An Exploratory Research of Cross-Strait Direct Flights Effect on Expatriates Turnover Intention

Hsin-Yun Hu, PhD Student
Wei-An Wang, Postgraduate Student
Cheng-Kiang Farn, Professor
Department of Information Management, National Central University, Taiwan

ABSTRACT

Taiwanese expatriates businessmen in China have played special and important roles in the development of the Chinese economy. The July 2008, launch of “direct flights across the Taiwan Strait” marked an end to the absence almost sixty years of direct transportation across the Strait, and has since been intensifying gradually. Thus, the remoteness between Taiwan and mainland China has been closing dramatically. This study takes this changing opportunity to look into how the impact of changes in remoteness in expatriate assignments affects work-family conflict, and whether it in-turn result in a change in turnover intention. This study adopts Ahuja’s turnover intention model, and supplemented with an “expatriate remoteness” construct. In the proposed model, expatriates are divided into three types. Taiwanese expatriates of various types were used as mail questionnaire samples in this study. Apart from conforming the model, this study also conducted an exploratory study, employing the cluster analysis method. Results also show that marital status and number of children is not a cause of work-family conflict for expatriates, whereas whether living with families is a major factor.

Keywords: expatriates, cross-strait direct flights, expatriate remoteness, turnover intention, work-family conflict.

INTRODUCTION

Since China adopted the open door policy in 1987, many Taiwanese corporations believing in the early bird advantage have rushed to the mainland China to set up their business. Yet due to China’s incomplete economic policy as well as shortage in business talent, part of the core managerial functions in Taiwanese corporations cannot be performed fully by the local staffs but by Taiwanese expatriates who migrated to China to provide the much needed management skills. The role of expatriates in Taiwan becomes not only special but also more crucial. Since many similarities, in terms of culture, language, and race, exist between mainland China and Taiwan, and furthermore, restrictions on cross-strait interchange have become looser (Peng, 2006), more and more businessmen have moved to mainland China for investment. Eventually, there are more and more Taiwanese expatriate businessmen in mainland China.

The population of Taiwanese businessmen in China has steadily increased over the years. According to a survey conducted by the Ministry of Economic Affair in 2008, a total of 4.9 billion dollars (in U.S. dollars) had been approved between January 2008 and November 2008 by the government for overseas investment (including China). Until May 2009, according to Investment Commission of Ministry of Economic Affair, Taiwan has invested a total of 771 hundred million dollars (in U.S. dollars) in China. The whole picture shows a booming trend of bilateral economic and trade relations between
Taiwan and mainland China. Because more industries have migrated from Taiwan to mainland China, job opportunities for Taiwanese employees in China increase rapidly as well.

On July 4, 2008, the first direct weekend charter flight was launched. Prior to the direct flight, it was necessary to go to China via a third place such as Hong Kong. The weekend charter flights were latter upgraded to regular scheduled flights. The traffic distance between mainland China and Taiwan was therefore reduced significantly. Take the flight between Taipei and Shanghai for example, a one and half hours flight used to cost seven to eight hours to reach the destination because lots of times were wasted on transferring, waiting for flights, etc. Until July 2010, it improved from 36 flights per week on the weekend to 370 flights per week regularly. According to the Ministry of Transportation and Communications’ report on July, 22nd, 2010, in the end of July in 2010, there are 11,913 flights and with loading factor over 75.4%. Obviously, these direct flights will be increasing continuously.

