

LEVERAGING INTERCULTURAL WORK RELATIONSHIPS:
A STUDY OF CULTURAL DIVERSITY, PERCEPTIONS
AND LEADER-MEMBER EXCHANGE BETWEEN EXPATRIATE MANAGERS
AND HOST NATIONAL SUBORDINATES

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The purpose of the dissertation is to understand the positive and negative processes of intercultural work relationships between expatriate managers and host national subordinates. As such, the research question is: How does cultural diversity affect the quality of work relationships between expatriate managers and host national subordinates? To answer the question, ideas are drawn from the cultural diversity literature and leader-member exchange theory. Hypotheses are proposed that cultural diversity can positively and negatively relate to the quality of the work relationships depending on how it is perceived by the parties involved. Specifically, if cultural diversity is perceived as a source of dissimilarity, it leads to an affect-based process, negatively impacting the quality of the work relationships. If it is perceived as a valued resource, on the other hand, it leads to a resource-based process, positively affecting the quality of the work relationships.

Using a sample of 72 expatriate manager- host national subordinate dyads, regression analyses are performed to test the proposed hypotheses. The results indicate that indeed, perception of dissimilarity relates negatively, and perception of resource value relates positively, to the quality of the work relationships. Partial support is found that the perceptions mediate the relationships between cultural diversity and the quality of the work relationships. Furthermore, there are different

processes for expatriate managers and host national subordinates. The comparison between the two revealed that: (1) expatriate managers regard value diversity (deep level cultural diversity) more negatively as a source of dissimilarity, whereas host national subordinates regard it more positively as a valued resource; (2) host national subordinates are more open to nationality differences (surface level cultural diversity) than expatriate managers. In addition, a positive relationship is found between the quality of the work relationships and host national organizational commitment, task performance and organizational citizenship behaviors, underscoring the long-term significance of expatriate-host national work relationships for multicultural organizations. Overall, the findings suggest that leveraging intercultural work relationships for competitive advantage requires strategies to develop host nationals in addition to the expatriate managers.

BIOGRAPHICAL SKETCH

Masako S. Taylor was born in Osaka, Japan. She is the daughter of Takashi and Keiko Shibata, and the sister of Akiko and Sachiko. From early in her childhood, her father's job exposed her to cultures outside of Japan. At the age of 3, she moved with her family to Bangkok, Thailand where she spent her kindergarten and first grade years. Two years after her return to Japan, she moved again to Hamburg, Germany where she attended the International School of Hamburg. It is during these early years that gave rise to her interest in intercultural interactions.

Later she moved back to Japan, and attended Doshisha Girls' High School in Kyoto, Japan. Upon graduation, Masako attended Doshisha University where she received her B.A. in English. In 1988, she then received her M.A. in English Literature from Doshisha University Graduate School. During her college and graduate school years, she traveled extensively spending summers in France, Scotland and England taking courses at the University of Nice and the University of Edinburgh.

Masako started her career in the hospitality industry as the first locally hired management trainee in Japan for Hilton International Hotels. She spent two years at Osaka Hilton International, during which time she assisted in the pre-opening training activities for the Nagoya Hilton International. Upon receiving a scholarship from the Rotary Foundation, she pursued her studies in hospitality management at Cornell University School of Hotel Administration. She graduated in 1991 with a M.P.S. and accepted a position with Takenaka Corporation assisting in the operation of their two overseas hotel projects. In 1993, she married David Taylor, a fellow Cornellian and best friend from the M.P.S. class of 91. Together, they moved to Japan to work with Hyatt International. Masako worked as training manager for the Osaka property and as training specialist for the Japan Region. She organized the staff training for the

opening of the Hyatt Regency Osaka and the Hyatt Regency Fukuoka, and ran numerous training and development programs for Asia Pacific staff and executives. After the birth of her son Joe in 1997 and Kent in 1999, she worked part-time on training and development projects in addition to teaching at local universities in Japan.

With the hope of furthering hospitality executive education in Japan, she returned to Cornell in 2000 with her family to pursue a doctorate in hospitality management. She completed all the requirements for her doctorate in June, 2007 and accepted a job as Associate Professor at the Center for International Education at Kansai Gaidai University in Osaka Japan.

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CHAPTER 1

INTRODUCTION

As multinational corporations strive to globalize their operations, managing employees across national and cultural boundaries becomes both a challenge and an opportunity (Adler, 2002). Especially critical to the success of multinational corporations is the creation and the management of intercultural work relationships between corporate managers on foreign assignments and employees hired at the local level. That is, establishing and strengthening expatriate manager and host national subordinate work relationships (Bell & Harrison, 1996; Mendenhall & Oddou, 1985). Because of culturally diverse operational practices, norms, and values, such relationships can be challenging. Yet at the same time, these relationships bring varied resources that may lead to the company's competitive advantage (Adler, 2002; Harzig, 2001; Tung, 2002). To date, expatriate management research has focused primarily on the ways of overcoming the challenges-related to foreign assignments (e.g. Black, 1988, 1992, 1994; Black & Gregersen, 1990, 1991; Caliguiri, 2000; Hannigan, 1990; Takeuchi, Yun, & Tesluk, 2002). The positive aspects have been under-explored in the literature. In order to understand expatriate experience more fully, research is needed to integrate both the positive and the negative processes of intercultural work relationships. The purpose of this study is to begin addressing this important area.

Why Intercultural Work Relationships?

The global network of work relationships is growing in significance for multinational corporations, because through it, parent company and local operations

share corporate values (Tung, 1982), exchange information, and have the potential to create a synergistic organization (Adler, 2002). To create a global network of intercultural work relationships and to hold the dispersed subsidiaries and their employees together, multinational corporations often rely heavily on expatriate managers (Adler, 2002; Black & Gregersen, 1999; Carpenter, Sanders, & Gregersen, 2000; Harzing, 2001; Nicholson, Stepina, & Hochwater, 1990). Expatriate managers are expected to perform well in their operational duties. Increasingly, however, expatriate managers are viewed as conduits to transfer organizational knowledge and sources for exercising informal control across cultural boundaries (Bartlett & Goshal, 1989; Black & Gregersen, 1999; Black, Gregersen, Mendenhall, & Stroh, 1998; Harzing, 2001). Given the geographical distance between the corporate office and the local offices, expatriate managers may often be the only direct contact that host nationals have with the corporate management team. For this reason, expatriate managers' work relationships with host national subordinates become a critical part of the organizations' global network and thus have significance beyond seemingly trivial daily interactions (Caliguiri, 2000; Zeira & Banai, 1985). This is the primary reason why this study is needed and the focus on the intercultural work relationship between expatriate manager and host national subordinate.

Research Questions

Culture, or the difference thereof, distinguishes intercultural work relationships from the same culture work relationships. To date, cultural difference has largely been associated with challenges or obstacles facing expatriate managers, and rarely with opportunities (Hiller & Day, 2003). Under the assumption that cultural difference is something to overcome or adjust to, researchers have proposed different ways in which expatriate managers can succeed (for a review, see Church, 1982; Mendenhall,

Kuhlmann, Stahl, & Osland, 2002; Black, Mendenhall, & Oddou, 1991; Thomas, 1998). Much research has addressed expatriate success in terms of their task performance and turnover intentions (Black & Gregersen, 1990; Black & Porter, 1991; Feldman & Thomas, 1992; Kraimer, Wayne, & Jaworski, 2001; Takeuchi, et al., 2002). Additionally, a substantial amount of research has examined their psychological comfort as they adjust to working with host nationals in an unfamiliar culture (e.g. Black, 1988, 1992; Black & Gregersen, 1990; Caliguiri, 2000; Hannigan, 1990; Takeuchi, et al., 2002).

While these perspectives certainly capture the cultural receptiveness of expatriate managers as they overcome the challenges associated with cultural differences, they do not explicitly address how cultural differences may be capitalized on as opportunities and how this understanding can contribute to success for a multicultural corporation in the long run. Nevertheless, the diversity literature suggests that because of cultural differences, intercultural work relationships provide opportunities to capitalize on a variety of unique resources (Cox, Lobel, & McLeod, 1991; Jehn, Northcraft, & Neal, 1999; McLeod, Lobel, & Cox, 1996; Watson, Kumar, & Michaelsen, 1993) while also running the risk of there being a “cultural clash” between expatriate managers and host-nationals (Jehn, Chadwick, & Thatcher, 1997; Polzer, Milton, & Swann, 2002). Furthermore, recent discussion in the leader-member exchange research suggests the possibility that cultural diversity may indeed have positive consequences over and beyond negative ones (e.g. Hiller & Dady, 2003).

Building on these lines of thought, this study explores both the positive and negative consequences of cultural difference on the intercultural work relationship. In particular, the purpose of this study is to understand the role of cultural difference in intercultural relationships between expatriate managers and host national subordinates. Specifically, I will address the question: *How do cultural differences between*

expatriate managers and host national subordinates affect the quality of the expatriate-host national work relationships? To answer this question, I will examine the relationship between cultural differences, perceptions and the quality of the work relationships. A supplementary question that has practical implications is: *What are the outcomes of the high quality expatriate-host national work relationships?* To answer this question, I will examine the relationship between the quality of the work relationships and host national subordinates' organizational commitment, task performance and organizational citizenship behavior.

Organization of the Study

This study is organized as follows. Chapter two provides a review of the relevant literature with an overview of the expatriate literature in terms of how their success has been defined in the past. Next, the cultural diversity literature is reviewed. Then, an outline of leader-member exchange theory provides a context for our discussion of the expatriate-host national work relationships. In chapter three, a proposed framework of the intercultural work relationship quality is outlined including its predictors as well as key processes and outcomes. Hypotheses are offered based on this framework. Methodologies for testing the hypotheses are detailed in chapter four, followed by the results in chapter five. Finally, chapter six offers a discussion of the findings including the limitations, contributions and implications both for practitioners and researchers.

CHAPTER TWO

LITERATURE REVIEW

The purpose of this chapter is to summarize the literature on expatriate management, cultural diversity and leader-member exchange (LMX) that are relevant to the relationship between cultural difference and the intercultural work relationships. First, I review the expatriate management literature with particular attention paid to expatriate success in their role as global control agents. In this context, the intercultural work relationships play an important role in contributing to expatriate success. Second, I review the cultural diversity literature and identify the affect- and resource-based processes as mechanisms that connect cultural diversity and the intercultural work relationship quality. Third, leader-member exchange theory is employed as a framework for examining the relationship between cultural diversity and the quality of the intercultural work relationship between expatriate manager and host national subordinates.

Intercultural Work Relationships and Expatriate Assignment Success

A review of expatriate assignment success literature suggests that there is a need to define expatriate assignment success in terms of their ability to build high quality work relationships with host national subordinates. Expatriate assignment success has attracted much interest as a means for multinational corporations to leverage their competitive advantage. As a result, expatriate assignment success has been conceptualized in a variety of ways depending on how expatriate roles are defined (Mendenhall, et al., 2002). A close review of the literature suggests that there is a heavy focus on short-term operational roles rather than the more enduring long-term role of expatriate manager as a facilitator of networks that motivate employee

commitment and performance. Interestingly, expatriate managers' role as global control agent has been argued as one of the most crucial aspect of the company's success, yet it has received little attention empirically. Below, I review the three aspects of expatriate assignment success defined in relation to their roles.

Multinational corporations employ expatriate managers to play three major roles (Edstrom & Galbraith, 1977): managers to local operations, organizational knowledge transferees, and global coordination agents of the parent company. First, in their role as managers to the local operations, their success is defined by staying in the position and completing their tasks while on assignment. In this role, expatriate managers are hired to fill the positions overseas for their technical expertise. For this reason, multinational corporations select expatriate managers based on their task skills (Black, et al., 1991; Tung, 1982) and support their adjustment process. Success is measured by their well-being, intentions to stay, and task performance. Studies have consistently examined expatriate success in their role as operational managers with expatriates' premature departure as the primary indicator for assignment failure (e.g. Black & Gregersen, 1990; Garonzik, Brockner, & Siegel, 2000; Shaffer & Harrison, 1998; Takeuchi, et al., 2002). Furthermore, there is extensive research on various dimensions of expatriate adjustment (for a review, see Black, et al., 1991; Thomas, 1998) that focuses on the operational role of expatriate managers. With this focus, adjustment researchers measure expatriate success by the degree of psychological comfort (Black, 1988, 1992; Black & Gregersen, 1990; Caliguiri, 2000; Hannigan, 1990), the mode of adjustment (Nicholson & Imaizumi, 1993; Nicholson & West, 1988) and their performance (Black & Porter, 1991; Earley, 1987; Feldman & Thomas, 1992; Kraimer, et al., 2001; Searle & Ward, 1990; Ward & Searle, 1991) as they adjust to work, interaction and cultural aspects of their work assignments (Black, 1988; Black, et al., 1991).

Second, as organizational knowledge transferees, expatriate managers are expected to learn from and disseminate information about their intercultural experiences. In this role, their success hinges upon their ability to add to the firms' competitive advantage by transferring and creating organizational knowledge (Wong, 2001) as they gain global competencies (Carpenter, et al., 2000; Carpenter, Sanders, & Gregersen, 2001; Nicholson, et al, 1990). Based on this role definition, their assignment success will be reflected in their ability to learn from, and share the experience with the parent company, ultimately contributing to organizational performance (Wong, 2001). Studies have examined expatriate success in terms of knowledge transfer and managerial development. For example, Carpenter, Sanders and Gregersen (2001) found that U.S. multinational corporations who have CEO's with expatriate assignment experience had higher performance in terms of return on assets and total stock market returns. They argued that this is due to the fact that expatriate managers gained global knowledge and expertise during their assignments abroad that in turn positively affected organizational performance. In a similar vein, Wong (2000), in a qualitative study of Japanese expatriate managers working for retail companies in Hong Kong, concluded that knowledge transfer and learning determines organizational performance.

Third, in their role as global agents representing multinational corporations, expatriate managers facilitate informal control and global coordination among subsidiaries. In this role, expatriate managers are expected to hold together the subsidiaries and their employees by creating a network of relationships. Through the network, parent company and local operations may exchange corporate values (Tung, 1982), knowledge, and expertise, to create a synergistic organization (Adler, 2002). As such, expatriate managers' assignment success reflects on their ability to build effective work relationships with host national subordinates. Through these

relationships they may exercise informal control by influencing host national subordinates. Although an expatriate's role as a global control agent has been discussed (e.g. Harzig, 2001), there is little empirical evidence that addresses this role to date.

In brief, expatriate success has mostly been defined in terms of their role as operational manager and to a lesser degree, organizational knowledge transferee. Surprisingly, an expatriate's role as a global control agent has received little empirical attention in the literature. Nevertheless, as economic globalization accelerates, this role becomes particularly critical to the multinational corporations as they face an increasing need to creatively hold together their geographically expanding operations (Bartlett & Goshal, 1995). Expatriate managers can help meet this need by creating a network of relationships with local operations and their employees (Adler, 2002). Long term, the network of work relationships created by expatriate managers will strengthen the organizational structure by instilling corporate values (Tung, 1982), stimulating organizational innovations, and by developing high performing host nationals who are committed to the parent company despite their geographical detachment from the corporate office. For the long term success of the company, there is a need to define expatriate assignment success as the ability to build effective work relationships with host national subordinates through which they informally control and globally coordinate foreign operations representing the corporate office (Black, et al., 1998; Harzing, 2001).

Intercultural Work Relationships As A Form of Cultural Diversity

Intercultural work relationships can be more complex than same-culture work relationships because both parties bring with them culturally diverse values, norms and expertise that may influence the development of such relationships (Griffith, Hu,

& Ryans, 2000). The literature shows that managing intercultural interactions requires additional considerations compared to intra-cultural interactions (Adair, Okumura, & Brett, 2001; Brett & Okumura, 1998; Earley & Masakowski, 2000; Watson, et al., 1993). Researchers agree that the primary reason for this challenge is embedded in the diversity that the members bring to the relationship, such as ethnicity (Tsui & O'Reilly, 1989), values (Griffith, et al., 2000; Meglino, Ravlin, & Adkins, 1991), cognitive styles (Abramson, Lane, Nagai, & Takagi, 1993) and work norms (Green & Schieman, 1978).

This literature review identifies two research streams that address how these diversity factors relate to group performance (Milliken & Martins, 1996; Riordan, 2000; Williams & O'Reilly, 1998). Simply, there are two seemingly conflicting perspectives on diversity. On the one hand, researchers advocate an affect-based process (Milliken & Martins, 1996) where social categorization theory is used to explain the influence of diversity on negative attitudes (Riordan & Shore, 1997; Tsui, Egan, & O'Reilly, 1992) and performance (Jehn, et al., 1999; Simons, Pelled, & Smith, 1999). This research stream explains that individuals in intercultural work relationships will resent each other because they have little in common, and that cultural diversity will have a negative effect on work results. On the other hand, the so-called 'value in diversity' researchers advocate a resource-based process where diversity is related to positive consequences (e.g. Watson, et al., 1993; Jehn, et al., 1999; Ely & Thomas, 2001). Based on information processing theory, this resource-based process suggests that individuals will pool their unique resources to make better decisions and be creative (Ancona & Caldwell, 1992; McLeod, et al., 1996; Jehn, et al., 1999), so that diversity will have a positive effect on work results. Each perspective is explained below.

An affect-based process of cultural diversity implies that intercultural work

relationships are often perceived as a liability due to the negative consequences of cultural differences such as miscommunication and negative attribution processes (Martinko & Douglas, 1999). In this line of thought, diversity in nationality, values, norms and behaviors between an expatriate manager and a host national subordinate is regarded as an obstacle to overcome or avoid. In fact, researchers have argued that overcoming such an obstacle is essential to expatriate success (Abe & Wiseman, 1983; Cui & Awa, 1992, Hammer, Gudykunst, & Wiseman, 1978; Kealey, 1989; Mendenhall & Oddou, 1985; Tung, 1982). For example, Kealey (1989) found that although Canadian technical advisors working abroad were capable of their work-related tasks in their expatriate assignments, problems arose in areas such as interpersonal communications, attributions and motivations that ultimately affected their work performance. Similarly, Martinko and Douglas (1999) stressed the detrimental effect of the negative attribution process caused by different cultural values in expatriate-host national interactions. Considering these difficulties caused by culture and nationality, Black (1992) stated that adjusting to the interpersonal aspects of the expatriate experience may be the most challenging for the expatriate managers. By extension, expatriate researchers have examined ways to overcome cultural diversity. Studies include how managers change their leadership behaviors in host national cultures (Lee & Larwood, 1983), consider the level of cultural distance between home and host countries (Janssens, 1995; Ward & Chang, 1997; Ward, Leong, & Low, 2004), contrast the host nationals' perception of expatriate leadership behaviors (Selmer, 1997), and examine the effectiveness of expatriates' acculturation behaviors (Thomas & Ravlin, 1995). While these studies vary in focus, the underlying assumption is that cultural diversity brings negative affect and is an obstacle to overcome.

Conversely, a resource-based process suggests that diversity is regarded as an

asset. This asset is based on the resource variety brought in from differences in nationality, values, norms, and behaviors. In this way, establishing interpersonal relationships with host nationals is essential to expatriate success because inherent advantages of diversity can be built upon through such relationships (Milliken & Martins, 1996; Williams & O'Reilly, 1998). Researchers advocate that diverse members can tap into rich resources such as broad perspectives, information, values and skills as well as social networks that each member brings with them (Jehn, et al., 1999). In turn, the group can make quality decisions, accomplish tasks creatively and increase commitment through choice. For example, heterogeneous groups have been found to excel in decision quality (Hoffman & Maier, 1961; McGrath, 1984) and creativity (McLeod, et al., 1996), especially when compared with homogenous groups (Watson, et al., 1993). Furthermore, highly diverse groups are found to develop unique work norms that facilitate their performance compared with homogeneous groups (Earley & Masakowski, 2000). Thus, cultural diversity between an expatriate manager and a host national subordinate may be considered as an asset. From this perspective, the reported expatriate-host national cultural differences such as, managerial beliefs and needs (Toyne, 1976), attitudes (Chang, 1985; Lee & Larwood, 1983), work norms (Salk & Brannen, 2000), and values (Chang, 1985), can and should be the critical elements of the expatriate-host national network and potential assets of the multinational corporation. However, this perspective has yet to be incorporated into the expatriate research.

