Cross-cultural training, expatriate self-efficacy, and adjustments to overseas assignments: An empirical investigation of managers in Asia

AAhad M. Osman-Gani*, Thomas Rockstuhl

Nanyang Business School, Nanyang Technological University, Singapore

1. Introduction

Expatriate development is increasingly becoming an important Human Resource Development (HRD) issue for MNCs and international organizations (Osman-Gani & Tan, 2005). One of the major determinants of expatriate performance effectiveness is how well they adjust themselves to function appropriately in the host culture. Previous research has found that between 16 and 40% of all expatriate managers (mostly American) return prematurely from their overseas assignments due to their poor performance or failure in cross-cultural adjustment (Baker & Ivancevich, 1971; Black & Mendenhall, 1991; Dunbar & Ehrlich, 1986; Tung, 1981). While there is an increasing acceptance that failure rates might not be as high as originally claimed (Daniels & Insch, 1998; Foster, 1997; Harzing, 1995, 2002; Harzing & Christensen, 2004; Insch & Daniels, 2002) it is still accepted to be an important issue. This is even more so, if the concept of expatriate failure is also to include expatriates who stay on their international assignment but perform below expectations (e.g., Black & Gregersen, 1999; Fukuda & Chu, 1994; Harvey & Wiese, 1998). Although estimations of the costs of expatriate failure tend to vary widely and are not based on a fixed set of criteria (GMAC, NFTC, & SHRM, 2002; 2003; 2005a, 2005b) they likely cannot be neglected by organizations (Gregersen & Black, 1990; Waxin, 2004). As the cost associated with under-performance is likely to be even higher (Harzing & Christensen, 2004), it is crucial to identify the ways to reduce and eliminate such failures. Cross-cultural adjustments of expatriates and their families were found to be the most significant factors in this regard (Black, Mendenhall, & Oddou, 1991; Insch & Daniels, 2002; Shaffer, Harrison, & Gilley, 1999). Academic researchers as well as corporate management of multinational enterprises (MNEs) are searching for ways to address this issue from various perspectives, such as how to facilitate the cross-cultural adjustment.

In the adjustment process of overseas assignment, cross-cultural training has long been advocated as a medium to facilitate effective cross-cultural interactions (Bhawuk & Brislin, 2000; Black & Mendenhall, 1990; Brislin & Yoshida, 1994; Chemers, 1969; Deshpande & Viswesvaran, 1992; Landis & Bhagat, 1996; Landis & Brislin, 1983; Tung, 1981). Furthermore,
as international companies begin to compete more intensively in the global market, the role of cross-cultural training becomes increasingly crucial (Bhagat & Prien, 1996). Nevertheless, the practice of cross-cultural training is not yet pervasive in most organizations. The most prevalent reason cited by organization for not offering such training is that they perceived that such training is not effective (Baker & Ivancevich, 1971; Black & Gregersen, 1999; Mendenhall & Oddou, 1985; Osman-Gani, 2000).

To contribute to the knowledge on how cross-cultural training increases expatriates’ adjustment, we argue in this paper that cross-cultural training facilitates adjustment through an increase in expatriates’ self-efficacy. Higher self-efficacy reduces the perceived uncertainty in cross-cultural interactions which in turn leads to better adjustment. Self-efficacy has been shown to be related to cultural adjustment (Harrison, Chadwick, & Scales, 1996) but to our knowledge has not been linked to cross-cultural training. In conceptualizing self-efficacy explicitly as a dynamic rather than a stable trait (Leiby-O’Sullivan, 1999) and showing how self-efficacy mediates the relationship between cross-cultural training and expatriate adjustment we therefore extend the work of Harrison et al. (1996). We develop a general conceptual framework that incorporates these ideas and take a first step in testing parts of the framework by surveying a sample of 169 expatriate managers. The study demonstrates the mediating effect of self-efficacy on the relationship between cross-cultural training and adjustment. The results have practical implications in that they highlight what makes particular types of cross-cultural trainings more effective than others. We also discuss needs for future research on cross-cultural training, self-efficacy, and adjustment of expatriates.