The long distance and traveling times, may be a determinant of expatriate turnover, apart from the traditional factors like workload perception, pay equity, and empowerment at work. This study attempts to construct and verify the turnover intention model for expatriates. Also this research tries to explain impacts from direct cross-strait flights on the turnover intention model for expatriates based on expatriate remoteness. This research is divided into two stages. In the first stage, the assignment distance (distance between an expatriate’s home base and foreign operation) after the cross-strait direct flight commenced is added into the turnover intention model, and expatriates are classified into different types by explaining their work-family conflict under different assignment distances. The second stage adopts the discovery research to further understand the basic information, thoughts and attitudes of expatriates by ways of pivot analysis and cluster analysis. To be more specific, this research is undertaken in accordance with the following objectives and to answer the following questions:

1. Whether the turnover intention model of information technology personnel can also apply to expatriates in general?
2. Whether the assignment distance resulted from the direct flight will cause work-family conflict?
   Is it necessary to categorize expatriates into different types based on their attributes, thoughts and attitudes?

BACKGROUND

Taiwanese Expatriates in China

According to The China Post (May 7th, 2009), there were 325,000 people traveling between Taiwan and mainland China. Also statistical data have shown that there are more than one millions Taiwanese businessmen who frequently travel across the strait. When taking family into the account, more than three millions people in Taiwan are affected by the Taiwanese businessmen’s work in China.

In term of the job market for expatriates, there is a rapidly increase of opportunities in mainland China because of the trend of industry migration happening in Taiwan. According to Straits Exchange Foundation Taiwan Businessmen Information Website (2010), there are more than 800 thousands Taiwanese businessmen in mainland China. Various major industries in Taiwan, including textile, footwear, apparel, electronic, computer and its peripheral components, and so on, have moved their manufacturing lines to China or other places overseas; even the software industry has begun to hire Chinese employers. At the same time, with a booming overall economic development in mainland China and the globally distributed products of “Made in China”, China has taken an influential role in the international economic development. From the occupational employment survey on willingness for
working in China, more than 80% of the interviewed employers either expressed interest or had already taken consideration of moving to China for career development (Liu, 2008).

From the perspective of an international enterprise, whether as a supplier or a distributor, China has become a focus point for global layout and multinational business operation because not only is China a manufacturing factory of the world but also its gigantic consumer population. Consequently, there are increasing career opportunities and manpower demands in China, and parts of the opportunities and demands belong to employers who either work at the frontline or provide support at the rear. In a recent survey on employers about pivotal factors for moving to China for career development, the results suggested that amounts of salary, opportunities for career development, cultivating a global mindset, broadening the visions, etc. are the most important factors. On the other hand, some concerns have also been derived from migrating to mainland China for career development, such as public security, hygiene, family separation, children education, and so on. These concerns are confronted by people moving to China for career development. How to quickly adapt oneself for the problems listed above is a major challenge for employers working in mainland China.

**Expatriates’ Turnover Intention**

Research on international human resource management has shown a steadily increased expenditure on the multinational business operational cost for expatriates, and partly, the increased expense is due to failures related to expatriate assignments and a high expatriate turnover rate (Gregersen, 1992). In the past, research adopted the turnover intention as a predictor for actual turnover behaviors. Turnover intention is related to motivations for leaving the present job and attitudes or behaviors of searching for another job (Miller et al., 1979). Although reasons for turnover may differ among people, their turnover process is somehow similar. At first employees will assess the job at present and evaluate their level of satisfaction for the job; if they are not satisfied with the present job, an idea of leaving the job will appear, and they will start to search for another job and to compare it with the present one. By evaluating on the opportunity cost, the employees will to decide whether to stay or to leave (Mobley et al., 1977). Ahuja (2007) developed a turnover intention model specifically for expatriates, in which the turnover intention of expatriates can be affected by several antecedents including workload perception, pay equity, and empowerment at work. Some mediators are involved in this model as well that could affect expatriates’ turnover intention, which include work-family conflict, organizational commitment, and work exhaustion. According to Ahuja’s model (Ahuja, 2007), there was no significant association between empowerment at work and work-family conflict, yet this research also found that instead of directly affecting the turnover intention, work-family conflict and pay equity rather indirectly engender the effects through organizational commitment and work exhaustion.

