.

6 HONG KONG AS SPECIAL ADMINISTRATIVE REGION

Hong Kong's relevant history from the point of modern economy can be said to begin in 1841 when Hong Kong area was occupied by the United Kingdom. Hong Kong region was under UK governing until China and UK signed the mutual agreement in 1984 to hand over Hong Kong area from UK command in 1 July 1997. On that particular date Hong Kong became Hong Kong Special Administrative Region (HKSAR) of the People's Republic of China (PRC). In this agreement most important aspects were that China promised not to implement its socialist economic system into Hong Kong and that Hong Kong will enjoy high levels of autonomy in all matters excluding foreign and defence affairs for the next 50 years. This formula is widely quoted as "one country, two systems". This handover has increased Hong Kong's importance of being the gateway to China. (Selmer 2001, 168.)

Combined factors of British rule, geographical location, and China's "one country, two systems" Hong Kong has formed to be a gateway to China for numerous companies. Hong Kong is simply extraordinary platform for multinational companies to reach huge Chinese markets and other way round. There is no reason to believe that Hong Kong's role will be further developed in the future. (Selmer et al., 2002.)

6.1 Hong Kong society

Hong Kong is a metropolis of 6.9 million people (July 2005 est.) with 0.65% population growth rate. Chinese ethnic represents 95% of populate others the rest 5%. (CIA, 2006) Noticeable is that large portion of Hong Kong residents are mainland immigrants (30%) and most of

them have lived a long period under a different social, economic, legal, and political system (Selmer, 2001, 168) thus bringing their own cultural influence to the Hong Kong. On the other hand, the time under the United Kingdom brought some western influences. Therefore, the Hong Kong ethos has developed into a mix of cultures.

This mix of cultures includes also a noticeable big group of expatriates. According to the immigration department of Hong Kong there were approximately 500 000 expatriates living in Hong Kong at the year of 1998. Most of them came from English speaking countries.

Hong Kong's, mostly urban society, covers an area of 1092 km². Over one million Hong Kong residents live in extremely small Hong Kong Island (80 km²). Official languages are Cantonese and English. Mandarin is widely spoken. Overwhelming majority belong to the Cantonese dialect group, though. (CIA, 2006.)

6.2 Hong Kong economy

Hong Kong had already extensive investment ties with China well before 1997, when Hong Kong gained autonomy. Addition to this, Hong Kong has been further integrating its economy with China because China's increased outward internationalisation to world wide trade. This has made particularly manufacturing very cost effective in China. Hong Kong is also often used by companies from mainland in their first steps desiring global markets (Selmer et al., 2002, 18). In 2005 Hong Kong was housing over 1100 multinational companies whose regional headquarter were based in Hong Kong and over 2600 companies with a branch office. (Census and statistic department of Hong Kong, 2006.)

Hong Kong is dependent on international trade. Its natural resources are limited, and food and raw materials must be imported. Hong Kong's concept of free market has succeeded to create a proximately 34 000 US$ GDP/per capita - being worlds ninth highest. (CIA, 2006.)

7 RESULTS

In this section, the empirical data, collected from Finnish expatriates working in Hong Kong, is presented and analysed. This part of the study is divided into three entities. The first, the second, and the third chapter each concentrate on one part of social capital in expatriation: structural, relational, and cognitive dimensions. Each chapter begins with a presentation of how the Hong Kong work environment is different from the Finnish work environment. The latter part of each chapter discusses possible reasons why things are done differently and how it would be possible to cope with the kind of environment present.

When sending an expatriate, every participant should keep in mind that in some extent, employee and employer have different goals (Oddou, 1991). What is a good experience to an employee might become very expensive for the company.

> *"In my opinion, the culture: you can't and you shouldn't try to memorize it. That's impossible. But, you should check a bit where you get yourself into. Perhaps the best way is to come here for a visit and keep your eyes open... That gives you some perspective. There is also nothing to be shamed on to keep the idea in your mind that you might return home earlier than first expected. Above all, it's ok if you do that because the fact that you came here and checked it out is fantastic and respectable."* (Manager G, 28 Apr 2006.)

In that case, a company looses not only money but also employee's knowledge, insight, and creativity. Moreover, networks formed during the assignment may no longer exist. (Cassiday, 2005.) Avoidance of described unwanted situation is crucial for any company.

Selmer studied western expatriate managers in Hong Kong at the years 2001 and 2002. In both of his studies he found out that most of the

expatriates were at least somewhat adjusted into Hong Kong society. According to the data collected for the purpose of this study the same conclusion can be made. Every interviewee felt that they are well adjusted into the working environment of Hong Kong and most agreed that adjustment is relatively easy, apart from some cultural differences. Hofstede's (1980) study showed us the cultural distance of Hong Kong and Finland, which indeed is very high. In the forthcoming chapters these "cultural differences" will be tried to identify and to examine in what extent these differences can actually affect to the individual adjustment into working environment of Hong Kong.

It is good to emphasise that Hong Kong people, despite their ethnical backgrounds, must not be associated with mainland Chinese as also Selmer (2001) notes. Also, all kinds of stereotypes are suitable only to boost negative expectations. According to Hansen (2003), the term stereotype in a way represents a "sight barrier" that is not individual but collective. Stereotypes could be described as standard prejudices that a collective has about itself or others (Hansen 2003, 322-333). Tienari & Vaara (2004) says that stereotypes are flexible and indefinite, and they can be used in the construction of national uniqueness in a way that promotes a positive self-image of the members of the nation. For representatives of other nationalities however, the same stereotype can contain completely different conceptions, loaded with questionable or even negative attributes. (Tienari & Vaara 2004, 59.)

Perhaps due the ethnics of Hong Kong people and the fact that 30% of people living in Hong Kong are mainland Chinese, interviewees tend easily to talk about Chinese stereotypes, although they also acknowledge that Hong Kong people are different from mainland Chinese. The word "Chinese" is also often used as a synonym for both: mainland Chinese and Hong Kong Chinese. This might lead into a miss understanding. As Osland et al. (2000) put it: People who are working

across cultures are often surprised by cultural paradoxes that do not seem to fit the descriptions they have learned before. Hansen (2003, 326-327) believes that the characteristic problem of intercultural contact is not the awareness of intercultural differences but rather the understanding of them.

7.1 Cognitive adjustment

The core idea of the cultural aspect of cognitive dimension is that cultural distance itself creates gap between individuals when networking (Manev & Stevenson (2001). Hofstede's (1980) cultural differences classify Finnish and Hong Kong culture very differently. Basically, in every aspect Hong Kong culture should be more reserved, introverted, and control orientated. Despite often presented critic, Hofstede's (1980) cultural differences are widely noted and quoted in the literature and even this study found similar aspects about the two cultures as Hofstede did. Hence, studying differences in this case is irreverent because that work is already dealt throughout in the literature. In the light of the collected data, Hofstede's views about cultural differences are supported.

However, one particular interesting point was found. Each one of the respondents described the gap between cultures to be quite large but no one saw that as a problem. This might be due the inability of an individual to recognise what is related to what but nevertheless cultural differences was not experienced to be the reason why something would go wrong or something might work. Interviewees emphasised that individuals are those acting in the culture.

> *"...The cultural know-how...it comes kind of automatically...people come from the same country but they act differently. One can't generalise too much...Some*

people just are trustful. Perhaps you have worked with him and noticed that everything works. Then on the other hand, sometimes you just simply can't get it work with someone. Maybe it's because your nature or something." (Manager C, 3 Apr 2006.)

Indeed, culture is not as simple to define as one could think at the first glance. According to Schein (1991) culture consists of three different levels: artifacts, expressed values, and assumptions. The point is that even group members are not aware about their behaviour. In a way cultural learning is a result of personal experiences from expressed values given by other group members. (Schein, 1991, 31.)

In the case of the present study, data shows references that although cultural distance is high, Hong Kong people expressed values are somewhat easy for a Finnish to understand and cope with. An expatriate does not have to change his deeply held assumptions about the culture in order to become culturally aware. Most interviewees reported that they had not changed their behaviour in other levels than some necessary practical ways. According to Schein (1991) these practical levels are artifacts - visible parts of the culture.

No doubt, artifacts are important to adopt also. When asked about cultural differences concerning case countries, most interviewees could not mention anything specific and if they did, the topics were very general such as eating habits, presence of religion, and for example how to hand a business card. These all are cultural artifacts that are reflected from deeper assumptions. While it is important to know how to hand a business card it is not indication of cultural adjustment. It is just a gesture.

Expressed values are easier to notice. Many pursue similar goals as Finnish expatriates in terms of work interestingness and general well

being but some expressed values deviated. Money orientation was one of the most obvious.

