EFFECTS OF EXPATRIATES’ CULTURAL INTELLIGENCE ON CROSS-CULTURAL ADJUSTMENT AND JOB PERFORMANCE

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Effects of Expatriates’ Cultural Intelligence on Cross-Cultural Adjustment and Job Performance

Manli WANG

Abstract

Labor migration is currently a world wave. Since the concentration of capital and production requires labor movement and the revolutionary innovation of information and control technology changes global labor distribution to induce new international migration, the phenomenon of expatriates is increasing. This study aims to research the effect of expatriates’ cultural intelligence on cross-cultural adjustment and job performance. Expatriates of international enterprises with Top 10 revenue in 2015 are distributed questionnaires through e-mail. Total 300 copies of questionnaire are distributed, and 143 valid copies are retrieved, with the retrieval rate 48%. The research results reveal significant correlations between 1. cultural intelligence and cultural intelligence, 2. cultural intelligence and job performance, and 3. cultural intelligence and job performance. In addition to individual, academic, and practical reference for the issues related to cultural intelligence and overseas work adjustment, the research results are expected to contribute new knowledge to the filed related to overseas work adjustment in order to promote the academic contribution of this study.

Keywords: expatriate, cultural intelligence, cross-cultural adjustment, job performance, migration.

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Introduction

In face of the influence of globalization in the 21st century, the boundaries among business organizations, nations, economies, industries, and people are easily crossed, and the international contact becomes more frequent, such as trade agreements and transnational cooperation. Besides, the movement of population allows people from different culture interacting and building relationship with each other. Culture shock resulted from distinct culture therefore becomes inevitable; especially, contradiction and conflict are likely caused by interpersonal communications in cross-cultural contexts. Labor migration is currently a world wave. Expatriates are increasing because the concentration of capital and production requires labor movement and the revolutionary innovation of information and control technology changes the global labor distribution to induce new international migration. Under different cultural ethnicity and social background, expatriates do not know how to adapt to local culture and effectively present proper adaptive behaviors in the beginning. The process to adapt to such cultural adjustment is called “overseas adjustment”, which is the work and non-work adaptation between expatriation managers and new environments, including psychological adjustment, social-cultural adjustment, and work adjustment. Work adjustment presents profound influence on individual cross-cultural adjustment. A lot of researchers therefore started to discuss the effective work adjustment ability of expatriates under different cultural contexts, and the ability to collect and deal with information for making judgment and using proper measures to adjust to new culture was found under new cultural background. The issue of cultural intelligence is emerging in past years. Past research stressed more on conceptual discussion and focused on the connotation and importance of cultural intelligence (Li, 2012). A large amount of research therefore is required for making up the insufficiency of cultural intelligence in the past decade. This study aims to explore the effect of expatriates’ cultural intelligence on cross-cultural adjustment and job performance.

Literature review

Cultural intelligence

Deasy et al. (2011) regarded cultural intelligence as the ability to engage in a series of behavioral models that an individual could self-adjust to distinct value and attitudes in culture through ability, skills, and nature. They further indicated that cultural intelligence was the ability of an individual adapting to different national, organizational, and occupational culture. Broom & Doron (2011) pointed out cultural intelligence as the ability collecting and dealing with information,
under new cultural background, to make judgment and adopt relatively effective measures for adapting to new culture. Gupta et al. (2012) considered cultural intelligence as individual perception and comprehension ability to contact with people from distinct cultural background. Leung & Chan (2012) regarded cultural strategic thinking, motivation, and behavior as the parts of cultural intelligence. Cultural strategic thinking referred to an individual thinking and solving problems with specific methods; motivation referred to an individual being energetic and sustainable; and, behavior referred to individual action. Chang et al. (2012) pointed out three parts of cultural intelligence, containing the understanding of culture, the acquaintance of oneself and others, and the skills of special behaviors. Cultural intelligence could enhance individual self-adjustment to rapidly modify the body languages and behaviors, when facing new cultural impact, and reduce maladjustment caused by culture shock. Engle & Crowne (2013) indicated that the unique importance of cultural intelligence was to run through multiple intelligence theory and emotional intelligence theory, particularly language ability, spatial ability, and interpersonal skills.

