

**THE PREDICTION OF OVERSEAS ADJUSTMENT AND  
COMMITMENT OF EXPATRIATES WORKING AT THE  
COMPANY'S SUBSIDIARIES THE CHINESE TAIPEI IN  
MAINLAND CHINA**

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## **THE PREDICTION OF OVERSEAS ADJUSTMENT AND COMMITMENT OF EXPATRIATES WORKING AT THE TAIWANESE COMPANY'S SUBSIDIARIES IN MAINLAND CHINA**

### **ABSTRACT**

This study investigates the impact of corporate entrepreneurship, expatriate's emotional quotient, locus of control, work role characteristics on the adjustment and commitment of expatriates working at the Taiwanese subsidiary company in Mainland china. Valid questionnaire responses were collected from 152 expatriates.

The main findings are as follows:

- 1.The variable affect the expatriates' adjustment in order is works role characteristics, locus of control, corporate ingenuity, and company size.
- 2.The variable affect the expatriates' continuous working commitment in order is work role characteristics, expatriate's EQ and locus of control.
- 3.The variable affect the expatriates' effort commitment in order is continuous working commitment, corporate endeavor, expatriates' EQ and rank.
- 4.The expatriates with external locus of control have better adjustment and poorer continuous working commitment.
- 5.There are positive correlation between expatriate's EQ and their perceived corporate ingenuity and endeavor.
- 6.There is negative correlation between work role characteristics and the expatriate's perceived corporate ingenuity and endeavor.
- 7.There is negative correlation between expatriate's EQ and work role characteristics.
- 8.The linear structure equation model of this study has an adequate goodness of fit.

**Key Words:** small to medium size corporation (SMC), Expatriate, Emotional Intelligence, Overseas Adjustment, Organizational Commitment



## **INTRODUCTION**

Since 1991 Taiwan allow her citizen travel to Mainland China to visit their relatives, Taiwanese investment in Mainland China have been rapidly increasing. According to the 1999 report by Taiwanese Industry Association, there are more than forty thousand cases of Taiwanese investment in Mainland China. The main reason for Taiwanese investing in Mainland China is cheap land, labor and huge market (Lii, 1996). The labor cost in Mainland is about one tenth to fifteenth of Taiwanese labor cost. Taiwanese hi-tech labor cost is about one hundred times higher than that in Mainland China. Taiwanese investment help Mainland increase their management know-how and hire large number of Mainland Chinese employee, help maintain the social stability. Mainland China helps prolong Taiwanese business life for five to ten years longer. According to the 1998 official statistics of Peoples Republic of China (PRC), Taiwanese investment in Mainland China is more than 21 billion US dollars. Mainland China has become Taiwanese number one overseas investment area.

In the process of investing in Mainland China, human resources management has been the key factor for the success of Taiwanese investors. After forty years separation under different political and economic system, life style and the way of thinking across Taiwan Strait become different, Taiwanese expatriates working in their subsidiary company in Mainland China have difficulties in the ir life and work adjustment.

According to Lii (1996), the small to medium size companies encountered more difficulties than large size companies. Ninety eight percent of all the companies in Taiwan are SMC. Its number is about one million. The SMC have more than 98% of all the Taiwanese employment, and more than 50% of total foreign trade. The SMC are key factors for Taiwanese economic development and social stability. But the SMC is poor in their global operation and policy of expatriation. They lack long term execution and strategic planing. The immediate effect is high turnover and difficulty in transferring of overseas social network and field experience. Thus, render the slow down in business globalization.

Most SMC's overseas investment capital is from Taiwan. The success and failure of Taiwanese SMC investment in Mainland bear high degree of impact on Taiwanese economy and society. This study aims to explore the influential variables on the expatriate's overseas adjustment and organizational commitment. The results from this study should provide some reference information for improving Taiwanese corporate policy and operation on expatriate's recruitment and management.

## **LITERATURE REVIEW**

### **The related studies on overseas adjustment**

The definition of expatriate is the employee who is assigned to work outside parent country with the intention to go back to the parent country. They are either parent-country national (PNC) or third country national (TCN) (Grosse & Kujawa, 1992). In the initial stage of business internationalization, large number of expatriates is assigned.

The best approach is to use the parent country national. The reasons for having expatriates are:

- (1)The host country does not have enough people who have management know-how.
- (2)To develop the international business experience of parent company's employee.
- (3)To control the subsidiary company
- (4)To communicate with parent company, to execute the parent company's strategy.
- (5)To keep the industrial secret.

The expatriates are situated in an international environment, they must play bicultural or multicultural roles. Rahim (1983) indicated that the expatriates have to play the following roles:

- (1)The representative from parent company.
- (2)The manager for local subsidiary company.
- (3)The local resident.
- (4)The local citizen or citizen in both countries.
- (5)The expert.
- (6)The family member.