From an individual perspective, besides getting work stress from the company, long-term expatriates also experience adaptation-related issues for maintaining a physical and mental balance. In addition, there are family problems derived from their expatriate assignment as well. Consequently, expatriate turnover could occur if compensation from the company is insufficient to balance out the expatriate’s sacrifice and contribution, and this case is termed as an expatriate failure. According to a survey on turnover reasons from dual-income expatriate families, some expatriates decided to switch from long-term expatriate overseas or to taking short-term business trips stead because of family stress from their incapability to perform family duties due to the long-term expatriate assignment. Research also verified that there were different kinds of family stress depending on the expatriate types. For long-term expatriates, they had a greater family stress (Organization Resources Counselors, 2002) in terms of
whether or not to have the entire family or the spouse to accompany them to the work location overseas, and also whether or not the spouses have their own career. The above issues can cause family conflict because of expatriate assignments (Tung, 2000).

Lu (1994) found that for expatriates in mainland China, there was an average of 0.43 expatriate per enterprise who returned to Taiwan prior to the end of the appointment, and according to the total numbers of expatriates at the present time, this ratio was about 12%. In other words, the expatriate failure rate of Taiwanese business expatriates was about 12%. Reasons for the expatriate failure mainly included “worrying about family left in Taiwan” and “incapable of adapting to the lifestyle or behaviors of local residents in mainland China”. This research attempted to investigate whether there are differences on the degree of turnover intention according to the types of expatriates, and furthermore, to examine whether the commencement of the daily direct cross-strait charter flights has an influence on the turnover intention.

METHODOLOGY

Hypothesis

In this study, the Taiwanese expatriate at large is the study context. For this reason, it adopts the turnover intention model by Ahuja (2007). Because of the timing of commencing the daily direct cross-strait charter flights, expatriates remoteness was included in the model as an antecedent whereas expatriate types are used in the model as a moderator. This research attempted to investigate the impact of expatriate remoteness on the work-family conflict of every types of expatriates. The research structure is presented as follow (Figure 1).

Figure 1: The Research Structure

The Hypotheses are as following:
H1: Expatriate remoteness has a positive effect on work-family conflict.
H2: Expatriate type moderates the effects between expatriate remoteness and work-family conflict.
H3: Work-family conflict has a negative effect on organizational commitment.
H4: Work-family conflict has a positive effect on work exhaustion.
H5: Pay equity has a positive effect on organizational commitment.
H6: Perceived reward equity has a negative effect on work exhaustion.
H7: Work exhaustion has a negative effect on organizational commitment.
H8: Organizational commitment has a negative effect on turnover intention.
H9: Work exhaustion has a positive effect on turnover intention.

Samples and Procedures

Since the sampling space of Taiwanese expatriate is difficult to define, this research employed a convenience sampling approach. The National Central University was the only university in Taiwan with an EMBA program in China, with more than 400 graduates and enrolled students who work in several areas in China. These EMBA students were chosen as informants in this study.

There are two stages in collecting questionnaire. Firstly, the EMBA students were asked if they were willing to participate in the survey, and whether they could get their colleagues to participate. Then according to the number of volunteers, we sent out the questionnaires. A total of 250 questionnaires were sent out between March 17, 2009 and May 25, 2009. A total of 148 questionnaires were returned in about two months; three of the questionnaires were invalid because the answers were incomplete. Therefore a total of 145 questionnaires were valid with an effective response rate of 98%.

