



IMPACT OF PERSONALITY TRAITS ON CROSS-CULTURAL ADJUSTMENT IN DIVERSE CULTURAL SETTINGS

Sumeet Kour

Ph.D. Scholar, Department of Commerce, University of Jammu, India.

ABSTRACT

The purpose of this paper is to analyze the impact of personality traits on cross-cultural adjustment. Data have been gathered from 530 managers working in Nationalized Banks operating in New Delhi (North India). Exploratory factor analysis and confirmatory factor analysis have been conducted to explore and validate the factor of different constructs. Hypotheses have been tested through structural equation modeling. The study reveals that personality traits significantly affect cross-cultural adjustment. Implications and limitations of the study have also been discussed.

KEYWORDS: Personality traits, cross-cultural adjustment, Structural equation model.

INTRODUCTION

Due to globalization organizations have become multicultural. So, an organization requires a new generation of managers, who are culturally sensitive and are able to adjust themselves in culturally different situations. Managers experience not only excitement and curiosity in their new cultural settings but also face misunderstanding, conflicts and frustration (Shi & Franklin, 2013). Therefore, managers should develop understanding, which can occur when managers can interpret messages such that the communicative goals are attained (Cai & Rodríguez, 1996). Therefore, managers should be able to adjust themselves in diverse environment. More and more organizations are expressing the need for managers, "who quickly adjust to multiple cultures and work well in multinational teams" (Early & Peterson, 2004, p.100) as organizations are sending their employees to out of home state assignment to increase their market share and to have sustainable competitive advantage (Black & Gregersen, 1999). Poorly adjusted employees often return prematurely from out of home state assignment, whereas well-adjusted employees are generally more effective and more accepted (Black & Mendenhall, 1989). Therefore, to succeed in out of home state assignment managers needs to be adjustable to cross-cultural situations. Cross-cultural adjustment, is the degree of psychological adjustment experienced by an individual, or the degree of comfort, familiarity and ease that an individual feels toward the new cultural environment (Church, 1982; Mendenhall & Oddou, 1985; Ruben & Kealey, 1979). Managers when sent to out of home state assignment they go through lot of difficulty and hence they require adaptability skills which helps them to face the challenges of host environment. Therefore, the purpose of the study is to examine the impact of personality traits on cross-cultural adjustment in a new culture in Indian context to generalize the concept as India is a diverse country and managers encounters problem to adjust themselves in culturally different settings. In India we have diversity in every aspect (religion, region, food, clothing, languages, gesture, tone, etc.). Therefore, managers have to adjust themselves to this diversity when they are posted outside home state. Employees from different culture often work together in the same organization and this cultural diversity brings cultural shocks and misunderstanding, because of lack of adjustment skills.

Hypotheses Development

Personality Traits and Cross-cultural Adjustment

Cross-cultural adjustment suggested as a key determinant of expatriate success in the international assignments (Ramalu et al., 2010, p. 115). Research has indicated that a positive relationship exist between personality traits and cross-cultural adjustment (Ali et al., 2003; Ward et al., 2004; Huang et al., 2005; Swagler & Jome, 2005; Shaffer et al., 2006). A stable disposition, personality is a vital intercultural competency to facilitate individual adaptation to new cultural setting (Leiba-O'Sullivan, 1999). Personality traits helps an individuals to negate psychological stress, thus leads to higher level of cross-cultural adjustment (Black, 1990; Wan et al., 2003). Expatriates who adjust well in overseas postings have certain personality characteristics (Black & Gregersen, 1991b). Personality characteristics relevant to social interactions are very important since they affect the quantity and quality of social interactions, and consequently influence cross-cultural adjustment (Caligiuri, 2000a, 2000b). Managers who has access to daily interactions with other expatriates or host nationals, yet is not open to the interactions, will have lower cross-cultural adjustment than a person with greater openness (Caligiuri & Lazarova, 2002; Bank & Rothmann, 2006).

