

EXPATRIATES' ADJUSTMENT CHALLENGES: A CASE STUDY OF CHINESE EXPATRIATES IN PAKISTAN

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ABSTRACT

In this study, we focus on investigating Chinese expatriates' adjustment challenges in Pakistan. In order to build larger trade, understanding and harmony between these two countries, we need to understand the challenges faced by the Chinese expatriates in Pakistan. In this study, we link the intent to leave job, location and organization to personal, work-related/organizational and environmental factors. We employ Pearson's correlation and step-wise regression in order to see any impact in this regard. Our results show that material life satisfaction and job autonomy are important predictors of adjustment as for as the location is concerned. For adjustment within an organization, job autonomy dominates material life as a predictor of adjustment tendencies. The Chinese expatriates attach more significance to sustained standard of hard work in their employment to overseas locations.

Key Words: Expatriates' Adjustment Challenges, Location, Organization, Life Satisfaction, Job Autonomy

INTRODUCTION

China Pakistan Economic Corridor (CPEC) offers the growing links between Pakistan and China in terms of the mega projects that are undertaken jointly. CPEC mainly comprises energy, infrastructure, the establishment of Gwadar port and Special Economic Zones (SEZs). All of these would result in employment generation, higher Foreign Direct Investment (FDI) and economic growth of the domestic economy. Thus, we would have rising economic interdependence and intercultural exposure between the two economies. As Chinese investors are expected to set up their businesses in Pakistan, there would be a higher number of Chinese expatriates in Pakistan in the coming years. Expatriates and their adjustment in host countries are the focus of discourse in both the academic literature and policy-oriented research. Overall, according to the United Nations (2002), expatriates comprise around 3% of the global population. As is highlighted by Benson and Pattie (2008), in general, individuals go out of their home country for financial benefit and career merits. However, adjustment in a new host country is a traumatic, transformational and stimulating experience (Zakaria, 2000; Ward and Rana- Deuba, 2000). As a result, we can have expatriates' failures as is highlighted by the existing literature (Sims & Schraeder, 2004). For instance, Webb and Wright (1996) assert that the failure rate is around 40% in terms of expatriates' assignments. According to Naumman (1992), the estimated rate of failure in host countries may raise up to 70%. According to Tung (1981), around 7% of the total firms recall back up to 30% of their expatriate employees as they are unable to perform

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successfully in abroad. As far as the expenses on the expatriate employees are concerned; they might be more than \$150,000 per individual (Copeland, 1985). Thus, understanding the challenges of Chinese expatriates is of prime importance as far as the success of CPEC related projects is concerned. Pakistan has a significant number of Chinese expatriates. According to some estimates, around 10,000 Chinese were living and working in Pakistan as of 2009. Similarly, in 2015, it was estimated that there were approximately 8,112 Chinese people working in Pakistan. As far as the China-Pakistan Economic Corridor (CPEC) is concerned, it is predicted that around 7,000 more Chinese are expected to arrive. Accordingly, it will increase the total population of Chinese expatriates to more than 15000 in the coming years (Qadeer, 2016). In this study, we focus on investigating expatriates' adjustment challenges in Pakistan. In-depth comprehension of expatriates' adjustment challenges is beneficial for both economic and cultural ties. It would also tell us about the evidence-based policy prescriptions with regard to successful expatriate adjustment in Pakistan. Rest of the study is organized into four sections. We provide a review of the literature in section 2. We discuss data and the methods for our analysis in section 3. Section 4 discusses our findings while section 5 concludes the study.

