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## **Responsible leadership and expatriation**

The effect of cultural training on expatriate adjustment and on the promotion of responsible leadership

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### **ABSTRACT**

One of the consequences of globalization is the internationalization of organizations. In this context, the frequent lack of qualified human resources has meant that expatriation has become fundamental for the competitiveness of organizations. Poor performance by expatriates compromises the success and competitive capacity of organizations. Cultural training could be an essential tool in the adjustment of expatriates in a new country. In this adjustment the role of leaders is crucial. Thus, alongside expatriation emerges another topic of vital importance, that of responsible leadership.

**Keywords:** Expatriation, responsible leadership, national culture, cultural training, adjustment.

### **INTRODUCTION**

The origin of globalization dates back to the fifteenth and sixteenth centuries and is attributed to the Portuguese, specifically to King D. João II and Prince Henry the Navigator's audacity (Devezas and Modelski, 2006). Modern globalization took its first steps in the 1940s, but it was only in the 1980s that technological advances began to make free trade and international financial flows globally tangible.

One of the consequences of globalization is the mobility of people on a worldwide scale. In fact, the mobility of people has always existed as a way of survival or improving living conditions. These migratory movements continue to exist but now also as an imposition for organizations, representing an added value for them and, more often, the only way to survive.

According to Yip (1989) to develop their strategy, organizations first foster their core business strategy, then internationalize it through international expansion and finally globalize the implemented strategy in other countries.

The internationalization of organizations enables increasing business opportunities by acting as a catalyst for the economic growth of these organizations, as new markets may arise from a source of knowledge giving the opportunity to seize other cultural perspectives.

In this way globalization has increased the opportunities for people to work in organizations outside their native countries. Expatriation has become very important to organizations. An expatriate has been defined as an employee sent by her/his organization to another country on a temporary basis, to fulfill specific organizational objectives (Dowling and Welch, 2004; Richardson and Mallon, 2005).

Expatriation is important for organizations' strategy and is also very important for workers. It is simultaneously the only way workers have to avoid breaking their relationship with the organization in which they are inserted and an opportunity to leave their comfort zone by developing their adaptability, acquiring knowledge inherent to the new context and ensuring the continuity of their professional career.

One of the many challenges expatriates can face is cultural (mal)adjustment. The cultural distance between the native culture and the new culture determines the cross-cultural adjustment of expatriates (Takeuchi, Lepak, Marinova and Yun, 2007). Training is thus fundamental for the adjustment of expatriates in a new culture. The objective of cultural training is to help members of one culture to interact successfully with the members of another culture. Studies reveal that cultural training has a positive effect on adjustment to a new culture (Black, Mendenhall, Oddou, 1991; Hammer and Martin, 1992).

Like expatriation, responsible leadership is also becoming a very important topic in academia and in the business world. Responsible leadership emphasizes that the influencing power of leaders “should be used to improved everybody’s lives, rather than contributing to the destruction of value of individual careers, organizations, economies and societies” (Marques, Reis, Gomes, 2018, p.3). Responsible leadership had been defined according to two perspectives. First, as “a social-relational and ethic phenomenon, which occurs in social processes of interaction” (Maak and Pless, 2006, p.99) and second, as “the consideration of the consequences of one’s actions for all stakeholders”. In this point of view, responsible leadership is embedded in networks of flexible hierarchies and stakeholders, encompassing multiple markets and cultures based on ethical and normative considerations (Miska and Mendenhall, 2018).

Like expatriates, responsible leaders interact with different stakeholders while at the same time are embedded in different national systems and embracing different societal values (Schneider, Barsoux, Stahl, 2014). This parallel between expatriation and responsible leadership provides the opportunity to argue that cultural training should also be applied to responsible leaders.

Expatriates and leaders will need intercultural skills. Expatriates need intercultural skills to integrate successfully in a new culture and responsible leaders need these skills to interact with stakeholders with different interests, values and cultures.

Culture can be defined as “shared motives, values, beliefs, identities and interpretations or meanings of significant events that result from common experiences of members of collectivities and are transmitted across age generations” (House, Hanges, Javidan, Dorfman and Gupta, 2004, p.15). These authors identified and proposed nine cultural dimensions of national culture: (1) Power Distance (2) Gender Equality; (3) Assertiveness; (4) Institutional Collectivism; (5) Endogrupal Collectivism; (6) Avoidance of Uncertainty; (7) Human Orientation; (8) Orientation to the Future; and (9) Performance Orientation.

We argue that cultural training for expatriates and leaders should include knowledge of those dimensions. As noted above, knowledge of cultural values,

which postulate the principles and norms that are accepted (or not) in a society and define behaviors that are accepted or not in that society is vital and a key element in the internationalization process and indispensable for success in expatriation and responsible leadership. Besides, cultural diversity can be a competitive advantage for organizations.

Therefore, this chapter aims to review the literature on expatriation and responsible leadership, systematizing the most important studies published in recent years. At the same time, the chapter introduces a parallel between expatriation and responsible leadership providing the opportunity to apply key issues concerning expatriation to the study of responsible leadership, and also to understand why culture is fundamental in expatriation and responsible leadership.

We begin with the notion of expatriates, after which, we defend the importance of cultural training for their adjustment and then explain the notion of responsible leadership and the importance of cultural training for responsible leaders. Following this, we explain what is understood by national culture in intercultural studies and the impact that it can have on expatriate adjustment and on the promotion of responsible leaders. For this reason, it should be considered an important variable in the proposed cultural training program described below. We end the chapter with conclusions and future research directions.

## **BACKGROUND**

### **Expatriation, cultural adjustment and cultural training**

Globalization could be considered as “the process of integration of goods and capital markets in world trade” (Kihçarslan and Dumrul, 2018, p.115). Kaypk (2011) suggests that globalization has three dimensions: economic, political and social-cultural. The economic dimension leads to the development of a world market, the political dimension reflects the coalition of forces in the political field and the socio-cultural dimension mirrors the economic and political dimensions.