> *"Yes, yes...how should I put it...These people think here similar as home. They have three questions: what do I get, what do I get, and what do I get. I haven't noticed that our values differ. It's important that work is interesting... Well, maybe Hong Kong people Chinese mentality is a little bit more money orientated than ours. Money is important and the more you have the higher you get in the social status scale."* (Manager G, 28 Apr 2006.)

> *"...money orientation is extreme compared to Finland. They also don't value their free time. Back home it's rather another way around. There you work that you can finance your leisure time and you don't think your retirement so much."* (Manager F, 27 Apr 2006.)

In these cases perhaps the goals are same but the way to achieve them is different. These are expressed values that need to be taken under consideration. Understanding why people act as they do can be said to be cultural adjustment at its best.

Varner and Palmer (2005) argued that identifying cultural variables associated with expatriate success is one of the key factors to recognise in selection and training process. In the light of the data collected for this study this aspect was not found as important. Cultural awareness did not result in successful expatriation. More important aspect turned to understand it through one's personal capabilities. However, the affect of a culture cannot be forgotten either.

> *"Where ever expatriate goes it is very important to adopt cultural norms and values. I mean that a Finn can't behave abroad as he behaves in Finland. When in Rome do as the Romans do. That is a good starting point."* (Manager G, 28 Apr 2006.)

Perhaps the main focus in choosing and training expatriate should rather be in identifying personal capabilities and other success factors that are associated with expatriate success than in identifying cultural variables. While the main focus should perhaps lie elsewhere, cultural variables point us in the right direction.

Cognitive dimension is the aspect of social capital which is the most difficult to discuss about. It could be said that the dimension is present in every action of parties but isolating what is actually due it and what is not, is considerably harder. This argument is in line with Nahapiet and Ghoshal (1998) views to the matter as they have concluded that successful and meaningful communication requires at least some sharing of context between the parties.

7.2 Structural adjustment

The basic assumption of structural capital is that the structure of social network creates all the possibilities to access information. Person who has a complex and a vast network can get more information and he will get it faster and more reliable. (Flap & Völker, 2001, 302.) While networks are build through time the initial stage of expatriation was often seen important for the future. In addition to this, the chapter will discuss how social interactions between host nationals develop and how to cope in different environment in order to create useful structural capital.

7.2.1 Host acceptance

The building of the structural capital starts from the first moments. When asked how did local workers react at first to their new Finnish manager and work colleague, the answers were divided into two

different views depended the environment new expatriate stepped into. The expatriates which came to an existing organisation all indicated that personnel were very open minded and easy to cope with. *"They [Hong Kong personnel] have learned how we, as a Finnish company, work...some of the people here have worked for the company almost ten years."* (Manager E, 21 Apr 2006.) Another respondent explained that *"...and there have always been some westerns here in our company so people are used to us and our ways."* (Manager F, 27 Apr 2006.) Some even said that they can not see any difference how locals treat them when compared the first moments to the present situation.

The Finnish who came to Hong Kong to establish a branch office or a new company see this matter differently. Towards them, Hongkongers tend to get harder to approach. However, usually things got much easier if initial part of the expatriation went well.

> *"You can take the word "Finnish expatriate" away from your question. It does not matter from where the western comes from. These people are very careful at first."* (Manager H, 2 May 2006.)

> *"At the beginning...the most difficult task was to assure locals that we are seriously extending our business into this area and that we are serious with this new branch office ...After we got over that, there were no problems anymore."* (Manager B, 29 Mar 2006.)

Kim (2001) debates about short-term and long-term adaptation. He claims that people who reside in a new culture for a long, indefinite period are likely to be more committed to adapting than temporary sojourners are. Also, and maybe more importantly, hosts may not expect culturally appropriate behaviour from short-term expatriates in all situations; mistakes are often forgiven as long as the expatriate appear interested in or respectful of the host culture. Kim (2001) also notes that this works also another way around; hosts tend to expect greater

cultural conformity and efficiency from expatriates staying for longer time periods, and may react negatively when their expectations are not met.

The data shows that Hong Kong people, indeed, hold western people in a different kind of position comparing to locals themselves. From where the western comes from does not seem to make any difference, though. Positive discrimination, as one interviewee calls it, starts from common everyday matters and it is actually perceived helpful in work related matters also.

> *"For example, our suppliers and even clients can be much harsher to a local than to us... I think that many times I can go to talk to very important people very easily just because I am a westerner...and meetings are easier to arrange."* (Manager I, 8 May 2006.)

> *"If we want to meet our customers top manager it is better that there is an expatriate present, doors open much easier."* (Manager C, 3 Apr 2006.)

One interviewee describes positive discrimination at the office by giving more specific example which shows that western business managers are treated in different way than locals.

> *"Locals are grown up with the authorities but we, on the other hand, are thought to think with our own brain (, if the expression is allowed). That is the big difference. If I feel that today I can leave half an hour before closing hour I will do that and it's no biggy. But local worker! He will be here even until very late hours just to show how good employee he is. We can do this and these locals are not judging us but if a local leaves earlier than he should, others might give an evil eye... I am not sure where this derives, though...One thing is sure: westerns have some dispensation here."* (Manager F, 27 Apr 2006.)

On the other hand, being a part of a group, which usually tends to stay only limited time period, could turn to be also an obstacle itself, as Kim (2001) claims.

> *"I have noticed that these locals, they think that we [expatriates] come here for a few years and then we disappear anyway...so who cares, we [locals] do what they [expatriates] say and they [expatriates] do what they want."* (Manager F, 27 Apr 2006.)

> *"Most of those expats, they come here for a year of two. There is no point to create more profound relationship with them. One does what those people tell them to do. It's so simple ...but if you are like me, being here longer time, and you show that you appreciate their culture and lifestyle, then you can develop something deeper...You are like a normal person among others."* (Manager H, 2 May 2006)

Although some people experienced difficulties at the beginning in the new culture most still felt relatively warm in Hong Kong after some time. It does make a positive difference however, at least at first, if expatriate comes to an existing organisation instead of new one. According to data, host's positive reactions are more likely to happen if expatriate comes to already established branch.

7.2.2 Social interactions with hosts

A Finnish expatriate manager in Hong Kong is in a different position than a local manager. This was not seen as a cause for any problems. Actually, interviewees were quite happy about the situation and the way locals are taking their management style. Answers were in a line of Mäkilouko's (2004) study which indicates that where ever a manager goes he tends to preserve the management style he already posses. And although, all the respondents agreed that changing some methods

is necessary, most of them still pointed out that they work here as they would work in Finland.

> *"My personal way of thinking is that I came here to work in a Finnish company so I act as I should act in a Finnish company. My style is that I do my work with my personal style and that's it. I even believe that locals like westerns as a boss. They are liked because they are not as rough as local managers can be."* (Manager E, 21 May 2006.)

According to Hofstede's (1980) study power distance between these two countries is high. Hence, Hong Kong people see their superiors above them and respect their views without any doubt. A Finnish expatriate is on the other hand, represents a more equal working and management style. According to the interview data, Finnish management style, with some altered methods, works well although power distance between these two countries is high.

> *"Have I changed my methods...that's hard to say... whatever I have changed I can't specify. Moreover, if I have changed something it hasn't been a big change."* (Manager G, 28 Apr 2006.)

Whether it is a matter of changing methods or adjustment, all interviewees did find some differences from Hong Kong and Finnish way of conducting work. Common message was that the motivation and the ability to understand host culture affected more into successful expatriation than just generic altered methods based on assumed cultural differences. One young expatriate, without previous work experience outside Finland, knew that a manager to a Hong Kong people must be different than a manager in Finland.

> *"I imagined that I come here and I say how to do things...well, it wasn't that easy...first six months I was very rough manager and things didn't work, then I consulted my Finnish colleagues and we decided to ease a little bit. It's good to get people to laugh every now and then instead of*

just sitting in your office and being joyless prick 24 / 7."
(Manager D, 11 Apr 2006.)

While keeping understanding of cultural differences as a guideline, it is possible to recognise some aspects where Hong Kong people might differ what comes to the creation of structural capital in a workplace. For this purpose, the study identified three matters that deviate from the Finnish behaviour. The matters are: restricted feedback, concise initiative, and limited communication and negative knowledge flow.

First, Feedback is hard to obtain and share. Because of Hong Kong's vast power distance, managers are expected to act without a doubt and with great confidence. This can be usually seen in every interaction initiated by the expatriate manager as well as also in general communication.

> *"In Finland we always try to get some debate and new aspects before we make decisions. These people think that that kind of manager is a weak manager. It is better to say first that now this is the direction we are heading to and afterwards point that now we are going that way than not to make decisions at all."* (Manager H, 2 May 2006.)