REVIEW OF LITERATURE

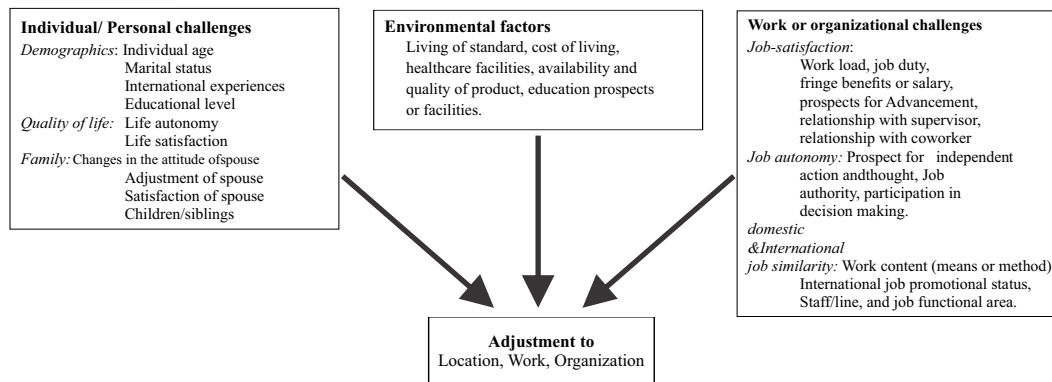
The objective of this review is to include the key thoughts associated with the challenges faced by expatriates during their overseas adjustment. Additionally, in this regard, the development of the associated theoretical framework is also aimed at. In general, expatriates are exposed to unknown cultures and unfamiliar environment. There exists enormous literature on expatriates' adaptation abroad as far as success or failure on overseas assignment is concerned. In general, three aspects such as individual, job-related and environmental/socio-cultural challenges have been the attention of policymakers and researchers around the world. The individual-level challenges incorporate the demographic, spouse-related and factors related to the quality of life. According to Naumann (1992), the demographic variables such as education, marital status and age are not associated with the indicators of organizational commitment. In contrast, Morris and Sherman (1981) identify that age has a robust association with organizational commitment in the domestic studies setting. Likewise, marital status has been a contentious factor in expatriates' adjustment. For instance, to Tung (1984), marital status is the prime reason of failure for overseas assignment whereas Naumann (1992) argues that marriage works as a soothing factor for expatriates' adjustment abroad. It is asserted that education is correlated negatively with the commitment of workers in home studies (Naumann, 1992). Similarly, Black and Stephens (1989) argue that overseas experiences play an important role in an expatriates' success on international assignment. Fluency in host country language also affects Expatriates' adjustment. Bell and Harrison (1996) argue that language fluency usually moderate the effect of other factors in adjustment.

The spouse or family is the second important aspect which belongs to an individual or personal challenge. Proper adjustment of a spouse is correlated positively with effective adjustment of the expatriate (Black & Stephens, 1989). Tung (1982) reveals that the problems related to family are accounted as two-thirds of the cited reasons for expatriates' failure overseas. Quality of life is the third factor related to individual challenges; which comprises of life autonomy and satisfaction. Life autonomy appeals that how much a person feels free to live as he/she choose (Andrew & Withey, 1974). Life autonomy is not a factor of major concern in domestic studies.

The job-related challenges include job autonomy, job satisfaction and job similarity (domestic and international). The job satisfaction is related with expatriates' intent to leave a job, location or organization (Mitchel, 1981; Porter & Steers, 1973). But altogether, there are studies which identify a negative correlation between job satisfaction and intent to leave; however, its estimated effect varies from study to study (Muchinsky & Tuttle, 1979). Similarly, job autonomy is related to extrinsic satisfaction. However, having employees who are addicted to alcohol also influence performance on the job (Sussman & Smith, 1992).

Finally, the socio-cultural and environmental factors of the host country are also some of the expatriates' adjustment challenges. Black and Gregersen (1991) identify that factors like transportation, food, housing and healthcare are important factors expatriates' retention. Expatriates' dissatisfaction with the host country's environment is also identified as an important factor of intent to leave. Most often expatriates are not satisfied with their deployment to developing countries. Hofstede (1980) points out that substantial cultural distance between home and host countries is a challenging component in expatriates' adjustment. The expatriates' security has also been pointed out as an important factor in affecting expatriates' adjustment. Many Chinese have been witnessed as a victim of terrorism in Pakistan in the most recent past. So, a security issue is one of the complex problems in Pakistan and is not covered in the available literature. Thus, we do ask Chinese about security concern in Pakistan but somehow, they were reluctant to comment on this aspect. Figure 1 summarizes these factors.

Figure 1: Expatriates' Adjustment Challenges



Source: Birdseye and Hill (1995).

RESEARCH METHODOLOGY

In this section, we present the methodological framework of our analysis. First, we discuss the data and methods that we employ. Onwards, we define our variables.

1.1 Data and Methods

We employ-variate (Pearson's Correlation) and multivariate (Step-wise Regression) in order to investigate the relationship between expatriates' adjustment with the job, location and organization and other challenging factors. Pearson's Correlation measures the interdependence between the two

variables. Step-wise Regression models the relationship between expatriates' adjustment with job, location and organization and the other challenges that expatriates' face in Pakistan.