In summary, the diversity literature explains two potential ways in which intercultural work relationships may develop and work. The affect-based process characterizes intercultural work relationships as a potential obstacle for expatriate managers to overcome. The resource-based process suggests that the same diversity can be an asset that can be capitalized upon. Williams and O'Reilly (1998) in their

extensive review of the diversity literature conclude that it is essential to develop ways to accommodate diversity so that its negative effects are attenuated and the positive benefits can be realized. This observation is directly applicable to intercultural work relationships between expatriate managers and host national subordinates, whereby expatriate managers' assignment success as a global control agent may hinge upon their ability to overcome differences and build effective intercultural work relationships with host national subordinates. In addressing this call, this study integrates these two perspectives to better understand the mechanism of intercultural work relationships between expatriate managers and host national subordinates. Next, I apply leader-member exchange theory to this domain as a framework for examining the relationship between cultural diversity and intercultural work relationships.

Leader-Member-Exchange Theory as a Framework for Analyzing Intercultural Work Relationships

Leader-member-exchange (LMX) theory offers a framework for examining cultural diversity and expatriate-host national work relationships by linking both affect- and resource-based processes to perceived work relationship effectiveness (the quality of the work relationship). LMX is a dyadic relationship-based leadership framework that has been extensively examined in domestic work situations (for a review, see Gerstner & Day, 1997; Graen & Uhl-Bien, 1995). Specifically, LMX is defined as the quality of the exchange relationship between a subordinate and his or her supervisor (Dienesch & Liden, 1986). At the core of the framework is the notion that leaders form different relationships with each subordinate based on reciprocal influence. A high quality LMX relationship represents mutually supportive subordinate-supervisor relations, involving reciprocated trust, loyalty, respect, ease of communication and influence (Dienesch & Liden, 1986; Liden, Sparrowe, & Wayne,

1997). Subordinates respond to these relationships by exhibiting high in-role performance (Liden, Wayne, & Stilwell, 1993), extra-role performance (Settoon, Bennett, & Liden, 1996) and commitment (Nystrom, 1990). On the other hand, low quality LMX relationships reflect formal, role defined interactions and restricted levels of reciprocal influence and support. This type of relationship is illustrated by a manager's use of formal organizational authority and provision of standard organizational benefits. Subordinates respond to such leadership by complying with their formally defined job responsibilities.

While sparse in its application to intercultural work relationships (Hiller & Day, 2003), the LMX framework captures the aspects that are critical to expatriate managers' work relationships with host national subordinates (Varma & Stroh, 2001). First, LMX captures the affect-based aspect of the work relationship (Dienesch & Liden, 1986; Liden & Maslyn, 1998), which is a core component of the intercultural work relationships. More specifically, positive affect, such as liking each other is a significant aspect (Dockery & Steiner, 1990; Liden, et al., 1993), and predictor (Judge & Ferris, 1993; Wayne & Ferris, 1990) of LMX. There are consistent findings that perceived similarities, especially in work values and attitudes, positively affect LMX quality. For example, high quality relationships have been found with leader-member similarities in attitude (Phillips & Bedeian, 1994; Wexley, Alexander, Greenawalt, & Cough, 1980), attributes (Liden, et al., 1993; Turban & Jones, 1988), positive affect (Bauer & Green, 1996), conscientiousness (Deluga, 1998), and work value (Steiner & Dobbins, 1989). Whether this relationship holds in an intercultural situation requires an empirical examination.

Second, LMX also captures the resource-based aspect of work relationships. Specifically, the notion of how much each dyad partner contributes to the relationship is a predictor of LMX (Liden & Maslyn, 1998). Contributions can include the

amount of valued resources that one sees the other bringing to the relationship (i.e., information, skills and expertise). For instance, Liden and Maslyn (1998) identified “professional respect” as a dimension of LMX and suggested that if a host national subordinate believes that the expatriate manager brings with him relevant work-related resources that are of value to the host national subordinates, they may reciprocate by working harder and develop a high quality LMX relationship. Contrary to the affect-based aspect, little is known about how the resource-based aspect of LMX relationships is related to the quality of LMX relationships (Maslyn & Uhl-Bien, 2001) and requires further study.

Additionally, LMX is associated with subordinates’ work outcomes. Research suggests that the quality of the exchange between a leader and the subordinate is positively related to performance and related attitudes, especially for the subordinate (Gerstner & Day, 1997; Graen & Uhl-Bien, 1995). For example, LMX is found to influence subordinates’ organizational commitment (Hui & Law, 1999; Gerstner & Day, 1997), in-role performance and extra-role behaviors ((Settoon, et al., 1996). However, empirical research is needed to test the applicability of LMX theory to an intercultural context.

In summary, LMX provides a framework that captures both affect- and resource-based aspects, and thus may be a fruitful lens through which to view intercultural work relationships. This theoretical framework allows us to examine these processes as well as the relevant outcomes in an intercultural context using expatriate-host national work relationships.

Chapter Summary

As the expatriate managers’ role as a global control agent for the multinational corporation grow in significance, so will the value of strong intercultural work

relationships between expatriate managers and their host national subordinates. The current understanding of intercultural work relationships suggests that culture-related diversity such as nationality and values make it difficult to work with someone from a different cultural background. However, diversity researchers advocate that despite the potential problems, cultural diversity can also be leveraged based on valued resources. Furthermore, LMX theory suggests that these two processes can be closely linked to intercultural work relationship quality. Thus, the differential relationships (based on affect- and resource-based processes) and the quality of LMX using a sample of matched expatriate – host national dyads, is the focus of this study. Finally, the study will validate the benefits of the intercultural work relationships by examining their host national work outcomes with regard to performance and commitment.

CHAPTER 3

THEORY AND HYPOTHESES

In this chapter, eight hypotheses are offered relating to cultural diversity, perceptions, and the intercultural work relationship quality. Additionally, three hypotheses propose a positive relationship between the quality of the work relationships and host national subordinates' performance and attitude. Figures 1 and 2 outline these proposed relationships. Specifically, Figure 1 integrates the affect- and resource-based processes of cultural diversity to predict the quality of the intercultural work relationships. An affect-based process indicates the degree cultural diversity is perceived as a source of difference (perceived dissimilarity) and its negative influence on the quality of the intercultural work relationships. On the other hand, a resource-based process indicates the degree cultural diversity is perceived as a source of value (perceived resource value) and its positive influence on the quality of the intercultural work relationships. Overall, the framework highlights the processes that can be built on to maximize the positive aspects of, as well as minimize the negative aspects of the expatriate-host national work relationships. Additionally, Figure 2 outlines the hypothesized relationship between the quality of the intercultural work relationships and host national subordinates' performance and attitudes. These hypotheses assist in highlighting the practical implications of expatriate managers' success in terms of their role as global control agents.

The Role of Perception

The evidence in the literature is inconclusive regarding whether cultural diversity positively or negatively relates to the intercultural work relationship quality (Milliken & Martins, 1996; Williams & O'Reilly, 1998; Riordan, 2000). An affect-

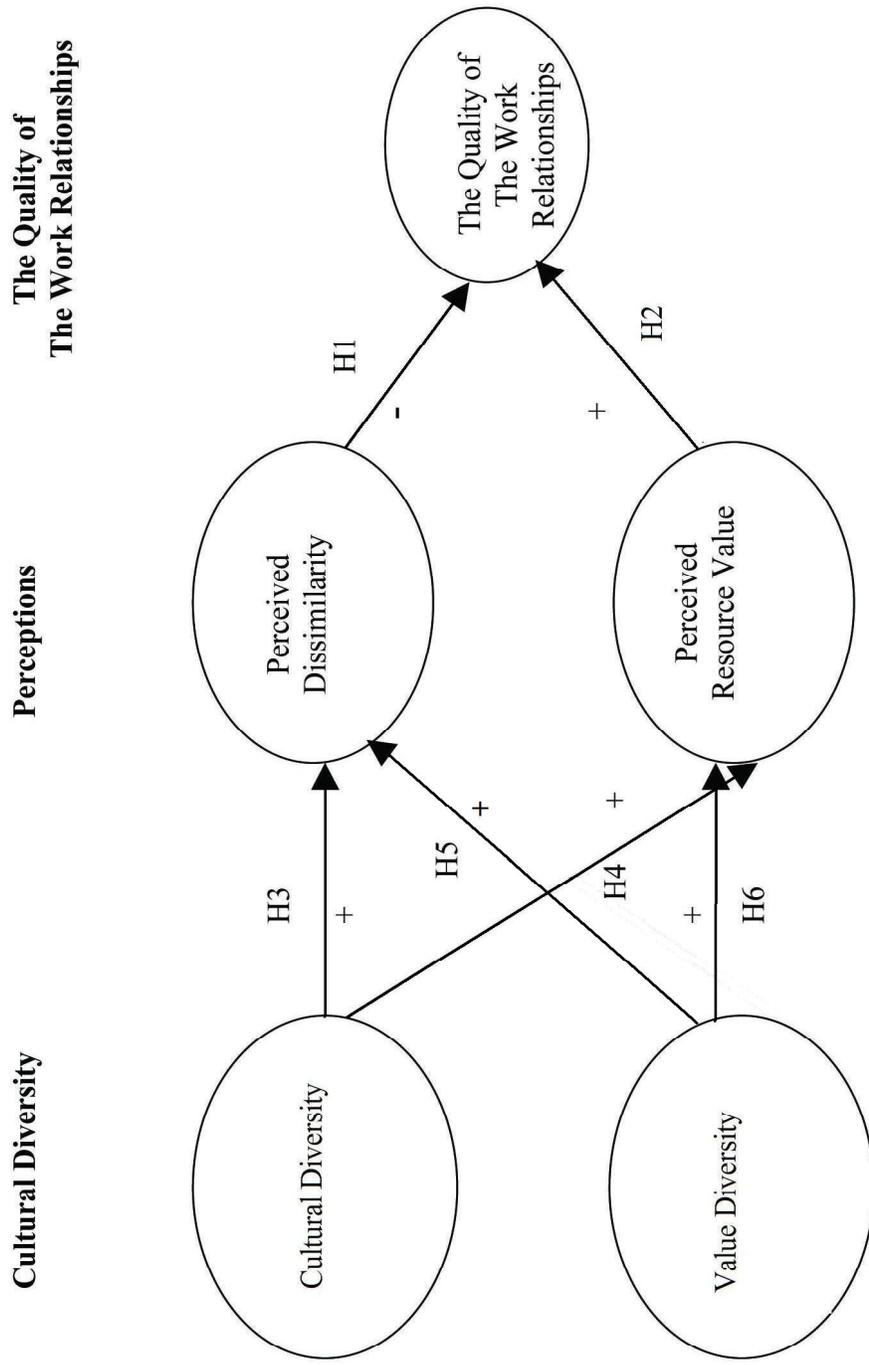
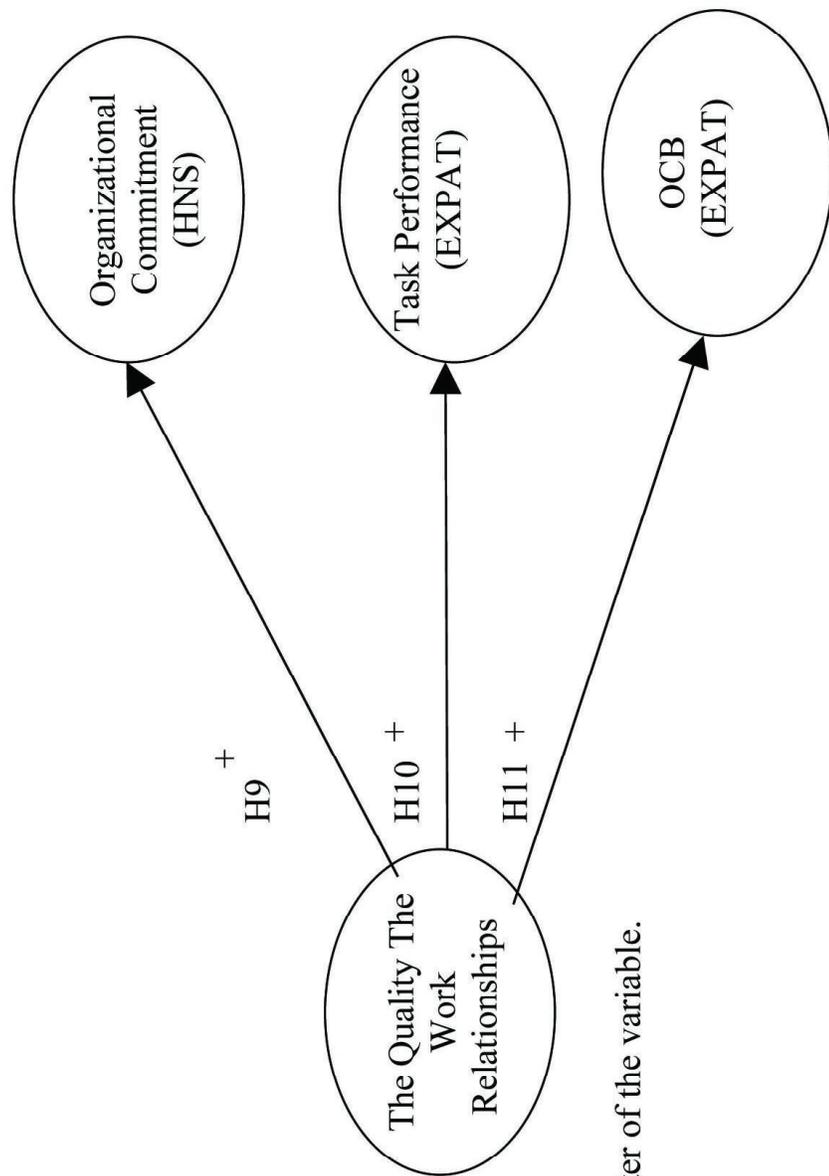


Figure 1: A Model of Cultural Diversity and The Quality of The Work Relationships between Expatriate Managers and Host National Subordinates



* () indicates the rater of the variable.

Figure 2: A Model of The Quality of The Work Relationships and Host National Performance and Attitude Outcomes

based process suggests that cultural diversity has negative consequences on the intercultural work relationship quality because there will be in-group/out-group distinctions between dyad members which may cause negative attitudes toward each other. A resource-based process suggests that the same cultural diversity has positive consequence on the intercultural work relationship quality because there will be varied resources that can be pooled to solve problems creatively and to make better decisions. While empirical studies largely support the negative consequences of an affect-based process (e.g. Ancona & Caldwell, 1992; Tsui, et al., 1992), inconsistencies remain in the studies based on the positive consequences illustrated in resource-based studies. For example, several studies have found that diversity positively influences performance on cognitive tasks (Bantel & Jackson, 1989), and creativity (McLeod, et al., 1996). Others found unfavorable performance on such tasks (e.g. Murnighan & Conlon, 1991).

In response to these inconsistencies, I propose that perception plays a central role in cultural diversity's effect on the intercultural work relationship quality. The theory of guided action (Fishbein & Azjen, 1975) indicates that individual perceptions and their favorable or unfavorable attitudes toward those perceptions ultimately produce behaviors combined with other factors. As such, the same cultural diversity factor may have differential effects on the intercultural work relationship quality depending on how the dyad members perceive these factors. This idea helps to explain why cultural diversity can have two seemingly competing processes that determine the intercultural work relationship quality. Depending on how cultural diversity is perceived, its impact on the quality of the work relationship differs.

Surprisingly, the role of perception has not been fully considered in the diversity literature; however, some researchers on work groups have alluded that cultural diversity differentially relates to work group outcomes depending on the

members' perceptions. For example, a positive effect of racial diversity was found when group members perceived racial diversity as a cultural difference that enhances creative problem solving (McLeod, et al., 1996). Similarly, a positive effect was found for racial diversity when it was perceived as an opportunity to integrate and learn from each other (Ely & Thomas, 2001). On the other hand, a negative effect was found for work group involvement when diversity was perceived as a source of information or merely a visible dissimilarity (Hobman, Bordia, & Gallois, 2004). Furthermore, racial diversity leads to both positive and negative outcomes (e.g. Maznevski, 1994) when it is perceived as a source of information but causes problems when individuals have difficulty in understanding or accepting it.

In sum, the message that resonates throughout these studies is that cultural diversity has potentially positive and negative effects on how group members work together, and that how members perceive cultural diversity determines the direction of each effect. I build on this idea to argue that the effect of cultural diversity on the quality of intercultural work relationships is determined by how the dyad members see the situation. If they perceive challenges and obstacles in cultural diversity, there will be negative consequences to the intercultural work relationships. Alternatively, there will be positive consequences if cultural diversity is perceived as an opportunity or resources to learn and build from.

Perceptions in The Quality of The Intercultural Work Relationships

By perceptions in intercultural work relationships, I refer to the perceptions of both expatriate managers and host national subordinates. Although expatriate researchers have focused primarily on the expatriate managers' perspective in examining their success, this current study considers the host national subordinates' perspective as a valuable part of expatriate success. Host national subordinates'

perceptions are also significant in understanding the intercultural work relationship quality for two reasons. First, a subordinate's perception has been found to be a more accurate indicator of work relationship outcomes than that of a supervisor's (Graen & Uhl-Bien, 1995). Second, the quality of the work relationships can only reach the fullest potential when subordinates make a conscious decision to participate in these relationships (Isaac, Wilson, & Pitt, 2004). In other words, even when expatriate managers make the effort to build strong work relationships with their host national subordinates, unless the host nationals make a reciprocal effort, such relationships cannot be achieved.

Below, I have identified relevant perceptions for affect- and resource-based processes between cultural diversity and the intercultural work relationship quality.

An Affect-Based Process: Perceived Dissimilarity

Central to an affect-based process in intercultural work relationships is the recognition that the person you are working with does not share the same perspective toward work. I will refer to this as *perceived dissimilarity*. Self-categorization theory (Turner, Hogg, Oakes, Reicher, & Wetherell, 1987) suggests that cultural diversity will cause a dyad member to believe that the other has different values and attitudes toward work. The basic premise of self-categorization theory is that individuals categorize others based on how different or similar they are. The differences can be demographic such as ethnicity or age, or functional such as occupation (Polzer, et al., 2002). However, culture is one of the most salient social characteristics when two individuals from different cultural backgrounds interact (Fiske & Taylor, 1991). For example, individuals perceive greater dissimilarities between themselves and those from other races than among the same race (Byrne & Wong, 1962). Based on how similar others are, individuals form an in-group categorization and focus on positive aspects of the in-group. Based on how different others are, however, individuals also

form out-group categorizations. These categorizations focus on the negative aspects of the dissimilarity as opposed to accentuating the positive aspects of in-group membership (Tajfel, 1982; Brewer, 1979). As a result, out-group categorization often results in negative affectivity such as dissatisfaction and low commitment toward others that are perceived as dissimilar.

Research suggests that similarity is one of the most significant predictors of positive affect such as attraction and friendship (Byrne, 1971; McGrath, 1984). Similarity in attitudes and ease of interpersonal interaction increase rewards in exchange relationships (Thibaut & Kelley, 1959). Moreover, attitude similarity facilitates communication, and as a result, reduces role conflict and ambiguity (Tsui & O'Reilly, 1989). Following this logic, researchers have shown that perceived similarity is positively related to high quality LMX in same-culture work relationships. For example, Liden, Wayne and Stilwell (1993) in their domestic (U.S.) study of 166 new employees during their first 6 months working with an immediate supervisor found that both the subordinate's and the supervisor's perception of similarity consistently predicted LMX. Phillips and Bedeian (1994) also found that LMX quality is positively related to supervisor-subordinate attitude similarity. These empirical results are consistent with self-categorization theory (Turner, et al., 1987) and suggest that high quality work relationships are developed based on in-group memberships. Likewise, similarity attraction theory supports this logic by suggesting that people like those who have similar qualities (Byrne, 1971), and thus will likely develop closer relationships with those who they feel are similar. Therefore, this literature suggests that a perception of dissimilarity should negatively affect the quality of the work relationships because of the negative affectivity that dissimilarity causes. Hence, I extend this line of research by applying the affect-based process to intercultural work relationships:

H1: Perceived dissimilarity is negatively related to the quality of the work relationships between expatriate managers and host national subordinates.

A Resource-Based Process: Perceived Resource Value

The perception that is central to a resource-based process is what I label *perceived resource value*. It is the perception that the resources the other member of the intercultural work relationship brings with him/her are of value. This perception is significant in the process of evaluating how one may benefit from the unique resources brought in by the other member. The idea of resource-based processes is less established in terms of the diversity literature, but similar ideas can be found in studies examining the role of psychological rewards based on social exchange theory (e.g. Kraimer, et al., 2001; Settoon, et al., 1996).

Social exchange theory explains why perceived resource value is relevant to high quality work relationships. Social exchange theory suggests that interpersonal interactions are motivated by a desire to maximize rewards and minimize losses (Thibaut & Kelley, 1959). The basic premise of the theory is that relationships that provide more rewards than costs will result in enduring trust and attraction (Blau, 1964) and will be reciprocated (Gouldner, 1960). Rewards include both material and psychological rewards such as support, compensation, approval and loyalty. For example, when a supervisor provides a subordinate with supporting behaviors, then subordinates may reciprocate by performing beyond their role requirements.