> *"If we all sit down and try to get some ideas to the paper, after the day only things you can find from the paper are your own thoughts...once, just to make it interesting, I tried to get them to talk by giving such absurd ideas without no sense at all and still people nodded that "hmm...yes, maybe we could try that one."* (Manager G, 28 Apr 2006.)

> *"Ah! If I only could get some feedback I would give anything. I think it is this Asian way: if you ask a question you get a counter question what do you want me to tell you. This reflects that especially sharing of their own views is extremely hard. In my opinion not even friendship helps for that... If employee comes to knock to your door then things already goes into some direction and you should be on your tiptoes... First I tried to say that I am not good in reading between the lines and that you [local workers]*

should give me straight answers but it didn't work."
(Manager G, 28 Apr 2006.)

"Well, a local does not give that [feedback] - not positive nor negative. If your colleague here is in the same or lower level than you, then you can't get any kind of feedback what so ever, that's certain." (Manager F, 27 Apr 2006.)

Second, Employees' initiative is concise. General observation was that Hong Kong people need more guidance than their Finnish colleagues would need. On the other hand, when tasks are clear and employees know what is expected everything seems to go quite well.

*"People back home [Finland] tend to think more open and freely – "out of the box" thinking. Here personnel is much more narrow minded. You have to be more specific when assigning new tasks...Finnish methods, you do that and I do this doesn't work here. Hong Kong people are used to tighter guidelines and supervision. In this organisation tasks given are broader and sometimes they have difficulties to understand that. However, with right instructions things go great. "(*Manager B, 29 Mar 2006.)

"...but I would like to say, that local employees are extremely hard-working, even more so than Finnish people. Things are done fast and usually relatively well too but there is definitely difference how I have to instruct them." (Manager D, 11 Apr 2006.)

While work is conducted well if instructions are clear, Finnish managers experience the lack of initiative working often as a problem.

"When I first came here it was already clear that I need to be more specific in my instructions but even so, I have learned that instructions must be even more specific than first intended. For example, our secretary really needs guidance. Too broad guidelines just don't work." (Manager B, 29 Mar 2006.)

"Once we had a worker, maybe a bit too young for the job, he assumed that I would give him instructions all the time...I don't have time for that! Our communication didn't

work...maybe, maybe...I didn't know how to express things to him in a way he could have understood me. Maybe my communication skills were limited or he comprehends things differently." (Manager C, 3 Apr 2006.)

Third, Communication and negative knowledge flow is limited. Due the fact that that work in Hong Kong must be conducted in English the verbal communication is limited. Many also felt that although English is spoken extensively throughout Hong Kong, most of the Hong Kong people were not as competent as their Finnish colleague or manager in English language. Another problem that is related to both communication and language problem is interpreting messages.

"Yeah, we have problems...the language that's always present. Here you have to describe in detail what you want. There is always a possibility for misunderstanding because of the language and also because different tones of words and how they comprehend those." (Manager I, 8 May 2006.)

Lack of common language has its impact to knowledge flow but the factual reasons why Finnish expatriates saw knowledge flow to be limited lies beyond language. Most interviewees agreed that especially negative knowledge flow was hard to obtain although general knowledge flow was also seen partly limited.

"Communication here is not as spontaneous as in Finland. In order to get information you first have to have a reason to have that information and then you have to get that information by yourself. Moreover, normal office environment back home is relatively lively: People are socializing and talking about general issues as well as matters connected to work. Here that is absent. Employees work quietly and perhaps 20 minutes before closing hour I start to hear some hassle and mumbling." (Manager F, 27 Apr 2006.)

Knowledge and information does not flow as effectively through informal conversations as it does in Finland according to interviewees'

experience. This might be one reason to create problems as seen in next example.

> *"In my opinion knowledge sharing is not a problem. But then, knowledge flow...actually, positive information reaches your ears very fast but negative one is much harder to get. Negative information is also modified in some extent. At first, I made a mistake in believing everything I was told was to be absolute truth. Nowadays, I have learned to ask some complementary questions and even go to some other persons and ask their views in order to get a clearer picture. I would say that one has to do more work in order to get negative information but in the end, one will receive it. They don't keep that information themselves to the last but you definitely need to learn how to obtain it."* (Manager G, 28 Apr 2006.)

Thus, knowledge sharing itself is not a problem. This is somewhat what Ford and Chan (2003) argument about collective countries. They said, that in collective countries knowledge flows because community values group before individual. However, sharing of negative knowledge is very limited. This might be due the big power distance Hong Kong people see. Opinions of employees in the lower end of the hierarchy tree are not valuated (Ford & Chan, 2003). Lowering hierarchy, in other words, power distance, should lead to a better and faster knowledge flow (Helbing et al., 2006). Indeed, those managers who reported lowering hierarchical structures to be one of their main goals did also report that knowledge does flow faster after proper implementation of new hierarchy rules. The next chapter will discuss more precise how Finnish managers did cope with this and other above problems.

7.2.3 Structural capabilities – adjustment to the differences

Although the work environment; the people, is different, a Finnish expatriate manager has to find a way to get along with others. Facets of structural capital affect on exchanging knowledge by creating access between parties (Nahapiet & Ghoshal, 1998, 251). By understanding reasons behind above three matters (limited feedback, lack of communication and negative knowledge flow, and concise initiative) as well as knowing your basis, give you access to the work environment. Next step would be to know how to exploit this cultural know-how. In addition of identifying differences the data also showed how present Finnish expatriate managers cope with these particular differences.

Comforting information got from interviewees was that although Hong Kong and Finland have vast cultural distance the general adjustment should be at least somewhat easy. One participant describes the relationship of earlier experiences and coming to the Hong Kong.

> *"In my opinion, one has to have some amount of old fashion explorer characteristics but that cannot be too dominating reason. More important is that you check that your background knowledge is up to date what comes to both your skills shaped by earlier experiences and your knowledge about Hong Kong culture. However, the most important thing is that you come as you are. Be yourself."*
> (Manager G, 28 Apr 2006.)

It does appear to be harder to start working in Hong Kong for those expatriates who do not come to an existing organisation but the difficulties seems to be conquered along the time and after that these managers are in the same level than those who come to work to existing organisation. The data shows that after the initial stage all the participants described the difficulties and how to cope with them very

much the same. Management style was the crucial factor instead of starting point or earlier experiences.

The way to cope with each problem does not differ from problem to problem. Problems are tied to each other and methods to deal with them are not substitutes but rather complementary. Certain is that a foreigner brings his own ideas and behaviour into a new environment while the goal is that all parties are satisfied.

One issue often raised was hierarchy; the way Hong Kong people see authority, the way hierarchy helps to cope with people, and the way it does not exist in companies managed by Finnish. According to participants, controlling these aspects of hierarchy helps expatriate to manage his own personal ties in a workplace because the way culture sees superiors has affect how community works. Power distance, as Hofstede (1980) sees it, is one important part of a society and by understanding and managing this it is possible to build a path to a foreign culture. Therefore, it is interesting to notice that most participants state that they are quite eager to introduce the Finnish way of hierarchy and organisation structure to their Hong Kong branch.

> *"Basically, things here are done in a much stricter way than in Finland. Well...nonetheless, I have tried to build this organisation more flexible from the beginning."* (Manager B, 29 Mar 2006.)

> *"It's obvious that these people are raised with a hierarchical way of thinking. Here in our company we have tried to weed it away and in the end I could say that we have done well. It is impossible to get rid of it completely, though."* (Manager A, 13 Mar 2006.)

> *"We have tried to make our organisation more flat, not in the paper no but in our everyday communication. However, we do not forget that there is still some hierarchy present. Here has to be someone who actually takes the lead...someone who can recognise situations which need a*

manager to step in as a superior. I assure you, we have situations where I really need good management skills and show who the boss is. This kind of environment puts me in the position where I have to have a good sense when I really have to say "no"." (Manager E, 21 Apr 2006.)

In some degree, hierarchy leads to initiative and moreover for example Lopez, Mendes, and Sanjuan (2002) found traditional hierarchical topologies ineffective to maintain organisation's efficiency. Throughout the data collection it came evident that generally speaking, Hong Kong employees expect more guidance than Finnish employees. Hong Kong people are unable to work as independent as their Finnish counterparts would work in a similar job.

"I have had to guide my personnel that they are legible to do some independent decisions without consulting me first. It was clear from the beginning that here things are done a bit differently and people do need more guidance. Regardless that we knew this beforehand we have had to be even more precise than originally intended although the principle was clear before I came here." (Manager B, 29 Mar 2006.)

Thus, local Hong Kong people demand a more visible and concrete manager whereas Finnish managers demands initiative working methods. Adjusting oneself to answer both needs is the primary goal. Furthermore, to know what your personnel do not know was also seen important way to maintain good relationship.

