The Relationship between Socio Cultural Adjustment and Extrinsic Job Satisfaction

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Abstract
In international assignments a variety of monetary incentives are offered. Commonly known are for example, compensation for moving to the foreign location, housing expenses, education tuition and travel allowances. Many of these incentives are reported to influence extrinsic job satisfaction in the domestic setting but little is known how they affect the cross-cultural adjustment process. This study investigates the relationship between the dimensions of sociocultural adjustment (general, interaction and work adjustment) and extrinsic job satisfaction for Nordic (Danish, Finnish, Icelandic, Norwegian, and Swedish) expatriates in the U.S. The findings of this study reveal a positive relation between general, interaction and work adjustment towards extrinsic job satisfaction.

Keywords: Cross-Cultural Adjustment, Job Satisfaction, Expatriate

1. Introduction
For many companies, expatriate managers are the cornerstone in international assignments and joint ventures (Scullion & Brewster, 2001). Multinational companies most often send parent country nationals abroad to ensure that the policies and procedures of the home office will be carried out in the foreign operation. Therefore expatriates play a critical role in transferring knowledge and build new relationships (Chu, Wu, Zhuang, & Hsu, 2009; Deshpande & Viswesvaran, 1992). Any position where local country personnel lack the expertise or knowledge to adequately perform the required functions may serve as potential expatriate assignment (Van der Heijden, Van Egen, & Paauwe, 2009). Potential benefits of expatriate assignments include developing local country personnel, establishing high-level contacts with host country governments, serving key clients on a global basis and developing a team of internationally competent managers (Edstrom and Galbraith, 1977; Harvey & Novicevic, 2001). While the emphasis may have shifted somewhat from filling a skill gap to management development (Adler & Barholomew, 1992), all three reasons still pertain today (Tungli & Peiperl, 2009).

Although cross-cultural adjustment is only one of many subjects associated with expatriation and failure, a further understanding of the factors that facilitate expatriate adjustment process could help practitioners and organizations to gain critical knowledge to reduce the failure of international assignments. The expatriate failure can be very expensive for the companies, and in the case of expatriate recalls, the direct costs could include salary, training, travel and relocation expenses (McNutly, De Cieri, & Hutchings, 2009). Suutari and Brewster (2003) argue that the average cost per failure to the parent country company can be as high as three times the domestic salary plus the cost of relocation, depending on currency exchange rates and location of assignment.

2. Literature Review
In the literature of international adjustment, the concept of sociocultural adjustment has been proposed and defined (Ward & Kennedy, 1992). Sociocultural adjustment refers to the individual’s ability to fit in the new cultural environment measured by the amount of difficulty experienced in the management of everyday situations. Black, Mendenhall, and Oddou (1991) proposed a model for sociocultural adjustment. The model acknowledges three dimensions of in-country adjustment. The three dimensions are general adjustment (refers to the psychological comfort relating to factors of the host cultural environment such as weather, living conditions and food), interaction adjustment (refers to adjustment to different communication styles in the host cultures and to communication with host country nationals), and work adjustment (refers to the psychological comfort involving different work values, expectations and standards). This theoretical framework of sociocultural adjustment has been supported and validated by a number of researchers (Black & Gregersen, 1990, 1991; Black & Stephens, 1989) and was found to be a good fit for this study.
The most basic definition of cross-cultural adjustment cannot be discussed in isolation of expatriate manager satisfaction. A manager who is not satisfied with the assignment itself, life abroad, or the personal consequences of the assignment may neither adjust nor last for the duration of the foreign assignment. Research studies have demonstrated that expatriate job satisfaction has a distinct influence on assignment completion (Culpan & Wright, 2002) but few have examined the influence job satisfaction has on cross-cultural adjustment. The unique cultural environment often encountered internationally may be viewed as interesting by expatriates. The challenge of learning about and adapting to different culture may result in higher levels of satisfaction, particularly when such efforts are successful. Also, expatriates are often granted additional monetary incentives, such as compensation for moving to the foreign location, housing expenses, education tuition and travel allowances which may lead to greater extrinsic satisfaction. As a result, the concept of extrinsic motivation is appropriate for international research.

