TOWARD AND INTEGRATIVE MODEL OF EXPATRIATE EFFECTIVENESS: A SYNTHESIS OF EXPATRIATE COMPETENCE, INTELLIGENCE, ADAPTABILITY, WORK-ROLE DEMAND, AND ORANIZATONAL SUPPORT

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ABSTRACT

Using 244 respondents from the over oversea expatriates as the sample, the research results concluded that cross-cultural static competences have positive influence on cross-cultural dynamic competences and cross-cultural adjustment; work role demands have negative influence on cross-cultural dynamic competences and cross-cultural adjustment; relational skills. Perceived host attitude toward expatriates have positive influence on expatriate adjustment; cross-cultural dynamic competences have positive influence on cross-cultural adjustment; cross-cultural dynamic competences and adjustment have positive influence on expatriate effectiveness; innovative work behavior and job satisfaction have positive influence on expatriate performance. In terms of moderating effects, expatriate intelligence and cultural adaptability can strengthen the influence of cross-cultural static competencies and work role demands on cross-cultural dynamic competences and adjustment; perceived assignment value and organizational support can strengthen the influence of cross-cultural dynamic competencies and adjustment on expatriate effectiveness.

Keywords: *Cross-culture dynamic competence, Cross-cultural adjustment, Expatriation effectiveness, Non-ethnocentrism, Work–role demand.*

INTRODUCTION

Along with the tremendous growth of foreign direct investment, more and more expatriates have to work in the host countries. However, expatriation is still an exceptionally challenging process for both expatriates and multinational enterprises (MNEs). Previous studies illustrated that 30% to 50% of expatriate managers are ineffective or merely marginal effective. Therefore how to increase the probability of success of the expatriate in the host country has been regarded as the most important issue for academicians and professionals. Rather than evaluating the influences of the Big Five Personality traits on expatriate adjustment, this study posits that expatriates' stable competences (in terms of cultural empathy, social initiative, open mindedness, and emotional stability) and dynamic competences (in terms of rational skills, non-ethnocentrism, and general self-efficacy) are important to facilitate acculturation and identification with the host culture, which can further enhance expatriates adjustment and expatriation effectiveness. This study also posits that work–role demands (in terms of role novelty, role ambiguity, role conflict, and role overload) can increase uncertainty, unfamiliarity, unpredictability and uncontrollability of the work assignment, which can inhibit expatriate's acculturation, adjustment, and effectiveness. Furthermore, this study also identifies expatriate intelligence, cultural adaptability, perceived assignment value, and perceived organizational support as four of the major moderators that can moderate expatriate adjustment and expatriation effectiveness.

LITERTURE REVIEW

Previous studies showed that approximately 30% to 50% of expatriate managers are ineffective or merely marginally effective (Wu & Bodigerel-Koehler, 2013). The direct costs incurred from expatriate adjustment failure have been estimated at US$ 150,000 per employee, while the expense for training, relocation, and compensation have been estimated at US$ 80,000 per employee (Shaffer et al., 2006). Accordingly, academic researchers, as well as corporate management of MNEs, are trying to find some solutions for the above issues. However, it is still very important for MNEs and expatriates to find justifications on why expatriates fail and determine ways to increase the probability of success in the host country.

One possible way to improve the probability of success of the expatriate might be the precise selection of expatriates. Most previous studies (Shaffer et al., 2006; Peltokorpi, 2008) examined the relationship between the Big Five Personality traits on expatriate adjustment and expatriate effectiveness, yet the predictive power was still limited. The main reason is that the Big Five Personality traits are too broad. Therefore, it may not be able to predict expatriate effectiveness. This study thus adopts the concept of Wu and Bodigerel-Koehler (2013) who assert that, instead of the Big Five Personality, expatriate competences may be more powerful to facilitate expatriate adjustment. Expatriate competence can be divided into static and dynamic cross-cultural competences. Static competences refer to individuals' cultural empathy, social initiative, open-mindedness, and emotional stability, while dynamic competences refer to individuals' relational skills, non-ethnocentrism, and general self-efficacy. Since there are limited studies have discussed about the influences of static competences and dynamic competences, on expatriation effectiveness, therefore this study proposes that the static cross-cultural competences may serve as fundamental requirement for the success of expatriation, while dynamic cross-cultural competences may serve as the mediator to facilitate the influence of static competencies on expatriate adjustment and expatriation effectiveness (including innovative work behavior, expatriate satisfaction, and expatriate performance).

