

## **The effects of country- level factors on expatriate outcomes**

### **Abstract**

Extant literature suggested that expatriates may be affected by differences in the following seven country-level factors between their home and host country, both inside and outside their workplace: technology, infrastructure and living conditions; political and legal systems and bureaucracy; labor market characteristics and economic systems; characteristics of relationships; perceptions of hierarchy; history and geography; and language. My dissertation deals with how these country-level factors affect expatriates' outcomes in their host country.

There have been calls to researchers studying expatriate outcomes to devise new ways of describing and conceptualizing expatriate experiences in terms of dimensions that are common across expatriate destinations (Dabic et al., 2015; Shaffer et al., 2012). My dissertation answers these calls, by conceptualizing country environments as being comprised of countrylevel factors. My dissertation thus broadens the dimensions of the difference between countries beyond that of 'culture-alone' factors. It is rooted in the belief that culture-alone factors, by themselves, are not exhaustive enough to explain an expatriate's experience of 'difference' between his home and host countries. Using culture-alone explanations neglects the effects of other country-level factors on expatriate outcomes (Xu & Shenkar, 2002). Also, while some of these country-level factors may be highly driven by cultural values, culture-alone explanations obscure which specific manifestations of culture affect expatriate outcomes, and ignore changes that have occurred in country environments (Shenkar, 2001; Xu et al., 2004). Organizational behavior literature exploring the effects of country-level factors on individual expatriate outcomes is very limited. My dissertation is positioned within this gap in literature, and focuses on expatriates' own views regarding their experiences and outcomes, and their chosen strategies.

It is meant as a first step towards describing expatriate experiences in terms of differences in country-level factors between home and host countries.

My dissertation is in three essays. My first essay deals with how country-level factors affect expatriates' adjustment. My second essay follows from the first and focuses on expatriate performance. My third essay builds on the insights gained in the previous two essays, and uses structural equation modeling to examine how one of the seven country-level factors – language – affects expatriate outcomes.

In the first essay, I identified an exhaustive list of exactly *which* aspects of each of the seven country-level factors affect expatriates' general, interaction and work adjustment; *how* these aspects affect each of the adjustment dimensions or what problems they cause; and the means by which expatriates overcome these problems to adjust to their host country environment. This essay was anchored in the demands-abilities stream of the personenvironment fit theory and based on semi-structured interviews with thirty one senior German managers (CXO/ Vice President level and equivalent) from DAX 30 organizations, who were expatriates.

Findings indicate that differences in country-level factors indeed explained the adjustment difficulties expatriates experienced in a given host country better than culture-alone explanations – pointing to the substantial impact of country-level factors on expatriate adjustment. Further, this essay yielded a comprehensive list of which country-level aspects expatriates believe affect their adjustment, as well as how these aspects affect their adjustment, and how expatriates tried to cope. Again, it is not the overall prevalence of a particular countrylevel aspect in the host country, but rather, the accessibility of that aspect to an expatriate, and the extent of the difference between that aspect in the home and host country, that affect expatriate adjustment. Therefore, for each adjustment dimension, these findings help

researchers formulate accurate measures and build meaningful models that incorporate the specific aspects of, and mechanisms by which country-level factors affect expatriate outcomes – like I did in

Essay 3. Also, all the adjustment strategies expatriates adopted can be classified as either reactive (the expatriate may choose to counteract the existing country-level factor in the host country, so that his experience is more like in his home country) or forbearing (the expatriate may choose to actively embrace and work with the existing factor in the host country). This classification reveals purpose and consideration behind expatriates' adjustment strategies.

Theoretical, empirical and organizational implications of the findings are discussed.

In the second essay, I examined expatriates' perspectives on how organizational performance management systems can aid in expatriate performance – given that expatriates in a new country face difficulties maneuvering through different country-level factors, both inside and outside the workplace. Thus, this essay dealt with the characteristics of organizational performance management systems that expatriates find helpful to their performance, as well as why expatriates find these characteristics helpful. Grounded in the needs-supply stream of the person-environment fit theory, I conducted semi-structured interviews with twenty one senior expatriate managers (CXO/ Vice President level and equivalent) who worked in India.

Conceptualizing expatriate experiences in terms of differences in country-level factors helped gain insights about more tangible ways in which performance management systems can be tailored for expatriates. For example, the study yielded a set of recommendations that expatriates suggested about how the various elements of the performance management system – such as goal setting, training, development, feedback, mentoring, appraisal, pay and incentives – can facilitate expatriate performance in a new country context. Also, expatriates'

need for communication and networking emerged as their single largest need, and underlined expatriates' preferences for almost every element of the performance management system. Findings also indicate that performance management systems should address repatriation just as assiduously as expatriation. Finally, similar to the first essay, the findings of this essay indicate that differences in country-level factors cause difficulties for expatriates' performance, moving the dialogue away from culture-alone factors. Implications for organizations and for theory are discussed.

The third essay is a larger sample study of one of the seven country-level factors:

language. Essay 3 drew on the insights gained from Essays 1 and 2. Here, I conceptualized the term 'linguistic competence' to study how language affects expatriate outcomes. Even when expatriates know English, the expatriates' linguistic competence – the way they speak, write, understand, use small talk and their accent – may differ from host country coworkers' expectations of what constitutes 'good English'. This essay examined whether the relationship between the expatriate's linguistic competence and the expatriate's outcomes occurs due to social exclusion in the workplace. To do so, I synthesized extant literature in the fields of expatriation, social exclusion and language studies. I tested my model using a sample of 169 dyads of expatriate professionals and their immediate host country coworkers, from organizations where the primary workplace language was English. The results indicated that lower the coworker's perception of the expatriate's linguistic competence, (i) higher is the expatriate's perceived workplace exclusion, (ii) lower the expatriate success in the overseas assignment, (iii) higher the expatriate's intention to repatriate, and that workplace exclusion mediates the relationship between the expatriate's linguistic competence and expatriate outcomes. These findings suggest that expatriates using English differently from host country coworkers' expectations evoke ideas of difference, separate from those evoked by differences

in ethnicity, and increase expatriates' perceived social exclusion. Further, it is not knowledge of a language in itself that affects expatriate outcomes, but perceived linguistic competence.

Theoretical, empirical and practical implications are discussed.