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Sociocultural and Contextual Challenges of Organizational Life in Eastern Europe

Implications for Cross-Cultural Training and Development

EDWARD DUNBAR

THE creation of favorable intercultural and business partnerships with the Eastern European Community (EEC) has lately received a great deal of attention in the United States. This, of course, is a consequence of the demise of the Soviet-dominated state market system, which had predominated throughout the EEC since the end of World War II. Concurrent with the political transformation of the EEC, there has been a growing recognition of the need for U.S. organizations to internationalize their operations (Kanter, 1991; Schweiger, Csiszar, & Napier, 1993). Accordingly, there are compelling reasons for the creation of a cultural and economic partnership between the EEC and the United States. The implications of this partnership are considered in this chapter concerning two broad areas: (a) the operational barriers and psychological constructs that mediate U.S.-EEC relations and (b) the relationship of these factors to the perceived need for intercultural skills by U.S. staff to live and work in the EEC.

The partnership between the United States and the EEC can be considered in the context of interpersonal, intergroup, and organizational domains. Areas of particular emphasis include

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The term *Eastern European Community (EEC)* as used in this chapter refers to those countries formerly dominated by the Soviet Union. As is suggested later, the referencing of this varied geopolitical region as a community is itself open to question. In the context of this discussion, the term is applied largely with respect to U.S. perceptions of the region as being a unified sociocultural environment and of intergroup attitudes that shape intercultural relationships.

international trade policy, regulatory affairs, diplomatic protocol, and economic policy. A less tangible but equally crucial factor concerns the interpersonal and intergroup attitudes that shape intercultural relationships. I argue that, without the development of intercultural skills in U.S. businesspersons who live and work in the EEC, the current opportunity for partnership may be missed entirely. Areas in need of immediate attention include the selection, preparation, and development of U.S. staff to work in the EEC. It is also essential to foster leadership and team-based approaches of EEC managers to transform organizations that must now participate in a market-driven economy.

Contextual Factors in Operations in the EEC

Three dimensions that mediate international business performance are (a) the sociocultural challenge (the "cultural toughness") of interpersonal processes encountered in a given country or region (Mendenhall & Oddou, 1985), (b) the unique operational challenges (e.g., barriers to production, personnel management, and market development) encountered, and (c) the competency of expatriate staff to implement corporate strategy in the context of a specific cultural milieu (Stephens & Black, 1991). Each of these dimensions influences the introduction of new products or services abroad, as well as the creation of international joint ventures and multinational business partnerships. Regarding international business operations, prior research has identified a variety of salient cultural and contextual variables, including ergonomic/human factors variability (Chapanis, 1974; Meskati, 1989), economic risk analysis (Dela Torre & Neckar, 1988), and sociotechnical system integration (Doktor & Lie, 1991). Prior study has also served to identify the operational challenges frequently encountered by corporate personnel abroad. In a survey of repatriated U.S. managers, Korn-Ferry (1981) identified 14 barriers to international business operations. A subsequent study of expatriate U.S. managers and technical personnel that included the dimensions of the Korn-Ferry survey yielded three factors that characterized the problems of working internationally (Dunbar, 1988): (a) work-related cultural differences, (b) production and manufacturing practices, and (c) business support (personnel-related) resources. For senior expatriate German and U.S. executives, these three factors reflected significant differences in the perceived operational challenges encountered in doing business in North America and Japan (Dunbar, 1994b). Further examination of the factor structure of international operations challenges was examined in a survey with Fortune 500 human resources executives (Dunbar & Ehrlich, 1985). This study identified three factors of international business challenge: (a) intercultural differences, (b) manufacturing and production practices, and (c) marketing and accounting practices.

A related issue in the challenge of expatriate performance abroad concerns the maturity of the organization's international operations. The performance of international operations has been related to the complexity and maturity of the products and services that are provided abroad (Dela Torre, 1975; Egelhoff, 1982). In their study of the performance of international strategic business units, Gronhaug and Kvitastein (1992) proposed that international operations varied in the complexity of the product and services provided. As suggested by Anderson and Coughlan (1985), as products become more complex, the challenge to international effectiveness increases. Gronhaug and Kvitastein proposed four categories that characterize the operations found in international markets: (a) provision and acquisition of raw materials, (b) manufactured products, (c) services, and (d) high-technology intensive products. Their findings indicate that product complexity is related to organizations asserting more control and influence on their international operations.

Psychological Principles of Organizational Life in the EEC

Independent of the myriad of economic and organizational challenges found in the EEC, the interpersonal and intergroup relationship between U.S. and EEC persons is mediated by attitudinal, cultural, and cognitive factors. Some EEC area experts believe the current emphasis on the development of manufacturing, finance, and technology in the EEC may indeed be overlooking the more fundamental concerns of the social and cultural integration of the former Eastern Bloc with Western market-driven orga-

nizations (Enyedi, 1994). In the Landis and Bhagat framework of intercultural behavior (see Chapter 1, this volume), both cultural variation (e.g. cultural values and worldviews) and social psychological variables mediate individual and organizational performance. Individuals responsible for shaping and implementing international business relationships in the EEC would do well to consider two psychological constructs that characterize the unique challenges of group relations in the EEC: healthy paranoia and learned helplessness.