Referring to Chang et al. (2012), three dimensions of cognitive, physical, and motivated cultural intelligence are utilized in this study. Cognitive refers to thinking ability, understanding the similarity and difference between one’s and other culture, and realizing how to adapt to new environment by the application of new knowledge. Physical refers to adjusting and changing one’s behaviors by non-language feelings, actions, and bodies to adjust to distinct culture. Motivated refers to actively improving interpersonal relationship and having oneself adjust to different culture.

**Cross-cultural adjustment**

When mentioning the cross-cultural ability, Chan et al. (2012) indicated that culture transfer started from separation and initial contact, followed by trial-and-error to constantly test new habits and hypotheses, and ended at the mutual dependence of dual culture. An (2011) pointed out cross-cultural adjustment as new behaviors, norms, and roles of expatriates accepting local culture and integrating into home-country culture. Huff et al. (2014) regarded “cross-cultural adjustment” as an evaluation criterion of expatriates’ overseas tasks. Early research on expatriate adjustment measured overseas adjustment with a single layer (Fu & Van Landingham, 2012) and divided expatriate adjustment into general adjustment, interaction adjustment, and work adjustment. General adjustment referred to an individual adapting to general life and customs overseas; interaction adjustment referred to the interaction adjustment between an individual and people in the host country; and, work adjustment referred to expatriates’ adjustment to overseas tasks (Cao et al., 2012).
Referring to Chan et al. (2012), cross-cultural adjustment covers three dimensions of psychological adjustment, social-cultural adjustment, and work adjustment in this study. Psychological adjustment refers to maintaining favorable spiritual and mental health; social-cultural adjustment refers to an individual thoroughly integrating into the society and being able to deal with work and non-work problems, including interpersonal interaction with local societies; and, work adjustment refers to effectively completing tasks and presenting positive attitudes towards new job.

**Job performance**

Job performance refers to the achievement of individual or group tasks at work (Li, 2012). Gong et al. (2011) defined job performance as behaviors related to organizational objectives; such behaviors were measured by individual contribution to the organization. Kawabata et al. (2012) mentioned that job performance was to engage in special action to achieve the work requirement and maintain or conform to the conditions, policies, and procedures of organizational environment. Creswell (2012) regarded task outcomes, work behaviors, and staff traits as performance, which was evaluated by employees’ work characteristics. Bonache & Noethen (2014) proposed that employee behaviors and attitudes directly affected the invested efforts and emphasis on work performance to directly and significantly affect employees’ job performance. Rosenbuscha & Cseh (2012) indicated that job performance was employee behaviors at work contributing to organizational objectives and divided job performance into efficiency, productivity, and effectiveness. Efficiency evaluated employees’ work performance; productivity calculated the cost to achieve certain efficiency; and, effectiveness stood for the value of efficiency and productivity. DuBrin (2011) proposed three factors in individual job performance, including work motivation, skills, and role perception. Work motivation referred to the attitudes towards work, which was mainly affected by work motivation, and such behaviors would further influence the job performance. Skills referred to individual skills and ability to complete certain work.

Based on Zhao’s (2013) research, job performance is divided into two dimensions in this study.

1. Task performance: A worker presents contribution to organizational technological core and shows familiarity on activity in the work area.
2. Contextual performance: In addition to task activity, a worker presents the familiarity with other activity contributive to organizational efficacy.
Methodology

Research hypothesis

Wood & St. Peters (2013) considered that ones with higher cultural intelligence could adjust to work and non-work new environment, as they could acquire more emotional and information support by getting along with local people. McNulty (2012) mentioned that those with high cultural intelligence were more sensitive to facial expression, gesture, and other non-oral perception in cross-cultural communications; besides, they showed better motivation on learning to adjust to the culture in new environment. In this case, ones with high cultural intelligence could better cope with new culture challenges and adjust to the culture (Fu & Van Ladingham, 2012, Feng, & Ha, 2016). The adjustment of overseas expatriates to tasks would affect individual performance (Scharf et al., 2011). In other words, expatriate tasks could be smoothly completed by expatriates properly adjusting to local environment to generate high job performance. The following hypothesis is therefore established in this study.