"If you give a task to a Finn what he can't do, he will say to you right away that I'm not able to do this and then later he might yap to his friends that what a stupid boss, gave me an assignment but didn't give any tools to do that, and then when he goes home he will forget that and tomorrow is a new day - no hard feelings...It does not work like that in here. If you give a task here the employee tries to do that to the last and if he doesn't succeed he will become extremely distressed. They never come to complain about anything. Then just some day they quit." (Manager C, 3 Apr 2006.)

70

Last sentence of above example brings up the topic of how to cope with limited communication. General atmosphere in a Hong Kong workplace is quiet and highly work orientated. When a person from a more open culture arrives some change is inevitable.

> *"Maybe my presence here has brought some exoticness for them...My personality is more "sparkling" than theirs...well, these people are so quiet, so my presence brings some action here every now and then...but I don't think its bad, they seem to take me very openly and I haven't perceived any dissatisfaction due my behaviour... thoroughly wonderful people here... Very quiet, though!"* (Manager G, 28 Apr 2006.)

"Sparkling" personality is not often recommendable in Asian cultures. Nor it is not recommendable in Hong Kong. When asked that what kind of a person should not be sent in Hong Kong the first answer very often was short-tempered. The interviewee who characterised himself as a "sparkling" person continues *"My temper is short but it has expanded during the time. When you know that certain things take more time then your attitude towards it is already more approving."* (Manager G, 28 Apr 2006.) Another interviewee says that communication is easiest when an expatriate manager is long-tempered and open.

> *"Well, once again, its all about being careful...you have to wear silk gloves when you deal with locals. One has to be a calm person who thinks before he acts and also openness is a must. I would not send short-tempered character here."* (Manager A, 13 Mar 2006.)

The issue right after the calm personality was openness. In the case of openness, each one of the participants concludes that it is very important to be sincere and open what comes to work. Most of them also noted that they are probably much more open managers compared to local managers. Actually, interviewees saw their openness as an advantage. It was often used as a tool for creating more secure and

acceptant work environment Openness here refers to a two separate matters a) proper informing and b) visible respect.

The first part of openness is proper informing. An expatriate manager often represents management level of the whole company. Expatriate manager is also the link between headquarter and Hong Kong branch. The manager possess first-hand information how business is developing and where the company is going. By informing this kind of knowledge, what is considered standard knowledge in Finland, participants experienced that by sharing this information they created a communication bridge which has a positive influence to both relationship commitment and general relationship development. Furthermore, by sharing information they experienced developing deeper levels of trust.

The second part of openness is visible respect towards personnel. The participants reported that a Hong Kong employee does not give any feedback - not positive nor negative. Interviewees also pointed out that the personnel does not give feedback neither to their fellow countryman. Despite being aware of this cultural behaviour, most participants experienced it very important to visible show their respect towards Hong Kong personnel.

> *"I am urged to say that when I give negative feedback I am more calm and careful as if I would give the same feedback to a Finn. I realise that the locals are more sensitive towards judgement...then...positive feedback...Yes, I will definitely give that because the locals enjoys receiving it."* (Manager G, 28 Apr 2006.)

Issue considering feedback is already discussed but above quote approaches the matter from different view. It refers the will of respecting personnel by showing it. When asked how a foreign manager can help

to create a more approving environment one interviewee answered straight away.

> *"That you value your personnel and you show that openly. Behaving traditional way that is being rough and leading with authority perhaps gets things done but it does not create it [approving environment]."* (Manager H, 2 May 2006.)

Many interviewees also emphasised their methods about dealing negative things face-to-face behind shut doors, although, it might have been necessary to go public with it for preventing those things to happen again. And when something is made well some publicity is always a plus.

7.3 Relational adjustment

Whereas structural capital is necessary for acquiring knowledge by simply making networks possible, the relational capital captures the accessibility of the network. This is the amount of knowledge an individual can actually exploit from one's network. (Liao & Welsch, 2005.) In the scenario of this study west meets east; trust meets guanxi. As Standifird and Marshall (2000) notes, these words, while sharing the same emotional charge in their own culture, can not be dealt as synonyms. In this chapter, trust and guanxi is discussed side by side keeping in mind that guanxi is partially a trust-based phenomenon.

It was not surprise, that trust was experienced, as a general term, to be more important in Hong Kong than in Finland. However, more surprising to notice was that virtually all interviewees who came to an existing organisation experienced that needed trust was actually easy to establish.

> *"Yes, yes, when I first came here I felt I was accepted right away. It didn't take long at all ...Maybe it is because these locals, they understand that all western expatriates are already selected, as it could be said. Management does not send here just anyone."* (Manager F, 27 Apr 2006.)

In other words, interviewee is accepted partly because locals trust company's ability to find suitable expatriate manager which possess knowledge and personal competencies best for the particular job. That does generate trust but does not yet answer how trust, or guanxi, is different in a Hong Kong workplace compared to a Finnish one. Proper starting point to approach this matter lays in general concept of trust.

7.3.1 Components of success

Blomqvist (2002) proposes that trust includes four components: capability, goodwill, behaviour, and self-reference (see p.41). As a matter of fact, above interviewee percept his own capabilities and he knows that he is competent. In other words, he refers his own self-reference. Indeed, self-reference might correlate with the trust as could be presumed from next example. In this case, there was definitely something what obstructed trust to be build as particular interviewee's self-reference already revealed.

> *"When I first come here I didn't know our product as well as I should have and I knew that. I was also young and inexperienced. Maybe those were the reasons they didn't believe me and my skills...Those days they questioned my position as their manager."* (Manager D, 11 Apr 2006.)

Although, the distinction between the components of trust does not place components in unequal position but rather deal them all as necessary, the behaviour component is most broadly defined. Behaviour component of trust appear in the form of open communication, commitment, and adaptation. Each of these essentials

is actually too broad to discuss briefly in one or two pages. When looking these matters carefully one can notice that the behaviour component holds inside many general issues discussed by this thesis. Adaptation itself is the core word when working abroad. Therefore, behaviour as a part of trust is present what ever other component is studied.

Capability as a component of trust is related to self-reference with the difference that capability is actual capabilities person possess. *"Here you lead with your own example. The trust is build along the time when they see that you know what you do."* (Manager I, 8 May 2006.) Answers like this were not typical, though. For most interviewees their own capabilities and the affect of them were hard to access. Capabilities are present but not in tangible form because the main area of concentration in this study is in perceived capabilities, in other words, self-reference. There is no doubt though that capabilities would not be important component of trust as Blomqvist (2002) suggest.

Goodwill is moral responsibility or positive intensions toward each other (Blomqvist, 2002). As Ramasamy et al. (2006) noted Chinese differ from western in the matter that a Chinese does not make any assumptions about others goodwill beyond their own close network. One interviewee explained *"What I have observed Finnish people trust each other more than Hong Kong people trust each others."* (Manager I, 8 May 2006.) Goodwill might be part of trust but it does look like that in Hong Kong the level people grant goodwill is lower than in Finland.

So, components of trust are self-reference, capabilities, behaviour, and goodwill. Blomqvist (2002) adds that the force which binds these aspects together is experience. Indeed, for example our earlier example about an expatriate who was a freshman what comes to both working in foreign culture and knowing the company's product had some hard time

to cope in Hong Kong at first. On the other hand, other data shows that a Finnish person who has not worked abroad before his Hong Kong assignment will not be doomed to adjustment difficulties.

Multiple interviewees reported their lack of experience did not affect greatly at the beginning. However, the people who had earlier experience found that at least somewhat helpful for the adjustment.

> *"Well, of course earlier experiences made this one easier. You have already learned how to stand yourself alone and that what it really means when you are taken away from your own culture. And then of course, once you have done something it's always easier to do it again."* (Manager G, 28 Apr 2006.)

Affect and importance of earlier experience have received enormous interest in the literature (see e.g. Carlsson et al., 2005; Haslberger, 2005; Au & Fukuda, 2002; Shaffer et al., 1999) and the general attitude is that earlier experiences affect very positively. Selmer (2001) even noted that Hong Kong might be a place where even experience from the counties of similar culture might not be enough but, in the case of Hong Kong, experience especially from Hong Kong is the most valuable or even the only thing what really matters what comes to experience.

In the sight of this study, earlier experience about working in other countries was actually found to be less important than initially believed. The respondents who had earlier experience in this matter experienced it to be helpful, but on the other hand, those who had no experience did not really give as much importance for it as it could have believed based on the literature.

> *"Yes, it will make your live easier here if you have been in Asia before. Of course all kind of experience outside Finland is always welcome but actually, in my opinion, it does not help too much if it's not experience from Asia."* (Manager G, 28 Apr 2006.)

"No, I don't think that you need precisely experience from Hong Kong. As long as you have some knowledge about Asia, then its fine." (Manager C, 3 Mar 2006.)