The psychological construct of healthy paranoia has traditionally been applied to the relationship of majority-minority relations in North America (Ridley, 1984). In terms of the EEC, healthy paranoia is salient to the understanding of both political and organizational life during the period of Soviet control after World War II (Weiner, 1994). As suggested by Rigby (1972), the state-run societies of the EEC were typified by totalitarianism, monoparty rule, a command economy, and terror. Against this backdrop, healthy paranoia characterizes the organizational suspiciousness and interpersonal guardedness that has existed in state-controlled companies. This natural suspiciousness (healthy paranoia) is reflected in the proscribed leadership behavior of managers from the advent of Soviet domination of the region until the recent demise of the state-run systems. Indeed, the impact of self-proclaimed U.S. business consultants in the EEC during the past few years has only exacerbated the problems of out-group suspicion and guardedness fostered under the Soviet state-dominated system.

A second psychological construct characteristic of organizational life in the EEC concerns the learned helplessness of leadership under the state-controlled system. The research of the past two decades concerning learned helplessness is vast (Seligman, 1975). Based on social learning principles, *learned helplessness* has been experimentally defined as the belief than an individual has no control over the rewards and punishments received from interacting with his or her environment (Garber & Seligman, 1980). In terms of the EEC, the learned helplessness model is reflective of the nature of organizational behavior in a state-run and -regulated marketplace. As Nagy (1993) observed concerning managerial behavior in the Soviet-dominated state system, "The success of managers depended little or not [at all] on company profitability or competitiveness, since they operated as monopolies in a shortage economy at home, or in the completely distorted Comecon market" (p. 82). Indeed, one of the most profound consequences of the learned helplessness of the state-run system on organizational life in the EEC can be observed in managerial behavior.

It has been noted frequently that most managers in the EEC are not adequately prepared to perform in a market-driven organization. Some of the most notable managerial problems have been related to ineffective presentation skills, a reluctance to communicate and interact across functional areas within the organization, and poor time-management skills (Karvalics, 1993). Recent evidence of the impact of the state-run system on organizational leadership was illustrated by a study of achievement motivation in Bulgaria (VanderHorst, 1994). In studying employee and managerial achievement styles, it was found that achievement via collaboration ("vicarious achievement") predominated, whereas personal ("direct power") and social ("instrumental power") achievement needs were significantly lower. The emphasis on achievement through participation was attributed to the oppressive organizational structure of Bulgarian companies under the state-run system, as well as the emphasis on technical skills at the expense of leadership and teamwork practices. In the context of the EEC, the constructs of healthy paranoia and learned helplessness are salient to the understanding of how a state-run system can compromise individual leadership, particularly with respect to personal achievement and decision making.

Psychological Principles of U.S. Perceptions of the EEC

Of equal concern to U.S.-EEC relations is the social psychology of U.S. organizations and their employees in viewing the EEC. With respect to U.S. organizations, the psychological constructs of social identity theory, the mythology of expatriation, and cultural worldviews all serve as determinants in the development of organizational relationships. Traditionally, U.S. business theorists have paid an inordinate amount of attention to the deficits of the host countries in which American organizations have established operations without considera-

tion of how Western or U.S. beliefs compromise performance. Individuals and groups on both sides of the cultural divide of East and West have been socialized to view one another with a mix of suspicion, competitiveness, and bewilderment.

The first of the three psychological constructs is social identity theory (SIT). As has been demonstrated by experimental social psychologists, SIT is characterized by in-group identification and more negative out-group attributions (Tajfel, 1982; Tajfel & Turner, 1979). One of the more interesting and consistent observations of SIT concerns the observation that out-group members are typically perceived to be more homogeneous than in-group members. In the context of the U.S.-EEC relationship, this observation suggests that persons of the U.S. parent organization will be seen as being more diverse in their behaviors, perceptions, beliefs, and actions than their EEC counterparts. An unexplored question is whether this attributional tendency toward homogeneity would extend to the perception of the EEC as a region; that is, U.S. businesspersons may view the EEC as being more uniform and monolithic than it actually is. In terms of the EEC, possible attributions about the former Eastern Bloc might include viewing the EEC as a monolithic socioeconomic system that is undifferentiated with respect to readiness to compete in a global market economy. Additional regionwide assumptions might include viewing all EEC managers as inept or dishonest or mistrusting of their Western counterparts. Indeed, viewing the EEC as an economic backwater may fail to recognize the contribution of the Soviet scientific establishment on such high-technology industries as computer software, biotechnology, and agribusiness (Jones & Wiseman, 1994).

There is also substantial debate and confusion concerning the experience of U.S. staff who work and live abroad. Such misrepresentations may obscure an organization's accurate appraisal of the challenges faced by its international employees. This dilemma has been referred to by Dunbar and Katcher (1990) as the *four myths of expatriation,* which are the second of the three psychological constructs. The authors have characterized organizational assumptions concerning expatriation as (a) "our person in Havana" (suggesting that the international reassignment is rarely problematic for staff who had been deemed competent when viewed in terms of performance in the United States), (b) "the lost employee" (Heenan, 1970; characteristic of the isolated expatriate who has limited contact with domestic management and operations), (c) "the ugly American" (the expatriate employee who is reified for having failed to meet the goals and objectives of the international assignment; this person is typically recalled prior to completion of the posting), and (d) "the cultural relativist" (the idealized multicultural expatriate, capable of dealing with all cultural issues at all times in all settings). As suggested by these expatriate myths, many U.S. parent organizations formulate a basic global assumption concerning the experience of their expatriate personnel. This formulation reflects the need for organizations to characterize the international assignment in a manner that simplifies the process of working internationally, obscures differences in the experiences of the individual, and typically views life outside the United States as being inferior and undesirable.