The different role expectation creates conflict, deepen the difficulty of overseas adjustment. Different countries, regions, people have different law, regulation, behavioral code and cultural custom. For fearing of violating custom or taboo, people in unfamiliar environment usually feel uneasiness or have anxiety. Oberg (1960) called this phenomenon as "culture shock". The adjustment process of the culture shock is called cross-culture adjustment. The first challenge facing the expatriate is cross-culture adjustment. It is so called overseas adaptation or adjustment.

### **The studies on work role characteristics.**

Torbiorn (1982) indicated that the role of expatriate involved the expectation of parent company to the expatriate, and the influence of host country to the expatriate's behavior. The expatriate have encountered some common problems (Torbiorn, 1982; Ku, 1993):

- (1)The expatriate's role is ambiguous.
- (2)Because the geographical or language barrier, the communication between the expatriate and parent company or between the expatriate and host country is equivocal or inefficient.



(3)The expatriate's qualification or ability is insufficient, can not play the expatriate's role well.

(4)The incompatible of different role expectation.

Black & Mendenhall (1990) in his study of American expatriate in Japan found that there is no significant correlation between work role adaptation and overseas adjustment. They found that among the four work role characteristics (work role ambiguity, work role conflict, work overload and work role novelty), only the work role ambiguity can significantly predict overseas adjustment.

### **The related studies on locus of control**

Some people feel they can control everything in their life. They think they control their own destiny. Their life depends on their own effort and not controlled by outside forces. These are so called "internal locus of control type". There are other kind of peoples they belief their life is controlled by chance, fate, opportunity and other outside unpredictable forces. These are so called "external locus of control type".

Rotter (1966) first suggested that locus of control is one dimension of personality. Rotter suggested that the internal locus of control person would put more effort into control their environment, and thus, gain better result. They will be more concerned with the information important to themselves and tried hard to obtain the information. They are better in obtaining and using the information than the person with external locus of control. Church (1982) in his study indicated that the person with internal locus of control can explain what and why thing happen from other people's point of view. Therefore, the people with internal locus of control have more effective interpersonal communication and better interpersonal relationship.

Mendenhall & Oddou (1985) based on previous empirical studies, pointed out that there are several major dimensions affecting the expatriate's overseas adjustment:

#### **1. Self-oriented dimension**

- (1)Replace reinforcement: Can adopt those recreational activities which are similar to the expatriate's own culture but with different content.
- (2)Reduce stress: Can reduce the stress brought by different culture.
- (3)Skill and ability: Own the ability necessary to carry out the overseas assignment.

#### **2. Others-oriented dimension**

- (1)Develop relationship: The ability to make long and sustained friendship.
- (2)Willing to communicate: The ability and willingness to take initiative to communicate with local people.

#### **3. Cognitive dimension**

The cognitive ability to understand why the local people have their own unique behavior and performance.

#### 4. Cultural-toughness dimension

The ability to involve in different national culture.

Mendenhall & Oddou (1985) also suggested that the recruiting of expatriate should also consider these ability dimensions. They will make the expatriate better adjusted in their overseas assignment.

#### **The related studies on emotional intelligence.**

Emotional intelligence also called emotional quotient (EQ). Goleman (1996) mentioned that the study by Harvard University indicated that a person's achievement is determined 20% by IQ. The other 80% are determined by other factors. IQ or aptitude test can not accurately predict a person's achievement. Goleman (1966) mentioned the development process of EQ concept:

- (1)Thorndike in his 1920 article pointed that social intelligence is part of IQ. So called social intelligence is the ability to understand other's thinking, behavior and respond accordingly.
- (2)Robert Sternberg stated that interpersonal skill is one of the most important characteristics to be seen as a smart people in other's eyes.
- (3)Howard Gardner pointed that a single IQ does not determine the human achievement. There is at least seven different intellectual abilities include language, mathematics-logic, spatial ability, kinetic-motor ability, music ability, interpersonal skill, introspect ability.
- (4)Salovey and Mayer think there are five different EQ: recognize one's own emotion, well manage one's own emotion, self-encourage, and recognize other's emotion and the management of interpersonal relationship.
- (5)Danial Goleman using his sharp observation wrote his bestseller " EQ ", make the EQ concept become a household well-known term.

American "Time" and "Fortune" magazine also published special issues pointed that EQ is the most important factor affected a person's career development. In the decision for promotion of downsizing, EQ is more important than IQ (Salovey & Mayer, 1990). Chan (1997) is his study of information management personnel found that the people with higher EQ have less negative emotion, less oversensitive in interpersonal relationship, higher internal and external job satisfaction, between career planning ability, better teamwork management skill.

#### **The related studies on entrepreneurship**

The entrepreneurship is a mentality to create, to change, and to search for development. Entrepreneurship is a process to create something from nothing, and to look for new profit and new opportunity. Morris (1994) defined entrepreneurship as " The process of value creation based on the combination of special resources and the



development of opportunity, and the merge of both." It includes three dimensions: (1) innovativeness -- to develop unique product, create new service of production process; (2) Risk-taking -- to search or develop opportunity. The chance for this opportunity to fail is very high; (3) Proactiveness -- emphasize the creativity and persistence of overcoming the difficulties until the total fulfillment of new concept.