The effects of globalization are controversial and there is no consensus in the literature about it. For Mutuascu and Fleischer (2011), states benefit from the

positive effects of globalization such as the opportunity for new business and are negatively affected by the impoverishment of national economic autonomy. As such, there is substantial growth in the gross domestic product of some countries, but also new forms of social exclusion.

Globalization has accelerated the internationalization of organizations and modified organizational structures to respond to the various challenges posed by the current situation (Camara, 2011). One of the challenges is to understand the complexity of the different institutions, cultures and economic systems (Spender and Scherer, 2007).

Internationalization has been defined as “the process of going beyond domestic operation and operating internationally” (Bose, 2016, p.88). In other words, internationalization is a process in which organizations gradually increase their international involvement (Johanson and Vahlne, 2017). In this context, transferring employees has become an important mechanism for transferring corporate knowledge or technology (Cho, 2018). And thus, expatriation became very important for organizations’ global operations (Maitlis and Christianson, 2014).

An expatriate has been traditionally defined as an employee sent by its organization to another country usually on a temporary basis, to fulfill specific organizational objectives (Dowling and Welch, 2004; Richardson and Mallon, 2005). In the literature, expatriates are considered a homogeneous group but in recent years efforts have been made to understand whether expatriates are in fact a homogenous group or not. Hence, the distinction was made between assigned expatriates and self-initiated expatriates (Andresen, Biemann and Pattie, 2015). According to Dorsch, Suutari and Brewster (2013), the need for this distinction arises from two simultaneous factors: first, a need to distinguish between different forms of global employment mobility and second that this mobility seems to be a complex process.

McKenna and Richardson (2016), suggested that an assigned expatriate refers to a person who moves from one country to another with organizational sponsorship while self-initiated expatriates move from their home country to another of their own volition and independently of an organizational employer

(McKenna and Richardson, 2016). In other words, self-initiated expatriates refer to people seeking employment abroad on their own initiative and who are then hired as a local in a different country (Crowley-Henry, 2007). We argue that a self-initiated expatriate could also be someone who is sent by an organization to another country and after ending that connection, seeks to be hired as a local by a new employer instead of returning to her/his own country. In this case, expatriates have the advantage of already knowing the local customs and culture. The definition of expatriate as well as types of expatriation is not definitive and will soon probably include situations of wider global mobility than those considered in this review in order to apply to new situations.

At this point it make sense to understand the benefits and negative consequences of being an expatriate. The benefits may include developing global management skills (Daily, Certo and Dalton, 2000) and international abilities for the organizations (Sambharya, 1996). We argue that benefits also include a higher probability of being hired again, since some countries, in the Middle East for example, give priority to individuals who already have experience in the context they are applying for. The negative consequences can involve poor performance due to difficulties in adjusting to the new culture (Takeuchi, 2010). Expatriates who have adjusted to the new culture are able to add new behaviors, norms and rules to their own (Church, 1982). On the other hand, maladjusted expatriates tend experience situations of anxiety with host country nationals (Richards, 1996), **which tends to be reflected** in their job performance (Naumann, 1993). Therefore, adjustment to the new culture is a determinant factor for expatriates and for the organizations they work for. Poor performance by expatriates compromises the success and competitive capacity of organizations.

Expatriate performance includes contextual and task elements (Wu and Ang, 2011): the contextual element refers to the interaction and relationship with host country nationals (Kraimer and Wayne, 2004) and the task elements refer to the technical and managerial aspects of work (Bhaskar-Shrinivas, Harrison, Shaffer and Luck, 2005).

The main purposes of expatriation are not the same for organizations and expatriates. From the organizations' point of view there are three main purposes: (1) to fill international positions when qualified locals are not available, (2) for

management development and (3) to help control, coordinate and assist in the transfer of a firm's culture (Edstrom and Galbraith, 1977; Harzing, 2001). According to McNulty and Inkson (2013) expatriates are also used for: (1) corporate cultural reasons (continuing to use expatriates because they have always been used), (2) functional requirements (when a client requires the use of expatriates), (3) financial reasons (cost advantages associated to using expatriates from a certain location), and (4) convenience reasons (employees who want to be transferred for their personal benefit).

On the other hand, from the expatriate point of view there are four main reasons for expatriation: (1) to escape a current situation at home, (2) financial motives, (3) to see more of the world and enhance their career, and (4) job promotion opportunities (Richardson and McKenna 2002). According to Vijayakumar and Cunningham (2016) the first and the third reasons to expatriate are more related to affective decisions while the second and the fourth reasons to expatriate are more related to cognitive decisions. The first reason to expatriate has been negatively associated with work performance, work effectiveness and job satisfaction (Selmer and Luring, 2012). For Richardson and McKenna (2002), individuals who expatriate for the second reason are willing to adjust to the host country irrespective of the difficulties in order to earn and save money. The third reason to expatriate is shown to be motivated by desires for adventure and travel (Richardson and McKenna, 2002). Mahpar, Abdullah and Darlis (2015) state that the fourth reason to expatriate is significantly and positively related to work performance, work effectiveness and job satisfaction. Summarizing, from the organization's point of view, the first and the fourth reason for expatriation are ideal because they are associated to work performance, work effectiveness and job satisfaction. It would be interesting to understand whether the expatriate is more open to cultural training and considers that training is fundamental to achieve his/her goal when the main reasons to expatriate are also the first or the fourth.

Up to the 1970s expatriation did not draw much attention in academic literature but in last decades the number of studies has grown significantly. The focus on this subject began with studies on selection, training and placement of expatriates for international assignment (Adler, 1984; Izraeli, Banai and Zeira, 1980).

Helping expatriates to be successful in the new culture became an important topic in the literature and cross-cultural adjustment and cross-cultural training were seen as important mechanisms to achieve this. Results from studies conducted by Black, Mendenhall and Oddou (1991) and Hammer and Martin (1992) indicate that cross-cultural training has a positive effect on adjustment to a new culture. The objective of cross-cultural training is to help members of one culture to interact successfully with the members of another culture (Waxin and Panaccio, 2005).