Others were in the same path: In case earlier work experience from abroad has positive affect it does not matter from where it comes from as long as it is from Asia continent.

Most of the interviewees did not have any earlier work experience from other countries. Instead, what they often had was experience about controlling their company's Asian business remotely from Finland. This often includes business trips to Hong Kong and other parts of Asia and sometimes even knowing the Hong Kong personnel personally. Although, knowing in this case means often only passing papers or emails every now and then, or perhaps some face-to-face interaction while business trips, interviewees emphasises that these interactions resulted into get more familiar, at least some extent, where they were going and in what kind of environment and people they are required to work with.

Thus, if earlier experience is seen as working outside Finland its meaning as a binder of trust might not be as relevant as believed. If earlier experience is seen more broadly, then it does have more important task in generating trust.

7.3.2 Guanxi and trust in Hong Kong

The three components utilising guanxi is trust, relationship commitment, and communication (Ramasamy et al., 2006). These aspects are dealt in the paragraphs below. Relationship commitment is accessed first and

after that the differences between western and eastern concept of trust and communication is discussed.

According to Ramasamy et al. (2006) relationship commitment is the least affecting factor of guanxi. The interview data shows that commitment to a workplace in Hong Kong is looser than in Finland from a few aspects. First, both employee and employer legislation is loose. If either party wants to terminate relationship it can be done very easily without involvement of complicated law. Second, Hong Kong people value wealth and status above Finnish people. Hong Kong locals are ready to at least consider changing their job even in a case of minor increase of the salary or a change in their title. These indicate that local Hong Kong people would not be as committed to their present employers as their Finnish colleagues.

Although above looser relationship commitment is true in Hong Kong, none of the particular companies interviewed for the purpose of this study had not experience this in their company. In fact, in every case interviewees pay attention to the matter that employee change has been virtually non-existing.

> *"I think that our personnel enjoy working for us. They have gotten used to our western way to operate and they seem to love it. I think their commitment to the company however is more an effect than a cause. People here are not so committed to their employer than in Finland and, thus, there are other reasons why they trust us. Company itself does not represent trust for them. It is the people."* (Manager F, 27 Apr 2006.)

This indeed does indicate that Ramasamy's et al. (2006) view of relationship commitment as a least affecting factor for developing of guanxi seems to hold also in the Hong Kong environment.

Emphasise in Ramasamy's et al. (2006) typology of guanxi lies in trust and communication instead of above described relationship commitment. Communication in a Hong Kong workplace was found to be work orientated, moderate, personal, and hierarchical. Combinations of these aspects creates communication environment in which relational capital is be formed.

> *"Maybe at first there was a bit precaution around: a kwailou[4] is always a kwailou. But then after you get hang of it and behave as expected you will find yourself in a functional relationship."* (Manager A, 13 Mar 2006.)

Above sentence expresses both the prejudice attitudes westerns encounter and also the positive affect of proper adjustment. One interviewee prefers to be a bystander first. *"Before you know how to act here one should not be too open."* (Manager I, 8 May 2006). That might be good idea since generally speaking it is widely accepted that all western cultures are more extrovert and perhaps even pushy compared to Asian ones (Selmer, 2001).

Communication is more work orientated. According to the data, Hong Kong people tend to take their job very seriously and the whole work scene is very business orientated.

> *"Everybody has a desire to succeed and make as much profit as possible. Well actually, maybe it's not even the profit they look for but it's the business itself. Business here is done because of the business."* (Manager E, 21 Apr 2006.)

> *"Office is a place where people go to work. After the day everyone goes wherever they want to go. People are working, nothing more than that."* (Manager F, 27 Apr 2006.)

---

[4] *Kwailou (as pronunciated)* is a Cantonese word referring to Caucasians in a negative tone.

Moderate communication appears in everyday situations as already partly discussed. Feedback and knowledge flow is limited and people do not socialize in the workplace in a way Finnish employee has used to.

The following example emphasises both work orientation and moderate communication. The interviewee has worked in Hong Kong by now for over two years and he describes himself to be trusted and respected, although there were some problems at the beginning of his assignment.

> *"People don't talk...of course it depends also from a person himself but generally speaking people don't talk. Well, this one example: a person doesn't come to say to me that his dad has passed away. I hear this from another person via e-mail. Although our office doesn't have too many personnel and I was his closest manager he didn't want to inform me about it...Later that day, when we were alone, I said to him that you can go home if you will but he denied the offer saying that he rather works."* (Manager D, 11 Apr 2006.)

> *"It was good that none one of us brought the matter forward. Because he didn't want to talk about it I found it very important that I don't mention about the situation in front of other people or other people at all."* (Manager D, 11 Apr 2006.)

Although, that kind of trauma is extreme and might not serve good as a general example, it does however illustrate both work orientation and moderate communication.

Another interviewee has more surprising example about personal communication.

> *"...Then these subordinates of mine. It has happened along the time that they have started to come to talk to me, alone - face to face. I have been surprised and delighted that they trust a person from a foreign culture in a way that they*

are willing to discuss about different matters with me."
(Manager G, 28 Apr 2006.)

All interviewees agree that personal ties and communication possess a different and perhaps slightly more important position in Hong Kong than those relationships in Finland. For that reason, personal communication is a powerful way to interact in Hong Kong environment. It not only helps people to talk, but also encourage parties to share deeper and more sincere information than in a group communication situation. The thing what restrict free knowledge flow in groups in collective countries might be power distance (Ford & Chan, 2003). If an employee sees his manager above him the employee might keep his opinions within himself because of the fear of the manager, especially in front of a group. The fact that particular interviewee has succeeded Hong Kong personnel to talk with him personally is an indication of lowered power distance in the workplace – the thing what seems to be goal of many other expatriate also. In addition, lowered hierarchy topologies indicate better knowledge flow (Helbing et al., 2006) and this was also what participants saw.

As relationship commitment and communication as a part of guanxi has been covered, there is still the issue of trust what is not been accessed yet. Trust as a part of guanxi is the most complex matter from those three and it access personal ties broader than any other term. Ramasamy et al. (2006) note that the three components of guanxi may happen as a chain: Communication leads to trust which on behalf leads to relationship commitment. This would mean that trust is the thing what makes working successful. Communication enables trust and relationship commitment is result of having trust. Hence, trust is the central issue of guanxi.

The key differences between western trust and Chinese guanxi were identified from earlier studies (see p.39). The table shows as how these

two concepts are distinct from each others. According to the table, the way trust is developed is indeed somewhat different. The very first thing one can notice from the literature is that personal trust is experienced to be more important in east than in west. No doubt, this is something what the interview data also instantly shows. Exchanges are more work-related in east than in west. This aspect was also found to be true. As already discussed, interviewees pointed out that workplace in Hong Kong often lacks the kind of socialization Finnish has used to. Also off-work socialization between colleagues was experienced harder in Hong Kong.

The differences of trust resulting from collectivism would have been interesting to access also. However, some aspects were hard to access due their nature; participants cannot make assumptions about how another party experiences trust or any other related phenomena.

7.3.3 Relational capabilities – adjustment to the differences

The perspective trust is seen in this study is Blomqvist's (2002) view where trust is a bridge between experiences and future interactions (see p.43). Satisfaction and propensity to trust is matter of the past, the present, and the future. This point of view is also shared by Davies et al. (1995). They also argue that although east and west experience many concepts differently the concept of trust is build on similar basis. First, it is build over time and second, it is continues process.

Before accessing trust as continues process it should be highlighted the meaning of having expatriate present. Interviewee describes their work environment.

"Our work environment is definitely different [compared to local companies]...At first it was quite local because we had local management. Rumours tell that it was very different at those days...I think that the personnel here values the "easygoing" work environment we have here nowadays. The kind of environment where one does not have to be scared about losing his job. This has been useful in building of trust." (Manager F, 27 Apr 2006.)

By claiming something like this demonstrates that although expatriates acknowledge their differences they seem to turn those differences in their advantages with apparently good results.

This appears to be supported when reflecting perceived successfulness with relationship commitment as Ramasamy et al. (2006) put it. They note that the three components of guanxi may happen as a chain: Communication leads to trust which on behalf leads to relationship commitment. This study supports their note at least in the extent that all the participants perceived that they have succeeded well in their assignment and at the same time employee change has been almost non-existing. Hence, both communication and trust have been thriving and therefore boosting relationship commitment.

In addition, one interesting point of view arises. Participant was asked how important trust to another person is in Hong Kong work environment.