Hypothesis 1: Personality traits positively affect Cross-cultural Adjustment.

METHODOLOGY

Sample

The population for the study consisted of 530 managers working in nationalized banks operating in Delhi (North India). There are 2539 Nationalized banks operating in Delhi out of which 10% have been selected with the help of random number table. From each selected bank two managers (on the basis of hierarchy) have been contacted personally for data generation. All branch managers and immediate junior managers have been contacted for data collection but in some banks there were only one manager in that case one extra branch has been contacted. Therefore, total 265 banks have been contacted. Structured questionnaire was used as a research tool for collecting the data. In order to establish normality of the data 18 respondents have been deleted by inspecting boxplots (Hair et al., 2010). The retained data exhibited normal distributed (skewness = .066; Kurtosis = -.101) are within the range. Therefore, the effective sample came to 512. Structured questionnaire was used for collecting the data.

The sample included 286 (56%) male and majority of the managers (88%) are married. About 29% managers are in the age group 35-40 years followed by 31-34 years (17%). Majority of managers (43%) have 6-10 years of experience of working outside their home state. About 55% of managers can speak 4-5 languages. Majority of managers have 6-10 years of total work experience (24%).

Measures

Five point Likert scale was used for the sake of uniformity in measuring the variables ranging from strongly disagree (1) to strongly agree (5). Cross-cultural adjustment has been measured with the help of 14-items (Black and Porter, 1991). Personality traits have been measured with the help of 20-items (McCrae et al., 2005).

Control Variables

Age and experience of working outside home state have been taken as control variables.

RESULTS

Exploratory Factor Analysis (EFA)

EFA has been conducted to identify the dimensions of different scales used in the present study. Principle component analysis with varimax rotation has been used. The test of appropriateness of a factor analysis has been verified through KMO measure of sampling adequacy, where values greater than 0.50 are acceptable (Hair et al., 2010), which indicated its relevance for further analysis. The statement with factor loading less than 0.50 have been deleted (Hair et al., 2010). The CCA scale consisted of 14 items that got reduced to 10 items and converged under three factors (viz., general adjustment, work adjustment and interaction adjustment). Similarly, personality traits scale initially consisted of 20 items that got reduced to 15 items and converged under the five factors (viz., emotional stability, agreeableness, openness to experience, Extraversion and Conscientiousness). The KMO value of all the constructs is above 0.70 and total variance explained for all the constructs is above eighty percent (Hair et al., 2010).

Confirmatory Factor Analysis (CFA)

Before using the inferential analysis we assessed the validity and reliability of the construct with the help of CFA. Two stage procedures have been used to test the theoretical framework (Anderson & Gerbing, 1988). In the first phase measurement models were tested to assess the convergent and discriminant validity. In the second stage structural equation modeling analysis has been used for testing the theoretical model.

Second order factor models have been designed for all the scales as multiple factors emerged after EFA. Fit indices of all the second order models are within the prescribed limit (Table 1) i.e. GFI, CFI are greater than 0.90 and RMR, RMSEA are less than 0.05 and 0.08 respectively (Hair et al., 2010). Standardized regression weights (>0.60) and average variance extracted (>0.70) established the convergent validity (Table 1). Further, discriminant validity has also been proved by comparing the variance extracted with squared correlations amongst different constructs (Fornell & Larcker 1981). The average variance extracted for all the

constructs is higher than the squared correlation thereby proving discriminant validity (Table 2). Reliability of the constructs has been checked through Cronbach's alpha and composite reliability. Alpha values equal to or greater than 0.70 indicate good reliability (Nunally, 1970; O'Leary-Kelly & Vokurka, 1998). In the present study alpha and composite reliability values for all constructs are greater than 0.70 (Table 1). Thus, the Cronbach's alpha and composite construct reliability indicate that the scales are quite reliable.