And what is understood by cross-cultural adjustment? Cross-cultural adjustment has been defined as the “process of adaptation to living and working in a foreign culture” (Palthe, 2004, p.39). According to Kraimer, Bolino and Mead (2016), the interest for expatriate adjustment was a direct result of Tung’s (1981) work about expatriates failing in a host country.

Additionally, Black (1988) defined cross-cultural adjustment as the degree of psychological comfort with the new culture. According to this author, there are three factors that influence adjustment: (1) work adjustment, (2) interactional adjustment, and (3) general adjustment. Work adjustment refers to the degree to which expatriates fit into their workplace, with regards to their responsibilities and performance; interactional adjustment refers to their capacity for interacting and socializing with the locals; and general adjustment refers to the degree of adjustment to several aspects such as climate, food, healthcare and accommodation. Black, Mendenhall and Oddou, (1991) develop an integrative model of international adjustment. The model suggests that there are two key factors in the adjustment process: anticipatory adjustment and in-country adjustment. Anticipatory adjustment includes individual (e.g. training and previous international experience) and organizational (e.g. selection criteria and mechanisms) elements. In-country adjustment includes individual (e.g. relational skills, perceptual skills), job (e.g. role clarity, role discretion), organizational culture (e.g. social support, logistical support), socialization (e.g. socialization tactics) and nonwork elements (e.g. culture novelty) (Kraimer, Bolino and Mead, 2016).

As mentioned above, cultural training is vital for the adjustment of expatriates and companies as well as for the success of international businesses. Providing

individuals with information about the new culture is important to reduce uncertainty associated to the international transfer. Having information about the new culture is important for forming accurate expectations, and in this respect, previous international experience is a very important source of information (Black, Mendenhall and Oddou, 1991).

Selection criteria and mechanisms are also important because they help to match the individual with the needs of the firm (Black, Mendenhall, Oddou, 1991). Relation-building skills are essential as these help in interaction with nationals in a new culture and in obtaining information about what is appropriate or not (Black, Mendenhall and Oddou, 1991). On the other hand, perceptual skills help to reduce uncertainty about the new environment (Mendenhall and Oddou, 1985). Like perceptual skills, role clarity helps to reduce uncertainty but concerning the work situation (Black, Mendenhall and Oddou, 1991). Social support helps expatriates to understand the organizational setting and logistic support and contributes to reducing uncertainty about important issues such as housing and education (Tung, 1988). Furthermore, socialization tactics are also important to the content of socialization and culture novelty is fundamental in nonwork interactions (Black, Mendenhall and Oddou, 1991).

Takeuchi's (2010) studies on expatriate adjustment consider a new perspective. The author considers a multiple stakeholder perspective of expatriate adjustment by including individuals and groups who can influence or can be influenced by expatriates. Firth, Chen, Kirkman and Kim (2014) propose to examine expatriate work adjustment over a period of time using motivational control theory. The results show that the effect of the motivational factors on expatriate adjustment is dependent on time.

Besides information about the new culture, personality traits are also important for adjustment. Some studies examine the relationship between personality traits and expatriate adjustment. Shaffer, Harrison, Gregersen, Black and Ferzandi, (2006) found that openness to the new experience relates positively to work adjustment and job performance. Other authors identify the personal values, traits and skills that would be required to have cross-cultural competence (Bird, Mendenhall, Stevens and Oddou, 2010; Johnson, Lenartowicz and Apud, 2006).

Cultural intelligence is a skill trait that has been studied by some authors (Ang, VanDyne, Koh and Templer, 2007; Earley and Ang, 2003). Cultural intelligence has four dimensions: (1) cognitive, which involves having specific knowledge of cultures; (2) metacognitive, relative to understanding other cultures; (3) behavioral, concerning how individuals act in other cultures, and (4) motivation, meaning the determination to understand other cultures (Kraimer, Bolino and Mead, 2016). According to Lee and Sukoco (2010) cultural intelligence relates positively to expatriate performance mediated by cultural adjustment and communication effectiveness.

Interacting with people from different cultural background is inevitable in an increasingly globalized world (Schlagel and Sarstedt, 2016). The culture distance between one's home country and the host country determines the cross-cultural adjustment of expatriates. The adaptation in a new country involves the ability to deal with stressful situations in a new cultural context. Stressful situations may arise from work adjustment or global adjustment. In order to adjust to a new culture, it is necessary that expatriates learn about the new culture (Nunes, Feliz and Prates, 2017). As a consequence, cross-cultural training is vital for adjustment in a host culture. To be successful in a new context, expatriates should learn about the new culture and understand the cultural differences between the country of origin and the destination country. Cultural training is fundamental for expatriates because it enables expatriates to show the right attitudes and behaviors in a new culture, which favors their adjustment. Cultural training should consider national cultural dimensions because those dimensions have a significant impact in communication process, decision-making, customs, relationship between leaders and subordinates, negotiation and resolution styles, social mobility and face to face interactions.

A question remains: what type of cross-cultural training should be given to expatriates?

Brislin (1979) states that there are three approaches that can be used in cross-cultural training: (1) cognitive approach; (2) affective approach, and (3) behavioral approach. The first approach involves the dissemination of information, using participative sessions (Waxin and Panaccio, 2005). The second approach involves learning to deal with critical cultural incidents. And the third approach

involves training to adapt to communication in a new culture and to establish positive relationships with the members of the new culture (Okpara and Kabongo, 2011).

A few years later, Tung (1981) argued that there are other approaches that can be used in cross-cultural training. For the author, there are five training programs that are indispensable: (1) didactic training; (2) culture assimilator; (3) language training; (4) sensitivity training and (5) field experience. According to Tung, the approach should be chosen according to the type of assignment. We believe that distinguishing the training programs according to the type of assignment may not be the best for expatriates in every situation. All expatriates have one thing in common: living in another culture for a certain time. So, all of them should have access to the fifth type of training.

For Gertsen (1990), cross-cultural training should have two categories: (1) conventional training and (2) experimental training. The first, conventional training, concerns unidirectional communication. The second, experimental training, requires dealing with real life simulation.