"I don't believe that absence of trust would take much work efficiency away. It's more like an extension for these people...I haven't never got inside to this Hong Kong way of thinking - what is the force that thrives people to work 12 hours a day and basically to give their lives to the company more than in my opinion would be necessary... Partly it is because there is a hell of a lot work but main reason is that they have some kind of conscientiousness towards work live. And to that having good trust has actually nothing to do with. These are two different matters, though. Anyway, they are very precise." (Manager F, 27 Apr 2006.)

As participant noted by himself, there are two different matters in question here. Anyhow, this quote provides an example about the role of trust as a lubricant. If basis for good communication is there already then trust is often seen as a lubricant for transactions (Doney et al. 1998).

Continuous process of developing trust starts from past experience. In other words, reputation. Earlier example, where one expatriate describes that high level of initial trust towards westerns might be due the fact that Hong Kong people think that westerns coming to Hong Kong are experts and capable of to handle their mission, is exactly trust building through reputation. This reputation provides the initial amount of trust. According to the previous literature people from different cultures tend to view each others with distrust and suspicion (Williams, 2001, 391). Reputation seems to help stretch up the gap between cultures. The width of the gap is hard to measure but some kind of image is possible to form from argue of the same researcher. Williams (2001) says that individuals start their relationship with low level of trust regardless of their similar or dissimilar backgrounds. Following this, it is not as significant from where manager is but rather how he behaves in present.

To support reputation, having trusted person in workplace was found to be useful. Finnish expatriates experienced among the other things sometimes problems with getting a message through. Transitivity trust, in other words, borrowed trust. It is a type of trust where a person C trusts a person A, although he does not know the person A, because of the person C is a good friend with a person B who on behalf trusts the person A. It helps person to get deeper inside the network after one has become a member of it. (Vincent, 1998.) According to interview data, there is evidence about importance, or at least use, of borrowed trust in Hong Kong workplace.

"Nowadays our workplace is quite problem free zone and furthermore, I am in a very lucky position because I have an extremely competent sales manager working right behind the wall. When needed, he will make it clear to others if I am not satisfied with something. He has worked with Finns so long that he knows what I mean when I open my mouth." (Manager E, 21 Apr 2006.)

"It is important to find someone from the personnel with whom you can communicate well and who is competent to explain your needs to the others. It is clear that if you say something with the same words here than you would use back home things just won't work. You have to have someone who supports you... Some people here don't speak as much English as others and some people don't even want to speak. There are a lot of things that does not pass into your ears." (Manager H, 2 May 2006.)

Present behaviour; current interaction means all kind of behaviour what both parties practise. Differences between practises were discussed earlier but what lies in adjusting oneself into these behaviour patterns is still unknown. Although, many participants felt that they were trusted right away, no-one claimed that trust was not shaped during the time. The level of trust could grow as easy as it could perish.

"These people here, their weakness is, that if I have to react negatively to something or towards someone, they feel that it is "losing of fa...." actually, I don't like to talk about "losing of face", but perhaps I made that mistake at first that I showed faults to the whole group, although they were that sort of faults that those should be shown to everybody, instead of dealing mistakes personally with the employee. Nowadays, if something good has happened I will inform bigger group and controversy, if something bad has happened I try do deal with it together and alone with the employee." (Manager G, 28 Apr 2006.)

No matter how one sees the subject, current interaction means also dealing with negative matters. How to manage these in an environment, which has not used to feedback and the same time ensure smoothness

of future interactions by continuously developing trust, is a challenge what expatriate manager has to confront. The interview data shows that this challenge is usually dealt by implementing parts of own leadership methods learned in Finnish environment into the knowledge acquired about Hong Kong environment during the time. Again, we are where Mäkilouko (2004) pointed. Expatriate manager does forget his leadership style while working abroad. Methods learned during the time can however to be named as adjustment.

Some interviewees said that although Hong Kong mentality is submissive to authorities, after a while of executing new leadership style, the personnel started to be more open. One solution to support openness and to get opinions from personnel was seen for example feedback discussions.

> *"You have to have routines to interact with your personnel... And it's important that you have these routines before problems arise... How to arrange these routines? Same as in Finland. You can have a feedback discussion for example every Monday or something. After everybody get used to that you start to have some kind of communication... but then you have to remember that what ever comes, you must still have those discussion moments. If you stop it after a while, it might be even worse than having those at first place."* (Manager H, 2 May 2006.)

Indeed, earlier literature has shown that meetings are an essential way of communication in any company. Hong and Engeström (2004) showed controversy, that in a Chinese workplace meetings can also turn against their purpose and become indicators of problems and tensions in the organisation. In such meetings, usually the meeting holder spoke while others listened. Sometimes others were encouraged to talk also but usually no one did. The meetings were mostly used to inform multiple aspects of work related issues. Hong and Engeström's (2004) study was not located in Hong Kong and it mainly addressed

Chinese to Chinese communication. However, it does reveal that personnel meetings in China might be used as a tool to top-to-down informing. Their work showed that although participants were encouraged to talk, the respect for authorities obstructed free communication. It is evident that Hong Kong people see authorities, if not the same, then at least in a similar way. Hence, if the purpose of the meeting is to get feedback and encourage free communication a Finnish manager should take under consideration the fact of more reserved personnel.

Prediction of the future behaviour is one part of propensity to trust. Earlier literature revealed that expectation of future exchanges did affect on developing of guanxi (Stadifird & Marshall, 2000). That is why expatriate should concern how local personnel predict future. One detail that came up was the argument that Hong Kong personnel will cope with westerners because they know that expatriates leave after a few years anyhow. This kind of approach might not back up relationship commitment at all. That is why it was surprising to notice that this was not experienced to be problem. Due the nature of expatriate manager's assignment, the local personnel knew beforehand what to expect from the relationship. Based on the data it could be concluded that future expectations are not meant to be throughout positive or pursue long time relationship commitment in order to generate trust. This, with together all other evidence, would indicate that most important level to adjust in order to build trust is current interaction.

8 CONCLUSION

The research question number one addressed the theme how social capital theory could be implemented into a study field of international workplace adjustment. The theory suggested approaching social capital from the three perspectives of cognitive, structural, and relational. The three dimensional view allows a researcher to access multiple relevant issues of international adjustment into the new work environment. Actually, social capital was found to be perhaps even too broad concept to explain only workplace behaviour. Expatriate's social network is much wider than only workplace network and that network as whole, is the one that matters for overall results of expatriation as well as expatriate psychological well-being. However, when consider only networking in a workplace, creation of social capital does seem to create effectiveness at least in a form of better communication and increased trustfulness.

Additionally, if social capital is too wide concept to explain workplace behaviour it is too narrow to explain the whole adjustment process. Black et al. (1991) model reveals the multiple aspects expatriate confronts and in that connection, the social capital theory cannot explain sufficiently expatriate adjustment process.

Thus, it is argued that the social capital theory completes international adjustment models by explaining the social aspect of it with better detail. The problem with previous studies of international workplace adjustment is that they fail to give enough respect for the social context of workplace adjustment. That is the area where social capital theory could add significant extra value to the international workplace adjustment models. Furthermore, by reviewing traditional expatriate performance predictors and by identifying differences between western

personal ties and Chinese guanxi, the thesis contributed into the study field of international workplace adjustment by showing the cohesion of above matters with themselves and with social capital.

Considering set limitations, the creation of social capital in an international assignment was not found to differ from the creation of social capital in domestic environment in any measurable means. Possible reason is that the concept of social capital works faultlessly where ever and what ever is studied when the concentration point is social networks.

Either the thesis did not succeed to discuss about the structural dimension of social capital in a comprehensive way. Important aspects of structural capital are the strength of ties and bonding, bridging, and linking. In the light of collected data these issues were hardly touched. However, absence of above issues does not affect greatly to the results because of their completely different nature. Strength of ties and bonding, bridging, and linking are closely related to the knowledge acquiring and creation instead of directly affecting expatriate adjustment.

Major practical findings of this study lies in answers for the research question number two. As research question number one turned to offer us a lens through which to observe international assignment, research question number two holds inside implications how a Finnish expatriate manager can adjust oneself into the host country's workplace.

The objective of research question 2a was to identify problems and differences a Finnish expatriate manager confronts in Hong Kong. Self-evident way to access that question is to identify restrictors and assistant factors that could make adjustment process bearable. Table 6 gathers all analysed interview data into the form where it can easily be

seen what does restrict and assist creation of social capital in Hong Kong from a Finnish point of view.

