Antecedents of Expatriate Performance in Short-term Assignment

An empirical study on the relationship between Individual Factors and Expatriate Performance in Short-term Assignments

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Abstract—International assignment has become a significant concern for both MNCs’ business and individual’s career growth, therefore necessary efforts have to be taken in order to reduce expatriate failure and to ensure expatriate success. This study aimed at explaining the relationship between individual factors and expatriate performance in short-term assignment. It is intended to provide empirical evidence on how personal attributes, management and leadership skills, and language skills influence expatriate performance.

Based on 419 sample of international assignees in 23 host countries assignment, this study reveals that management & leadership skills and language skills have direct and positive impact to performance. However, this study could not discover how personal attributes directly influence performance due to the model on personal attributes statistically not significant. Based on these findings, this paper provides discussion, implications for expatriate research, practical implications, and suggestions for further research.

Keywords— expatriate performance, individual factors, short-term assignment, talent development

I. INTRODUCTION

Expatriation topic is an established strand in the literature of international management and prevailed research topic in international human resource management (IHRM) for over three decades. It has not only developed from theoretical perspectives, but also in practice due to the growing use of expatriates by MNCs to run their international business [1-4]. Many studies have been conducted in exploring how MNCs manage their expatriates and how expatriate performs in their international assignment.

International assignment has become a significant concern for both MNCs’ business and individual’s career growth, therefore necessary efforts have to be taken in order to reduce expatriate failure and to ensure expatriate success [1,5,6]. Since the cost of expatriates are very expensive which cost up to three to five times compared to local assignments [1], organization need to make sure that their expatriates will produce better outcomes.

Literature on expatriate outcomes has great attention from the scholars [6-12], however more complex and sophisticated analysis is needed especially on different perspectives, additional types of international assignments, and organizations [2]. One of the most recent models is the adjustment-performance relationship model [13], which explores some possible relationships between Performance, Adjustment and Antecedents. As recently developed model, it needs to be empirically tested on some possible combinations of antecedent, adjustment states, adjustment dimensions, and performance. This study is intended to provide empirical evidence on some parts of this model especially on how personal or individual factors influence expatriate performance.

II. THEORETICAL FRAMEWORK AND HYPOTHESES

A. Antecedents and Expatriate Performance

Black, Mendenhall, and Oddou [14] propose a framework of international adjustment which suggests a number of factors that affect the adjustment. Antecedents were divided into “anticipatory adjustment” as in home country adjustment prior to departure and “in-country adjustment” as adjustment in host country. The antecedents were comprehensively explained in factors of individual, job, organization culture, organization socialization, and non-work. Degree of expatriate adjustment is classified into work adjustment, interaction adjustment, and general adjustment. This model has been used by many research on expatriate adjustment and seems to be overwhelming. Although it provides comprehensive tool for understanding factors that influence expatriate adjustment, however, this model did not explain how antecedents and adjustment have influence on performance.

Parker and McEvoy [15] further developed the model of Black and colleagues, which distinguished individual, organizational, and contextual antecedent that may influence the expatriate’s work, general living and interactions in the host country. Then in turn, the adjustment will impact the expatriate performance. This model clearly suggests adjustment as mediating variable on the relationship between antecedents and performance.
Job performance is a multidimensional construct comprising task dimension and contextual dimension [16]. Task performance dimension relates to performance on tasks and duties as set out in the job description. Contextual performance refers to activities in developing and maintaining relationships. Motowidlo and Scotter [17] distinguished task performance from contextual performance, which both of them contributed independently to overall performance. Experience is more highly correlated with task performance than with contextual performance, and personality variables are more highly correlated with contextual performance than with task performance. Thomas and Lazarova [19] provided three indirect measures, as contextual dimension, of expatriate performance, which are: intent to remain, job attitudes, and interaction with host nationals.

One of the most recent models is the adjustment-performance relationship model [13] as shown in Figure 1. The Adjustment-performance Relationship Model. Based on this model, adjustment is a process occurring in the three dimensions of knowledge, feelings and behaviors, which give mutual feedback each other. Antecedent variables are in the area of macro environment, work, person, and private life. Performance is considered to be the behaviors of an expatriate in the work domain and their consequences, which include task performance and contextual performance. There are some possible relationships between antecedent variables, adjustment, and performance. First, antecedent variables directly impact to expatriate performance. Second possible relationship is that the influence of antecedent variables is moderated by adjustment states. Another relationship is that the antecedent variables impact adjustment states and then in turn adjustment states influence expatriate performance. Performance feeds back both adjustment and antecedent variables.

Although this model seems to be quite complicated with many possible relationships between antecedents, adjustment and performance, however, it provides comprehensive and realistic approach in understanding the process and outcomes of adjustment by taking account of cognitive, affective and behavioral dimensions of adjustment and by emphasizing that adjustment is a process over time rather than merely an event. As recently developed model, it needs to be empirically tested on some possible combinations of antecedent, adjustment states, adjustment dimensions, and performance.

