

ANTECEDENTS TO EXPATRIATE SATISFACTION, COMMITMENT AND INVOLVEMENT: A STUDY OF ESB INTERNATIONAL

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Expatriation in ESB International

The Electricity Supply Board (ESB) is Ireland's national electricity utility. ESB is responsible for the generation, transmission and distribution of electricity in the Republic of Ireland. Established in 1927, ESB has always maintained a policy of self-sufficiency in engineering expertise, with ESB engineers being responsible for the ongoing development of the Irish electricity system from the company's foundation to the present day.

In the mid 1970's, ESB's operating environment changed radically. Recession in Ireland, and in the world generally, resulted from the first oil shock in 1974. This translated into a collapse in electricity demand which caused ESB to drastically reduce its capital investment programmes. As a result, the company's substantial technical resources - in the form of staff - now exceeded requirements. It was primarily for this reason that ESB began to seek alternative work overseas for its technical staff, and in 1975 the first consultancy contract was obtained, in the Arabian Gulf.

From these early beginnings, ESB has increased and broadened its overseas operations. In 1989 activities were reorganised into a related group of companies under ESB International (ESBI), which is in turn wholly owned by ESB. Currently over 600 staff are employed full-time, with additional numbers coming into the group from ESB or elsewhere as required. Since 1976 over 1000 people have completed overseas assignments for the company. Functionally, the range of activities has expanded beyond engineering, to include other disciplines such as information technology, finance, accounting and general management consultancy. Operations have also expanded geographically, with significant activity today in Central and Eastern Europe, the Middle East, South East Asia, and Africa.

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Motivation for this study

The majority of ESBI's business, and consequently its revenues, arise outside Ireland. ESBI overseas staff are in direct, daily contact with clients, and their expertise and ability to perform effectively overseas are therefore critical factors in the success or otherwise of the company. This study aimed to review expatriate performance in the company; to ascertain the main factors that impinge on performance; and to identify how performance might be sustained and improved.

Expatriate failure rates and costs

Although many authors define expatriate failure as premature return home from an assignment, there is also recognition that an assignment may last for the specified time, but with the expatriate performing poorly. Lanier (1979) refers to "brownouts". There is considerable evidence on actual failure rates. Tung (1981) found in a survey of US based companies that 69% had recall rates of 10-20% of expatriates, and 7% had rates from 20-40%. Some researchers however have found evidence of lower rates in non-US companies (Brewster, 1993). Scullion (1991) found that 90% of UK and Irish based firms surveyed were satisfied with their expatriates' performance.

The costs of failure can be extremely high. Overman (1992) cites direct failure costs of 4 to 6 times the base salary, while a 1990 survey of British expatriates quotes rates of 2 to 5 times home salary (CBI Employee Relocation Council, 1990). Indirect failure costs can also be substantial, and it has been suggested that these can be even more serious. Costs to the firm can include damaged reputation, poor performance, and damaged relations with clients and host governments (Misa and Fabricatore, 1979; Peach et al, 1982; Zeira and Banai, 1985; Dowling, 1986; Zeira and Banai, 1987; Evans et al, 1989; Hamill, 1989; Black and Gregerson, 1990; Naumann, 1992; Dowling et al, 1994; Solomon, 1994). For the expatriate, costs can include damaged career prospects, emotional upheaval, and reduced self-esteem, confidence, job satisfaction and motivation (Misa and Fabricatore, 1979; Tung, 1987; Forster, 1990; Dowling et al, 1994; Solomon, 1994; Tu and Sullivan, 1994).

Reasons for expatriate failure

There has been a tendency in the literature to examine expatriate failure in a piecemeal fashion. For example, the process of expatriate selection, and how this might be related to subsequent performance, is examined in isolation from other issues which may also have an important bearing. Naumann (1992) has suggested that a more holistic view must be taken. Naumann proposes a model of expatriate turnover which defines a set of "predictor variables" which are central to the turnover process. This study uses Naumann's predictor variables as a loose framework within which to examine expatriate performance in ESBI. The actual variables considered in this study are summarised in Figure 1.

Satisfaction, commitment and involvement

From the company's point of view, successful and effective expatriate assignments are clearly desirable. However, it can be difficult to define what is meant by success or failure, or to measure it (Hays, 1974; Hawes and Kealey, 1981; Stening, 1994). Indeed, job performance, which tends perhaps to be the focus of most companies, may only be one facet of what constitutes overseas success. It is necessary to attempt to "disaggregate" the notion of success into more meaningful dimensions, which can then be examined or tested.

