

Role Conflict, General Manager Job Satisfaction and Stress and the Performance of IJVs

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This paper analyses the effects of inter-sender role conflicts experienced by managers of International Joint Ventures (IJVs) on their individual job satisfaction and job stress. It then relates the level of IJV managers' job satisfaction and job stress to the performance of the IJV. We empirically test these relationships using data gathered through a questionnaire survey carried out among general managers of German-Indian joint ventures. The findings show that managers experiencing a high level of role conflict also report lower job satisfaction and higher job stress of IJV managers. High job stress of IJV managers is related low performance of IJVs, while there is no statistically significant relationship between IJV managers' job satisfaction and IJV performance. Thus, IJV managers' job stress mediates the relation between inter-sender role conflict and IJV performance. We discuss the implications of these results for research on, and the management of IJVs.

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Introduction

International Joint Ventures (IJVs) have become an essential tool for Multinational Enterprises (MNEs)

to expand internationally (Beamish, 1999; Osland and Cavusgil, 1998). In particular when venturing into developing countries, MNEs are often faced with ownership restrictions or high risks, which can mean that an IJV with a local partner is the only possible and/or sensible option for entering a country (Beamish, 1992). Ownership restrictions are a common phenomenon faced by foreign firms investing in India, which is regarded as the second most important location for Foreign Direct Investment (FDI) after China for the period 2004 to 2007 (UNCTAD, 2004). Though the Indian investment regime has recently been liberalised to increase its attractiveness for foreign firms as compared to China, India has traditionally restricted foreign ownership and often requires foreign investors to set up IJVs with local partners. However, even if 100% foreign ownership is permitted there may be other reasons that explain why firms decide to engage in an IJV with a local partner. These reasons include, for example, the reduction of transaction costs (Beamish and Banks, 1987), access to knowledge (Killing, 1983) or risk-sharing (Contractor and Lorange, 1988).

Because of the involvement of two or more partners from different national backgrounds, IJVs are more difficult to manage than wholly foreign owned enterprises (WFOEs). Due to their equity stake in the venture, each of the partner firms has a legitimate interest in seeing its objectives pursued by the IJV manager(s). Given these potentially conflicting interests, the general manager(s) of an IJV (IJVGM) is/are

likely to experience role conflicts. For example, while the foreign partner may expect the IJV manager to source inputs from the cheapest suppliers, the local partner firm may have relationships with specific suppliers and thus expects the manager to buy from those instead. Such role conflicts can be expected to lead to dissatisfaction and stress which in turn may be detrimental to the IJV's overall performance. Although this phenomenon is common to IJVs and anecdotal evidence suggests that role conflicts can affect the management of IJVs, so far there has been little scholarly interest in the subject. Seminal work has been presented by Shenkar and Zeira (1992) and Gong *et al.* (2001), but conceptual work on, and corresponding empirical examinations of role conflicts in IJVs remain scarce. In particular, the consequences of role conflicts for managers and/or IJV performance have not yet been exhaustively addressed. Thus, while existing research has analysed the antecedents of role conflicts, few scholars have investigated the consequences of role conflicts in IJVs. Our study contributes to extant research in IHRM and IJV management by shedding some light on the outcomes of role conflicts. More specifically, we first argue that the experience of role conflicts has a negative influence on the IJVGM's job satisfaction and that this negatively affects the performance of an IJV. We secondly argue for a positive impact of role conflicts on IJVGM job stress, which is argued to negatively affect IJV performance. Put differently, we argue that managers who experience a high level of role conflict report lower levels of job satisfaction and higher levels of stress; we then suggest that low levels of job satisfaction and high levels of job stress have a detrimental effect on the performance of the IJV. The inclusion of IJV performance in our analysis allows us to provide some much needed evidence for the impact of individual job satisfaction and job stress on organisational outcomes in the case of IJVs. While most existing studies have explored macro level variables and their influence on IJV performance, we focus on the so far largely neglected

micro level issues and their relationship with IJV performance. In spite of its importance for the management of IJV, this link has not yet been thoroughly analysed see Figure 1.

The remainder of the paper is structured as follows: the following section explains what we mean by role conflict in the context of IJVs. On this basis, we develop a series of hypotheses regarding the relationship between the experience of role conflicts and IJV managers' job satisfaction and job stress on the one hand, as well as the latter two variables' influence on IJV performance. This is followed by a description of our sample and the measures we used. We then discuss the empirical findings and the implications of these findings for future research on, and management of IJVs. We conclude by discussing the limitations of our study and highlighting some areas that warrant further research.

Role Conflicts of IJVGMs

Pandey and Kumar (1997, p. 191) define role conflict as "... a state of mind or experience or perception of the role incumbent arising out of the simultaneous occurrence of two or more role expectations such that compliance with one would make compliance with the other(s) more difficult or even impossible." Three types of role conflict can be distinguished: (1) individuals experience *inter-role conflicts* when the expectations associated with *different* roles which the individual plays are incompatible with one another. For example, the expectations associated with the individual's role as manager (e.g. to work overtime) may conflict with the expectations associated with the individual's role as father or mother (e.g. leave work early). (2) *Intra-role conflicts* are experienced if the different expectations associated with a single role conflict with one another. Two different types of intra-role conflict can be distin-

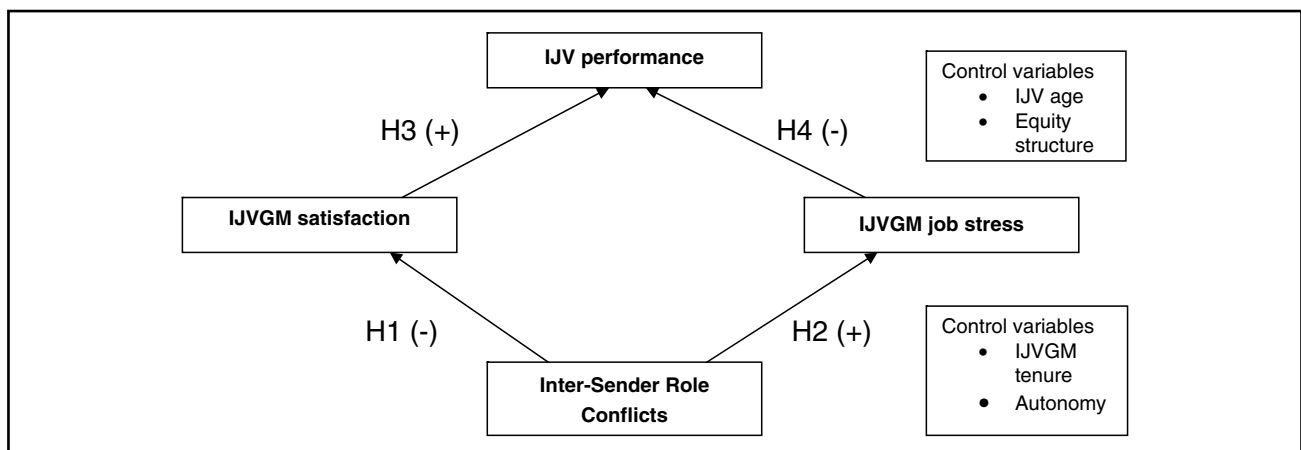


Figure 1 Conceptual Framework

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