Modelling the Effect of Overseas Adaptation and Competence of Expatriate Managers on Job Performance in China

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ABSTRACT

Along with the trend of globalization, more and more companies are adopting international operations and actively establishing overseas subsidiaries. However, the selection of the right and effective expatriates to successfully carry out the company’s international operations mission is an important task for these multinational companies. Using expatriate managers in China as the survey respondents, this study analyzed the influence of expatriate managers’ overseas adaptation and personal competence upon performance. The result of this study is expected to offer some suggestions for expatriate managers assigned to China in order to avoid the effect of mal-adaptation and a worse performance, which could cause increased costs for a company’s international operations.

Keywords: Overseas adaptation; Personal competence; Job performance

INTRODUCTION

In today’s business environment, the ability to improve business performance is a critical requirement for any organization (Han et al., 2010). Thus, fast developments resulting from internationalization has made popular the trend of an enterprise’s investment decision in foreign countries. Consequently, international human resources play an even more important role in global competition. Ren, Chandrasekar and Li (2012) reported that the purpose of R&D investment is to improve the performance. However, current researchers have argued that human resources and human capital may be seen as a source of sustained competitive advantage for organizations (Barney, 1991,1995; Becker and Gerhart, 1996; Janey et al., 2008). Therefore, many transnational corporations use expatriates as a tool to expand their overseas businesses.

About 90% of all expatriates accepting an international assignment are willing to have a partnership with the company (Ali, Van der Zee and Sanders,2003; Van der Zee, Ali, and Haaksma, 2007). However, according to the research by Black and Mendenhall (1990), 16% to 40% of expatriate managers terminate their overseas missions ahead of time due to poor performance or mal-adaptation. Furthermore, 50% of them are unable to work in their original positions because of poor performance (Black and Mendenhall, 1990). In addition, based on more than eighty transnational corporations, the research scholar Tung pointed out that, in more than 40 companies, 10% to 20% of expatriate managers were repatriated to the headquarters or dismissed due to their inability to effectively carry out assigned missions (Tung, 1982). Numerous studies have attempted to pinpoint the exact reasons for failure in order to develop solutions that counteract these problems, boosting success rates and developing strategies to avoid failure (Hall and Yeaton, 2008). Thus, the problem of “how to select capable expatriate managers” has become an issue that businesses should pay attention to.

Indeed, recent empirical research has indicated that problems with adjustment in the host country, especially in the host workplace, are related to reduced work effort and performance (Harrison and Shaffer, 2005). Thus, does the level of overseas adaptation affect the job performance of an expatriate manager? Does the level of professional competence affect the job performance of an expatriate manager?
LITERATURE REVIEW

Adaptation Overseas

Bandura (1977) presented the social learning theory and posited that most human behavior is learned observationally through modelling. By observing others, one forms an idea of how new behavior is performed, and on later occasions, this coded information serves as a guide for action (Bandura, 1977). According to the uncertainty theory of cross-cultural adaptation by Gudykunst and Hammer (1988), cultural similarities in the learning of social and cultural aspects is primarily carried out through psychological cognitive adjustment in order to reach the goal of adaptation.

In the research to study expatriate manager’s adaptation, Gu (1993) used the following three dimensions: (1) Living adaptation: weather, health, leisure life, etc. (2) Work adaptation: work missions, social activities, etc. and (3) Cultural adaptation: customs, values, etc.

Additionally, studies by Black and Mendenhall (1990) and Black, Gregersen, Mendenhall and Stroh (1998) also indicated that expatriate personnel’s adaptation to an overseas environment can be analyzed from three dimensions: (1) Working adaptation: the adaptation to work missions. (2) Interaction adaptation: the adaptation to local society and language in the host country. (3) General living adaptation: such as shopping, inhabitation, diet, etc.…

Based on the expatriate adaptation model by Chen (2010), the following three dimensions were used:

(1) Work adaptation: Work adaptation consists of the comfort associated with the assigned job or tasks.
(2) General adaptation: General adaptation means the comfort associated with non-work factors, such as local food, transportation, living conditions and environment, entertainment, and facilities in the host country.
(3) Interaction adaptation: Interaction adaptation consists of the comfort associated with interacting with the host country nationals at work.

Personal Competence

In the global business environment, success is highly dependent on the quality of international management (Mitrev and Culpepper, 2012) and personal competence. According to Stout and Smith (1986), competence is a behavior that presents an individual’s knowledge and skill, and can be comprehended as a person’s quality or a kind of status, i.e. having enough skills.

