

INDIVIDUAL AND FAMILY LEVEL DETERMINANTS OF EXPATRIATE ADJUSTMENT

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ABSTRACT

This study aims to unravel failure and adjustment factors of expatriate managers in terms of individual and family-level determinants. In addition, work-family conflict literature has been examined to provide a stronger ground for the discussion of family - related failure and adjustment factors.

Key Words: Expatriate Manager, Adjustment, Individual

ÖZET

Bu çalıřma, yabancı ÷lkelerde hizmet veren yöneticilerin başarısızlık ve adaptasyonlarıyla ilgili bireysel ve aile düzeyinde etkili olan etmenleri ortaya çıkarmayı amaçlamaktadır. Ek olarak, aile düzeyinde etkili olan etmenler hakkındaki tartışmaya sağlam bir temel oluşturmak amacıyla iş-aile çatışması literatürü incelenmektedir.

Anahtar Kelimeler: Expatriate Yönetici, Adaptasyon, Birey.

1. INTRODUCTION

In today's world, it is a generally accepted idea that, business is international. As the global operations of firms become strategically important, so do the personnel that manage those operations, especially expatriate managers. To be able to state this study on a more stable ground, it is crucial, first, to examine the roles of expatriate managers in multinational corporations (MNCs).

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It is indicated by Aycan (1997_b) that "The primary role of an expatriate manager can be conceived as that of a catalyst who secures the continuity of the MNC's organizational structure and the philosophy in the local unit while ensuring the fit between MNC practices and local demands" (pp.434). Companies investing abroad need to manage, coordinate, control, and integrate the operations of their foreign partners with that of the parent company (Yavas and Bodur, 1999). To accomplish these tasks, parent companies often send expatriate managers to affiliates as corporate representatives and ambassadors.

A great attention has been paid to expatriate adjustment to both work and socio-cultural environment because the inability to adjust is one of the most critical factors leading to an early return home, which is costly to the firm and to the individual. Placing an expatriate overseas is expensive which costs "\$250,000 annually" (Taylor and Napier, 1996). It is similarly indicated that "the average expatriate manager costs \$300,000 per year or two or three times an equivalent manager in the U.S." (Quoted in Black, Gregersen, and Mendenhall, 1992, pp.738). The only costs are not only financial costs but also include "the loss of company reputation, self-esteem and self-confidence, decreased commitment to the parent firm and job performance upon repatriation, and the adverse impact on the decision of other qualified managers to accept overseas posts" (Quoted in Aycan, 1997_a, pp.2).

While failure of expatriate managers is very costly for organizations in terms of both financial and non-financial losses that are mentioned above, it is a necessary effort to reveal adjustment and failure factors for expatriate managers to take necessary cautions before failure is experienced by multinational corporations. This study aims to focus on individual and family level determinants of this phenomenon.

2. INDIVIDUAL LEVEL DETERMINANTS OF EXPATRIATE ADJUSTMENT

Adjustment can be conceptualized as "the degree of fit between the expatriate manager and the new environment in both work and non-work domains" (Aycan, 1997_b, pp.436). Historically, cross-cultural adjustment in general and expatriate adjustment in particular have been conceptualized as unitary constructs (Torbiorn 1982). However, studies (see, for example: Black 1987; Black and Stephens 1989; Black, Mendenhall and Oddou 1991) posit that expatriate adjustment is a multidimensional construct consisting of such facets as adjustment to work, adjustment to interacting with host nationals, and adjustment to the general environment and culture. It is similarly indicated that expatriate adjustment has three facets: psychological adjustment, socio-cultural adjustment, and work adjustment (Aycan, 1997_b, pp.436). There are several individual-level factors that

influence cross-cultural adjustment of expatriate managers. Some of these factors are age and marital status, cultural perceptions, personal characteristics, and previous international experience of expatriate managers. These factors will be examined in more detail in the following pages.