The structure of this research comprises six constructs, the distance of assignment, work-family conflict, fairness of rewards, organizational commitment, work exhaustion, and turnover intention. Firstly, the research asks the surveyed expatriates how they perceive the distance between their home base and overseas post. The assignment distance under this research is defined as the research subject’s perceived distance between his or her home in Taiwan and the location of the international assignment. The response options range from “very far” to “very close.” There is one question brought by the first construct. In addition to introducing the above definition by Ahuja (2007), this research also defines family members as spouse, children and parents. Moreover, three more questions regarding possible work-family conflict faced by expatriates are added according to the interview survey results of Tung (2000). There are eight questions within the second construct. According to the Social Exchange theory, in this research, the fairness of salary is relatively important to expatriates. There are four questions brought by the third construct. Moreover, it attempts to understand whether employees truly identify themselves with their companies and commit to their jobs because of the sense of belonging and happiness, not because of continuance commitment or normative commitment. Owing to this, this research adopts affective commitment of Meyer and Allen (1991), six questions, as organizational commitment construct. According to Moore (2000), work exhaustion is the depletion of emotional and mental energy needed to meet job demands. An employee who experiences psychological and physical exhaustion will lose enthusiasm toward work, likely to be accompanied by frustration, tension as well as physical and psychological symptoms, such as insomnia, headache, anxiety and depression. It brings four questions. Finally, according to Thatcher et al, (2002), an employee had worked in a given organization for a period of time, his or her turnover intention would increase after consideration. There are four questions brought.

All questions are constructed as 7-point Likert Scale with responses ranging from strongly disagree (response of “very different” in some questions) to strongly agree (response of “very similar” in some questions). There were nine sections in the questionnaire and a total of 54 questions. The questionnaire is regarding of the expatriate situation after commencing the direct flight. The basic information about the expatriates and their attitudes were collected.

The questionnaire is divided into two parts with a total of 65 questions. The first part is designed to collect data of expatriates’ basic information, attitudes and thoughts after the commencement of the
cross-strait direct flight. The second part focuses on surveys of expatriates’ assignments, attitudes and thoughts before the commencement of the cross-strait direct flights.

Analysis Methods

In order to statistically assess the conceptual model, we chose partial least squares (PLS) regression analysis as the primary statistical technique, specifically Smart PLS version 2.0 M3 (http://faculty.chass.ncsu.edu/garson/PA765/pls.htm). First, our sample size is small to utilize a formal tool like LISREL. Second, PLS is widely accepted as a method for testing theories in the early stage, while LISREL is usually used for theory confirmation. Similar to cases in previous studies, our study is still at an early stage and the proposed model has not been tested in the context. Third, PLS is appropriate when the model is comprised of both formative and reflective constructs. In this study, both formative and reflective constructs are included. Finally, PLS makes minimal demands in terms of variable distribution. A few of our variables were not exactly normally distributed, which may cause the problems that provided factor-based covariance approaches, such as LISREL and AMOS.

RESULT

Results of Hypotheses Testing

All direct effect hypotheses, except H3 (work-family conflict has a negative effect on organizational commitment) were supported. There was a significant association between expatriate remoteness and work-family conflict. For Hypothesis 3, there was no significant association between work-family conflict and organizational commitment. But because of the mediating of hypothesis 4 and 7, these associations were both significant. This finding indicated that work-family conflict had an effect on organizational commitment through work exhaustion, a mediator. The work-family conflict explained only 0.033 of the variation; expatriate type, a moderating variable, was added in later to understand if it could improve the condition. However, after revised R squared, the interaction is 0.105, the explained is god. Results from other hypotheses are all statistically significant (95% confidence level). Figure 2 was the path analysis using expatriate remoteness as the predisposing factor.

![Figure 2: Main Effect Path Analysis in the Study Framework](image-url)
Because data collected for expatriate types were on a nominal scale, PLS method cannot be used to verifying the moderating effect. As a result, the moderating effect in Hypothesis 2 was verified using ANOVA with SPSS. A significant interaction between expatriate types and expatriate remoteness was found (Sig. = 0.056). When the expatriate location was less remote, a significant difference was found between long-term expatriate with family in Taiwan and long-term expatriate with family in China in post hoc tests of ANOVA (Sig. = 0.004). When the expatriate location was more remote, a significant difference was found between long-term expatriate with family in Taiwan and business travelers in the aspect of work-family conflict (Sig. = 0.013). For long-term expatriate with family in China, there was a significant difference between a more remote expatriate location and a less remote expatriate location in term of the work-family conflict (Sig. = 0.013).

