Determinants of Organizational Commitment in Emerging Market: Korean Expatriates in India

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Abstract

This study examined expatriates’ organizational commitment by focusing on how willingness to accept an international assignment, training for an international assignment, expatriate empowerment, perceived organizational support, and demographic variables in order to predict the Korean expatriates’ organizational commitment in India. The results provided empirical evidence that expatriates are more committed to their organization when they perceived organizational support and empowerment and gave some valuable insights to develop relevant training for cultural adjustment and managerial skill development as well as supporting programs, especially for growing companies in emerging economies. By building on the cross-cultural management and organizational theories and researches, this study expands these recent findings to expatriate studies.

Keywords: commitment, empowerment, expatriates, international assignments, perceived organizational support

Introduction

In this globalized and highly competitive business world, effective expatriate management is becoming a more critical factor for multinational companies (MNCs) to maintain their competitive edge. Without having a strong commitment from their key prayer, expatriates, MNCs cannot effectively implement their global strategies nor cope up with such changeable global business environment. Many studies agreed that strong organizational commitment could facilitate high performance (Al Zefeiti and Mohamad, 2017; Berberoglu and Secim, 2015) and result in the success of global operations. Thus, MNCs have been working hard to recruit the right candidates and develop relevant skills and also trying to find a better way to improve their expatriates’ commitment toward the international assignment. However, there is no uniformed approach for all MNCs for this.

While much has been written on North American or European expatriates, there are few researches on the expatriates from emerging or newly industrialized economies assigned to less developed or emerging nations, though the number of MNCs from the later combination has been significantly increased. The MNCs from emerging or newly industrialized economies, in general, suffer from lack of relevant information and experience on the global operation, thus they need appropriate international human resource management policies and programs for their expatriates, which reflects their unique situations such as resource constraint.

This study investigated expatriates of Korean companies in India who recently achieved their global status within the very short span of time despite their less international experience and examined the predictors of their expatriates’ organizational commitment, which could give valuable insights to growing companies in emerging economies.

Theory and Hypotheses

Expatriates’ commitment toward their organization is very important for MNCs because highly committed expatriates will identify themselves with the goals of the organization and desire to remain a part of the organization (Liu and Ipe, 2010), thus this attitude could affect job performance as well as retention rate. To cope up with changes in the global business environment and manage diverse workforces, expatriates’ experience must be an important asset for MNCs, thus their turnover would cause a painful loss of time, effort and valuable resources. Meyer and Allen (1991) define organizational commitment with three distinguishable themes. First, affective organizational commitment reflects an employee’s attachment to, identification with and involvement in an organization. This theme tries to capture the attitude of expatriates whether they feel themselves to be part of the organization. Second, normative organizational commitment refers to an employee’s sense of obligation to an organization. This sense of obligation facilitates expatriates to willingly make a
contribution to the good of the organization, and the recognition of their own contribution would please them in return. Last, continuance organizational commitment reflects the perceived benefits associated with staying or leaving an organization. This attitude is strongly related to expatriates’ intention to stay in the organization. This study examined the organizational commitment by considering its possible predictors such as willingness to accept an international assignment, training for an international assignment, expatriate empowerment, and perceived organizational support.

Willingness to accept an international assignment

Expatriates have been considered international assignments as a career development opportunity (Tung 1998). Though many international assignments enjoy various financial benefits and high social status thus attracting talents, it may not be always promising. There are many occasions that candidates for an international assignment can easily find reasonable excuses to decline the assignment because of unstable political situations, insecurity, and tough working condition. In addition to that, one of the most common problems is the ‘out of sight, out of mind’ syndrome (Tung 1988), which is more likely to happen when a company does not have much global operation experience.