The past forty years' economic achievement in Taiwan is the result of numerous Taiwanese small to medium size companies display their entrepreneurship. According to Nishihara (198), there are some factors related to entrepreneurship. A company with high entrepreneurship would actively develop new market, new product, have highly competitive know-how and technique. High rank managers have entrepreneurship, have risk-taking and challenging spirit. The company has flexibility, can change when the environment has changed, have abundant social connection, emphasize down to earth hardworking, and actively cultivate outstanding employee. Nishihara (1998) using entrepreneurship inventory is his study found that company with high entrepreneurship tends to have productivity, high job satisfaction and high company performance.

### **The related studies on organizational commitment**

Scholars proposed several different definition of organizational commitment. Meyer & Paunonem et. al. (1989) defined organizational commitment as "A person's high degree of identification and involvement to a specific organization". They think that the organizational commitment is "a tendency that an organization's member reluctant to leave the organization for the reason of income, position, professional freedom, or friendship with colleague". This tendency display in three directions; (1) identify with an organization's goals and values. (2) high involved in work. (3) loyal as an organization's member. Porter, Steers, Mowday and Boulin (1974) think that organization commitment is the degree that a person identify and involve with a specific organization. The people with strong organization commitment display three tendencies: (1) firmly belief and accept the goals and values of an organization (2) willing to work harder for the organization (3) eager to stay as an organization's member. Steers (1977) in his organization model indicated that a personal characteristic, job characteristics, work experience will affect organizational commitment. Organizational commitment will also effect the willingness to stay working, attendance, and job performance.

Hwang (1995) found that the voluntary expatriates have higher organization commitment than involuntary expatriates. Chiu (1993) found that the empowerment leadership has higher commitment in organizational value and willingness to stay. Achievement motivation and locus of control have significant explanation power on organizational commitment. Choo (1991) found that the person with internal locus of control have higher organizational commitment than the person with external locus of control. Lee (1995) and Cheng (1995) found that the different dimensions in organizational commitment have negative correlation with the intention of quitting. Chang (1992) found a significant correlation between organizational morale and organizational commitment.

## RESEARCH METHODOLOGY

### Sample

The subjects in this study are the expatriates working in Taiwanese subsidiary company in Mainland China. The company's name and address is obtained from the roster published by the China Industry Association. A total of 750 questionnaires are mailed. One hundred and fifty-two valid questionnaires have returned. The return rate is 20.5%.

### Research Instrument

There are six inventories used in this study:

#### (1) Overseas Adjustment Inventory

This inventory has 18 items includes culture, life and work adjustment. This inventory is modified from the inventory used by Ku (1993) and Ko (1994). It is a 6 points Likert type inventory. The higher score indicates better overseas adjustment.

#### (2) Work Role Characteristics Inventory

This inventory has 6 items includes work role conflict, ambiguity, and overload. This inventory is based on the inventory developed by Torbiorn (1982), Ku (1993) and Ko (1994).

#### (3) Locus of Control Inventory

This inventory has 5 items for internal locus of control, 5 items for external locus of control. This inventory is based on the inventory used by Ko (1994). The higher score indicates more external locus of control.

#### (4) Emotional Quotient (EQ) Inventory

This inventory has 28 items includes seven dimensions: control emotion, adjust mood, careful in speech and act, self-encourage, smooth interpersonal relationship, social skill, observant in other's feeling. This inventory is developed by Lii and Wong (Chen, 1997).

#### (5) Organizational Commitment Inventory

This inventory has 15 items include two dimensions: effort and stay commitment. This inventory is based on the inventory developed by Porter, Steer, Mowday, and Boulian (1974) and Wang (1996).

#### (6) Corporate Entrepreneurship Inventory

This inventory has 10 items include two dimensions: corporate ingenuity and endeavor. This inventory is based on the instrument used by Nishihara (1998).

### Reliability and validity of the instrument

The content of all the instrument used in this study are based on theories, modified from the instruments used by various scholars in their studies, and have thoroughly discussed with human resources managers in business companies, therefore, the





instrument should have proved content validity. The reliability test is based on Cronbach's alpha. The result is shown in table 1. The reliability coefficient ranged from 0.76 to 0.89.

Table 1. The definition and Cronbach alpha of the variables

Variables	Definition	Cronbach a	Variables	Definition	Cronbach a
Total adjustment	Self adjustment ? life adjustment ? career adjustment	.84	poor work role	Including work role ambiguity, conflict, and overload	.82
stay commitment	Continue to work for the company	.83	corporate ingenuity	Develop new product, new technology, new market, etc.	.85
effort commitment	Doing one's best to serve the company	.85	corporate endeavor	Emphasize hard working, develop employees' potential, etc.	.81
Emotional intelligence	Including self-adjustment ? self-encouragement? good interpersonal relationship, etc.	.89	external locus of control	Believe in one's life is determined and controlled by fate, Chance, opportunity and outside forces beyond one's own control	.76

## RESULT AND DISCUSSION

### The analysis on demographic data

The demographically data of 152 subjects in this study are shown in Table 2.

