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Study on effects of expatriates' foreignness into subsidiary performance in the Kazakhstan market

By Mukhamedov Vladimir

Department of International Commerce and Logistics

The Graduate School

Pukyong National University

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Advisor: Professor Choi Soon Gwon

By Mukhamedov Vladimir

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A dissertation
by
Mukhamedov Vladimir

Approved by:

Soon-Gwon Choi, Ph.D,

Chun-Su Lee, Ph.D

Tae-Hyung Oh, Ph.D

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Mukhamedov Vladimir

Department of international Commerce and Logistics, The Graduate School, Pukyong National University

Abstract

Most foreign direct investment (FDI) theories assume that foreign subsidiaries face disadvantages or experience liabilities of their foreignness relative to domestic firms because of information asymmetries and transaction costs.

Current research contains two purposes. First, the determinant factors of expatriates' foreignness, and second, effects of expatriates' foreignness on subsidiary performance. In order to improve these purposes ten hypotheses were tested. The first nine hypotheses were relating to defining the determinant factors of foreignness of expatriates, and tenth hypothesis has checked the relationship foreignness of expatriates and subsidiary performance.

Based on previous research I have suggested nine determinant factors that stimulate the foreignness of expatriates: Hofstede's dimensions (power distance, uncertainty avoidance, individualism vs. collectivism, and masculinity vs. femininity), business practices, institutional factors (economic, politic), language barrier, and prior experience. Based on the result of empirical analysis, only differences in economical situations, language barrier, and prior experience have significant effect on emerge the liability of foreignness of expatriates. Other factors such as masculinity vs. femininity, power distance, individualism vs. collectivism, uncertainty avoidance, business practice, and politic situation were rejected. Additionally, the result of this regression analysis provided the suggestion that control variables such as gender, education level, and age of respondents were not statistically significant.

In conclusion, the relationship between foreignness of expatriates and subsidiary performance has been tested. In accordance to the aforementioned, the regression analysis showed that the relationship between foreignness of expatriates and subsidiary performance was not statistically significant. In other words, current research provides the suggestion that foreignness of expatriates does not negatively affect subsidiary performance.

Key words: *foreignness of expatriates, subsidiary performance, Hofstede's dimensions, business practices, institutional factors, language barrier, and prior experience.*

I. Introduction

Currently the Republic of Kazakhstan is a developing country, and ranks 2nd position with regarding development among CIS countries (after Russia). The Republic of Kazakhstan has extremely rich reserves of nature resources.

Kazakhstan encompasses 3 per cent of the world's raw materials and nature resources based over 300 000 per capita (among the highest in the world, twice the level of Russia and higher then Australia). Kazakhstan also possesses 4 per cent of the worlds iron reserves. Additionally, Kazakhstan has oil reserves per capita which are 5 times as higher than Russia and Iran respectively. In 2009, Kazakhstan mined an estimated 25 per cent of the world's uranium, making it the world's largest producer. Kazakhstan has 8 per cent of the world's total zinc reserves.

The aforementioned information and soft policy towards investment make the Kazakhstan market very attractive for Foreign Direct Investments. Moreover, the Kazakhstan market is very young market because only twenty two years ago the Republic of Kazakhstan has become independent country. Hence, Kazakhstan market is staying in early stage of internationalization process. And, current research is going to analyze the Kazakhstan market in internationalization process perspective.

One of the most popular internationalization models in business studies is the Uppsala Internationalization Model published in the Journal of international Business Studies (Johanson and Vahlne, 1977). Also, Uppsala model is proper for early stage of internationalization process. This theory postulates that companies would start facing their business activities in markets that were close in psychic distance terms. This process originated in the liability of foreignness, a concept that originally explained why a foreign investor needed to have a firm-specific advantage to more than offset this liability (Hymer, 1976; Zaheer, 1995). The larger the psychic distance the greater the liability.

Most foreign direct investment (FDI) theories assume that foreign subsidiaries face disadvantages or experience liabilities of their foreignness relative to domestic firms because of information asymmetries and transaction costs.

Generally research has discussed and tested liabilities of foreignness at the firm level. Nonetheless, most researchers imply that these firm liabilities exist in part because of a corresponding phenomenon at the individual level, particularly among those managing foreign firms. There is literature examining consequences of being a citizen of one country while working another. The expatriate literature emphasizes the difficulties created by moving to another country, culture, and workplace. Therefore, the first purpose of current study is to define the determinant factors of expatriates' foreignness in the Kazakhstan market.

In order to define the factors affecting the liabilities of foreignness of expatriates I would like to describe previous literature relating to concepts such as "liability of foreignness" and "psychic distance". Liabilities of foreignness refer to phenomena causing foreign firms to operate at a disadvantage relative to domestic firms (Hymer, 1960/1976; Zaheer, 1996; Luo and Mezias, 2002; Mezias 2002b).Liability of foreignness is a set of costs associated with unfamiliar operating environmental, administrative and culture differences, and coordinating organizations (often over vast geographic distance.)

Several authors have argued that liabilities of foreignness stem from: first, the distance between parent and subsidiary; Second, lack of roots in a local environment; Third, host country environment; Fourth, home country environment; Fifth, discriminatory attitudes of customers, suppliers, government agencies, etc.; and Sixth, culture and language differences (Zaheer 1995; Hymer 1960/1976; Zaheer, Matsuo 2000).

Most of the researchers consider the "foreignness" as a difficulty or a disadvantage of subsidiary or individual (expatriate) facing their activities abroad. And, emergence or existence those kind of difficulties can be explained by concept of "psychic distance". Research relating to this issue suggested the sources of emergence between countries: (1) culture issues and language; (2) differences in business practices; (3) the local economic, political, and legal environment; (4) level of education in the importing countries; (4) differences in the level of education level between two countries; (6) existence of previous trading channels between two countries (Nathalie Prime, Claude Obadia, and Irena Vida 2009; Vanhlne and Wiedersheim 1973).

Recently the construct of liability of foreignness has covered many theories in terms of current and future research direction (Luo and Mezias, 2002), research design issues (Mezias, 2002b), inter-firm and nation-state level determinants of liabilities (Calhoun, 2002), and classification within costs associated with international business. Additionally, empirical work has investigated the existence of foreignness liability with respect to profits (Zaheer, 1995); survival (Zaheer and Mosakowski, 1997); production cost and marketing costs (Luo, Shenkar, and Nyaw, 2002); efficiency (Miller and Parkhe, 2002; Miller and Richards, 2002); Labor Lawsuits in the US (Mezias, 2002a); and profitability, growth, and survival (Nachum, 2003). Moreover, firms-specific assets and liabilities of foreignness both affect foreign subsidiary performance and survival. Despite this well-recognized tenet of FDI, only few studies have empirically investigated this suggestion (Mezias, 2000). Zaheer (1995) and furthermore pioneered these recent examinations. She argued that when foreign firms use organizational practices that differ from locally accepted practices they may experience liabilities of foreignness. She concluded that liabilities of foreignness existed because profitability measures were lower for foreign firms operating in the currency trading industry. Based on these literatures the second purpose is to check an effect of expatriates' foreignness into subsidiary performance.

This study was broken up into five main chapters: First, introduction provided the reason of chosen the direction of research. Also, the purposes have been offered.

Second, theoretical background includes previous literatures relating to concepts of liability of foreignness, psychic distance. Moreover information about relationship between expatriates' foreignness and subsidiary performance has been included.

Third, hypotheses development and research framework includes ten hypotheses that would help us to support the purposes of this study. This information too has been described at full length.

Forth, methodology consists of two part variables and survey implementation. Here I described the information relating to type, name, measure and sources of variables. Moreover, I have described the part of survey implementation.

Fifth, the result with reference to the statistics supporting our hypotheses. This is followed by the conclusion.

II. Theoretical background

1. Basic obstacles in Internationalization Process

Most foreign direct investment (FDI) theories assume that foreign subsidiary face disadvantages or experience liabilities of their foreignness relative to domestic firms because of information asymmetries and transaction costs.

One of the most famous and useable internationalization models in business studies is the Uppsala Internationalization Model published in the Journal of international Business Studies (Johanson and Vahlne, 1977). This model shows two specific futures; first, firms would subsequently formalize their entries though deals with intermediaries, often agents who represented the focal companies in the foreign market. Usually, as sales grew, they replaced their agents with their own sales subsidiaries, and as growth continued they began manufacturing in the foreign market to overcome the trade barriers. They labeled this dimension of the internationalization pattern the establishment chain. Second feature on the pattern was that internationalization frequently started in foreign markets that were close to domestic market in terms of psychic distance, defined as factor that make difficult to understand foreign environments. The companies would then enter other markets that were close in psychic distance terms. This process had its origin in the liability of foreignness, a concept that originally explained why a foreign investor needed to have a firm-specific advantage to more than offset this liability (Hymer, 1976; Zaheer, 1995). The greater the psychic distance the larger is the liability of foreignness.

Next, I would like to elaborate in detail the two concepts “Liability of Foreignness” and “Psychic Distance”.

1.1. The concept and sources of "Liability of Foreignness"

Liabilities of foreignness refer to phenomena causing foreign firms to operate at a disadvantage relative to domestic firms (Hymer, 1960/1976; Zaheer, 1996; Luo and Mezias, 2002; Mezias 2002b).Liability of foreignness is a set of costs associated with unfamiliar operating environmental, administrative and culture differences, co-ordinating organizations often over vast geographic distance. Hymer (1960/1976) was first to discuss disadvantages facing foreign firms when he argued that "… national firms have the general advantage of better information about their country: its economy, its language, its law, and its politics." Also, he has indicated that foreign firms face addition costs arise from: first, a MNE's unfamiliarity with the foreign environment in which it engages in operating; second discriminatory attitudes of customers, suppliers, government agencies, etc.; and third additional costs associated with operating internationally.

Moreover, Zaheer (1995) has classified sources pertaining to the liability of foreignness into the following categories; first, spatial distance between parent and subsidiary; second lack of roots in a local environment; third host country environment; and fourth home country environment.

In terms of special distance Zaheer (1995) argued that large special distance between parent and subsidiary creates disadvantages for foreign investors, while geographic proximity translate to a location advantage. Spatial distance in conducting business abroad inevitably involves the nuisance of travel and long distance communications.

A lack of roots in the local environment is often most evident in social and cultural differences between countries. For example, Buckley and Casson (1976) note liability of foreignness due to unfamiliar political, legal, social, cultural, economic/competitive and governmental environments hinder firm operations.