An additional determinant of international performance of U.S. organizations abroad concerns the failure to adequately comprehend the sociocultural worldviews of the host culture. Research on cultural worldviews (the third psychological construct) is based on an anthropological field study conducted during the past 30 years, concerning proscribed group behaviors and belief systems (Hofstede, 1980; Kluckhohn, 1962). The traditional dimensions of the Kluckhohn model (human nature, person-environment relations, temporal emphasis, personal development, and individual-group relations) have also been considered in the context of organizational behavior. These cultural worldview dimensions have been employed as markers of organizational cultural assumptions. These include perception of the employee (the human nature dimension in the Kluckhohn model), competitive philosophy of the organization (person-environment relations), organizational goals (temporal emphasis), employee performance (personal development), and leader-group relations (individual-group relations). Of concern to the development of organizational relationships in the EEC is how accurately U.S. organizations assess the differences of cultural worldviews in terms of the workplace. Recognition of the role of cultural belief systems in understanding managerial behavior of international operations has been increasing (Doktor, Tung, & Von Glinow, 1991).

It has been suggested that the U.S. practice of exporting leadership and organizational development programs internationally has failed to consider the differing assumptions of group decision making, authority, problem solving, and achievement styles. This may lead to unanticipated consequences for both the expatriate and the host country employee. Put simply, not knowing the belief systems of the host country can in and of itself be a cause of organizational failure internationally.

Concerning the cultural worldviews of the EEC, Bieliauskas (1994) has suggested that many of the recently autonomous Eastern European states are experiencing a crisis of national identity and are redefining their basic assumptions regarding personal rights and responsibilities of the citizenry and leadership. Certain observations can be made about the cultural worldviews of organizations under the Soviet-style state economy, including the distrust and need for control of employees, the submersion of managerial decision making under collectivization, and the establishment of organizational goals that were at once viewed as fatalistic (with quotas and 5-year plans dictated by state agencies) and unrelated to the needs of the employees of the organization. The market-driven organizational worldview of many Western firms is in contrast, if not at odds, with the external, fatalistic, and monolithic structure of Soviet-style organizations. These worldview differences are embedded in the operational and workplace barriers encountered by Western managers who are heading operations in the EEC today.

Characteristics of Intercultural Effectiveness

As reported by Kealey and Ruben (1983), evidence suggests that expatriate attributes of personality, cultural knowledge, and reported intercultural behaviors are predictive of adjustment and performance abroad. As suggested by Hawes and Kealey (1981), self-reported cultural skills and cognitions were found to predict more favorable ratings of intercultural effectiveness by host country cohorts. Their research has underscored the salience of awareness of culture as a factor in working internationally. In addition, their research has supported the notion that intercultural adjustment is mediated by a variety of intrapsychic and behavioral factors.

The implications of prior research indicate that adequate criteria exist by which organizations can select, brief, and train personnel for international relocation. As such, irrespective of the myth of expatriation adopted by the sponsoring organization, training and development efforts can improve the adjustment and effectiveness of staff working abroad. The dimensions of expatriate adjustment need to be considered in terms of the perspective of both expatriate (U.S.) and host (EEC) persons. It has also been determined fairly clearly that personality traits play a role (if not the singularly determinant role) in intercultural adaptation. As proposed by the Landis and Bhagat model of intercultural effectiveness (see Chapter 1, this volume), personality characteristics are an antecedent factor in formation of intercultural behavior. This is certainly the contention of many scholars of cultural immersion and intercultural adjustment. Personality traits such as sociability, complex social cognition, and intrapsychic hardiness have all been discussed as desirable attributes of the culturally skilled individual.

Researching Expatriate Challenge and Performance in the EEC

The original research reported in this chapter examines the perceived operational challenges found in the operations of U.S.-owned companies. In addition, factors of expatriate effectiveness were examined concerning cultural cognitions, behaviors, and personality traits that were perceived as desirable for living and working in the EEC. The respondent survey group consisted of 112 U.S. business leaders responsible for the development and direction of their organization's operations in the EEC. The management group consisted of individuals who had product or project management responsibilities for the region. Participants were identified through Eastern European trade and business councils based in North America. The participants' parent organizations were all for-profit, U.S.-owned companies. Industry representation included multinational telecommunications (4% of the respondent sample), financial services (14% of the sample), business consulting (38%), import-export firms (24%), and manufacturing/consumer products

TABLE 19.1 Country-Specific "Cultural Toughness" Ratings as Reported by U.S. Business Leaders

		Cultural Differences		*Governmental Regulatory*		*Political Stability*		*Toughness Index*	
	N	*M*	*SD*	*M*	*SD*	*M*	*SD*	*M*	*SD*
Bulgaria	37	3.25	1.11	3.75	.84	3.50	1.52	10.50	2.92
Czech Republic	52	2.38	.92	2.00	.56	2.54	.56	6.92	1.08
Estonia	57	2.83	.70	2.52	.51	2.02	.82	7.36	1.39
Finland	33	1.71	.46	1.70	.46	1.18	.39	4.61	1.10
Hungary	42	2.22	.43	2.00	.67	1.92	.60	6.14	1.21
Latvia	57	2.98	.76	3.11	.98	2.55	.90	8.64	2.28
Lithuania	42	2.71	.66	2.65	.73	2.43	.88	7.79	2.11
Poland	31	2.77	.84	2.97	.71	2.45	1.12	8.19	1.82
Romania	31	3.32	1.47	3.30	1.28	3.55	1.44	9.97	3.89
Slovakia	39	2.75	.84	3.25	.44	2.50	.51	8.50	1.52
Mean Rating		2.61	.67	2.72	.76	2.90	1.90	7.43	2.14

NOTE: 5 = very challenging, 3 = somewhat challenging, 1 = not very challenging.

companies (21%). Information was also recorded for the countries that U.S. organizations were doing business with, the length of time doing business in the EEC, and the number of countries where regional offices and facilities had been established. The civil war in the former Yugoslav republics resulted in information about this region of the EEC being omitted from the survey.