H1: Cultural intelligence reveals significant correlations with cultural intelligence.

Shen & Jiang (2015) discovered that cultural intelligence could predict higher job performance; besides, ones with high cultural intelligence, under distinct cultural background, could effectively manage the challenge of expatriate culture and present better performance (Li, 2012). Under the influence of distinct culture, expatriates’ competitiveness, skills, and job performance were affected through the stages of preparation, initial arrival, evaluation and following, and psychological adjustment (Cao et al., 2012). When expatriates were psychologically maladjusted, employees would reduce the job performance when learning new organization roles or facing pressure (Pinto et al., 2012).

Chang et al. (2012) tested the relations between adaptability and job performance and found out the positive correlation between work adjustment and self-evaluation performance. Ones with high cultural intelligence could present excellent job performance in new work environment as they could effectively adjust to new cultural background (Rosenbuscha & Cseh, 2012). Toh & Srinivas (2012) indicated that an individual with higher cultural intelligence would perceive better work adjustment to enhance the job performance; on the contrary, an individual with lower cultural intelligence would perceive worse work adjustment to reduce the job performance. As a result, the following hypothesis is proposed in this study.

H2: Cultural intelligence presents remarkable correlations with job performance.
Zhao (2013) indicated that promoting expatriates’ self-adjustment ability, relationship ability, and perception ability would enhance the expatriate adjustment. Expatriates’ cross-cultural training could help them more rapidly adapt to new environment and assist in the rapid socialization in new environment so as to effectively practice overseas tasks (Qin et al., 2012). Relevant research discovered that good psychological conditions of expatriates appeared positive effects on expatriate job performance, environmental performance, and specific performance (Van Dyne et al., 2012). The following hypothesis is therefore established in this study.

\[ H3: \text{Cultural intelligence shows notable correlations with job performance}. \]

**Research subject**

Expatriates of international enterprises with Top 10 revenue in 2015 are distributed questionnaires through e-mail. Total 300 copies of questionnaires are distributed, and 143 valid copies are retrieved, with the retrieval rate 48%. China Credit Information Service, Ltd. announced, in 2016, the latest international enterprises with Top 10 revenue in 2015, including Acer Inc., ASE Group, ASUS Tek Computer Inc., AU Optronics Corp., ChangChun PetroChemical., Co., Ltd., Maxxis International., Chi Mei Corporation, China Airlines, China Steel Corporation, and Chunghwa Telecom Co., Ltd.

**Analysis method**

Regression Analysis is applied to understand the correlation among cultural intelligence, cultural intelligence, and job performance.

**Results**

**Reliability and validity analysis**

With Factor Analysis, cultural intelligence in this study is extracted three factors of “cognitive” (eigenvalue=2.735, \(\alpha=0.86\)), “physical” (eigenvalue=2.416, \(\alpha=0.81\)), and “motivated” (eigenvalue=1.637, \(\alpha=0.88\)). The accumulated covariance explained achieves 81.463%.

With Factor Analysis, cross-cultural adjustment in this study is extracted three factors of “psychological adjustment” (eigenvalue=3.662, \(\alpha=0.87\)), “social-cultural adjustment” (eigenvalue=2.152, \(\alpha=0.84\)), and “work adjustment” (eigenvalue=2.037, \(\alpha=0.90\)). The accumulated covariance explained reaches 77.913%.
With Factor Analysis, job performance in this study is extracted two factors of “task performance” (eigenvalue=4.126, $\alpha=0.83$) and “contextual performance” (eigenvalue=3.142, $\alpha=0.89$). The accumulated covariance explained achieves 84.579%.

**Correlation Analysis of cultural intelligence and cross-cultural adjustment**

To test H1, the analysis result, Table 1, shows significant effects of cognitive (t=1.916*), physical (t=2.144**), and motivated (t=2.275**) on psychological adjustment, remarkable effects of cognitive (t=2.315**), physical (t=1.746*), and motivated (t=2.306**) on social-cultural adjustment, and notable effects of cognitive (t=1.833*), physical (t=1.892*), and motivated (t=2.346**) on work adjustment. H1 is therefore supported.