We normally assume that those who are willing to take a job even though it contains hardship or challenging aspects must have a strong commitment. However, we have to test this assumption because some people may show their willingness just because of their response to cultural norms, not because of their strong commitment. For instance, Baruch and Altman (2002) explained Korean MNCs as an emissary model characterized by a sense of duty backed by high commitment and loyalty. Kim and Tung (2013) also elaborated that the Confucian values of unswerving loyalty and commitment to the organization as well as tight societal culture enabled Korean expatriates to accept assignments to a lesser preferred country like India, including making major efforts to adjust to the challenges of living and working there. However, the other side also considered that highly committed expatriates who take the challenges will be motivated to complete their job responsibilities per the expectations of the parent company (Kraimer and Wayne, 2004; Yousef, 2000). Thus, this study hypothesizes:

Hypothesis 1: Willingness to accept an international assignment have a significant relationship with an expatriate’ organizational commitment.

Training for an international assignment

Expatriates are exposed to various foreign environments, where economic, legal, social systems, and cultures are different from their home country. This situation calls for a training program which enables expatriates to be culturally sensitive and appropriate, thus shorten the time required by cultural adjustment and alleviate the severity of the culture shock an expatriate can experience (Waxin and Panaccio, 2005; Kraimer, Wayne, and Jaworski, 2001). Black, Gregersen, Mendenhall, and Stroh (1999) also support that the training has a significant positive impact on the adjustment process, and therefore affect expatriates’ performance at their new positions (Harrison and Shaffer, 2005; Ang, Van Dyne, Koh, Ng, Templer, Tay and Chandrasekar, 2007, Kraimer et al., 2001; Shaffer, Harrison, Gregersen, Black and Ferzandi, 2006). The training can also prevent expatriates’ failure and poor performance, and improve companies’ overall return on investment in terms of expatriation (Waxin and Panaccio, 2005). Through such training, expatriates would gain knowledge and understandings about the host country's cultures and their significant managerial roles and develop accurate and realistic expectations, which could enhance their commitment to a local operation (Black and Gregersen, 1991; Black, Gregersen et al., 1999). The training can help expatriates to acquire a sound understanding of local culture, their role expectations and ability to achieve high performance, thus it has a significant positive effect on organizational commitment (Hanaysha, 2016). Accordingly, this study hypothesizes the following:

Hypothesis 2: Training for the international assignment has a positive impact on an expatriate’ organizational commitment.

Empowerment

Empowerment is known as the main tool of employee motivation that could bring successful achievement, productivity, and growth in any business (Hungra, UHaq, Akbar, and Yousaf, 2011). Empowerment can be done through job autonomy, recognition, and delegation, which have a significant positive effect on organizational commitment (Hanaysha, 2016; Kanim, 2017). For example, job autonomy allow expatriates freedom, independence and discretionary powers when performing their job tasks and responsibilities, which enhances a sense of responsibility for the job tasks and responsibilities entrusted with because expatriate could know what, when and how to do work as well as what to decide (Sims, Szilagy, and Mckemey, 1976). In addition, with regard to improving contextual performance, an expatriate’ social status in the host country should be matched with his or her position there. Accordingly, the following hypothesis is proposed in this study:
Hypothesis 3: Expatriate empowerment can increase an expatriate’ organizational commitment.

**Perceived Organizational Support**

The general notion of the psychological contract indicates that employees who perceive greater organizational support would feel more obligation to pay back reciprocally. The employees would repay the perceived support by high job performance, work commitment, citizenship behaviour, and loyalty (Allen, Shore, and Griffeth, 2003; Kahumuza and Schlechter, 2008; Rhoades and Eisenberger, 2002). Kraimer and Wayne (2004) found that the perceived organizational support with respect to financial incentives, career development and family’s wellbeing during their international assignment improved commitment to their organizations. This perception also increases job satisfaction and the satisfied expatriates will be more likely to stay in the organization (Lazarova and Caligiuri, 2001). Thus, this study proposes the following hypothesis:

Hypothesis 4: Perceive organizational support can increase an expatriate’ organizational commitment.