1. Sex: More males (86.8%) than female (12.5%).
2. Age: the majority is above age 36 (71%). Very few is below age 30 (8.6%)
3. Education: The majority is above junior college level (77%)
4. Position: Most are high rank managers (59.9%)
5. Department: the majority is in production (31.6). Small number in R & D (5.9%)
6. Assignment duration: The majority is above 1 year (79.8%)
7. Previous overseas working experience: The majority does not have previous overseas working experience (53.3%).
8. Relation with company: The majority is employee (59.9%)
9. Company size: Among the 152 subjects, 25% work in the company with number of employee less than 100, 36.8% work in the company between 100 and 300 employee, 38.2% work in the company above 300 employee. In this study, the company size was divided into two groups; those subjects working in company size below 300 employees is in one group, above 300 employee is in another group.

Table2 Demographic data of the sample

variable	No.	%	variable	No.	%			
Sex	male	132	86.8	Duration	below 1 yr.	30	19.7	
	Female	19	12.5		1-2 yr.	36	23.7	
	N/A	1	0.7		2-5 yr.	56	36.8	
			Above 5 yr.		26	17.1		
			N/A		4	2.6		
Age	below 30	13	8.6	Overseas	yes	69	45.4	
	31-35	30	19.7	Experience	no	81	53.3	
	36-40	37	24.3		N/A	2	1.3	
	41-45	42	27.6					
	above 46	29	19.1					
N/A	1	0.7						
Education	below S.H.Sch.	35	23.0	Relation	owner	8	5.3	
	J. College	56	36.8		W/company	stockholder	37	24.3
	College	55	36.2			Staff	91	59.9
	Graduate Sch.	4	2.6		N/A	16	10.5	
N/A	2	1.3						
Position	Hi. Manager	91	59.9	No. of Employee	below 100	38	25.0	
	Md. Manager	45	29.6		100 ~ 300	56	36.8	
	Low Manager	6	3.9		Above 300	58	38.2	
	N/A	10	6.6					
Depart.	Marketing	29	19.1					
	Production	48	31.6					
	R & D	9	5.9					
	Admin.	35	23.0					
	Cross-Depart.	18	11.8					
N/A	13	8.6						

### Correlation between adjustment, commitment and their predictors

The correlation between overseas adjustment, organizational commitment and their predictors (personal attributes and organizational attributes) is shown in Table 3.

Table 3 indicates that for all the 12 correlation between adjustment, commitment and personal attributes only 3 correlation is non-significant. For all the 9 correlation between adjustment, commitment and organizational attributes only 2 correlation is non-significant. The results can be summarized as follows:

1. The more expatriate perceived their work role conflict, ambiguity and overload, the poorer their overseas adjustment. The expatriate worked in Mainland China faced the work role changed. They are squeezed in between the parent company and the local workers, caused role conflict. Many new work roles is highly demanding, more than they are capable to handle. Therefore, the feeling of difficulties in overseas adjustment is higher.
2. The people with higher score in external locus of control have better overseas adjustment. This result is different from the study of Ko (1994). According to literature, the relation between locus of control and interpersonal relationship is still inconclusive. Rotter (1966) thinks that the people with internal locus of control is prone to resist outside pressure, the people with external locus of control is more



submissive and more easy when facing the dominance of outside forces. Petzzel & Gynther (1970) in their study indicated that when people with internal locus of control facing uncontrollable situation, because it is beyond their expectation for every thing under control, they would feel more uncomfortable than the people with external locus of control would. Therefore, the relationship between locus of control and adjustment needs to be studied more in the future.

3. The higher the expatriate perceived their corporate endeavor the better the expatriate's overseas adjustment. When expatriate perceived that their company has challenging spirit, own highly competitive know-how and technology, actively develop new market, new product, down to earth working hard, cultivate outstanding employee, then the expatriate would have better overseas adjustment.
4. The expatriate working in large size companies have better adjustment than those do in SMC. Big company usually has better social connection, provide better fringe benefit and job security than SMC. Moreover, big company can afford to send more expatriate to an overseas subsidiary company, thus the expatriate's work role is less overload, less ambiguous, therefore, the expatriate in big company is better adjusted than those in SMC.
5. The higher the poor work role, the lower the organizational commitment. The expatriate usually has to play many different work roles. They have to handle production, finance, personnel and marketing. Their work role is overload and ambiguous. This poor work role characteristic is the major factor that affects the expatriate's organizational commitment.
6. The expatriate with higher score in external locus of control, the lower is his stay commitment. It seems that the expatriate with internal locus of control when facing difficult working situation has a strong intention to control his environment, thus, display a higher stay commitment. On the contrary, the expatriate with external locus of control can not take the challenge from difficult working environment, display a lower stay commitment.
7. The expatriate with higher EQ tends to have higher organizational commitment. Most of the Taiwanese subsidiary company in Mainland China are located in remote and isolated area, no recreation, meager outside information, low safety guarantee. Most Taiwanese expatriate in Mainland China is very hard working. Their leisure time is dull. Only the people with high EQ could highly involve in their work and stay working for the company.
8. The higher the corporate ingenuity and endeavor, the higher the employee's organizational commitment, A company with high entrepreneurship tends to have highly committed expatriates.