Frederick W. Taylor, the founder of Scientific Management was a believer in the rational-economic needs concept of motivation. He believed that employees could be motivated and satisfied by high monetary rewards (Locke & Latham, 1990). Based on Herzberg’s theory, extrinsic rewards such as pay and security must be appropriate, working conditions must be safe and supervision must be adequate. By providing extrinsic rewards at an appropriate level, managers would not stimulate motivation but merely ensure that employees are not dissatisfied. Extrinsic rewards are often referred to as satisfying mainly Maslow’s lower level of needs, or Herzberg’s hygiene factors (House & Widgor, 1967). In international assignments, monetary incentives often play a major role in the willingness of an expatriate to leave his home country (Felps et al., 2009). Many organizations have realized that the main problem with cash incentives is that they are not performance related and therefore cost stockholders enormous amounts of money. Another problem with cash incentives is that employees who have received a bonus once will expect another one to follow in the near future (Darling, 1997). Herzberg (2003) argued that just because too little money can irritate and demotivate does not mean that more and more money will bring increased satisfaction. For example, if someone’s pay were cut in half, his or her morale would suffer enough to undermine performance. However, it does not necessarily follow that doubling that person’s pay would result in better work (Kohn, 1993). Financial rewards may have no intrinsic meaning, but they acquire significant motivating power because they come to symbolize many intangible goals. They act as symbols in different ways for different people and for the same person at different times (Herzberg, 2003).

Among the other extrinsic aspects are salaries, position within the company, work conditions, work environment, and the type of supervision employees receive. Most workers appreciate that co-workers and supervisors are pleasant and research has shown that supervisors who show workers consideration have more satisfied staff than not. Westover and Taylor (2010) examined job satisfaction for various countries and found that work relations with management are found to be the dominant factor affecting Norwegian employees’ job satisfaction. These findings are consistent with Lindell and Arvonens’s (1997) research on Nordic management and Hofstede’s (2001) research on national culture. The relationship between the employer and the employee in individualist societies (such as the U.S.) are primarily conceived as a business transaction, a calculative relationship between buyers and sellers on a labor market (Hofstede, 1997, p.64). Such an image appears like the opposite of the relationship found in the Nordic countries’ workplace. According to Haines, Saba and Choquette (2008), the social support is likely to be effective depending on the extent that it is perceived. The way the expatriate is satisfied with the perceived nature and quality of the relationship with coworkers, supervisors, and the extrinsic motivation in general, is therefore likely to have an effect on the employee’s cross-cultural adjustment.

Naumann (1992) noted that not all foreign assignments are created equal, and that dissatisfaction with national environment is a known cause of expatriate discomfort. Hippler (2009) found for example that individuals place some blame on environmental elements for their workload predicaments, and they feel they have to work twice as hard to achieve the same results as they would back home. Therefore, the cost of living, work duties, workload and coworkers, salary, benefits, career advancement, supervision, housing facilities, transportation, cultural enrichment opportunities and cultural barriers all play a significant part in expatriate job satisfaction. It has been argued that dissatisfied expatriates are more likely to engage in counterproductive work behaviors, such as turnover, which adversely affects the organization (Hippler, 2009). Considering that, expatriates work in overseas environment, which have dissimilar political, cultural, and economic conditions the new environment can often evoke job related personal problems (Lee, 2006).
Therefore, organizations need to address the expatriate level of job satisfaction as it can lead to probes that may bring about stress and dissatisfaction inside and outside of the expatriate life as well as turnover, which has proven to be extremely costly (Lee, 2006). High expatriate turnover has encouraged research efforts to isolate the causes of the turnover. Most commonly, the expatriate turnover research has focused on three general issues: selection of the expatriate (Mendenhall, Dunbar & Oddou, 1987; Mendenhall & Oddou 1995; Tung, 1988; Zeira & Banai, 1985), cross-cultural training programs (Black, 1988; Black & Mendehall, 1990; Tung, 1984) and spouse or family issues (Black & Stephens, 1989; Harvey, 1995; Collins, Scullion, & Morely, 2007). The fact that expatriate turnover is higher than equivalent domestic turnover is well known (e.g. Bhaskar –Shrinivas, Harrison, Shaffer, & Luk, 2005; Hechanova, Beehr, & Christiansen, 2003). Given the wealth of literature that has linked job satisfaction to employee turnover in the domestic setting, it is surprising that job satisfaction among expatriates has not received more research attention.

3. Methodology

This study applied a quantitative research design, the population and instrument will be discussed in the following.