The general form of the regression model is given as:

$$Y_i = \alpha_0 + \sum_{k=1}^{m_1} \beta_k Idv_{ik} + \sum_{k=1}^{m_2} \gamma_k MatLfSt_{ik} + \sum_{k=1}^{m_3} \lambda_k JbAt_{ik} + \sum_{k=1}^{m_4} \delta_k Amenities_{ik} + \mu_i$$

Where Y_i indicates an individual response; α_0 is the intercept coefficient; $\beta_k, \gamma_k, \lambda_k, \delta_k$, are the regression coefficient of each individual independent variable, Idv_{ik} , is the index of individual characteristics such as demographic, quality of life and family, $MatLfSt_{ik}$, is the index of material life satisfaction characteristics such as life satisfaction and standard of living, $JbAt_{ik}$, is the index of job autonomy characteristics such as opportunities for independent thought and action, job authority, participation in decision making and discretion, $Amenities_{ik}$, is the index of environmental characteristics such as cost of living, medical/health facilities, product availability and educational facilities. The indices are formed through Principal Components Analysis (PCA) method.

Data is gathered from expatriates of China, both the male and female, who are currently working and living in Islamabad for at least six (6) months. It is estimated that there are more than 120 Chinese companies and about 885 Chinese expatriates are at work in Islamabad (Weidong, 2016). This study covers only those Chinese expatriates who are living and working in Islamabad. The data is collected through a snowball sampling technique as frequent reluctance from the respondents was observed during the pilot phase of the study. We collected data through a structured questionnaire from a total of 67 respondents due to limited resources and response rate.

1.2 Measurement of Variables

In this study, the adjustment with job, location and organization is measured by intent to leave on 1-5 Likert scales, with 5 being represented very frequent thoughts regarding intent to leave as implied in Birdseye and Hill (1995). Important challenges that could have numerous implications for adjustment are related to personal aspects of the expatriates'; the organizations in which they work; and individual country's environment. These challenges are further sub-categorized and measured as:

PERSONAL FACTORS

We control for demographic information such as age, gender, marital status, international experience and educational level. Likewise, the information about expatriates' spouse feelings on overseas task is gathered on three aspects. The first one measures their existing satisfaction level by posting in a foreign country. The second examines the extent to which they are required to made adjustment with overseas living. The third aspect evaluates their preliminary impressions of the overseas setting. These are combined with that existing level of satisfaction to evaluate the change in expatriates' spouse attitude after the start of the overseas assignment. The evidence about life satisfaction is examined by 1-5 Likert scale. The measure is fixed at one end by "very bad life I can visualize" and the "best life I can visualize" at the other end. The autonomy in life variables also assessed by a Likert scale (1 to 5). The queries are phrased as: "the capacity to live life as I want" and is assessed its current accessibility such as "how much you consider that life to to you is available now" and its normative

accessibility is like as “how much it would be there you are expecting in future”. These indicators base the studies of Andrews and Withey (1976) and Ivancevich and Baker (1970).

Job-Related Factors

The job satisfaction is measured on a Likert scale (5 points) from individuals' responses which show their degree of agreement or disagreement with about eight statements related to work-related satisfaction, opportunities for advancement, pay, coworkers and supervisors. The scale bases the work of Pretty and Lee (1988). Similarly, the job autonomy is measured by implying four indicators: a chance for independent thought; competence to perform the task as he/she wished (discretion); the authority in present post; and the opportunity of participation in decision making. The respondents are requested to state that how their present jobs associated with each of these four dimensions (here '1' shows never and '5' indicates the maximum). Respondents are asked for that how their current work is different from the job they are doing before. This evaluation is made along the dimension such as, “how different is the methods and means in doing the job”. The response to this query is reported on a 0-100 scale (0 represent similar and 100 completely dissimilar).

Environmental Factors

Factors related to the environment are evaluated with respondents' degree of satisfaction (very dissatisfied '1' and very satisfied '5') with five aspects of the environment such as; the availability and quality of products, cost and standard of living, facilities related to education and health. Together these all elements represent the components of satisfaction from the environment.

RESULTS AND DISCUSSION

In this section, we provide and discuss the results of the study. Firstly, we report Uni-variate analysis (frequency distribution and percentages). Next, we provide correlational or bi-variate analysis. Finally, we provide the results of step-wise regression analysis.