The host country environment also creates additional costs for foreign firms. Government authorities and policies play a dominant role in doing business in many countries, and this is especially true in developing countries such as Kazakhstan.

Further, the home country environment influences a firm's market entry strategy. For example, home country environments can increase a firm's liability of foreignness via restrictions placed on certain business dealings and transfers of technology. In the US, advanced computer technology and military equipment related to national security are significantly restricted. Therefore, US companies in these industries are prevented from transferring technologies to, and often times making investments in, countries such as China or Kazakhstan.

Similarly with Zaheer, Matsuo (2000) suggested that liabilities of foreignness stem from three major sources: (1) culture and language differences; (2) economic and political regulations; and (3) spatial distance between parent and subsidiary. For contrast, Eden and Miller (2001) take a little different view of the cost of doing business abroad. They argued that relative production costs, exchange rate fluctuations, and relationship hazards should be not considered liability of foreignness. Instead, they classified liability of foreignness as only those costs stemming from unfamiliarity with host country environments and discrimination hazard.

Finally, J.M. Mezias (2002) called attention to two additional, potential sources of liabilities of foreignness. First, liabilities of foreignness can arise from costs that are not exclusive to foreign firms. Some operating costs affect both foreign and domestic firms, but foreign firms may experience these costs disproportionately because domestic firms have learned to decrease these costs. Take, for example, a case regarding lawsuits in the United States. While all firms operating in the US may face labor lawsuit judgments, J.M. Mezias (1999, 2002) found that foreign subsidiaries faced significantly more. Although the negative effects of labor lawsuit judgments are not exclusive to foreign firms, these costs represent a liability of foreignness because they disproportionately affect foreign firms. And, this source of liabilities of foreignness must be recognized.

A second potential source of liabilities of foreignness illustrates the need to analyze more than just costs faced by foreign firms operating abroad. Advantages enjoyed by domestic firms that are not available to foreign subsidiaries are also source of liabilities of foreignness. For example, government subsidies to, or exclusive contract arrangements with, domestic firms create disadvantages for foreign firms excluded from these benefits. Accordingly, he has suggested that liabilities of foreignness are; (1) costs only foreign firms incur when operating abroad; (2) costs foreign firms incur disproportionately to domestic firms; and (3) benefits denied to foreign firms that are enjoyed only by domestic firms.

Other early research attributed these liabilities to market driven cost such as physical distance, a diffused locus of control (Kindleberger, 1969), or discrimination hazard (Vernon, 1977). However, the dominant argument for liabilities of foreignness is that foreign firms are unfamiliar with the institutional environment and attendant cultural, social, and legal norms: thus, they have trouble identifying and interpreting informal processes and norm in the local environment (e.g., Zaheer, 1996; Kostova and Zaheer, 1999; Mezias, 2002a).

Recently the construct of liability of foreignness has awoken much theoretical attention in terms of current and future research direction (Luo and Mezias, 2002), research design issues (Mezias, 2002b), inter-firm and nation-state level determinants of liabilities (Calhoun, 2002), and classification within costs associated with international business. Additionally, empirical work has investigated existence of liability of foreignness with respect to profits (Zaheer, 1995); survival (Zaheer and Mosakowski, 1997); production cost and marketing costs (Luo, Shenkar, and Nyaw, 2002); efficiency (Miller and Parkhe, 2002; Miller and Richards, 2002); Labor Lawsuits in the US (Mezias, 2002a); and profitability, growth, and survival (Nachum, 2003).

For reduction subsidiary disadvantage, Cave (1971) argued that firms investing abroad must possess enough specific asset advantages to counter these disadvantages. Following this logic, most FDI research has focused on sources and types of advantages they may face. Those advantages do effect on subsidiary performance, disadvantages facing foreign subsidiaries also affect on performance.

1.2. The concept and sources of "Psychic Distance"

Most of the researchers consider the "foreignness" as difficulties and disadvantages of subsidiary or individuals (expatriate) facing their activities abroad. And, emergence or existence those kind of difficulties can be explained by concept of "psychic distance". The word "psychic" is derived from Greek word phychikos, meaning "soul," and refers to the cognitive and moral capabilities of the mind. The concept of psychic distance puts an emphasis on the extent environment differences between home (of the investor) and host countries restrict information flow and create barriers to learning about these markets (O'Grady & Lane, 1996). Psychic distance is a result of differences in local consumers' preferences, culture, and business systems which reduce the level of understanding of the local market condition.

The Swedish researchers postulated that, when establishing international operations, firms accurate market knowledge, which comes from direct experience in the foreign market and an understanding of its internal relationships, rather than more objective, factual, general market information is easily transmitted and learned without the need for experience in interpreting it (Johanson and Vahlne 1977). Psychic distance was an important variable in understanding the dynamics of the internationalization process. It was defined initially as "factors disturbing the flow of information between potential or actual supplier and customers" (Nordstrom and Vahlne 1992). The concept was intended to increase the understanding of the location pattern of Swedish exports and foreign subsidiaries, and to complement existing explanations that relied on economic concept and psychic distance. Nordstrom and Vahlne (1992) showed that psychic distance had substantial value in explaining the patterns.

One of the most detail explanations of this concept has been put forward by Nathalie Prime, Claude Obadia, and Irena Vida (2009). Their concentration was been forwarded to articles related to empirically examine the “distance” (“gap”, “differences”, “foreignness”, “unfamiliarity”) perceived by the managers responsible for making decisions when firms expand to foreign market. They explored the 17 studies examined research criteria: the definition of the concept, its related operationalization, the measures proposed and the relationship between Psychic Distance and various dependent variables. Consequently, their research has defined the core dimensions of Psychic Distance stimuli according to six categories along two dimensions. The first dimension involved predominantly culture issues (i.e., pattern of thought, behaviors, and language prevailing in the foreign market). The second dimension covered the issues relate to business environment and practices (i.e., difficulties in relationship with businessmen, the differences in business practices, and the local economic, political, and legal environment). They have provided the difficulties that stimulated by foreign market. They have published findings after interviewing eight types of French companies.

The definition of psychic distance varies greatly within the literature. For example, Vanhlne and Wiedersheim (1973) operationalized psychic distance using the following indicators: (1) level of economic development in the importing country; (2) difference in the level of economic development between two countries; (3) level of education in the importing countries; (4) differences in the level of education level between two countries; (5) differences in culture and local language; (6) existence of previous trading channels between two countries.

Nordstrom and Vahlne (1992) develop a culture distance index that used adjusted Hofstede data. However, they suggested that culture distance and psychic distance captured “different but overlapping phenomena,” and that psychic distance included a component of business difficulty, as well as culture distance. Psychic distance, in their view, is comprised culture (such as those diminutions defined by Hofstede), structure (such as legal and administrative systems) and language differences.

2. Foreignness in personal level

Generally researches have discussed and tested liabilities of foreignness at the firm level. Nonetheless, most researchers imply that these firm liabilities exist in part due to a corresponding phenomenon at the individual level, particularly among those managing foreign firms.

There is literature examining consequences of being a citizen of one country while working another. The expatriate literature emphasizes the difficulties created by moving to another country, culture and workplace. The basic explanation for these difficulties is summarized by the results of Black and Porter (1991), who have found that U.S. managers in Hong Kong behaved more like U.S. managers in the U.S. than Chinese managers in Hong Kong. These managers persist with American's behavior mode despite the fact that they do not enhance their job performance. Similarly, Miller and Cattaneo (1982) found that West German expatriate manager tended to favor participative decision making regardless of the country to which they were assigned. This literature explores issues of adjusting to a new culture when taking an assignment out of one's home country.

Moreover, the researchers also asked questions regarding the use of inpatriates. Inpatriates – managers from local cultures – "into the home country on assignment designed to help them learn about the headquaters' organizational culture and way of doing business. The headquarters then returns the inpatriates back to their local culture to manage local operation" (Adler, 2002:216). There are two main reasons to doing this. First, growing business opportunities in developing and emerging economies have resulted in an increasingly multicultural nature of MNCs' global operating. Second, and more importantly, by extending their operations to less developed economies, MNCs encounter unprecedented social, cultural and institutional gaps that complicate market entry and the successful management of local business activities.

Interestingly, while absence from the home country was "by definition" a difference of kind between relocation and repatriation adjustment, it is a difference of kind between expatriation and repatriation adjustment "by experience." Recent evidence suggests that over 80% of returning expatriates had just completed an international assignment in a country in which they had not lived prior to their expatriate assignment (Black & Gregersen 1991). Thus, the lack of prior experience in the country of their expatriate assignment means that their cognitive expectations are based primarily on vicarious experience (e.g., training) or simple stereotypes rather than on personal experience. This may also lead them to form more flexible expectations because they know they do not have personal experience upon which to base expectations. By definition, 100% of all expatriates have lived in the home country to which they are returning. This may lead repatriating managers to form more rigid expectations because they do have personal experience upon which to base expectations. Thus, for four out of five American expatriates, returning home is a difference in kind, not degree, compared to being sent overseas.

2.1. Needs of attitudes adjustment of expatriates

In the literature there is focus on adjustment and the possible factors that may ease this adjustment. Lee and Larwood (1983) found that although Korean and American managers had different managerial attitudes based on their culture background, socialization to the values of Korea was possible among American expatriate managers working in Korea. They found evidence that this occurred and that managers who had adopted attitudes typifying Korean culture exhibited higher job satisfaction. Mendenhall and Oddou (1985) suggested that adjustment, which would reduce assignment failure, is linked with individual characteristics, relationship building activity, and understanding of cultural differences in behavior. Black, Mendenhall, and Oddou (1991) provided notion that anticipatory adjustment, which they defined as preparation efforts made before going to host country. That preparation could ease adjustment to working outside of one’s native country. Shaw (1990) focused on expatriate manager interaction with local subordinates; also reflect the theme of intercultural adjustment. He argued that differences between managers and subordinates form different cultures could arise for informational reasons. He suggested that convergence of cognitive structure would arise from the intercultural dynamics of daily interactions between a manager and a subordinate. Sunkyu, Gentry, and Hum (2001) also mirror the importance of increasing familiarity with country culture. Their results show that the extent expatriates participate in the consumer market of their host country had a positive impact on satisfaction with the expatriate assignment. Black and Mendenhall (1991) proposed that success in cultural adjustment can be understood in terms of three skills; first related to maintaining self, the second related to fostering relationships with host nationals, and third related to skills that promote an accurate perception of the host environment and its social systems. They used social learning theory to focus by which patterns can be learned. Leib-O'Sullivan (1999) refined the notion of cross-culture training in term of addressing issues that may arise from the characteristic of individual.

