

EXPATRIATE PERFORMANCE AND THE BIG-FIVE PERSONALITY:

THE MEDIATING EFFECT OF EXPATRIATE ADJUSTMENT

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ABSTRAK

Personaliti 'Big-Five', prestasi Expatriat adalah dua bidang yang kurang ditekankan dalam literature Expatriat. Dimensi personaliti 'Big-Five' dalam penyelidikan ini merangkumi Kebatinan, Kestabilan Emosi, Ekstraversi, Senang Untuk BerSetuju dan Keterbukaan Kepada Pengalaman. Sepanjang proses tinjauan karaya ini, para sarjana telah mengesahkan bahawa personaliti 'Big-Five' boleh digunakan sebagai ramalan untuk penyesuaian antarabangsa dan prestasi Expatriat. Para sarjana juga mengesahkan bahawa penyesuaian antarabangsa tiga dimensi Expatriat (Penyesuaian Kerja, Penyesuaian Interaksi dan Penyesuaian Am) berupaya untuk meramalkan prestasi Expatriat. Berdasarkan cadangan definasi-definasi bagi setiap variabel dalam penyelidikan ini dengan sokongan karya dahulu mengenai pengajian Expatriat dan psikologi, satu model penyelidikan baru terhadap pengajian dan hipotesis mengenai perhubungan personaliti-penyesuaian-prestasi telah dibentuk dengan menggunakan prestasi tiga dimensi Expatriat (Prestasi Teknikal, Prestasi Konseptual dan Prestasi Spesifik Pekerjaan) sebagai variabel bersandar. Model penyelidikan in meramalkan bahawa dimensi personaliti 'Big-Five' akan mempengaruhi tingkatan persepsi prestasi tiga dimensi Expatriat. Kesan-kesan personaliti Expatriat terhadap prestasi tiga dimensi Expatriat diramalkan akan disederhanakan oleh setiap dimensi penyesuaian antarabangsa Expatriat. Untuk menguji model penyelidikan yang baru dicadangkan, satu tinjauan soalselidik telah dibuat dalam industri perhotelan negara China dengan para Expatriat hotel di tiga destinasi kunjungan utama iaitu Xi'an, Beijing dan Shanghai. Data juga dikumpulkan daripada penyertaan Expatriat Malaysia, Singapura, USA, Eropah dan sebagainya. Hipotesis dan model baru ini telah diuji dengan menggunakan teknik analisis data SPSS sementara penerangan keputusan analisis dibuat berdasarkan teori evolusi psikologi personaliti dan teori pentadbiran tekanan. Keputusan kajian menyokong model baru ini dimana hanya Ekstraversi dan Keterbukaan Kepada Pengalaman menunjukkan perhubungan langsung terhadap prestasi Expatriat. Keputusan juga mengesahkan bahawa Kebatinan berhubungan dengan semua dimensi penyesuaian antarabangsa Expatriat. Selain itu, Ekstraversi dihubungkan dengan Penyesuaian Interaksi, Kestabilan Emosi dihubungkan dengan Penyesuaian Am dan Kesenangan Untuk Setuju dihubungkan dengan Penyesuaian Kerja Expatriat. Penyesuaian Interaksi menjadi faktor yang sangat penting berhubungan dengan ketiga-tiga dimensi prestasi Expatriat sementara Penyesuaian Kerja hanya mempunyai perhubungan positif terhadap Prestasi Teknikal. Penyesuaian Interaksi dan Penyesuaian Kerja menunjukkan kesan pertengahan yang lebih ketara dan menjadi sumbangan penting dalam penyelidikan prestasi tiga dimensi Expatriat dan personaliti 'Big-Five'.

ABSTRACT

Big-Five personality and Expatriate performance are two under-emphasized areas in expatriate literature. In this research, expatriate Big-Five personality dimensions includes Conscientiousness, Emotional Stability, Extraversion, Agreeableness, and Openness to Experience. During the literature reviewing process, scholars confirmed that the Big-Five personality can be used as predictors of expatriate international adjustment and expatriate performance, scholars also confirmed that expatriate three-dimensional international adjustment (Work Adjustment, Interaction Adjustment and General Adjustment) can be used to predict expatriate performance. Based on the proposed definitions of each variable in this research and supported by past literature of studies on expatriates and psychology, a new research model on personality-adjustment-performance is proposed by employing expatriate three-dimensional performance (Technical Performance, Contextual Performance and Assignment-specific Performance) as dependent variable, and relevant hypotheses were developed. The research model predicts that expatriate Big-Five personality dimensions will influence the expatriate perceived level of three-dimensional performance. The effects of expatriate Big-Five personality on expatriate three-dimensional performance are predicted to be mediated by each expatriate international adjustment dimension. In order to test this new proposed research model, a survey questionnaire survey was conducted in China hotel industry and collected data from hotel expatriates in three major tourism destinations, namely Xi'an, Beijing and Shanghai. Expatriates from Malaysia, Singapore, U.S., Europe, and other countries participated in this research. Hypotheses and the new model were tested by using SPSS data analysis techniques, while theory of evolutionary personality psychology and stress management theory were applied in explaining the data analyses results. The findings showed support for the new model. Only Extraversion and Openness to Experience showed a direct relationship with expatriate performance. The results indicated that Conscientiousness was associated with all dimensions of expatriate international adjustment, while Extraversion is associated with Interaction Adjustment, Emotional Stability is associated with General Adjustment, and Agreeableness is associated with expatriate Work Adjustment. Interaction Adjustment is found to be an extremely important factor associated with all three expatriate performance dimensions while Work Adjustment is only positively associated with Technical Performance. Interaction and Work Adjustment showed comparably strong mediating effects, which provided an important contribution to research on expatriate three-dimensional performance and Big-Five personality.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