Constructs	M	SD	SRW	AVE	CR	Cronbach's Alpha	Model Fitness
Personality Traits	4.04	0.71		0.96	0.99	0.91	$\chi^2/df= 4.026$ RMR = 0.054 GFI = 0.922 AGFI = 0.890 CFI = 0.932 RMSEA = 0.077
• Emotional Stability	4.11	0.83	0.81				
• Extraversion	4.11	0.78	0.96				
• Openness to Experience	4.01	0.86	0.98				
• Agreeableness	4.09	0.79	0.96				
• Conscientiousness	3.88	1.00	0.76				
Cultural-cultural Adjustment	4.14	0.83		0.97	0.99	0.91	$\chi^2/df= 4.950$ RMR = 0.030 GFI = 0.948 AGFI = 0.907 CFI = 0.962 RMSEA = 0.088
• General Adjustment	4.15	0.72	0.98				
• Interaction Adjustment	4.07	0.85	0.91				
• Work Adjustment	4.21	0.70	0.98				

Key: M= Mean, SD= Standard deviation, SWR= Standard regression weight, AVE= Average variance extracted, CR= Composite reliability.

Constructs	Personality traits	Cross-cultural Adjustment
Personality traits	1	
Cross-cultural Adjustment	(0.23) 0.48**	1

Note: Values in the parentheses represent squared correlation and values below the parentheses represent correlation. **p< 0.01

RESULTS AND DISCUSSION

Structural Equation Modeling (SEM) has been used to check various relations proposed, it is a multivariate technique that seeks to explain the relationship among multiple variables (Kaplan, 2000). In the present study, the relationship between personality traits and cross-cultural adjustment has been assessed. A model has been framed where personality traits is the antecedents of cross-cultural adjustment. The analysis of path revealed that personality traits positively impact CCA (SRW = 0.60, p<0.001, Figure 1).

The study highlights, the impact personality traits on cross-cultural adjustment. Personality characteristics represent universal adaptive mechanisms that allow individuals to cope with and meet the demands of physical, social and cultural environment (MacDonald, 1998). It helps managers to cope with physical, social and cultural environments (Ang et al., 2006). Managers with positive personality traits perform effectively and efficiently their assignments (Yakunina et al., 2012). Managers, who have these traits, do not hesitate to interact with people belonging to other culture and are confident to involve them self in cross-cultural interactions when posted out of home state. Therefore, they better able to adjust themselves in cross cultural situations.

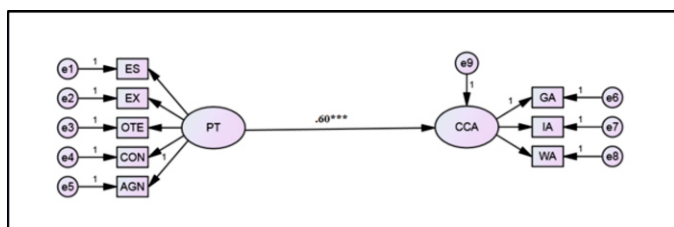


Figure 1: Impact of Personality traits on Cross-cultural Adjustment

Key: PT= Personality Traits, CCA= Cross-cultural Adjustment, ES= Emotional Stability, EX= Extraversion, OTE= Openness to Experience, CON= Conscientiousness and AGN= Agreeableness, GA= General Adjustment, IA= Interaction Adjustment and WA= Work Adjustment.

Implications

Theoretical Implications

The present study shows important implication for the conceptual development of cross-cultural adjustment concept. The study cements theoretical development of CCA concept. Further, it confirmed the reliability and construct validity of the three factor model of CCA and five factor model of personality traits within a diverse cultural country like India, which increased the generalizability of the CCA and personality scale.