Figure 1: Predictor Variables

Job/task characteristics

Skill variety

Task identity

Autonomy

Task significance

Role ambiguity

Role conflict

Similarity between normal/foreign job

Family characteristics

Family satisfaction

Number of children

Age of children

Duration family present overseas

Spouse's employment status

Organisational characteristics

Amount of training/preparation

Length of overlap period overseas

Worker characteristics

Job tenure

Length of overseas experience

Age

Organisational level

Expectations

Linguistic ability

Motivation

Career path clarity

Country characteristics

Cross cultural adjustment

Naumann proposes that the constructs of satisfaction, commitment and involvement are important intermediate linkages between predictors of employee turnover and actual turnover. Naumann justifies the selection of these constructs by referring to a considerable body of supporting theory and studies. Since expatriate turnover can be considered a symptom of failure, albeit an extreme one, it is reasonable to propose that these three constructs can also be seen as *antecedents* of success.

In defining job satisfaction, Naumann quotes Locke (1976), who offered that it is the "positive emotional state resulting from the appraisal of one's job or job experiences". Mowday, Porter and Steers (1982) define organisational commitment as the worker's "strong belief in the organisation's goals and values, a willingness to exert considerable effort on behalf of the organisation, and a strong desire to remain a member

of the organisation". Turning to job involvement, Naumann quotes Blau (1985), who speaks of "the extent to which an employee identifies psychologically with his/her job". Naumann also suggests that the three constructs may be strongly and positively related, but does not attempt to define or assume any causal relationship.

Research objectives

The overall objective of the study was to carry out an investigation of expatriation in ESBI, to determine how effective this process was, and what factors might be contributing to effectiveness or otherwise. This led to several individual research objectives:

- To obtain a profile of persons who had carried out expatriate assignments for ESBI
- To determine the levels of satisfaction, commitment and involvement experienced by these expatriates
- To ascertain how predictor variables might be linked to satisfaction, commitment and involvement, and how these three constructs in themselves might be linked. Such links will be the main focus of this paper.
- To investigate the process of expatriation in ESBI, so allowing subsequent comment in the light of the other findings.

Research methodology

To investigate the process of expatriation in ESBI, the key informant interview technique was chosen. This is particularly applicable where the necessary information resides with a limited number of people with idiosyncratic, specialised knowledge (Jankowicz, 1991). In this case, six ESBI managers, all of whom had significant recent experience of expatriate selection and management, were interviewed.

Turning to the expatriates themselves, a more structured technique was appropriate, since it was intended to apply numerical and statistical analysis to the data in order to investigate the research objectives. As many of the potential respondents would be personnel currently engaged on overseas assignments, the postal survey technique was selected.

Sampling method

Although ESBI staff can be engaged on various lengths of assignment, the survey was confined to those who had been overseas for at least 6 months, since the issues in question were of less significance to those who had been on shorter assignments. Since the formation of ESBI in 1989, reasonably complete records of expatriates had been kept, allowing a total population of 118 long term expatriates to be identified. Given this population size, a census approach, rather than sampling, was used.

Questionnaire design

In designing the questionnaire, the emphasis was on closed questions, for example attitude scales and multiple choice questions. Wherever possible, existing attitude scales were adapted, although in some cases new scales were developed. A number of open response questions were also included, to increase respondent interest and spontaneity and to facilitate new insights. A pilot survey was carried out among a number of ESB staff who had formerly been expatriates, but who were not members of the census population. This allowed a number of improvements to be made to the instrument.

Survey administration

Since the questionnaire contained a number of questions which might be construed by some respondents as sensitive, replies were anonymous, and were treated in confidence. To enhance the return rate, respondents were contacted in advance wherever possible, and follow-up letters were also sent.

Main findings and discussion

Profile of respondents

From a total of 118 postal questionnaires sent out, 98 were returned. One of these was uncompleted, representing a valid return of 97 questionnaires, or 82%.

98% of the respondents were male, and the mean age was 41.5 years. 83.5% were married or had a partner. Respondents had completed assignments in a total of 22 countries, the mean period of overseas experience being 2.5 years. According to the scales used in the study, the group exhibited reasonably high mean values of satisfaction, commitment and involvement, as shown in Figure 2 below.