Table 3 Correlation among total adjustment, organizational commitment, personal attributes and organizational attributes

Variables	Personal attributes				Organizational attributes		
	Emotional intelligence	External locus of control	Job Rank	Poor work Role	Corporate ingenuity	Corporate endeavor	Company Size
Total adjustment	.18	.20*	.12	.45***	.39***	.31***	.32***
Stay commitment	.45***	-.28***	.26**	.55***	.34***	.40***	.11
Effort commitment	.58***	-.18	.37***	.51***	.47***	.59***	.09

**The multiple regression on overseas adjustment**

Using the four personal attributes and two organizational attributes to predict the overseas adjustment, the result is shown in Table 4. There are three variables into the regression equation. These three variables combined can explain 39% variance of overseas adjustment. The poor work role has the largest explanation power (beta=-.39). Its impact on overseas adjustment is negative. The next is external locus of control (beta=.28). Its impact is positive. The third is corporate ingenuity (beta=.23). Its impact is also positive.

Table 4. Regression analysis for the prediction of overseas adjustment

Predictor	b	SE	Beta t-value
Poor work role	-.30	.06	-.39 -4.90***
External locus of control	.22	.06	.28 3.94***
Emotional intelligence	-.20	.12	-.14 -1.67
Corporate ingenuity	.21	.08	.23 2.54**
Corporate endeavor	.04	.09	.05 .50
Job rank	.12	.10	.08 1.16
Company size	.36	.12	.22 3.06**
Intercept	3.13	.67	4.61***
R = .63    R <sup>2</sup> = .39    Adjusted R <sup>2</sup> = .36			

**The multiple regression on stay commitment**

The result of stepwise multiple regression on stay commitment is shown in Table 5. The three variables in the regression equation combined can explain 43% variance of stay commitment. The largest predictor is poor work role (beta=-.37). Its impact on stay commitment is negative. The next one is external locus of control (beta=-.20). Its impact is also negative. The third one is EQ (beta=.19). Its impact is positive.



Table 5. Regression analysis for the prediction of stay commitment

Predictor	b	SE	Beta t-value
Poor work role	-.33	.07	-.37 -4.78***
External locus of control	-.19	.06	-.20 -2.96**
Emotional intelligence	.33	.14	.19 2.41*
Corporate ingenuity	.06	.09	.05 .64
Corporate endeavor	.12	.10	.11 1.19
Job rank	.19	.12	.11 1.64
Company size	-.05	.13	-.02 -.34
Intercept	3.38	.79	4.33***
R = .66    R <sup>2</sup> = .43    Adjusted R <sup>2</sup> = .40			

The result of stepwise multiple regression on effort commitment is shown in Table 6. The four variables in the regression equation combined can explain 66% variance of effort commitment. The largest predictor is stay commitment (beta=.39). The second one is EQ (beta=.22). The third one is corporate endeavor (beta=.21). The fourth one in rank (beta=.15). These four variables all have positive impact on the effort commitment.

Table 6. Regression analysis for the prediction of effort commitment

Predictor	b	SE	Beta	t-value
Poor work role	-.05	.05	-.08	-1.19
External locus of control	-.02	.04	-.03	-.56
Emotional intelligence	.30	.08	.22	3.54***
Corporate ingenuity	.07	.06	.08	1.27
Corporate endeavor	.19	.06	.21	2.99**
Job rank	.19	.07	.15	2.72**
Company size	-.06	.08	-.04	-.71
Stay commitment	.31	.05	.39	5.80***
Intercept	.44	.50		.87
R = .81    R <sup>2</sup> = .66    Adjusted R <sup>2</sup> = .64				

**The linear structure model for predicting overseas adjustment and organizational commitment for the small and medium size company sample**

The evaluation of linear structure model for the SMC sample (n = 94) in this study was carried out with the AMOS 3.6 software from SPSS. Three different index were used (1) the measures of absolute fit:  $\chi^2$  value small and non-significant?  $\chi^2/df$  is less than 2? RMR (root mean square residual) close to 0 or less than .10? GFI (goodness of fit index) larger than .90? (2) the measure of incremental fit: NFI (normed fit index) larger than .80? (3) the measure of parsimonious fit: AGFI (adjusted goodness of fit index) larger than .80? The results of the AMOS analyses are shown in Table 7 which reveals that the model is satisfactory.

Table 7 Summary of AMOS Model Results for the SMC Sample

Measures of fit	Measures of absolute fit				Measure of incremental fit	Measure of parsimonious fit
	Df	$\chi^2$	p	$\chi^2/df$	NFI	AGFI
Rules of thumb		>.05	<2.00	<.10	>.90	>.80
Model	16	16.62	0.41*	1.039*	0.04*	0.971* .960* 0.919*

\* Satisfactory fit

From figure 1."Path diagram for the prediction model of SMC sample", the results can be explained in two parts. One part is the correlation among the variables of predictors. Another part is the relationship among predicting variable and the criteria variables.