The vast majority of U.S. organizations had been involved in the EEC for a very brief period: the mean length of time conducting business in the EEC was 4.5 years (*SD* 2.63). Respondent organizations were found to be active in multiple countries in the EEC; the mean number of countries with which U.S. organizations were active was 4.59 (*SD* 2.71). The total number of organizations active in each EEC country is reported in Table 19.1. It should be noted that two organizations reported being active in Albania; this information was not reported separately. Nearly half (49.1%) of the sample had not established a regional office in the EEC; the mean number of EEC countries in which regional offices were operating was 2.97 (*SD* 2.47).

In addition, individual telephone interviews were conducted with 11 area experts and government trade representatives for the EEC countries. These individuals were all on staff with their respective countries' diplomatic consulate or trade association. These structured interviews were based on the same items and scaling used in the questionnaires with the U.S. respondents; as such, the same dimensions were examined and measured equivalently with both sample groups to allow for comparison between the two groups. The interview subjects had spent an average of 10 years living in the United States (mean of 10.54, *SD* 8.24).

I. Measures

Cultural Toughness Index

Individual country ratings addressing cultural toughness were developed, incorporating three dimensions salient to the EEC (Weiner, 1994). These dimensions were identified as (a) Sociocultural Value Differences, (b) Governmental/Regulatory Controls, and (c) Political Instability/Risk. Ratings were based on a 5-point Likert-type scale, with higher scores reflecting greater cultural toughness/challenge. These ratings were aggregated for each country to provide an overall estimate of the perceived cultural toughness. The means and standard deviations for each country, as well as for the region as a whole, are reported in Table 19.1.

Operational Challenges Index

The Operational Challenges Index (Dunbar, 1988) examined the business-related chal-

TABLE 19.2 Business-Related Problems in the EEC by Country as Reported by U.S. Business Leaders

	Work-Related Cultural Differences		*Production Manufacturing Practices*		*Business Support Practices*		*Operational Challenge Index*	
	Mean	*SD*	*Mean*	*SD*	*Mean*	*SD*	*Mean*	*SD*
Bulgaria	3.85	.42	4.19	.11	4.08	.73	4.01	.41
Czech Republic	3.96	.49	4.23	.21	4.19	.61	4.10	.37
Estonia	3.62	.57	3.93	.52	3.71	.85	3.74	.56
Finland	3.72	.45	4.25	.28	3.95	.60	3.94	.38
Hungary	3.84	.47	4.23	.22	3.94	.73	3.99	.43
Latvia	3.86	.66	4.00	.47	4.02	.81	3.98	.56
Lithuania	3.92	.85	4.15	.39	3.72	.88	3.77	.47
Poland	3.92	.33	4.19	.11	4.49	.38	4.15	.20
Romania	4.22	.33	4.17	.45	4.55	.48	4.40	.36
Slovakia	3.89	.27	3.93	.57	3.39	.57	3.97	.38
Mean Rating	3.92	.64	4.07	.54	4.08	.77	4.00	.57

NOTE: 5 = very challenging, 3 = somewhat challenging, 1 = not very challenging.

lenges to operations in each EEC country. The measure consists of 12 items scored on a 3-point Likert scale, with higher scores indicating greater difficulty in running operations in the given country. The factor scales defined in prior research were employed and yielded three subdimensions of challenge in doing business abroad; (a) Work-Related Cultural Challenges, (b) Production and Manufacturing Challenges, and (c) Business Support Challenges. The summary scores for the Operational Challenges scores are presented in Table 19.2. In addition, comparison group data for the Operational Challenges scores are reported for U.S. staff in Western Europe, Japan, and developing countries; this information is compared to the aggregated EEC ratings from the current study and is presented in Table 19.3.

Cultural Skill, Awareness, and Experience

Intercultural cognitions, experiences, and behaviors thought to be desirable in working in the EEC were examined. Measuring dimensions of cultural skill suggested in the work of Hawes and Kealey (1979) and Tucker (1978), eight items reflecting specific cultural skill and experiences were administered in the questionnaire, as well as in the individual interviews.

Personality Dimensions of Expatriate Effectiveness

The measurement of personality traits attributed to international expatriate success were examined for what has been called the *Big Five dimensions of personality* (Goldberg, 1992). A 5-point semantic differential employing word pairs from the NEO Five Factor Questionnaire was administered in the survey and structured interviews (Costa & McCrae, 1991). The personality dimensions examined included neuroticism (hereafter referred to as *stress tolerance*), social introversion (referred to as *social extroversion*), openness to experience, agreeableness, and conscientiousness. The neuroticism score was reversed so that higher values reflect lower neuroticism ratings and hence higher stress tolerance. The descriptive statistics for the five personality dimensions are reported in Table 19.4.

II. Qualitative Analyses

In addition to the questionnaire data, two open-ended questions were content analyzed: (a) ratings for complexity of products and services provided by U.S. organizations in the EEC and (b) the perceived personal challenges encountered by expatriates in the EEC.