**Methodology**

A questionnaire to measure Korean expatriates’ organizational commitment was developed based on items contained in various other studies (Banai and Reisel, 1993; Tung, 1998; Kraimer and Wayne, 2004). The questionnaire was translated into Korean using the back-translation technique and was distributed during July 2011~ February 2012 to 150 Korean expatriates working in India. A total of 129 questionnaires were returned – of these, 123 were usable. Though the sample size is small, it is large enough to allow for regression analysis on the predictors of the commitment. The respondents were employed in a variety of industries/sectors, including electronics, automotive, textile, trade, petrochemical, transportation, and services. Hierarchical multiple regression analysis was done to examine predictors of organizational commitment.

**Measures**

**Independent Variables**

Five items pertaining to the willingness to accept an international assignment were adopted from Tung (1998) and measured by participants’ willingness to accept an international assignment. A sample item from the scale is ‘I will accept the work abroad even though the working condition is very tough’. The Cronbach’s Alpha of reliability statistics was 0.92.

Four items pertaining to training for an international assignment were adopted from Tung (1998) and measured by participants’ the training experience. A sample item from the scale is ‘The pre-departure training provided by my company is sufficient to prepare me for living and working in India.’ The Cronbach’s Alpha of reliability statistics was 0.69.

Three items pertaining to expatriate empowerment were based on Hackmanand Oldham (1976) and developed to adjust to the Korean expatriates’ context in order to measure whether their job is well recognized by their parent company and also matched with their status in India. A sample item from the scale is ‘Parent company gives me the authority to decide on many critical issues in India.’ The Cronbach’s Alpha of reliability statistics was 0.65.

Four items pertaining to perceived organizational support was adopted from Kraimer and Wayne’s (2004) perceived organizational support scale. Perceived organizational support sought to measure how participants perceived organizational supports with respect to financial incentives, career development and family’s wellbeing during their international assignment. A sample item from the scale is ‘The financial incentives and allowances provided to me by my company are good.’ The Cronbach’s Alpha of reliability statistics was 0.76.

The aforementioned four independent variables were measured on a five-point scale ranging from 1 (strongly disagree) to 5 (strongly agree).

**Dependent variables**

Five items pertaining to organizational commitment were based on Banai and Reisel (1993) and measured by participants’ pride, ownership, and loyalty toward the organization. A sample item from the scale is ‘Even if this organization were not doing so well financially, I would be reluctant to change to another employer.’ The Cronbach’s Alpha of reliability statistics was 0.68.
The scale was measured on a five-point scale ranging from 1 (strongly disagree) to 5 (strongly agree).

**Control variables**

Previous studies have shown that demographic variables such as age, position level, tenure influence expatriates' attitudes and behaviors (Kim and Slocum Jr., 2008; Stahl, Chua, Caligiuri, Cerdin, and Taniguchi, 2009; Bal, de Lange, Ybema, Jansen, and van der Velde, 2011). This study assumed that both tenures in Korea and India would strongly correlated and used them as control variables. Tenure in Korea refers to the period of time of working for their parent company in Korea before their departure and tenure in India refers to the period of time of working in India.

**Analysis of the data**

Factor analysis and Cronbach’s Alpha Test were used to examine the validity and reliability of this study (see Table 1). For the factor analysis, principal component analysis and Oblimin with Kaiser Normalization rotation method were used. The cut-off Eigenvalue of 1.0 was used and the results revealed that cumulatively 68% of the variance was explained. Cronbach’s Alphas used to test the internal consistency of the instruments ranged from 0.65 to 0.92, which was acceptable for this exploratory study. In order to satisfy the statistical requirement of these two analyses, one item from training for an international assignment and two items from expatriate empowerment were removed.

Preliminary analysis was conducted to present means, standard deviations, and intercorrelations among the variables. Multicollinearity effect is not a major concern since the highest VIF (variance inflation factor) was 2.10 and the lowest tolerance value was 1.18. Then, we conducted hierarchical multiple regression analysis to test our hypotheses.

**Findings**

**Profile of Korean Expatriates**

Table 2 presents the demographic profile of the respondents. Some of the findings merit attention.

First, there were only two female expatriates in the sample. Both of them were single and mainly worked as interpreters. One is a part-time student and the other is the daughter of a Korean expatriate. OECD (2013) reported that Korea stood one of lowest among OECD countries in terms of a female labor force participation rate (55% compared to the OECD average of 65%) and the participation drastically decreases upon marriage. And Korean’s male-dominant culture could also hinder female employees’ expatriation.