### **The correlation among the variables of predictors**

1. corporate ingenuity and corporate endeavor are parts of corporate entrepreneurship. There is a high correlation between them ( $r = .60$ ,  $p < .001$ ). This indicates that the expatriate perceived the company with high entrepreneurship is high in both corporate ingenuity and corporate endeavor.
2. There is a positive correlation between the expatriate's EQ and their perceived corporate ingenuity ( $r = .40$ ,  $p < .001$ ). Its correlation with corporate endeavor is also positive ( $r = .46$ ,  $p < .001$ ). This indicates that the expatriate with high EQ would work in company with high entrepreneurship. Vice versa, the company with high entrepreneurship would attract high EQ employee
3. There is negative correlation between poor work role and the employee perceived corporate ingenuity ( $r = -.35$ ,  $p < .001$ ), and negative correlation with corporate endeavor ( $r = -.41$ ,  $p < .001$ ). It seems that the expatriate in company with low entrepreneurship would feel poorer work role.
4. There is negative correlation between expatriate's EQ and their poor work role ( $r = -.41$ ,  $p < .001$ ). It seems that the expatriate with high EQ could handle more work role challenge.

### **The relationship between predicting variables and the criterion variables**

1. Poor work role is the strongest predictors for overseas adjustment ( $\beta = -.39$ ) and stay commitment ( $\beta = .41$ ). Because the poor work role characteristics (ambiguity, conflict and overload) cause the Taiwanese expatriate in Mainland feel unadjusted and reduce their willingness to stay working in the company.
2. In this model, overseas adjustment did not render strong influence on the stay commitment. But the stay commitment does render strong influence on effort commitment. ( $\beta = .46$ ). It is possible that because same language and same race, the Taiwanese expatriate in Mainland China did not feel difficult in their adjustment. But, because for the reason of far away from family, harsh working condition, lack recreation, and so forth, good adjustment did not bring strong influence on stay and effort commitment

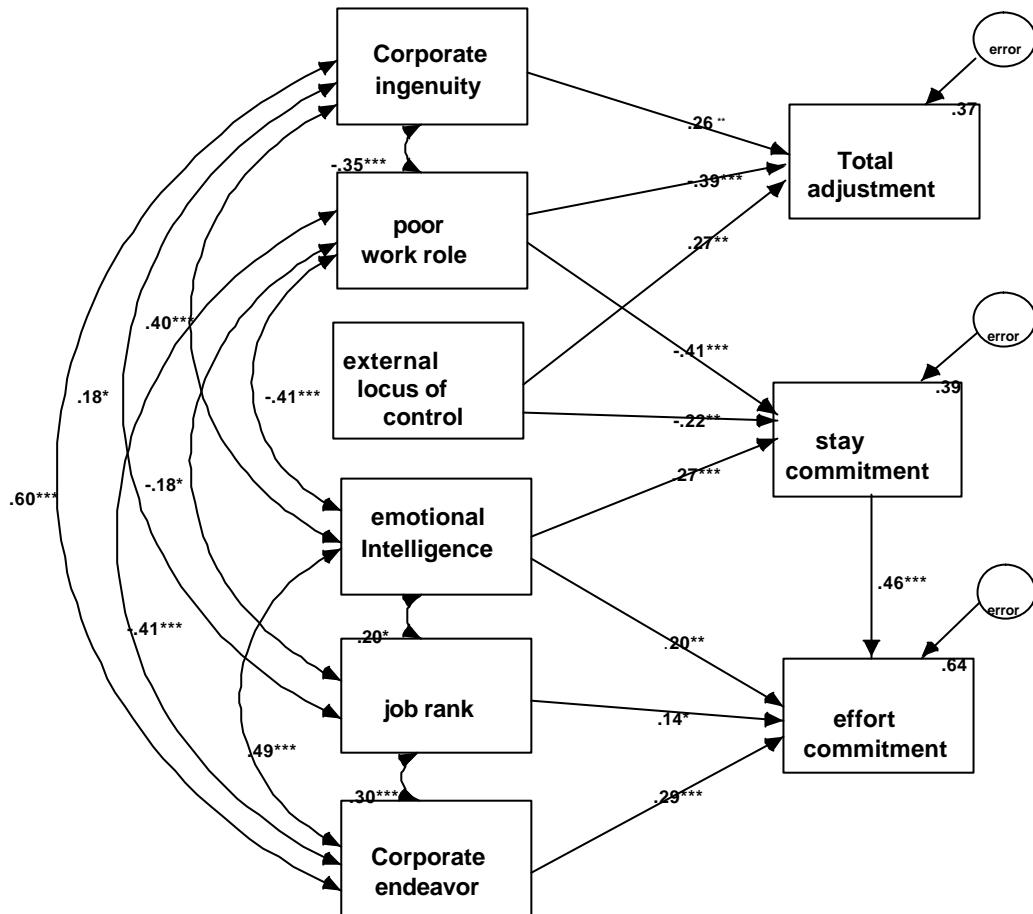


Figure1:Path Diagram for th Prediction Model of the SMC Sample

**The linear structure model for predicting overseas adjustment and organizational commitment for the entire sample**

The evaluation of linear structure model for the entire sample (n = 152) in this study was also carried out with the AMOS 3.6 software from SPSS. The results of the AMOS analyses are shown in Table 8 which reveals that the model is satisfactory.