Traditionally, social exchange theory and the norm of reciprocity have been used to link the motivations behind employee behaviors and positive employee attitudes (March & Simon, 1958). More recently, however, researchers apply social exchange theory to explain the exchange behaviors in the manager-subordinate dyadic

work relationships (Organ, 1988; Rousseau, 1989). The findings suggest that the psychological rewards provided by the immediate supervisors positively influence the establishment of the high quality exchange relationships (Deluga, 1994; Kraimer, et al., 2001; Settoon, et al., 1996) where subordinates exhibit positive behaviors (Shore & Wayne, 1993).

To date, the research on exchange objects has been limited to psychological rewards such as perceived supervisor support (Kraimer, et al., 2001), trust building behaviors (Deluga, 1994) and perceived effort by the dyadic partner (Maslyn & Uhl-Bien, 2001). However, other forms of rewards may play a significant role in predicting the work relationship quality. In the current context, if a dyad member perceives the cultural resources, such as different perceptions, values and information as valuable, yet available only through the intercultural work partner, they are more likely to strive for a high quality relationship. This argument is consistent with Ely and Thomas' (2001) claim that group members' beliefs and expectations about cultural diversity predict how they capitalize on the diversity. Through qualitative studies of three organizations, they found that groups that perceived the diversity as an opportunity to "integrate" and "learn" were able to utilize their differences to enhance their work processes and outcomes. They argue that these groups regarded the diversity as "a resource for learning and adaptive change" (p.240).

Likewise, Weber and Donahue (2001) suggest that the recognition of different perspectives is essential to maximize the potential of job-related diversity on group cohesion and performance. They conducted a meta-analysis examining the effect of the diversity on task performance. However, despite the prediction based on the resource-based process that job-related diversity has a positive relationship with performance, they failed to find a significant relationship. In explaining the non-significant result, Webber and Donahue posit that it is not so much the resources per

se that contribute to group performance, but it is the members' 'ability to *recognize* different perspectives' (p.158, italics added) that leads to positive group outcomes. In order to pool and maximize the variety of resources, Webber and Donahue argue that group members should *recognize* the potential value of the diversity. More recently, a similar argument appeared (Van Knippenberg, De dreu, & Homan, 2004). Van Knippenberg and colleagues proposed that work group diversity positively influences decision quality and innovation when information related to it is pooled and built upon through diverse resources. However, they caution that in order to enjoy this process, group members should *recognize* that the other members bring in resources such as information and a network. Together, these arguments suggest that to enjoy the positive effect of cultural diversity, dyad members' must first perceive the value in cultural diversity. Thus, I propose that perceived resource value should positively influence the quality of the work relationships.

H2: Perceived resource value is positively related to the quality of the work relationships between expatriate managers and host national subordinates.

In summary, there are two perceptions that are relevant to the intercultural work relationship quality: perception of dissimilarity based on an affect-based process, and perception of resource value based on a resource-based process. While the former is hypothesized to negatively affect the quality of the work relationships, the latter is proposed to have a positive relationship with the quality of the work relationships.

Cultural Diversity and Perceptions

To understand how individuals perceive cultural diversity, we need to first determine the factors that reflect culture. Culture can present itself at different levels:

surface and deep-levels (Harrison, Price, & Bell, 1998; Harrison, Price, Gaven, & Florey, 2002; Van Vianen, De Pater, Kristof-Brown, & Johnson, 2004). Consequently, cultural diversity can be expressed in terms of surface-level cultural diversity as divergent observable characteristics, and deep-level cultural diversity in terms of a difference in unobservable characteristics. More specifically, surface level cultural diversity can be defined as differences among dyad members in overt features (Harrison, et al., 1998), such as ethnicity, race or nationality (Tsui, et al., 1992; Tsui & O'Reilly, 1989), whereas deep-level diversity also called “diversity in underlying attributes” (Jackson, et. al., 1995) is defined as unobservable, often psychological differences that can only be detected through extended interaction and information gathering. Typically, cultural diversity at a deep level refers to differences in attitudes (Harrison, et al., 1998), values (Van Vianen, et al., 2004), and personality (Deluga, 1998).

Earlier diversity research generally focused on the observable surface-level culture, often in the form of demographic factors such as nationality and ethnicity. Nevertheless, researchers argue more recently that the less obvious (deep-level) diversity factors also affect work group outcomes. Examples include the effects of value congruence (Adkins, Ravlin, & Meglino, 1996; Jehn, et al., 1997) and personality similarity (Deluga, 1998) on work outcomes. Research to date has shown that both surface- and deep-level diversity differentially influence group performance in terms of group cohesiveness (Harrison, et al., 1998) and problem solving. More relevant to the current context, evidence is found that deep-level value diversity is inversely related to expatriate adjustment (Van Vianen, et al., 2004). Furthermore, contextual differences such as time and the amount of collaboration diminish the effects of surface- level diversity while enhancing the effects of deep-level diversity (Harrison, et al., 1998). Thus, to capture the complex effect of diversity on

intercultural relationships, distinguishing between surface- and deep-level cultural differences is critical. To this end, there are two separate hypotheses representing surface-level and deep-level cultural diversity.

Surface-level Cultural Diversity:

Nationality is an expression of culture at the surface level because it is easily observable. Nationality is often the most apparent distinguishing characteristic between expatriate managers and host national subordinates. Thus, the nationality difference, or cultural distance can be considered representative of surface-level cultural diversity. Cultural distance refers to the degree of difference between two countries, often measured in terms of national level values (Manev & Stevenson, 2001; Gong, 2003; Gong, Shenkar, Luo, & Nyaw, 2001). This surface-level cultural diversity is visible and identifiable well before individuals interact with each other.

Surface-level cultural diversity likely leads to an affect-based process in intercultural work relationships. That is, in dyadic relationships, Tsui and colleagues (Tsui, et al., 1992) suggest that observable personal and background characteristics play a critical role in the initial categorization process. In the current context, a dyad member is likely to categorize the other based on his/her nationality because it is the most salient cue for out-group distinction (Fiske & Taylor, 1991). For example, host national subordinates will consider expatriate managers as outsiders because they are ‘foreign’ rather than ‘local’. Furthermore, a Japanese host national subordinate will consider an American expatriate more dissimilar compared to a Korean expatriate, because Japan and Korea have geographical proximity as well as more common national level characteristics than the U.S. As such, the degree of cultural distance should be related to the degree to which members of intercultural work relationships perceive differences in work-related values and attitudes. Therefore, I predict the following hypothesis:

H3: Cultural distance between expatriate managers and host national subordinates is positively related to perceived dissimilarity.

Surface-level cultural diversity can also lead to a resource-based process based on informational diversity. For example, the expatriate managers might see value in the host national subordinates' local network and information. They might also value the host national subordinates' skills (i.e. language) and expertise (i.e. customs, different perspectives) that are unique to the local environment. The larger the cultural distance, the more inaccessible local resources are for expatriate managers, thus making the host national subordinates' resources more valuable. Likewise, host national subordinates will see value in expatriate managers' social network and information related to the country of origin, especially if they aspire to a global career. The more geographically and culturally different the country which expatriate managers come from, the more information is unknown or potentially valuable to host national subordinate. This makes the resources brought in by expatriate managers more attractive and valuable. Thus,

H4: Cultural distance between expatriate managers and host national subordinates is positively related to perceived resource value.

Deep-level Cultural Diversity:

At the deep-level, value diversity represents culture-based diversity for expatriate-host national work relationships (Harrison, et al., 1998; Harrison, et al., 2002; Van Vianen, et al., 2004). Values are known to differ systematically across nationalities (Hofstede, 1980). For example, countries such as the United States and

Japan are known to differ in their collectivistic and hierarchical values. However, values should be distinguished from nationality because individuals also vary in their values within each national culture (Hambrick, Davison, Snell, & Snow, 1998; Triandis, 1989). For example, a Japanese individual who spent most of his childhood in the U.S. may have more individualistic values than an average Japanese. As such, individuals' value differences may deviate from their national membership differences.

Although deep-level cultural diversity may be difficult to observe, it can influence how individuals see others. This is because values are the guiding principles of individuals' behaviors (Schwartz, 1992) and are influential in forming perceptions about others once they are unveiled. Through daily interactions, expatriate managers and host national subordinates will exchange information and consequently learn about each other's personal values that may be distinct from the cultural stereotypes. As such, individuals will categorize other based on individual values. Depending on how similar or dissimilar individual values are, individuals will form their perceptions. Thus, the higher the value diversity, the more one will see dissimilarity in the other's attitude toward work in the expatriate manager- host national subordinate work relationships:

H5: Value diversity between expatriate managers and host national subordinates is positively related to perceived dissimilarity.

A difference in values at the deep-level can also be considered a valuable resource in intercultural work relationships. Individuals have access to resources when they have information and resources that allow them to work more efficiently (Spreitzer, 1996). Although one may assume that individuals from another country

should bring with them rich resources such as information and social networks, whether they actually have these resources may differ individually. In other words, whether dyad members actually bring with them the useful resources such as information and a network may differ over and beyond their nationality. For example, individuals who are more socially-oriented may have more social resources such as informal relationships and a wider information network. Alternatively, an American expatriate who grew up in Japan may be more similar in values with Japanese host nationals, and at the same time, only bring resources to the work relationship that are already available to the Japanese host national subordinate. As such, although it is not easily noticeable on the surface, the degree to which dyad members differ at the individual level will eventually influence how much resource value they see in each other. Especially relevant to the current context is the sources of creativity such as new perspectives and values, in addition to an established network that the other will bring to the work relationship. Thus, it is posited that the higher the value diversity, the higher the perception of resource value.

H6: Value diversity between expatriate managers and host national subordinates is positively related to perceived resource value.

The Mediating Role of Perceived Dissimilarity and Perceived Resource Value

As previously discussed, cultural diversity should have differential effects on the quality of the work relationships depending on how they are perceived. Thus, the degree that dyad members perceive the diversity factors negatively (i.e. a source of dissimilarity) or positively (i.e. a source of valued resources) determines the quality of the work relationships. If the diversity factors lead to a perception of dissimilarity,

thus leading to an affect-based process, the negative aspects of the relationship will be reinforced. As such,

H7: Cultural distance and value diversity are negatively related to the quality of the work relationships through perceived dissimilarity.

However, if the dyad members think that the differences yield benefits to themselves, then cultural diversity will lead to a resource-based process and positively influence the work relationship quality. In other words, to the extent dyad members perceive the differences as valuable resources, surface- and deep-level differences will be positively related to high quality relationships.

H8: Cultural distance and value diversity are positively related to the quality of the work relationships through perceived resource value.

Host National Subordinates' Performance Outcomes

Lastly, a separate model is proposed to examine the relationship between the quality of the work relationships and host national outcomes. This is of particular interest when evaluating expatriate managers' success through the intercultural work relationships. The expatriates' success as a global control agent may be reflected in the ability to create high quality relationships which impact host national subordinates to be organizationally committed, yield high task performance, and exhibit organizational citizenship behaviors.

Organizational Commitment

Organizational commitment refers to the psychological attachment of employees to their employers (Allen & Meyer, 1997; O'Reilly & Chatman, 1986).

Commitment to organizations is related to outcomes such as reduced turnover intentions and greater motivation (Allen & Meyer, 1991; 1997). For employees of multinational organizations, organizational commitment may mean two things: commitment to the local operations and to the parent company. Research has focused on this multiple commitment issue for expatriate managers (Black & Gregersen, 1992a, 1992b), arguing that it is necessary for them to be dually committed to the local and parent organizations. However, the issue of host national commitment has not been explored adequately. Nevertheless, in view of the expatriate managers' role as a global coordination agent, the host nationals' commitment to the parent company is a critical success factor. For host national workers who operate exclusively in the local environment detached from the parent company, it is difficult to be psychologically attached to the parent company.

Recent research suggests that commitment may be more accurately understood by distinguishing between general (organization as a whole) and specific (one or more constituents within the organization, such as a supervisor) constructs (Becker, 1992; Reichers, 1985; Siders, George, & Dharwadkar, 2001). Drawing from organization theory, Reichers (1985) introduced this argument based on the fact that organizations are comprised of constituencies such as individuals and groups. For example, constituencies include top management, supervisors (Becker, Billings, Eveleth, & Gilbert, 1996), work groups, colleagues and customers (Siders, et al., 2001). Reicher's proposition of constituent-based commitment was later supported by Becker's (1992) work which found that indeed there are distinctions between global commitment to the organization and three specific constituencies: work groups, supervisors and the top management.

While some researchers argue that organizational commitment is a parallel construct to other commitments to specific constituencies, Hunt and Morgan (1994)

showed that constituency specific commitments are best explained as leading to, or positively related to, organizational commitment. From their perspective, constituencies represent different aspects of an organization. As such, developing commitment to constituencies such as supervisors and the top management will not diminish neither contribute to organizational commitment. Furthermore, commitment to a supervisor was an especially strong indicator of global organizational commitment (Hunt & Morgan, 1994). Following this line of argument, a high quality work relationship with an expatriate manager should foster a host national subordinate's commitment to the parent company. High quality relationships involve an affect-based component that is at the core of commitment. Thus, host national subordinates who are in a high quality relationship should have a feeling of affect-based attachment to the expatriate manager. Because expatriate managers come to this work relationship as a representative of the parent company, such feelings should be positively related to commitment to the parent company.

H9: The quality of the work relationship is positively related to the host national subordinate's organizational commitment to the parent company.

Task Performance

Likewise, being in a high quality intercultural work relationship, host national subordinates will likely exhibit high task performance. Job performance is defined as behaviors that are under the control of the individual and contribute to the goals of the organization (Rotundo & Sackett, 2002). Task performance can be defined as behaviors that contribute to, but are not limited to, the production of a good or the provision of a service (Rotundo & Sackett, 2002). These behaviors are expected in the individual's role. For host national subordinates, their behaviors are appraised and

rewarded based on their ability to effectively and cooperatively run the local operations under an expatriate manager's supervision.

Host national subordinates experiencing a high quality intercultural work relationships should exhibit high task performance for two reasons. First, because high quality work relationships involve frequent and reciprocal communications, host national subordinates likely have a clear idea about the managers' expectations. Such role clarity will facilitate host nationals' task performance by reducing an unnecessary effort required to speculate upon the 'right' way of doing the tasks. Second, subordinates in high quality work relationships enjoy support and backing from the supervisor to overcome work-related problems. As such, host national subordinates are more likely to expend their full energy in performing their tasks appropriately and to the expectations. In support of this proposition, studies have found a positive relationship between high quality relationships and subordinates' task performance in the samples from the U.S. (Deluga & Perry, 1991; Liden, et al., 1993) and Holland (Janssen & Van Yperen, 2004). Therefore, I predict:

H10: The quality of the work relationship is positively related to the host national subordinates' task performance.

Organizational Citizenship Behaviors

Finally, LMX theory provides support for the notion that subordinates in high quality intercultural work relationships will exhibit greater organizational citizenship behaviors (OCB). OCB refers to voluntary employee actions that benefit employers but are not required by the organization (Welbourne, Johnson, & Erez, 1998). More specifically, those behaviors targeted to benefit other individuals should best reflect OCB in the current context. Because LMX theory is based on a social exchange

relationship, there is a perceived obligation on the part of the subordinate to reciprocate a high quality relationship (Blau, 1964; Gouldner, 1960). One way in which to reciprocate is to extend their performance beyond their formal role obligations. In other words, in an effort to return the favor extended from their managers within the LMX relationship, subordinates will engage in OCB that benefit their leaders and others in the work setting. For example, Settoon and colleagues (Settoon, et al., 1996) found that LMX is positively related to OCB. Hui & Law (1999) also found this relationship in a Chinese context. Thus,

H11: The quality of the work relationship is positively related to the host national subordinate's OCB.

Chapter Summary

In this chapter, hypotheses are proposed based on two models. The first model integrates an affect- and a resource-based processes of intercultural work relationships involving five variables: cultural diversity (deep and surface level), perceptions (dissimilarity and resource value) and the quality of the work relationships (SLMX/LMX). The first and perhaps the most significant proposition is that perceptions influences SLMX/LMX differentially: the perception of dissimilarity negatively influences SLMX/LMX and the perception of resource value positively influences SLMX/LMX. Next, it is proposed that surface level (cultural distance) and deep level (value diversity) cultural diversity is differentially related to SLMX/LMX. Furthermore, hypotheses are proposed on the mediating role of the two perceptions, suggesting that depending on how dyad partners perceive cultural diversity, there will be positive or negative effects on SLMX/LMX.

The second model predicts that SLMX/LMX will positively influence host

national subordinates' organizational commitment, task performance and OCB. These predictions are particularly useful in verifying the practical implication of the current approach.

CHAPTER 4

METHODOLOGY

Data Collection Procedures

With the assistance of the Cornell University School of Hotel Administration, data were collected from individuals who are currently in expatriate manager-host national subordinate relationships. Two sources were used to reach potential respondents. The first source was a list of individuals registered at the Center for Hospitality Research at Cornell University. These individuals have previously agreed to be contacted via email regarding issues related to public relations. Since the list only contained the name, the address, and the employer of the individuals, it was not possible to accurately identify whether they were currently working outside their native country. Thus, only the individuals who clearly did not match the expatriate or host national profile were eliminated. Examples included those who work for a U.S. based company that do not have an international presence, or those who were self-employed. The final list contained 3,945 contacts who may or may not be qualified as the survey respondents. The second source was a list of Cornell University School of Hotel Administration graduates with a non-U.S. work address. There were 582 alumni who resided outside of the country at the time of the survey. However, since these included non-U.S. nationals, their involvement in an expatriate-host national work relationship was also unclear. In total, based on the two sources, 4,527 individuals were contacted through electronic mail.

An initial email was sent in batches of 500 per day in October 2005 to individuals on the final list. Appendix 1 contains a sample email letter. The letter briefly introduced the study, asked participants for their assistance if they met the expatriate-host national profile, and provided an individual ID number along with a

link to the web-based survey. Most importantly, the contact information of the dyad partner (i.e. an expatriate manager or a host national subordinate) was also requested. Once a completed survey was returned, a separate email was sent to the identified dyad partner with a link to a relevant web-based survey asking for his/her input at a later date (Appendix 2). Individual ID numbers were used to match the dyad partners. A reminder email was sent two days after the indicated deadline for all respondents. Strict confidentiality was promised. In order to locate more potential respondents, referrals were requested to identify other individuals involved in an expatriate-host national work relationship. As a result, 65 additional contacts were obtained and 11 chose to complete the survey (12%).

Since the list of individuals on the mailing list included numerous individuals who did not qualify based on the study's sample profile, the overall response rate is not meaningful and not reported here. However, 126 responses to the initial email request were returned. Of the 126, 92 were expatriate managers and 34 were host national subordinates. Seventy-two of the dyad partners to the initial 126 respondents responded to the request to participate in the survey. For the 92 expatriate managers who initially participated in the survey, 60 of their host national subordinates returned the survey yielding a response rate of 65%. For the 34 host national subordinates who responded to the initial invitation to the survey, 12 of their expatriate managers responded which corresponds to a 35% response rate. In total, 104 expatriate managers and 94 host national subordinates completed the data (total=198). Of those, there were 72 usable matched expatriate manager-host national subordinate dyads. The remaining unmatched responses were eliminated from the data.

Sample

The sample is very unique in that it represents matched multinational expatriates and host nationals in leader-subordinate relationships working in various parts of the world. Descriptive statistics on the data sample are presented in Tables 1 and 2. Table 1 summarizes sample nationalities. Final sample consisted of 72 expatriate manager-host national subordinate dyads located in 29 countries around the world. Of all, 46 dyads (63.9%) work in Asia and 10 (13.9%) in Europe. Other locations included Russia, the Middle East, South America, Africa and countries in the Pacific. The expatriate manager sample consisted of 28 nationalities. The top three nationalities represented approximately 50 percent of the sample and comprised Americans (n=11, 15.3%), Japanese (n=9, 12.5%) and Australians (n=8, 11.1%). Table 2 summarizes industries in which respondents work. Approximately 72 percent of the dyads represented the hospitality industry (n=52, 72.2%). The remaining industries included financial (n=6, 8.3%), manufacturing (n=6, 8.3%), marketing organizations (n=3, 4.2%), and one each from the information technology, real estate, and distribution industries. About 80% of the expatriate managers were male (80.6%) with roughly 20% (19.4%) female. The average age of expatriate managers was 40.53 (SD=6.64) years old. The host national subordinate sample consisted of 29 nationalities. Chinese (n=22, 30.6%) was the largest followed by Japanese (n=9, 12.5%) and South Korean (n=5, 6.9%). Approximately sixty percent were male (59.7%) and the forty percent female (40.3%). The average age of host national subordinates was 35.9 (SD=7.82) years old. The dyads had been working with each other on average 2.41 years (SD=1.7). The duration of their working relationships ranged from 2 month to 8 years.