TABLE 19.3 Comparison of Operational Challenges for U.S. Staff by Differences in International Assignment[a]

	Mean	*SD*
I. Work-Related Intercultural Challenges:		
Eastern Europe[b]	3.92	.64
Western Europe[c]	3.23	.76
Japan[d]	3.31	.64
Developing states[e]	3.96	1.02
II. Manufacturing/Production Challenges:		
Eastern Europe	4.07	.54
Western Europe	2.72	.78
Japan	3.07	.49
Developing states	4.01	.88
III. Business Support Challenges:		
Eastern Europe	4.08	.77
Western Europe	2.96	.89
Japan	3.40	.90
Developing states	3.71	.56

a. Ratings for each dimension are 5 = more of a problem than in the U.S., 3 = no more of a problem than in the U.S., 1 = Less of a problem than in the U.S.
b. N = 112 U.S.-based business leaders involved with EEC operations
c. N = 48 U.S. managers based in Western Europe
d. N = 21 U.S. executives based in Japan
e. N = 80 U.S. managers based in developing countries

Complexity of Products and Services

The categories proposed by Gronhaug and Kvitastein (1992) to characterize international operations abroad were examined. These four categories were used as coding dimensions in content analysis of responses to the open-ended question "What are the primary areas of opportunity for business development in Eastern Europe?" The categories and reported frequencies of endorsement were (a) provision and acquisition of raw materials (20%), (b) manufactured products (36%), (c) business development/consultation services (65%), and (d) high-technology intensive products (42%). Responses were scored for each of the four product/service categories by the author and a university research assistant. The interrater correlation of agreement for the four dimensions was .78.

Expatriate Personal Challenge

Five categories of expatriate personal challenge were scored for the open-ended question "What do you think are the primary challenges that U.S. expatriates experience in living in Eastern Europe?" The rating dimensions were based on the categories of expatriate challenges as defined in structured interviews by Hawes and Kealey (1979) in their study of the international transfer of Canadian personnel. The categories and response frequencies were as follows: (a) modification of work/professional roles (47%), (b) managing intercultural relationships (78.6%), (c) personal behavioral and stress management (65%), (d) managing interpersonal relationships with other expatriates (8.9%), and (e) adjusting to social/environmental challenges (91%). The mean interrater coefficient of reliability for these five dimensions was .86.

Method

The current study employed survey research data relying on psychometric ratings, as well as qualitative data derived from open-ended survey items and the individual interviews. Tabulation of the qualitative data was analyzed by

TABLE 19.4 U.S. Business Leaders and EEC Country Representatives: Scale Means and Standard Deviations for Operational Challenges, Desired Expatriate Cultural Competencies, and Big Five Personality Traits

	Mean	*SD*	*Mean*	*SD*
I. Operational Challenges[a]				
Work-related intercultural differences	3.92	.64	3.27	.41
Production practices	4.07	.54	3.02	.69
Business support practices	4.08	.77	3.57	1.06
Summary score	4.02	.65	3.27	.66
II. Cultural Competencies				
Speaks and understands the primary language of the country	3.33	1.01	3.00	1.00
Lives in host country communities	2.37	1.03	2.60	2.19
Committed to the transfer of technical/business skills to host country persons	3.88	.81	3.63	.92
Knowledgeable about the country (history, religion, geography, politics, economics)	3.37	1.25	3.00	1.09
Demonstrates solid business/technical skills	4.61	.49	4.36	.51
Sensitive to the political climate of the country	4.05	.53	2.09	.94
Has a high tolerance for stress and uncertainty	4.37	1.21	3.09	1.84
Sensitive to the image of Americans in this country	3.54	.97	2.72	2.05
III. Personality Traits				
Stress tolerance (neuroticism)	10.11	1.84	9.50	.53
Social extroversion	9.60	2.44	11.80	1.93
Openness to experience	9.77	1.76	8.20	1.55
Agreeableness	7.34	1.64	9.00	2.58
Conscientiousness	7.90	1.62	8.40	1.43

NOTE: Ratings for each dimension are 5 = more of a problem than in the U.S., 3 = no more of a problem than in the U.S., 1 = Less of a problem than in the U.S.

using content analytic methods. Pearson and Spearman correlations were computed for the cultural toughness ratings and operational challenges dimensions in relationship to the level of activity in the EEC ratings of U.S. organizations. A principal components factor analysis was computed with the scale items measuring intercultural skill. Multivariate analysis of variance (MANOVA) of the data (employing univariate *F*-tests with Scheffe contrasts with each of the independent variables) was computed to examine the relationship of the Big Five dimensions of personality with the intercultural skill dimensions identified in the factor analysis. Results of data analysis based on the survey data individual country scores were computed for the Cultural Toughness dimensions and the three Operational Challenge scales. This information is summarized in Tables 19.1 and 19.3, respectively.

The Operational Challenges dimensions were compared for the U.S. business leaders with the EEC country representatives. In addition, comparison group data are presented with U.S. corporate staff assigned to other international sites (e.g. Western Europe, Japan, and developing states); this is summarized in Table 19.4. The Operational Challenges dimension for the U.S. business leader group was comparable to the U.S. expatriate comparison group data for the Work-Related Intercultural Challenge score. The Operational Challenge scales for Production/Manufacturing and Business Support were substantially higher than those for Western Europe and Japan and equivalent to the factor ratings reported with U.S. staff working in developing countries. Differences in the Operational Challenges scores on the Production/Manufacturing and Business Support dimensions were noted for the U.S. busi-

ness leaders and the EEC country representatives.