The literature on expatriate also suggests that multiple factors contribute to the difficulty of being successful at work in a country other than of citizenship. Feldman and Thompson (1993) explained adjustment in terms of job characteristics, the extent and nature of career adjustment assistance, the degree of change from one job assignment to the next, and individual coping strategies. Their use of distinctions among expatriates, repatriates, and domestic geographical location as independent variables allowed them to highlight both similarities and differences between expatriate and other kind of job assignment. Shaffer, Harrison, and Gilley (1999) confirmed the multidimensional nature of expatriate adjustment, showing that it responded to individual factors, such as language familiarity and previous expatriate assignments.

2.2. Difficulties of expatriates in international business

The aforementioned information suggests that foreign workers or expatriates experience difficulties while operate in the foreign market with comparison to citizens of the local market. I would like to present several difficulties that expatriates face while operating within a foreign market. Generally, the following difficulties are based on findings provided by J.M. Mezias and S.J. Mezias (2007); N. Prime, C. Obadia, and I. Vida (2009); and finally, D.W. Baack and D. Baack (2002).

Nathalie Prime, Claude Obadia, and Irena Vida (2009) have pointed out that culture differences seriously affect the emergence of trust between the parties, hindering the reduction of information asymmetry that existed with their overseas representatives and therefore reducing their understanding of the market: "There are countries where I never believe what I'm told. Never!". Trust is not separable from the person, and therefore it tends to be grounded in what is said ("my-word-is-bond"). The French, who tend to value a "get-it-in-writing" view of trust, are suspicious of highly personalized cultures, which in turn lead to high "psychological" transaction costs: "What people in North Africa or Black Africa tell me, I never believe them. I do not into account what they say. "

Conflict resolution is essential for long-term business relationship, and conflict resolution modes can be different from culture to culture. In addition to the diversity of culture attitudes toward and behaviors regarding conflict management, intra-cultural behavior may differ from intercultural behavior. For example, businesspeople have been found to behave differently in business negotiations with their domestic colleagues and with their foreign counterparts. Also, Scandinavian countries may choose a competitive strategy rather than collaborative one with a French exporter: "I think that Scandinavian who feels betrayed will forgive you much less easily than Latin person. This I have noticed, and it can be very serious; it can go up to breaking up the contract; it is all or nothing, and the toughest is to rebuild something one has unfortunately broke. For cultures with high level of personalization, such as Latin cultures, the quality of the personal relationship and the affective links between the partners – leads to different responses to conflict depending on the relationship existing between partners. "A Spaniard will say, well, Ok, you made a mistake, but you, I like you, you are nice" (Nathalie Prime; Claude Obadi; and Irena Vida, 2009).

Cooperation requires an intense exchange of information between the parties (Bello et.al., 2003), and it is difficult to establish with foreign business people because, in general, information exchange is not easy with unknown people, particularly with partners from culture out-groups.

Information seeking is a business activity where culture related differences are found. Dawar (1996) found that high levels of uncertainty avoidance and power distance are associated with less seeking of production, while individualism does not influence information seeking behavior. In contrast, Zaheer and Zaheer (1997) suggest that high levels of individualism result in low levels of information seeking and that uncertainty avoidance had no effect on information seeking behavior.

Negotiations are also an important business activity affected by culture and business practice differences. Articles on this topic focus on negotiation tactics and goals are important issue. Studies reveal that negotiation tactics and goals are differ by from country to country and additionally, that tactics used with one country may not be used with another. For example, Shi (2001) has figured out that both social harmony and face/etiquette are found to be important for Eastern-Chinese business negotiations. Moreover, when Chinese managers are compared to Canadians managers, Chinese managers have different negotiating styles. The Chinese are more likely to avoid conflict situations but also more likely to recommended more negative strategies when these situations emerge.

Additionally, articles related to relationships deal directly with important business practice issues. For example, Griffith, et al. (2000) applies Hofstede's typology to a variety of intra- and inter-culture relationship issues by examining relationship formation between professionals in Canada, Chile, Mexico and the United States. The study suggests that trust is related to commitment, but there is no moderating effect on culture typology. Also, he has found that commitment is negatively related to conflict for both intra and inter culture relationship. Commitment is positively related to satisfaction in the relationship, and this is stronger for inter-culture relationships.

Hofstede (1980) presented the pioneering work that has significantly increased out understanding of national cultures and differences between them. His work was based on the date obtained 1967 and 1973 from more than 117,000 IBM employees working in 40 different countries, and he has provided four-independent dimensions; first, Power distance – refers to the extent to which people believe and accept that power and status are distributed unequally; Second, Uncertainty avoidance - refers to the extent to which people are threatened by uncertain, unknown, or unstructured situation; third, Individualism vs. collectivism – refer to the degree to which a society emphasizes the role of the individual as opposed to that of the group; And fourth, Masculinity vs. femininity refer to the extent to which a society emphasizes traditional masculine values such as competitiveness, assertiveness, achievement, ambition, and high earnings, as opposed to feminine ones such as nurturing, helping others, putting relationship with people before money, not showing off, and minding the quality of life.

Moreover, the meaning and indicators of trust are many and vary by culture (Zaheer and Zaheer, 2006). High perceived similarities between partners create conditions of trust because a partner tends to consider the communication sent by the other partner transmits objective information that does not contain the will to influence or manipulate the other party.

Finally, described above finding support the empirical results of Nes, Solberg and Silkoset (2007) who find that culture distance has a negative impact on trust and communication in an exporting arrangement. Similar result is presented by Skarmeas, Katsikeas, Spyropoulou, and Salehi-Sangari (2008) demonstrates that psychic distance hampers the development of relationship quality between exporters and importers.

3. Effects of foreignness on subsidiary performance

Desislava Dikova (2009) study demonstrated empirically evidence that an examination of direct effect of psychic distance on performance may be misleading – the result from the analysis of their full sample did support the psychic distance paradox. However, the psychic distance paradox was not supported for the sub-samples of firms with prior market-specific experience of jointly owned subsidiaries.

Firms-specific assets and liabilities of foreignness both affect foreign subsidiary performance and survival. Despite this well-recognized tenet of FDI, only few studies have empirically investigated this suggestion (Mezias, 2000). Zaheer (1995) pioneered these resent examinations. She argued that when foreign firms use organizational practices that differ from locally accepted practices they may experience liabilities of foreignness. She concluded that liabilities of foreignness existed because profitability measures were lower for foreign firms operating in the currency trading industry. Zaheer and Mosakowski (1997) examined this industry over 20 years and concluded that a liability of foreignness existed because survival rates were lower for foreign firms. Matsuo (2000) examined expatriates use by Japanese firms operating in the US and argued that Japanese use expatriates to cover liabilities of foreignness.

Moreover, described within the above information is the general relationship between psychic distance and liability of foreignness. But I would like to show previous research that suggest the relationship between the factors composing the uncertainty market and subsidiary performance.

A large number of studies that have examined the performance of cross-border affiliates there is no consensus on the relative importance of determining factors particularly for operation in emerging markets. Institutional factors have been less well considered but are likely to be an important determinant. For instance, institutional factors are likely to be greater and to have more significant impact on subsidiary performance in emerging economies, such as Kazakhstan economic, compared to more mature economies. A better understanding of the way that host country specific factors and institutional factors impact on MNE's subsidiary performance in emerging economies will assist officials in setting policy and MNC managers and their local business partners with strategic decisions. Previous research has largely focused on the developed to developed country context that encompass relatively stable environments and where the host country factors have a similar impact on subsidiary performance. M. Demirbag, E. Tatoglu and K.W. Glaister's

(2007) study examines the impact of institutional and perceived environmental-specific factors within the host country together with firm specific factors on subsidiary located in a relatively turbulent environment.

Political risk is determined by the action and policies both at home and host government which may have a negative impact on firms. Miller (1992, 1993) and Kobrin (1976) emphasized the importance of the political risk and uncertainties dimension on MNEs' operation and performance. Some other authors have found a relationship between political uncertainties and MNEs' entry mode decision and performance. Ahmed et al. (2002) also noted that when perceived political risk was high, MNEs tent to use low commitment entry modes. The prior literature has tended to adopt exogenous measures of political, policy, and macroeconomic uncertainties at the country level. Finally, M. Demirbag et al. (2007) have suggested that perception of subsidiary performance will be positively associated with a favorable perception of the host political risk; however their hypothesis was not supported.

The concept of culture distance has been prominent since the work of Hofstede (1980) and used widely in international and cross-culture management research. It is argued that as the culture dissimilarity between home and host country increases, investments in the host country becomes riskier. The culture distance argument also partly captures institutional environmental of a firm and the historical path of development of the routines and repertoires that generate a firm's competitive advantages appear to be embedded in national culture. Different institutional environments between the home and the host countries will create a problem for the subsidiary to establish and maintain its legitimacy in the host country. This has promoted some scholars to argue that culture distance between home and host countries makes foreign firm's management techniques and procedures less appropriate, and erodes the applicability and value of its organizing principles and routines. (Madhok, 1998).

In the context of joint ventures, culturally similar partners are more likely to perform better than culturally dissimilar partners. Although joint ventures are more prone to culture differences, wholly owned subsidiaries (WOS) may also be affected with regard to how employees perceive and react to power, uncertainly and collectivism. As a result, firms may pursue different strategies in different countries. Unlenbruck (2004), however, argues that there is little empirical evidence focusing directly on cultural differences and performance. He further elaborates that international experience may compensate for negative culture distance effects.

There are foundations in some research that national culture differences generally have a negative impact on performance dimensions of JVs, organizational culture differences were equally significant in having a negative impact on the performance of these operations. In contrast, Sirmon and Lane (2004) found a positive relationship between culture distance and performance of JVs. More over other findings suggest that both the culture distance and the uncertainty avoidance value dimension of the acquirer firm had a positive impact on the post-acquisition performance. Other works did not find any significant relationship between culture differences and performance dimension. Finally, M. Demirbag et al. (2007) have suggested that perception of subsidiary performance will be negatively associated with culture distance, and as a result their hypothesis was not supported.