Second, the majority (90%) of Korean expatriates were university degree or higher.

Third, 61% of the respondents worked for general management and administration, which indicates that the majority involved in high-level decision making.

Fourth, most Korean companies selected expatriates from those who worked for their parent companies for more than 10 years (68.3% of respondents), and their average tenure for expatriation was around three years.

**Factors influencing organizational commitment**

Table 3 presents the means, standard deviations, and intercorrelations among the variables. First, though tenure in India is a control variable, it showed significant correlations with task performance ($r=0.23$) at the $p<0.05$ level, which indicates that the respondents will show a better commitment to their organization if they stay longer in India.
Next, willingness to accept an international assignment ($r=0.30$), training for an international assignment ($r=0.40$), expatriate empowerment ($r=0.61$), and perceived organizational support ($r=0.67$) had significant correlations with organizational commitment. These relationships were further examined by the following regression analysis.

Table 4 shows the factors influencing Korean expatriates’ organizational commitment while they are still on the international assignment. First, the willingness to accept an international assignment and training for international assignment did not have significant relationships with organizational commitment ($p<0.05$). Thus, both Hypothesis 1 and 2 were rejected.

Second, expatriate empowerment had a significantly positive relationship with organizational commitment, which indicated that the satisfaction of the expatriate empowerment could increase organizational commitment. Thus, Hypothesis 3 was accepted.

Third, perceived organizational support also had a significantly positive relationship with organizational commitment. Thus Hypothesis 4 was also accepted.

Last, tenure in India, a control variable, had a significant relationship with organizational commitment even though it lost its significance when other independent variables were entered to the regression analysis.

**Discussion**

This study presented the determinants of organizational commitment. To begin with, the result of the insignificant relationship between the willingness to accept an international assignment and organizational commitment can be explained by the cultural characteristics of Korean companies. Because of the combination of high power distance and collectivistic culture (Kim and Kamalanabhan, 2015), the expatriates could feel an obligation to accept the proposed international assignment by their organization and intend to demonstrate their willingness as a token of their loyalty even though they have to sacrifice themselves. However, the willingness failed to explain as a determining factor of the commitment. This result suggests Korean companies develop an HR policy or program that they could recognize the willingness, not take it for granted.

Many researchers found that training for an international assignment helped expatriates to adjust local culture, hence improve their organizational commitment and also task performance (Chen and Chiu, 2018; van der Heijden, van Engen, and Paauwe, 2009). However, this study showed the reality of the Korean expatriates that 82% of respondents did not experience any proper orientation program for their expatriation, and 79% of the respondents also felt that their company’s pre-departure training was not sufficient to prepare them for living and working in India. Thus, this study showed an insignificant relationship between the training and the commitment. However, Figure 1 indicates that Korean companies need immediate action to develop a relevant training program for their expatriates because the figure shows that 49% of respondents were below the general manager level in their parent company.

When they moved to India, the majority of them became senior level managers and only 12% of respondents remained below the general manager level in India. This result shows that Korean expatriates usually have a higher position than their position in the parent company. Important to know that the main role of a general manager is normally in charge of a department within a company, but in small companies, the general manager may be one of the top executives. In both cases, managerial skills are very much needed to effectively perform their tasks. Thus, Korean MNCs should develop relevant training programs to equip their expatriate with senior-level managerial skills so that they could deal with the foreign environment and effectively execute complicated tasks.
Expatriate empowerment improves work motivation and enhances loyalty and productivity, thus results in organizational commitment (Ripley and Ripley, 1992). The main components of the empowerment could be delegation and recognition, and job autonomy that allows expatriate to have an authority to decide on critical issues and take responsibility for the consequences. And the respondents also highly appreciated the high social status matching their position level in India. This empowerment is strongly correlated to tenure in India ($r=0.44$) and perceived organizational support ($r=61$), which indicates that the empowerment grew as they adjusted better to the local working environment and the support from the company became more tangible.