In a research on 250 U.S. stationed Japanese managers, Black and Stephens (1989) pointed out the dimensions in relation to expatriate personnel’s competence:

(1) Cultural flexibility: is the capability to substitute activities enjoyed in the home culture with those existing, and usually distinctive, in the host country.
(2) Social orientation: is the ability to develop good communications with local people in the host country.
(3) Willingness to communicate: is the ability to develop good communications with local people in the stationed area.
(4) Conflict resolution: expatriate personnel’s ability to solve interpersonal conflicts.

Hiltrop and Janssens (1995) also organized several scholarly researches and presented four dimensions in the area of expatriate personnel’s personal competence:

(1) Technical competence
(2) Stress tolerance competence
(3) Communication competence
(4) Cultural empathy competence

Drawing on Aycan (1997), personal competences include managerial resourcefulness, technical and managerial competence, and relational skills. Managerial resourcefulness includes reducing withdrawal and excessive excitement, controlling aggressive and regressive tendencies, enthusiasm, interest and commitment to meeting challenges in life. Managerial resourcefulness focuses goal analyses through analytical thinking, diagnostic information generation to assess the situation, planning for alternative courses of action and self-reflection for strengthening self-efficacy belief (Aycan, 1997). Technical and managerial expertise help to reduce the uncertainties associated with the new job role and helps to reduce stress and facilitate adjustment (Aycan, 1997).
A recent study by Jokinen (2005) aimed to review and discuss existing global management competencies. The management competencies include social skills, network management skills, and knowledge.

**Job Performance**

Job performance is a multidimensional construct (Motowidlo, Borman, and Schmit, 1997). Crook, Beier, Cox, Kell, Hanks and Motowidlo (2011) found that individual differences in stable traits such as personality, experiences and general mental ability were indirectly related to job performance. They indicated that a job performance was also predicted through their effects on direct determinants. We summarize the conceptual dimensions of job performance below.

Vroom (1964) thought that the two factors of work motivation and competence to complete the mission can influence job performance. Hence, he presented an equation to calculate job performance, as follows: Job performance = Competence × Motivation

Schermerhorn (1989) believed that basically an organization’s human resource must possess enough competence to complete the mission, is willing to make an effort and at the same time is given proper support in order to achieve good job performance. Therefore, the equation he presented for an individual’s job performance was: Job performance = Competence × Support × Efforts

Holland (1989) thought motivation provided the energy for behavior and work motivation would create exertion and, furthermore, affect job performance. His equation for an individual’s job performance was: Job performance = Exertion × Motivation

Robbins (1998) indicated the evaluation of an employee’s work performance can be divided as: (1) Task results: A basis that uses work achievements and sales results to assess performance; the evaluating contents focus on objective and quantified performance indicators. (2) Work behavior: This is used when a manager finds it difficult to determine employees’ devotion to a specific task result. The evaluating content focuses on an employee’s behavior in the course of their work, employee’s exertion, work attitude and work relationship. (3) Employee characteristics: This uses personal characteristics as the assessing standard. The evaluation focuses on assessing whether a specific employee possesses the required personal characteristics to complete the mission.

Ng and Feldman (2009) indicated that the evaluation of an employee’s job performance can be divided into seven dimensions: (1) Core task performance refers to the basic required duties of a particular job. (2) Citizenship performance refers to the extra behavior engaged in by employees. (3) Performance in training programs. (4) Organizational citizenship behavior. (5) Creativity. (6) General counterproductive work behavior. (7) Workplace aggression.

Chuan and Lai (2011) argued that job performance was divided into two parts: the ability to problem solve and a passion for innovation. The former means the attitude and the capability for handling work related problems; the latter means an enthusiastic attitude for providing new suggestions for the job.
The first problem placed in front of expatriate managers when they are sent overseas is adaptation. As expatriate managers, their aim is to establish a management framework for the subsidiaries of their companies and act as the intermediary that is responsible for communicating with the home company. Accordingly, expatriate managers need to deal with the issues of working, living in the host country, and interaction with the local staff. Therefore, this study adopted the dimensions proposed by Black and Mendenhall (1990) and Chen (2010) and divided overseas adaptation into three dimensions: working adaptation, living adaptation and interaction adaptation.

The second problem facing expatriates when they are sent to Mainland China is personal competence, particularly management skills, interactions among staff, and operational capability. As a result, the study adopted the dimensions proposed by Hiltrop and Janssens (1995) and Jokinen (2005) and divided personal competence into three dimensions: management resourcefulness, diversity management, and interpersonal relationships.

