



Nordic expatriates in the US: The relationship between cultural intelligence and adjustment



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ABSTRACT

This study investigates the relationship between the four factors of cultural intelligence (meta-cognitive, cognitive, motivation, and behavior) and the dimensions of cross-cultural adjustment (general, interaction, and work). The sample consists of 178 Nordic (Danish, Finnish, Icelandic, Norwegian, and Swedish) expatriates working and living in the US. The findings of this study reveal that cultural intelligence is an important factor that facilitates cross-cultural adjustment for Nordic expatriates. Also, the results indicate that a greater general adjustment is related to greater meta-cognitive and motivational cultural intelligence. Increased levels of interaction adjustment are associated with greater meta-cognitive and motivational cultural intelligence. And lastly, greater work adjustment is related to greater meta-cognitive cultural intelligence. This study further provides a contribution to the body of knowledge in the cross-cultural field for Nordic expatriates, as well as having practical and theoretical implications.

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1. Introduction

Globalization has led to a significant increase in cross-cultural interactions, and thus the issue of expatriates is significant (Lee & Sukoco, 2010). Nordic organizations have taken part in this globalization and are continuing to expand their businesses internationally, depending on expatriates to transfer their existing knowledge from their home base to their host country (Björkman & Forsgren, 2002; Neroth, 2009). Each year Nordic firms make new investments in the US and others grow their well-established US operations. Foreign companies invested a total of \$236 billion in the United States in the year 2013. Cumulatively, Europe is the largest regional investor in the US. It provided more than two-thirds of all foreign investment in 2013. Of the European countries, two Nordic countries substantially increased their foreign direct investment position in the US between 2012 and 2013. Norway more than tripled its investment, and Denmark raised its stake nearly 20-fold. In 2013, Norway, Denmark and Sweden were among the top 20 largest foreign investors in the US (Organization for International Investment, 2014). Furthermore, the growing trend in the number of expatriates and international assignments from the Nordic countries in the US has highlighted the need for research on Nordic expatriates.

The literature on expatriate management has indicated that expatriate's success or failure on a foreign assignment is largely determined by his or her cross-cultural adjustment skills (Black & Mendenhall, 1990; Caligiuri, 1997; Lee, 2007; Mendenhall, Kuhlmann, Stahl, & Osland, 2002; Sappinen, 1993). In order to adjust to a new culture and work effectively, expatriates are faced with the challenge of adapting to new societal culture, professional expectations, lifestyle and norms

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(Huang, Chi, & Lawler, 2005). Cross cultural adjustment has been found to be positively related to performance on the assignment and negatively related to the premature termination of the assignment (Black, 1988; Caligiuri, 1997) and as a result researchers have examined a variety of factors which might influence and predict increased adjustment. In practice, the general belief has been that an expatriate that is successful in one assignment is more likely to be successful in another, regardless of the destination (Takeuchi & Takeuchi, 2009). The expatriate will have gained experience in intercultural communication, relocation, and cognitive skills, all of which should have a positive influence on the expatriates' cross-cultural adjustment in the new location (Black, Mendenhall, & Oddou, 1991; Selmer, 2002; Shaffer, Harrison, & Gilley, 1999). This view is often related to believing that coping skills and management practices in one country are transferable to another (Hofstede & MacCrae, 2004). However, researchers such as Hofstede (2001) and House, Hanges, Javidan, Dorfman, and Gupta (2004) have demonstrated that national culture implies that one way of acting is preferable to another. When management behaviors and management practices are found to be inconsistent with these deeply held norms and values, expatriates are more likely to feel dissatisfied, uncomfortable, and uncommitted. As a result, they may be less willing or able to perform their work well (Newman & Nollen, 1996; Testa, 2004). Therefore, management practices that have been found to reinforce national cultural values are more likely to encourage predictable behavior (Wright & Mischel, 1987), self-efficacy and high performance (Earley, 1994).