According to Arthur and Bennett (1995) expatriate success depends on several factors, like technical skills, host country language fluency, intercultural competencies, relational skills, family support and flexibility.

Despite the differences, all the approaches aim to help the expatriate's adjustment in a new culture. At the same time, all the approaches seem to consider culture a fundamental factor that should be inherent to the training.

We argue that cultural training for expatriates should include learning about the specific dimensions of the national culture of the host country. Research indicates that there is a link between societal culture and the business world (Silva, Roque and Caetano, 2015). The more different the expatriates' own country and the host country are, the more difficult the adjustment will be. Cultural training is fundamental for expatriate adjustment in a host country and those two are vital for the success of international business (Dowling, Festing and Engle, 2007). Cross-cultural training facilitates and accelerates expatriate adjustment (Waxin and Panaccio, 2005). Work adjustment, adjustment in general and interaction with the locals could be easier if expatriates learnt exactly what dimensions are

more or less valorized by that society. However, the more sensitive the leaders of these organizations are in relation to the cultural differences and difficulties derived thereof for all expatriate workers (subordinate to the leaders), the easier the adjustment will be.

### **Responsible leadership**

Although responsible leadership is a recent topic, it is becoming very important in academia and in the business world. Countries all over the world have been exposed for their unethical business practices and responsible leadership can be a solution in this respect (Witt and Stahl, 2016). Maak and Pless (2011) state that irresponsible leadership is a fundamental cause of economic crises. When we look at leadership in both organizations and governments, there is a gap between what is needed and what is being done (Broadbelt, 2015). Due to a context of continuous change and unpredictable circumstances, the importance of good leadership is growing (Woszczyna, Dacko-Pikiewicz and Li, 2015). Responsible leaders have the important assignment of reconciling the notion of effectiveness and that of responsibility (Pless, 2007, p.450). Thus, this chapter asks whether it is possible to do better and to provide answers to global issues.

In the literature on this topic, there are a variety of definitions around the concept of responsible leadership. Most commonly, responsible leadership is defined according to two perspectives: firstly, as an ethical phenomenon and secondly, associated with the notion of responsibility in the leader's actions. The first perspective proposes that responsible leadership is "a social-relational and ethical phenomenon, which occurs in social process of interaction" (Maak and Pless, 2016, p.99). Pless defines responsible leadership "as a values-based and through ethical principles driven relationship between leaders and stakeholders who are connected through a shared sense of meaning and purpose through which they raise one another to higher levels of motivation and commitment for achieving sustainable values creation and social change" (Pless, 2007 p.438). This definition of leadership emphasizes the rational dimension as well the emotional dimension of the role. These authors consider leadership in a normative perspective and trust in the relationship with stakeholders inside and

outside of the organization is considered essential (Antunes and Franco, 2016). The relationship between the leaders and those who are affected by their leadership (stakeholders within and beyond the company) is seen from an ethical point of view and is developed through a social process of interaction (Maria and Lozano, 2010).

Maak and Pless (2006) distinguish between values-based roles and operational roles. Values-based roles place the leader as steward, citizen, servant and visionary. Operational roles involve the leader as coach, networker, storyteller, architect and change agent. According to this perspective, leadership ability is related to the leader's actions but also to the leader's values.

The second perspective states that responsible leadership can be defined as "the consideration of the consequences of one's actions for all stakeholders, as well as the exertion of influence by enabling the involvement of the affect stakeholders and by engaging in an active stakeholder dialogue. Therein responsible leaders strive to weigh and balance the interests of the forwarded claims" (Voegtlin, 2011, p.59). For Voegtlin, this definition of leadership means that leaders have to consider the consequences of their decisions inside and outside the organization.

Like Voegtlin, Marques, Reis and Gomes (2018) also reinforce the notion of responsibility in leaders' actions. For them, the power of leaders should be used to improve the life of people inside and outside the organization, including the societies in which they are embedded. According to these authors, responsible leadership rests "on responsibility and directing attention to others, especially to those for whom a leader must be responsible". The notion of responsibility is equally valuable for Haque, Fernando and Caputi (2017), who claim that it is a very important point that is missing from other theories of leadership.

Furthermore, the relationship between stakeholders and leaders is highlighted in the literature. The impact of leaders' decisions for internal and external stakeholders is a fundamental element for some authors (e.g. Haque, Fernando and Caputi, 2017; Marques, Reis, and Gomes, 2018; Voegtlin, 2011) while for others, it is the values and ethical principles of leaders which are considered fundamental (Maak and Pless, 2006).

Regardless of the perspective adopted for the definition of responsible leadership, it is important to understand what is considered responsible behavior by leaders.

According to Waldman and Galvin (2008), there are two perspectives: a limited economic view and an extended stakeholder view. The limited economic view argues that leaders' decisions should consider only the maximization of stakeholder value. The extended stakeholder view (Stahl and Luque, 2014) argues that leaders' decisions should consider a broader set of constituencies and distinguishes two dimensions of responsible behavior: avoiding harm (proscriptive morality) and doing good (prescriptive morality). Avoiding harm, on the one hand, refers to decisions which avoid bad consequences for the stakeholders and society, while doing good, on the other hand, indicates contributing to a better society. Responsible leader behavior is defined as "intentional actions taken by leaders to benefit the stakeholders of the company and/or actions taken to avoid harmful consequences for stakeholders and the larger society" (Stahl and Luque, 2014, p.238). This definition is in line with the notion of proscriptive morality. For the authors mentioned above, responsible leadership is underpinned by avoiding bad consequences for the internal and external stakeholders and society at large.

Marques, Reis, and Gomes, (2018) also view responsible leadership in a broader manner. For these authors, responsible leadership cannot be circumscribed to the relationship between leaders and employees and must consider the objectives of all stakeholders equally (internal and external).

In responsible leadership, leaders are engaged in an ongoing exchange with their subordinates, team, organization and society (Doh and Quiley, 2014). From this point of view, leaders interact with different stakeholders and are confronted with concurrent demands of various dimensions: (1) ethical as they deal with different stakeholders with different interests and values; (2) diversity as they deal with people of different countries and cultures; (3) business according to how they operate; (4) stakeholder demands as they create good relationships with different stakeholders (Maak and Pless, 2006).