1.1.1 Expatriate Performance

As we all know that the major trend for business world is “going global”, or “globalization”, and this topic has remained hot for several decades. Expatriate has also been on the top of the agenda for many years from human resources perspective point of view. You can easily find many definitions on the concept of expatriate. For instance, *expatriate* has been defined as “...employees of business and government organizations who are sent by their organization to a related unit in a country which is different from their own, to accomplish a job or organization-related goal for a pre designated temporary time period of usually more than six months and less than five years in one term.” (Aycan & Kanungo, 1997).

Scholars have put their efforts into the research on expatriate from different perspectives. The focus of the expatriate studies focused on different concepts from 1980s until now. In the 1980s, the debate was mainly about expatriate adjustment: the psychological (dis)comforts or (dis)stress experienced while on assignment (Black, 1988; Black, Mendenhall, & Oddou, 1991). Since the beginning of the early 1990s, scholars focused more on expatriate effectiveness, such as measuring expatriate managers’ overseas failure mainly by their premature return from their overseas assignments (Harrison, 1994), according to the research results from those scholars, these expatriate failures mostly resulted from their poor performance or their inability and their spouses’ inability to adjust to the foreign environment

(Black & Mendenhall, 1989). However, only recent researches have begun to examine the expatriate performance, and the degree to which the expatriate are meeting contextual standards or expectations of their positions, job performance.

1.1.2 China Hotel Industry

We all know that global mobility is a reality and a necessity in today's international business environment and it is certainly not an exception for the hotel industry. China is a huge country with thousands of years of history, which further helped to form its unique culture and customs. China remains mysterious to the international business world until the Open-door policy was put into practice in the late 1970s. After full practice of Reform and Opening-up Policy, Chinese tourism and hotel industry has experienced continuous growth since the early 1980s, which can be vividly described by an old Chinese saying "bamboo shoots after a spring rain". Although the development was fast, at that time the hotel supply in China was still far below the tourists' demand. Therefore, the Chinese central government and Chinese hotel industry endeavored to increase the number of the hotels and room stocks by all available means. Chinese central government adopted many encouraging and favorable policies to attract any kind of capital investment, meanwhile local government also invest huge amount of capital investment in the hotel and tourism industry from any possible source. For instance, the state, collectives, private, local, and foreign capital were all encouraged to invest in the travel industry (He, 1992). It was also estimated by the World Tourism Organization that by the year 2020 China will become the world's number one tourist destination, with annual arrivals of 130 million (WTO, 1999). With the booming of the tourism industry at its early stage, together with overwhelming increase of business travel stimulated by China's entry of the World Trade Organization, many international conferences

was held in China, as well as international events, such as the upcoming worldwide famous sports event - Olympics Games 2008 will be hosted in capital city Beijing, China. Therefore, all these facts ensured International Hotel Chains (IHCs) to believe that it is a must to reach across continents and carry their product into Chinese hotel industry to succeed and prosper.

Since its rapid economic growth and its increasingly important role as a major tour destination for both international travelers and domestic travelers, for example, from Appendix C1.1, in 2007 alone, Beijing received a total of 18,181,465 tourists, an increase of 11.32% compared to last year (www.cnta.gov.cn), plus the 2008 Olympic games will be held in China, the country now is regarded as a fertile land for the hotel industry. For instance, among the world top 300 corporate chains, about ten percent have entered China, such as, Hilton, Hyatt, Six Continents, Shangri-la, Marriott, Accor, Club Med, Days Inns, and some mega chains like Starwood and Cendant (Hotels, 1999). It will not be a surprise for you to see the earliest Sheraton, or any other international brands such as Howard Johnson, which entered Chinese hotel industry in 2001. In 2004, China had a total of 10,888 establishments designated as tourist hotels (www.ctha.com.cn). Cendant Hotel Groups partnered together with Tian Rui Hotel Corporation, has contracted to the development of more than 55 hotels over the next five years, with a goal of 180 Super 8 hotels by 2008 (Hotels, 2005).