Survey

Both expatriate managers and host national subordinates were asked to answer the questions related to nationality, values, perception of dissimilarity, perception of resource value, the quality of the work relationships, organizational commitment, and demographics, in addition to questions included to test the effect of single source bias (i.e. marker variable). Demographic information included the geographical location of their current job, parent company name, local company name, industry, department, title, education, work experience, gender, age, years of experience in the host country (expatriates), years of experience abroad (host nationals), and language abilities. In addition, the expatriate managers' survey contained items to measure the host nationals' performance: task performance and OCB. Appendix 3 is a list of measures and corresponding respondents. A sample survey is attached as Appendix 4.

Measures

Constructs of interest are measured based on the existing measures. A list of the constructs, the corresponding measures, original items and examples of other studies that used the measures, is attached as Appendix 5.

Cultural Distance

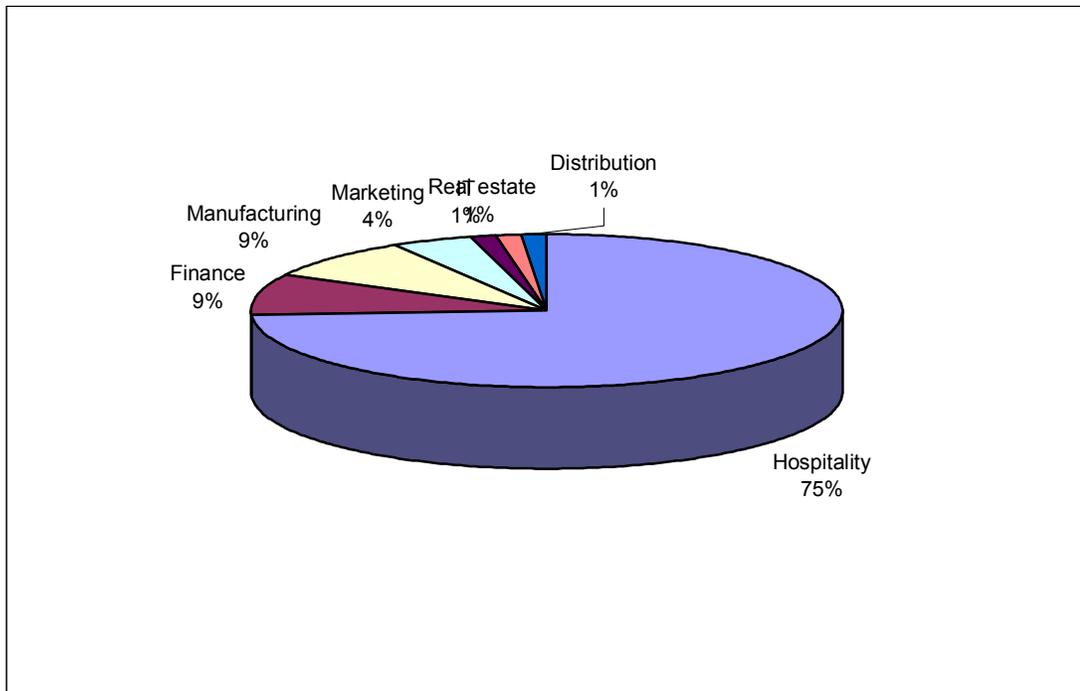
Cultural distance is defined as the degree of difference between the culture of the expatriate manager's native country and the host national's country (Manev & Stevenson on dyadic relationships, 2001; Gong, 2003; Gong, et al., 2001). In the past, most researchers relied on dichotomous scales (0=same or 1=different) drawing from relationship demography to measure the differences using ethnicity or race between social groups (Chatman & Spataro, 2005; Jehn, et al., 1998, Tsui, et al., 1992). While dichotomous scales are useful in measuring diversity as a composite of different dimensions such as gender, age, background and nationality, critics of this approach

Table 1: Sample Nationalities

	Expatriates	Host Nationals		Expatriates	Host Nationals
Asia	n= 24 (33.3%)	n= 48 (63.9%)	Latin America	n = 0 (0%)	n = 4 (5.6%)
China	4	22	Chile	0	1
Hong Kong	2	1	Mexico	0	1
Taiwan	1	1	Peru	0	1
Japan	9	9	Columbia	0	1
South Korea	0	5	North America	n=12 (16.7%)	n=1 (1.4%)
India	2	0	U.S.	11	1
Indonesia	0	2	Canada	1	0
Sri Lanka	1	1	Pacific	n=9 (12.5%)	n=1 (1.4%)
Singapore	2	2	Australia	8	1
Malaysia	3	0	New Zealand	1	0
Thailand	0	2	Middle East	n = 0 (0%)	n = 3 (4.2%)
Viet Nam	0	1	Egypt	0	2
Philippines	0	2	United Arab	0	1
Europe	n = 22 (30.6%)	n = 10 (13.9%)	Africa	n=2 (2.8%)	n= 2 (2.8%)
Austria	4	0	Gabon	1	0
Denmark	1	0	Tunisia	1	1
Germany	3	0	Ethiopia	0	1
France	1	3	Other	n= 2 (2.8%)	n = 3 (4.2%)
Italy	1	1	North. Marinara Islands	0	2
Israel	1	0	Papua New Guinea	1	0
England	0	2	Dominican Republic	1	0
Norway	1	0	Mauritius	0	1
Croatia	0	1			
Russia	0	1	TOTAL	72	72
Netherlands	3	1			
Romania	0	1			
England	4	0			
Yugoslavia	1	0			
Switzerland	2	0			

Table 2: Sample Industry

Industry	N	Percent
Hospitality	52	72.2%
Finance	6	8.3%
Manufacturing	6	8.3%
Marketing	3	4.2%
IT	1	1.4%
Real estate	1	1.4%
Distribution	1	1.4%



argue that it is limited because researchers collapse potentially different components into a single score (Edwards, 1994). Furthermore, dichotomous scales do not tap into the degree of nationality differences. For example, relational demography will treat nationality differences between Americans and British the same as the differences between Americans and Japanese. However, we know intuitively that the degree to which the differences manifest themselves are quite distinct in these two relationships.

In the current study, I use cultural distance because it overcomes the problems associated with dichotomous measures of nationality diversity by taking into consideration the degree to which the two national cultures differ. Cultural distance is calculated based on the Euclidean distance of national level value scores between the two nationalities (Kogut & Singh, 1988):

$$Cd_{ij} = \sqrt{\sum (D_{ik} - D_{jk})^2}$$

where Cd_{ij} is cultural distance between expatriate manager i and host national subordinate j , and D_{ik} and D_{jk} are the indices for the k -th dimension in i 's and j 's national cultures. In accordance with the traditional method (Kogut & Singh, 1988), scores of respondents' countries on the 9 major value dimensions of national cultures are rankings based on national values reported in project Globe (House, Hange, Javidan, Dorfman, & Gupta, 2003): future orientation, performance orientation, gender egalitarianism, in-group collectivism, institutional collectivism, power distance, uncertainty avoidance, assertiveness, and human orientation. Cultural distance has been traditionally calculated based on Hofstede's (1980) national value rankings (e.g. Gong, 2003; Manev & Stevenson, 2001). For this study, however, Globe (2003) data was used over Hofstede's for two reasons. First, Globe included

data from 62 countries while Hofstede reported only 39. Because scores for the countries that were not reported were regarded as missing values, Globe decreased the number of missing values substantially. Second, Hofstede's data was collected in the 1970s as compared to the Globe data in 1990s. The Globe data therefore appears to be more representative and current than Hofstede's.

Value Diversity

Values are a set of guiding principles in people's lives (Schwartz & Bardi, 2001). Value diversity, thus refers to the difference in values held by an expatriate manager and a host national subordinate in an intercultural work relationship. While values are held by individuals, systematic differences have been found across cultures (Hofstede, 1980; Triandis, 1989). The widely applied value scale developed by Hofstede (1980) is intended to capture the differences at the national level but not at the individual level. However, Schwartz's (1992, 1994) value survey is designed to capture the values at both the national and the individual level. Schwartz's items are widely used and validated as universal values that can be applied to samples from any cultural background (Sagiv & Schwartz, 2000). For these reasons, Schwartz's measure is used in this study. After extensive research involving subjects from 69 countries, Schwartz developed a scale that is meaningful and relevant among different cultural groups. The measure includes four value dimensions that can be broken down into ten value scales: (1) openness to change, consisting of stimulation, self-direction and hedonism, (2) conservation, consisting of security, conformity and tradition, (3) self-enhancement, including power and achievement, and (4) self-transcendence, including universalism and benevolence. In a recent study involving expatriates and host national subordinates, Van Vianen, De Pater, Kristof-Brown and Johnson (2004) used this scale successfully. Thus, Schwartz' scale seems most appropriate for measuring the cultural values of expatriate managers and host national subordinates.

Value diversity scores are calculated using a formula similar to that of cultural distance. The scale ranges from -1 =against my value concept, 0=not important, to 7= very important.

Perceived Dissimilarity

Perceived dissimilarity in the current study refers to the perceptions of differences as they relate to how the two partners in this dyadic relationship approach work. I use the six-item measure used by Liden and colleagues (Liden, et al., 1993), which was based on the original three-item similarity measure developed by Turban and Jones (1988). Turban and Jones (1988) developed a three-item measure where they examined the subordinates' perceptions of similarity with their supervisors. Later, Liden and colleagues (Liden, et al., 1993) used this measure with additional items to examine the relationship between perceived similarity and LMX using U.S. intra-cultural dyads. This measure is used in the current study. A sample item is "My supervisor and I see things in much the same way". For ease of analyses, I reversed the scale to 1=strongly disagree to 7=strongly agree.

Perceived Resource Value

This construct taps into the idea that information and resources that the dyad partner brings to the relationship are valuable to the other. Perceived resource value is measured by adapting Ibarra's (1995) notion of network utility. Network utility measures individuals' perceptions of the usefulness of their networks by asking the degree to which the respondents believe the network has been useful to them on task and career dimensions. For this study, the original 5-point likert-type scale is adapted to a 7-point scale and respondents are asked to rate the degree to which they believe the relationship with the expatriate manager (host national subordinate) has been useful to them on the respective dimensions. An example of a task and a career dimension is "providing access to resources and support" and "access to

opportunities”, respectively.

The Quality of The Intercultural Work Relationships

An 11-item multidimensional measure (Liden & Maslyn, 1993) of LMX is used to measure the quality of the intercultural work relationships from the host national subordinates’ perspective. The multidimensional scale distinguishes four LMX dimensions (affect, loyalty, contribution and respect), but can be used as a composite measure. Although relatively new, this measure has been used widely in recent studies (Erdogan, Kraimer, & Liden, 2004; Kraimer, et al., 2001; Maslyn & Uhl-Bien, 2001; Settoon, et al., 1996). While a 7 item LMX scale captures the overall quality of the relationship, the current measure allows one to understand further the dynamics of the relationship quality. For example, the researcher may find that one dimension of relationship quality may be more strongly influenced by perceived similarity or perceived resource value. Examples of the items include, “I like my supervisor very much as a person”, and “My supervisor defends my work actions to a supervisor, even without complete knowledge of the issue in question”. The scale ranges from 1= strongly agree to 7=strongly disagree.

The expatriate managers’ perspective of the quality of the work relationships is measured by supervisor leader-member exchange (SLMX), a mirror version of multidimensional LMX developed and validated by Ford and Greguras (2003). Items in SLMX are worded to capture what managers receive from the subordinate in the relationship (Maslyn & Uhl-Bien, 2001; Uhl-Bien & Maslyn, 2003). This approach is different from some that have captured the supervisors’ perception of what the subordinates receive from the relationship (e.g. Liden, et al., 1993). However, the current approach is selected to capture the reciprocal nature of the work relationships, and to illuminate the potentially different perspectives between expatriate managers and host national subordinates. Examples of the scale items include, “I like my

subordinate very much as a person”, and “I can count on him/her to help me at his/her expense when I really need it.”

The correlation between SLMX and LMX was .10 (n.s.), indicating that these variables are not interchangeable. The literature suggests that a discrepancy in LMX ratings between subordinates and supervisors is common (Gerstner & Day, 1997). Some researchers explain this by arguing that subordinates and supervisors focus on different aspects of the LMX relationship (Minsky, 2002). Others suggest that the degree of expatriate manager – host national subordinate agreement should be used to capture the quality of the work relationship (Gerstner & Day, 1997; Scandura, 1999). Overall, because LMX/SLMX is a subjective measure based on perceptions, it should be treated separately as reflecting two different views of the relationship quality (Gerstner & Day, 1997; Minsky, 2002; Scandura, 1999). Thus, in this study, SLMX is used to examine the hypothesized relationships for the expatriate managers’ perspective and LMX was used to examine the same for the host national subordinates’ perspective.

Task Performance

Task performance measures the degree to which subordinates exhibit behaviors that contribute to, but are not limited to, the production of a good or the provision of a service as a part of their job requirements (Rotundo & Sackett, 2002). In the current context, task performance reflects the degree that host national subordinates carry out the task components in their role as local employees as perceived by the expatriate manager. Among the many choices for task performance measures, Williams and Anderson’s (1991) 7-item measure for in-role performance is selected because it addresses specific job components rather than generalizing all the components. This makes the measure less subjective. In addition, it has been widely applied in social science research with acceptable reliabilities. For example, Settoon, Bennett & Liden

(1996), in their study of perceived organizational support and LMX, used this scale to measure subordinate in-role performance. Similarly, Deluga used this scale to examine subordinate in-role performance and LMX in relation to similarity in conscientiousness (1998) and trust building behaviors (1996). A sample item includes: "Fulfills responsibilities specified in job description." The scale ranges from 1= strongly disagree to 7= strongly agree.

OCB:

Work performance includes both the work required by an organization as well as the extra-role performance which reflects non-job discretionary employee work behavior (Van Dyne & LePine, 1998). The latter is differentially called non-task performance or contextual performance (Motowildlo, Borman, & Schmidt, 1997), and most commonly, OCB (Bateman & Organ, 1983). This study is interested in capturing the host national subordinates' willingness to assist their supervisors and co-workers over and beyond their job requirements with the aim of benefiting the parent company at large. This definition closely mirrors OCB which refers to voluntary employee actions that are not required but that benefit employers (Welbourne, et al., 1998). More specifically, OCB targeted at other individuals should best reflect extra-role performance in the current context.

Therefore, the 7-item OCB scale developed by Williams and Anderson (1991), which measures the degree to which subordinates engage in behaviors that benefit them and other coworkers but were not part of the required duty, seems most appropriate. This scale has been used successfully in measuring OCB targeted at work related individuals in variety of contexts including: work place justice (Liao & Rupp, 2005), psychological contract (Turnley, Bolino, Lester, & Bloodgood, 2003), organizational learning (Somech & Drach-Zahavy, 2004), and more specifically, LMX (Settoon, et al., 1996). Sample items include: "Helps others who have heavy work

loads.” The scale ranges from 1= strongly disagree to 7= strongly agree.

Organizational Commitment

Organizational commitment is now well accepted as a multi-dimensional construct (Buchanan, 1974; Kanter, 1968; Meyer & Allen, 1991, 1997; O’Reilly & Chatman, 1986), consisting of affective, continuance and normative commitment. While each dimension represents an employee’s attachment to the organization, the nature of attachment differs along with differential effects on employee outcomes. For instance, “employees with a strong affective commitment remain with the organization because they want to, those with a strong continuance commitment remain because they need to, and those with a strong normative commitment remain because they feel they ought to do so.” (Meyer, Allen, & Smith, 1993, p.539). While all the dimensions have been found to negatively influence employee turnover intentions, affective commitment is the best predictor for retaining the quality employees (Meyer & Allen, 1997). Affective commitment is more closely aligned with the traditional understanding of identification-based (Mowday, Steers, & Porter, 1979) and emotion-based (Kanter, 1968) organizational commitment. These types of commitments have been found to positively affect employee outcomes such as lowered turnover intentions and increased productivity. As such, organizations are interested in gaining affective commitment from their host nationals running the local operations. Moreover, multinational corporations yearn to gain organizational commitment from the host national subordinates in a way that they act in favor of the parent company over and beyond their immediate commitment to their local operations. Thus, the 5-item scale developed by Meyer, Allen and Smith (1993) to measure affective commitment to the organization is employed in this study using a 7-point likert-type scale. The scale has been used successfully both domestically and internationally (e.g. Hui, Lee, & Rousseau, 2004; Smith, Smith, & Markham, 2000; Van Dyne & Ang,

1998) and ranges from 1= strongly disagree to 7= strongly agree.

Control variables

Two control variables are included in the analyses. First, relationship tenure is controlled for because research has shown that time plays an important factor in the relationship building and diversity-outcome relationships (Harrison, et al., 1998; 2002). Second, industry is also controlled for because the nature of the job has some implications to the frequency and the quality of interactions. Based on the findings that jobs in services, or hospitality-related industries, require more interpersonal skills (Arthur & Bennett, 1995), the services industry is coded as 1 and the other as 0.

CHAPTER 5

DATA ANALYSIS AND RESULTS

The purpose of this chapter is to present and discuss the results of statistical analyses on the hypotheses developed in the theoretical framework. The chapter starts with a check for common method bias to establish validity for the pursuant analyses. Next, regression analyses are used to test the 11 hypotheses. Lastly, canonical correlation analyses and a visual examination of figures are conducted as supplementary analyses.

Checking for Common Method Bias

Because common method bias may be present in the collected data, checks were conducted to avoid reporting spurious effects. Common method bias refers to the situation where variance is attributable to the measurement method rather than to the constructs the measure represents (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). Of concern in this study is the single source bias where method effects are produced by respondents' tendency to be consistent in their cognition and attitudes (Heider, 1958; Osgood & Tannenbaum, 1955; McGuire, 1966; Podsakoff et al, 2003). This phenomenon, also called consistency motif (Podsakoff & Organ, 1986; Schmitt, 1994) is problematic when respondents are asked to rate their own attitudes and behaviors (Podsakoff et al, 2003). What may seem to be a statistically significant effect between measured constructs may well be an artifact derived from the respondents' consistency effect. In order to rule out such bias, two tests were conducted.

Harmon One-Factor Test

First, a method known as the Harmon one-factor test was conducted (Podsakoff & Organ, 1986). Specifically, a factor analysis was performed with items for all 8 expatriate manager variables and another with items for all 7 host national subordinate variables. Results from these tests confirmed the presence of 8 and 7 factors with eigenvalues greater than 1 for expatriate manager and host national subordinate sample, respectively. For expatriate managers, these factors accounted for 77.6% of the total variance, and the first factor accounted for 15.4%, indicating that a single factor did not emerge and that one factor did not account for most of the variance. Similar results were obtained for host national subordinates whose percentage of total variance was 78.3% and the first factor accounted for 18.2%. These findings indicate that common method effects are not likely to be contaminating the results in this study.

Correlational Marker Variable Test

To further confirm these results, a test using a correlational marker variable proposed by Lindell and Whitney (2001) was conducted. In this method, a variable that is conceptually unrelated but minimally correlated to the variables of interest (marker variable) is included in the dataset and it is used to partial out the correlation based on common method. If we find significant correlations among the variables after controlling for the marker variable, then it is unlikely that these significant relationships are contaminated by common method bias. Because the marker variable is theoretically unrelated to the variables of interest in the study, any correlation between the marker variable and other variables should not be due to a true relationship, but instead is caused by some extraneous variance that the variables have in common such as a common method.

In the survey, I included five items measuring a marker variable that is

theoretically unrelated to the study. These items asked the respondents to rate, on a 7-point scale, their purchasing preference of 'private store labels'. Examples include: "Buying a private label product makes me feel good" and "Considering the value for the money, I prefer private label brands to national brand". This is a highly valid measure, and often used in the field of marketing research (Burton, Lichtenstein, Netemeyer, & Garretson, 1998). Internal reliability for the marker variable was .87 and .89 for expatriate managers and host national subordinates, respectively. Table 3 reports (a) bivariate correlations and (b) partial correlations controlling for marker variables for the expatriate manager variables. Table 4 reports the same for the host national subordinate variables. Table 3 (a) shows that for expatriate managers, the marker variable is unrelated to other variables in the study. Table 3 (b) shows that all the study variables remain significant after the marker variable is controlled for, supposedly taking out any extraneous variance. This finding suggests that the results are not attributable to common source bias of expatriate managers. Similarly, Table 4 (a) shows that marker variable is unrelated to some variables, yet has some significant correlations with others (perceived dissimilarity and organizational commitment). In Table 4 (b), all the variables in the study that showed significant correlations in (a) remained significant after controlling for the marker variable. Because the marker variable had a significant correlation with two of the variables in the study, this result should be interpreted with caution. However, combined with the results from the Harmon's one-factor test, a reasonable conclusion is that the host national subordinates' single source bias is not likely to be a significant influence in the subsequent statistical analyses.