**Table 1. Analysis of cultural intelligence and cross-cultural adjustment**

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Cross-cultural adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Psychological adjustment</td>
</tr>
<tr>
<td>Cultural intelligence</td>
<td>Beta</td>
</tr>
<tr>
<td>Cognitive</td>
<td>0.188</td>
</tr>
<tr>
<td>Physical</td>
<td>0.203</td>
</tr>
<tr>
<td>Motivated</td>
<td>0.212</td>
</tr>
<tr>
<td>F</td>
<td>13.162</td>
</tr>
<tr>
<td>Significance</td>
<td><strong>0.000</strong>*</td>
</tr>
<tr>
<td>R2</td>
<td>0.144</td>
</tr>
<tr>
<td>Adjusted R2</td>
<td>0.012</td>
</tr>
</tbody>
</table>

*Note: * stands for p<0.05, ** for p<0.01, and *** for p<0.001.

*Data source: Self-organized in this study*

**Correlation Analysis of cultural intelligence, job performance, and cross-cultural adjustment**

(1) Correlation Analysis of cultural intelligence and job performance

To test H3, the analysis result, Table 2, reveals significant effects of cognitive (t=1.862*), physical (t=1.931*), and motivated (t=2.166**) on task performance
and remarkable effects of cognitive (t=2.025**), physical (t=2.339**), and motivated (t=2.245**) on contextual performance. Consequently, H3 is supported.

(2) Correlation Analysis of cross-cultural adjustment and job performance

To test H2, the analysis result, Table 2, presents notable effects of psychological adjustment (t=2.262**), social-cultural adjustment (t=2.551**), and work adjustment (t=2.318**) on task performance and significant effects of psychological adjustment (t=2.494**), social-cultural adjustment (t=2.281**), and work adjustment (t=2.452**) on contextual performance. As a result, H2 is supported.

Table 2. Analysis of cultural intelligence, cross-cultural adjustment, and job performance

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>Job performance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Task performance</td>
</tr>
<tr>
<td>Cultural intelligence</td>
<td>Beta</td>
</tr>
<tr>
<td>Cognitive</td>
<td>0.171</td>
</tr>
<tr>
<td>Physical</td>
<td>0.182</td>
</tr>
<tr>
<td>Motivated</td>
<td>0.201</td>
</tr>
<tr>
<td>Cross-cultural adjustment</td>
<td></td>
</tr>
<tr>
<td>Psychological adjustment</td>
<td>0.213</td>
</tr>
<tr>
<td>Social-cultural adjustment</td>
<td>0.242</td>
</tr>
<tr>
<td>Work adjustment</td>
<td>0.227</td>
</tr>
<tr>
<td>Significance</td>
<td><strong>0.000</strong>*</td>
</tr>
<tr>
<td>R2</td>
<td>0.166</td>
</tr>
<tr>
<td>Adjusted R2</td>
<td>0.014</td>
</tr>
</tbody>
</table>

Note: * stands for p<0.05, ** for p<0.01, and *** for p<0.001.
Data source: Self-organized in this study

Evaluation indicators in LISREL model

The research data are organized in Table 3. The preliminary fit, fit of internal structure, and overall model fit are explained as below. From Table 3, the factors of cultural intelligence (cognitive, physical, motivated) appear significant preliminary fit on cultural intelligence (t>1.96, p<0.05), the factors of cross-cultural
adjustment (psychological adjustment, social-cultural adjustment, work adjustment) reveal remarkable preliminary fit on cross-cultural adjustment ($t > 1.96, p < 0.05$), and the factors of job performance (task performance, contextual performance) shows notable preliminary fit on job performance ($t > 1.96, p < 0.05$). Apparently, the entire model presents favorable preliminary fit.

In regard to the fit of internal structure, cultural intelligence reveals positive and significant correlations with cross-cultural adjustment ($0.819, p < 0.01$), cross-cultural adjustment appears positive and notable correlations with job performance ($0.867, p < 0.01$), and cultural intelligence shows positive and remarkable correlations with job performance ($0.832, p < 0.01$) that H1, H2, and H3 are supported.