1.1.3 Expatriates in China Hotel Industry

Hotel industry in western countries has already had its hundreds of years of history while Chinese hotel industry is still in its early years of development. In order to manage, coordinate, control and integrate the operations of their overseas venture, Multinational Companies (MNCs) often send expatriates abroad as corporate representatives and ambassadors (Gregersen, Hite, & Black, 1996). Due to this situation, expatriate are hired by

International Hotel Chains (IHCs) to make sure the expansion of the new branch hotel, specifically for start-up operations in joint-venture hotels. The posts they fill in are usually critical positions in host country, covering key functions such as general manager (GM), chief finance officer (CFO), front office manager, sales and marketing director, food and beverage director, housekeeping director, engineering director and human resources director, or executive chief and other supervisor level posts. The relocation of the qualified hotel managers from home country to the host country creates a new category of hotel professionals known as hotel expatriate managers (Harris, 1979). These expatriates are supposed to carry out the assignment and bear with the responsibility for achieving the company's objectives and maintaining its management standards in overseas operations (Yu & Huat, 1995). The performance of these high post hotel expatriates are considered as key factors which relates both to the development and the reputation of the IHCs. However, there are quite a number of problems that need to be solved. Although China is abound with cheap labor, IHCs usually find China lacking of qualified and experienced employees (Zhang & Wu, 2004). Globalization of the hotel industry not only provides new drive to grow for the hotel industry, but also has raised great challenge for the human resources department to recruit technically competent and culturally sensitive employees for the overseas hotel management operations (Clark & Arbel, 1993; Yu, 1992), within local labor source, well-trained and experienced hotel managers or supervisory level employees with good English language and management skills are quite difficult to be found (Zhang & Wu, 2004).

Since expatriates are hired specifically for start-up operations in joint-venture hotels managed by IHCs in China, which owns a unique and totally different eastern culture, the first wave of expatriates from western countries usually suffered from culture shock, environmental adaptability problems, and many more, because few of them were trained in

Chinese history, its language, or its culture (McComb, 1999). Meanwhile, the high expatriate turnover rate and high cost associated with international assignments failure and poor overseas performance, MNCs, in this case IHCs, need to ensure that the executives (or managers) they post to foreign assignments have successful experience (Birdseye & Hill, 1995). Expatriation should be taken seriously because it is considered as an attractive method for accumulating foreign markets by the organization. Many other issues are associated with expatriate, such as high failure rates among expatriate managers measured as premature returns back home, can be costly to the international company which send employee and his/her family abroad. The organization also faces the challenges of selection, management of the most appropriate individuals to successfully carry out the mission and enhance expatriate performance as well as their business performance.

1.2 Problem Statement

The increased globalization of hotel development has created a great challenge to human resource management executives to recruit technically competent and culturally sensitive managers for managing the overseas operations (Clark & Arbel, 1993; Yu, 1992). There are many human resource challenges facing China's hotel industry. The key issues are: the lack of qualified staff at both operational and managerial levels, high staff turnover rates, and so on (Zhang & Wu, 2004). In the early years, the education level of Chinese labor is quite low, for instance, their English language and knowledge about common hotel practices are weak, thus the service quality are not satisfactory according to the international standard. These facts raised the difficulties in the management of hotel business. Thus, hotel expatriates were often hired in order to solve these problems in China. With an annual 9 percent economic growth rate since the late 1980s, and double digit annual economic growth rate in

the nineties, China is definitely considered as one of the land full of opportunities. On the other hand, the blossoming of tourism industry and booming economic growth caused overwhelming numbers of IHCs and investors trying to squash into the industry, many IHCs opened their branches in China already found it quite difficult to gain the budgeted profit. Expatriates performance are crucial to the success of the IHCs. However, the selection criteria still focused more on technical aspects of the work but little concern has been given to aspects of cultural adaptability on the part of expatriate managers (Selmer, 2005b). Thus, hotel expatriates in China often experience a culture shock (Kaye & Taylor, 1997), which further lowered their performance.

Recently researchers are extensively studying issues regarding expatriate retention and performance enhancement. To sum up, most of these expatriate researches conducted in international background focused on organizational commitment (Gregersen & Black, 1990), expatriate turnover (Birdseye & Hill, 1995), expatriate career management (Selmer, 1999a), repatriation (Lazarova & Caligiuri, 2001; Stroh, Gregersen, & Black, 2000), expatriate adjustment (Caligiuri, Phillips, Lararova, Tairique, & Biirgi, 2001; Selmer, 1999a). Furthermore, recent researches on expatriate in China focused mainly on adjustment pattern of western expatriate business managers on the base of culture shock in China (Selmer, 1999b), factors influencing expatriates (Lee, 2005), expatriate individual differences and their effectiveness (Shaffer, Harrison, Gregersen, Black, & Ferzandi, 2006), expatriate success on the bases of personal and situational factors (Erbacher, D'Netto, & Espafia, 2006), influences of Chinese culture on cross-culture management (Goodall & Li, 2006), finding the relationship between cross-cultural training and expatriate adjustment in China (Selmer, 2005b). However, it is surprising that the criterion of job performance has attracted least amount of attention of all variables studies in relation to expatriate (Shaffer & Harrison,

1998).