Table 3 Correlational Marker Variable Test (Expatriate Managers)

(a) Bivariate Correlations for The Expatriate Manager Variables

	Perceived Dissimilarity	Perceived Resource Value	SLMX	OCB	Performance
Perceived Dissimilarity					
Perceived Resource Value	-.23				
SLMX	-.61**	.52**			
OCB	-.35**	.23	.46**		
Performance	-.42**	.35**	.60**	.47**	
Marker	-.21	.22	-.01	-.13	-.05

* $p < .05$

** $p < .01$

(b) Partial Correlations for The Expatriate Manager Variables Controlling for The Marker Variable

	Perceived Dissimilarity	Perceived Resource Value	SLMX	OCB	Performance
Perceived Dissimilarity					
Perceived Resource Value	-.20				
SLMX	-.63**	.55**			
OCB	-.40**	.25*	.46**		
Performance	-.45**	.35**	.60**	.48**	

* $p < .05$

** $p < .01$

Table 4 Correlational Marker Variable Test (Host National Subordinates)

(a) Bivariate Correlations for The Host National Subordinate Variables

	Perceived Dissimilarity	Perceived Resource Value	LMX	Organizational commitment
Perceived Dissimilarity				
Perceived Resource Value	-.65**			
LMX	-.67**	.65**		
Organizational Commitment	-.48**	.34**	.31*	
Marker	.24*	.16	.10	.26*

* p<.05

** p<.01

(b) Partial Correlations for The Host National Subordinate Variables Controlling for The Marker Variable

	Perceived Dissimilarity	Perceived Resource Value	LMX	Organizational commitment
Perceived Dissimilarity				
Perceived Resource Value	-.62**			
LMX	-.69**	.69**		
Organizational Commitment	-.41**	.28*	.29*	

* p<.05

** p<.01

Hypothesis Tests

Table 5 reports the Pearson's correlations among all the variables. Internal reliability for each variable is indicated along the diagonal line. Cronbach's alphas for all scales were acceptable (Nunnally & Bernstein, 1994), ranging from .80 to .94, demonstrating the scales' internal reliability. The results for the hypotheses appear below.

Because any work relationship involves two parties – an expatriate manager and a host national subordinate - the study examines the hypothesized relationships from these two perspectives. This approach allows for comparisons between the potentially different processes leading to the quality of the work relationships, which in turn affect the performance of locally dispersed employees of multinational corporations.

Regression analyses are performed to test the proposed hypotheses. Because of potential confounding effects, industry and relationship tenure are included in the regression model as control variables. First, the relationship between perception and the quality of the work relationships (hypotheses 1 and 2) is examined by testing the effect of perceived dissimilarity and perceived resource value on the quality of the work relationship (SLMX/LMX). Next, hypotheses 3 and 4 test the relationship between surface level cultural diversity (cultural distance) and perceptions by examining the effect of cultural distance on perceived dissimilarity and perceived resource value. Then, hypotheses 5 and 6 test the same relationship for deep level cultural diversity (value diversity). Subsequently, hypotheses 7 and 8 test the mediating role of perceptions to explain the link between cultural diversity and the quality of the work relationships. Two-step hierarchical regression analyses are used to test these relationships. Lastly, hypotheses 9, 10, 11 test how the quality of the work relationship influences host national subordinates' work attitudes and performance.

Table 5 Correlations and Cronbach's Alphas

Variable	Mean	s.d.	1	2	3	4	5	6	7	8	9	10	11	12	13
Control variables:															
1. Relationship Tenure	2.42	1.71													
2. Industry	1.30	.46	-.24*												
Cultural Diversity:															
3. Value Diversity	4.68	1.78	-.12	.01											
4. Cultural Distance	1.89	.76	-.16	-.21	.12										
Perception: Expatriate:															
5. Perceived Dissimilarity	3.23	1.17	-.05	.08	.30*	.15	(.94))								
6. Perceived Resource Value	4.50	1.13	.18	-.12	-.13	-.01	-.23	(.88)							
Perception: Host National															
7. Perceived Dissimilarity	2.86	.96	-.11	.20	-.22	.01	.38**	.00	(.89)						
8. Perceived Resource Value	5.29	1.29	.15	-.21	.28	-.08	-.17	-.65**	-.08	(.94)					
The Quality of The Work Relationships:															
9. SLMX	5.64	.70	.26*	-.21	-.13	-.01	-.61**	.52**	-.30*	.18	(.89)				
10. LMX	5.74	.78	.12	.22	.38**	.09	-.07	.00	-.67**	.65**	.10	(.89)			
Outcomes:															
11. Organizational Commitment	5.20	1.12	.13	-.09	-.08	-.05	-.22	-.06	-.48**	.34**	.29*	.31*	(.80)		
12. Performance	5.89	.72	.18	-.06	-.14	-.01	-.42**	.35**	-.19	.17	.60**	.12	.10	(.89)	
13. OCB	5.38	.89	.07	-.10	-.05	.00	-.35**	.22	-.18	.37**	.46**	.33**	.19	.47**	(.85)

* p<.05

** p<.01

The relationship between the quality of the work relationship and host nationals' organizational commitment, OCB, and task performance, are tested. In addition, supplementary analyses using canonical correlation and graphs are conducted to examine the nature of the differences between expatriates' and host national subordinates' perspectives.

An Interaction Effect

After a preliminary examination of the proposed hypotheses, none of the cultural diversity factors appears to have any effect on the quality of the work relationship for the expatriate managers. To rule out the possibility that the effects of surface- and deep-level cultural diversity are canceling each other out, a cultural distance (surface level) X value diversity (deep level) interaction term is created and the regression models for expatriate managers perspective are run including it. The results indicate that there is indeed a significant interaction between cultural distance and value diversity for expatriate managers' perspective (see Table 6). To cross-check this finding, the same interaction is examined from the host national subordinates' perspective but no significant interaction effect is found. Thus, I ran the analyses including the interaction term between surface- and deep-level cultural diversity for the expatriate managers, but not for the host national subordinates.

Results

Tables 6 and 7 provide the results of the regression analyses examining the relationship between factors related to cultural diversity and the quality of the work relationship.

The Relationship between Perceptions and The Quality of The Work

Relationships

Perceived Dissimilarity: Hypothesis 1 proposes that the perception of dissimilarity is negatively related to the quality of the work relationships between expatriate managers and host national subordinates. As expected, the effect of the expatriate managers' perception of dissimilarity on the quality of the work relationships (SLMX) is negative and significant (beta= -.49, $p < .01$). Similarly, the effect of the host national subordinates' perception of dissimilarity is negatively and significantly (beta= -.42, $p < .01$) related to the quality of the work relationships (LMX). Thus, hypothesis 1 is supported from both the expatriate managers' and the host national subordinates' perspectives.

Perceived Resource Value: Alternatively, hypothesis 2 proposes that the dyad member's perception that his/her partner has a valuable resource, from which he/she can benefit, has a positive effect on the quality of the work relationship. This hypothesis is also supported. As predicted, the effect of the expatriate managers' perception of resource value on the quality of the work relationships (SLMX) is positive and significant (beta=.37, $p < .01$). Similarly, the effect of the host national subordinates' perception of resource value on the quality of the work relationships (LMX) is positive and significant (beta= .36, $p < .01$), showing strong support for the hypothesized relationship. Thus, hypothesis 2 is also supported from both the expatriate managers' and the host national subordinates' perspectives.

The Effect of Surface-Level Diversity (Cultural Distance) on Perceptions

Perceived Dissimilarity: Hypothesis 3 proposes that cultural distance is positively related to perceived dissimilarity. Partial support is found for this relationship from the expatriate managers' perspective. For expatriate managers, cultural distance is positively related to perceived dissimilarity (beta=.78, $p < .1$). For

Table 6: Results of Regression Analysis for The Expatriate Managers' Perspective

	H1&H2 SLMX	H3 &H4 Perceived Dissimilarity	H5&H6 Perceived Resource Value	H7 SLMX	H8 SLMX
Control Variables:					
Relationship Tenure	.21	.12	.09	.14	.08
Industry	-.17	-.15	-.05	-.16	-.07
Cultural Diversity:					
Value Diversity		.86†	-.31	-.65	-1.12*
Cultural Distance		.78†	-.20	-.57	-1.00*
Cultural Distance X Value Diversity Perception:		-.89	.32	1.03†	1.53*
Dissimilarity (Expatriates)	-.49**			-.55**	
Resource Value (Expatriates)	.37**				.35*
R2	.52	.18	.03	.42	.18
Overall F	16.13**	1.70	.25	4.46**	1.63
d.f.	63, 4	43, 4	43, 4	43, 6	43, 5

† p<.1
* p<.05
** p<.01

Table 7: Results of Regression Analysis for The Host National Subordinates' Perspective

	H1&H2 LMX	H3&H4 Perceived Dissimilarity	H5 & H6 Perceived Resource Value	H7 LMX	H8 LMX
Control Variables:					
Relationship Tenure	.01	.03	.01	-.01	-.02
Industry	-.07	.19	.43	-.18	-.19
Cultural Diversity:					
Value diversity		-.22	.34*	.29*	.22†
Cultural Distance		-.06	-.14	.21	.27*
Perception:					
Dissimilarity (Host)	-.42**			-.48**	
Resource Value (Host)	.36**				.51**
R2	.53	.09	.15	.27	.28
Overall F	16.78**	.92	1.73	7.16**	3.68*
d.f.	63, 4	43, 4	43, 4	42, 4	42, 4
				42, 5	42, 5

† p<.1
* p<.05
** p<.01

host national subordinates, the effect of cultural distance on perceived dissimilarity is non-significant (beta=-.06, n.s.). Thus, the hypothesized relationship between cultural distance and perceived dissimilarity is only partially supported.

Perceived Resource Value: Hypothesis 5 proposes that cultural distance is positively related to perceived resource value. Results indicate no support for this relationship. Cultural distance has a non-significant relationship with the expatriates' perceived resource value (beta= -.20, n.s.) and a non-significant relationship with the host national subordinates' perceived resource value (beta=-.14, n.s.).

The Effect of Deep-Level Diversity (Value Diversity) on Perceptions

Perceived Dissimilarity: Hypotheses 4 proposes that deep level cultural diversity (value diversity) has a positive effect on the dyad members' perception of dissimilarity. Support is found for the expatriate managers' perception of dissimilarity, but not for the host national subordinates'. Value diversity has a marginally significant effect on the expatriate managers' perception of dissimilarity (beta= .86, $p < .1$). However, value diversity has a non-significant effect on the host national subordinates' perception of dissimilarity (beta=-.22, n.s.).

Perceived Resource Value: Hypothesis 6 predicts a positive relationship between value diversity and perceived resource value. Support is found for the host national subordinates' perception of resource value (beta= .34, $p < .05$). However, value diversity does not have a positive effect on the expatriate managers' perception of resource value (beta= -.20, n.s.).

Together, these results suggest that expatriate managers are more likely to perceive cultural diversity factors as a source dissimilarity while host national subordinates are more likely to perceive it as something of value. This observation will be elaborated upon later.

The Mediating Role of Perceptions

Perceived Dissimilarity: Hypothesis 7 proposes that perception of dissimilarity mediates the relationship between cultural diversity factors and SLMX/LMX. As such, the Baron and Kenny (1986) procedure is used to test for the mediation effects. While this approach has been criticized for low statistical power (MacKinnon et al., 2002), the sample size of 72 did not allow for an alternative test, such as a joint significance approach using a structural equation model (MackKinnon et. al, 2002). According to Baron and Kenny (1986), mediation analyses require the examination of three relationships: (1) a significant relationship between the independent variables and the dependent variable, (2) a significant relationship between the mediator and dependent variable and, (3) a non-significant relationship between independent variables and dependent variable in the presence of the mediator. The three relationships are examined based on a two step multiple regression analysis. The first model includes control variables and cultural diversity factors. Perceived dissimilarity is added to the second model. Tables 6 (expatriate managers) and 7 (host national subordinates) summarize the results of hierarchical regression analysis for Hypothesis 7.

Full support is found for the mediating role of perceived dissimilarity from the expatriate managers' perspective. The first regression model included two control variables, value diversity, cultural distance and the interaction term. Results indicate that both value diversity ($\beta = -1.12, p < .05$) and cultural distance ($\beta = -1.00, p < .05$) have a direct relationship with the quality of the work relationship (SLMX). This satisfies Baron and Kenny's first condition for a mediated relationship. The test of hypothesis 1 indicates that the relationship between perceived dissimilarity and SLMX is significant ($\beta = -.49, p < .01$) satisfying the second condition. The third condition is also satisfied with the significant relationship between independent variables (value

diversity and cultural distance) and the dependent variable (SLMX) becoming non-significant in the presence of the mediator (perceived dissimilarity). The second model indicates that with the inclusion of perceived dissimilarity (beta=-.55, $p < .01$), the effect of value diversity (beta=-.65, n.s.) and cultural distance (beta=.57, n.s.) on SLMX become non-significant. Thus, hypothesis 7 is supported from the expatriate managers' perspective.

Yet, hypothesis 7 is not supported from the host national subordinates' perspective (Table 7). From the host national subordinates' perspective, cultural distance is not significantly related to LMX (beta=.21, n.s.), but value difference has a direct significant and positive relationship with LMX ($p = .39$, $p < .01$). Thus, only value diversity satisfies Barron and Kenny's first condition. Because support is found earlier for the relationship between perceived dissimilarity and LMX, the second condition is also satisfied. Next, the strength of the relationship weakens (beta=.29, $p < .05$) when perception of dissimilarity is entered into the model. And perception of dissimilarity maintains its significant negative effect on LMX in the presence of cultural diversity factors (beta=-.48, $p < .01$). This partially satisfies the third condition and suggests that perception of dissimilarity partially mediates the relationship between value diversity and LMX (Baron & Kenny, 1986), or that it is an intervening variable as suggested by James and Brett (1984). However, the results from hypothesis 6 suggest that value diversity is not significantly related to the host national subordinates' perceived dissimilarity. This leaves the support for the mediated relationship inconclusive. As such, hypothesis 7 is not supported from the host national subordinates' perspective because the earlier results failed to support the relationship between the independent variable and the mediator.

Perceived Resource Value: Hypothesis 8 predicts that perceived resource value mediates the relationship between cultural diversity factors and SLMX/LMX.

Again, the mediation is tested using the Baron and Kenny (1986) method. For expatriate managers, results summarized in Table 6 seem to suggest a partial mediation effect of perceived resource value on value diversity and cultural distance. Nonetheless, because both cultural diversity factors are not significantly related to the mediator - perceived resource value (hypothesis 5 and 6), the result should be interpreted with caution. The effect of value diversity on SLMX (beta=-1.12, p<.05) and cultural distance (beta=-1.00, p<.05) weakens (value diversity: beta=-1.02, p<.05; cultural distance: beta=-.93, p<.05) when expatriate managers' perceived resource value is entered into the model. Perceived resource value maintains its significance in the presence of cultural diversity factors (beta=.35, p<.05). However, given the prior test results that indicated that neither value diversity nor cultural distance have a significant relationship with perceived resource value, the hypothesized relationship cannot be supported.

For host national subordinates, the hypothesized relationship is not supported for cultural distance but supported for value diversity. The results indicate a partial mediation effect on value diversity but not on cultural distance. The effect of value diversity on LMX (beta=.39, p<.01) weakens (beta=.22, p<.1) when host the national subordinates' perceived resource value is entered into the model. The perceived resource value maintains its significance in the presence of cultural diversity factors (beta=.51, p<.01). These results in combination with the significant relationship between perceived resource value and LMX support the hypothesized mediated relationship between value diversity and LMX through perceived resource value.

Overall, the results indicate that the relationship between cultural diversity and the quality of the work relationships is mediated by a perception of dissimilarity for expatriate managers and by a perception of resource value for host national subordinates.

The Quality of The Work Relationships and The Host National Attitude and Performance Outcomes

Hypotheses 9, 10 and 11 propose that a high quality work relationship has positive effects on host national subordinates' attitude and performance. Support for these hypotheses will underscore the claim that building quality work relationships is a success factor for the expatriate managers in view of their role as control agents of multinational subordinates. Figure 3 summarizes the results.

Organizational Commitment: Hypothesis 9 predicts that the quality of the work relationships is positively related to host national subordinates' organizational commitment toward the parent company. This proposition is supported for both SLMX and LMX. Expatriate managers' rating of the quality of the work relationships (SLMX) has a significant positive effect on host national subordinates' self-report on organizational commitment to the parent company ($\beta=.22, p<.1$). Likewise, host national subordinates' rating of the quality of the work relationships (LMX) also has a significant positive effect on their organizational commitment to the parent company ($\beta=.29, p<.05$). Thus, taken from either perspective, the quality of the work relationships has a positive effect on host national subordinates' organizational commitment to the multinational corporation.

Task Performance: Next, hypothesis 10 posits that the quality of the work relationships is positively related to host national subordinates' task performance as rated by expatriate managers. This hypothesis is only supported based on expatriate managers' view of the quality of the work relationships. The results strongly confirm the relationship from the expatriate managers' perspective ($\beta=.65, p<.01$) but not from the host national subordinates' perspective ($\beta=.09, p=.48$). As such, the hypothesis regarding the relationship between host national subordinates' task performance and the quality of the work relationships is only partially supported.

OCB: Furthermore, this study posits that the quality of the work relationship is positively related to host national subordinates' extra-role behaviors measured in terms of expatriate managers' ratings of subordinates' OCB (Hypothesis 11). This hypothesis is supported for both the expatriate managers' and the host national subordinates' perspectives in terms of the quality of the work relationship. From the expatriate managers' perspective, the results indicate that SLMX has a positive effect on host national subordinates' OCB (beta=.44, $p<.01$). Similarly, LMX has a positive effect on their OCBs (beta=.33, $p<.05$) from the host national subordinates' perspective. Together, the results confirm the positive relationship between the quality of the work relationships and host national subordinates' OCB.

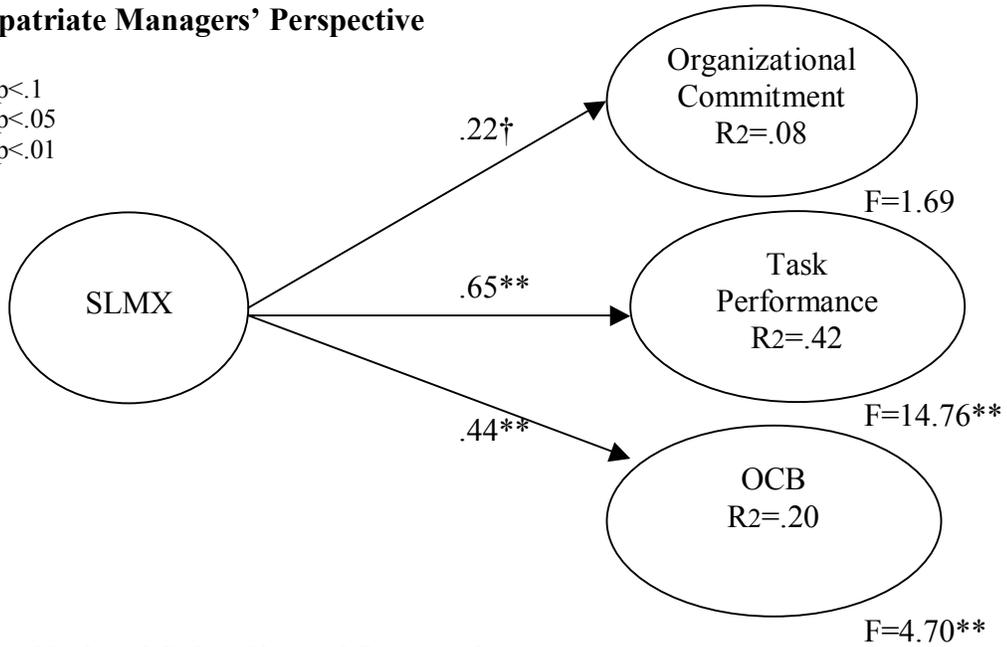
Summary of Hypothesis Tests

The summary of the hypotheses test results is presented in Table 8. First, there is strong support that two competing perceptions are related to the quality of the work relationships. The perception of dissimilarity has a positive relationship while the perception of resource value has a negative relationship with the quality of the work relationship. Second, the results indicate that the quality of the work relationship is a sound indicator for expatriate managers' success as an informal control agent. In other words, the quality of the work relationships is positively related to host national subordinates' organizational commitment, task performance and OCBs. Third, the results indicate that the relationship between cultural diversity and the quality of the work relationships is more complex than expected.

