



The influence of individual, family, and social capital factors on expatriate adjustment and performance: The moderating effect of psychology contract and organizational support



Li-Yueh Lee ^{a,*}, Nurullailly Kartika ^b

^a Department of International Trade, Kun Shan University, No.195, Kunda Rd., Yongkang Dist., Tainan City 710, Taiwan

^b College of International Business, Chinese Culture University, No. 55, Hwa-Kang Rd., Yang-Ming Shan, Taipei 111, Taiwan

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ABSTRACT

This research is conducted to get more understanding about the antecedents and consequences of expatriate adjustment. Expatriate adjustment is a very important factor for the expatriate and for the organization. As prior studies have explained that family, individual, and social capital factors significantly related to expatriate adjustment, but these studies did not integrate the antecedents and consequences of expatriate adjustment into a more comprehensive research model. Therefore, this study aims to integrate relevant research streams into a more comprehensive model of expatriate adjustment and empirically test the viability of the model. The results of this study illustrated that expatriates with higher emotional intelligence, cultural intelligence, and experience abroad can adjust more easily in the new work environment. Also, family support and family adaptability have positive influence on expatriate adjustment. Expatriates who had prior experiences on parental demand and family to work conflict tend to be able to manage these problems more easily. Furthermore, social capital and mentoring behavior are also important factors that can enhance the success of expatriate adjustment which could further influence expatriate performance, innovative work behavior, knowledge transfer, and organizational performance. Finally, this study also identified that psychological contract and organizational support as two important moderators that can enhance expatriate adjustment and success.

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1. Research background and motivation

The rapid globalization of world economy has resulted the increasing of global mobility and flexibility of business activities. Global human resources with international experiences are invaluable assets for both individuals and companies (Haslberger & Brewster, 2009) to win in the competitive global marketplace (Wu & Ang, 2011). MNCs sent a lot of employees overseas because international experience is a key channel to develop global talent and leadership (Takeuchi, Shay, & Jiatao, 2008; Tarique & Schuler, 2010). International assignments played a vital role in expanding and building global skills (Shay & Baack, 2004). Likewise, a basic criterion for MNCs' success is their employee's ability to adapt, to understand the other cultures and to expand a global mindset (Scullion & Collings, 2006). MNCs must realize that the changes in attitudes, knowledge, and behaviors during expatriate

experience can have a lasting impact on their identities (Haslberger & Brewster, 2009). Therefore, expatriate adjustment is very important not only for the expatriate, but also for the organization. As the issue about how to enhance expatriate adjustment, previous studies never integrated individual, family, and social factors into a more solid research framework. This study intends to fill this research gap and empirically test the viability of the framework.

First of all, expatriate's personal factors play important roles to deal with the new environment. Expatriates who are well-adjusted into new cultures and tolerant about different environments tend to have an internal locus of control, flexible, interest in other people and socially adaptable character (Tucker, Bonial, & Lahti, 2004). Furthermore, expatriates with good emotional intelligence (EQ) tend to understand their emotion better and perform better in their overseas adjustment and commitment (Lii & Wong, 2008). Besides EQ, cultural intelligence (CQ) is another important factor for expatriate adjustment because CQ is aimed to capture the ability to adapt, to understand, and to act appropriately across cultures (Thomas & Inkson, 2004). Likewise, expatriates' previous international experiences can influence their adjustment because

* Corresponding author. Tel.: +886 6 2050611x31; fax: +886 6 2050611.

E-mail addresses: wuleliyu@gmail.com (L.-Y. Lee), nurullaillykartika@yahoo.com (N. Kartika).

expatriate with more international experiences tend to have more opportunities to learn about daily life and way of thinking and learning new set of business practices in the new environment (Haslberger & Brewster, 2009).

Secondly, many empirical studies have stated that family factors in expatriation can serve as an important role for the expatriate adjustment (Takeuchi, Lepak, Marinova, & Yun, 2007). Even though family and spouse are the major expatriate stresses on foreign assignment (Shaffer & Harrison, 2001), the family support especially from spouse can provide assistance for expatriate to adjust in the stressful new environment (Kraimer, Wayne, & Jaworski, 2001). The adaptation of expatriate families to a host culture is crucial for international business assignments (Takeuchi, 2010). However, an important stressor for families on international assignment is from work-family conflict and parental demand, which may reduce expatriate adjustment (Parasuraman & Simmers, 2001). Moreover, expatriate need personal networks to created exchanges. Social networks and social capital during international assignments may have significant implications for expatriate's effectiveness or performance success (Liu & Shaffer, 2005).