Expatriates may quit their assignment and leave for better job offers outside the organization, they might get transferred to other positions within the organization, and some might get fired because they do not perform according to expectations (Harzing & Christensen, 2004). Although there is no proof for the cut of expatriates happened in Chinese hotel industry, it is crucial and urgent for IHCs to better manage hotel expatriates and their performance, especially to identify the predictors of their performance.

Furthermore, the meta-analysis conducted by the generalized predictors of the job performance which have been used in past researches are showed in Appendix C2.1 (Mol, Born, Willemsen, & Van der Molen, 2005), among the most common measurements used to predict the expatriates' job performance, there is Big-Five dimensions. It means that personality psychology is now back on the agenda. Due to cultural differences, environmental differences, and many more complicated issues, the hotel expatriates with different personality may experience levels of adjustment, and further affect they performance. Based on the above literature gap, this research attempts to explore the core personality factors that contribute to expatriate performance among the expatriates in Chinese hotel industry. By understanding the predictors of expatriates' performance within Chinese hotel industry, such as expatriate personality, it will help IHCs' human resources directors and managers in China to better understand and improve expatriates performance, and enhance expatriate selection criterion.

1.3 Research Objectives

Expatriates working in a foreign environment with very different political, cultural and economic conditions often face both job-related and personal problems (Birdseye & Hill,

1995). By identifying factors could potentially reduce the number of expatriate failures, or premature returns, from overseas assignments. In a special and complicated environment like China, the expatriates may experience many difficulties which may lead to their low performance.

The objective of this research is to investigate whether factors, such as expatriate personality, expatriate international adjustment (Work, General and Interaction Adjustment) are able to predict expatriates' three-dimensional performance (Technical Performance, Contextual Performance, and Assignment-specific Performance) in Chinese hotel industry, based on the research conducted on the sample of three major tourism destinations in China which include Beijing, Shanghai and Xi'an.

1.4 Research Questions

Hence, the questions that need to be answered from the study are as follow:

- Does the independent variable, expatriate Big-Five personality (dimensions: Conscientiousness, Emotional Stability, Openness, Extraversion, Agreeableness) predict expatriate performance (dimensions: Technical Performance, Contextual Performance, and Assignment-specific Performance)?
- Does expatriate Big-Five personality (dimensions: Conscientiousness, Emotional Stability, Openness, Extraversion, Agreeableness) predict the mediating factor, expatriate international adjustment (dimensions: Work Adjustment, General Adjustment and Interaction Adjustment)?
- Does the mediator, expatriate international adjustment (dimensions: Work Adjustment, General Adjustment and Interaction Adjustment) predict the dependent variable, expatriate performance (dimensions: Technical Performance, Contextual Performance, and

Assignment-specific Performance)?

- Which variable (or dimension) serves the most importance in predicting which dimension of expatriate performance in Chinese Hotel Industry?
- How does each of these factors, for example, expatriate Big-Five personality, relate to expatriate three-dimensional performance accordingly within Chinese hotel industry?
- Based on the above tests, does the relationship between the independent variable and dependent variable mediated by expatriate adjustment (dimensions: Work Adjustment, General Adjustment and Interaction Adjustment) exist?

1.5 Significance of the Study

The results of this study are supposed to provide great practical implications for IHCs sending expatriates in China. The survey will provide information on the relationship between expatriate three-dimensional performance and expatriate Big-Five personality. Data from the survey will provide useful information to the management of IHCs, thus they would be able to know and realize, in China hotel industry environment, which personality trait influences which dimension of expatriate international adjustment, and affects which dimension of expatriate performance. Therefore, suggestions would be drawn from the results of this study, and provide the IHCs useful ideas and strategies to better manage the expatriates and improve expatriate performance while they are on assignment in China.

For the IHCs, they will benefited from the results of the study in terms of managing expatriates, it also helps them to identify the personality traits related to expatriate three-dimensional performance, what they can do to assist the expatriates and improve their performance in China, furthermore, improve their organizational business performance ultimately. For the sake of expatriates, suggestions drawn from the results should be helpful

for them to better adjust, and to improve their work life and non-work life quality while working in China.

Theoretically, this study should generate certain levels of contribution for the future research in the following ways: since this study aimed to identify the relationship between Big-Five Personality, expatriate international adjustment, and expatriate three-dimensional performance within Chinese hotel industry. As far as this past literature review process' concern, no such efforts have been done to identify this personality-adjustment-performance relationship. It means that no efforts was found in the past literatures which use expatriate international adjustment as a mediating factor between the Big-Five Personality and expatriate three-dimensional performance. Therefore, this study would help to build the theory in understanding the mediating effects of expatriate international adjustment between the Big-Five Personality and expatriate three-dimensional performance.