2.1 Age and Marital Status of Expatriate Managers

Age of expatriate managers is a significant factor that may contribute an overseas assignment's success or failure. In the literature, commitment has been found to be positively correlated with age (Angle and Perry, 1981; Banai and Reisel, 1993). As the Banai and Reisel (1993) posit "The relationship is explained by the rationale that as age increases so do years of experience in the organization as well as the rank in the hierarchy, and compensation packages tend to be higher" (pp.233). The age variable found important for the organizational commitment, which is caused from the psychological investment that expatriates possess while working in the firms for a significant amount of time.

Proposition 1: Expatriate managers' age is positively correlated with the adjustment to foreign assignments.

Becoming married or single has both advantages and disadvantages for expatriate managers. As the Feldman and Thompson (1993) indicated "younger expatriates without extensive family responsibilities and commitments may have an easier time in adjusting to foreign assignments" (pp. 510). Contrary to younger expatriates, middle-aged expatriates will more probably face difficulties regarding to adjustment to foreign assignments because they have greater family responsibilities and less status than older expatriates.

Contrary to Feldman and Thompson (1993) explanation on marriage factor, some researchers in the favor of the idea that married expatriate managers are more likely to become successful because they have a more stable social life than single expatriates. It is quoted in Feldman and Thompson (1993) that "it appears that being married provides an advantage in having a spouse for social support, but significant problems with spouses can result in foreign assignments terminating early" (pp.511). It can be indicated that married expatriate managers with supporting families have more chance to become successful than single expatriate managers because the former has a more stable life than the latter.

Proposition 2: Married expatriate managers with supporting families will more likely be successful in their foreign assignments than single expatriate managers.

2.2 Personal Characteristics Of Expatriate Managers

Personal characteristics in assessing expatriate success and failure are examined in a number of study as significant variables (Ones and Viswesvaran 1997; Mendenhall and Oddou 1985; Black 1990; Yavas and Bodur, 1999) and found to be significant determinants of expatriate job performance and adjustment. A list of personal characteristics are derived from prior studies (see, for example; Ones and Viswesvaran 1997; Black 1990; Yavas and Bodur, 1999) to measure the level of expatriate managers' adjustment and job performance. Personal characteristics, which are thought to be determinants of adjustment and performance include:

- ability to deal with stress
- emotional stability
- self-esteem
- adaptability
- being a sensitive person
- tolerance (for race/ethnic origin, ambiguity etc.)
- willingness to change
- willingness to communicate
- conflict resolution orientation
- kindness
- cultural sensitivity
- dependability
- responsibility
- cultural flexibility
- energy
- being a people person
- having empathy for others

2.3 Previous International Experience

Expatriate managers' previous international experience is believed to have a positive impact on their adjustment because according to social learning theory "an individual, during previous cross-cultural experiences, acquires skills to cope with uncertainties through observation, modelling, and reinforcement" (Aycan, 1997_b, pp.441). While having international experience is important for expatriate managers' adjustment, duration of the experience is also important for the level of adjustment.

Proposition 3: An expatriate manager's previous international experience and duration of this experience are positively correlated with his/her adjustment.

It has to be noted here that there are other individual-level factors, which greatly influence expatriate managers' success or failure during their overseas assignments. These factors include: communication and interpersonal skills, language proficiency, pre-departure knowledge, and education.

3. AN IGNORED AREA OF STUDY: EXPATRIATE FAMILY

While willingness of an individual is important to accept overseas posts, there are other factors that have great influence on decisions to go abroad. Family-related problems have been found to be primary causes of foreign assignment failures (Birdseye and Hill, 1993; Kreitner, 1989). As Kreitner (1989) indicates "A survey of eighty U.S. MNCs uncovered some important facts about the reasons for corporate expatriate failures. Personal and family adjustment problems head the list" pp.776). It is reported in Black (1990) that "many countries such as America find that between 10 to 40 percent of their managers return before they are supposed to because they or members of their family cannot adjust. What meant by family adjustment problems is the degree of unfit between expatriate family and the new socio-cultural environment. These include "for spouses and families, unfamiliar transportation, housing, food, healthcare, and education systems cause problems" (Quoted in Birdseye and Hill, 1995, pp.788).