Figure 2: Scores for Satisfaction, Commitment and Involvement

	<i>Max. Possible</i>	<i>Mean</i>	<i>Standard deviation</i>
<i>Satisfaction</i>	30	23.0	2.67
<i>Commitment</i>	35	27.9	3.73
<i>Involvement</i>	35	25.8	3.24

Correlations

Abbreviated Pearson and ANOVA correlation matrices are shown at the end of this article (Figures 3 and 4). These show some of the more significant associations between the dependent variables and the three constructs of satisfaction, commitment and involvement, in addition to associations between the constructs themselves. Full correlation matrices are presented in the dissertation itself. The following sections discuss these findings.

Job/task characteristics

Job/task characteristics appeared to have the most pervasive links with satisfaction, commitment and involvement. While it is tempting to conclude that other predictors were less important, this may be erroneous, since more job/task related variables were considered than any other type.

Skill variety was found to be strongly linked to satisfaction, and the importance of this dimension was also mentioned in a number of open-response replies.

The relationships between *task identity* and all three dependent variables were confirmed. Many respondents also identified responsibility as being an important motivator, and it could be argued that task identity is additionally a necessary precursor to responsibility.

Autonomy was correlated with satisfaction, and this was confirmed in a number of open response replies.

A correlation was found between *task significance* and involvement, but interestingly no link was found with satisfaction or commitment.

Role ambiguity and *role conflict* were both found to be correlated negatively with satisfaction and commitment as expected. No link was found however with involvement. The reason is unclear, however it is possible that role conflict and role ambiguity may actually increase job involvement - where an individual increases job involvement in an effort to reconcile role conflict or ambiguity.

Interestingly, *job similarity* was found to be negatively associated with the three dependent variables, a significant correlation being found in the case of involvement. This implies that satisfaction, commitment, and particularly involvement increase as job dissimilarity increases. This may suggest that dissimilarity in work duties can present new challenges and responsibilities for the expatriate, so increasing motivation and job involvement. This conclusion was also supported by the open-response data obtained in the survey.

Organisational characteristics

While a correlation was found between job involvement and *predeparture training*, the restricted range of results precluded any dependable conclusions. Many of the expatriates however stated that they felt additional training and preparation would have benefited them, a view also supported by most of the ESBI managers.

Length of *handover period* - in other words the length of overlap with a previous incumbent - was found to be significantly correlated with commitment, however since less than 20% of respondents were in this situation, the result is not generalisable.

Worker characteristics

No significant correlations were found between the dependent variables and *job tenure*, *previous international experience*, or *age*. These findings are somewhat at odds with

previous research, although the directions of association were generally as expected. *Organisational level* was however found to be significantly correlated with commitment, with very junior, or very senior staff having the highest levels of commitment. For junior staff, this might be due to an ambition to "make a mark" early on in their career, whereas for senior staff, commitment might be a precursor of reaching such a position, rather than an outcome as such.

Although previous researchers have suggested the importance of *expectations* and *linguistic ability*, this study found very limited evidence to suggest any link with the dependent variables.

The questionnaire asked respondents to identify their most important motivators for going overseas. Interestingly, the most important factor was remuneration, despite the fact that this did not feature to any great extent in open response replies. ESB International managers also stated that they felt remuneration would not be a prime motivator for most people. Other more "positive" motivators such as increased responsibility and the chance to gain experience and knowledge, were also found to be important, however.

Family considerations

As expected, a clear association was found between worker satisfaction and *family satisfaction*. It could perhaps be debated that worker satisfaction is an antecedent of family satisfaction, rather than the other way round. What is more likely is that the two variables are interrelated in some way.

Some research suggests that the younger, and fewer the children relocating with the expatriate, the more positive his work experiences will be. In this survey however, no significant associations were found. Similarly, no significant association was found between the dependent variables and the proportion of the assignment for which the expatriate was accompanied. The lack of support for these hypotheses appears to contradict the literature somewhat, but most of this literature focuses on extreme cases, where the assignment has been a failure, and examines how family factors have contributed to this failure. This is a different proposition to searching for a *positive* connection with the dependent variables.

Where spouses had given up work to accompany the expatriate, commitment and involvement of the expatriate were found to be *greater* than average, rather than less, which was the anticipated result. A possible explanation could be that in dual earner couples, the spouse will tend to give up work only in certain cases, for example where the husband exhibits high commitment and involvement. This view then sees expatriate commitment and involvement as a *prerequisite* to the spouse leaving her job, rather than a *consequence*.

Educational facilities in the host country and the wife's career were found to be major militants against wives joining their husbands. This echoes much of the extant literature.