The direct relationship between psychic distance and performance that was suggested in the past contradicts the original concept of psychic distance because it overlooks the influence of factors that stimulate organizational learning about the local environment. It also assumes that all firms suffer from psychic distance in a similar way.

It has been established that conditional on the level of region experience, the costs of doing business in psychically distance challenged countries could be high. However, apart from relying on own experience, there are other strategies firms can use to reduce such cost. Ownership strategy is a useful for reducing unfamiliarity hazards. Shared ownership can reduce the costs associated with liability of foreignness or environmental uncertainty – with superior knowledge and local connections local partners can assist foreign subsidiaries in reducing their unfamiliarity with the environment. Establishment a local partners can therefore eliminate the effect of psychic distance on subsidiary performance. In the context of managing joint operations in an unfamiliar environment, that is, under great uncertainty, it can be more difficult to find trustworthy partners as they may act opportunistically, requiring higher levels of monitoring and coordination. Regardless, if a local partnership is chosen to facilitate the foreign market entry by reducing the unfamiliarity hazards (for example, the liability of foreignness), it could be that the costs of preventing relational hazard exceed the benefits of reducing environmental uncertainty. Therefore, with an increasing institutional distance, some authors suggest that MNEs should aim at achieving higher levels of ownership because a tighter control over the subsidiary enhances its survival chances.

III. Research framework and Hypotheses

1. Research framework

Based on stated above information, particularly on findings (Zaheer, 1995; Matsuo, 2000; Nordstrom and Vahlne, 1992; and Nathalie Prime, Claude Obadia, and Irena Vida, 2009), I am going to suggest that liability of foreignness of expatriates stem from the following sources: (1) culture differences; (2) differences in business practices; (3) differences in politic and economic ; (4) language differences; and (5) lack of prior experiences.

Moreover, I have combined these factors into three dimensions:

First, *Culture differences* dimension involved Hofstede's culture factors exclusive of the "uncertainty avoidance" (i.e., *"power distance", ''uncertainty avoidance", "individualism vs. collectivism", and "masculinity vs. femininity"*). Second dimension involved *differences of business practices and institutional factors (political situation and economic situation).* And last one is *personal characteristics* dimension covers two factors (i.e., *language communication and prior experience*) (Figure 3). Moreover three control variables such as level of education, gender, and age of respondents have been included.

Also based on our purpose I have included relationship between foreignness of expatriates and subsidiary performance into research framework.

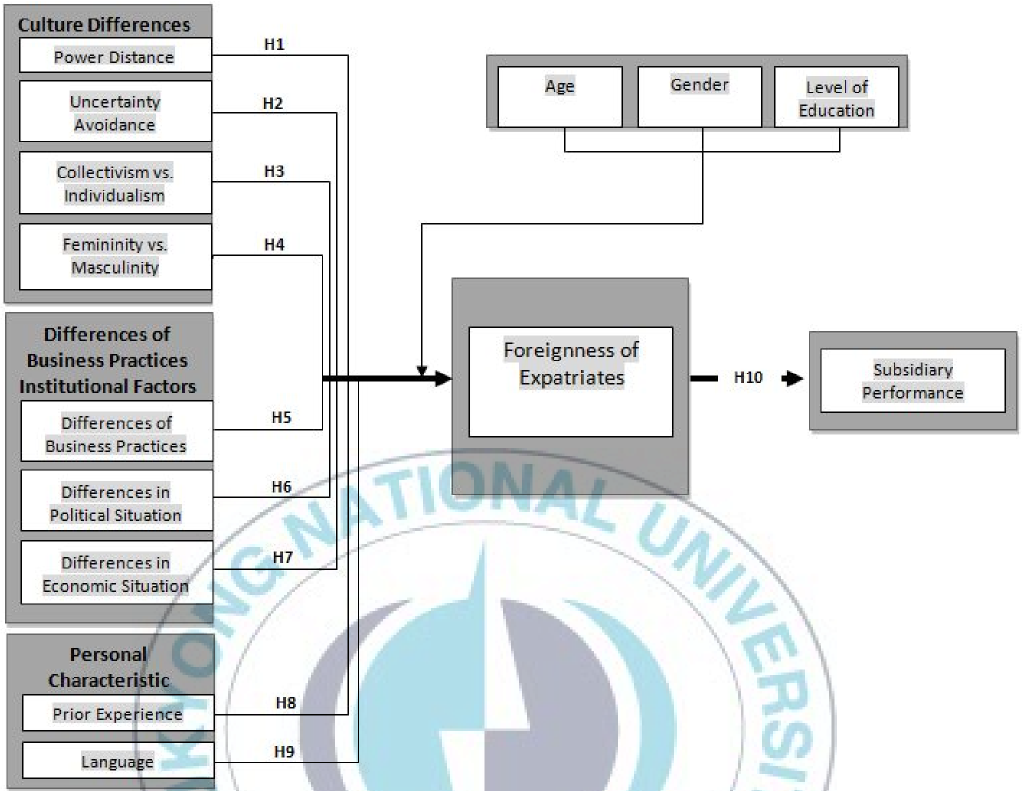

Figure 1: Research framework

2. Hypotheses development

2.1. Culture differences vs. foreignness of expatriates

The study of culture is an important component of international business, both in terms of research and theory building. Culture can be viewed as both cause and an effect. Moreover, culture of a national or region may affect how work is performed. Recently academics have created several theories that include concepts of culture as part of the framework. For example, some suggest that culture affect the level of uncertainly present in transaction cost theory. Culture has also been the determinant factor for psychic distance in internationalization theory.

2.1.1. Hofstede's dimension vs. foreignness of expatriates

There are researches focusing on relationship between Hofstede's dimensions of culture different and difficulties arisen from unfamiliarity. In Barkema and Vermeulen (1997) differences between countries in terms of uncertainty avoidance orientation is found to have a negative influence on the likelihood of setting up a joint venture rather than a wholly owned subsidiary while differences in masculinity and power distance lead to a preference for joint ventures over complete ownership.

Another group of studies looks as how the home culture of the MNE, not the distance between cultures, affects entry mode decisions. They find that the likelihood of establishing majority-owned subsidiaries increases as power distance and uncertainty avoidance increase (Erramilli, 1996).

There is group of articles that focus of entrepreneurship. These articles reveal some culture differences regarding entrepreneurship-related beliefs. Begley and Tan (2001) discovered differences between East Asian and Western countries regarding attitudes toward entrepreneurship. Moreover, some of this research suggests that relationship between entrepreneurship and individualism/collectivism is curvilinear. Information seeking is another business activity where culture related differences are found. Dawar (1996) found that high levels of uncertainty avoidance and power distance are associated with less seeking of production, while individualism does not influence information seeking behavior. In contrast, Zaheer and Zaheer (1997) suggest that high levels of individualism result to low levels of information seeking and that uncertainty avoidance had no effect on information seeking behavior.

The study deals with how workers in New Zealand and Hong Kong react to poor job satisfaction with New Zealand representing countries with high individualism and Hong Kong representing countries with high collectivism. New Zealand's individualism is theoretically linked to an increased use of a voice response to low job satisfaction while Hong Kong's collectivism is positively related to a passive response to neglect (Thomas and Au, 2002). Schuler and Rogovsky (1998) showed that countries with high uncertainty avoidance have more certainty in their compensation system. Also, countries with high individualism are more likely to use individual incentive compensation practices and stock options or stockholder ownership pans. Finally, highly masculine countries are less likely to use flexible benefits, workplace childcare programs, career-breaks schemes and maternity leave.

A last group of studies apply Hofstede's typology to strategic issues. First, Steensma, et al. (2002) find that entrepreneurs from feminine, collective and high uncertainty avoidance culture have a greater appreciation for the strategic importance of cooperative strategies. Also, feminine cultures place great emphasis on partner commonality while individualistic cultures emphasize contractual safeguards. High uncertainty avoidance countries emphasize both contractual safeguards and partner commonality.

Summary based on described above information I would like to provide the following hypotheses:

H1: ***The greater difference in terms of power distance, the higher degree of foreignness of expatriate.***

H2: ***The greater difference in terms of individualism vs. collectivism, the higher degree of foreignness of expatriates.***

H3: ***The greater difference in terms of femininity vs. masculinity, the higher degree of foreignness of expatriates.***

H4: ***The greater difference in terms of uncertainty avoidance, the higher degree of foreignness of expatriates.***

2.2. Differences in business practices and institutional factors

2.2.1. Differences in business practices vs. foreignness of expatriates

Debating about foreignness of expatriates and its effect on subsidiary performance, forces us to pay attention on business differences. The articles about this issue are broken into two groups such as individual level differences and firm level differences. Since, my attention is concentrated on "foreignness" of expatriates, hence I would like to describe information relative only to the individual level.

A difference in business practice is one of the determinant factors of "foreignness" of expatriate. In the present research the dimensions of differences in business practice generally based on findings that have been provided by Nathalie Prime, Claude Obadia, and Irena Vida (2009). The suggestion is that difficulties of expatriate usually arise by differences within the following domains: support, time management, term of payment in international channels, business-to-business buying process, and profit margins/corruption.

First, amount and scope of support that exchange partners expect varies according to the country. Whereas synchronization between business partners is often the case in term of mutual expectations precisely because the partners belong to the same culture group (Ghauri and Usunier, 2003), this is an issue in an international relationship setting because the differences in expectations regarding expected support to different expectation. This adaptation is complicated because it involves a serious modification of the exporter's internal organization. Second, the time management concepts and business practices are central to many international marketing situations (Prime, 2002; Using and Lee, 2005), and it is well known that time perception is highly culture-bound. Third, the payment terms within the international channel may lead to issues regarding payment delays. Moreover, the payment terms differ by country to country. Fourth, marketing industrial products and business services abroad in a business-to-business context involves various buying processes that depend on the relationship between a country's environment and its industrial markets needs (Ghauri and Cateora, 2006). The producer of industrial product faces a derived demand that can be volatile. Fifth, there is the issue of the agreement on the distributor's profit margins. These margins tend to vary greatly between countries. The widespread corruption found in many countries fuels the conflict between exporters and importers on this issue, many businesspeople consider corruption the most essential ethical question in international business negotiations (e.g., Mayo, Marks, and Ryans 1991), and it can take a variety of forms, ranging from gifts to favors, to entertainment and to large-scale bribery. Consequently, I would like to hypothesize that:

H5: ***The greater difference in terms of business practices, the higher degree of foreignness of expatriates.***

2.2.2. Differences in institutional factors vs. foreignness of expatriates

Finding a liability of foreignness at the individual level suggests that firm level liabilities are not simply due to implementation difficulties that may exist in complex organization (M. Mezias and J. Mezias 2007). Thus, they interpreted their findings to suggest that an inability to identify or understand tacit differences in culture and institutional environments may play an important role in creating liabilities of foreignness.