2.1 Descriptive Analysis

Demographic information such as gender, age, marital status, overseas experiences and educational level of respondents are presented in Table 1. It shows that about eighty-two per cent of the response are male and the majority (64.2 per cent) of them are single. Eighty-seven per cent of the respondents described themselves as having no international experiences. Most of them had completed some Bachelor degree (61.2 per cent) or had a master degree (26.8 per cent). Likewise, Table 2 demonstrates that the age of the respondents is ranging from 16 to 50 years, with most of the respondents are in the age range of 21 to 40 years (nearly 80 per cent).

Table 1: Basic Demographic Information

ATTRIBUTES	Sub-Categories	Percent
Gender	Male	82.1
	Female	17.9

Marital Status	Single	64.2
	Married	35.8
Overseas Experience (years)	No experience	86.5
	Less than 1	3
	1-5	6
	6-10	3
	11-15	1.5
Educational Level (years)	1-10	3
	10-14	61.2
	14-16	26.8
	16-18	6
	Above 18	3

Source: Personal Field Survey, 2017

Table 2: Age Profile of the Respondents

Age Range	Per cent
16-20	6.0
21-25	26.9
26-30	22.4
31-35	16.4
36-40	14.9
41-45	7.5
46-50	6.0
Total	100

Source: Personal Field Survey, 2017

2.2 Bi-Variate Analysis

In this section, we explain bi-variate analysis of individual, work-related, and environmental factors with expatriates' intent to leave job, organization, and location. In this way, we can assess the importance of each independent variable. Also, it would provide a glimpse for our regression analysis. Table 3 displays two-tailed correlations between independent variables categorized into individual, work/organizational and environmental challenges and three measures of adjustment such as intent to leave a job, location and organization.

Table 3: Pearson's Correlation of Expatriates' Challenges with the Intent to Leave Job, Location and organization

ATTRIBUTES		Intent to Leave		
		Job	Location	Organization
Individual/personal challenges				
<i>Demographics</i>	Age of respondents	-.286**	-.221**	-.213*
	Marital status (yes)	N.S	N.S	N.S
	International experience	-.312**	-.341**	-.331**
	Educational (level)	N.S	N.S	N.S
<i>Quality of life</i>	Autonomy in life	-.322**	-.424**	-.309**
	Satisfaction with life	-.438**	-.441**	-.309**
<i>Family</i>	Change in spouse attitude	N.S	N.S	N.S
	Satisfaction of spouse with employment	-.449**	-.455**	-.420**
Work/organizational dynamics				
Satisfaction with Job				
	Workload	-.516**	-.227**	-.349**
	Job duties	N.S	N.S	N.S
	Salary or fringe benefits	N.S	N.S	N.S
	Advancement prospects	-.329**	-.201*	-.348**
	Relationship with supervisor	-.203*	-.188**	N.S
	Relationship with coworker	N.S	N.S	N.S
Autonomy with job				
	Opportunities for independents thought and action	-.308**	N.S	-.340**
	Job authority	N.S	N.S	-.244*
	Participation in decision making	-.323**	-.243*	-.265*
	Discretion	-.330**	-.273**	-.353**
International and domestic job similarity	Contents of work (methods /means)	N.S	N.S	N.S
	International job promotional status	N.S	-.487**	-.158*
	Job functional area	N.S	N.S	N.S
	Staff/line	N.S	N.S	N.S
Environmental facets				
	Cost of living is fair	-.240**	-.310**	-.173*
	Medical/health facilities	N.S	-.267**	N.S
	Products availability	N.S	-.200*	N.S
	Quality of products	N.S	N.S	N.S
	Educational facilities	-.277**	-.301**	N.S

* $p < 0.05$; ** $p < 0.01$. N.S shows not significant.