In addition to a financial index, much attention should be paid to a non-financial index in order to assess expatriate managers’ performance. In this connection, the present study used a non-financial index to measure their performance. The principal purposes of expatriate managers are to complete the tasks assigned by the headquarters and build bridges between the home company and its subsidiary. Hence, tasks and results are indispensible parts of performance assessment. Accordingly, this study adopted two dimensions, task results and work behavior, based on the contents of the employee performance appraisal put forward by Robbins (1998).

Hypotheses

Since performance metrics show how well the business is doing relative to a defined strategy, they help managers to derive better business decisions (Han et al., 2010). Popovic, Turk and Jaklic (2005) analyzed a business intelligence system’s impact on job performance improvement. However, according to the literature discussion above, overseas adaptation or personal competence were important factors for the job performance of expatriate managers. Therefore, this study adopted expatriate managers in China as subjects and examined the influence of both overseas adaptation and personal competence on job performance. The following assumptions were concluded:

\( H1: \text{Individual variables had a significant influence on job performance.} \)
H2: Overseas adaptation had a significant influence on job performance.
H3: Personal competence had a significant influence on job performance.

Additionally, in the context of organizational behavior, an individual’s background factors frequently have the role of a moderating effect. Thus, the study also added an individual’s background factors as the moderator and summarized the following assumptions:
H4: Individual variables have a moderating effect on the relationship between overseas adaptation and job performance.
H5: Individual variables have a moderating effect on the relationship between personal competence and job performance.

Variables and measurement

Overseas adaptation is an “expatriate personnel’s subjective feelings in terms of work competency, life satisfaction, and interactiveness with local people in that area.” This research scale is derived from literatures submitted by Black (1988) and Torbiorn (1982) and the overseas adaptation scale organized by Gu (1993). There are 24 questions in total.

Personal competence is how “expatriate personnel can adapt into the environment, self-control, enhance toughness, manage local employees with different nationalities, conduct effective communication and deal with the change of living styles”. This research scale was developed by Hawes and Kealey (1981), Abe and Wiseman (1983), Mendenhall and Oddou (1985), Kanungo and Misra (1992), and Aycan (1997). There are 12 questions in total.

Job performance is an “expatriate personnel’s performance in task result and behavior in the course of work; his working attitude and exertion”. This scale was organized by Robbins (1998) and Yao (2004). There are 12 questions in total.

Research objects

The study samples were drawn from people in Guangdong Province, Fujian Province, Zhejiang Province and Jiangsu Province, and the chemical manufacturing industry, electrical appliances manufacturing industry, basic metal industry manufacturing industry, precision equipment manufacturing industry, and rubber material industry, in terms of industry. 1,030 questionnaires were distributed in total and 400 were collected, with a collection rate of 38.8%.

RESULTS

Sample analysis

Gender: Among all sampled expatriate managers, males accounted for 78.7% and females for 21.3%.

Age: In the sample data, the largest group of the population was located in the age range of 31-40, which accounted for 37%, and the age range of 41-50, which accounted for 35.2%. The 3rd largest population group was the age group of 51-60, which accounted for 25.5% of overall samples, and the 4th largest group was the age group of 20-30, which accounted for 2.3%.

Education Background: Among all sampled expatriate managers, the largest group with regard to educational background was located in people with a university degree, which accounted for 39.7%, and the 2nd largest group was people with a master degree, which accounted for 36%. The 3rd group was people with a high school (vocational school) diploma, which accounted for 24.3%.

Reliability analysis

This research used Cronbach’s α coefficient. The Cronbach’s α values of all variables are listed in Table 1. Nunnally (1978) believed if the Cronbach’s α coefficients were all above 0.7, then the research construct was reliable. Consequently, this research’s reliability was acceptable.
Trends of mean scores and correlations

Table 2 contains the descriptive statistics for each of the variables assessed in the analysis, along with the correlations between the constructs. It can be observed that living adaptation and working adaptation obtained relatively high mean scores of 31.78 and 23.03, respectively, whereas interpersonal relationship and diversity management obtained relatively low scores of 10.21 and 7.06, respectively.

The descriptive information suggests a statistical relationship between the job performance and overseas adaptation. The job performance is also related to personal competence levels.