International operations are extremely sensitive to macro environmental conditions, especially in developing economies such as Kazakhstan's. Difficulties may emerge from the instability or difference of the local environment.

The country risk refers to the volatility of the political, economic, and social factors of the focal country: while the political risk is defined as the likelihood of an unfavorable change in the governmental regime of the country and/or in the policies issued by such regime (Henisz, 2000). Although such a difference between country and political risk exist, it becomes difficult to isolate the three types of factors that configure the country risk, since political, social and economic causes of risk tend to be highly correlated. The higher the host market volatility, the more difficult for the foreign investor to obtain, interpret and organize the information to successfully carry out a FDI.

Additionally, Milanova 1999 suggested that during economic crisis of winter 1996-1997, consumer stress significantly affected the consumption practices of Bulgarian consumers. The uncertainty about future incomes and unemployment made people more cautious about their expenditures. In this case, consumer preferences shifted from foreign Bulgarian brands, particularly in the food, apparel and footwear product categories. Therefore the consumers prefer established home market brands compared to unknown foreign ones when economic stress occurs. Finally author suggested that the liability of foreignness actually increases during times of economic stress.

Institutional distance, the extent of difference between two countries in terms of its institutional context, plays an important role in the strategy and performance of firms that operate in multiple countries (Kostova and Zaheer, 1999). Institutional distance arises from the dissimilarity in both formal and informal institutions. Our focus towards to formal institutional distance, it includes political and economic institutions. As institutional distances (on any dimension) increases, so does the liability of foreignness. Institutional distance makes difficulties a foreign firm's understanding of the local market and makes it more difficult to interact with customers, suppliers, and other agents. Distance makes it more difficult to interpret market signals since norms and practices in the host country are unfamiliar to the foreign firm. It is not only difficult for a foreign firm to understand a more distance local market, but it is similarly difficult for participants in the local market to understand the foreign firm. For this reason, foreign firms from more distance institutional contexts are seen as less legitimate, and large institutional distance creates significant barriers for foreign firms (Kostova and Zaheer, 1999).

When the institutional environment of the firm's home country is similar to that of the host country, the parent firm's business practices are likely more compatible with those in the new environment. In addition, because the firm is at disadvantage regarding information, they make strategic decisions without worrying as much about their perceived legitimacy in the host nations. So, I am going to provide the hypothesis:

H6: ***The greater difference in political situations, the higher degree of foreignness of expatriates.***

H7: ***The greater difference in economical situations, the higher degree of foreignness of expatriates.***

2.3. Individual characteristic

Some of articles related to individual level discussed how expatriates adapt to foreign environments. Liouville and Nanopouls (1996) have found very importance evidence refer to our purpose. They have found that successful adaptation leads to better firm performance. Moreover, other studies examining the impact of culture on adaptation have found that while culture distance does not affect on adjustment, knowledge of the host culture and culture related to international experience does.

Mendenhall and Oddou (1985) suggested that adjustment, which would reduce assignment failure, is linked with individual characteristics, relationship building activity, and understanding of cultural differences in behavior. Black, Mendenhall, and Oddou (1991) provided notion that anticipatory adjustment, which they defined as preparation efforts made before going to host country. That preparation could ease adjustment to working outside of one's native country. Shaffer, Harrison, and Gilley (1999) confirmed the multidimensional nature of expatriate adjustment, showing that it responded to individual factors, such as language familiarity and previous expatriate assignments.

2.3.1. Language barriers vs. foreignness of expatriates

Language barriers between the home and host countries are part of the liability of foreignness. The language barriers may influence or condition the perceived culture distance between two countries (Harzing, 2005). Such influence would be developed through “culture accommodation” or “ethnic reinforcement” process carried out by individuals who operating in countries where the spoken language is not their mother language. Through a culture accommodation process, individuals working in a second language acquire some of the cultural attitudes and values associated with that language, as far as they are influenced by the culture of that language. On the contrary, through the ethnic reinforcement process these individuals show a stronger endorsement of their natural culture values; that is, the use of a second language makes their ethnicity more salient.

When the FDI’s context is characterized by high external uncertainty, the local partners may play two different roles: he may contribute to reduce such uncertainty due to his familiarity with the local culture and political environment, or one may strengthen problem derived from both working in a unfamiliar environment and cooperating with a partner whose values and behavior rules are not correctly understood. The particular role played by the local partner critically depends on his relationship with the foreign investor. Such a relationship is, in turn, language dependent. Collaboration, communication, and building trust is hardly conditioned by existing language barriers between partners.

Both formal and informal communication is most likely to occur in instance where the people involved share a common language. Language diversity between both partners may not only difficult successful communication between them, but also emerges as a critical source of conflict.

To resume, when different partners do not share a common language, transaction costs related to cooperation are seriously enhanced (Luo and Shenkar, 2006), and becomes particularly difficult for the local partner play his role as a bridge between the foreign investors and the local context. Likewise, the bigger the language barrier between partners, the high the costs and difficulties related to their cooperation. Accordingly, I would like to hypothesize that:

H8: ***The bigger language barrier, the higher degree of foreignness of expatriates.***

2.3.2. Prior experience vs. foreignness of expatriates

However, operating in psychically close countries is not necessarily easy to manage, because assumptions of similarly can prevent executives from learning about critical differences. For example, Shana O'Grandy and Henry W.Lane (1996) presented evidence demonstrating that starting the internationalization process by entering a country psychically close to home may result in poor performance and possible, failure. They refer to this as the psychic distance paradox. Instead of psychically close countries being easy to entre and to do business in, they argued that perceived similarity can cause decision makers to fail because they do not prepare for the differences.

The possession of experimental knowledge by the investing firm influence the relationship between psychic distance and subsidiary performance because such knowledge facilitates firms' learning about and understanding of a foreign environment. Johanson and Vahlne's (1977) work provides an indication to what type of knowledge is likely to influence psychic distance. The author argue that general experimental knowledge is not market-specific as it concerns firms' general abilities to handle international operations-such knowledge involves common business operations such as purchases, sales, payment, employees.

Experimental market-specific knowledge if the most critical type of experimental knowledge in a firm's. A possession of market-specific information means that the investing firm understand the specific market and its characteristics such as business climate, culture, structure if the market system, and individual customers. In other words, when such market information is available to the investing firm, psychic distance no longer exists, as there are no obstacles to understanding the foreign market.

The level of international experience is characteristic that could reduce liabilities of foreignness. An MNC's accumulated international experience helps its subsidiaries avoid common mistakes of foreignness when entering a new host country (Hymer, 1960; Zaheer, 1995; Zaheer and Mosakowski, 1997).

For contrast, in qualitative study, there are suggestions that international experience and the reliance on host country partners reduce psychic distance effects. In a larger scale quantitative study, Evans, Mavondo and Bridson (2008) argued that the amount of experience acquired when operating in foreign markets is likely to have an effect on the firm's perception of the similarities and difference between markets. However, the study produced insignificant result and concluding that international experience did not influence psychic distance.

Desislava Dikova (2009) suggested that local market knowledge, which can be acquired by the parent MNE through prior investment experience or through the involvement of local partners, negates the effect of psychic distance on subsidiary performance because such market knowledge eliminates the factors that prevent a firm's learning about a foreign environment. Hence, psychic distance exists only for firms with lack market-specific knowledge because such firms face a variety of factors that prevent the flow of information to and from the market.

Also, Desislava Dikova (2009) argued that the influence of psychic distance stimuli on subsidiary performance is conditional on MNE's sensitivity to psychic distance. MNEs' sensitivity to psychic distance stimuli is determined not by MNEs general international experience – joint operations with a local partner. In this work they did not focus on the influence of general international experience. Moreover, they demonstrate the importance of region experience as a factor that facilitates the flow of information to and from the market of investment. The possession of critical knowledge how to deal with common region problems related to market liberalization, political democratization and processes of social and culture change stimulates organizational learning about the new market and ultimately eliminates the effect of psychic distance. From the result of this study they have concluded that psychic distance stimuli affects positively subsidiary performance only when the MNE lacks previous investments experience in the region of investment. Consequently, I am going to suggest that:

H9: ***The more prior experience relating to the Republic of Kazakhstan or its citizen, the lower degree of foreignness of expatriates.***

2.4. Subsidiary performance vs. foreignness of expatriates

As we suggested above, the concept of psychic distance very close with concept of liability of foreignness, therefore I would like to describe information relating to psychic distance and performance.

A few studies have tackled the issue of psychic distance's influence on subsidiary performance. The roots of the conceptual contradiction can be found in the intuitive appeal of a negative relationship between psychic distance and performance (Stottinger and Schlegelmilch, 1998). The direction of this relationship has been conceptually challenged in the past and some empirical support has been found to support a positive effect of psychic distance on performance, mostly referred to as psychic distance paradox. One of the most referenced studies on psychic distance paradox is the one by Evans and Mavondo (2002) who argued that firms entering psychically distance markets face higher level of uncertainty. This uncertainty forces firms to undertake extensive research and planning which helps their strategic-decision making and ultimately improves performance.

Desislava Dikova (2009) study demonstrated empirically evidence that an examination of direct effect of psychic distance on performance may be misleading – the result from the analysis of their full sample did support the psychic distance paradox. However, the psychic distance paradox was not supported for the sub-samples of firms with prior market-specific experience of jointly owned subsidiaries.

Firms-specific assets and liabilities of foreignness both affect foreign subsidiary performance and survival. Despite this well-recognized tenet of FDI, only few studies have empirically investigated this suggestion (Mezias, 2000). Zaheer (1995) pioneered these resent examinations. She argued that when foreign firms use organizational practices that differ from locally accepted practices they may experience liabilities of foreignness. She concluded that liabilities of foreignness existed because profitability measures were lower for foreign firms operating in the currency trading industry. Zaheer and Mosakowski (1997) examined this industry over 20 years and concluded that a liability of foreignness existed because survival rates were lower for foreign firms. Matsuo (2000) examined expatriates use by Japanese firms operating in the US and argued that Japanese use expatriates to cover liabilities of foreignness. Consequently, I am going to suggest that:

H10: The foreignness of expatriates negatively affects subsidiary performance.