Table 8 Summary of AMOS Model Results for the Entire Sample

Measures of fit	Measures of absolute fit					Measure of incremental fit		Measure of parsimonious fit
	<i>Df</i>	$\chi^2$	<i>p</i>	$\chi^2/df$	RMR	GFI	NFI	AGFI
Rules of thumb			>.05	<2.00	<.10	>.90	>.90	>.80
Model	21	25.00	0.25*	1.19*	0.04*	0.965*	.909*	0.946*

\* Satisfactory fit

The difference between Figure 1 and Figure 2 is that Figure 2 has one additional predicting variable, "company size". The other results are about the same. This indicates that the linear structure model is very stable, did not change very much when the number of subjects changed. The extra information provided by Figure 2 are as follows:

1. There are negative correlation between company size and poor work role ( $r = -.18$ ,  $p < .05$ ). The expatriates working in small to medium size companies have higher work role ambiguity, conflict and overload.
2. The standard regression coefficient (beta) between company size and expatriate's overseas adjustment is .20. ( $p < .01$ ). It indicates that the expatriate in small to medium size companies has poor overseas adjustment than the expatriate in big company.



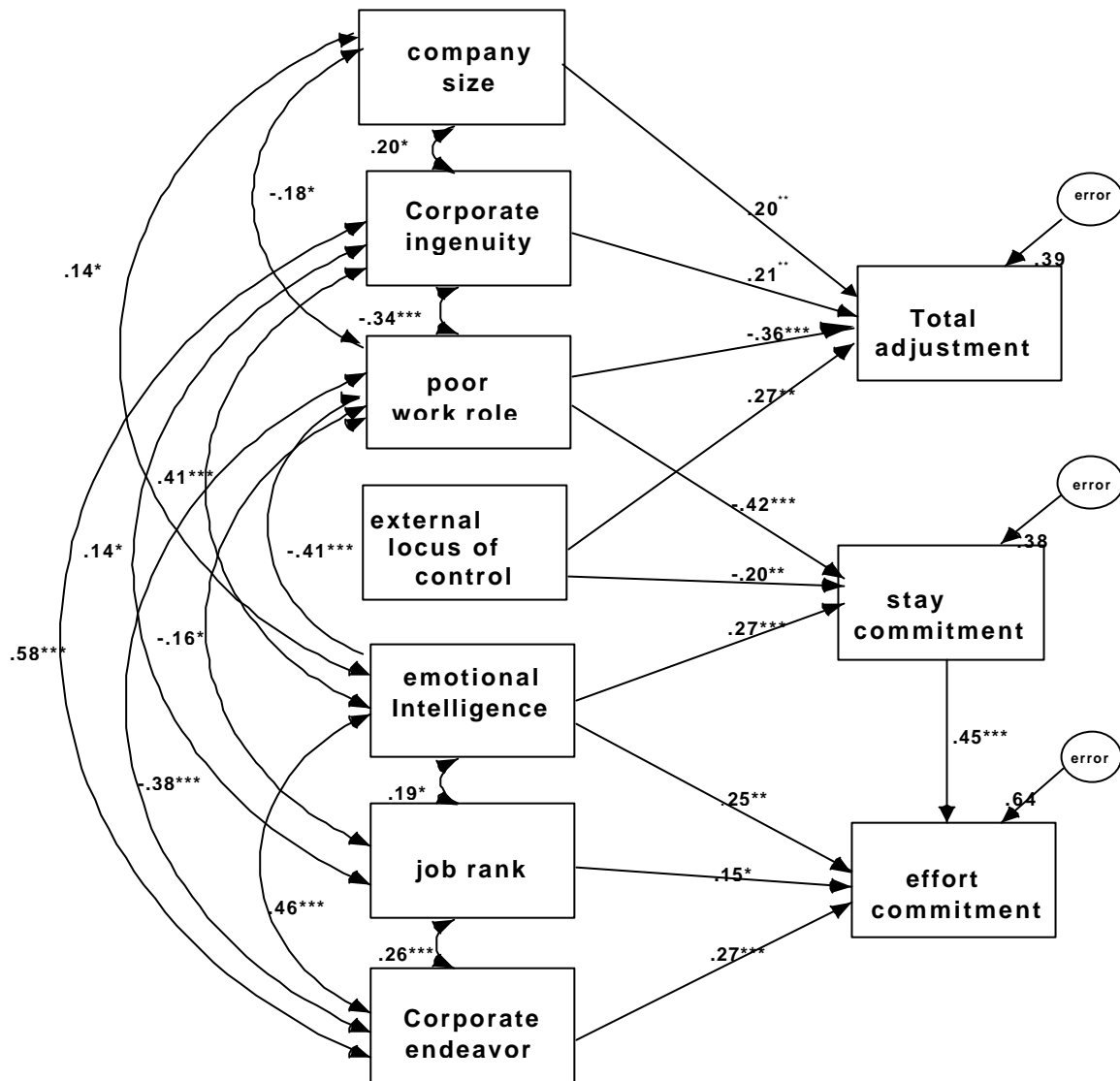


Figure 2: Path diagram for the prediction model Of the entire sample

## CONCLUSION AND SUGGESTION

### The main findings from this study are as follows:

1. This study found that the major variables affecting the overseas adjustment of expatriate working in Taiwanese subsidiary company in Mainland China in order are poor work role, external locus of control, corporate ingenuity, company size. The major variables affecting the stay commitment in order as poor work role, EQ, external locus of control. The major variables affecting the effort commitment in order is stay commitment, corporate endeavor, EQ, and rank.
2. The expatriate in a company with high entrepreneurship display better overseas adjustment. There are good and bad Taiwanese investors in Mainland China. In the coastal region, almost everyday there is Taiwanese company folding up. According to the field study by the researcher, many of the failed Taiwanese company caused by the lack of entrepreneurship of the company owner. Many Taiwanese owner indulged in sex and gambling. For those companies with high entrepreneurship, their expatriate will display high stay and effort commitment, and help bring success to the company and themselves.
3. The expatriate in SMC has higher work role conflict, ambiguity, and overload, lower EQ, and poorer overseas adjustment. It seems that the SMC has poorer working condition, could not attract high EQ employee.
4. The people with external locus of control have better overseas adjustment but poorer stay commitment. It seems that in Mainland China personal connection matters more than law and regulation. The person with external locus of control beliefs in fate and chance did not feel so helpless and frustrated than the person with internal locus of control. Nevertheless, the external locus control person did not display strong stay commitment of working in the difficult and high challenge environment.
5. The expatriate with high work role conflict, ambiguity and overload has poorer overseas adjustment and stay commitment. Work role characteristics have strong influence on the adjustment and commitment. Many Taiwanese expatriates, especially for those working in the SMC, they are overloaded with different work role including production, personnel, finance, and marketing. Many of the expatriates are a section chief in Taiwan parent company. They are in charge less than ten subordinates. When they are assigned to Mainland China their position is manager or general manager. They are in charge more than several hundred subordinates.