Practical Implications

The theory presented here will be of interest to organizations as it helps organization to achieve it goal. During the selection process, the Human Resource Department can make use of psychological tests for managers. The CCA and personality traits scale is a good example of an instrument that may be used to measure the ability of an expatriate to effectively adapt to new cultural environments. Organizations can develop training programs, which increase the manager's capability to adjust in cross-cultural settings. In training programs the managers should be made familiar with the basic knowledge about the country and company's culture, which is important to develop interpersonal skills. These programs will prepare managers to deal with unfamiliar cross-cultural situations. Before sending the managers to out of home state assignment, organizations should give pre-departure language training to managers, which helps them to interact with locals of that region, which in turn will help to improve their adaptation process. Organizations should encourage their managers to interact with people from different cultures and should motivate managers' desire to learn about diverse cultures. The misunderstandings, or stress, created by a different culture can be reduced. Selecting linguistically proficient managers, with the positive experience of the host region helps the managers to adapt in culturally diverse settings. Further, organizations should also arrange informal gathering that increase inter-cultural interactions. This supportive environment will also contribute in term of helping managers to adjust themselves better to the local culture. Lastly, organizations can use CCA and personality traits as criteria for evaluation and service compensation. Managers who, successfully succeed in both domestic and out of home state assignment should be compensated more to retain such managers (talented) in the organizations as they are capable of generating sustainable competitive advantage for the organization. Managers who have language ability should be given incentives and bonus for such assignment, which motivate them to opt more of such assignments.

Limitation and Future Research

The paper has certain limitations, which shall be kept in mind in the future. Firstly, the study is cross sectional in nature; in future longitudinal study can be conducted for better causal relationship analysis. Secondly, more antecedents of CCA can be taken into consideration in the future for better understanding of the concept.

REFERENCES

- Anderson, J. and Gerbing, D.W. (1988). Some methods for re-specifying measurement models to obtain uni-dimensional construct measurement. *Journal of Marketing Research* 19(4), 453-460.
- Ang, S., Van Dyne, L., and Koh, C. (2006). Personality correlates of the four-factor model of cultural intelligence. *Group Organization Management*, 31(1), 100-123.
- Ali, A., Van der Zee, K. and Sanders, G. (2003). Determinants of intercultural adjustment among expatriate spouses. *International Journal of Intercultural Relations*, 27(5),

563-580.