IV. Methodology

1. Survey implementation

The questionnaires (see Appendix) were sent to 110 foreign subsidiaries operating in the Republic of Kazakhstan. The questionnaires stated the purpose and objectives of the research. If they decided to participate, they were asked to complete the questionnaire and return it. The questionnaires were separated only to senior company executive or their assistants, who has overall understanding of business operation, to answer the question items. Instructions were provided for each category of the questionnaire. They were also provided with contact information for any questions they might have regarding the study and survey instrument.

The respondents were asked to answer each question in full and return the surveys directly to the interviewer. Each respondent was assured of confidentiality of individual responses. In all, 78 questionnaires were retuned. 60 of them are valid, and it accounted for overall response rate of 54.4 per cent.

2. Construct of variables

In the current study we have two purposes: First, determinant factors of expatriates' foreignness in the Kazakhstan market, and second, effects of expatriates' foreignness on subsidiary performance. Hence, this research contains two steps of analyses with two dependent variables; however, the first dependent variable is going to be independent variable on the second step of analyses.

The first dependent variable is the Foreignness of Expatriate (**FOE**), its measure based on respondent's perception of extent of difficulties that he/she facing while operating in R.K. The respondents have been asked to estimate these difficulties using a five-point Liker scale (from 1 = "very easy" to 5 = "very difficult").This variables based on difficulties that have been supported by N. Prime, C. Obadia, and I. Vida. (2009); M. Mezias and S.J. Mezias (2007); D.W. Baack and D. Baack (2002). And then, this variable is going to become independent variable to figure out how the effect of foreignness of expatriate on a subsidiary performance. The second dependent variable is the Subsidiary Performance (**PERFOR**), the measurement of this based on the respondent's evaluation of the subsidiary's performance in terms of five marketing-related criteria – actual sale compared to expected sales, market share, customer service, distribution, gaining a presence in the R.K. market, (from 1 = "very dissatisfied" to 5 = "very satisfied"). This variables based on measurement of subsidiary performance provided by M. Demirbag, E.Tatoglu, and K.W. Glaister (2007).

In the current research we have nine independent variables, figuratively; I would like to break them up into 3 groups: first group consist of four variables such as Power Distance (**POW**), Uncertainty Avoidance (**UNAV**), and Individualism vs. Collectivism (**IND/COL**), and Masculinity vs. Femininity (**MAS/FEM**). These variables' measurement based on respondent's perception of culture differences between two countries on each Hofstede's culture dimension (Hofstede , G. (1980), and website: http://www.kwintessential.co.uk/intercultural-business-communication/tool.php?culture1=17&culture2=17). Second group covers three variables such as Differences in Business Practices (**BUSPR**), Differences in Politic and Economic situation (**POL** and **ECON**). These measurements were based on respondent's evaluations of differences in business practices, political and economical system (N. Prime, C. Obadia, and I. Vida (2009);D. Dikova (2009); M. Demirbag, E.Tatoglu, and K.W. Glaister. (2007); and C. Lopez-Duarte and M.M. Vidal-Suarez (2010). Each question of the first and the second groups have been estimated from 1 = "very different" to 5 = "very same". And the final group of independent variables includes two variables are Language Barrier (**LAN.BAR**) and Prior Experience

(**PRIOR.EX**). These variables relating to existing of language barriers and prior experience of expatriate, these may whether reduce the liability of foreignness (C. Lopez-Duarte and M.M. Vidal-Suarez (2010); N. Prime, C. Obadia, and I. Vida (2009); Matsuo H. (2000); J. M. Mezias and S.J. Mezias (2007); D. Dikova (2009); and O'Grady S. and Lane H.L. (1996)).

Also, several control variables were added to the current research. Age (**INDAGE**) based on age of respondent, Gender (**SEX**) was coded as a dummy variable (0 = "Male" and 1 = "Female"), Education Level (**INDEDUC**) was broken up into five categories such as High School, College, Bachelor's Degree, Master's Degree, and Above Master's Degree.

3. Characteristics of samples

Figure 2 shows the number of employees (in our study number of employees shows the subsidiary size). The number of domestic employees varies from 50 to more than 500. Most of the firms (47 %) have 50 to 500 employees. The details are shown in the below figures.

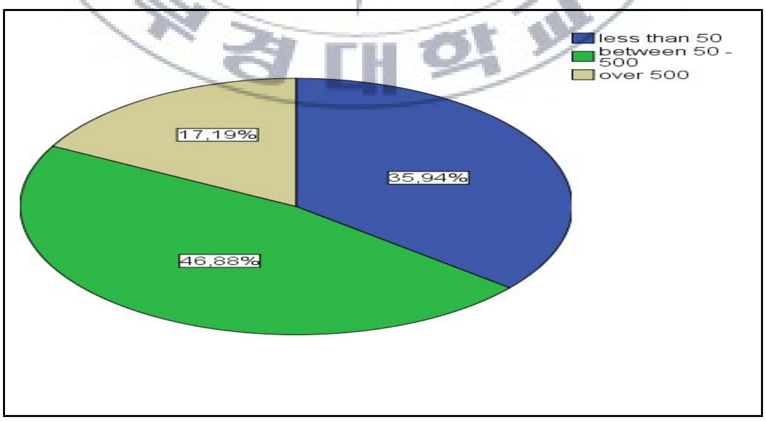

Figure 2: Number of employees

Figure 3 shows a subsidiary age, other words it shows how long a subsidiary has been in operation. There is interesting point that the subsidiaries that operating 5 to 10 years have not been found. Other details are shown in Figure 3.

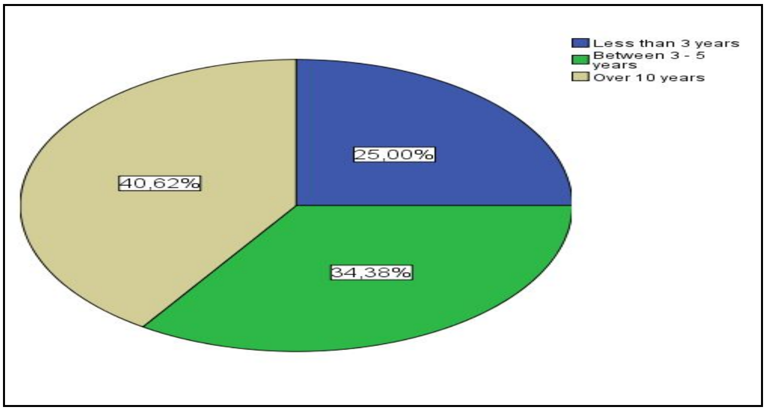

Figure 3: Age of subsidiaries

Finally, has been added the Figure 4 which shows the work subsidiaries activities. The details are shown in the below figures.

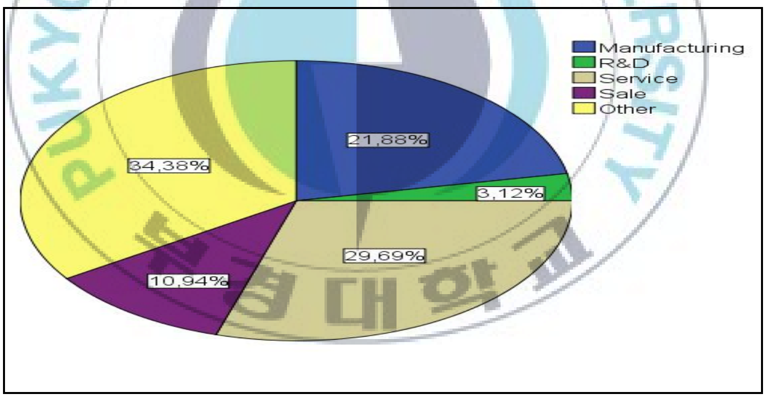

Figure 4: Main activities of subsidiaries

V. Results and Conclusions

1. Result

1.1. Data analysis

First, I have presented a Factor Analysis which was performed on forty items. The factor analysis resulted in 7 factors, as shown in Table 1. The seven factors have eigenvalues greater than 1.0, which is a common criterion for a factor to be useful. The final variant of items contains thirty one items that have factor loading of 5 or greater. Other (twelve items) were dropped (less than 5).

Table 1: Summary of factor analysis of the variables

	Component						
	1	2	3	4	5	6	7
FOE1	**.631**	.022	.385	.202	.234	.219	.115
FOE2	**.676**	.326	.311	.248	.274	.232	-.054
FOE3	**.730**	.127	.133	.272	.345	.003	.050
FOE4	**.736**	.058	.214	.270	.129	.032	.288
FOE5	**.762**	.162	-.056	.249	.059	.229	-.053
FOE6	**.687**	-.021	.470	.000	.062	.137	.223
FOE7	**.729**	-.023	.144	-.238	.115	.222	.312
PERFOR1	-.069	**.731**	.267	.189	.236	-.143	-.058
PERFOR2	.060	**.834**	.134	.264	.030	.109	.065
PERFOR3	.041	**.868**	.116	.090	.109	.163	.135
PERFOR4	.125	**.849**	-.017	.004	.138	.108	.213
PERFOR5	.274	**.753**	.187	-.034	.052	.355	.062
IND/COL1	.229	.163	**.708**	.188	.282	.191	.332
IND/COL2	.235	.155	**.709**	.290	.203	-.046	.146
IND/COL3	.114	.278	**.769**	.226	.130	.230	.139
IND/COL4	.306	.139	**.741**	.316	.104	.109	-.007

MAS/FEM1	.118	.109	.233	**.808**	.198	.140	.118
MAS/FEM2	.118	.208	.364	**.720**	.045	.107	-.068
MAS/FEM3	.385	.319	.146	**.613**	.219	.045	.133
MAS/FEM4	.126	-.007	.160	**.757**	.131	.156	.295
BUSPR2	.207	.275	.263	.131	**.700**	.065	.348
BUSPR3	.176	.206	.041	.102	**.849**	.168	-.016
BUSPR4	.239	-.063	.302	.262	**.721**	.147	.242
BUSPR6	.426	.373	.190	.132	**.543**	.084	-.046
POW1	.336	.220	.270	.326	.235	**.600**	.247
POW2	.298	.205	.082	.155	.212	**.838**	.032
UNAV2	.243	.374	.179	.179	.159	.337	**.621**
UNAV4	.234	.220	.277	.367	.212	.010	**.667**
Eigenvalues	14.288	2.930	2.129	1.519	1.287	1.199	1.090
%of Variance	46.090	9.452	6.867	4.901	4.153	3.868	2.921
Cumulative	46.090	55.542	62.409	67.310	71.463	75.331	78.252

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 7 iterations.