The result of this study clearly showed that perceived organizational support improved expatriates’ commitment in a significant way. In order to reciprocate the support from the organization, expatriates will be more committed to the company’s vision and mission and thus act more responsibly in the spirit of corporate identity (Kawai and Strange, 2014). However, there are some discouraging facts: only 33% the expatriates positively responded to financial support, 23% to career development support, 29% to family-related support, and 31% to living adjustment support. These results show that the company’s supports are not good enough and they need to meet their expatriates’ expectations. Otherwise, perceived organizational support would become the main hindrance when Korean MNCs try to harvest their motivation programs. Thus, perceived organizational support should be carefully treated as a double-edged sword that could improve organizational commitment or weaken it.

**Conclusion**

The organizational commitment of expatriates is one of the most important attitudes that could lead to the high performance of MNCs (Al Zefeiti and Mohamad, 2017). This study found that work recognition, job autonomy, and high social status really empowered Korean expatriate and resulted in strong commitment. And when they perceived their company’s support tangibly, their commitment also increased significantly. However, this study also found some gaps between the perception and the reality in the areas of financial, career development, family-related, and living adjustment supports where Korean MNCs should take action on.

As statistics shows, a growing number of MNCs are coming from emerging economies (Fortune Magazine, 2019). One of the pressing issues for them is to develop a relevant international human resource management strategy because their contexts are different from those who are from developed countries. Most Korean MNCs also experienced very similar situations because they became global in a very short span of time. Therefore, this research contributes to knowledge of IHRM theoretically and practically, especially to those who seek a relevant model for expatriate management in MNCs from emerging economies.

**Practical implications**

Training for international assignment should be treated as a strategy to achieve organizational goals by attracting and retaining employees, which can help expatriates to develop their career while they can commit to the work to increase their performance (Vasudevan, 2014). Since the main tasks of the respondents were changed to the more senior level manager’s one, the training program should be developed in senior-level managerial skill development as well as cross-cultural adjustment.

Expatriate empowerment and perceived organizational support should be developed together so that both empowerment and perceived organizational support could reflect each other. Perceived organizational support can be considered as a reward for their organizational commitment and good performance, on the other hand, it can be seen as a positive result of the empowerment. Thus, the empowerment should be properly communicated with expatriates and more focused on outcomes.

And feedback on career development by parent companies is likely to improve their expatriates’ commitment because it is an act of recognition that expatriates highly appreciate it if they pursue career advancement within the organization. Because of the ‘out of sight, out of mind’ syndrome, most expatriates worry their career advancement upon their repatriation, even job loss (Tung, 1998). Thus, the feedback should be done regularly in a systematic manner in order to improve the perceived organizational support and the commitment.

**Limitations and suggestions for further research**

The first obvious limitation is a generalization issue because this study focuses on Korean expatriates only. Future studies should compare and contrast the performance of expatriates from western or other Asian multinationals toward living and working in India, or other emerging markets so that the findings can be more widely applicable. Next limitation is the...
relatively small sample size. However, it is large enough to allow for the regression analysis. Last, this study used a self-reported performance measure which may cause a single source bias. Future studies should compare the results with information from their supervisors or other sources.

Despite the aforementioned limitations, this study has advanced our understanding of the organizational commitment of expatriates from a recently industrialized country working in an emerging country. It will be great if the future study includes the relationship between this commitment with expatriates' intention to stay or task performance.

References


I will accept the work abroad even if the country of assignment may not contribute to my career advancement.
I will accept the work abroad even if the country of assignment may not have much tourist attraction.

Table 1: The combined results of Factor and Reliability analysis

<table>
<thead>
<tr>
<th>Scale item</th>
<th>WAI</th>
<th>TIS</th>
<th>EEP</th>
<th>POS</th>
<th>OC</th>
<th>Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>I will accept the work abroad even if the country of assignment may not contribute to my career advancement.</td>
<td>0.87</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>I will accept the work abroad even if the country of assignment may not have much tourist attraction.</td>
<td>0.82</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Reliability: 0.92
I will accept the work abroad even though the working condition is very tough.
I will accept international assignments to countries/regions that are politically unstable and insecure.
I will accept anywhere that my company asks me to go.