Table 6. Suggested restrictor and assistant characteristics of creation of social capital in Hong Kong from a Finnish point of view

	Restrictors	Assistants
Cognitive dimension	• Introvert culture • Dissimilar ways to pursue values and goals • Reserved culture	• Easily assumable expressed values • Similar values and goals towards work life • Unimportance of general cultural distance
Relational dimension	• Absence of goodwill • Great importance of trust • Limited know-how of an expatriate • Weaker relationship commitment	• Approvable attitude towards informing and visible respect • Existing base of trust • Positive attitude towards accepting future interactions as they appear • Presence of borrowed trust • Willingness for "Easygoing" environment
Structural dimension	• Inadequate initiative • Inexperienced local personnel • Limited communication • Limited sharing of negative issues • Restricted feedback • Strict concept of hierarchy	• Experienced local personnel • Locals understanding towards misbehaviour • Positive host acceptance • Positive discrimination

Some of the aspects in the table 6 have also counter aspect. It is not certain, what is the meaning of those counter aspects for the adjustment process. For example, being cultural minority was found to have positive affect for adjustment but being cultural majority might have even better positive impact for adjustment. Based on the findings of this study, the correlation of, for example these two, cannot be measured, though.

The question 2a leads us to the answer to the question 2b. By identifying restrictors and assistants of creation of social capital it is possible to focus contents of the table 2 (see p.19) into more specific cells dependent on what dimension of social capital they mostly have influence on. When interpreting following table it is to be kept in mind that as Nahapiet and Ghoshal (1998) said all the dimensions of social capital are highly interlocked with each other. Thus, only suggestive table can be constructed.

Table 7. Supported expatriate job performance predictors and personal capabilities to help in work adjustment

Dimension of social capital	Job performance predictors
Cognitive dimension	Being cultural minority, Flexibility to adapt cultural norms, Host identification skills, Intercultural social efficacy, Previous experience, Similar personal values with hosts.
Relational dimension	Believing what one is doing, Empathy, Environmental certainty, General communication skills, Language proficiency, Listening skills, Non-verbal language, Open-mindedness, Self categorisation, Self-efficacy
Structural dimension	Institutional un-distance, Synergy leadership style, Tolerant & patient problem focused coping

The issues presented are those which were found to have impact to the development of the particular dimension. It is not argued that other issues, first presented on the table 2 (see p.19), would not have affect on expatriation. However, perhaps the other issues showed must be studied in a different way or their affect lies elsewhere than in the work adjustment, for example in a general well-being of an expatriate.

Results showed that the issues related to the relational dimension to be most important in their adjustment process. Furthermore, relational dimension was found out to have even more central position in Hong Kong than in Finland. There was consensus that building of trust was the most important factor in the workplace. The data also showed that relational capital was built with highly other methods in Hong Kong than participant managers had used to in Finland.

In addition to the actual findings, a few fascinating remarks were made. First, it was interesting to notice the common mentality that although participants wanted to do things "as Romans do" they also pursued their own will – sometimes even in a very powerful way. In the companies, which had a Finnish manager, it did seem that traditional Chinese managerial styles were put in question to make room for a more open and interactive managerial style. Used leadership style was neither Finnish nor Hong Konger. It was a new kind of leadership style from between – international leadership style.

Second, participants tend to pass the buck of adjustment to the Hong Kong employees. They emphasised the importance of having or choosing "the right" personnel to work for a Finnish manager. Usually this was achieved simple by having experienced personnel, meaning a kind of personnel which had worked with westerns, or even better, with Finnish people before. While expatriate himself has to adjust it looks like the workplace itself needs some adjustment as well.

Third, respondents detailed themselves to vary a lot from a local Hong Kong manager but this was hardly never seen as a weakness but rather as an advantage. The plausible reason for this might be that Hong Kong people may even expect different kind of management style from a foreigner. Perhaps that "easygoing" environment where one does not have to be afraid of losing his job as easy, could motivate enough for

relationship commitment. Moreover, the data showed that openness was a trait what Finnish expatriates liked to use to patch their lack of knowledge how to lead Hong Kong people. Thus, turning one's defaces to advantages in generating approval workplace environment was seen as a key factor in success.

9 EPILOGUE

A general importance of this study is that it draws attention to the role of social capital theory as a part of international workplace adjustment. This is somewhat a new perspective to the matter as also Pelling and High (2005) note. Social capital offers understanding of social interactions (Zhuge, 2005) and those social interactions are requirement for success both in domestic work adjustment as also in international work adjustment (Black et al., 1991). Therefore, studying social capital should offer a tool to understand international assignment better.

Managerial results of the thesis are evident. Restrictors and assistant characteristics that social capital perspective reveals, are everyday issues that working foreign manager have to pay attention to. The thesis has also some minor theoretical implications. It does take Nahapiet and Ghoshal's (1998) three dimensional model of social capital in the international adjustment context and demonstrate how it could be used to reflect workplace adjustment. The thesis also review international assignment predictors from earlier literature as well as it try to clarify the nature of guanxi in workplace adjustment in Hong Kong. However, the international adjustment scene is much too vast to explain only by using tools to identify social interactions. All the other parts presented by Black et al. (1991) are still relevant.

Although the international adjustment scene is immense, it is welcome add to review, every now and then, where the research scene is going to and where has it been as Black, Mendenhall, and Oddou did for the study field at the year 1991. After their work, no noteworthy theoretical progress has been made (Haslberger, 2005). Perhaps, it could be a time to do the same again. An expatriate adjusts himself to a foreign

assignment in 2006 similar as he did in 1991 but tools and aspects to understand it might have been under alteration or modification during the past 15 years.

Above all matters, as previous pages have discussed and even suggested multiple ways why and how a Finnish expatriate could prospect in Hong Kong, the most important thing to bear in mind, which I bump frequently during the data collection, is probably the old cliché: *"Come as you are."*

REFERENCES

Alasuutari, P. 1999. Laadullinen tutkimus. Tampere: Osuuskunta Vastapaino.

Anderson, A. & Jack, S. 2002. The articulation of social capital in entrepreneurial networks: a glue or a lubricant? Entrepreneurship & Regional Development. Vol. 14, 195-210.

Andreason, A. 2003. Expatriate adjustment to foreign assignments. International Journal of Commerce & Management. Vol. 13, No. 1, 42-60.

Au, K. & Fukuda, J. 2002. Boundary spanning behaviors of expatriates. Journal of World Business. Vol. 37, No. 4, 285-296.

Arasaratnam, L. & Doerfel, M. 2005. Intercultural communication competence: identifying key components from multicultural perspectives. International Journal of Intercultural Relations. Vol. 29, No. 2, 137-163.

Bell, M. & Harrison, D. 1996. Using intra-national diversity for international assignments: a model of bicultural competence and expatriate adjustment. Human Resource Management Review. Vol. 6, No. 1, 47-74.

Bijlsma, K. & Koopman, P. 2003. Introduction: trust within organisations. Personnel Review. Vol. 32, No. 5, 543-555.

Björkman, I. & Kock, S. 1995. Social relationships and business networks: the case of western companies in China. International Business Review. Vol. 4, No. 4, 519-535.

Bjørnskov, C. 2006. The multiple facets of social capital. European Journal of Political Economy. Vol. 22, No. 1, 22-40.

Black, J., Mendenhall, M., Oddou, G. 1991. Toward a comprehensive model of international adjustment: an integration of multiple theoretical perspectives. The Academy of Management Review. Vol. 16, No. 2, 291-317

Blomqvist, K (2002) IN: Khosrow-Pour, M. 2004. An Overview of Trust in Technology Partnerships. Encyclopedia of Information Science and Technology. Idea Group.

Blomqvist, K. 1997. The Many Faces of Trust. Scandinavian Journal of Management. Vol. 13, No. 3, 271-286.

Breiden, O., Mirza, H., Mohr, A. 2004. Coping with the job abroad: a correspondence model of expatriate work adjustment. International Studies of Management & Organizations. Vol. 34, No. 3, 5-26.

Bourdieu, P. 1984. Distinction: A social critique of the judgement of taste. London: Routledge.

Cassiday, P. 2005. Expatriate leadership: an organizational resource for collaboration. International Journal of Intercultural Relations. Vol. 29, No. 4, 391-408.

Chow, I. & Ng, I. 2004. Organization studies. London: Sage.

Davies, H., Leung, T., Luk, S., Wong, Y. 1995. The Benefits of "Guanxi". The value of relationships in developing the Chinese market. Industrial Marketing Management. Vol. 24, No. 3, 207-214.

Doney, P., Cannon, J., Mullen, M. 1998. Understanding the influence of national culture on the development of trust. Academy of Management Review. Vol. 23, No. 3, 601-620.

Eskola, J. & Suoranta, J. 1998. Johdatus laadulliseen tutkimukseen. Jyväskylä: Vastapaino.

Fan, Y. 2002. Questioning guanxi: definition, classification and implications. International Business Review. Vol. 11, No. 5, 543-561.

Flap, H. & Völker, B. 2001. Goal specific social capital and job satisfaction. Effects of different types of networks on instrumental and social aspects of work. Social Networks. Vol. 23, No. 4, 297-320.