3.1 Population

Danish, Finnish, Icelandic, Norwegian, and Swedish organizations, embassies, associations, and chambers of commerce in the U.S. were contacted. Targeted expatriates were invited to participate in this study via the internet inviting. The total number of expatriates located, and who received an invitation to participate, was 942. Of the 942 surveys that were distributed, 228 surveys were found to be a match with the targeted group and were usable. The sample was found to be compatible with other research done in the field, where the sample size for western and Arab expatriates has been for example 200-250 with 71- 100 usable responses (Dagher, 2010; Heijden, Engen & Paauwe, 2009; Kim & Slocum, 2008). Respondents were from five different nationalities. The most frequent nationality reported by the respondents was Danish, with a frequency of 35%. The following frequencies reported were Swedish (21%), Finnish (19%), Icelandic (14%), and Norwegian (11%). A relatively even participation between the genders was found, 51% of respondents reported as male and 49% reported as female. A total of 11% of the respondents were 20-30 years old, over 42% of the respondents were between the ages of 31-40, and 27% were between 41-50 years old. Eleven percent of the respondents were between the age of 51-60, and finally, 9% were in the age category of 61 and older. A total of 6% of participants had a high school degree and over 36% had a bachelor’s degree. Another 44% had a master’s degree and 7% had a professional degree. Finally, 6% had a doctorate degree.

3.2 Instruments

The three dimensions of sociocultural adjustment were measured using scales developed by Black (1988), and Black and Stephens (1989). Fourteen questions represent the three dimensions of cross-cultural adjustment: general adjustment, interaction adjustment and work adjustment. Seven questions represent general adjustment, four questions represent interaction adjustment, and three questions represent work adjustment. Questions were rated on a 7-point Likert scale ranging from 1, as very unadjusted, to 7, as very adjusted. To measure job satisfaction the Job Satisfaction Scale (JSS), developed by Spector (1997), was adapted and used. The Scale measures employee job satisfaction in human service, public and non-profit organizations. The original instrument contains 36 items distributed over nine facets, 4 items each. The nine facets are pay, promotion, supervision, benefits, contingent rewards, operating procedures, coworkers, nature of work and communication. Due to the relevance of the facets measured and the nature of international assignments, this scale was found to be appropriate for this study. The items were rated on a 7-point Likert scale ranging from 1, as strongly disagree, to 7, as strongly agree.

4.0 Results

The reliability of the extrinsic job satisfaction scale was examined in relation to Cronbach’s alpha and KMO. The initial survey consists of 36 items and has a reported reliability of .91. For the purpose of this survey, 18 questions in relation to extrinsic job satisfaction were selected and used. When measuring the reliably of the scale with 18 questions, Cronbach’s alpha was found to be .86. A Kaiser-Meyer-Olkin (KMO) measure of sample adequacy was also run for the 18 questions relating to extrinsic job satisfaction. The results of the KMO test were found to be significant and were found to be .884. The high value indicates that the pattern of correlations among items is relatively compact and well above the recommended value of .5 as suggested by Field (2003). To examine the relationship between sociocultural adjustment: general, interaction and extrinsic job satisfaction a correlation analysis was performed.
In relation to general adjustment, a positive relationship was found \((r=0.58)\) to extrinsic satisfaction. A significant positive relationship was found between interaction adjustment and extrinsic job satisfaction \((r=.175, p<.05)\). A significant positive relationship was also found between work adjustment and extrinsic job satisfaction \((r=.63, p<.01)\). The results of the correlation analysis indicated that the more satisfied Nordic expatriates are with the extrinsic job satisfaction, the more they adjust to work.

Following the correlation analysis a regression analysis was performed. Extrinsic job satisfaction \((\beta=.28, t(2.97) = 5.44, p < .05)\) was found to be significant contributor to general adjustment. This indicates that when extrinsic motivation increases by one (on the Likert scale), then general adjustment increases by 0.28 on average. The results of the regression analysis indicated that extrinsic job satisfaction such as salary, bonus and other incentives relating to living abroad had a positive effect on general adjustment. Extrinsic job satisfaction \((\beta=.28, t(2.45) = 6.10, p < .05)\) was also found to be a significant contributor to interaction adjustment. This indicates that when extrinsic job satisfaction increases by one (on the Likert scale), interaction adjustment increases by 0.28 on average when controlling for all the other variables in the model. The results of the regression analysis indicated that extrinsic satisfaction such as salary, bonus and other incentives relating to living abroad had a positive effect on interaction adjustment for Nordic expatriates in the U.S. Finally, extrinsic job satisfaction \((\beta=.35, t(3.08) = 127.84, p < .05)\) was found to be significant contributors to work adjustment. The coefficients of the regression model suggest that this variable has an effect on work adjustment. This indicates that when extrinsic motivation increases by one (on the Likert scale), then work adjustment increases by 0.348 on average.