1.6 Organization of the Report

This report consists of five chapters. The first chapter introduces the hotel industry in China, in which the research is carried out, followed by the explanation of the research problem, research questions and research objectives. Chapter two presents an overview of the past literature related to the topic and variables applied in the research. It also covers the theoretical framework and formulation of the hypotheses for this research. Chapter three discusses on the methodology, including questionnaire design, population, sampling method, data analysis techniques and so on, instruments and measurements are also discussed. Chapter four reports the results of the collected data and data analysis and various statistical results interpretation. Chapter five, which is the last chapter, covers the discussion on the data reported in Chapter 4, implications and limitations of the study, followed by suggestion for

future research and final conclusion.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents an overview of theories that form the foundation of three-dimensional expatriate performance. Past literature on the antecedents (Big-Five Personality: Conscientiousness, Emotional Stability, Openness, Extraversion, Agreeableness), mediators (expatriate international adjustment – Work Adjustment, General Adjustment, and Interaction Adjustment), and some other factors were also discussed. Based on the review of the literature, the theoretical framework and hypotheses are developed.

2.2 Theories Associated with Expatriate Research

According to a recent review, past studies of expatriate effectiveness theoretical underpinnings were summarized as follow: (a) Learning; (b) Stress-coping; (c) Developmental and (4) Personality-based theories (Mendenhall, Kühlmann, & Stal, 2001). Meanwhile, other theories such as the theory of evolutionary personality psychology (Buss, 1991; MacDonald, 1998) was also applied. Since there are quite a number of theories related to expatriate research, brief discussion on this topic is necessary and very helpful in identifying which theory is the most appropriate to achieve the goal of this research.

2.2.1 U-Curve Theory

The U-Curve framework is one of the most commonly proved theories regarding expatriate adjustment. It has been used to describe the cross-cultural adjustment process of expatriate employees or sojourners within a host culture (Black & Mendenhall, 1990; Usunier,

1998). The UCT include discussions of four stages of adjustment. The honeymoon stage occurs during the first week after arrival at the host country. When the newcomers start to cope with the real conditions on the daily basis, the second stage begins - culture shock stage. The third stage is the adjustment stage in which the individual gradually adapts to the new norms and values of the host country and can act more appropriate than they were before. Finally, in the mastery stage in which the individual is able to effectively function in the new culture. Therefore, U-Curve theory is mainly related to expatriate adjustment to the host country environment.

2.2.2 Theory of Evolutionary Personality

This theory was used in order to predict the expatriate success as it presents that individuals will vary on the extent to which they possess these personality characteristics necessary for expatriate success (MacDonald, 1998). And this theory was tested in the study of the Big-Five personality characteristics as predictors of expatriate's desire to terminate the assignment and supervisor-rated performance (Caligiuri, 2000).

Evolutionary personality psychology theory focuses on the why individuals display certain types of behavior, instead of how biological models, or what of descriptive taxonomies. It is "best regarded as a theory about the origins, rather than the content of human nature" (Buss, 1991). This theory basically explains why there are genetically based individual differences. For instance, different individuals in an environment with many potential niches can select the niches that maximize their levels of fitness within the environment. Therefore, evolution of personality psychology theory endeavors to provide a physiological foundation for various mechanisms, phenotypes, and behaviors.

The above points were used by Caligiuri (2000) in arguing the reasons why theory of evolutionary personality psychology can be applied to predict expatriate success: (a) variation

along the Big-Five personality characteristics allow for individuals to successfully fill different niches or positions in society (MacDonald, 1998). Based on the previous discussion on this theory, assumption such as expatriates in the host countries often face different environments compared to their home country (Birdseye & Hill, 1995), individuals' personality characteristics should help them to meet the adaptive requirements of their assignments. According to the theory, *individual will vary on the extent which they possess these personality characteristics necessary for expatriate success* (Caligiuri, 2000). (b) the same universal personality characteristics should be relevant for expatriate success – regardless of the individuals' nationality or country of assignment (Caligiuri, 2000). This was argued by Caligiuri (2000) because of the universal adaptive mechanisms, the Big-Five personality characteristics should be utilized across contexts, situations and environments (Buss, 1991; MacDonald, 1998; McCrae & Costa, 1997).

2.2.3 Stress Management Theory

Host country provides new environment for expatriates, in which a great deal of uncertainty was created for the expatriates, such as new working environment, meeting new people from different culture backgrounds and so on. Therefore, expatriates may probably feel stressful while working in the host country. Theory of stress management has been proved that it significantly related to expatriate adjustment (Black et al., 1991; Caligiuri & Day, 2000; Fisher & Shaw, 1994; Harvey, Buckely, Novicevic, & Wiese, 1999). And this theory was used in the research of Caligiuri and Day in their research of measuring the different dimensions of expatriate job performance.

For the expatriates, disruption in patterns and routines, both on the job and in their private lives, may produce anxiety and stress (Selmer, 2006). According to previous stress literature, maladjustment caused by stress may influence work performance by creating

cognitive fatigue and reducing the energy and effort required for successful implementation of work (Bhaskar-Shrinivas, Shaffer, Luk, & Harrison, 2005; Black et al., 1991); expatriates' psychological stress may negatively affect their performance by producing maladjustment (Bhaskar-Shrinivas et al., 2005; Caligiuri, 1997). It has also been proven that this theory can be useful when explaining relationship between expatriates' adjustment and performance by "successful cross-cultural adjustment in host countries reduces expatriates' stress and strain; in turn, it may influence their performance by helping them to expend more energy and efforts on their work" (Feldman & Thomas, 1992; Selmer, 1999b). Likewise, expatriates in this research are those hotel executives/managers whose job requires a lot of interaction with host country nationals, therefore stress management theory may explain the interaction and general adjustment, which could be positively related to their performance (Black, 1988; Black & Mendenhall, 1990; Caligiuri, 1997; Tung, 1981).