This paper provides empirical evidence and analysis on how personal or individual factors directly impact to expatriate performance. There shall be three personal factors: Personality/Personal Attributes, Management Skills and Language skills.

B. Individual Factors as Antecedents of Expatriate Adjustment and Performance

1) Personal Attributes

Personality characteristics predispose humans to behave in certain ways, given particular situations, to accomplish certain goals [19]. Many scholars on expatriate management use five factors labeled “the Big Five” [20] as personal attributes to predict expatriate’s success [7,8,9,12,19]. The Five-Factor model of personality has been employed in a wide range of applied and research settings including personnel selection, health, career counseling, psychotherapy and basic personality research [21]. The Big Five personality factors are (a) Extroversion, (b) Agreeableness, (c) Conscientiousness, (d) Emotional Stability, and (e) Openness or Intellect.

Each of the Big Five personality characteristics relates to international assignee success in a unique way [19] and should be included in a selection system for international assignees for different reasons [22]. The first dimension, extraversion, has been related with heightened level of sociability. An extravert person is considered to have some characteristics such as warmth, gregariousness, assertiveness, activity, excitement seeking, and positive emotion. The extroverted individuals can successfully assert themselves and navigate through the hierarchy of their social environment to achieve personal success [19].

The second dimension, Agreeableness, refers to conformity with others and friendliness in the interpersonal setting [20]. Individuals with high agreeableness tend to be more helpful and sympathetic towards others, as well as more trusting of the intentions of other people. An expatriate’s ability to form and maintain work and non-work social alliances is adaptive for his or her success on the assignment [19].

Next dimension, Conscientiousness, reflects dependability that is being careful, thorough, responsible, organized, and plan-full [23]. It is also described as a form of conformity to rules and standards, and linked to traits like responsibility, organization, hard work, impulse control and prudence. Employees higher in conscientiousness are more likely to become leaders, gain status in the eyes of others, get promoted, and earn higher salaries, and may achieve all clear indicators of successful adaptation and performance [9].

Emotional Stability refers to the ability to handle with stress in their environment [24]. It also relates with personal traits such as anxiety, hostility, self-consciousness, impulsiveness, and vulnerability to stress. It is an important factor for assignees’ success since they have to deal with uncertainty, ambiguous, and unfamiliar environment.

Openness or intellect, the last attribute, correlates with individuals’ habitual willingness to try new ideas, tolerate
ambiguity and dissonance, and generally be curious and eager to learn [25]. Openness also refers to perceiving, attending to, and acting upon differences in others and is crucial for solving problems of survival and reproduction [24]. Collectively, these personality characteristics have substantial empirical support and should be included in selection systems designed to forecast success in international assignments [22,26].

2) Managerial and Leadership Skills

In his conceptual model of expatriate adjustment, Aycan [27] argues that in the selection stage, managerial resourcefulness and managerial competence are important employee characteristics to generate successful expatriate adjustment outcomes. A resourceful manager is characterized as a person who self-regulates his/her behavior to cope successfully with stressful circumstances.

The company has identified 7 managerial and leadership skills that are needed by its assignees to fulfill their international assignments which are: Strategic Orientation, Business Awareness, Action Management, Decision Making, Networking, Impact and Influence, Leadership of Change, and Building Partnership. The definition of these skills can be seen in Table 1 Managerial and Leadership skills definition.

<table>
<thead>
<tr>
<th>Skills</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Strategic orientation</td>
<td>Comprehensive understanding about things that will influence company’s strategic direction, thinking and action of person that reflect long-term plans of organization</td>
</tr>
<tr>
<td>Business awareness</td>
<td>The ability to understand his/her role on the achievement of organization business goals and objectives</td>
</tr>
<tr>
<td>Action management</td>
<td>Ability in managing resources to achieve organization goals and objectives</td>
</tr>
<tr>
<td>Networking</td>
<td>Ability to create and maintain strong relationship with key person in the organization</td>
</tr>
<tr>
<td>Impact and influence</td>
<td>Ability to persuade, convince, influence or impress others in order to make them to support his/her business, interests or needs</td>
</tr>
<tr>
<td>Leadership of change</td>
<td>Ability to lead others that impacted on improving company’s performance</td>
</tr>
<tr>
<td>Building partnership</td>
<td>Ability to establish and develop a mutually beneficial partnership with the client and other units in organization to achieve synergy</td>
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Source: Adopted from Company’s document

3) Language Skills (Language Fluency)

Doing international assignments mean assignees work in host country away from the home country which may have different language, therefore language skills, whether English as mostly used language in business or local language, will be important for their success. Adler [28] argues that in international assignments, expatriates often experience job uncertainty and stress due to the differences in language. Lack of language is identified as one of reasons on expatriate poor performance and adjustment in host country [29,30,31]. Language skills is important for expatriate because they have to interact both in the work environment and in daily activities such as in buying food, finding transportation, and taking children to school [32].