Then, for detected factors the reliability analysis has been done (Table 2). The results of reliability at the individual construct level showed that all the scale items for the constructs loaded reasonably on their respective factors with the Cronbach's alpha for two constructs exceeding 0.90, for one construct exceeding 0.70 and for other constructs exceeding 0.80. All reliability coefficients met the generally accepted norms of 0.60 and above to be regarded as reliable measures.

Table 3 shows the correlation analysis of the variables. The result showed that there was a significant relationship between these variables. From this table can see that all values are significant ($p>.05$) and in the same direction. Most of the values are strong in correlation (higher than 0.5), which means there may be a strong relation between the independent variables. Later the multicollinearity problem will be tested in a regression analysis.

Table 2: Reliability analysis of factors

Factor	Items		Cronbach's alpha
	Number of items before factor analysis	**Number of items after factor analysis**	
Power Distance **(POW)**	5	2	0.849
Uncertainty Avoidance **(UNAV)**	6	2	0.831
Collectivism vs. Individualism **(IND/COL)**	5	4	0.805
Femininity vs. Masculinity **(MAS/FEM)**	6	4	0.741
Differences of Business Practices **(BUSPR)**	6	4	0.832
Foreignness of Expatriates **(FOE)**	7	7	0.902
Subsidiary Performance **(PERFOR)**	5	5	0.902

Table 3: Correlation analysis of variables

	mean	S.D.	1	2	3	4	5	6	7	8	9	10	11
1. MASFEM	2.52	0.91	1										
2. POW	2.67	2.48	.550**	1									
3. UNAV	2.48	0.96	.576**	.595**	1								
4. INDVCOL	2.73	1.00	.638**	.556**	.623**	1							
5. BUSPR	2.69	0.99	.529**	.569**	.581**	.593**	1						
6. POL	2.80	1.19	.531**	.378**	.639**	.450**	.709**	1					
7. ECON	2.37	0.94	.574**	.545**	.629**	.662**	.601**	.598**	1				
8. PRIOR.EX	2.55	0.79	.416**	.510**	.419**	.465**	.439**	.371**	.569**	1			
9. LAN.BAR	2.38	1.12	.589**	.552**	.464**	.475**	.584**	.465**	.492**	.542**	1		
10. FOE	2.28	.82	.522**	.642**	.564**	.612**	.628**	.472**	.723**	.781**	.674**	1	
11. PERFOR	2.77	1.03	.406**	.474**	.508**	.450**	.462**	.392**	.443**	.273*	.312*	.342**	1

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

1.2. Test on hypotheses

There are ten hypotheses tested in this study. The major statistical method used to test these hypotheses was the regression analysis. As mentioned earlier, our test of hypotheses consist of two steps.

First, to define the determinant factors that may stimulate foreignness of expatriates, I would like to use Stepwise method of multiple regression analysis (Table 4, and 5). I had added the control variables (Model 1), and then step by step three groups of independent variables were added (from Model 2 to Model 4).

Table 4 provided the results of Model 1 and Model 2. In Model 1 only control variables, such as gender, age of respondents, and education level of respondents and as shown in the Table 4 were added and there were no significant variables. This model shows us that F=2,107 and is not significant (p>0.01). This indicates that this regression model (factors on foreignness of expatriates) was not statistically significant.

Multicollinearity among the independent variables was assessed by examining the VIF. Because VIF is lower than 4, and then there is no problem with multicollinearity in this analysis.

The Model 2 provided the result of the regression analysis, where four variables such as power distance, individualism vs. collectivism, masculinity vs. femininity, and uncertainty avoidance have been added (Table 4). And the results show that the direction of relationship between differences in power distance and foreignness of expatriates was positive and statistically significant. Other direction were not statistically significant (p>0.01). This model showed us that F=9,165 and is significant (p<0.01). This indicated that this regression model (factors on foreignness of expatriates) was statistically significant.

Model 2 provided result that multicollinearity among the independent variables was assessed by examining the VIF. Because VIF is lower than 3, and then there is no problem with multicollinearity in this analysis.

Table 4: Result of regression analysis (Model 1 and Model 2)

	Model - 1					Model - 2				
	B	Std. B	t	Sig.	VIF	B	Std. B	t	Sig.	VIF
(Constant)	2.221		5.829	.000		.642		1.763	.084	
SEX	.159	.093	.720	.474	1.045	.177	.104	1.050	.299	1.140
INDAGE	-.195	-.182	-1.395	.169	1.057	-.142	-.132	-1.378	.174	1.064
INDEDUC	.145	.249	1.957	.055	1.012	.041	.070	.707	.483	1.148
POW						.273	.357	2.862	**.006**	1.812
UNAV						.102	.120	.914	.365	2.002
INDVCOL						.186	.229	1.618	.112	2.326
MASFEM						.108	.119	.876	.385	2.157
BUSPR										
POL										
ECON										
PRIOR.EX										
LAN.BAR										
	R^2=.101, Adj.R^2=.053, F Value=2.107					R^2=.552, Adj.R^2=.449, F Value=9.165***				

a) F-Value *** : 0.01

b) Dependent variable: Foreignness of Expatriates (FOE)

Table 5 shows the results from Model 3 and Model 4.

Model 3 depicts the results of regression analysis, where three independent variables such as business, political situations, and economical situation have been added. The results suggested that only power distance and economic situations among all variables was statistically significant (p<0.01). Therefore the direction of the relationship between economical situations, power distance and foreignness of expatriates was positive and significant. Moreover, this regression model was statistically significant, because F = 9.157 and this is significant (p<0.01).

Finally, Model 4 shows the regression analysis with full number of variables. This model shows the results that three variables such as economic differences, prior experience, and language beerier were positive and statistically significant. Moreover, this model showed us that F=15.987 and this is significant ($p<0.00$). This indicates that this regression model (factors on foreignness of expatriates) is statistically significant.

Multicollinearity among the independent variables was assessed by examining the VIF. Because VIF is lower than 4, and then there is no problem with multicollinearity in this analysis. Moreover, R^2 equals 0.803, which means that our regression model has 80.3% explanation power.

Table 5: Result of regression analysis (Model 3 and Model 4)

	Model – 3					Model – 4				
	B	Std. B	T	Sig.	VIF	B	Std. B	t	Sig.	VIF
(Constant)	.353		1.007	.319		-.072		-.244	.808	
SEX	.183	.107	1.107	.274	1.325	.101	.059	.786	.436	1.351
INDAGE	-.048	-.044	-.486	.629	1.176	-.031	-.029	-.411	.683	1.191
INDEDUC	.003	.005	.057	.955	1.237	-.009	-.016	-.220	.827	1.264
POW	.208	.273	2.233	**.030**	2.099	.083	.109	1.120	.268	2.275
UNAV	-.005	-.006	-.045	.965	2.660	.030	.035	.334	.740	2.672
INDVCOL	.046	.056	.409	.684	2.675	.044	.055	.514	.610	2.698
MASFEM	.029	.032	.253	.801	2.290	-.062	-.069	-.665	.509	2.541
BUSPR	.153	.184	1233	.224	3.141	.108	.130	1.107	.274	3.311
POL	-.026	-.037	-.241	.810	3.327	-.053	-.077	-.651	.518	3.341
ECON	.370	.425	3.205	**.002**	2.467	.238	.272	2.574	**.013**	2.675
PRIOR.EX						.410	.396	4.483	**.000**	1.863
LAN.BAR						.168	.230	2.404	**.020**	2.182
	R^2=.651, Adj.R^2=.580, F Value=9.157***					R^2=.803, Adj.R^2=.753, F Value=15.987***				

a) F-Value *** : 0.01

b) Dependent variable: Foreignness of Expatriates (FOE)

Results of Model 4 support Hypothesis 7 (<.05), that the direction of the relationship between differences in economical situation and foreignness of expatriates. In other words, the greater differences in economical situations between countries the higher degree of foreignness of expatriates.

Moreover, as shown in the Model 4, the direction of relationship between language barrier and foreignness of expatriates was positive and significant (<.05), which supported Hypothesis 8.

Finally, Hypothesis 9 was supported (<.05). The suggestion is that the more experience relating to the Republic of Kazakhstan or its citizen, the lower degree of foreignness of expatriates.

Other directions of relationship between variables and foreignness of expatriates were not significant. Hence the hypotheses relating to these variables were rejected.

Second, is to check whether foreignness of expatriates had a negative effect on subsidiary performance. I have used the simple regression analysis, where Foreignness of Expatriates (FOE) was added as an independent variable and Subsidiary Performance (PERFOR) was added as a dependent variable. Table 6 demonstrates the results of a simple regression analysis.

Table 6: Result of regression analysis

Model	B	Beta	T	Sig.
(Constant)	1.795		4.785	.000
FOE	.429	.342	2.768	.008
	R^2=.117, Adj.R^2=.101, F Value=7.663***			

a) F-Value *** : 0.01

b) Dependent variable: Subsidiary Performance (PERFORM)

The above results did not support for Hypothesis 10. The direction of the relationship between foreignness of expatriates and subsidiary performance was not found because the value of R^2 is too low (0.117). So, Hypothesis 10 was rejected.

Additionally, I would like to improve that "Foreignness of expatriates" is an intermediary variable. For improving this I would like to use the regression analysis, where I drop "Foreignness of expatriate" variable from analysis. Then, I use potential prediction of foreignness of expatriates as independent variables, and "Subsidiary performance" variable as dependent variable, in other words I would like to check the direct relationship between three groups of determinant factors and subsidiary performance. And as a result I am expecting to see that dependent variables will not have statistically significant effect on Subsidiary performance. In this case we may say that "Foreignness of expatriates" is intermediary variables and can be successfully usable in this framework.