The second way to improve the expatriate performance may be related to expatriates' acculturation and identifications. Several studies (e.g, Aycan, 1997; Lineberry, 2012) have proposed a positive relationship between modes of acculturation and expatriate adjustment. For example, Ryder et al.'s (2000) findings demonstrated that expatriates' cultural identification, particularly mainstream cultural identification, could be a helpful means by which they can decrease the encountered stress. Expatriates' identification with both mainstream and heritage cultures can be determined by how expatriates apply their acculturation strategies. Specifically, the more the expatriates identify the mainstream culture, the higher will be the support from the host country nationals (HCNs), which will result in better expatriate adjustment, because most of the problems could be solved by the help of the host country nationals (HCNs). Although expatriates' identification with the mainstream culture may be very important for expatriate adjustment and expatriation effectiveness, most of the previous studies still remained in the conceptual stage, yet the empirical validations were limited.

The third direction, which can be related to expatriates' success or failure abroad, is host country nationals' attitudes towards expatriates (Toh and Densi 2007). Accordingly, some studies have looked into HCNs' categorization of expatriates, their attitudes towards expatriates, and their effects on expatriate adjustment (Toh and Densi 2007, Mahajan 2011, Varma et al. 2011a, Varma et al. 2011b). Among others, perceived host attitude towards the expatriates (PHATE) might be described as expatriates' perceptions on how host nationals behave towards them. Specifically,

based on their interactions with hosts, expatriates may have different perceptions in relation to the host attitudes towards them: Some of them perceive that they are victims of racial discrimination in the host country (Florkowski and Fogel 1999); others perceive that the hosts have trustworthiness or untrustworthiness toward them (Leung et al. 2009). The more positive attitude and willingness the hosts display toward expatriates, the more likely the expatriates will identify themselves with the host and the better they will adjust to the new cultural environment.

The fourth possible way to influence expatriate performance may be related to work-role demands. However, work-role demands tend to have a negative influence on expatriate adjustment and expatriate effectiveness. Morley and Flynn (2003) argued that if expatriate are not familiar with the roles of the overseas assignments, they may be unable to handle the new tasks and it may result in expatriate failure. Morley and Flynn further argued that role novelty, role ambiguity, role conflict, and role overload are four of the most important work-role characteristics that may result in the increase of uncertainty, unfamiliarity, unpredictability, and uncontrollability of the new work assignments and may inhibit expatriate adjustment. Therefore, in addition to consider expatriates' static and dynamic cross-cultural competences, this study also identifies work-role demands as the third dimensions that may negatively influence expatriate adjustment and expatriate effectiveness (Morley & Flynn, 2003; Selmer & Fenner, 2009; Larazova, et al., 2010; Mahajan & Silva, 2012). Yet previous studies never integrated work-role dimensions into systematic consideration, such as cross-cultural competences, acculturation, and PHATE as a synthesis model yet.

As a summary, previous studies have investigated the effects of cross-cultural competencies, perceived host attitudes towards expatriates (PHATE), and identifications on expatriate effectiveness. Previous studies have also identified some potential moderators which could moderate the influence of the above antecedent variables on expatriate adjustment and expatriate effectiveness. However, none of them empirically integrated those relevant construct together to develop a more comprehensive framework and test the research hypotheses. Furthermore, there is still a research gap in regards to a more theory-oriented explorations dealing with the integration of identifications, PHATE, cross-cultural competencies, and expatriate effectiveness. Therefore, this study aims to develop a model, which represents; Firstly, the mediation effects of identification with the mainstream culture on the relation between PHATE and expatriate adjustment; Secondly, mediation effects of expatriate adjustment on the relation between identification with the mainstream culture and expatriate performance; Thirdly, mediation effects of cultural acceptance and adaptablity on the relationship between identification with the mainstream culture and expatriate adjustment; Fourthly, the moderating role of expatriate intelligences, cultural adaptability, perceived assignment value, and perceived organizational support on the influence of the above antecedents on expatriate adjustment and expatriations effectiveness. Relevant theories, such as theory of social categorization and social support (Hogg, et al., 2000; Caligiuri & Lazoravo, 2002), social learning theory (Bandura, 2002), and the theory of acculturation (e.g. Berry, 2005) was integrated in this study to develop the research hypotheses.