Most research on language skills has explored local language ability and its relationship with performance and adjustment [33-36]. For example, Mendenhall and Oddou [35] concluded that local language knowledge could greatly facilitate interpersonal communication and relationship building. Very scant research, however, on how English contributes to expatriate performance.

C. Hypotheses

The hypotheses are tested in this research as could be seen in Figure 2 Hypothesized model. Those hypotheses are:

1) Hypothesis #1: Personal attributes directly impacts to expatriate performance on Short-term International Assignment

2) Hypothesis #2: Individual skills directly impacts to expatriate performance on Short-term International Assignment

3) Hypothesis #3: Language skills directly impacts to expatriate performance on Short-term International Assignment.

A. The Case Study

The case study organization in this research is an Indonesia’s State Owned Multinational Enterprise. State Owned Enterprises (SOEs) are legally independent firms with direct ownership by the state. The globalization of state-owned multinational companies has become an important phenomenon in international business (IB), however it has received scant attention in the literature [37]. There are 141 SOEs in Indonesia, which 11 of them are internationally operated in 27 countries. SOEs have strong contribution in the development of Indonesia’s economy and they were endorsed by Indonesian Government to expand their business globally.

Indonesia is one of the interesting emerging economies in the world; it is predicted to be number 8th of biggest Gross Domestic Product (GDP) in 2050. After introducing BRICS countries (Brazil, Russia, India, China and South Africa) in 2010, Jim O’Neill of Goldman Sachs popularized MINT countries (Mexico, Indonesia, Nigeria and Turkey, the acronym which was coined by the Fidelity Investments) as countries that have very favorable demographics and interesting economic prospects. Despite its interesting economic prospects, however, Indonesia has received very scant attention from academic research especially in international business field.
The company in this research is in the early stage of international expansion which currently has expanded their operation in 10 countries. They develop international expansion through four strategies: (1) Business follows people, which expands to countries where significant number of Indonesian stayed, such as Malaysia, Hong Kong, and Taiwan; (2) Business follows money, that expands to countries where they can utilize domestic comparative advantage to acquire business opportunity, such as Australia and Singapore; (3) Business follows the Traffic, that expands to countries where telecommunication, data and information from domestic flow, such as the USA, Singapore and Japan; and (4) Business follows Network, that expands to countries where their telecommunication network (i.e., Satellite, Fiber-Optic) have reached those countries, such as Myanmar, Timor-Leste, Brunei and Malaysia.

The company has aggressively developed their global employee through Global Talent Program, which mostly in short-term international assignment model, as a tool for developing their human resource global readiness and to solve the challenges in international expansion for some reasons. First, this model can leverage talent capability to run international business. Second, it provides flexibility and less bureaucracy for HR Managers in managing the assignment. Another reason, the model is effective to implement the strategy as well as to gain cost effectiveness.

B. Data Collection

Many previous studies rely on self-reported effectiveness ratings as the source of outcome data [15,38] which introduce a number of problems, including leniency error [39], restriction of range [40], and halo error [41]. Some other studies have utilized performance data gathered from supervisors [42], which may have concerns on the rater’s opportunity for regular and frequent observations of the expatriate’s on-the-job behaviors. Therefore, alternative data collection method (e.g., company’s database) may provide different perspective and another angle of observation which could improve understanding on the topic and meaningfulness of the study.

The data for this study were collected from company’s data base of Global Talent Program (GTP). The company assessed employee’s personal attributes (scale 1-10) and management skill (scale 1-10) through their Assessment Center Unit. Language skills data were collected from IELTS (English Language Testing System) test score which were conducted by registered IELTS test body. Performance data (scale 1-100) were assessed by performance committee consisting of mentor, human resource manager, host country supervisor, and group of experts.

There are 419 assignees who have finished their assignment in 23 countries (see Table 2), in which five host countries that have biggest number of assignees; approximately 19.3% were in East Timor, followed 16.2% in Australia, equal number of 9.8% in Singapore and Malaysia, and Hong Kong with 9.5%. Among the assignees there are 284 (67.78%) male and 135 (32.22%) female; 16 (3.82%) assignees age were between 46-55 years, 229 (54.65%) assignees were between 36-45 years and 174 (41.53%) were between 26-35 years old.