Table 7: Result of regression analysis (intermediary variable)

	B	Std. B	T	Sig.	VIF
(Constant)	.993		2.137	.037	
POW	.197	.205	1.195	.238	2.227
UNAV	.234	.219	1.183	.242	2.589
INDVCOL	.079	.077	.417	.678	2.570
MASFEM	.056	.050	.283	.778	2.313
BUSPR	.167	.160	.805	.425	2.976
POL1	.005	.006	.032	.974	2.866
ECON1	.093	.085	.456	.650	2.632
PRIOR.EX	-.079	-.061	-.395	.695	1.781
LAN.BAR	-.068	-.074	-.443	.660	2.098
	R^2=.338, Adj.R^2=.218, F Value=2.833***				

a) F-Value *** : 0.01

b) Dependent variable: Subsidiary Performance (PERFORM)

Table 7 has improved our expectation, and we can suggest that "foreignness of expatriates" is the intermediary variable. Moreover, this variable can be useful in the research framework.

A summary of the results of all hypotheses tests is presented in Table 7.

Table 8: Results of hypotheses tests

Hypotheses	Tested results
H1. High level of differences in Power Distance increases the “foreignness” of expatriates in the Republic of Kazakhstan.	Rejected
H2. High level of differences in Collectivism vs. Individualism increases the “foreignness” of expatriates in the Republic of Kazakhstan.	Rejected
H3. High level of differences in Femininity vs. Masculinity increases the “foreignness” of expatriates in the Republic of Kazakhstan.	Rejected
H4. High level of differences in Uncertainty Avoidance increases the “foreignness” of expatriates in the Republic of Kazakhstan.	Rejected
H5. Differences in Business Practices increase the “foreignness” of expatriates in the Republic of Kazakhstan.	Rejected
H6. Differences in Political situations increase the “foreignness” of expatriate in the Republic of Kazakhstan.	Rejected
H7. Differences in Economical situations increase the “foreignness” of expatriates in the Republic of Kazakhstan.	Supported
H8. Favorable abilities of language communication reduce the “foreignness” of expatriates in the Republic of Kazakhstan.	Supported
H9. Existence of prior experience relating to the Republic of Kazakhstan or its citizen reduces the “foreignness” of expatriates in the Republic of Kazakhstan.	Supported
H10. The “Foreignness” of expatriates has a significantly negative effect on subsidiary performance.	Rejected

2. Conclusions

Most foreign direct investment (FDI) theories assume that foreign subsidiaries face disadvantages or experience liabilities of their foreignness relative to domestic firms because of information asymmetries and transaction costs.

Generally research has discussed and tested liabilities of foreignness at the firm level. Nonetheless, most researchers imply state that these firm liabilities exist in part because of a corresponding phenomenon at the individual level, particularly among those managing foreign firms. There is literature examining consequences of being a citizen of one country while working in another. The expatriate literature emphasizes the difficulties created by moving to another country, culture, and workplace.

Current research contains two purposes. First, the determinant factors of expatriates' foreignness, and second, effects of expatriates' foreignness on subsidiary performance. In order to improve these purposes ten hypotheses were tested. The first nine hypotheses were relating to defining the determinant factors of foreignness of expatriates, and tenth hypothesis has checked the relationship foreignness of expatriates and subsidiary performance.

One hundred foreign subsidiaries operating in the Kazakhstan market were selected and the questionnaires were sent to the top managers of these firms. 78 surveys were returned, and 60 of them are valid. This accounted for an overall response rate of 54.4 per cent. Sixty cases were considered in the statistical analysis. An examination of reliability and validity of the measurement scales revealed that the measurement scales for each construct was reliable and valid in terms of the internal consistency and accuracy.

As mentioned earlier, the current research consists of two steps of analysis; first relating to define the determinant factors of foreignness. Based on previous research I have suggested nine determinant factors that stimulate the foreignness of expatriates; Hofstede's dimensions (power distance, uncertainty avoidance, individualism vs. collectivism, and masculinity vs. femininity), business practices, institutional factors (economic, politic), language barrier, and prior experience. The second step of analysis showed the relationship between foreignness of expatriates and subsidiary performance.

Based on the result of empirical analysis, only differences in economical situations, language barrier, and prior experience have significant effect on emergence the liability of foreignness of expatriates. Other factors such as power distance, uncertainty avoidance, individualism vs. collectivism, masculinity vs. femininity, business practice, and political situations were rejected. Additionally, the result of this regression analysis provided the suggestion that control variables such as gender, education level, and age of respondents were not statistically significant.

In conclusion, the relationship between foreignness of expatriates and subsidiary performance was tested. In accordance to the aforementioned, the regression analysis showed that the relationship between foreignness of expatriates and subsidiary performance was not statistically significant. In other words, current research provides the suggestion that foreignness of expatriates does not negatively affect subsidiary performance.

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Questionnaire

Dear respondents,

The purpose of this study is to figure out the determinant factors that can stimulate "foreignness" of expatriates in the Republic of Kazakhstan and to examine whether "foreignness" of expatriates affects subsidiary's performance.

We hope to receive your sincere answers for each item. All gathered information from this questionnaire will be confidential and will not be used for anything other than academic research purposes.

If you will have any questions or concerns, please contact us through the contact information at the bottom of this page. In addition, if you would like to see the results of this research, please attach your business card or add your contact information. Thank you for your time and we wish we you success in your endeavors.

Choi Soon Gwon,
Associate Professor, Division of International Commerce, Pukyong National University.
E-mail: sgchoi@pknu.ac.kr

Mukhamedov Vladimir Aleksandrovich
Master Degree Candidate
E-mail: mukhamedov_vova@hotmail.com

608 – 737
599 – 1 Daeyeon 3 – dong, Nam – gu, Busan
Office: 051 – 629 - 5761

Fax: 051 – 629 – 5754

1. The following questions are about culture, business practices, and institutional

How different is your attitude in comparison with R.K. citizens relating to the following items?	Almost same				Very different
Inequalities among people	①	②	③	④	⑤
Extent of dependency between less and more powerful people	①	②	③	④	⑤
Interaction with subordinates	①	②	③	④	⑤
Interaction with boss	①	②	③	④	⑤
Attitude towards privilege and status	①	②	③	④	⑤
Attitude towards centralization	①	②	③	④	⑤
Attitude towards innovation	①	②	③	④	⑤
Expression of aggression and emotions	①	②	③	④	⑤
Feelings relating to unfamiliar risk	①	②	③	④	⑤
Attitude towards precision and punctuality	①	②	③	④	⑤
Getting stress	①	②	③	④	⑤
Individual think in terms of (“we” or “I”)	①	②	③	④	⑤
Attitude towards level - context of communication	①	②	③	④	⑤
Attitude towards relationship prevailing over task	①	②	③	④	⑤
Belief that management is management of (groups or individuals)	①	②	③	④	⑤
Extent of closeness between employees	①	②	③	④	⑤
Attitude towards caring for others and preservation	①	②	③	④	⑤
Attitude towards material success	①	②	③	④	⑤

Attitude towards resolution of conflict	①	②	③	④	⑤
Dominant values are people and warm relationships	①	②	③	④	⑤
Dominant values are money and things	①	②	③	④	⑤
Sympathy for the (weak or strong)	①	②	③	④	⑤

factors differences between your home country and the Republic of Kazakhstan. Please answer the following questions based on your private working experience with Kazakhstan citizens.

What is the level of difference in business practices and Institutional factors between your home country and R.K.?		Almost same				Very different
Business practices	Amount and scope of support between partners	①	②	③	④	⑤
	Time management	①	②	③	④	⑤
	Payment terms	①	②	③	④	⑤
	Establishment and maintaining personal relationship	①	②	③	④	⑤
	Business-to-business buying process	①	②	③	④	⑤
	Level of corruption	①	②	③	④	⑤
Politic	Political system	①	②	③	④	⑤
Economic	Economic development level	①	②	③	④	⑤

	Lot of				Almost non

2. The following questions are about your factors that can reduce the liability of foreignness.

What is the level of your prior experience that related to the Republic of Kazakhstan or its citizens?	①	②	③	④	⑤

What is the extent of difficulty relating to the following processes?	**Very easy**				**Very difficult**
Information seeking	①	②	③	④	⑤
Negotiation	①	②	③	④	⑤
Building relationship	①	②	③	④	⑤
Establishment of trust	①	②	③	④	⑤
Conflict resolution	①	②	③	④	⑤
Commitment	①	②	③	④	⑤
Cooperation	①	②	③	④	⑤

3. Next group of questions are about the extent of difficulties that you get from the working process with Kazakh citizens in the Republic of Kazakhstan.

4. The following questions are relating to the performance of your subsidiary's current activities in the Republic of Kazakhstan.

At present, how satisfied are you with performance of your subsidiary in R.K. relating to the following items?	**Very dissatisfied**				**Very satisfied**
Actual sales compared to expected sales	①	②	③	④	⑤
Market share	①	②	③	④	⑤
Customer service	①	②	③	④	⑤

	Almost non				**Too much**
What is the extent of difficulty relating to language while operating in the Republic of Kazakhstan?	①	②	③	④	⑤

Distribution	①	②	③	④	⑤
Establishing a presence in R.K.	①	②	③	④	⑤

5. Finally, the following questions are general statistic information relating to personal information and subsidiary's characteristics.

- **Name of the company**
  ( )

- **Nationality of parent company**
  ( )

- **Characteristic of work**

1. Manufacturing/producing ( ) 2. Research and Development ( )
3. Service ( ) 4. Sale ( )
5. Other ( )

- **How many employees work in your subsidiary?**

1. Less than 50 ( ) 2. Between 50 – 500 ( )
3. Over 500 ( )

- **How long has your subsidiary been in operation?**

1. Less than 3 years ( ) 2. Between 3 – 5 years ( )
2. Between 5 – 10 years ( ) 4. Over 10 years ( )

- **In which industry does your subsidiary operate?**

1. Agriculture, hunting, forestry and fishing ( )
2. Mining and quarrying ( )
3. Financial intermediation ( )
4. Manufacturing ( )
5. Real estate, renting and business activities ( )
6. Other ( )

- **What is your gender?**

1. Male ( )
2. Female ( )

- **What is your age?**

1. Under 30 ( ) 2. Between 31 – 40 ( )
3. Between 41 – 50 ( ) 4. Over 51 ( )

- **How long have you been working in this company?**

1. Less than 2 year (   ) 2. Between 3 – 5 years (   )
3. Between 6 – 12 years (   ) 4. Over 13 (   )

- **What is your education level?**

1. High School (   ) 2. College (   )
3. Bachelor's Degree (   ) 4. Master's Degree (   )
5. Above Master's Degree (   )

- **What is your nationality?**
  (   )

Thank you very much for your time and cooperation!

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