2. Cross-cultural training

In international assignments, expatriates are often exposed to situations in their new environments in which they are uncertain what behaviors are acceptable and what is not (Adler, 2001). Expatriate literature suggests that the reduction of uncertainty is the key to adjustment (Black & Gregersen, 1991; Feldman & Brett, 1983; Gudykunst, 1998; Louis, 1980). Previous research also suggested that cross-cultural training enhances expatriates’ intercultural adjustment as they aid in the reduction of uncertainty (Black & Mendenhall, 1990; Deshpande & Viswesvaran, 1992; Earley, 1987).

Many studies have found that expatriates with cross-cultural training adjust better in the host country (Earley, 1987; Eschbach, Parker, & Stoeberl, 2001; Landis & Brislin, 1983; Mendenhall & Oddou, 1985; Tung, 1981). However, the evidence for the effectiveness of cross-cultural trainings is also quite mixed, with different studies showing a larger variance in correlations between cross-cultural training and expatriate adjustment and job performance (Black & Gregersen, 1991; Earley, 1987). An early meta-analysis by Deshpande and Viswesvaran (1992) examined the effect of cross-cultural training on the criteria of job performance and adjustment. They found moderately strong correlations (corrected for sampling and measurement error) of 0.39 and 0.43 for the effects of cross-cultural training on performance and adjustment respectively.

However, their study is limited in two important ways. Some of the articles included in the analysis by Deshpande and Viswesvaran (1992) examined the effectiveness of intercultural training on different ethnic groups within America which may not be sufficiently similar to pre-departure training for expatriates to justify aggregation (Morris and Robie, 2001). They also did not limit their samples to include only methodologically sound studies and thus their conclusions about cross-cultural training effectiveness may have been too optimistic (Kealey & Protheroe, 1996).

In addressing the first concern, and also including more recent studies, Morris and Robie (2001) in a meta-analysis found the relationships between cross-cultural training and adjustment ($r = 0.13$ after correction for sampling error and unreliability) as well as performance ($r = 0.23$ after correction for sampling error and unreliability) to be much lower. They also found strong evidence for potential moderators but did not have enough information to test some of the moderators that are suggested by the literature such as training type/method, time in training, total numbers of trainees, training content, and source of training (Landis & Brislin, 1983; Kealey & Protheroe, 1996).

In addressing the second concern, Mendenhall et al. (2004) in their review of evaluation studies of cross-cultural training programs from 1988 to 2000 also found the relationships between cross-cultural training and a variety of outcomes – including knowledge, behavior, attitude, adjustment, performance, and training satisfaction – to be less strong than suggested by prior research. They further highlighted the notion that the methodological rigor of a lot of these evaluation studies does not fit the criteria for rigor in cross-cultural evaluation research suggested by Kealey and Protheroe (1996) or Blake and associates (Blake & Haslin, 1983; Blake, Haslin, & Curtis, 1996).

In summary, these recent reviews seem to suggest that cross-cultural trainings are likely to have a positive effect on expatriates’ adjustment and performance albeit of a small magnitude. We therefore propose:

H1a. Expatriates who received cross-cultural training will have better adjustment in the host culture than those who did not.

Furthermore, not all types of training programs are going to be equally effective. The more effective a particular type of cross-cultural training program is, the better adjusted the participating expatriate should be. We thus expect a positive relationship between an effective cross-cultural training and adjustment.

H1b. Cross-cultural training effectiveness will be positively related to expatriate adjustment in the host culture.

Despite the claims of positive effects of cross-cultural training on adjustment in the literature, little is known about the processes through which cross-cultural training affects adjustment. We propose self-efficacy as one key concept to explain the relationship between cross-cultural training effectiveness and overseas assignment.
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