Fock, K. & Woo, K. 1998. The China market: strategic implications of guanxi. Business Strategy Review. Vol. 7, No. 4, 33–44.

Ford, D. & Chan, Y. 2003. Knowledge sharing in a multi-cultural setting: a case study. Knowledge Management Research & Practice. Vol. 1, 11-27.

Geer, H., Borglund, T., Frostenson, M. 2004. Interpreting the international firm: Going beyond interviews. In: Marschan-Piekkari, R. & Welch, C (edited). 2004. Handbook of qualitative research methods for international business. Bodmin: MPG Books.

Glover, T., Parry, D., Shinew, K. 2005. Building relationships, accessing resources: Mobilizing social capital in community garden context. Journal of Leisure Research. Vol. 37, No. 4, 450-474.

Granovetter, M. 1973. The strength of weak ties. American Journal of Sociology, Vol. 78, No. 3.

Gudykunst, W. & Young, Y. 2002. Communication with strangers, fourth edition. New York: McGraw-Hill.

Gudykunst, W. 1995. Anxiety/uncertainty management (AUM) theory: Current status. In R. Wiseman (Ed.), Intercultural communication theory 8-58. California: Sage.

Gudykunst, W. 1998. Applying anxiety / uncertainty management (AUM) theory to intercultural adjustment training. International Journal of Intercultural Relations. Vol. 22, No. 2, 227-250.

Haslberger, A. 2005. The complexities of expatriate adaptation. Human Resource Management Review. Vol.15, No. 2, 160-180.

Helbing, D., Ammoser, H. & Kühnert, C. 2006. Information flows in hierarchical networks and the capability of organizations to successfully respond to failures, crises, and disasters. Physica Annual. Vol. 363, No. 1, 141–150

Hirsjärvi, S. & Hurma, H. 2001. Tutkimushaastattelu. Teemahaastattelun teoria ja käytäntö. Helsinki: Yliopistopaino.

Hofstede, G. 1991. Cultures and Organizations. McGraw-Hill Book Company Europe: Berkshire.

Hofstede, G. 1980. Culture's Consequences. International Differences in Work-Related Values. Beverly Hills: Sage.

Holden, N. 2001. Knowledge management: raising the spectre of the cross-cultural dimension. Knowledge and Process Management. Vol. 8, No. 3, 155-163.

Hong, J. & Engeström, Y. 2004. Changing principles of communication between Chinese managers and workers. Management Communication Quarterly. Vol. 17, No. 4, 552-585.

Kim, Y. 2000. Becoming Intercultural: An Integrative Theory of Communication and Cross-Cultural Adaptation.California: Sage.

Kloppenborg, T. & Petrick, J. 1999. Leadership in project life cycle and team character development. Project Management Journal. Vol. 30, No. 2, 8-13.

Leonard, R. & Onyx, J. 2003. Networking through loose and strong ties: an Australian qualitative study. Voluntas: International Journal of Voluntary and Nonprofit Organizations. Vol. 14, No. 2, 189-203.

Liao, J. & Welsch, H. 2005. Roles of social capital in venture creation: Key dimensions and research implications. Journal of Small Business Management. Vol. 43, No. 4, 345-362.

Lopez, L. & Mendes, J. & Sanjuan, M. 2002. Hierarchical social networks and information flow. Physica Annual. Vol. 316, No. 1-4, 695-708.

Lustig, W. & Koester, J. 1998. Intercultural competence. New York: Longman.

Manev, I. & Stevenson, W. 2001. Nationality, Cultural distance, and expatriate status: effects on the managerial network in a multinational enterprise. Journal of International Business Studies. Vol. 32, No. 2, 285-303.

Mäkilouko, M. 2004. Coping with multicultural projects: the leadership styles of Finnish project managers. International Journal of Project Management. Vol. 22, No. 5, 387-396.

Möller, K. & Svahn, S. 2004. Crossing east-west boundaries: knowledge sharing in intercultural business networks. Industrial Marketing Management. Vol. 33, No. 3, 219-228.

Nahapiet, J. & Ghoshal, S. 1997. Social capital, intellectual capital and the creation of value in firms. Academy of Management Proceedings. 30-39.

Nahapiet, J. & Ghoshal, S. 1998. Social capital, intellectual capital, and the organisational advantage. Academy of Management Review. Vol. 23, No. 2, 242-266.

Oddou, G. 1991. Managing your expatriates: what the successful firms do. Human Resource Planning, Vol. 14, 301-308.

Van Oudenhoven, J. & Van der Zee, K. 2002. Predicting multicultural effectiveness of international students: the Multicultural Personality Questionnaire. International Journal of Intercultural Relations. Vol. 26, No. 6, 679-694.

Pelling, M. & High, C. 2005. Understanding adaptation: What can social capital offer assessments of adaptive capacity? Global Environmental Change. Vol. 15, No. 4, 308-319.

Portes, A. 1998. Social capital: Its origins and applications in modern sociology. Annual Reviews Sociology. Vol. 24, 1-24.

Ramasamy, B., Goh, K., Yeung, M. 2006. Is guanxi (relationship) a bridge to knowledge transfer? Journal of Business Research. Vol. 59, No. 1, 130-139.

Rubin, H. & Rubin, I. 1996. Qualitative interviewing. The art of hearing data. California: Sage.

Sackmann, S., Phillips, M., Kleinberg, J., Boyacigiller, N. 1997. Cultural complexity in Organizations, Inherent Contrasts and Contradictions. 108 Single and Multiple Cultures in International Cross-Cultural Management Research. Munich: Sage.

Schein, E. H. 1991. Organisaatiokulttuuri ja johtaminen. Jyväskylä: Weilin+Göös.

Selmer, J. 2001. Coping and adjustment of western expatriate managers in Hong Kong. Scandinavian Journal of Management. Vol. 17, 167-185.

Selmer, J. 2002. Practise makes perfect? International experience and expatriate adjustment. Management International Review. Vol. 42, 71-87.

Selmer, J., Ebrahimi, B., Mingtao, L. 2002. Career management of business expatriates from China. International Business Review. Vol. 11, No. 1, 17-33.

Shaffer, A., Harrison, D., Gilley, K. 1999. Dimensions, determinants, and differences in the expatriate adjustment process. Journal of International Business Studies. Vol. 30, No. 3, 557-581.

Simmons, L. & Munch, J 1996. Is relationship marketing culturally bound: a look at guanxi in China. Advances in Consumer Research. Vol. 23, 92–96.

Standifird, S. & Marshall, S. 2000. The transaction cost advantage of guanxi-based business practices. Journal of World Business. Vol. 35, No. 1, 21-42.

Takeuchi, R., Marinova, S., Lepak, D., Liu, W. 2005. A model of expatriate withdrawal-related outcomes: Decision making from a dualistic adjustment perspective. Human Resource Management Review. Vol. 15, 119-138.

Tuomi, J. & Sarajärvi, A. 2002. Laadullinen tutkimus ja sisällönanalyysi. Helsinki: Kustannusyhtiö Tammi.

Tucker, M., Ronald, B., Lahti, K. 2004. The definition, measurement and prediction of intercultural adjustment and job performance among corporate expatriates. International Journal of Intercultural Relations. Vol. 28, No. 3-4, 221-251.

Tyler, T. 2003. Trust within organisations. Personnel Review. Vol. 32, No. 5, 556-568.

Varner, I. & Palmer, T. 2005. Role of cultural self-knowledge in successful expatriation. Singapore Management Review. Vol. 27, No. 1, 1-25.

Vincent, B 1998. The social structure of trust. Social Networks. Vol. 20, No. 3, 265–289.

Wiseman, R. 2001. Intercultural Communication Competence. In W. B. Gudykunst & B. Mody (Eds.), Handbook of Intercultural and International Communication. California: Sage.

Wang, X. & Kanungo, R. 2004. Nationality, social network and psychological well-being: expatriates in China. The international Journal of Human Resource Management. Vol. 15, No. 5, 775-793.

Wang, X. 2002. Expatriate adjustment from a social network perspective: Theoretical examination and a conceptual model. International Journal of Cross-Cultural Management. Vol. 2, 321-337.

Yeung, I. & Tung, S. 1996. Achieving Business Success in confucian societies: The importance of guanxi (connections). Organizational Dynamics. Vol. 25, No. 2, 54-65.

Zhuge, H. 2005. Knowledge flow network planning and simulation. Decision Support Systems. Article in press.

WWW-SOURCES

http://www.cia.gov/cia/publications/factbook/geos/hk.html CIA. The World Factbook (accessed 7. February 2006).

http://www.censtatd.gov.hk/hong_kong_statistics/index.jsp The Government of the Hong Kong Special Administrative Region. Census and Statistics Department (accessed 7. February 2006).