Table 1: Reliability Measurement of All the Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach’s α</th>
<th>Variable</th>
<th>Cronbach’s α</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Adaptation</td>
<td>0.816</td>
<td>Management Resourcefulness</td>
<td>0.788</td>
</tr>
<tr>
<td>Living Adaptation</td>
<td>0.867</td>
<td>Interpersonal Relationship</td>
<td>0.774</td>
</tr>
<tr>
<td>Interaction Adaptation</td>
<td>0.733</td>
<td>Diversity Management</td>
<td>0.669</td>
</tr>
<tr>
<td>Task Results</td>
<td>0.783</td>
<td>Work Behavior</td>
<td>0.767</td>
</tr>
</tbody>
</table>

Table 2: Descriptive Statistics and Correlations Among Study Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>SD</th>
<th>Y1</th>
<th>Y2</th>
<th>X1</th>
<th>X2</th>
<th>X3</th>
<th>X4</th>
<th>X5</th>
<th>X6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y1 Task Results</td>
<td>18.60</td>
<td>4.51</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Y2 Work Behavior</td>
<td>13.19</td>
<td>2.81</td>
<td>0.497**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>X1 Working Adaptation</td>
<td>23.03</td>
<td>4.77</td>
<td>0.604**</td>
<td>0.296*</td>
<td>1</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>X2 Interaction Adaptation</td>
<td>16.28</td>
<td>3.81</td>
<td>0.170*</td>
<td>0.231**</td>
<td>0.137**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>X3 Living Adaptation</td>
<td>31.78</td>
<td>7.61</td>
<td>0.378</td>
<td>0.728</td>
<td>0.091</td>
<td>0.229**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>X4 Management Resourcefulness</td>
<td>23.02</td>
<td>5.33</td>
<td>0.676</td>
<td>0.360</td>
<td>0.889**</td>
<td>0.206*</td>
<td>0.099</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>X5 Diversity Management</td>
<td>7.06</td>
<td>1.47</td>
<td>0.083</td>
<td>0.036</td>
<td>-0.001</td>
<td>0.052</td>
<td>0.147*</td>
<td>0.013</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>X6 Interpersonal Relationship</td>
<td>10.21</td>
<td>2.46</td>
<td>-0.014</td>
<td>-0.052</td>
<td>-0.035</td>
<td>-0.020</td>
<td>0.075</td>
<td>-0.040</td>
<td>0.328**</td>
<td>1</td>
</tr>
</tbody>
</table>

*: p < .05; **: p < .01

REGRESSION RESULTS

The effect of gender on job performance (see Table 3). Gender showed a significant influence over task results ($β=-0.245$) and also showed significant influence over work behavior ($β=-0.144$).

The effect of age on task results (model 1). In the comparison between the age group 41-50 and the age group 51-60, the task results showed the most distinct difference ($β=-0.503$). Secondly, in the comparison between the age group 31-40 and the age group 51-60, the difference in task results was also significant ($β=-0.333$). Lastly, in the comparison between age group 20-30 and age group 51-60, the difference in task results was also significant ($β=-0.164$).

Age’s effects on work behavior (model 6). In the comparison between age group 41-50 and age group 51-60, work behavior showed the most distinct difference ($β=-0.428$). Secondly, in the comparison of age group 31-40 and age group 51-60, the difference in work behavior was also significant ($β=-0.245$). Lastly, in the comparison between age group 20-30 and age group 51-60, the difference in work behavior was also significant ($β=-0.092$).

This research utilized regression to test the effect of education on task results (model 1). The result showed that while comparing groups with a university degree and master degree, the effects on task results were significant ($β=-0.164$). With regard to the effects on work behavior (model 6), while comparing the groups with a university degree and a master degree, the effects on work behavior were significant ($β=-0.205$). Lastly, when comparing the groups with a high school degree and master degree, the effects on work behavior were significant ($β=-0.097$).

The influential degree of all dimensions in overseas adaptation on task results is shown in table 3 (model 2). From the aspect of task results, two variables of working adaptation and living adaptation were statistically significant. The influential degree of all dimensions in overseas adaptation on work behavior is shown in table 3 (model 7). The two variables of working adaptation and living adaptation were statistically significant.

The influential degree of all dimensions in personal competence on task results is presented in table 3 (model 3). With regards to the task results, the model showed that management resourcefulness was statistically significant. The influential degree of all dimensions in personal competence on work behavior is presented in table 3 (model 8). With regard to work behavior, the model showed that management resourcefulness was statistically significant.
The moderation of individual variables in the area of overseas adaptation on task results is shown in table 3 (model 4). The statistics showed that individual variables had a moderating effect on overseas adaptation. When comparing model 2 and model 4, individual variables had a moderating effect on working adaptation and living adaptation; the moderating effect was the most distinct, especially on living adaptation ($\beta=0.321$ changed to $\beta=0.258$). The second was working adaptation ($\beta=0.572$ changed to $\beta=0.558$).

The moderation of individual variables in the area of overseas adaptation on work behavior is shown in table 3 (model 9). The statistics showed that individual variables had a moderating effect on overseas adaptation. When comparing model 7 and model 9, the individual variables of age and educational background had a moderating effect on working adaptation and living adaptation. It had the largest moderating effect on living adaptation ($\beta=0.698$ changed to $\beta=0.682$), whereas working adaptation stayed the same ($\beta=0.227$ changed to $\beta=0.227$).