The company has provided an orientation program for my expatriate work here.
I received English training for my assignment to India.
I learned some practical tips from those in and outside of the company who have prior overseas work experience in India.
The pre-departure training provided by my company is sufficient to prepare me for living and working in India.

My work is well recognized by my parent company.
My high-social status in India satisfies me.
Parent company gives me the authority to decide on many critical issues in India.
The financial incentives and allowances provided to me by my company are good.
I feel that my company cares about my career development.
My company has shown an interest in my family’s well-being.
My company provides assistance whenever I have questions or concerns about living in India.

I am proud to tell people who I work for.
Even if this organization were not doing so well financially, I am reluctant to change to another employer.
I feel that I am a part of the organization.
I would advise close friends to join our company.
To know that my own work has made a contribution to the good of the organization pleases me.

Note: WAI (Willingness to Accept An International Assignment), TIS (Training for An International Assignment), EEP (Expatriate Empowerment), POS (Perceived Organizational Support), OC (Organizational Commitment).
*Loadings less than .31 are not reported.

Table 2: Demographic Profile of Respondents

| Gender: | Male (98.4%); Female (1.6%) |
| Age: | 20~29 years (8.9%); 30~39 years (17.1%); 40~49 years (27.6%); 50~59 years (39.0%); 60 years and above (7.3%) |
| Educational background | High school (8.1%); Vocational college graduate (1.6%); Undergraduate (74.1%); Post-graduate (15.4%); Doctorate (0.8%) |
| Functional areas | General management/administration (61.0%); Production/Operation (19.5%); R&D/quality control (1.6%); Finance (9.8%); Sales/marketing (8.1%) |
| Organizational tenure | < 3 years (11.4%); 3~10 years (20.3%); > 10 years (68.3%) |
| Tenure in India | < 1 year (20.3%); 1~2 years (13.8%); 2~3 years (22.8%); 3~4 years (6.5%); 4~5 years (10.6%); > 5 years (26%) |

Table 3: Results of correlation analysis

| Mean | SD | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5.31 | 2.50 | - | | | | | | |
| 5.35 | 2.15 | .39 | - | | | | | |
| 3.20 | 0.90 | -.08 | -.02 | | | | | |
| 2.87 | 0.76 | .03 | -.21 | -.17 | | | | |
| 3.51 | 0.73 | .23 | .44 | .39 | .22 | | | |
| 2.62 | 0.82 | .14 | .16 | .14 | .61 | .47 | | |
| 3.36 | 0.62 | .16 | .23 | .30 | .40 | .61 | .67 | |
Note: Correlations of .21 and higher are significant at the p<0.05 level.

Table 4: Results of regression analysis

<table>
<thead>
<tr>
<th>Dependent variable: Organizational Commitment</th>
<th>Model 1</th>
<th>Model 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tenure in Korea</td>
<td>0.08</td>
<td>0.03</td>
</tr>
<tr>
<td>Tenure in India</td>
<td>*0.20</td>
<td>-0.01</td>
</tr>
<tr>
<td>Step 2</td>
<td></td>
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<tr>
<td>Willingness to accept an international assignment</td>
<td>0.12</td>
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<tr>
<td>Training for an international assignment</td>
<td>0.07</td>
<td></td>
</tr>
<tr>
<td>Expatriate empowerment</td>
<td>*0.33</td>
<td></td>
</tr>
<tr>
<td>Perceived organizational support</td>
<td>*0.46</td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>0.06</td>
<td>0.57</td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>0.04</td>
<td>0.55</td>
</tr>
<tr>
<td>F-p-value</td>
<td>3.79</td>
<td>25.59</td>
</tr>
</tbody>
</table>

Note: n=123. df=122. Values are standardized coefficient. *Significance at p<0.05.

Figure 1: Comparison of Position Level in Korea vs. India