According to the research results and findings, the long-term expatriate with family in Taiwan, regardless the remoteness of the expatriate location, showed a higher degree of work-family conflict. It is might because of the distance. For those of business travelers, a significant change was found in work-family conflict when the expatriate location became more remote. It might because the business travelers’ times of expatriates are many when the distance of expatriate is near. Then the work-family conflict is high. Oppositely, when the distance of expatriate is far, the business travelers spent less time for expatriate. Then the work-family conflict is not so much notable. For those of long-term expatriate with family in China, their degree of work-family conflict increased as the expatriate location became more remote. The reason might be although family are in China, it cost a lot if family would like to fly back Taiwan for other relatives, friends, or business.

Further Exploration

Regarding analysis of the discovery research, this research uses cluster analysis to assign samples into groups, that is, assign expatriates into groups by way of the two-step cluster analysis. This research uses work-family conflict, fairness of rewards, organizational commitment, work exhaustion, turnover intention in the original model as attributes for clustering. The main objective is to understand the new expatriate groups developed in this research model. Based on the results obtained from the first step, the characteristics of each group’s basic information are observed in the second-step cluster analysis. The summary and analysis of the observations on each attribute are demonstrated in Table 1 and the results are as follows:

1. Group 1 is the highest in work-family conflict, work exhaustion, turnover intention, and is the lowest in fairness of rewards and organizational commitment. This shows that members of this group are under huge stress, even reaching the state of agony. As a result, this group is assigned the name “Burnout employee.”

2. Group 2 is the lowest in work-family conflict and is relatively low in work exhaustion, organization’s fairness of rewards and organizational commitment. This group is also relatively high in turnover intention. Therefore, this group is assigned the name “Self-centered employee.”

3. Although Group 3 is relatively high in work-family conflict and work exhaustion but is very high in organization’s fairness of rewards and organizational commitment. This group is also low in turnover intention so it is assigned the name “Company man.”

4. Expatriates in Group 4 are the highest among all groups in fairness of rewards and organizational commitment, and also are the lowest in work exhaustion and turnover intention. Due to this, this group is assigned the name “Happy employee.”
Table 1: The Final Average Score of Each Group in Each Attribute

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Group 1</th>
<th>Group 2</th>
<th>Group 3</th>
<th>Group 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>number of samples</td>
<td>21</td>
<td>29</td>
<td>49</td>
<td>46</td>
</tr>
<tr>
<td>work-family conflict</td>
<td>5.62</td>
<td>3.08</td>
<td>5.20</td>
<td>3.46</td>
</tr>
<tr>
<td>fairness of rewards</td>
<td>2.95</td>
<td>3.38</td>
<td>5.08</td>
<td>5.35</td>
</tr>
<tr>
<td>organizational commitment</td>
<td>3.54</td>
<td>3.89</td>
<td>5.15</td>
<td>5.96</td>
</tr>
<tr>
<td>work exhaustion</td>
<td>5.67</td>
<td>3.97</td>
<td>4.59</td>
<td>2.74</td>
</tr>
<tr>
<td>turnover intention</td>
<td>5.26</td>
<td>4.07</td>
<td>3.51</td>
<td>2.08</td>
</tr>
<tr>
<td>assigned group name</td>
<td>burnout employee</td>
<td>self-centered employee</td>
<td>company man</td>
<td>happy employee</td>
</tr>
</tbody>
</table>

CONCLUSION

This research confirms a causal relationship between expatriate remoteness and work-family conflict. However, different expatriate types had different degrees of expatriate remoteness, which consequently could cause different work-family conflict. In other words, the interaction between expatriate types and expatriate remoteness is the main factor of work-family conflict. These factors could induce an expatriate’s feeling of stress and become an incentive for turnover intention.