The modulation of individual variables in the area of personal competence on task results is shown in table 3 (model 5). Individual variables had a moderating effect on personal competence. When comparing model 3 and model 5, individual variables had the most distinct moderating effect on management resourcefulness ($\beta=0.674$ changed to $\beta=0.646$).

The modulation of individual variables in the area of personal competence on work behavior is shown in table 3 (model 10). Age and educational background among all the individual variables had a moderating effect on personal competence. While comparing model 8 and model 10, individual variables had the most distinct moderating effect on management resourcefulness ($\beta=0.358$ changed to $\beta=0.322$).

**CONCLUSION**

The major conclusion of this study is that, in a Chinese environment, overseas adaptation and personal competence had a positive and significant influence on job performance. Expatriates’ individual variables had moderating effects on the relationship between overseas adaptation and job performance and on the relationship between personal competence and job performance.

This study has made two contributions. On the academic side, it is one of the few studies that has combined theories from overseas adaptation, personal competence and job performance, and applied them to an expatriate manager’s situation. On the practical side, the study results provide detailed recommendations for enterprises and organizations.

Overseas adaptation and personal competence had a positive and significant influence on job performance. This indicated that, for expatriate managers, the most important, basic need and expectation of the home company in Taiwan is for the manager to do their job well and complete their assigned missions in order to achieve the company’s goals.

With regard to the moderating effect of individual variables, the results showed that females have to widen their life contacts and social input and devote more time to learning in order to adapt better. Therefore, gender with regard to working adaptation and living adaptation had a moderating effect on job performance. The expatriate managers aged 51-60 have more social experience and work training and, as a consequence, they have better adaptability in work and life than expatriate managers in the other age groups, with regard to job performance. The expatriate managers aged 51-60 are also helpful in effectively carryout out strategies and integrating company resources to achieve a company’s mission.

According to statistics, those with a higher education background have a higher resistance to stress, and they will try their best to complete the mission, no matter how hard the mission is, than any other educational background group, in the area of job performance. In the area of livelihood, people with a higher educational background can adjust to the cultural shock and adapt better sooner, so they are able to adapt to the local lifestyle in a shorter period of time.

This implies that international human resource management departments should focus on the overseas adaptation and personal competence elements in the selection process for expatriate managers. The emphasis on adaptation and competence can help expatriate managers’ adjustment to life in China.
Table 3: Results of Regression Analysis

<table>
<thead>
<tr>
<th></th>
<th>Task Results</th>
<th>Work Behavior</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Model 1 β value</td>
<td>Model 2 β value</td>
</tr>
<tr>
<td>Gender</td>
<td>-0.245**</td>
<td>-0.141*</td>
</tr>
<tr>
<td>Age</td>
<td>-0.164***</td>
<td>-0.204***</td>
</tr>
<tr>
<td>20<del>30–51</del>60</td>
<td>-0.330***</td>
<td>-0.123*</td>
</tr>
<tr>
<td>31<del>40–51</del>60</td>
<td>-0.503***</td>
<td>-0.263**</td>
</tr>
<tr>
<td>41<del>50–51</del>60</td>
<td>-0.503***</td>
<td>-0.263**</td>
</tr>
<tr>
<td>Education</td>
<td>-0.006</td>
<td>-0.152**</td>
</tr>
<tr>
<td>High school– Master</td>
<td>-0.164**</td>
<td>-0.207**</td>
</tr>
<tr>
<td>Overseas Adaptation</td>
<td>0.572***</td>
<td>0.558***</td>
</tr>
<tr>
<td>Working Adaptation</td>
<td>0.018</td>
<td>-0.059</td>
</tr>
<tr>
<td>Interaction Adaptation</td>
<td>0.321***</td>
<td>0.258***</td>
</tr>
<tr>
<td>Living Adaptation</td>
<td>0.674***</td>
<td>0.646***</td>
</tr>
<tr>
<td>Personal Competence</td>
<td>Diversity Management Resourcefulness</td>
<td>0.012</td>
</tr>
<tr>
<td></td>
<td>Interpersonal Relationship</td>
<td>-0.014</td>
</tr>
<tr>
<td></td>
<td>R²</td>
<td>0.524</td>
</tr>
<tr>
<td></td>
<td>F-value</td>
<td>24.171</td>
</tr>
</tbody>
</table>

*a*: p < .1; **: p < .05 ; ***: p < .01

REFERENCES