RESEARCH METHOD AND MOTHODOLOGY

Research Model

The main purpose of this study is to identify the antecedents, mediators and moderators for expatriate cross-cultural competence and expatriation effectiveness as shown in Figure 1.

Questionnaire Design and Sampling Method

A preliminary version of this questionnaire was designed by the first author of this study, based on the results of literature review. The final version of questionnaire items were finalized after conducting a pre-test to confirm their reliability and validity. The online and offline questionnaire survey methods were used to reach foreign expatriates on MNCs in Taiwan and Taiwanese expatriates in the foreign countries. Before the data collection, the author wrote letters to the Human Resource Managers for the invitation of expatriates to participate in this study. Those Human Resources Managers then chose their expatriates who became a sample of this study to fill the questionnaire. After that the Human Resource Manager sent the list of the expatriates' email address to the author. Furthermore, the first author sent the questionnaire to the expatriates via email based on the list. Moreover, the first author joined the expatriate community site, so-called InterNations Taipei, to gathered data. In general, respondents were asked to express their opinion about questionnaire items for all research constructs. Respondents were promised that their answers were treated with strictly confidential by the authors, so that no individual information was disclosed, only collective data analysis.
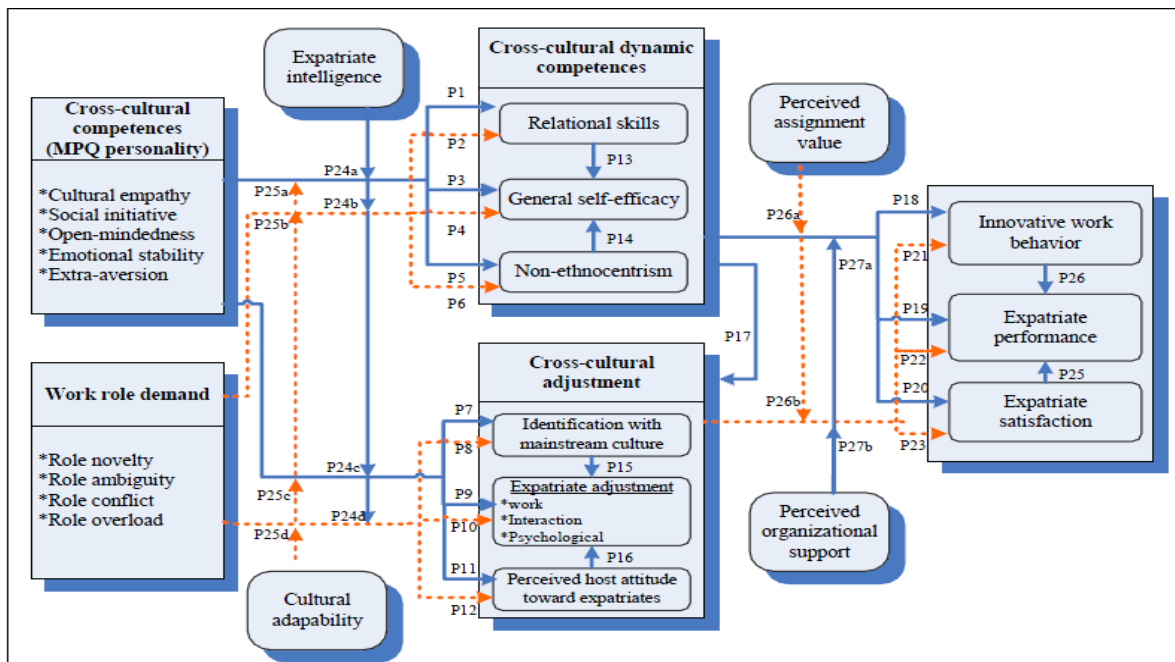

Figure 1. Research Design

RESEARCH RESULT

Descriptive Analysis

The characteristics of respondents were gathered. For the valid 244 respondents, 16% were male and 84% were female. Respondents in 26-35 were dominate (83.6%) and most of the respondents' education background were bachelor degree. Most of the respondents also have less than 5 years working experience and experience in abroad. In term of annual income, most of them have annual income less than 500,000 NTD.