According to Maak and Pless (2006), the purpose of responsible leadership is to create trustful relationships with all the stakeholders, achieve common objectives and share their business vision. To do so, for these authors (Pless and Maak, 2011), leadership englobes five aspects. First, responsible leadership considers stakeholders inside and outside the organization. Second, responsible leadership serves different stakeholders and has a clear purpose at organizational and societal levels. Third, responsible leadership is based on inclusion, collaboration and cooperation with all stakeholders. Fourth, a responsible leader makes decisions while considering their impact on others. Fifth, responsible leaders employ change to achieve a higher social goal.

According to the stakeholder theory, leaders are responsible for the interests of all stakeholders and thus, their individual needs should be considered in the decision-making process (Antunes and Franco, 2016). This aspect is crucial but it is not the only one. In a globalized world network and multi-stakeholder environments, leadership is developing a new meaning. As such, the leader must be linked to stakeholders and responsible leaders should act with “modesty and integrity, trying to make decisions based on listening to different points of analysis and with definitive attention to the social networks they are part of” (Antunes and Franco, 2016, p.132).

As mentioned above, the establishment of relations of trust with clients is a fundamental element in responsible leadership. Dirks and Ferrin (2002) distinguish two aspects of trust in leadership: relation-based perspective and character-based trust. The first perspective is based on mutual trust in relationships and the second perspective is based on the leader’s characteristics. For Voegtlin, Patzer and Scherer (2012), the concept of relation-based trust makes more sense in responsible leadership since leaders’ characteristics do not play a central role in this theory. For these authors, a trustful relationship with stakeholders is easier to achieve when leaders are able to estimate the consequences of their decisions. If leaders assess the consequences of their decisions, they could avoid possible negative consequences. This is essential for stimulating good relationships based on transparency and trust (Dirks and Ferrin, 2002).

More recently, another important approach emerged with a focus on multiple levels of analysis in responsible leadership (Miska and Mendenhall, 2018). According to these authors, it is possible to focus on micro, meso, macro and cross levels in analyzing responsible leadership. Micro level analysis focuses on individuals and investigates individual values and ethical motivations. Meso level analysis looks at the organizational context, where it is possible to identify two approaches. Firstly, an approach based on the linkages between responsible leadership and some organizational elements, such as responsible management, corporate governance mechanisms and human resources, and a second approach that focuses on the characteristics of responsible leadership and their effects on performance. Finally, macro level analysis concentrates on institutions, culture and society. According to Miska and MendeHall (2018) relatively little research has investigated the macro level or cross level focus on linkages between the different levels.

Like expatriates, leaders face different national cultures with different laws and different stakeholders (Schneider, Barsoux and Stahl, 2014). Multiple stakeholders mean different values, different moral orientations and different laws. In a global and multicultural society multiple stakeholders are inevitable. The actual leaders may also be expatriates. And so, leaders' orientations must vary across institutional and cultural contexts (Witt and Stahl, 2016). Like expatriates, responsible leader should have cultural training and learn about the cultural dimensions of their host environment to enable effective interaction with stakeholders showing different values and culture from their own. For example, a stakeholder from a society with small power distance, where subordinates have the opportunity to take part in decision-making, will probably expect their opinion to be considered by their leader in the decision-making process, and will further expect that any communication will be bidirectional with constant feedback. This, naturally, might not be the case in practice when the host country's power relations function differently.

Cultural training and specifically one that favors dimensions of national culture is essential to create trustful relationships and, at the same time, to anticipate stakeholder's attitudes inside and outside organizations. Accordingly, we propose

a cultural training program extendable to expatriates and leaders of organizations who operate in contexts that are different from those of their country of origin.

### **National culture**

As has been argued throughout this chapter, both expatriates and responsible leaders should attend a cultural training program, where knowledge of the destination country is essential. Here, it is important to clarify what is understood by national culture in the context of intercultural studies.

According to Sackman and Philips (2004), three lines of investigation can be identified in this regard. The first includes studies that are interested in varying values in different cultures. This line of research is associated with the work of Hofstede (1980, 2001), Schwartz (1994) and House, Hanges, Javidan, Dorfman and Gupta (2004), based on the positivist paradigm. Moreover, comparative studies are associated with this line of research, examples of which are the works conducted by D'Iribarne (1997) and Redding (2005).

The second line of research focuses on intercultural interactions, investigating the processes and practices that link culture, particularly at the national level, with the organization (Sackman and Philips, 2004). An example of this line of research is the work undertaken by Brannen and Salk (2000).

The third line of research is associated with the multiple perspectives of culture and highlights the various levels of analysis, such as nation, organization, groups and professions (Sackmann and Philips, 2004). The work done by Fischer, Ferreira and Asmar (2005) exemplifies this approach.

The study of values has been recognized as crucial for understanding the role of national cultures in intercultural management (Knafo, Roccas and Sagiv, 2011). This line of research is important to our work since it provides a key to understanding the differences between national cultures and how to adjust our behavior in a particular culture thus helping expatriate adjustment and promoting responsible leadership.

Culture represents a response to environmental adaptation and social integration problems (Silva, Roque and Caetano, 2015). It can be defined as a set of "shared

motives, values, beliefs, identities and interpretation or meaning of significant events that results from common experiences of members of collectivities that are transmitted across generations” (House, Hanges, Javidan, Dorfman and Gupta, 2004, p. 15).

Social practices, norms and values at the macro level affect the way people behave in social and organizational life, as well as the different organizational processes (Dartey-Baah, 2013; Zhaidman and Brock, 2009; Yao, 2014; Zhao, Lou and Suh, 2004). Values also play an important role in business decisions, people management, and organizational structures and processes (Jesuino, Torres, Teixeira 2012; Lagrosen, 2003. Success in interacting with other cultures is also dependent on cultural patterns (Javidan and House, 2001), which provide benchmarks that allow us to predict and adapt behaviors in a given context (Lewis, 2005).