3.1 The Role of Children

The role of children needs to be noted. Number and age of the children are also important for expatriate manager families' adjustment to the new environment. Naumann (1993) equated successful international assignments with fewer and younger children. Similarly, some Turkish expatriates revealed in a Turkish magazine (*Kariyer Dünyası*, Aralık 1997) that expatriates with smaller children will experience fewer adjustment problems because smaller children adapt to new environment easily. Problems for these expatriates start when they turn back to home because their small children are grown in a different culture. It is more likely that expatriates with bigger children will be less willing to accept overseas posts.

Education of children is a major problem that expatriates face when they are assigned to overseas posts. Children generally experience language and

school problems in a new social and cultural environment. The quality of the school is a relatively important concept that expatriates are careful about. Since they are generally well-educated people, they tend to send their children to prestigious schools. In terms of education, expatriate managers will be more willing to accept posts in major cities of countries because big cities generally offer broader education opportunities.

Proposition 4: Fewer number and younger age of expatriate managers' children will have a positive impact on expatriate managers' success in overseas assignments.

3.2 Expatriate Family and Overseas Assignment's location

Location of overseas assignment is another significant factor that closely related to family issue. It is indicated by Welch (1994) that some countries are more preferred than others. While the country of assignment is important for expatriate managers' desirability to accept overseas assignments; the city that expatriate will be placed in is another significant concern. Big cities have greater opportunities in terms of education and social and cultural events. As a consequence of these opportunities, developed countries will be more desirable than underdeveloped countries for expatriate managers. By the same token, it can be pointed out that a significant portion of overseas assignments to underdeveloped countries will be refused by expatriates because they and their spouses are not willing to leave the comfort that they had in their own countries. Especially, family ties, friendships, quality of house and furniture, foods, climate, and socio-cultural events were the major reasons to refuse assignments to underdeveloped countries. Big cities of developed countries will be desirable for expatriate families if those cities have a community from expatriate family's nation. Since the existence of such communities will provide a social network, it will especially be a stress-reducing factor for expatriate managers' wives.

Proposition 5: Concerning the education of children, expatriate families will be more willing to leave their countries for overseas assignments in major cities of developed countries.

Proposition 6: In terms of having a community from expatriate family's nation, big cities of developed countries will have a

positive impact on expatriate family's decision to accept overseas assignments.

3.3 Work-Family Conflict

It is indicated in the work-family conflict literature that the term, conflict, aims to explore stress factors on women and men's well being in both work and family domains. Conflicts related to family were found when: "(a) time devoted to the requirements of one role makes it difficult to fulfill requirements of another; (b) strain from participation in one role makes it difficult to fulfill requirements of another; and (c) specific behaviors required by one role make it difficult to fulfill the requirements of another" (Greenhaus and Beutell, 1985, pp.76). Spillover theory posits that "the existence of a spillover effect is assumed from one set of roles (work or family) to the other: thus, they are inseparable" (Harvey, 1997, pp.629). Employed men and women are increasingly concerned about managing the conflicts experienced in fulfilling the dual demands and responsibilities of work and family roles. Work-family conflict is experienced when pressures from the work and family roles are mutually incompatible, such that participation in one role makes it more difficult to participate in the other. Conflict between work and family will lead to a couple of negative consequences. As Blood and Wolfe points out "tensions between family and work roles can lead to poor marital adjustment, inadequate role performance, and other negative outcomes" (Quoted in Cooke and Rousseau, 1984, pp.252). Although, it is a widely accepted idea that family roles may reduce the effects of stressors; these same roles can, at the same time, be a source of stress for expatriates.