Overall, the results revealed a possibility that there are different processes for the expatriate managers and the host national subordinates. Specifically, the results suggest that first, cultural distance plays an important role from the expatriate

Expatriate Managers' Perspective

† p<.1
* p<.05
** p<.01



Host National Subordinates' Perspective

† p<.1
* p<.05
** p<.01

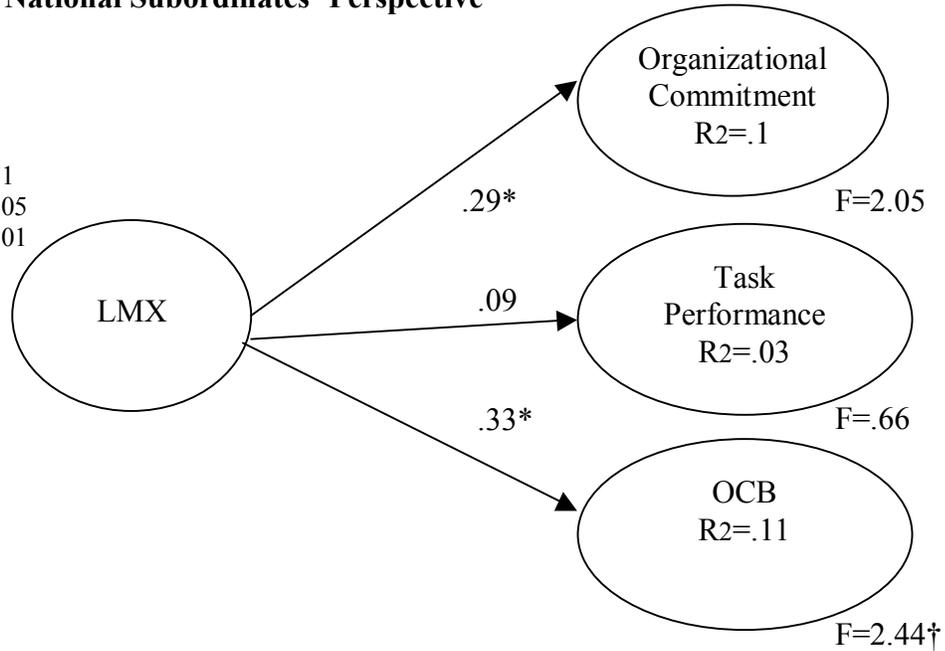


Figure 3
Regression Analysis Results for The Quality of The Work Relationships
and Host National Performance Outcomes

managers' perspective while it does not seem to have any effect for host national subordinates. Second, the same cultural diversity factor is more likely to be perceived as a source of dissimilarity by expatriate managers and as a resource value by host national subordinates. These possibilities require further examination. Thus, supplementary analyses are conducted to understand the nature of the difference between the expatriates and the host national subordinates' perspectives.

Supplementary Analyses

Canonical Correlation Analysis

First, a canonical correlation analysis is conducted to examine the combined effect of the two perceptions (dissimilarity and resource value) on SLMX/LMX. The aim is to further understand which of the two perceptions is dominant in predicting the quality of the work relationship for expatriate managers and host national subordinates: is it the negative effect of affect-based processes through perceived dissimilarity or the positive effect of resource-based processes through perceived resource value at work?

Canonical correlation is a multivariate extension of multiple regression that can handle multiple dependent variables and multiple independent variables. This type of analysis also minimizes type I errors especially when the dependent variables may be correlated (Haire, Anderson, Tatham, & Black, 1998). Results indicate that expatriate managers look at cultural diversity primarily as a source of dissimilarity (affect-based), whereas host national subordinates look at it more as a source of resource value (resource-based). Table 9 summarizes the results from the canonical correlation analyses.

From the expatriate managers' perspective, the four dimensions of

Table 8: Summary of Hypotheses Tests

Hypotheses		The Expatriate Managers' Perspective	The Host National Subordinates' Perspective
H1	Perceived dissimilarity is negatively related to the quality of the work relationships.	Supported	Supported
H2	Perceived resource value is positively related to the quality of the work relationships.	Supported	Supported
H3	Cultural distance is positively related to perceived dissimilarity.	Supported	Not supported
H4	Cultural distance is positively related to perceived resource value.	Not supported	Not supported
H5	Value diversity is positively related to perceived dissimilarity.	Supported	Not supported
H6	Value diversity is positively related to perceived resource value.	Not supported.	Supported
H7	Value diversity and cultural distance are negatively related to the quality of the work relationships through perceived dissimilarity.	Supported	Not supported
H8	Value diversity and cultural distance are positively related to the quality of the work relationships through perceived resource value.	Not supported.	Supported for value diversity but not for cultural distance.
H9	The quality of the work relationships is positively related to host national subordinates' organizational commitment to the parent company.	Supported	Supported
H10	The quality of the work relationships is positively related to host national subordinates' task performance.	Not Supported	Supported
H11	The quality of the work relationship is positively related to host national subordinates' OCB.	Supported	Supported

SMLX¹ serve as a set of dependent variables and the two expatriate perceptions (dissimilarity and resource value) act as a set of independent variables. The results indicate one canonical variate with canonical correlation of .78 (Wilks's Lambda, $F = 9.84, p \leq .01$). The square of this first canonical correlation is .61, meaning that 61 % of the variance in the four dimensions of SLMX can be accounted for by the expatriate managers' perception of dissimilarity and resource value. This finding reconfirms our support for Hypothesis 1 and 2.

The single canonical variate from the expatriate managers' perspective loads positively on perceived dissimilarity and negatively on perceived resource value. This finding suggests that, taken together, the effect of dissimilarity dominates over resource value for expatriate managers. As such, the loadings of the dependent variables (the four dimensions of SLMX) are all negative, which provides evidence for an overall negative effect from the expatriate managers' perspective of SLMX. From the host national subordinates' perspective, a separate canonical correlation analysis is conducted. Dependent variables are the four dimensions of LMX: affective, loyalty, contribution and respect for professionalism. The independent variables are the host national subordinates' perception of dissimilarity and of resource value. As summarized in Table 9, the predictive power of a host national subordinates' perceptions is even greater than that of the expatriate managers'. Similar to the expatriate managers' perspective, a single canonical variate emerge for the host national subordinates' perspective with a canonical correlation of .83, (Wilks'

¹ SLMX/LMX can be examined in terms of four dimensions (Liden & Maslyn 1998). First, *affect* represents mutual liking, or a friendship between the member and the leader based on interpersonal attraction rather than professional aspects (Dienesch & Liden, 1986). Second, *loyalty* dimension reflects the extent to which dyadic members willingly display support to each other in public (Dienesch & Liden, 1986; Liden & Maslyn, 1998). Next, *contribution* dimension represents the amount and the quality of the work related activities each member extends toward a mutual goal (Dienesch & Liden, 1986). It is the degree to which each member and leader is willing to work beyond what is generally expected of each other. Lastly, *professional respect* represents the perception that each member of the dyad excels at his/her work (Liden & Maslyn, 1998).

**Table 9 Results of Canonical Correlation Analysis between
Perceptions and SLMX/LMX Dimensions**

	Expatriate Managers' Perspective	Host National Subordinates' Perspective
Perceptions		
Dissimilarity	.84	-.94
Resource Value	-.73	.87
Dimensions of SLMX		
Affect	-.80	.84
Loyalty	-.38	.78
Contribution	-.68	.38
Professional Respect	-.92	.72
Canonical Correlation	.78	.83
Canonical Root	.68	.68
Wilks' Lambda	.38	.31
F	9.8**	12.06**

* p<.05

** p<.01

Lambda, $F = 12.06$, $p \leq .01$). The square of this first canonical correlation is .68, indicating that 68 % of the variance in the four dimensions of LMX can be accounted for by the host national subordinates' perception of dissimilarity and resource value. Again, this finding reconfirms the support for Hypotheses 1 and 2. The results also show that both perceptions load significantly on a single canonical variate. Specifically, the loadings are negative for dissimilarity and positive for resource value. As such, all LMX dimensions load positively on the canonical variate. This indicates that there is an overall positive effect for the host national subordinates' perceptions on the dimensions of LMX.

In brief, the combined results of the canonical correlation analyses indicate that a negative effect of perceived dissimilarity is dominant for the expatriate managers perspective while a positive effect for perceived resource value is dominant for the host national subordinates' perspective.

Visual Examinations

Next, the different effect of surface level cultural diversity (cultural distance) on expatriate managers and host national subordinates is explored. In particular, a visual examination of the relationship between cultural diversity factors (cultural distance and value diversity) and the quality of the work relationships (SLMX and LMX) reveals that expatriate managers and host national subordinates respond differently to value diversity depending on the cultural distance between them (See Figure 4 and Figure 5).

Figure 4 and 5 depict the differential relationships between value diversity and the quality of the work relationships under two conditions: low and high cultural distance. The figures reveal that value diversity has a positive relationship with the quality of the work relationships for expatriate managers and a negative relationship for host nationals when the dyad members come from similar national cultures (small

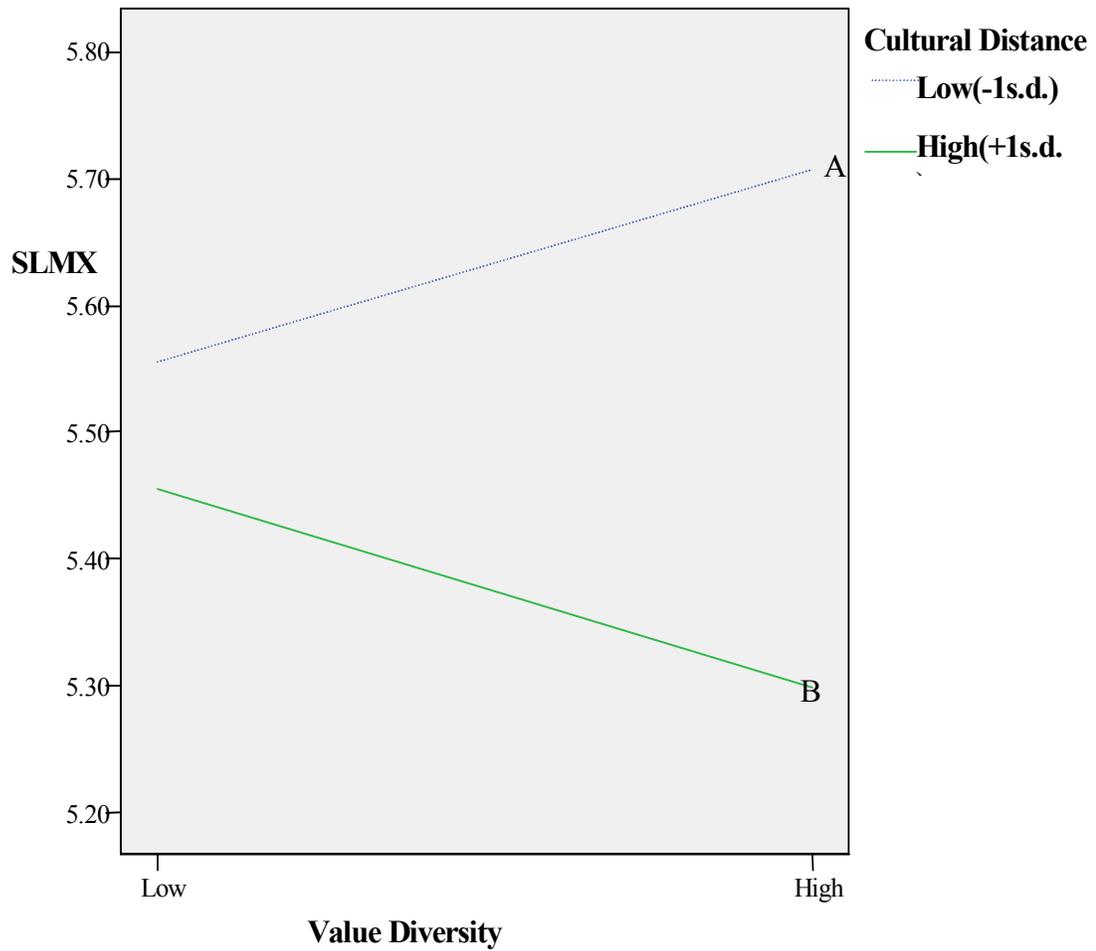


Figure 4
Expatriate Managers: The Relationship between
Value Diversity and SLMX
under Low/High Cultural Distance Conditions

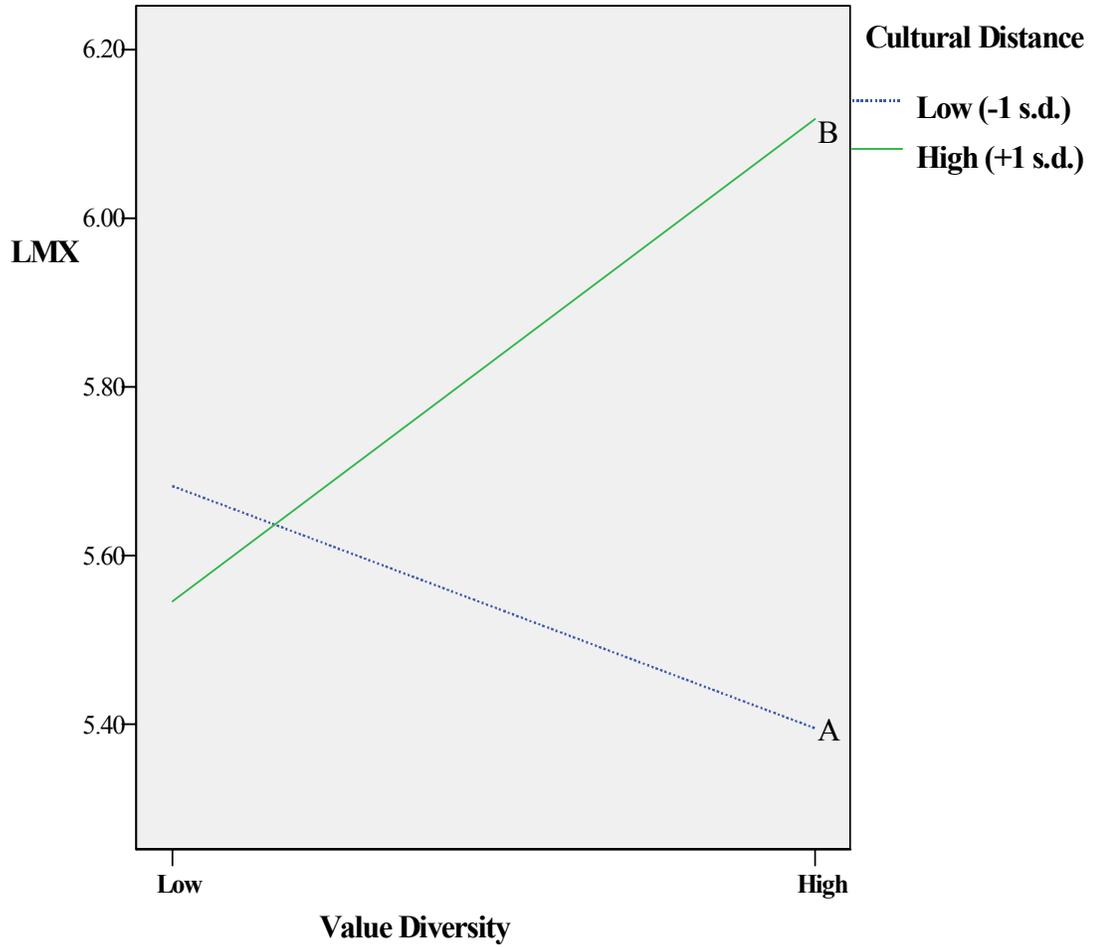


Figure 5
Host National Subordinates: The Relationship between
Value Diversity and LMX
under Low/High Cultural Distance.

cultural distance). Conversely, under high cultural distance conditions, there is a negative relationship between value diversity and the quality of the work relationships for expatriate managers and a positive relationship for host national subordinates. Thus, surface level cultural distance seems to have a different effect on expatriates and host nationals.

An examination of the figures further confirms this difference. Figure 4 shows that when there is little value diversity between an expatriate manager and a host national subordinate, the level of SLMX does not differ between high or low cultural distance ($t=.31$, n.s.). However, when value diversity is high, there is a significant difference between point A (low cultural distance) and point B (high cultural distance) ($t=1.47$, $p<.1$). This finding suggests that to enjoy the benefit of actual value diversity, expatriates prefer to be posted in a culturally similar country as their native countries.

Figure 5 shows that host national subordinates have a different story. For them, working with expatriates from more culturally distant countries appears to have on average positive implications for the quality of the work relationship (LMX). Similar to the expatriates' perspective, when there is little value diversity, there is not any significant difference on LMX between high or low cultural distance ($t=.40$, n.s.). However, when value diversity between the dyad members is large, highly distant culture (point B) leads to a significantly higher LMX than the low cultural distance condition (point A) ($t=2.23$, $p<.05$). This suggests that if a host national subordinate is working with an expatriate manager from a culturally remote country (e.g. Russian expatriate working in Japan), their value diversity will have positive implications for building a high quality work relationship with host nationals. However, for a low cultural distance condition, the relationship is negative. As such, this may indicate that host nationals working with an expatriate manager from a similar nationality (e.g.

Japan and Korea) who have difference in values will have a difficult time building a quality relationship with the expatriate manager.

Thus, the figures indicate that value diversity has different implications for expatriate managers and host national subordinates as it relates to the quality of the work relationships. Furthermore, the figures indicate that if an expatriate manager and a host national subordinate have similar values, their nationalities have few implications in terms of the quality of the work relationships. However, if the expatriate manager has divergent values from the host national subordinate, he/she will have an easier time establishing a quality work relationship with a host national subordinate from similar national cultures. Host nationals on the other hand, will have a better time establishing a high quality work relationship with expatriate managers from more culturally distant countries.

Summary of Supplementary Analyses

The supplementary analyses indicate that expatriate managers and host national subordinates exhibit different processes in terms of their response to cultural diversity. First, the expatriate managers are more likely to perceive cultural diversity factors as a source of dissimilarity, and as such respond negatively to cultural diversity. In contrast, the host national subordinates are more likely to perceive cultural diversity factors as a valued resource, and as such respond positively to cultural diversity. Second, value diversity becomes an asset for expatriate managers when they are working with host nationals from culturally similar countries. On the other hand, host nationals are more likely to capitalize on value diversity with culturally distant expatriate managers.

CHAPTER 6

CONCLUSION AND DISCUSSION

Conclusion

To date, the expatriate literature has primarily viewed cultural diversity as a challenge, and expatriate success has been defined in terms of how to overcome cultural challenges (e.g. Black, 1988, 1992; Black & Gregersen, 1990; Caliguiri, 2000; Hannigan, 1990; Takeuchi, et al., 2002). By adding the definition that cultural diversity is also an opportunity to create a network of high quality work relationships, this study attempts to contribute to the expatriate literature by addressing two primary research questions: (1) How do cultural differences between expatriate managers and host national subordinates affect the expatriate-host national work relationships? (2) What are the outcomes of high quality work relationships? A supplementary, but related, question that is derived during this study is: (3) What are the principle differences between expatriate managers and host national subordinates' perspectives on intercultural work relationships? A model, integrating affect-based and resource-based processes for intercultural work relationships, then is introduced and tested to address these questions. The findings suggest that: (1) the quality of the intercultural work relationships (SLMX/LMX) can be a powerful indicator for expatriate success, (2) the dyad members' perceptions of cultural diversity are significantly related to the quality of the work relationships, and (3) expatriate managers and host national subordinates perceive the intercultural work relationships differently.

Expatriate Success

The findings support the significance of expatriate managers' role as a global control agent (Adler, 2002; Harzig, 2001) who can establish a network of high quality intercultural work relationships that can contribute to short and long term expatriate

and firm success. Through high quality work relationships with expatriate managers, host national subordinates demonstrate higher task performance and OCB as well as increased commitment to the parent company. Thus, if managed effectively, expatriate-host national intercultural work relationships can create a competitive advantage for multinational corporations over time.