The US culture has been found to be significantly more self-reliant and achievement oriented than most other countries (Hofstede, 2001; House et al., 2004). Indeed, it has been argued (Guest, 1990) that the assumptions of business freedom and autonomy are peculiarly American, and related to Americans' view of their country as a land of opportunity that rewards success. The US culture has been argued to have an emphasis on individual performance-based rewards, and the US's 'hire-and-fire' mentality. They have a reputation of being tough negotiators but use humor whenever they can. Americans have been reported to think aloud at business meetings, be good with small talk and put great value in numbers and the written word. Successful business meetings are considered to be short and precise and a quiet person may be viewed as not prepared or as having nothing important to contribute (Lewis, 2007).

In the Nordic countries, the situation is different, there is a widespread feeling that business needs to be controlled and employees need to be treated in a socially responsible way (Brewster, 2007; Smith, Andersen, Ekelund, Graversen, & Ropo, 2003). The management of employees is considered more decentralized and democratic, where the organization charts are flat and the hierarchical differences between individuals is very small (Tizier, 1996). Managers are considered to avoid conflict as it is considered rather sterile. Titles and surnames are used less and less and for example in Icelandic business environment individuals go by their first names (Andersen, 2005). Managers are often required to remain accessible and accountable to their personnel (Smith et al., 2003). Some foreigners have found the Nordic people to be withdrawn, even cold, distant and reserved. Nordic managers have been found to express their disagreement through silence rather than in raising their voice. The Nordic individuals are not known for their small talk and are less willing to speak without a purpose (Jungner & Skytt, 1987; Lawrence & Spybey, 1986; Lindkvist, 1988).

The differences between the Nordic countries and the US have been well documented (Engwall, 1996; Smith et al., 2003) and the cultural differences can lead to misunderstandings, misinterpretations, frustration, conflicts demanding relationships (Engwall, 1996) and therefore further increasing the risk of conflict. Researchers have emphasized the importance of cross-cultural adjustment skills in international assignments (Black & Mendenhall, 1990; Caligiuri, 1997; Lee, 2007; Mendenhall et al., 2002; Sappinen, 1993). In relation to cross-cultural adjustment, practitioners and researchers in the Nordic countries are relying on research that has used samples composed of western expatriates. However, individuals within western cultures come from different cultural backgrounds, and are therefore, likely to react and behave differently when faced with the same situation (Hofstede, 2001; House et al., 2004) and as a result, adjust differently (Earley & Peterson, 2004). Since cultural differences become apparent in every aspect of the business, in-depth understanding of the local environment becomes critical for Nordic expatriates. With more knowledge on cultural adjustment, Nordic organizations will be in a better position to manage their expatriate assignments. The purpose of this paper is therefore, to gain more information on cross-cultural adaption and cultural intelligence of Nordic expatriates who are on assignments in the US. In particular, the aim is to investigate the relationship between the four factors of cultural intelligence and the dimensions of cross-cultural adjustment using a Nordic (Denmark, Finland, Iceland, Norway, and Sweden) sample of expatriates working and living in the US. Taking advantage of the previously defined cultural clusters, this study will be an important first step to explore the adjustment of expatriates from the Nordic countries in the US, and will contribute to the increasing body of literature coming from Europe on expatriate management.

The paper begins with a literature review of the key concepts of the study; cultural intelligence and cross-cultural adjustment. Then, the hypotheses of the study are set forth. The methodology section delineates the target population, data collection, instruments and control variables. Following is a discussion on the main results of the research, practical implications, limitations and subsequently future research recommendations are discussed. Finally, the conclusions of the study are drawn.

2. Theoretical development and hypotheses

According to Ronen and Shenkar (1985), countries can be clustered by their culture. Ideas, values, beliefs, and norms are argued to be embedded in a country's culture and as a result, affect the leadership behavior, goals, and strategies of organizations. In the GLOBE research conducted by House et al. (2004), European societies, for example, were grouped

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