Cultural Toughness and Operational Challenges in the EEC

The dimensions of Cultural Toughness and Operational Challenges were examined in relationship with organizational characteristics of industry type, product complexity, and level of activity in the EEC (the number of countries doing business in and the number of offices opened in the EEC). Results indicated that differences of industry type and product complexity were related to the perceived difficulties in doing business in the EEC. Univariate analysis of variance results were significant for the Operational Challenges score ($F = 10.23$, $p < .001$); financial service operations were reported to be significantly more operationally challenged when compared with the other industry groups. Differences in the Product Complexity scores were significantly related to the Operational Challenges score for provision and acquisition of raw materials ($r = .21$, $p < .01$) and high-technology businesses ($r = -.24$, $p < .004$). Organizations that were characterized as more involved in the EEC (total number of countries doing business in and number of regional offices operating in) had significantly higher Cultural Toughness scores ($r = .67$, $p < .001$) but did not report greater operational challenges than less active U.S. companies.

Expatriate Challenges in the EEC

The five dimensions of expatriate challenge in living and working in the EEC were examined in relationship to workplace challenges and cultural toughness. Spearman (nonparametric) correlations were computed between the Expatriate Challenges dimensions and the Operationals Challenge and Cultural Toughness indices. Results indicated that expatriate challenge to modify professional/work roles was significantly related to both the Cultural Toughness ($r = .31$, $p < .001$) and Operational Challenges ($r = .22$, $p < .01$) indices; this was also true for reported social/environmental expatriate challenge (Cultural Toughness $r = .32$, $p < .001$; Operational Challenges $r = .22$, $p < .009$).

Dimensions of Expatriate Skill in the EEC

An orthogonally rotated varimax factor analysis of the eight cultural skill items identified three factors that accounted for 76% of the total variance. The identified factors were assessed according to the scree criteria as set forth by Cattell (1967). Items with a loading of greater than .35 were retained in the analysis, as suggested by Stevens (1992) for analysis of factors with samples of 100 or more subjects. The factors were described as (a) International Business Skill, (b) Intercultural Sensitivity, and (c) Sensitivity to the International Business Partnerships (see Table 19.5).

The relationship of the Cultural Toughness dimension and the Operational Challenges Index with the three factors of cultural skill was examined in a 6×3 factorial MANOVA. A significant multivariate effect was found ($F = 59.33$, $p < .001$). Univariate F-test results were computed for each cultural skill factor. The unique predictors for the Operational Challenge score were the dimensions of International Business Skill ($T = 4.97$, $p < .001$, $\beta = .82$) and International Partnership Sensitivity ($T = 5.50$, $p < .001$, $\beta = .38$). The Cultural Toughness-Political Challenge score was uniquely predicted by the Partnership Sensitivity factor ($T = 2.49$, $p < .02$, $\beta = .39$). The Cultural Toughness-Governmental/Regulatory Challenge score was inversely related to the factor for Partnership Sensitivity ($T = -3.95$, $p < .001$, $\beta = -.55$). The Cultural Toughness-Intercultural Differences score was predicted by all three cultural skill factors: Intercultural Skill ($T = 3.09$, $p < .003$, $\beta = .79$), International Business Skill ($T = -2.98$, $p < .004$, $\beta = .71$), and Partnership Sensitivity ($T = 2.41$, $p < .001$, $\beta = .39$).

The Big Five dimensions of personality were examined in relationship to the three factors of intercultural skill and experience. A 3×5 factorial MANOVA was computed with the intercultural skill factors employed as the dependent variables. A significant multivariate effect was found ($F = 18.52$, $p < .001$). All three of the intercultural skill factors were significantly

TABLE 19.5 Factor Analysis of Desired Expatriate Cultural Competencies and Experiences

	Factor One	*Factor Two*	*Factor Three*
	International Business Skill	*Intercultural Sensitivity*	*Intercultural Partnership Sensitivity*
Speaks and understands the primary language of the country	–.75	.45	
Lives in host country communities	–.41	.72	
Is committed to the transfer of technical/ business skills to host country persons			.82
Is knowledgeable about the country (history, religion, geography, politics, economics)		.89	
Demonstrates solid business/technical skills	.79		
Is sensitive to the political climate of the country	.82		
Has a high tolerance for stress and uncertainty	.85		
Is sensitive to the image of Americans in the country	.35		.69
Eigenvalue:	3.16	1.67	1.21
Pct. Variance:	39.5	20.9	15.6

NOTE: Factor loadings ≥ .35 are reported.

related to the Big Five dimensions of personality. Univariate F-tests and adjusted R^2 results are reported in Table 19.6.

Implications for Research and Training

The original research presented above examined the contextual and operational challenges reported by U.S. executives and area experts involved with operations in the EEC. Ratings of the skills, awareness, and personality traits attributed to effectiveness in working in the EEC are reported for U.S. business leaders and EEC country and trade representatives. In response to research on SIT, this study examined the degree of differentiation that U.S. business leaders evidenced in their attitudes about the EEC. The survey results illustrate a consistent if modest variation between countries in the reported cultural toughness and operational challenge encountered. As such, it appears that, through involvement with the EEC, there is some recognition of the diversity of the region, at least regarding issues related to establishing business operations there. Those Eastern European countries characterized as most adherent to the practices of a state-run system, Romania and Bulgaria, were seen as being the most difficult environments in which to successfully do business. By contrast, Finland, a country historically more autonomous than the rest of Soviet-dominated Eastern Europe, was viewed as being the least operationally challenging country on the three Cultural Toughness dimensions and the Operational Challenges Index. Differences by product type and service were noted regarding difficulty of doing business in the EEC. Financial service operations and the acquisition and transfer of raw materials were found to be particularly problematic areas for doing business in the EEC.