Reliability and Validity Analysis

To ensure the dimensionality and reliability of the research constructs, this study conducted PLS to find the outer loading, AVE, CR, and Cronbach's alpha values. The result shows that outer loadings of all the questionnaire items are higher than 0.6, all AVE values are higher than 0.5, and

Cronbach's alpha of all the factors are also higher than 0.7, which all exceed the generally accepted guideline from Hair, et al. (2010). So that we can conclude that all of the questionnaire items showed high degree of internal consistency and their factors are appropriated to be used for further analysis.

The AVEs of the constructs are ranged from 0.5230 to 0.8260, which are higher than the benchmark of 0.5 as recommended, and demonstrate a satisfactory reliability and convergent validity of the research constructs. The Cronbach's alpha coefficients are ranged from 0.739 to 0.978, which have fulfilled the criteria of 0.7, and confirm the internal consistency of the measurement items. The CR coefficients are ranged from 0.864 to 0.986, which are much higher than the criteria of 0.6, which suggest that the variance shared by the respective indicators is robust.

Hypothesis Testing

The structural model with its research hypotheses was tested using the parameter estimates of the path between research constructs. Using a sample of 244, a non-parametric boot-strapping procedure was performed with 2500 sub-samples to obtain the statistical significance of each path coefficient for hypotheses testing. The goodness-of-fit (GoF) index is used to measure the overall fitness between the data and the model. Following Vinzi et al. (2010), GoF greater than 0.36 is considered to be large, 0.25 is described as medium, while 0.10 is described as small. The GoF values of this structural model are 0.432, 0.384, and 0.501 which are considered to be large. This result confirmed that the structural model is appropriate with high predictive power.

The results show influence of cross-cultural static competences on cross-cultural dynamic competences including relational skills, general self-efficacy, and non-ethnocentrism, and cross-cultural adjustment including identification with mainstream culture, expatriate adjustment, and perceived host attitude toward expatriate. The empirical results show that cross-cultural static competences (MPQ) have positive influence on relational skills (β=0.558, t=11.425), general self-efficacy (β=0.238, t=3.773), non-ethnocentrism (β=0.763, t=29.091), identification with mainstream culture (β=0.767, t=27.077), and perceived host attitude toward expatriate (β=0.823, t=44.528). However, the influence of cross-cultural static competences on expatriate adjustment is not significant because t value is less than 1.96 (β=-0.044, t=0.840). Furthermore, for the relationships among dynamic competence factors, the results show that relational skills (β=0.352, t=6.904) and non-ethnocentrism (β=0.350, t=6.408) have positive influence on general self-efficacy. Besides, for the relationships among cross-cultural adjustment factors, the results show that identification with mainstream culture (β=0.515, t=7.206) and perceived host attitude toward expatriates (β=0.432, t=6.207) have positive influence on expatriate adjustment. Therefore, H1, H3, H5, H7, H11, H13, H14, H15, and H16 are supported.

For the influence of work role demands on cross-cultural dynamic competences and cross-cultural adjustment, the empirical results show that work role demands have negative influence on relational skills (β=-0.561, t=12.530), general self-efficacy (β=-0.706, t=23.692), non-ethnocentrism (β=-0.762, t=29.021), identification with mainstream culture (β=-0.773, t=28.600), expatriate adjustment (β=-0.711, t=21.516), and perceived host attitude toward expatriate (β=-0.827, t=48,121). Therefore, H2, H4, H6, H8, H10, and H12 are supported.

For the influence of cross-cultural dynamic competences on cross-cultural, the results show that cross-cultural dynamic competences have positive influence on cross-cultural adjustment (β=0.855, t=136.300). Furthermore, Table 6 also shows the influence of cross-cultural dynamic

competences and cross-cultural adjustment on expatriate effectiveness including innovative work behavior, expatriate performance, and job satisfaction. In more detail, cross-cultural dynamic competences have positive influence on innovative work behavior (β=0.066, t=2.737), expatriate performance (β=0.246, t=9.809), and job satisfaction (β=454, t=24.263). Similarly, cross-cultural adjustment also have positive influence on innovative work behavior (β=0.797, t=33.672), expatriate performance (β=0.164, t=7.128), and job satisfaction (β=0.393, t=20.047). Furthermore, for the relationships among expatriate effectiveness variables, the results show that innovative work behavior (β=0.078, t=18.852) and job satisfaction (β=0.420, t=4.200) have positive influence on expatriate performance. Therefore, H17, H18, H19, H20, H21, H22, H23, H25, and H26 are supported.