2.2.4 Theory Summary

This research aimed to identify the relationship between expatriate Big-Five personality, expatriate international adjustment, and expatriate performance, according to the above brief explanation of the three most common used expatriate theories, namely U-Curve theory, theory of evolutionary personality psychology, and stress management theory. Out of the three theories, theory of evolutionary personality psychology and stress management theory are chosen and will be applied to explain the results.

2.3 An Overview of Expatriate Performance

Expatriate managers are often hired specifically for start-up operations in joint-venture hotels managed by international hotel chains (Kaye & Taylor, 1997). They often hold key positions as general managers or department head level as discussed earlier. The failure rate

of the expatriates is usually very high. One study reported about a 40% failure rate of expatriates assigned to overseas positions (Tung, 1981). Based on several studies, a failure of an expatriate assignment may be due to poor expatriate management and poor productivity of the expatriate employee, and the failure could be very costly. The average cost per failure to the parent company was estimated to be between \$65,000 and \$300,000, depending on various factors (Mendenhall & Oddou, 1985; Zeira & Banai, 1985). Other scholars estimated about USD150,000 or more per person for each adjustment failure (Briscoe, 1995), let alone the cost for training, relocation, and compensation which may add USD80,000 more (Dowling, Schuler, & Welch, 1996). Therefore, if we notice the huge amount of cost associated with every single failure of an overseas operation, expatriate performances are crucial for the success of those IHCs.

Expatriates who performed while on an overseas assignment are not valued completely by their technical competence. Seven reasons for expatriate failure were identified (Tung, 1987), it ranked the reasons for expatriate failure as follow: (1) inability of manager's spouse to adjust to a different physical or cultural environment, (2) the managers' inability to adapt to a different physical or cultural environment, (3) other family- related problems, (4) the manager's personality or emotional immaturity, (5) the manager's lack of technical competence, (6) the manager's inability to cope with the responsibilities posed by overseas work, (7) the manager's lack of motivation to work overseas. Meanwhile, the three most common indicators used to evaluate success are the completion of the foreign assignment, cross-cultural adjustment, actual performance on the foreign assignment (Caligiuri, 1997). Therefore, it is easy to observe that technical competence ranked in number five, and technical competence is not the only prerequisite for the success of expatriate. As proven by many other studies, other factors such as cross-cultural adaptability (adjustment), career

development, social and interpersonal skills, language skills, expatriates' motivations towards to international assignment are also crucial to the success of expatriates. Those previous studies were summarized as below.

Qualified and experienced expatriates can fail their overseas assignments. Surprisingly these failures were because of cultural differences in the foreign country. This finding simply proved that expatriates who have good performance records in domestic operations, do not guarantee their success in foreign operations (Hays, 1974). The major reasons for failure could be due to culture differences including language and the new environment of the host country (Rehfuss, 1982). Studies have also found that between 16 and 40 per cent of all expatriate managers end their foreign assignments early because of their poor performance or their inability to adjust to the foreign environment (Black, 1988). Expatriate's inability to adapt, and lack of motivation to work in China were the major causes of failure for hotel expatriate managers (Feng & Pearson, 1999), meanwhile, some activities, such as, cross-cultural training was found especially useful to facilitates expatriates' adjustment at work, their performance may also improve (Selmer, 2005b)

Many researchers argued that the expatriates' assignments require effective performance on dimensions beyond task performance. One research has developed a theoretical taxonomy of expatriate success highlighting the need to examine both technical performance and managerial and expatriate-specific contextual performance (Caligiuri, 1997). According to the results of the study, so-called managerial performance and contextual performance include aspects such as maintaining good working relationship with employees, and establishing good relationships with host nationals. These two factors were combined as expatriate contextual performance by Caligiuri (1997). It was defined as the expatriate's level of effectiveness in performing international aspects of the job that go beyond task specific

duties (Borman & Motowidlo, 1993).

Again argued by (Caligiuri & Day, 2000) in their following study of expatriate contextual performance, they mentioned about the gap between the literatures on the subject of dimensions of expatriate performance. They argued that performance construct shouldn't be over simplified as the assessment of overall performance. They also generalized the previous literatures by saying that task or technical performance is distinguished from contextual performance.

Based on the above statement, three dimensions of expatriate performance (Dependent variable) were confirmed to be examined in this study. It includes three dimensions: Technical Performance, Contextual Performance and Assignment-specific Performance.