Intercultural management studies have identified a number of dimensions of national culture (e.g. Hofstede, 1980; House, Hanges, Javidan, Dorfman and Gupta, 2004). The GLOBE project (House, Hanges, Javidan, Dorfman and Gupta, 2004) proposes nine cultural dimensions: (1) Power distance; (2) Gender Equality; (3) Assertiveness; (4) Institutional Collectivism; (5) Endogrupal Collectivism; (6) Avoidance of Uncertainty; (7) Human Orientation; (8) Orientation to the Future and (9) Performance Orientation.

Studies conducted on the impact of culture in human resources management practices demonstrate that some of these practices are more subject to the impact of culture than others. And that some cultural dimensions have a stronger capacity to explain cultural differences than others (Myloni, 2002; Sparrow and Wu, 1998; Yuen and Kee, 1993).

According to some authors, power distance (Graf, Koeszegi and Pesendorfer, 2012; Triandis, 2004) and collectivism (Oyserman, Coon and Kemmelmeir, 2002; Triandis, 2004; Williams, 2003) are two of the cultural dimensions that are most widely used in empirical studies.

Power distance expresses how people expect that power and privileges should be shared. Power bases tend to be stable and determine access to resources and there is limited upward social mobility. In high power distance cultures,

workers are often expected to render unconditional obedience to supervisors' instructions. Silva, Roque and Caetano, (2015) and Graf, Koeszegi and Pesendorfer (2012) argued that in cultures with large power distance, subordinates consider it normal for leaders to make decisions. In a society with high power distance, it is thus expected that members of society will respond positively to their superiors as a source of guidance (Smith, Peterson and Thomason, 2011). According to these authors, power distance seems to underpin trust in centralized control by one person. Indeed, a study by Wong and Birnbaum-More (1994) found that banks are more centralized in societies with a large power distance.

In another study on worker participation in organizations, Wang and Clegg (2002) suggest that in a country with a large power distance, subordinates are supposed to depend on and obey their hierarchical superior; whereas in a country with a small distance, hierarchical superiors tend to trust their subordinates and there are opportunities for the latter to take part in decision-making and be more open in relationships with others in hierarchically higher positions (Malek, Budhwar and Reiche, 2015). To the contrary, according to Sagie and Aycan (2003), in cultures with high power distance, decision-making appears to be a privilege of managers.

Collectivism is also seen as one of the cultural dimensions that can help to explain why cultures differ when it comes to decision-making (Triandis, 2004). In the most individualistic organizations, members tend to assume that they have been hired for their capabilities and skills (House, Hanges, Javidan, Dorfman and Gupta, 2004). A study conducted in Japan emphasized the usefulness of establishing a strong system of norms that serve to guide an organization's members (Brannen and Kleinberg, 2000). This suggests that trust in unwritten norms may be associated with societies that lean more towards collectivism as argued by Smith, Peterson and Thomason, (2011). In such societies, life satisfaction is derived from compliance with norms and social obligations (Markus and Kitayama, 1991). The members of more collectivist organizations tend to see themselves as quite interdependent with their organizations and assume that their relationships, rights and obligations are central elements in the decision to recruit them (House, Hanges, Javidan, Dorfman and Gupta, 2004).

Individuals with different values have different preferences regarding human resource management practices, leading organizations to develop management practices that are (or not) aligned with the dominant cultural dimensions of the society in which they operate (Lagrosen, 2003). Culture affects the way people behave in social and organizational life. Individuals from different cultures have different attitudes and different answers for the same questions. In fact, individuals from different cultures have different preferences regarding human resource management practices or sources of guidance for decision-making, or even different forms of communicating with others.

Therefore, knowledge of national culture is fundamental as it plays an indispensable role in organizational practices, the adjustment and aspirations of employees and the competitiveness of organizations. At the decision-making level, knowledge of culture can prove to be a key ally in helping managers to choose which decisions fit best in the various contexts. Even communication is influenced by the context in which the leader is inserted. In a country with high uncertainty the language used must be clear, explicit, tendentially structured and formal. In a country with high power distance culture, communication will often be in one direction only and it is not desirable in most cases for subordinates to express their opinion. As in cultures with a high degree of human orientation, a leader should have more paternalistic characteristics, making communication more focused on the individual.

Expatriates and their leader should both have information about these national cultural dimensions. Possessing this information will help them to better adjust in a new culture. It follows that cultural training is considered vital as it will avoid a poor adjustment. This information will not only help expatriates in interaction with supervisors and other workers in general but, at the same time, will help expatriates to deal with locals. Responsible leaders should also have an element of cultural training as it will help them to interact with stakeholders with different values and from different cultures, while at the same time it will give them the possibility to predict and adapt their behavior. All of this represents an advantage in negotiation and in the business world.

## **THE EFFECT OF CULTURAL TRAINING ON EXPATRIATE ADJUSTMENT AND ON THE PROMOTION OF RESPONSIBLE LEADERSHIP**

Expatriation and responsible leadership are, as we have said, very important for the competitiveness of organizations. There is no doubt that globalization has accelerated the internationalization of organizations. In this context, expatriation has become very important for the success of organizations' operations, and being successful is vital for the competitiveness of organizations. But how can organizations operating in a host country achieve this?

Expatriates are people who leave their country and take their traditions and customs with them. These traditions and customs are often quite different from the destination country, with cultural shock possibly becoming imminent in the face of these cultural differences, giving rise to the question of how to minimize these differences and avoid cultural shock. Knowing the customs and traditions as well as the recent history of the destination country in advance is crucial. In this way, the expatriate will be able to adapt personal behavior to the new reality. Having advance information about the context helps to create expectations that are closer to reality and decrease the anxiety towards the unknown. Knowledge of cultural values and practices has the potential to help mitigate anxiety and promote cultural adjustment. Several studies (Black, Mendenhall, Oddou, 1991; Hammer and Martin, 1992) indicate that cross-cultural training has a positive effect on adjustment in a new culture, as mentioned in the literature review.