4. Bank, M., and Rothmann, S. (2006). Correlates of expatriates' cross-cultural adjustment. *Management Dynamics*, 15(4), 29-39.
5. Black, J.S. (1990). The relationship of personal characteristics with the adjustment of Japanese expatriate managers. *Management International Review*, 30(2), 119-134.
6. Black, J.S., and Gregersen, H.B. (1991b). Antecedent to cross-cultural adjustment for expatriates in Pacific Rim assignments. *Human Relations*, 44(5), 497-515.
7. Black, J.S., and Gregersen, H.B. (1999). The right way to manage expats. *Harvard Business Review*, 77(2), 52-57.
8. Black, J.S., and Mendenhall, M. (1989). A practical but a theory-based framework for selecting cross-cultural training methods. *Human Resource Management*, 28(4), 511-539.
9. Black, J.S., and Porter, L.W. (1991). Managerial behavior and job performance: A successful manager in Los Angeles may not be successful in Hong Kong. *Journal of International Business Studies*, 22(1), 99-114.
10. Cai, D.A., and Rodríguez, J.I. (1996). Adjusting to cultural differences: The intercultural adaptation model. *Intercultural Communication Studies*, 2, 31-42. Available at: <http://www.uri.edu/iaics/content/1996v6n2/03%20Deborah%20A.%20Cai%20&%20Jo%A8%A6%20I.%20Rodr%A8%AAguez.pdf>. (accessed 21 June 2014).
11. Caligiuri, P.M. (2000a). The Big Five personality characteristics as predictors of expatriate's desire to terminate the assignment and supervisor-rated performance. *Personnel Psychology*, 53(1), 67-88.
12. Caligiuri, P.M. (2000b). Selecting expatriates for personality characteristics: A moderating effect of personality on the relationship between host national contact and cross-cultural adjustment. *Management International Review*, 40(1), 61-80.
13. Caligiuri, P.M., and Lazarova, M. (2002). A model for the influence of social interaction and social support on female expatriates' cross-cultural adjustment. *International Journal of Human Resource Management*, 13(5), 761-772.
14. Church, A. (1982). Sojourner adjustment. *Psychological Bulletin*, 91(3), 540-572.
15. Earley, P.C., and Peterson, R.S. (2004). The elusive cultural chameleon: Cultural intelligence as a new approach to intercultural training for the global manager. *Academy of Management Learning and Education*, 3(1), 100-115.
16. Fornell, C., and Larcker, F.D. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*, 18(1), 39-50.
17. Hair, J.F., Black, W.C., Babin, B.J., Anderson, R.E., and Tatham, R.L. (2010). *Multivariate Data Analysis* (7th ed). New Jersey: Pearson Prentice Hall.
18. Huang, T.J., Chi, S.C., and Lawler, J.J. (2005). The relationship between expatriate's personality traits and their adjustment to international assignments. *International Journal of Human Resource Management*, 16, 1656-1670.
19. Kaplan, D. (2000). *Structural equation modeling: Foundations and extensions*, Newsbury Park, CA: Sage.
20. Leiba-O'Sullivan, S. (1999). The distinction between stable and dynamic cross-cultural competencies: implications for expatriate trainability. *Journal of International Business Studies*, 30(4), 709-725.
21. MacDonald, K. (1998). Evolution, culture, and the five-factor model. *Journal of Cross Cultural Psychology*, 29(1), 119-149.
22. Mendenhall, M., and Oddou, G.R. (1985). The dimensions of expatriate acculturation: A review. *Academy of Management Review*, 10(1), 39-47.
23. McCrae, R.R., Costa, P.T., and Martin, T.A. (2005). The NEO-PI-3: A more readable revised NEO personality inventory. *Journal of Personality Assessment*, 84(3), 261-270.
24. Nunally, J.C. (1970). *Introduction to Psychological measurement* (3rd ed). New York: McGraw Hill.
25. O'Leary-Kelly, S.W., and Vokurka, R.J. (1998). The empirical assessment of construct validity. *Journal of Operations Management*, 16(4), 387-405.
26. Ramalu, S., Rose, R.C., Kumar, N., and Uli, J. (2010). Doing business in global arena: An examination of the relationship between cultural intelligence and cross-cultural adjustment. *Asian Academy of Management Journal*, 15(1), 79-97.
27. Shaffer, M.A., Harrison, D.A., Gregersen, H., Black, J.S., and Ferzandi, L.A. (2006). You can take it with you: Individual differences and expatriate effectiveness. *Journal of Applied Psychology*, 91(1), 109-125.
28. Ruben, B.D., and Kealey, D.J. (1979). Behavioral assessment of communication competency and the prediction of cross-cultural adaptation. *International Journal of Intercultural Relations*, 3(1), 15-47.
29. Shi, X., and Franklin, P. (2013). Business expatriates' cross-cultural adaptation and their job performance. *Asia Pacific Journal of Human Resources*, 52(2), 193-214.
30. Swagler, M.A., and Jome, L.M. (2005). The effects of personality and acculturation on the adjustment of North American sojourners in Taiwan. *Journal of Counselling Psychology*, 52(4), 527-536.
31. Wan, D., Hui, T.K., and Tiang, L. (2003). Factors affecting Singaporeans' acceptance of international postings. *Personnel Review*, 32(6), 711-732.
32. Ward, C., Leong, C.H., and Low, M. (2004). Personality and sojourner adjustment: An exploration of the Big Five and the cultural fit proposition. *Journal of Cross-Cultural Psychology*, 35, 137-151.
33. Yakunina, E.S., Weigold, I.K., Weigold, A., Hercegovac, S., and Elsayed, N. (2012). The multicultural personality: Does it predict international students' openness to diversity and adjustment? *International Journal of Intercultural Relations*, 36(4), 533-540.