RESEARCH CONCLUSIONS

Through a survey from the respondents of 244 expatriates, the results of this study can be concluded as follows: First of all, for the influence of cross-cultural static competence on cross-cultural dynamic competences and adjustment, the results indicate that MPQ has positive influence on relational skills, general self-efficacy, non-ethnocentrism, identification with mainstream culture, and perceived host attitude toward expatriates. The above results are in line with those previous studies. Yamazaki, et al. (2010) stated that people who have open-minded personality will have good relational skills when they interact with others. Emotional stability is also the factor the can enhance relational skills of individuals (Reegards, 2011). According to Matsumoto, et al. (2013), personalities such as emotional stability, social initiative, cultural empathy, flexibility, and open-mindedness will create better self-efficacy for individuals. In other words, higher MPQ personality lead to higher self-efficacy. Besides, individuals who have cultural empathy will be able to identify others and try to separate it with their own (Ahmadi, et al., 2011) which indicates that they have good understanding with new culture or they are non-ethnocentrism. By having social initiative, expatriates may also be more active to interact with new people in the host country which suggests that they can reduce ethnocentrism (Arasaratnam & Banerjee, 2007). In terms of the influence of MPQ on cross-cultural adjustment, Hunler (2012) explained that social initiative will make individuals easily understand the possible difficulties in the new culture and try to find out the way to solve it by having good relationship with local people. Thus, they can identify the culture and adjust themselves in the new environment. Furthermore, by having cultural empathy, expatriates will be able to sympathize with others in host country (Van der Zee & Van Oudenhoven, 2000; Van Oudenhoven & Van der Zee, 2002). Through this way, they will understand the reason people or their colleagues act in different way with people in home country.

Secondly, on the other hand, work role demand was proved to have negative influence on cross-cultural dynamic competences and adjustment. When individuals have role overload, they will less capable to respond the demand effectively which can also decrease their ability to have good relationship with others. It is because they have so many things to do that may make them forget to socialize with people around them. Furthermore, role ambiguity, novelty, and overload will reduce expatriates' self-efficacy (Karve & Nair, 2010). Expatriates will feel that they cannot do their work well, they cannot understand what they need to do, and such, so that they believe that they will not be able complete their assignment. In other words, their self-efficacy will be low. Moreover, according to Larazova, et al., (2010), individuals who have role novelty tend to behave ethnocentrism. Individuals may feel not comfortable with the differences between their home country and host country which create ethnocentrism for them. Besides, it has been acknowledged that work role demand will make expatriates difficult to do cross-cultural adjustment (Konanahalli,

2013; Morley & Flynn, 2003; Statt, 1994). Therefore, expatriates and organization need to find ways to reduce work role demand so that they can adjust well and further perform more effectively.

Thirdly, the results showed that cross-cultural dynamic competences and adjustment have positive influence on expatriate effectiveness including innovative work behavior, expatriate performance, and job satisfaction. The results are in line with previous studies. According to Spiegelaere, et al. (2012), expatriate who have relational skills will have good relationship with their colleagues in the host country which then make them easily to solve the problem about their assignments as well as gather various knowledge from others. Through this way, they will become more innovative. Similarly, when expatriates believe that their ability is useful for the organization and believe that they can do their assignment well, their performance will also good as what they believe in (Bhatti, et al., 2012) which further make them satisfy. Furthermore, expatriates who can adjust themself in the host country, have good knowledge about the mainstream culture, and understand about the host attitude toward them, will be able to perform well, as well as generate more innovation and feel satisfy (Verma, et al, 2011; Malek & Budhwar 2013). Expatriates can perform well and have innovative work behavior because they already known about their assignment and the environment surrounded. It will make them easier to get more information or related knowledge to work more effectively and create more innovation. Similarly, understanding about host country situation will make expatriate more satisfy rather than complain with the differences. Thus, their job satisfaction will be high.

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