C. Data Analysis

Descriptive statistic (means and standard deviations) and correlations among the variables could be seen in Table 3 and Table 4. They show that performance on assignment correlates with management & leadership skills and language skills, which are significant at the 0.01 level. Approximately 22.4% of variance in management and leadership skill correlated with performance of international assignees in their short term assignment. Moreover, about 14.5% of variance in language skills correlates with the performance. Therefore, these variables are included in the multiple regression analysis predicting assignees performance on international assignment. However, personal attributes do not significantly correlate with performance.

| Host Country | Number of Assignees
<table>
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<tbody>
<tr>
<td>Australia</td>
<td>68</td>
</tr>
<tr>
<td>Brunei</td>
<td>4</td>
</tr>
<tr>
<td>Cambodia</td>
<td>2</td>
</tr>
<tr>
<td>China</td>
<td>31</td>
</tr>
<tr>
<td>East Timor</td>
<td>81</td>
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<tr>
<td>France</td>
<td>3</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>40</td>
</tr>
<tr>
<td>India</td>
<td>4</td>
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<tr>
<td>Japan</td>
<td>24</td>
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<tr>
<td>Malaysia</td>
<td>41</td>
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<tr>
<td>Myanmar</td>
<td>12</td>
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<tr>
<td>New Zealand</td>
<td>3</td>
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| Host Country | Number of Assignees
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<tr>
<td>Papua New Guinea</td>
<td>2</td>
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<td>Philippines</td>
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<tr>
<td>Qatar</td>
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<tr>
<td>Kingdom of Saudi Arabia</td>
<td>10</td>
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<tr>
<td>Singapore</td>
<td>4</td>
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<tr>
<td>South Korea</td>
<td>28</td>
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<tr>
<td>Taiwan</td>
<td>5</td>
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<td>Thailand</td>
<td>1</td>
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<tr>
<td>United Arab Emirates</td>
<td>4</td>
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<tr>
<td>United States</td>
<td>7</td>
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<tr>
<td>Vietnam</td>
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</table>

To test the hypotheses, researcher implements a multiple linear regression analysis, the results are presented in Table 5 showing that there is no significant evidence on the
relationship between personal attributes and performance. Therefore, the model cannot confirm the Hypothesis 1. Next, the results indicate positive impact of Management and Leadership skills on expatriate performance at the significant level \( p<0.01 \), confirming the Hypothesis 2. Finally, the results also indicated positive impact of language skills on performance at the significant level \( p<0.01 \), which confirms the Hypothesis 3.

Table 6 presents the model summary of regression between Management & Leadership Skills and Language Skills as independent variables and performance as dependent variable. Those two independent variables accounted for 6.2% of variance in expatriate performance.

![Table V. Multiple Regression Coefficients](image)

### IV. DISCUSSION AND CONCLUSION

**A. Discussion**

This research could not test the Hypothesis 1 because statistically it is not significant, which means that the relationship between personal attributes as independent factor (antecedent) and performance as dependent factor cannot be determined. One of possible reasons is the role of mediating variable, which mediates the relationship between personal attributes and performance. Based on the adjustment-performance relationship model [13], person factors have possibility to directly impact performance or through adjustment as mediating variable. Further research is required to explore adjustment as mediating variable on the relationship between personal attributes and performance. Another possible reason is that personality correlates more with contextual performance than with task performance [16, 17].

The second finding suggests that global management and leadership skills have direct and positive impact to expatriate performance, confirming the Hypothesis 2. This variable is accounted for 4.1% of variance in performance. Interestingly, as could be seen in Table 3, all sub variables in global management and leadership skills have significant correlation with performance. The biggest correlation is action management, which is probably needed by assignees to manage their program and activity during their assignment. The smallest correlation is decision making, this may probably due to short-term assignment assignees that did not often make important decisions.

The last finding suggests that language skills have direct impact to expatriate performance which explains 2.1% of variance in performance \( (R^2 = 0.021) \). The result, which based on quantitative method, is quite similar to previous qualitative research based on interview with 72 Human Resource Managers of Multinational Companies that language skill is accounted for 1.8% of expatriate success [29].

**B. Conclusion**

This study suggests that personal factors (management/leadership skills and language skills) have direct and positive influence on expatriate performance. These findings provide additional empirical evidence on the adjustment-performance relationship model proposed by Hasberger and colleagues [13], specifically on the direct relationship between antecedents and performance. This study also offers best practice for reducing failure and increasing performance of assignees in their short-term international assignments. Organization should consider carefully the personal factors in selection process and during the assignments.

There are several limitations of this study that may be potential for further research. First, this study applies archival data, therefore this study is limited to the items included in the data-set. Second, this is a single firm case study, focusing on international assignees from a stated owned multinational company in Indonesia who have been assigned in 23 host countries, therefore the result may not directly generalize to other firms in Indonesia nor firms in other countries. Further researches are needed to address other factors in the antecedent model such as factor of private life, work, and macro environment as antecedents of performance. Further research is also needed to provide empirical evidence on how adjustment (knowledge, feeling, and behavior) mediates and moderates that relationship.

### References