It can be indicated that expatriate families will likely experience work-family conflict because expatriate managers have to spend much of their times to learn their new jobs, business environment, social interactions, and people. As a result of this time commitment, they will have less time to spend for their families. As Cooke and Rousseau (1984) point out "Inter-role conflict is likely to increase as the demands of either the work role or family role increase" (pp.253). A significant attention also has to be paid in the idea that "while marriage can lead to inter-role conflict, this conflict and its effects can be offset by the support and other positive contributions a spouse can provide"(Cooke and Rousseau, 1984). It has to be noted that this idea is valid under normal circumstances that there are no stress symptoms resulted from work and/or family domains.

Social support is expected to help men and women to reduce their stress level and, as a result, become more productive individuals. Lack of social interactions and family ties will probably create stress in their spouses and it

will, consequently, affect expatriate managers' job performance in a negative way. If we think the issue in terms of expatriate managers, work-family conflict will be more apparent in expatriate families because they do not have enough social support in foreign countries to overcome stress.

Proposition 7: An expatriate family will probably experience work-family conflict if the job requires excessive amount of time commitment from expatriate manager.

Proposition 8: Expatriate families will probably experience work family conflict due to spouses' stress caused by lack of social support and family ties.

3.4 Dual-Career Couple's Dilemma

It has been estimated that 70% of expatriate managers are members of dual-career couples (couples in which both partners employed and psychologically committed to their work" (Reynolds and Bennett, 1991). Another estimation points out that according to the U.S. Department of Labor, by the year 2000, nearly 80 percent of all marriages will be defined as dual-career marriages (Pellico and Stroh, 1997). The biggest problem arises for expatriate managers if they are dual-career couples. As Harvey (1997) pointed out "The relocation of a dual-career couple, both domestically and internationally, frequently creates a great deal of stress and conflict" (pp.630).

The assignment to another country generally requires one of the couples to leave his/her career. It is generally required that women leave their jobs because majority of expatriates is male. As Westwood and Leung (1994) indicate "The number of women in expatriate manager roles, while increasing steadily over the past decade, is still small in proportion to men, and much smaller than the proportion of women managers in the domestic environment" (pp.64) and it is estimated that the number of female expatriate managers is less than 3 percent in total (Quoted in Westwood and Leung, 1994). This proportion of estimations point out that dual-career couple's problem is, actually, the problem that requires woman's sacrifice of her job. Accompanying spouses often lose financial independence and business contacts, which may lead to stress and loss of self-esteem. Since the women do not immediately accept to leave their jobs, it creates tension between couple. In these kinds of situations, there are three possibilities that dual-career couple can choose from: First, the couple's refusal of the overseas assignment, second, woman's quit of her job, and third the couple and/or expatriate manager's company's efforts to find a suitable job for woman. The third possibility seems as the most appropriate one.

It can also be indicated that dual-career expatriates will experience a high level of stress because time commitments and the stress associated with fulfilling roles in both area accounts for a significant proportion of tension/conflict found in dual-career couples.

Proposition 9: Multinational corporations' policies regarding to spousal assistance programs will have a positive impact on dual-career couple's decision to accept overseas assignments.

Proposition 10: Work-family conflict will be higher in dual-career couples because of time commitments and stress associated with fulfilling roles in both work and family accounts for a significant proportion of tension/conflict.

4. A BRIEF CONCLUSION

This study aimed to expose individual and family related failure factors of expatriate managers. Although the study's results can be generalized to a multinational context, the main aim that this study's author is bearing in his mind is to apply the findings to Turkish expatriates. Another major motivation for this study is the belief that while Turkey is mentioned among the ten countries that are taking particular attention within the emerging economies category, there is little (or lack of) research on the subject in Turkish academia and practice to overcome potential problems expatriates will experience in overseas posts. Citing the importance of such studies, this study aims to provide a theoretical framework for empirical studies will be carried out in the future. The results from such studies will help both to academicians and practitioners to unravel failure and adjustment factors of expatriate managers and as the result necessary cautions will be applied according to results obtained.

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