2.3.1 Expatriate Technical and Contextual Performance

Indeed, Chinese hotel expatriates performance gained less attention in previous studies. One research conducted in four different regions of China regarding the hotel expatriates, identified six perceived management difficulty such as: culture differences, lack of local management competence, language barrier, cooperation between expatriates and local managers, lack of local management support and government policy change (Yu & Huat, 1995). Culture shock and its implications for the expatriates in Beijing hotel industry has been identified (Kaye & Taylor, 1997). In another hotel expatriate study, the author focused on expatriate selection criteria, important skills and knowledge, repatriation concerns, and causes of failure (Feng & Pearson, 1999). As international business is growing more and more competitive, many business industries have already taken actions on the "expensive" expatriate. In China, human resources issues regarding expatriates hiring keep changing, for instance, from 1992-1994, companies were essentially expatriate-heavy; in 1995, there was an expansion in hiring both local expatriates and Chinese; during 1996-1997, a sudden push to

localize was executed as companies began to fall burdened by the number of expatriates on their payrolls (McComb, 1999). Therefore, IHCs should take expatriate issues seriously.

Before we move to the expatriate performance dimensions, it is necessary for us to review the evolvement of the performance dimensions applied to domestic environment, which shined lights on the research direction for expatriate scholars.

Technical performance, also addressed as task performance, is generally thought to include those behaviors that either indirectly transform needed raw material into good or services, or otherwise directly implementing a part of its technological process, which contribute to the organization's technical core (Borman & Mototwidlo, 1993). Technical performance includes two classes of behavior: (a) first one consist of activities that directly transform raw materials into goods and services that the organization produces. Examples of technical performance dimensions include activities such as selling merchandise in a retail store, operating a production machine in a manufacturing plant, teaching in school, performing surgery in a hospital, and cashing checks in a bank. For a hotel receptionist, make room reservation for guests, provide the room services, taking care of the guests' luggage are good examples of technical dimensions; (b) the other one consists of activities that service and maintain the technical core by replenishing its supply of raw material; distributing its finished products; and providing important planning, coordination, supervising and staff functions that enable it to function effectively and efficiently. Therefore, expatriate technical performance refers to the successful execution of overseas duties, including attaining specific goals or accomplishing definable projects (Harrison, Shaffer, & Luk, 2005). In previous chapter, hotel expatriates were often hired at the opening phase, and the technical functions of hotel expatriates has been defined as coordinating between the host country branch and the home country based company, thus, the job duties include a lot of planning, coordinating,

supervising, transferring hotel management knowledge to host nationals. Since technical performance dimension is more related to work and technical core of the organization, it should be more closely related to expatriate work adjustment.

Contextual performance: Borman & Motowidlo (1993) identified five categories of contextual performance. The categories are: (a) volunteering to carry out the task activities that are not formally part of the job; (b) persisting with extra enthusiasm when necessary to complete with others; (c) helping and cooperating with others; (d) following organizational rules and procedures even when it is personally inconvenient; and (e) endorsing, supporting and defending organizational objectives. Although based on the following studies conducted by other scholars, the so called technical-contextual distinction is not always clear (Conway, 1996), eventually it has been proven that the contextual performance is different from technical performance (Borman & Motowidlo, 1997; Conway, 1999; Motowidlo & Van Scotter, 1994).

Based on the argument saying that “the antecedents of technical performance are more likely to involve cognitive ability, whereas contextual performance are more likely to involve personality variables” by Borman and Motowidlo (1997), they further distinguished contextual performance from task for the following reasons. Technical activities vary considerably across jobs whereas contextual activities tend to be more similar across jobs, meanwhile, technical activities are more likely than contextual activities to be role-prescribed (Borman & Motowidlo, 1997). For example, technical activities for an accountant include cost budgeting, and other accounting-related job duties, it does not change much from a hotel accountant to a manufacturing factory, whereas, contextual activities such as volunteering to carry out the task activities that are not formally part of the job, or helping and cooperating with others exists probably in all jobs, no matter accountants, or engineers.

Although scholars have proven that technical and contextual performance are different, in the real business world, facts still show that many firms continue to base assignee selection decisions purely on technical expertise and employee' (or families') willingness to work in other countries (Mendenhall, Kühlman, Stahl, & Osland, 2002). Results of applying this selection strategy may further lead to not only failed expatriate adjustment and early return but also inadequate on-the-job performance (Caligiuri, 1997; Gregersen & Black, 1990; Shaffer & Harrison, 1998).

Based on the previous literature review on general contextual performance, Caligiuri and Day (2000) generalized that the contextual behaviors support broader organizational and societal goals of the organization, and it can be regarded as helping and cooperating within the working environment, which are critical to both individual and organizational success. Job duties in hotel industry includes a lot of so called "helping", "cooperating" assignments within and beyond the internal organizational working environment, furthermore, based on the previous discussion towards the functions of hotel expatriates in the host country, positions, such as director of human resources, general manager and so on, which hotel expatriates holds are usually regarded as middle- or upper-managerial positions, which could be considered to be contextual in nature (Katz & Kahn, 1978).