By comparison, businesses engaged in high-technology areas reported fewer operational challenges; in effect, more technically complex

TABLE 19.6 MANOVA Results for Intercultural Skill and Big Five Personality Clusters

	F Ratio	*Sig.*	*Adjusted R^2*	β	*T-Value*	*Sig.*
	18.52	.001				
International Business Skill	30.40	.001	.57			
Stress tolerance (low neuroticism)				.67	8.53	.001
Social extroversion				.68	9.36	.001
Conscientiousness				.49	5.53	.001
Openness to experience				.01	.01	.99
Agreeableness				−.30	−4.31	.19
Intercultural Sensitivity	14.36	.001	.38			
Stress tolerance (low neuroticism)				.49	5.29	.001
Social extroversion				−.05	−.56	.57
Conscientiousness				.53	5.01	.001
Openness to experience				.33	5.52	.001
Agreeableness				−.09	−1.09	.28
International Partnership Sensitivity	7.23	.001	.22			
Stress tolerance (low neuroticism)				−.05	−.49	.62
Social extroversion				.13	1.31	.19
Conscientiousness				.25	2.05	.04
Openness to experience				.58	5.83	.001
Agreeableness				−.04	−.41	.68

businesses and services were less problematic areas in which to do business than other areas, such as business consultation. This finding may reflect the relatively more adept technical human resources available in the EEC vis-à-vis the governmental controls, regulations, and management practices in some of the countries.

Culturally Skilled Behavior as Related to Personality Type

As has been noted, expatriate effectiveness in the EEC was comprised of a combination of cognitive, behavioral, and personality dimensions. Consistent with other research efforts, a multidimensional model of intercultural effectiveness was proposed. Factor results identified three dimensions of effectiveness, the first being related to doing business in the EEC. Intercultural experience and knowledge about the host country was isolated as a second desirable attribute. Finally, U.S. businesspersons indicated that awareness of issues related to U.S.-EEC technology transfer and the political climate of the host culture were a distinct and important factor in effectively working in the EEC. These factors of intercultural effectiveness appear to be viewed as more desirable because challenges to living and working in the EEC are greater. Also, there was generally satisfactory agreement of the importance of these dimensions of intercultural effectiveness for both U.S. and senior EEC country representatives.

An area in need of further examination concerns the relationship between intercultural skills and the Big Five dimensions of personality. In the research reported here, intercultural skills (e.g. knowing about the history, culture, and language of the country) were related to the traits of Stress Tolerance, Openness to Experience, and Conscientiousness. Effective International Business Skills (e.g., possessing solid technical and work-related skills, being sensitive to the image of Americans abroad) was predicted by higher stress tolerance (lower neuroticism), greater conscientiousness, and social extroversion (the latter being the most highly desired trait as reported for the EEC country representatives). As viewed by U.S. managers and area specialists, it appears that being more effective in the international workplace is not equivalent with being interculturally effective in living abroad, at least with respect to the personality traits related to these two dimensions

of effectiveness in living and working abroad. Sensitivity to the development of intercultural business partnerships shares the traits predictive of intercultural sensitivity—namely, an openness to differences and greater conscientiousness. It is also worth note that the items concerning host country language skill and residence in host country communities (vs. expatriate enclaves) loaded on the factor for Intercultural Sensitivity and significantly negatively loaded on the factor for International Business Skill. This finding suggests that living in a host country community and being adept at the host country language were not viewed by American executives as being related to effectiveness in the international workplace. Rather, international business effectiveness was attributed to business competencies, greater stress tolerance, and awareness of international protocol. This, in turn, was predicted by a more socially outgoing and mindful (conscientious) interpersonal style.

These findings hold implication for assessment of the readiness to work and live in the EEC. As evidenced by the work of Kealey and others, however, self-report or opinions of other persons from the parent company may not accurately reflect intercultural effectiveness as viewed by the host country person (as well as that of third-country national staff). The study presented here illustrates how U.S. personnel view effective international and intercultural behavior. It is quite another thing to believe that the noted attributes of international business effectiveness would be appraised the same by cohorts from the EEC.

Implications for Personnel Selection and Orientation

Individuals who evidence personality characteristics of stress tolerance, social extroversion, and openness to experience will be more successful in the international assignment. Equally, the dimensions of cultural knowledge and skill as suggested by Kealey and others were thought to positively contribute to intercultural effectiveness in working in the EEC. As has been discussed by Kealey (Chapter 5, this volume), evidence suggests that personality traits and sociocultural knowledge contribute to both the adjustment and effectiveness of North American personnel in working internationally. In terms of the findings presented in this chapter, there is reasonable agreement as to the desirability of a social style that is open to new experiences, socially amiable and outgoing, and that demonstrates a tolerance for stress and ambiguity. U.S. staff living and working in the EEC certainly face a variety of cultural, operational, and governmental barriers. As such, there is a good match of the selection criteria set forth by Kealey and his colleagues; there is also general agreement on this point between U.S. businesspersons and the EEC country representatives.

Many human resources professionals acknowledge a surprisingly limited number of qualified candidates for many international assignments (Russell, 1978), even when the selection criteria noted above are not considered. The reality faced by many cross-cultural training programs is that, often, less than ideal candidates are selected for the expatriate assignment (Black & Porter, 1991). When considered in the context of the Landis and Bhagat model, it is likely that U.S. organizations will need to devote as much, if not more, time to the behavioral rehearsal (expatriate orientation and training) as to the selection of staff (based on personality and skill dimensions) to work in the EEC.

Results of the study described here underline the need for organizations to effectively orient, train, and monitor the performance of expatriates in the EEC. The EEC community poses a variety of challenges related to operational practices and leadership behavior that are distinct from those of Western Europe. Even experienced international managers may be unaccustomed to working with a workforce as technically competent on the one hand and as unaccustomed on the other to a quality-driven and team-oriented approach to organizational performance as that found in many regions of the EEC. These challenges will likely be documented in the international training and organizational development literature in the future.