The Role of Perception for The Quality of The Work Relationships:

The results show that the perception about the cultural differences held by the dyad members, not so much the cultural differences either at the surface or deep level, is what matters most. Through an affect-based process, there is a negative influence on the quality of the work relationships when the dyad member perceives that the partner has different work attitudes. This is consistent with the recent finding in the group literature that suggests that perceived dissimilarity is negatively related to work group involvement (Hobman, et al., 2004). Through a resource-based process, on the other hand, there is a positive influence on the quality of the work relationship when the dyad member perceives that the partner brings informational and resource value to the relationship. Therefore, the focus of the expatriate-host national relationship management should be on how to maximize the perception of value and to minimize the perception of work attitude difference.

Expatriate Managers' and Host National Subordinates' Perspectives

The study findings also indicate that there are two sides to the story of the expatriate-host national work relationships. Expatriate managers are more likely to follow the affect-based process which leads to negative consequences, while host national subordinates are more likely to follow the resource-based process which leads to positive consequences. In other words, expatriate managers see cultural diversity more as a source of dissimilarity and host national subordinates see the same diversity as a source of resource value. These findings indicate that multicultural corporations

need to focus on different types of perception management for expatriate managers and host national subordinates.

The study also indicates that expatriate managers are more influenced by surface level cultural diversity compared to host national subordinates. For instance, there are some indications that expatriate managers are likely to discriminate against culturally distant host nationals. Overall, the results point to the possibility that host national subordinates are more open and willing to invest in intercultural work relationships than are expatriate managers. In other words, host national subordinates see beyond their daily interactions with expatriate managers to recognize the value in cultural differences. This may be attributed to the fact the host national employees who choose to work for a multinational corporation rather than for a domestic companies aspire to international careers.

Research Implications

In general, the findings contribute to the expatriate, diversity and leadership literature. The contributions to the expatriate literature are two-fold. First, our knowledge of expatriate success is enhanced by focusing on expatriate as a global control agent, a role that has previously received little empirical attention. This focus is significant because it has a long-term implication for multinational corporations. Other expatriate success factors such as their performance and adjustment may be meaningful in the short-term, but these factors ‘walk away’ when expatriate managers are transferred to other locations. On the contrary, high quality work relationships have the potential to expand and grow within the global network as expatriates move from one location to another. Thus, the quality of the work relationships, as indicators of expatriate managers’ success has significant implications for the expatriate literature.

Second, the study adds to the expatriate literature by prioritizing the important role that host national subordinates play in expatriate management success. The finding that host national subordinates are the ones that capture the positive aspects of the intercultural work relationship appears to be a fertile area for future studies. Given the fact that most expatriate research focus solely on expatriate managers, more attention should be paid on the management of host nationals and on how these parties differentially contribute to expatriate success. The study collected a unique sample in order to examine this aspect of expatriate success. The sample consisted of matched expatriate managers and host national subordinates, allowing for the examination of dyadic work relationships from two perspectives. This approach may benefit future research on expatriate success.

Third, the study contributes to the cultural diversity literature by testing a model integrating both an affect- and a resource-based process for examining cultural diversity whereby perception plays a central role. The study adds empirical support to Webber and Donahue's (2001) argument that it is the perception of diversity that leads to positive work outcomes, not the actual diversity. Especially important is the finding that perceived resource value has positive implications for work group outcomes. Furthermore, based on dyad partner perceptions, cultural diversity can have negative or positive consequences on the quality of the work relationships, a finding that may shed further light on the inconsistent findings of studies based solely on information processing theory. In particular, this finding supports Van Knippenberg and colleagues' approach (Van Knippenberg, et al., 2004) that the integration of both the positive and negative processes of cultural diversity is necessary to understand its impact on work group performance. In light of this insight, the possibility exists for organizational intervention by building on the positive aspects and minimizing the negative aspects of cultural diversity.

Fourth and last, the study extends the application of LMX theory to an intercultural setting. While the applicability and usefulness of LMX theory in culturally diverse workplaces has been advocated (Sullivan, Mitchell, & Uhl-Bien, 2003), knowledge in this specific area is limited (Douglas, Ferris, Buckley, & Gundlach, 2003). The study successfully tested culturally diverse dyads involving 36 nationalities, and found that indeed, SLMX/LMX is positively related to work performance and attitudes. More significantly, the results indicate that greater cultural diversity has the potential to lead to higher quality of work relationships. This is an important first step toward application of LMX theory in dynamic, culturally diverse work teams.

Practical Implications

The study also has several relevant implications for industry practitioners. First and foremost, the study suggests that indeed, intercultural work relationships, if managed effectively, can lead to a competitive advantage. Benefits of building a network of high quality intercultural work relationships include high performing host national employees around the world who are committed to the company. This in turn will have implications for reducing the turnover of high quality employees (Meyer & Allen, 1997), a problem which continues to plague multinational organizations. Taken together, the improved management of expatriates combined with the retention of valued employees, can likely create separation from the competition and significantly impact the company's bottom line in the long run.

Multinational organizations may also need to take a more serious look at expatriate management from two perspectives. That is, they may need to have a more balanced understanding of the expatriate manager and host national subordinate perspectives. The study shows that these two groups of employees process differently

as they work with each other. Thus, a comprehensive strategy for effective expatriate management should also involve different tactics for managing host nationals and expatriate managers. An important strategic consideration is how to best strengthen the perception of resource value for host national employees. Therefore, multinational organizations may want to survey their host nationals to better understand the reasons why host nationals are motivated to work with ‘foreigners’. In this way, the firm can accentuate these features when hiring, training and developing their host nationals. For instance, if one of the reasons why they like working with expatriate managers is the potential to learn more about foreign countries, exchange programs among subsidiaries may be an effective way to further motivate and develop these employees. Alternatively, if host national subordinates are motivated toward a global career, introducing a system where host nationals may be promoted to become expatriates may prove attractive. Furthermore, in order to build stronger high quality work relationships, multinational organizations may also want to determine the reasons why expatriate managers feel so isolated from their host national subordinates. This study indicates that multinational organizations ought to focus on strategies to attenuate expatriate managers’ perceptions of dissimilarity as they work with host national subordinates. For example, it may be the expatriate managers language ability, experience, or even personality (Shaffer, Harrison, Gregersen, Black, & Ferzandi, 2006). By addressing these issues, multinational organizations may be able to provide an environment for expatriate managers where they feel more integrated with host national employees.

To the degree to which expatriate managers work effectively with host national subordinates, it is also important to note that the difference in nationality does not appear to have as much ramifications as it was previously believed. As such, multinational organizations may not need to worry as much about selecting expatriates

for certain locations based on their nationalities and can channel their attention and resources to other priority areas. This insight underscores the finding by Selmer (2002) that it is sometimes more difficult for expatriates and host nationals to share an ethnic identity. Individual differences in how they respond to cultural differences require more attention, however, since it is the individual perceptions that seem to influence expatriate success.

Limitations

This study has several limitations. First, the hypotheses are tested using a small sample. The sample size of 72 does not allow for analyses using a structural equation model as planned. For this reason, many control variables that were originally included in the model are dropped allowing for an adequate number of variables. Despite the small sample, however, the data show strong support for the two major hypotheses. Nevertheless, a study utilizing a larger sample is recommended for the future.

Second, there may have been a bias in the sample because the survey was written in English. Although a Japanese translation was provided to assist a few Japanese-speaking respondents, most respondents used an English version of the survey only. This may have excluded host national/expatriates who were not fluent in English. As a consequence, there is a potential bias in the sample toward English speaking individuals.

Third, the cross-sectional nature of the study poses some limitations. For any causal relationships, a longitudinal study is required (Cook & Campbell, 1979). However, due to the nature of the data collection procedure, this was not possible. As such, results should be interpreted with caution.

Future Directions

There are several areas where this study may be expanded and built upon in the future. First, the identification of corporate, contextual and individual factors that positively affect perceptions of resource value and of dissimilarity are interesting and legitimate areas for future study. This line of research will be especially useful to industry practitioners as they strive to manage an increasingly diverse and global network of intercultural work relationships.

Another area for future research might be a qualitative study that considers the nature of the differences in perspectives between expatriate managers and host national subordinates. Although the current study show that expatriates and host nationals see things differently, we do not know exactly the origin of those differences.

Furthermore, extending on Van Vianen and colleagues' (2004) research on the relationship between specific cultural values and expatriate adjustment, a more detailed examination of the types of cultural values that may have implications for positive or negative processes will be instructive. Van Vianen and colleagues found that of the four major values (Schwartz, 1992), individual level fit in self-transcendence with host national employees is the only value that had implications for expatriate adjustment.

Finally, in terms of extending LMX theory, an examination of the discrepancy between SLMX and LMX in intercultural work relationship provides an interesting avenue for future study. In this study, the correlation between SLMX and LMX was .10 (n.s.) which is far below what is expected in domestic (U.S.) studies (.44, Ford & Greguras, 2003). Minsky (2002) conducted an extensive examination of such discrepancies in a domestic setting. An intercultural condition may add a new dimension to her findings.

APPENDIX 1

The Cover Letter to The Survey Invitation

Dear _____,

Greetings from Ithaca, New York! This message has been sent to you in cooperation with the Center for Hospitality Research at Cornell University School of Administration.

We are a team of researchers at Cornell's School of Hotel Administration examining the degree to which multinational companies are effectively managing their expatriates and their locally hired employees.

As part of this study, we ask the cooperation of both the expatriate managers and the local hires working within your organization. Specifically, if you are an expatriate manager, or a local hire working for an expatriate manager, we are interested in your views about and experience with intercultural work relationships. Our hope is that you will consider completing the attached survey and also identify an individual with whom you are working in an intercultural work relationship. We will contact the identified individual separately to ask for their participation in the survey. The survey is only meaningful when two parties (an expatriate manager and a locally hired subordinate) complete it.

The survey for each participant will require no more than 20 minutes. At all times, your feedback will remain completely confidential. Neither your responses nor those of your work partner's responses will be shared with the other. Our findings will be seen only by the primary researchers and reported in an aggregate form.

The link to the survey is: URL=
http://atcdb.cit.cornell.edu/survey//wsb.dll/mst23/masako_test2.htm . Your personal password for the survey is _____.

Your participation is entirely voluntary. However, we appreciate your participation in this important survey, which is a part of the doctoral dissertation for one of the primary researchers. In return, we will be happy to send you a copy of the findings from the survey once completed. If you have any questions or if we may be of service, please feel free to contact us at mst23@cornell.edu.

Sincerely,

Masako Shibata Taylor
Ph.D. Candidate

Dr. Michael C. Sturman
Associate Professor

APPENDIX 2

The Cover Letter to Survey Invitation for Dyad Partners

Dear _____,

Greetings from Ithaca New York. We are a team of researchers at Cornell University School of Hotel Administration. We were introduced to you by Mr/Ms. _____ at _____, who kindly participated in a survey that we are distributing on-line as a part of the study on intercultural work relationship between expatriate managers and locally hired subordinates. In order to complete his part of the survey, we need your participation as locally hired subordinate/expatriate manager to Mr/Ms. _____.

Please go to the link below and take this on-line survey **about your work relationship with Mr/Ms. _____ ?**

The survey should only take approximately 15 to 20 minutes, so please consider taking it as soon as possible.

Survey link : http://atcdb.cit.cornell.edu/survey//wsb.dll/mst23/masako_test2.htm .
Your password is _____.

Please be assured that your answers will be kept strictly confidential. This means that nobody from your company (including Mr/Ms. _____) will see your answers. In order for your feedback to be included in the final analysis, please complete the survey by December 17th, 2005.

We really appreciate your assistance. If you have any questions, please feel free to contact Masako Taylor at mst23@cornell.edu . I look forward to receiving the survey back from you soon!

Best regards,

Masako Taylor
Ph.D. Candidate
Cornell University

Dr. Michael C. Sturman
Associate Professor
Cornell University

APPENDIX 3
A List of Variables to Be Tested

Variables	Source	Expatriate Manager	Host National Subordinates	# of items
Cultural Diversity variables				
Value Diversity	Schwartz (1992)	X	X	46
Cultural Distance (Nationality)	House, et al., (2004)	X	X	1
Perception Variables (Mediator variables)				
Perceived dissimilarity	Liden, Wayne, & Stilwell (1993)	X	X	6
Perceived resource value	Ibarra (1995)	X	X	6
Relationship Quality (Dependent variable)				
LMX-MDM/SLMX-MDM	Liden & Maslyn (1993), Ford & Greguras (2003)	X	X	11
Performance Measures (Dependent variables)				
Subordinate task performance	Williams and Anderson (1991)	X		7
Subordinate OCB	Williams and Anderson (1996)	X		6
Subordinate organizational commitment	Meyer, Allen, and Smith (1993)		X	5
Control Variables				
Relationship Tenure	n.a.	X	X	1
Industry type	n.a.	X	X	1
Total # of items		80	72	85

APPENDIX 4

Web-Survey Instrument Intercultural Work Relationship Survey

Thank you very much for participating in the study. This project focuses on the role of intercultural work relationships in multinational corporations. Please keep in mind that you will be answering the questions about you and your work relationship with the specific individual that you will identify in the survey below. The individual will be contacted later to fill in the similar survey. In asking the questions, we are interested in your opinion – there are no right or wrong answers to these questions. Also please be assured that your answers will be kept completely confidential. This means that your answers will only be known to the primary researchers and yourself. The data will NOT be shared with the specific individual you identify. The survey should take approximately 20 minutes to complete. Should you have any questions, please feel free to email me at mst23@cornell.edu, and I will get back to you as soon as possible. Again, thank you very much for your participation.

SECTION I

This section asks questions related to you and your background:

1. Please type in the password number from the email you received about this study: _____
2. Your native country (nationality): _____
3. What is your native language? _____
4. Your age: _____
5. Your gender
____ Male
____ Female
6. Your highest educational degree: _____
7. Please select the industry in which you currently work: _____
8. How long have you worked in this industry?
____ Year(s) and
____ Month(s)

9. In which country are you working now? _____

10. How long have you lived in this country?

_____ Year(s) and

_____ Month(s)

11. Name of the local company you work for (optional): _____

12. How long have you worked for this company?

_____ Year(s) and

_____ Month(s)

13. What is the name of the PARENT COMPANY (worldwide headquarters) that you work for (optional): _____

14. How long have you worked for this PARENT COMPANY?

_____ Year(s) and

_____ Month(s)

15. How much do you agree with the following about the PARENT COMPANY (the main office, head quarters)?

1=Strongly disagree

2=Disagree

3=Somewhat disagree

4=Neutral

5=Somewhat agree

6=Agree

7=Strongly agree

I would be very happy to spend the rest of my career with this parent company. 1 2 3 4 5 6 7

I really feel as if this parent company's problems are my own. 1 2 3 4 5 6 7

I do not feel a strong sense of 'belonging' to the parent company. 1 2 3 4 5 6 7

I do not feel 'emotionally attached' to the parent company. 1 2 3 4 5 6 7

The parent company has a great deal of personal meaning for me. 1 2 3 4 5 6 7

16. What is your job title? _____

17. Please rate the degree to which you agree with the following about your job:

- 1=Strongly disagree
- 2=Disagree
- 3=Somewhat disagree
- 4=Neutral
- 5=Somewhat agree
- 6=Agree
- 7=Strongly agree

My company values employees' international experience in general. 1 2 3 4 5 6 7

My job is technical/mechanical. 1 2 3 4 5 6 7

My job is managerial/administrative. 1 2 3 4 5 6 7

18. Are you an expatriate manager or a subordinate working in your own country?
(Please select whichever that more accurately describes your position.)

_____ Expatriate
_____ Subordinate

[Go to Next Question]

SECTION II (Host National Subordinates)

This section asks about the expatriate manager that you work with.

19. Please identify an expatriate manager with whom you work on a daily basis
(we will contact the expatriate manager to ask for his/her participation on the
similar survey):

Name of the expatriate manager: _____

Email address of the expatriate manager: _____

Job title of the expatriate manager: _____

20. How long have you worked with this expatriate?

_____ Year(s) and
_____ Month(s)

21. Have you lived outside of your native country?

Yes
 No

[Go to Next Question]

22. How long have you lived outside of your native country?

Year(s) and
 Month(s)

23. Have you lived in the expatriate manager's native country?

Yes
 No

[Go to Next Question]

24. How long did you live in this expatriate's native country?

Year(s) and
 Month(s)

25. Please rate the degree to which you agree with the following about the expatriate manager that you identified:

- 1=Strongly disagree
- 2=Disagree
- 3=Somewhat disagree
- 4=Neutral
- 5=Somewhat agree
- 6=Agree
- 7=Strongly agree

He/She and I are similar in terms of our outlook,
perspective, and values. 1 2 3 4 5 6 7

I always know how satisfied he/she is with what I do. 1 2 3 4 5 6 7

He/She understands my problems and needs well enough. 1 2 3 4 5 6 7

He/She fully recognizes my potential. 1 2 3 4 5 6 7

He/She and I see things in much the same way. 1 2 3 4 5 6 7

He/She would personally use his/her power to help me
solve my work problems. 1 2 3 4 5 6 7

I can count on him/her to help me at his/her expense when I really need it.	1 2 3 4 5 6 7
I have enough confidence in him/her to defend and justify his/her decisions when he/she is not present to do so.	1 2 3 4 5 6 7
My working relationship with him/her is extremely effective.	1 2 3 4 5 6 7
He/She and I are alike in a number of areas.	1 2 3 4 5 6 7
I like him/her very much as a person.	1 2 3 4 5 6 7
He/She is the kind of person one would like to have as a friend.	1 2 3 4 5 6 7
He/She is a lot of fun to work with.	1 2 3 4 5 6 7
He/She defends my actions to a supervisor, even without knowledge of the issue in question.	1 2 3 4 5 6 7
He/She would come to my defense if I were 'attacked' by others.	1 2 3 4 5 6 7
I do work for him/her that goes beyond what is specified in my job description.	1 2 3 4 5 6 7
I am willing to apply extra efforts, beyond those normally required to meet his/her work goals.	1 2 3 4 5 6 7
I do not mind working my hardest for him/her.	1 2 3 4 5 6 7
I am impressed with his/her knowledge of hi/her job.	1 2 3 4 5 6 7
I respect his/her knowledge of and competence on the job.	1 2 3 4 5 6 7
I admire his/her professional skills.	1 2 3 4 5 6 7
He/She and I handle problems in a similar way.	1 2 3 4 5 6 7
He/She and I think alike in terms of coming up with similar solution for a problem.	1 2 3 4 5 6 7
He/She and I analyze problems in a similar way.	1 2 3 4 5 6 7

26. To what extent would you say that this expatriate manager has been useful to you on the following?

1= Not at all 2 3 4 5 6 7=To a very great extent

Providing access to resources and support. 1 2 3 4 5 6 7

Helping me learn the ropes (unwritten rules and norms). 1 2 3 4 5 6 7

Providing me access to important information. 1 2 3 4 5 6 7

Helping career advancement. 1 2 3 4 5 6 7

As a signal that I am well connected. 1 2 3 4 5 6 7

Access to opportunities. 1 2 3 4 5 6 7

27. To what extent do you agree or disagree with the following statement. Think about your own shopping preferences. The phrase “private label brands” is another terms for store brand products (e.g. Wal-Mart brand products).

1=Strongly disagree

2=Disagree

3=Somewhat disagree

4=Neutral

5=Somewhat agree

6=Agree

7=Strongly agree

Buying a private label brands makes me feel good. 1 2 3 4 5 6 7

I love it when private labels brands are available for the product categories I purchase. 1 2 3 4 5 6 7

For most product categories, the best buy is usually the private label brand. 1 2 3 4 5 6 7

Considering value for the money, I prefer private label brands to national brands. 1 2 3 4 5 6 7

When I buy a private label brand, I always feel that I am getting a good deal. 1 2 3 4 5 6 7

28. What language do you speak with the expatriate manager? _____

Shopping	1 2 3 4 5 6 7
Cost of living	1 2 3 4 5 6 7
Entertainment/recreation facilities and opportunities.	1 2 3 4 5 6 7
Health care facilities (e.g. hospitals)	1 2 3 4 5 6 7
Socializing with host nationals.	1 2 3 4 5 6 7
Interacting with host nationals on a day-to-day basis.	1 2 3 4 5 6 7
Interaction with host nationals outside of work.	1 2 3 4 5 6 7
Speaking with host nationals.	1 2 3 4 5 6 7
Specific job responsibilities.	1 2 3 4 5 6 7
Performance standards and expectations.	1 2 3 4 5 6 7
Supervisory responsibilities.	1 2 3 4 5 6 7
23. This question asks about your evaluation of the locally hired subordinate in question. Please rate the degree to which you agree with the following about him/her.	
1=Strongly disagree	
2=Disagree	
3=Somewhat disagree	
4=Neutral	
5=Somewhat agree	
6=Agree	
7=Strongly agree	
Adequately completes assigned duties.	1 2 3 4 5 6 7
Fulfills responsibilities specified in job description.	1 2 3 4 5 6 7
Performs tasks that are expected of him/her.	1 2 3 4 5 6 7
Meets formal performance requirements of the job.	1 2 3 4 5 6 7
Engages in activities that will directly affect his/her performance evaluation.	1 2 3 4 5 6 7

- Neglects aspects of the job he/she is obliged to perform. 1 2 3 4 5 6 7
- Fails to perform essential duties. 1 2 3 4 5 6 7
- Helps others who have been absent. 1 2 3 4 5 6 7
- Assists supervisor with his/her work (when not asked). 1 2 3 4 5 6 7
- Goes out of way to help new employees. 1 2 3 4 5 6 7
- Takes a personal interest in other employees. 1 2 3 4 5 6 7
- Passes along information to co-workers. 1 2 3 4 5 6 7

24. How fluent are you in the native language of your current assignment?

Not at all fluent 1 2 3 4 5 6 7 Very fluent

25. Please rate the degree to which you agree with the following about the locally hired subordinate that you have identified.