Based on the previous discussion on technical and contextual performance both in domestic and in international aspects, conclusion could be drawn that besides expatriate technical competence, expatriate contextual performance also bear crucial importance to expatriates overall performance.

2.3.2 Expatriate Assignment-specific Performance

Since some types of job assignments which have specific requirements, as well as developing and maintaining relationships with host country nationals, are the core facets of

expatriate performance (Ones & Viswesvaran, 1997), Caligiuri (1997) also found an average correlation (over self, leader, and peer ratings) of ($r = .24$, $p < .05$, $N = 115$) between expatriate-specific performance and overall performance. According to this finding, Caligiuri (1997) added one more dimension for expatriate performance, which was so-called expatriate assignment-specific performance and it is possible that this additional performance dimensions (in addition to technical and contextual performance) should be further studied (Caligiuri & Day, 2000).

Researchers have suggested that expatriate overseas assignment may have specific task requirements which are not included in either technical performance and contextual performance, assignment-specific performance, as the name of this performance dimension indicated, includes possible additional and specifically defined permanence dimensions in addition to technical and contextual performance (Black, Mendenhall, & Oddou, 1992; Caligiuri, 1997). The suggested items under this performance dimension include: language proficiency, culture sensitivity and culture flexibility; repatriation planning; transferring information between parent and host country subsidiary company; and establishing relationship with host national colleagues, clients, government officials, and so on (Black et al., 1992; Caligiuri & Day, 2000; Kobrin, 1988; Mendenhall & Oddou, 1985).

2.4 The Antecedents of Expatriate Performance

Over the years, there is no consensus for predictors of expatriate job performance. Based on the meta-analysis conducted by the generalized predictors of the job performance which have been used in past researches are showed in Appendix C2.1 (Mol et al., 2005), we can see that the most common measurements used to predict the expatriates' job performance are: Big-Five dimensions, expatriate adjustment, context specific predictors (local language

ability, cultural sensitivity, prior international experience, flexibility), and some of the biographic/control variables (e.g., gender, cultural distance).

Since Big-Five factors as predictors of the expatriate performance gained less attention compared to other subjects, especially in the context of Chinese hotel industry, the following literature summary on expatriate performance and its predictors aimed to show the significance and practicality of using Big-Five factors, expatriate international adjustment in predicting expatriate performance.

2.4.1 Expatriate Personality

Past literature on expatriate studies indicated that, compared with domestic employees, the expected difference in profit and cost for expatriates between an excellent employee and a poor employee is huge. Under these circumstances, even a predictor with a small-to-medium predictive validity can result in a substantial improvement in utility (Mol et al., 2005). According to most of the psychology research, under particular situations personality characteristics dispose humans to behave in certain ways while try to accomplish certain goals (Buss, 1989; Costa & McCrae, 1992a). Due to the lack of systematic theoretical framework which helps in organizing the personality variables, the results from previous personality-performance studies turned out to be discouraging and not fruitful (Sinangil & Ones, 2001). In more recent studies, for example, it has been found that personality was a better predictor of contextual performance rating such as effort and teamwork and relatively weak predictor of technical proficiency (Hough, 1992), Borman and Motowidlo (1993) also proved that contextual performance can be better predicted by personality measure which has been further proved by such statement saying “personal characteristics were significantly correlated with contextual performance” (Motowidlo & Van Scotter, 1994). Followed by Ones and Viswesvaran (1997), they also argued that each of the big five dimensions should

relate positively to expatriate job performance and according to their research results, they concluded that there is no reason why these dimensions should not be related to job performance which takes place in another country than one's home country. Furthermore, based on the job performance measurement applied to all jobs, Caligiuri and Day (2000) developed their studies on the subject of expatriates in more detail, it indicated that better prediction (of expatriate job performance) can be accomplished by theoretically linking personality variables with relevant performance dimensions, meanwhile personality appears to hold a continued promise for improving the prediction of expatriate job performance.

From the above research results, obviously the fact is that personality psychology is now back on the agenda. There are many existing personality characteristics, the most popular and well-recognized personality measurements should be the so-called the "Big-Five" (Buss, 1991; Goldberg, 1992, 1993; Hough, 1992; McCrae & John, 1992), which include: (1) Conscientiousness; (2) Emotional Stability; (3) Agreeableness; (4) Openness or Intellect; and (5) Extroversion. After recent researches have demonstrated that the Big-Five model is cross-culturally invariant (Ones & Anderson, 2002; Salgado, Moscoso, & Lado, 2003), which means the Big-Five measurement can be widely applicable. The above literature explained the main reason that Big-Five personality dimension are employed in this study.

2.4.1.1 *Conscientiousness*

Conscientiousness comprises two related facets, achievement and dependability and has been found to be the major component of integrity (Hogan & Ones, 1997). It refers to the tendency of being purposeful, determined, exacting and attentive to detail, thereby, more inwardly task-focused (Burke & Witt, 2002). Those employees who were labeled with "conscientiousness" are usually considered trustworthy, honest, and respectful. Those employees are most likely to get promotion, earn higher incomes, and they probably will