6. High EQ expatriates has good overseas adjustment, high organizational commitment. EQ includes control emotion, adjust mood, careful in speech and act, self-encourage, smooth social relation, observant in other's feeling and emotion. Taiwanese expatriate in Mainland China mostly live alone in a new environment, under huge work stress, lacks leisure activity. They need to create their own social connection, pull themselves out of loneliness, frustration and low spirit. Only those with high EQ can circumvent all difficulty and stay on their track and get their job done. Therefore,



high EQ is related with overseas adjustment and commitment.

7. High EQ is also related with perceived corporate ingenuity and corporate endeavor. It seems that high EQ expatriate and company with entrepreneurship is mutually attractive. Many Taiwanese investors in Mainland China is simply moving their old machinery to Mainland China to prolong their business life cycle for three to five years. Only work for the company with high entrepreneurship can the high EQ expatriate feel they have promising future. Therefore, it appears that high EQ expatriate and high entrepreneurship company is mutually selected.
8. Work role characteristics and corporate entrepreneurship has a negative correlation. The company without entrepreneurship would lack long term planning, indecisive business strategy, ambiguous responsibility and authority, therefore, the expatriate would feel work role conflict, ambiguous, and overloading.
9. Expatriate's EQ and work role characteristics have negative correlation. The expatriate with high EQ can sustain high work pressure, perceive their work role more positively. High EQ expatriate know s better in stress management, display better interpersonal relationship, can handle the challenge better, therefore, high EQ expatriate feel better with their work role characteristics.
10. EQ is a good indicator for an effective expatriate. It is suggested that EQ inventory can be used for the selection of an aspirant for overseas position. An intensive cross-culture training before an expatriate was assigned overseas position is necessary. Many trap and pitfall can be learned before the expatriate goes to the host country. Hire more host country national to work in the managerial position is a direction the Taiwanese investor has to take. Let the local manager to deal with the local workers to reduce the cost and improve the efficiency
11. The last, but not the least important, is to beef-up the official support system to the SMC investors. It is a miracle in the world economic history that more than forty thousand SMC are investing overseas. But, the finding from this study indicate that the expatriate in SMC encountered more adjustment problem than the big company. It is suggested that the government should provide various services for helping the SMC overseas investors. Such as creating business alliance for SMC in similar industry to increase their competitive edge, developing recruitment testing instrument for SMC, conducting cross-culture training for the SMC expatriate before they leaving for overseas position, negotiate with host country for the benefits of SMC investors, etc. There are so many things that our government can do for our SMC overseas investors. The SMC entrepreneurs are the major contributors for Taiwanese economic success. Let's do all we can to help them contribute to Taiwan's prosperity.

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