- 1=Strongly disagree
- 2=Disagree
- 3=Somewhat disagree
- 4=Neutral
- 5=Somewhat agree
- 6=Agree
- 7=Strongly agree

- He/She and I are similar in terms of outlook, perspective, and values. 1 2 3 4 5 6 7
- I always know how satisfied he/she is with what I do. 1 2 3 4 5 6 7
- He/She understands my problems and needs well enough. 1 2 3 4 5 6 7
- He/She fully recognizes my potential. 1 2 3 4 5 6 7
- He/She and I see things in much the same way. 1 2 3 4 5 6 7
- He/She would personally use his/her power to help me solve my work problems. 1 2 3 4 5 6 7
- I can count on him/her to help me at his/her expense when I really need it. 1 2 3 4 5 6 7

I have enough confidence in him/her to defend and justify his/her decisions when he/she is not present to do so.	1 2 3 4 5 6 7
My working relationship with him/her is extremely effective.	1 2 3 4 5 6 7
He/She and I are alike in a number of areas.	1 2 3 4 5 6 7
I like him/her very much as a person.	1 2 3 4 5 6 7
He/She is the kind of person one would like to have as a friend.	1 2 3 4 5 6 7
He/She is a lot of fun to work with.	1 2 3 4 5 6 7
He/She defends my actions to a supervisor, even without complete knowledge of the issue in question.	1 2 3 4 5 6 7
He/She would come to my defense if I was 'attacked' by others.	1 2 3 4 5 6 7
I provide support and resources for him/her that goes beyond what is specified in my job description.	1 2 3 4 5 6 7
I am willing to apply extra efforts beyond those normally required to help him/her meet his/her work goals.	1 2 3 4 5 6 7
I do not mind working my hardest for him/her.	1 2 3 4 5 6 7
I am impressed with his/her knowledge of his/her job.	1 2 3 4 5 6 7
I respect his/her knowledge of and competence on the job.	1 2 3 4 5 6 7
I admire his/her professional skills.	1 2 3 4 5 6 7
He/She and I handle problems in a similar way.	1 2 3 4 5 6 7
He/She and I think alike in terms of coming up with similar solution for a problem.	1 2 3 4 5 6 7
He/She and I analyze problems in a similar way.	1 2 3 4 5 6 7

26. To what extent would you say that this locally hired subordinate has been useful to you on the following?

Not at all 1 2 3 4 5 6 7 To a very great extent

Providing access to resources and support. 1 2 3 4 5 6 7

Helping me learn the ropes (unwritten rules and norms). 1 2 3 4 5 6 7

Providing me access to important information. 1 2 3 4 5 6 7

Helping career advancement. 1 2 3 4 5 6 7

As a signal that I am well connected. 1 2 3 4 5 6 7

Access to opportunities. 1 2 3 4 5 6 7

27. To what extent do you agree or disagree with the following statement. Think about your own shopping preferences. The phrase “private label brands” is another terms for store brand products (e.g. Wal-Mart brand products).

1=Strongly disagree

2=Disagree

3=Somewhat disagree

4=Neutral

5=Somewhat agree

6=Agree

7=Strongly agree

Buying a private label brands makes me feel good. 1 2 3 4 5 6 7

I love it when private labels brands are available for the product categories I purchase. 1 2 3 4 5 6 7

For most product categories, the best buy is usually the private label brand. 1 2 3 4 5 6 7

Considering value for the money, I prefer private label brands to national brands. 1 2 3 4 5 6 7

When I buy a private label brand, I always feel that I am getting a good deal. 1 2 3 4 5 6 7

28. What language do you mainly speak with the locally hired subordinates?

29. How fluent are you in the language you mainly speak with the locally hired subordinates?

Not at all fluent 1 2 3 4 5 6 7 Very fluent

SECTION III

This last section asks some questions about your professional and cultural background.

30. Please indicate the extent to which you agree or disagree with each statement about work values.

- 1=Strongly disagree
- 2=Disagree
- 3=Somewhat disagree
- 4=Neutral
- 5=Somewhat agree
- 6=Agree
- 7=Strongly agree

Group welfare is more important than individual rewards. 1 2 3 4 5 6 7

Group success is more important than individual success. 1 2 3 4 5 6 7

Being accepted by members of your work group is very important. 1 2 3 4 5 6 7

Employees should only pursue their goals after considering the welfare of the group. 1 2 3 4 5 6 7

Managers should encourage group loyalty even if individual goals suffer. 1 2 3 4 5 6 7

Individuals may be expected to give up their goals in order to benefit group success. 1 2 3 4 5 6 7

Managers should make decisions without consulting subordinates. 1 2 3 4 5 6 7

Managers should seldom ask for the opinions of employees.	1 2 3 4 5 6 7
Managers should avoid off-the-job social contacts with employees.	1 2 3 4 5 6 7
Employees should not disagree with management decisions.	1 2 3 4 5 6 7
Managers should not delegate important tasks to employees.	1 2 3 4 5 6 7
It is important to have job requirements and instructions spelled out in detail so that employees always know what they are expected to do.	1 2 3 4 5 6 7
Managers expect employees to closely follow instructions and procedures.	1 2 3 4 5 6 7
Rules and regulations are important because they inform employees what the organization expects of them.	1 2 3 4 5 6 7
Standard operating procedures are helpful to employees on the job.	1 2 3 4 5 6 7
Instructions for operations are important for employees on the job.	1 2 3 4 5 6 7
Meetings are usually run more effectively when they are chaired by a man.	1 2 3 4 5 6 7
It is more important for men to have a professional career than it is for women to have a professional career.	1 2 3 4 5 6 7
Men usually solve problems with logical analysis; women usually solve problems with intuition.	1 2 3 4 5 6 7
Solving organizational problems usually requires an active forcible approach which is typical of men.	1 2 3 4 5 6 7
It is preferable to have a man in a high level of position rather than a woman.	1 2 3 4 5 6 7

31. How much do you agree with the following about yourself?

- 1=Strongly disagree
- 2=Disagree
- 3=Somewhat disagree
- 4=Neutral
- 5=Somewhat agree
- 6=Agree
- 7=Strongly agree

I can obtain the resources necessary to support new ideas.	1	2	3	4	5	6	7
When I need additional resources to do my job, I can usually get them.	1	2	3	4	5	6	7
I have access to the resources I need to do my job well.	1	2	3	4	5	6	7
I understand the strategies and goals of the organization.	1	2	3	4	5	6	7
I understand top management's vision of the organization.	1	2	3	4	5	6	7
I have access to the strategic information I need to do my job well.	1	2	3	4	5	6	7

32. Please rate how important each value is to you as a guiding principles in your life.

	-1	0	1	2	3	4	5	6	7
	Opposed to my values	Not Important	Least Important			Important			Extremely Important
Equality (equal opportunities for all).	-1	0	1	2	3	4	5	6	7
Social power (control over others, dominance)	-1	0	1	2	3	4	5	6	7
Pleasure (gratification of desires)	-1	0	1	2	3	4	5	6	7
Freedom (freedom of action and thought)	-1	0	1	2	3	4	5	6	7
Social order (stability of society)	-1	0	1	2	3	4	5	6	7
An exciting life (stimulating experience)	-1	0	1	2	3	4	5	6	7
Politeness (courtesy, good manners)	-1	0	1	2	3	4	5	6	7
Wealth (material possessions, money)	-1	0	1	2	3	4	5	6	7

National security (protection of my nation from enemies)	-1 0 1 2 3 4 5 6 7
Reciprocation of favors (avoidance of indebtedness)	-1 0 1 2 3 4 5 6 7
Creativity (uniqueness, imagination)	-1 0 1 2 3 4 5 6 7
A world at peace (free of war and conflict)	-1 0 1 2 3 4 5 6 7
Respect for tradition (preservation of time-honored customs)	-1 0 1 2 3 4 5 6 7
Self-discipline (self-restraint, resistance to temptation)	-1 0 1 2 3 4 5 6 7
Detachment (from worldly concerns)	-1 0 1 2 3 4 5 6 7
Family security (safety for loved ones)	-1 0 1 2 3 4 5 6 7
Unity with nature (fitting into nature)	-1 0 1 2 3 4 5 6 7
A varied life (filled with challenges, novelty and change)	-1 0 1 2 3 4 5 6 7
Wisdom (a mature understanding of life)	-1 0 1 2 3 4 5 6 7
Authority (the right to lead or command)	-1 0 1 2 3 4 5 6 7
A world of beauty (beauty of nature and the arts)	-1 0 1 2 3 4 5 6 7
Social justice (correcting injustice, care for the weak)	-1 0 1 2 3 4 5 6 7
Independent (self-reliant, self-sufficient)	-1 0 1 2 3 4 5 6 7
Moderation (avoiding extremes of feeling and action)	-1 0 1 2 3 4 5 6 7
Loyalty (faithful to my friends, group)	-1 0 1 2 3 4 5 6 7
Ambitious (hardworking)	-1 0 1 2 3 4 5 6 7

Broad-minded (tolerant of different ideas and beliefs)	-1 0 1 2 3 4 5 6 7
Humble (modest, self-effacing)	-1 0 1 2 3 4 5 6 7
Daring (seeking adventure, risk)	-1 0 1 2 3 4 5 6 7
Protecting the environment (preserving nature)	-1 0 1 2 3 4 5 6 7
Influential (having an impact on people and events)	-1 0 1 2 3 4 5 6 7
Honoring of parents and elders (showing respect)	-1 0 1 2 3 4 5 6 7
Choosing own goals (Selection of own purposes)	-1 0 1 2 3 4 5 6 7
Capable (competent, effective, efficient)	-1 0 1 2 3 4 5 6 7
Accepting my portion in life (submitting to life's circumstances)	-1 0 1 2 3 4 5 6 7
Honest (genuine, sincere)	-1 0 1 2 3 4 5 6 7
Preserving my public image (protecting my 'face')	-1 0 1 2 3 4 5 6 7
Obedient (dutiful, meeting obligations)	-1 0 1 2 3 4 5 6 7
Helpful (working for the welfare of others)	-1 0 1 2 3 4 5 6 7
Enjoying life (enjoying food, sex, leisure, etc)	-1 0 1 2 3 4 5 6 7
Devout (holding to religious faith and belief)	-1 0 1 2 3 4 5 6 7
Responsible (dependable, reliable)	-1 0 1 2 3 4 5 6 7
Curious (interested in everything, exploring)	-1 0 1 2 3 4 5 6 7
Forgiving (willing to pardon others)	-1 0 1 2 3 4 5 6 7
Successful (achieving goals)	-1 0 1 2 3 4 5 6 7
Clean (neat, tidy)	-1 0 1 2 3 4 5 6 7
Self-indulgent	-1 0 1 2 3 4 5 6 7

33. Please share, if any, your challenges in working in an intercultural work relationship.

34. Please share, if any, the benefits of working in an intercultural work relationship.

35. Any other comments about the survey?

36. Can you recommend another expatriate manager or a locally hired subordinate who may be willing to participate in this survey?

Name: _____

Email address: _____

Company name: _____

If you have more than one, please indicate the names and the email address in the following space:

37. Would you like to receive an electronic copy of the findings?

_____ Yes

_____ No

Your contact information:

Your name: _____

Email address: _____

Address: _____

Phone number: _____

Thank you very much for your completing the survey. If you have any questions about the survey, please feel free to contact me at mst23 @cornell.edu. Best regards,
Masako S. Taylor & Dr. Michael C. Sturman

[Submit Survey]

*This survey was created with Websurveyor

APPENDIX 5 Sources of Measures

Construct	Scale		Examples	
	Name	Source	Items	α
Value	Value Scale	Schwartz, 1992	<p><i>Please indicate the significance of each item with regard to your value concept or your guiding principle in your life:</i></p> <p>-1=against my value concept, 0=not important, 4=important, 7=very important</p> <ol style="list-style-type: none"> 1. Equality (equal opportunity for all) 2. Inner harmony (at peace with myself)* 3. Social power (control over others, dominance) 4. Pleasure (gratification of desires) 5. Freedom (freedom of action and thought) 6. A spiritual life (Creativity (originality, imagination)* 7. Sense of belonging (feeling that others care about me)* 8. Social order (stability of society) 9. An exciting life (stimulating experiences) 10. Meaning in life (a purpose in life)* 11. Politeness (courtesy, good manners) 12. Wealth (material possessions, money) 13. National security (protection of my nation from enemies) 14. Self-respect (belief in one's own worth)* 	n.a.
				<p>α</p> <p>Openness = .78/ .62 Conservation = .69/ .82 Self-enhancement = .60/ .76 Self-transcendence = .72/ .76 (locals/expatriates)</p> <p>Universalism: .73 Benevolence: .68 Tradition: .49 Conformity: .64 Security: .64 Power: .66 Achievement: .65 Hedonism: .71 Stimulation: .61 Self-direction: .58</p>
				<p>Source</p> <p>Vianen, De Pater, Kristof-Brown and Johnson, (2004) *45 items</p> <p>Sagiv & Schwartz (2000)</p>

Construct	Scale			Examples	
	Name	Source	Items	α	Source
Value (continued)	Value Scale	Schwartz, 1992	(Continued) 15. Reciprocation of favors (avoidance of indebtedness) 16. Creativity (uniqueness, imagination) 17. A world at peace (free of war and conflict) 18. Respect for tradition (preservation of time-honored customs) 19. Mature love (deep emotional and spiritual intimacy)* 20. Self-discipline (self-restraint, resistance to temptation) 21. Detachment (from worldly concerns) 22. Family security (safety for loved ones) 23. Social recognition (respect, approval by others)* 24. Unity with nature (fitting into nature) 25. A varied life (filled with challenge, novelty, and change) 26. Wisdom (a mature understanding of life) 27. Authority (the right to lead or command) 28. True friendship (close, supportive friends)* 29. A world of beauty (beauty of nature and the arts) 30. Social justice (correcting injustice, care for the weak) 31. Independent (self-reliant, self-sufficient) 32. Moderate (avoiding extremes of feeling and action)	α	α

Construct	Scale			Examples	
	Name	Source	Items	α	Source
Value (Continued)	Value Scale	Schwartz, 1992	(Continued) 33. Loyal (faithful to my friends, group) 34. Ambitious (hardworking, aspiring) 35. Broad-minded (tolerant of different ideas and beliefs) 36. Humble (modest, self-effacing) 37. Daring (seeking adventure, risk) 38. Protecting the environment (preserving nature) 39. Influential (having an impact on people and events) 40. Honoring of parents and elders (showing respect) 41. Choosing own goals (selecting own purposes) 42. Healthy (not being sick physically or mentally)* 43. Capable (competent, effective, efficient) 44. Accepting my portion in life (submitting to life's circumstances) 45. Honest (genuine, sincere) 46. Preserving my public image (protecting my 'face') 47. Obedient (dutiful, meeting obligations) 48. Intelligent (logical, thinking)* 49. Helpful (working for the welfare of others) 50. Enjoying life (enjoying food, sex, leisure, etc.)	α	α

Construct	Scale			Examples	
	Name	Source	Items	α	Source
Value (Continued)	Value Scale	Schwartz, 1992	(Continued) 51. Devout (holding to religious faith and belief) 52. Responsible (dependable, reliable) 53. Curious (interested in everything, exploring) 54. Forgiving (willing to pardon others) 55. Successful (achieving goals) 56. Clean (neat, tidy) *: indicates the items that were later found to have different meanings across cultures (Sagiv & Schwartz, 2000), and thus will be eliminated from the current survey.		
Perceived dissimilarity (reversed)	Perceived similarity	Liden, Wayne, & Stilwell (1993)	Please rate the degree to which you agree with the following: I = strongly agree 7 = strongly disagree 1. My supervisor and I are similar in terms of our outlook, perspective and values. 2. My supervisor and I see things in much the same way. 3. My supervisor and I are alike in a number of areas. 4. My supervisor and I handle problems in a similar way. 5. My supervisor and I think alike in terms of coming up with similar solution for a problem. 6. My supervisor and I analyze problems in a similar way.	Subordinate = .91 Supervisor = .92	Turban & Jones (1988) Three items
					Subordinate = .81

Construct	Scale			Examples		
	Name	Source	Items	α	Source	α
The Quality of The Work Relationships	LMX-MDM (Subordinates)	Liden & Maslyn (1993)	<p>1 = strongly disagree 7 = strongly agree</p> <p>Affect:</p> <ol style="list-style-type: none"> 1. I like my supervisor very much as a person. 2. My supervisor is the kind of person one would like to have as a friend. 3. My supervisor is a lot of fun to work with. <p>Loyalty:</p> <ol style="list-style-type: none"> 1. My supervisor defends my work actions to a supervisor, even without complete knowledge of the issue in question. 2. My supervisor would come to my defense if I were 'attacked' by others. <p>Contribution:</p> <ol style="list-style-type: none"> 1. I do work for my supervisor that goes beyond what is specified in my job description. 2. I am willing to apply extra efforts, beyond those normally required to meet my supervisor's work goals. 3. I do not mind working my hardest for my supervisor. <p>Professional respect:</p> <ol style="list-style-type: none"> 1. I am impressed with my supervisor's knowledge of his/her job. 2. I respect my supervisor's knowledge of and competence on the job. 3. I admire my supervisor's professional skills. 	.86	Erdogan, Kraimer, & Liden (2004)	.94
				.80	Kraimer, Wayne, & Jaworski (2001)	.93
				.66	Maslyn & Uhl-Bien (2001)	.92
				.84	Settoon, Bennet, & Liden (1996)	Affect= .96 Loyalty = .92 Contribution = .70 Respect= .78

Construct	Scale			Examples	
	Name	Source	Items	α	Source
Task performance	In-role performance	Williams & Anderson (1991)	<p>1= Strongly disagree 7= Strongly agree</p> <ol style="list-style-type: none"> 1. Adequately completes assigned duties. 2. Fulfills responsibilities specified in job description. 3. Performs tasks that are expected of him/her. 4. Meets formal performance requirements of the job. 5. Engages in activities that will directly affect his/her performance evaluation. 6. Neglects aspects of the job he/she is obligated to perform (reverse). 7. Fails to perform essential duties (reverse). 	.91	<p>Turnley et al., (2003)</p> <p>Settoon, Bennett, & Liden (1996)</p> <p>Deluga (1998)</p> <p>Deluga (1996)</p>
OCB	Organizational citizenship behavior	Williams & Anderson (1991)	<p>1= Strongly disagree 7= Strongly agree</p> <ol style="list-style-type: none"> 1. Helps others who have been absent. 2. Helps others who have heavy work loads. 3. Assists supervisor with his/her work (when not asked). 4. Goes out of way to help new employees. 5. Takes a personal interest in other employees 6. Passes along information to co-workers 	.88	<p>Turnley et al., (2003)</p> <p>Liao & Rupp (2005)</p> <p>Somech & Drach-Zahavy (2004)</p> <p>Settoon, Bennett, & Liden (1996)</p>

Construct	Scale			Examples		
	Name	Source	Items	α	Source	
Organizational commitment	Affective commitment	Meyer, Allen, & Smith (1993)	<p>1= Strongly disagree 7= Strongly agree</p> <ol style="list-style-type: none"> 1. I would be very happy to spend the rest of my career with (company name). 2. I really feel as if (company name)'s problems are my own. 3. I do not feel a strong sense of 'belonging' to (company name). (reverse) 4. I do not feel 'emotionally attached' to (company name). (reverse). 5. (Company name) has a great deal of personal meaning for me. 	.87 .85 .82	<p>Hui, Lee, & Rousseau (2004)</p> <p>Smith, Smith & Markham (2000)</p> <p>Van Dyne & Ang (1998)</p>	.92 .84 and .88 .81

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