Training is crucial for work adjustment, job performance and general adjustment in a new culture. Behaving in an appropriate manner in a new country is essential to expatriate adjustment and to the organization. Poor adjustment compromises expatriate success and consequently, organizational success as well.

Cultural training is vital and should include learning about cultural dimensions of the host country. Individuals from different cultures have different levels of power distance, gender equality, assertiveness, collectivism, uncertainty avoidance, human orientation, orientation to the future and performance orientation. Preferences regarding human resource management practices, guidance sources in decision-making, interaction with supervisors and communication process are influenced by culture (Abdulai, Ibrahim and Mohamed, 2017;

Lagrosen, 2003; Roque, 2017; Roque, Silva, Ramos and Caetano, 2017; Silva, Roque and Caetano, 2015).

We believe that cultural training is fundamental for the adjustment of expatriates and a number of studies reinforce this idea.

Desphande and Viswesvaran (1992) state that cross-cultural training was strongly and positively correlated with cross-cultural skills development, cultural adjustment and job performance. According to the authors, the effects of adequate training are important for the expatriates themselves and their organization since the training contributes to their job performance. A study conducted by Okpara and Kabongo (2011) also reveals that cultural training has a positive effect on adjustment.

Learning about the new culture seems to be a determinant factor to adjustment. A recent study with Portuguese citizens who moved to the United Kingdom reveals that one of the most mentioned reasons for easy adaptation to the host country was their identification with British culture (Farcas and Gonçalves, 2017). The results of this study reinforce the idea that cultural understanding is determinant for the adjustment of expatriates to a new culture and for the success of the organizations operating in international scenarios. Previous research has shown that one of top reasons for expatriates failing is their inability to “adjust to a different physical and cultural environment” (Tung, 1981, p.76).

Anticipatory adjustment, like training is crucial but in-country adjustment is also important. Camara (2011) suggests some steps that can facilitate the initial integration, ranging from reception upon the expatriate’s arrival, participation in a social program for integration in the community to which the expatriate belongs as well as logistical and domestic support.

If the expatriates go to the country of destination with their family, support is important in relation to the school that the children will attend and the professional framework of the spouse. After initial adjustment, expatriates have other battles to win, as adjustment is also influenced by other factors like fitness for work and capacity to interact with the locals.

Culture is something that characterizes every country, every region and that makes citizens unique across the world. Individuals with different values have different customs, traditions and preferences. Understanding a culture enables us to better predict and adapt to individuals' behavior in specific contexts (Lewis, 2005). Success in interacting with other cultures depends on knowledge and respect for those cultures. However, the greater the difference between the culture of the country of origin and the culture of the country of destination, the greater will be the difficulty experienced by the expatriate.

The cultural context in which individuals are inserted should also consider management practices by leaders of organizations. Leaders interact with different stakeholders, each with different customs and culture. Once again, culture could be an element for the success of organizations.

Considering a macro level analysis, some empirical studies investigate how institutional and cultural factors affect leaders' values and attitudes. Leaders' approaches to responsible leadership vary across cultural contexts, as they embrace different societal values (Schneider, Barsoux, Stahl, 2014; Waldman, Luque, Washburn and House, 2006). This means that national context can affect leaders' orientations and decision-making abilities.

The study conducted by Waldman, Luque, Washburn and House, (2006), shows that cultural context influence leaders' values. Differences in cultural values force people to reflect on their expectations of what is acceptable or not in a leader's behavior. The study examined the relationship between socially responsible orientations of top management and two country-level cultural dimensions. It found that in countries with high institutional collectivism and low power distance, leaders manifested behavior associated with concern for stakeholders and societal welfare. It was also found that in countries with high power distance, leaders limited their concern for stakeholders and societal welfare.

A different study suggested that people in countries with high human orientation were considered to show behaviors that take in account the interests and the well-being of others while people in countries with low human orientation were considered to have behaviors that did not care for the well-being of others (Martin, Cullen, Johnson and Parboteeah, 2007). Human orientation is positively

associated to whether leaders consider the needs of stakeholders and society (Witt and Stahl, 2016).

Another study conducted by Martin, Resick, Keating and Dickson (2009) compared business ethics between managers from Germany and the United States, concluding that approaches to responsible leadership are quite different in the two countries. The authors found that the German perspective is based on a social-market philosophy while the United States' perspective rests on utilitarianism. To have acceptable behavior in a specific context it is indispensable to know the values and norms of the society or organization in which the leaders are placed. Besides knowing the cultural values in which the organizations are inserted, responsible leaders should be able to analyze and criticize values whenever necessary, play the role of intermediary between all stakeholders, think about social and environmental consequences of the organization's operation and ponder about long-term benefits for the organization (Voegtlin, 2016). Witt and Redding (2012), examined cross-societal variations in corporate responsibility values of leaders in several countries and they found that in each country, leaders were concerned about particular contexts. Another study conducted by Witt and Stahl (2016) with 73 managers from Hong Kong, Japan, South Korea, Germany and United States, shows that the managers perceived their responsibility to the stakeholders and society in different ways. These differences have implications in a leader's decision-making and reveal that the meaning of social responsibility is not the same across the globe.

A study conducted by Roque, Silva, Ramos and Caetano (2017), aimed at identifying the sources of guidance most commonly used by leaders in Portugal and Angola in making decisions about work events reveals that differences exist between Portuguese and Angolan leaders. The Angolan respondents displayed a trust in formal rules and procedures as a source of guidance, which is consistent with the medium/high level of collectivism in Angola (Silva, Roque and Caetano, 2015). Coherent with small power distance, managers in Portugal (Roque Silva, Ramos and Caetano, 2017) show trust in subordinates as sources of guidance.

All these studies highlight the importance that societal culture has in explaining, at least in part, the organizational culture and in particular the attitudes and behaviors of leaders. Their orientations and decisions are never completely

isolated and far from the context in which they are inserted. Organizational culture is not independent of the society in which it is placed and reflects the values that are acceptable in that society. In order for leaders' orientations and decisions to be acceptable, they must also reflect society's values. Hence, expatriates and responsible leaders should have cultural training as they interact with different stakeholders with distinct cultural backgrounds and attitudes regarding decision-making, communication, feedback, competitiveness or future investments.