Country characteristics

The only association found was between location and commitment. This finding must be viewed with caution - while it is conceivable that commitment varies due to a country specific factor such as cultural distance, it is also possible that some "collateral" effect might be acting, unrelated to the country per se - for example related to the management style of the resident country manager.

Career path issues

The expatriates' perception of the career value of the assignment was significantly associated with satisfaction. This was not quite as expected - if career path clarity were to be related to only one dependent variable, then commitment, or job involvement, would seem to be more logical contenders.

Most of the respondents however stated that career path issues were important, indeed the opportunity to increase promotional potential was seen as an important motivator for going on an assignment.

Cross-cultural adjustment

As anticipated, cross-cultural adjustment was found to be significantly associated with satisfaction, commitment and involvement. This confirms the extensive literature pointing to the importance of this variable. In contrast, the ESBI managers appeared to be less convinced of the importance of cross cultural adjustment.

Inter-construct relationships

The results confirmed the existence of a correlation between the three dependent variables. While this is interesting in itself, there are also important implications for the other research results - in some cases, independent variables were found to be associated with one, or two dependent variables, but not with all three. This last finding implies that wherever a relationship has been found between an independent variable and *any* dependent variable, then a relationship might also be present with the others, but too weak to detect in this survey.

Generalisability of Findings and Limitations

By definition, this study was conducted in-company. Since the sample was defined as the full population of current and recent expatriates, and the response rate was high, the findings must therefore be an accurate representation of expatriation in ESBI. Caution must be taken though in wider application of the results, due to the particular nature of the sample and their experiences. This being said, the results nevertheless provide a useful point of comparison for future studies in this area.

The main limitation was the restricted number of cases, which limited the

statistical power available for statistical analysis, and the wider generalisability of findings. Secondly, pre-constructed attitude survey items were used mostly in the assumption that these were valid for the sample in question. This approach was felt to be acceptable in an exploratory study of this kind, but it is recommended that in any larger scale study, full validation of attitude scales would be carried out.

Suggestions for Further Research

- Contrary to what might have been expected, several job/task characteristics were found *not* to have links with the dependent variables. These may warrant further research, either in ESBi or elsewhere
- Within ESBi, the issue of family adaption/satisfaction deserves further attention, ideally by researching these constructs directly with family members.
- The study focused on the situation of expatriates overseas, and only peripherally examined questions/issues related to repatriation. It would be worthwhile examining further the process of repatriation in ESBi, in particular the issues of reverse culture shock and effects of expatriation on career path.
- There may be benefit in examining particular cases in ESBi where the expatriate assignment has *not* been a success, with a view to identifying possible reasons for failure.
- Due to limitations in the number of available cases, the study was unable to include effectively the large number of predictor variables necessary to describe a holistic model of the type proposed by Naumann (1992). This would require a larger scale survey, either in a larger company, or possibly across a number of companies.
- Longitudinal studies in ESBi or elsewhere could be of benefit in showing the development of satisfaction, commitment and involvement before, during and after expatriate assignments.

Figure 3: Correlations: Pearson's r

	Satisfaction	Commitment	Involvement
<i>Job/task characteristics</i>			
Skill variety	.4263 *	.0224	.2790 *
Task identity	.2372 *	.3173 *	.2200 *
Autonomy	.3243 *	.0695	.0548
Task significance	.1641	.1204	.2758 *
Role ambiguity	-.3373 *	-.2887 *	-.1273
Role conflict	-.1905	-.2282 *	-.0053
Job similarity	-.1699	-.0922	-.2954 *
Length of training	.1648	.0970	.2357 *
Handover period	.1542	.2147 *	.1630
Family satisfaction	.3382 *	.2613	.0561
Career path clarity	.2296 *	.1361	.1015
Cross-cultural adjustment	.3249 *	.2049 *	.2005 *
Satisfaction	-	-	-
Commitment	.3996 *	-	-
Involvement	.2673 *	.1984	-

* p <= .05

Figure 4: Correlations: F ratios

	Satisfaction			Commitment			Involvement		
	dF	F	P	dF	F	P	dF	F	P
<i>Organisational level</i>	9	1.704	.100	9	2.156	.033*	9	1.035	.419
<i>Spouse gave up</i>									
<i>job/not?</i>	1	1.054	.309	1	4.770	.033*	1	4.694	.035*
<i>Country location</i>	8	1.370	.224	8	2.446	.021*	8	1.897	.073

* p <= .05

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