Age is negatively related with the intent, older individuals are less likely to leave their jobs (-0.29), organizations (-0.21 at 0.05 level of significance), or locations (-0.22). Longer stay at an overseas assignment lower the tendency to leave job, location and or organization. This recommends that continuing overseas for a long time lead expatriate to be more satisfied. There is no significant relationship of intent to leave a job, organization or location with education. The measures of quality of life (autonomy and satisfaction) are negatively correlated with the intent with correlations between -0.31 and -0.44. Individual freedom and satisfaction with life are both integral elements of Chinese lifestyles, and their achievement through overseas assignment would be reasonable. Negative association are existing between spouse satisfaction with employment in Pakistan and the three facets of intent confirming findings of Harvey (1997) and Tung (1981). The workload indicator related to the aspect of job satisfaction shows a negative relationship with all the three forms of intent to leave; highest correlation with intent to leave job followed by organization and location. Likewise, the advancement prospects also show a negative relationship with the intent to leave job, location and

organization. Intent to leave organizations correlated with all four sub-components of job autonomy while intent to leave a job is correlated to three factors. Participation in decision making and discretion are negatively affecting the intent to leave a job, organization and location. The results reveal that unpleasant environmental situations are more possibly to increase intent to leave job and organization rather than location; as also evident from the study of Black and Gregersen (1991). Whereas job leaving basically associated with financial factors such as cost and educational facilities, location leaving is related to all other than one environmental variable.

2.3 Regression Analysis

We examine different variables that may contribute to intent to leave job, location and organization. The findings from the stepwise regression, here, should be treated as preliminary. Here the first factor is an index of elements of job satisfaction such as (salary, supervision, advancement and promotion); the second factor is an index of elements in job autonomy; the third index combines life satisfaction with standard of living and treated as material life satisfaction. The last index represents product availability, product quality and medical facilities and is renamed as 'amenities'.

Table 4: Expatriate intent to leave predictors

Stages	Variables	Standardized Regression Coefficient	Change R ²	F
Intent to Leave (Job)				
Step 1	Material life Satisfaction	-0.33	0.16	18.28***
Step 2	Job Autonomy	-0.32	0.12	15.47**
Intent to Leave (Location)				
Step 1	Material life Satisfaction	-0.42	0.22	28.78***
Step 2	Job Autonomy	-0.24	0.06	8.13**
Step 3	Amenities	-0.15		3.06*
Intent to Leave (Organization)				
Step 1	Job Autonomy	-0.35	0.14	15.77***
Step 2	Material Life Satisfaction	-0.29	0.09	14.16***

***P<0.001; **P<0.01; *P<0.05

Table 4 reports the results from the stepwise regression analysis. Two findings particularly came out of this framework. First, satisfaction with material life is an important facet for all the three types of intent to leave tendencies. This infers that an expatriate attaches more importance to material standards. Hence, corporations offering more material advantages on overseas assignment can decrease the intent to leave tendencies. Job autonomy is the second important variable related to all the three forms of intent to leave tendencies. It reveals that the freedom related to local job and situations of the organization are important for their overseas assignment. The amenities variable features, as anticipated, in location turnover regression only. These results, in general, confirm or consistent with the findings of Birdseye and Hill (1995) about US expatriates to other countries.

CONCLUSION AND POLICY IMPLICATIONS

The study investigates the role of expatriate's adjustment challenges in expatriates' intent to leave job, organization and location in Pakistan. We cover dimensions such as measures of life quality (life satisfaction and life autonomy), spouse behaviour (spouse satisfaction with the environment, spouse attitude change), environmental elements (the availability of amenities, the standard of living, living

expenses, facilities for education and health, quality of product etc.). Pearson's correlation matrix and step-wise regression analysis are undertaken for this purpose. We find that job autonomy plays a significant role in predicting the intent with respect to leaving location, organization or job. In this regard, the impact of job satisfaction is relatively weaker. It shows that job satisfaction turnover related to expatriates' adjustment requires further examination. As far as job satisfaction is concerned, expatriates value independence of thought, participatory decision making, authority in the job, and discretion in management more as compared to traditional measure such as a load of work, working relations with boss and coworkers etc. With respect to locations of jobs, autonomy in the job, availability of material amenities along with an environmental emphasis are the dominant determinants.

In general, we find that challenges with respect to individual choices, environment and job show a higher correlation with our variables of expatriate adjustment, i.e. the intent to leave job, organization and location. Accordingly, we can expect spillover effects. Finally, spouse satisfaction which, according to Harvey (1997) and Tung (1982), plays an important role in expatriate adjustment is drawn out from our stepwise regression. It may be justified by the fact that spouse related issues might be succeeded by their causes. Alternatively, dissatisfaction in terms of environmental amenities or low life satisfaction may matter more. Our analysis is preliminary and can be beneficial for some employers to get feedback on an overseas posting. Certainly, more research is needed in order to have clear policy prescription in this regard.

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