Therefore, we propose a cultural training program aimed at facilitating the adjustment of expatriates to a new culture, not only contributing to their better performance, but which also enables leaders to develop management practices that are more suited to the context in which the organization operates. Consequently, organizations would become increasingly competitive and successful.

Gertsen (1990) suggested a classification of cultural training based on two categories: conventional training, where the information is conveyed in a unidirectional form and experimental training, where the expatriate is given the opportunity to participate through simulations of real situations. There are also two possible orientations during the training: the focus can be placed on the notion of culture in general or, instead, cover a specific culture, aimed at the participants' acquisition of skills in a very particular cultural context (Waxin, Panaccio, 2005).

Considering the importance of cultural training in the adjustment of expatriates and based on the cultural training programs developed by Brislin (1979) and Tung (1981) and on the training classification presented by Gertsen (1990), we propose a cultural training program covering four components: linguistic, cognitive, affective and behavioral. Here, the focus will always be on the culture of the country of destination. Let us consider each component in greater detail.

The linguistic component, to be developed only when the official language of the destination country is different from the language of the country of origin and in the event that the expatriate does not know this language. This component of the program should provide elementary knowledge of the language of the destination country, where by the end of the training, the expatriate should at least be able to satisfy minimum courtesy requirements in the destination country. According

to Gudykunst, Guzley and Hammer (1996), the locals value the effort made by expatriates to speak the local language as it reflects interest in the host country and its culture. We consider that experimental training is suited to this component.

The cognitive component involves knowledge of the destination country's cultural profile and understanding of the impact of this profile in social and organizational terms. This knowledge will be based on the nine dimensions of national culture proposed by the GLOBE project (House, Hanges, Javidan, Dorfman and Gupta, 2004): Power distance; Gender Equality; Assertiveness; Institutional Collectivism; Endogrupal Collectivism: Avoidance of Uncertainty; Human Orientation; Orientation to the Future; and Performance Orientation.

The appropriate type in this training component will initially be conventional, as it is first necessary to introduce the destination country's cultural profile to the participants. It will subsequently have an experimental aspect, aimed at enabling the participants to anticipate the impact of the presented profile both at a social and organizational level.

The affective component involves the simulation of situations that might involve possible cultural incidents. Based on the information acquired in the cognitive component, the participants should express the most appropriate solution for the situation in question. The training should be of the experimental type.

Lastly, the behavioral component involves the capacity to adapt to the most suitable communicational style for the destination country, in order to attempt to establish positive interpersonal relationships with the local community. In this case too, the type of training to be used is the experimental.

As noted above, this is a cultural training program that can be applied both to expatriates and leaders, and which we believe will contribute to better cultural adjustment of organizations as a whole.

## **CONCLUSIONS**

As trends in technology and globalization converge to make business environments more challenging, the ability to attract people from diverse cultural contexts is very important. In fact, a diverse cultural context can contribute to

competitive advantages by maintaining the highest quality human resources and lead to gaining a competitive advantage in creativity, problem-solving and adaptation to change (Cox and Blake, 1991).

Expatriation is a very important field. Particularly, training and adjustment play a determinant role in the success of organizations that operate outside their country of origin. The training that expatriates receive in the country of origin should include information about the cultural profile of the destination country. Besides this, training should help expatriates to understand the impact of cultural profiles in three dimensions: organizational, social and interpersonal relationships. It is important that expatriate adjustment should be reflected in all dimensions.

Expatriate training is fundamental to work adjustment and general adjustment in a host country. Poor adjustment compromises the expatriate's performance and the success of organizations. In order to avoid cultural shock, it is important that expatriates have advance information about the host country. Knowledge and learning about cultural values and practices seems to be determinant in the adjustment to a new culture. Studies confirm the positive effect of cultural training in adjustment and job performance (e.g. Black et al., 1991; Desphande and Viswesvaran, 1992; Farcas and Gonçalves, 2017; Hammer and Martim, 1992; Okpara and Kabongo, 2011).

Responsible leadership emphasizes the relationship with stakeholders (internal and external) and the consequences of leaders' decisions for stakeholders and society in general. As such, responsible leadership can be considered an adequate response in the current economic and financial context. From a macro level perspective, some empirical studies investigate how institutional and cultural factors affect leaders' values, attitudes, orientations and decision-making (e.g. Martin, Resick, Keating and Dickson, 2009; Schneider, Barsoux and Stahl, 2014; Waldman, Luque, Washburn and House, 2006; Witt and Stahl, 2016). This chapter argues that like expatriates, responsible leaders should have cultural training and learn about the cultural profile of stakeholders in order to achieve better organizational adjustment.

Therefore, we end by proposing a cultural training program extendable to expatriates and leaders of organizations who operate in cultural contexts that are

different from those of their country of origin. Knowing the cultural profile of countries is very important for expatriates and responsible leaders. For organizations, international success is dependent on expatriate adjustment and the capacity of responsible leaders to interact and communicate with internal and external stakeholders and society.

Future research should explore whether leaders consider it important to align their attitudes and orientations with the cultural profile of the country in which they are placed. In cases where they do align their actions with the cultural profile, it would be interesting to understand if that facilitates the interaction with the internal and external stakeholders and community in general. This could lead to further understanding of positive macro-level outcomes of responsible leadership such as stakeholder relationships.

It will also be important to note whether certain cultural dimensions have a stronger impact than others in adjustment. For example, if an expatriate goes to a destination country with high power distance, will it make it easier or more difficult to adjust and vice versa if an expatriate goes to a country of destination with a low power distance. Future research should also focus on samples from different sectors of activity, as the links with the local communities can be stronger or weaker according to the activity developed. Which is precisely why knowledge of local cultures is do very determinant.

It would also be interesting for future studies, in addition to the adjustment difficulties of expatriates directly connected to organizations, could also reflect on the concealed difficulties. In other words, the difficulties experienced by family members accompanying expatriates abroad, who can also influence their good adjustment. This further dimension merits investigation.