One issue of critical importance to work life in the EEC, however, cannot be as easily deferred to later times—namely, the need to resolve conflict within and between current geopolitical communities. Like it or not, if Western organizations intend to develop meaningful and profitable relationships with the EEC, they must be prepared to respond to the quickly changing social differences of the EEC as

related to political, national, and ethnic tension and animosity.

Conflict Mediation in the EEC

An issue of the utmost importance to cross-cultural consultation in the EEC concerns the need to address ethnic and national conflict throughout the EEC. As is grimly demonstrated by the tragedy of Bosnia-Herzegovina, no single issue is of greater importance in the EEC. The social, economic, and historical sources of intergroup conflict in the EEC are numerous. These include the historical ethnic animosities found throughout the region, the already mentioned themes of institutional paranoia, and the experience of conflict for power that is occurring between the former leadership of the Soviet-dominated regimes and the various reform groups (including both pro-Western and nationalist groups). Independent of these factors is the shroud of anti-Semitism, which is an issue of current concern to many in the EEC. As the writer Laszlo Vegel (1993) states, "The Jewish question—I experience it from day to day—is the crystallization point of the anti-minority movement" (p. 13). As is all too evident to even the casual student of European history, the transition from a nationalist to a fascist social ideology is very much part of the collective consciousness of the region. As suggested by Vegel, anti-Semitism in the region may well serve as a bellwether of the xenophobia and opposition to ethnic and national minority populations broadly. When put into the context of applied psychological practice, the "minority problem" poses a challenge with respect to framing any intervention to group conflict. Although SIT may well contribute substantially to the understanding of the formation of natural out-group biases, any serious understanding of the dilemma of group relations in the contemporary EEC must also hearken back to the notion of group-endorsed social pathology as suggested by the work of Adorno, Frenkel-Brunswik, Levinson, and Sanford (1950) in their study of fascism and the authoritarian personality.

The implications for cross-cultural interventions in this regard are numerous. As suggested by Tzeng and Jackson (1994) social group conflict can be characterized by three theoretical models of group relations: (a) social contact theory (SCT), (b) social identity theory (SIT), and (c) realistic group conflict theory (RGC). In terms of the U.S.-EEC partnership, the historical relationship since World War II has been one driven by realistic group conflict (the geopolitical conflict of East and West ideologies), whereas the more recent and desirable experience is predicated on a gradual increase in social contact (particularly in the area of international business), as well as the development of mutual goals and objectives (the alleviation of realistic conflict needs through shared mutual needs).

In this new relationship, the redefining of in-group versus out-group is inherent to the fostering of an interdependent relationship. Conversely, the relationship between the EEC states is significantly mediated by SIT, as is evidenced by the separation of the Czech and Slovak states and the carnage of the former Yugoslav region. Out-group bias is additionally mediated by attitudes reflecting psychological well-being (Dunbar, 1994a). Increasing evidence suggests that out-group bias is a product of social attributions and experience (e.g., SCT, SIT) and personality characteristics (e.g., openness to experience, authoritarianism, personality traits of prejudiced beliefs and cognitions). To appreciate the psychological dynamics of intercultural conflict in the EEC, one could simply turn the identified criteria of expatriate effectiveness on its head; that is, social avoidance, restricted social cognition, and a lack of emotional engagement are some of the belief systems at work in the ethnic conflict being played out in regions of the EEC.

Conflict management consultation is directly applicable to organizations throughout the EEC, as well. Areas of attention include training in diplomatic protocol, team building with multinational groups, and intergroup relations training for multiethnic organizations. A unique population in the EEC that will require provision of psychological consultation is the refugee groups from the former Yugoslav states in other regions of the EEC. The unique stressors associated with this population most notably concern the remediation of trauma secondary to the civil conflict of the Bosnia debacle (Marsella, Bornemann, Ekbad, & Orley, 1994). To consider conflict management in terms of the Landis and Bhagat model, training and development programs in the EEC need to address affective and cognitive dimensions of negative

out-group attribution on the one hand, and to establish a mechanism of social support and reinforcement on the other hand to endorse the development of new behaviors that are inclusive rather than exclusive, collaborative rather than combative.

It has often been said that, to sound authoritative in organizational climate research, it should always be reported that employees are dissatisfied with their compensation and that communication should improve. One cannot go wrong by suggesting that training in the EEC needs to address conflict resolution. In my opinion, corporate training efforts to mediate the ethnic, national, and culture-based animosities between historically intact groups runs the risk of exacerbating the problem it serves to alleviate. As has been demonstrated by other organizational development specialists, team-building efforts with non-Western work groups can easily increase conflict and ill-will, rather than resolve it (Bourgeois & Boltvinik, 1981).

Indeed, at this writing, Eastern Europe is the site of one of the bloodiest interethnic conflicts of the century: the warfare in the former Yugoslav republics. The tragedy of Bosnia-Herzegovina clearly underscores the power of ethnic and cultural issues in the region. With respect to the topic of training and development activities, however, little of substance can be gained directly in responding to armed civil conflict. I propose that attainable training and development goals be pursued, irrespective of how appealing it may be to attempt to provide large-scale, systematic change through organizational intervention programs. A great deal needs to be done with respect to developing organizational structures, creating team-oriented leadership behaviors, and establishing working intercultural relationships. Intercultural trainers must choose wisely where to focus their efforts and resources if they are to contribute meaningfully to the forging of a healthy relationship between the United States and the EEC.

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