For this reason, organization should have mature expatriate plan. After all, in today’s world, business is international. Especially, from the past two years, Taiwan citizens made a total of 10 million trips to China. Moreover, many of them are Tai-Shang. Since a growing number of the expatriate employees, Taiwanese firms urgently need to understand the issue surrounding the turnover reasons. According to research, firstly, the research adopted the turnover intention model developed for expatriates by Ahuja (2007) and modified the construct model and the questionnaire items to put Taiwanese expatriates into the context. Data analysis suggested that effects from work-family conflict on organizational commitment were mediated by work exhaustion; the association between work-family conflict and organizational commitment was insignificant. In addition, this research revealed that the expatriate type had a moderating effect on the association between expatriate remoteness and work-family conflict. Moreover, for those of long-term expatriate with family in China, the less remote the expatriate location, the less the work-family conflict, and the opposite was true as well. This finding suggested that the shortening of distance due to daily direct cross-strait charter flights could effectively reduce work-family conflict experienced by long-term expatriates. In the cases of those of business traveling or long-term expatriate with family in Taiwan, remoteness of expatriate location did not have an impact on their work-family conflict. When the expatriate destination was more remote, however, those of long-term expatriate with family in Taiwan would experience a significantly greater level of work-family conflict than expatriates of business traveling.

The research purpose was to understand impacts from the direct flight on expatriates. Data analysis revealed a varied perception on expatriate remoteness and work-family conflict among different expatriate types of the employees. Consequently, it is important for a multinational business manager or a human resource manager to plan the expatriate assignment according to the employee’s expatriate type, and moreover, in order to design an appropriate system for expatriate assignment, they have to consider the feeling in term of remoteness of the expatriate assignment and the family condition of the employee, e.g., marital status and with or without children, etc., in order to reduce expatriate failures and decrease turnover intention of the employees. In general, long-term expatriates experience a higher degree of work-family conflict; as a consequence, the managers in the future should put more emphasis on
providing supports and assistance at work to effectively reduce the likelihood of expatriate turnover. For these reasons, before expatriate, firms should give expatriates support and help sufficiently. If their family members follow them to the job site, firms may help the family members the issue of working and education. On the contrary, if the family members stay at home country, firms may promise give some support, e.g., visiting and subsidy. Then the expatriates would carry out tasks freely.

A direct flight not only reduces the flight time across the strait but also affects the layout of Taiwan. With the convenience provided by the cross-strait flight, this one-day round-trip between Taiwan and the mainland offers a strong backup for the vision of “rooting in Taiwan and business in China.” The bottom line of the direct cross-strait flight is to establish a more liberal environment for investment and trading in Taiwan that could encourage the foreign as well as the local corporations to put in more investment and involvement in the economic activities and eventually bring Taiwanese economy to flourish.

Asides from economic issues, direct cross-strait flight, in many aspects, also plays a key role in family relation and education re-construction. Its shortened cross-strait traveling time has enabled the Taiwanese expatriates to return home on weekly basis. More importantly, the direct flight has brought those cities across the strait closer, making the “cross-strait everyday living community” possible. Furthermore, the direct flight has substantially reconnected those expatriate-split families caused by corporative migration to China long ago, which consequently fortifies the employees’ organization commitment and reduces the turnover intention.

Also, after direct flight, the business model has changed. It is not necessary to build new factories or offices in Mainland China anymore. The Enterprises manage their departments on their own. Moreover, it is not necessary to make external assignment and the expatriates are reduced.

Moreover, when a firm arranges employees expatriate, it should concert the expatriates’ characteristics. It should also evaluate if they become executive management or key man in the organization. For a firm, it is a good chance and opportunity to keep superior employees.

Limitation and Further Research

Future research should be conducted with the limitations of this study in mind. First, the samples could not include whole Tai Shang. Future studies could improve the generalizability of our findings by examining our research model with more Tai Shang. Moreover, it could understand more issues of expatriate. Second, further research should develop a more elaborate questionnaire that will elicit a deeper understanding of expatriate.

REFERENCES

pp.141-168.