Finally, psychological contract is important because expatriates rely on their firm support in the risky, ambiguous, and uncertain working environment (Haslberger & Brewster, 2009). Thus, it is suggested that psychological contract may act as a mediating variable for the influence of individual factors, family factors, and social capital on expatriate adjustment and its influence on expatriate consequences. Likewise, organizational support is also important because it can lower depression and work conflict for employees and also can assist expatriate to feel good working in the organization (Selmer, Ebrahimi, & Mingtao, 2002). Therefore, organizational support may act as a moderating variable for the influence of individual factors, family factors, and social capital on expatriate adjustment, and its effect on expatriate consequences.

Based on the above discussion, it seems that previous studies have made a great deal of efforts to evaluate the critical factors of expatriate adjustment and stress, and their influence on MNC success. However, researchers only focused on many fragmented views of expatriate adjustment, which may be significant with partial representation, but neglected to develop a comprehensive framework of expatriate adjustment. This study intends to integrate individual, family and social aspect of antecedents to identify their influences on expatriate adjustment and performance. Specifically, the objectives of this study are follows:

- (1) To explain the influences of individual factors, family factors, social capital factors on expatriate adjustment.
- (2) To explain the influences of expatriate adjustment on expatriate performance, innovative work behavior, knowledge transfer, and organizational performance.
- (3) To identify the moderating effect of psychological contract and organizational support on the relationship between independent variables (family factors, individual factors, and social capital factors) and expatriate adjustment.
- (4) To identify the moderating effect of psychological contract and organizational support on the relationship between expatriate adjustment and the expatriate consequences (expatriate performance and innovative work behavior) and the subsidiary consequences (knowledge transfer and organizational performance).

As indicated by Shaffer, Harrison, Gregersen, Black, & Ferzandi (2006), the direct cost associated with expatriate adjustment failure have been estimated at US\$ 150,000 per expatriate, while the

indirect cost including training, relocation, and compensation have been estimated at US\$ 80,000 per expatriate. Therefore, research on improving expatriate adjustment is important to be conducted. However, previous studies have never integrated relevant variables into a more comprehensive framework to investigate the collective influence of these antecedent variables on expatriate adjustment and performance, the results of this study may provide significant contributions not only to the international human resource practices, but also the theoretical development on expatriate selection, training, and management.

2. Literature review and hypotheses development

2.1. Expatriate intelligence/cultural intelligence (EQ/CQ) and expatriate adjustment (EA)

Emotional intelligence, which is also called intelligence quotient (EQ), has an impact on overseas adjustment and commitment (Hassan & Diallo, 2013; Lii & Wong, 2008). Emotional intelligence is the ability to perceive accurately, appraise, and express emotion, the ability to access and to generate feelings, and the ability to access and to understand emotion and emotional knowledge. Expatriates with high EQ tend to perform well in domestic as well as overseas workplace (Cote & Miners, 2006). Moreover, expatriates with higher EQ tend to have better ability to understand his/her emotions, to sense and to acknowledge their emotions better than others (Wong, Law, & Wong, 2004), so they can adjust better in the new environment.

In addition, cultural intelligence (CQ) also has a significant influence on adjustment (Crowne, 2013; MacNab, Brislin, & Worthley, 2012). Earley and Ang (2003) proposed that the cultural intelligence (CQ) reflects capability of a person to gather, to interpret, and to function effectively across cultural settings or in multicultural situations. There are three core elements of CQ (Ng & Earley, 2006): cognition, motivation, and behavior. The cognitive facet of CQ refers to the information-processing aspects of intelligence and conceptualized by the self-concept theory (Early, 2003). The motivational aspect of CQ reflects self-concept and motivates adaptation to new culture surroundings. The behavioral aspect of CQ suggests that adaptation is not only having motivation and knowing what to do and how to do it, but also reflected a person's ability to adapt for a new culture. Expatriate with higher CQ tend to have higher cultural sensitivity and flexibility that enable expatriates to adapt to new cultural surroundings and can enhance the ability of expatriates to learn in different environments and then result in better cross-cultural adjustment (Lubinski, 2004; Templer, Tay, & Chandrasekar, 2006).

Furthermore, expatriates' previous international experience has been believed to influence the expatriate development of cultural knowledge and appropriate behaviors that are required in different cultures (Kim & Slocum, 2008; Takeuchi, Tesluk, Yun, & Lepak, 2005). The more the past work and non-work experience abroad, the more the expatriate will exert relevant skills on expatriate career (Okpara & Kabongo, 2011). According to social learning theory (Black & Mendenhall, 1990), behavior can be acquired by the direct experience or by observing the behavior of others. Therefore, expatriates who are in new environment spend their time to interact with others may have more opportunity to learn about daily life (Caligiuri, 2000). Likewise, expatriate with previous work and non-work international experience may influence their development of knowledge, skills, and behaviors (Takeuchi et al., 2005). Some cultural experiences abroad also may influence the level of expatriate adjustment (Lee & Sukoco, 2010). Based on the above description, this study proposes:

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