5. Discussion

Research has suggested that job satisfaction can be generated when workers receive intrinsic or extrinsic rewards from their jobs (Bénabou & Tirole, 2003; Naumann, 1993; Westover & Taylor, 2010). The unique cultural environment, often encountered internationally, may be viewed as interesting by expatriates and therefore it influences the expatriate in a positive way. In addition, expatriates are often granted additional incentives, such as compensation, housing, education, and travel allowances, which may lead to greater extrinsic satisfaction. The results of this study indicate that extrinsic satisfaction such as salary, bonus, work conditions, position, supervision, as well as other incentives relating to living abroad, had a positive effect on all the sociocultural variables, general, interaction, and work adjustment. The results of the regression analysis indicate that the more satisfied the Nordic expatriate is with the extrinsic motivation, the more adjusted he or she is. This positive relationship is understandable as it indicates that increased satisfaction with salary and other benefits relates directly to where and what kind of housing Nordic expatriates are capable of renting while on the assignment in the U.S. The findings also indicated that extrinsic satisfaction has a positive impact on interaction as well as work adjustment. This might indicate that those expatriates that experience satisfaction with salary and benefits adjust better to interacting to host nationals. This is perhaps because with greater financial resources Nordic expatriates have more opportunities to go out on a regular basis, and, as a result, get more experience to interact. The positive effect of salary, benefits, and other incentives, on work adjustment, can be explained in relation to the psychological comfort in the work. Knowing that the work is being paid in relation to work expectations might therefore increase the chance of the Nordic expatriate’s work adjustment. The work environment and supervision employees receive also seem to be important for Nordic expatriates, further enhancing their adjustment.

It was rather surprising that extrinsic job satisfaction contributed positively to the non-work variables, general adjustment, and interaction adjustment. This means that the extrinsic job satisfaction that relates to salary, bonuses, work conditions, and other financial incentives, relates positively to how expatriates adjust generally (e.g. to housing, shopping and entertainment) as well as to interacting with host nationals. This finding is interesting in relation to Roth’s (2001) study on material culture and intercultural communication. Roth (2001) argues that material environment directly affects individual lives. Expatriates are faced with moving into new housing and are likely to want similar comfort and security as they are used to in their home country. They are also likely to buy some new equipment and household appliances, as the voltage is not the same as in Europe. In order to feel at home, the Nordic expatriates are perhaps more likely to want to buy a TV, a phone, or audio products known in their own country. On a similar note, an expatriate might want to purchase a Volvo instead of an American brand car. This would, according to Roth (2001), translate to how individuals communicate to the outer world and also relates to products known from home. Another example would be in the form of food. A festival called “A taste of Iceland” is held in Washington D.C. and the Mid-Atlantic Region every year. The other Nordic countries have native restaurants in the U.S. and similar food festivals.
Being able to enjoy and attend these events requires some financial expenses. Material culture therefore highlights the importance of satisfaction with salary and other benefits. Being able to afford designer products from the culture one knows therefore supports this positive relationship. Although this study contributes to the cross-cultural adjustment for Nordic expatriates, certain limitations should be taken into consideration. The first limitation of this study is the sample size. Regardless of good intentions and extensive search for Nordic organizations in the U.S., it is possible that individuals might have been assigned as expatriates at the time but without the researcher’s knowledge. The second limitation was related to the single-sourced bias (Dillman et al., 2009). It is possible that it could affect the results of the investigation since all data were collected through a self-report questionnaire. Therefore, it is important to emphasize that using multiple sources of data in contrast to one (e.g., self-report), is a desirable strategy for avoiding these problems. The third limitation is in relation to language. Because the survey was conducted in English, it is possible that some of the respondents could have misunderstood or not understood the questions at all. Furthermore, the fourth limitation is related to the participants’ geographic location. This represents a limitation in relation to adjustment, because it is possible that expatriates that are for example sent to the east or north of the U.S. might have a harder time adjusting than expatriates living in the west or the south.

References