In terms of overall model fit, the overall model fit criteria $\chi^2/\text{DF}$ is below the standard $3$ and RMR appears $0.006$, showing the appropriateness of $\chi^2/\text{DF}$ and RMR. Moreover, chi-square value is sensitive to sample size that it is not suitable for directly judging the goodness-of-fit. However, the overall model fit criteria GFI=0.969 and AGFI=0.921 are higher than the standard 0.9 (the closer GFI and AGFI to 1, the better model fit) that this model presents better goodness-of-fit indicators.

### Table 3. Overall Linear Structural Relation model analysis result

<table>
<thead>
<tr>
<th>Evaluation item</th>
<th>Parameter/evaluation criteria</th>
<th>Result</th>
<th>$t$</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Preliminary fit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cultural intelligence</td>
<td>Cognitive</td>
<td>0.763</td>
<td>8.42**</td>
</tr>
<tr>
<td></td>
<td>Physical</td>
<td>0.742</td>
<td>7.66**</td>
</tr>
<tr>
<td></td>
<td>Motivated</td>
<td>0.759</td>
<td>8.25**</td>
</tr>
<tr>
<td>Cross-cultural</td>
<td>Psychological adjustment</td>
<td>0.806</td>
<td>10.93**</td>
</tr>
<tr>
<td></td>
<td>Social-cultural adjustment</td>
<td>0.815</td>
<td>11.44**</td>
</tr>
<tr>
<td></td>
<td>Work adjustment</td>
<td>0.832</td>
<td>13.57**</td>
</tr>
<tr>
<td>Job performance</td>
<td>Task performance</td>
<td>0.717</td>
<td>9.27**</td>
</tr>
<tr>
<td></td>
<td>Contextual performance</td>
<td>0.735</td>
<td>9.69**</td>
</tr>
<tr>
<td><strong>Fit of internal structure</strong></td>
<td>Cultural intelligence → cross-cultural adjustment</td>
<td>0.819</td>
<td>21.37**</td>
</tr>
<tr>
<td></td>
<td>Cross-cultural adjustment → job performance</td>
<td>0.867</td>
<td>31.42**</td>
</tr>
<tr>
<td></td>
<td>Cultural intelligence → job performance</td>
<td>0.832</td>
<td>23.63**</td>
</tr>
<tr>
<td><strong>Overall model fit</strong></td>
<td>$\chi^2/\text{DF}$</td>
<td>1.673</td>
<td></td>
</tr>
<tr>
<td></td>
<td>GFI</td>
<td>0.969</td>
<td></td>
</tr>
<tr>
<td></td>
<td>AGFI</td>
<td>0.921</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RMR</td>
<td>0.006</td>
<td></td>
</tr>
</tbody>
</table>

*Note:* * stands for $p<0.05$, ** for $p<0.01$, and *** for $p<0.001$. 

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The research results reveal that those with high cultural intelligence could effectively adjust to new cultural background, as cultural intelligence could enhance individual self-adjustment to rapidly modify the body language and behaviors, when facing new cultural impact, to reduce maladjustment resulted from culture shock. In this case, they can present excellent job performance under new work environment. In other words, an individual with higher cultural intelligence would reveal better overseas work adjustment to promote the job performance. On the contrary, an individual with lower cultural intelligence appears worse overseas work adjustment to reduce the job performance. Under the trend of globalization, the selection of work environment becomes multiple. Overseas expatriates need to interact with local staff with distinct cultural background in host countries, communicate and coordinate with people with distinct culture, and learning to enhance personal cultural intelligence to adjust to unfamiliar cultural environment. As a consequence, cross-cultural training is necessary for overseas expatriates to rapidly adapt to new environment and fast socialize in new environment to effectively practice overseas tasks. Overseas expatriates have to properly adapt to local environment and enhance the self-adjustment ability, relationship ability, and perception ability to promote high job performance so as to smoothly complete overseas tasks. The research result is expected to be individual, academic, and practical reference for the issues related to cultural intelligence and overseas work adjustment as well as to become the academic contribution of new knowledge related to overseas work adjustment.

**Conclusion**

Aiming at above research results, the following suggestions are proposed in this study.
- Ones with high cultural intelligence show better overseas work adjustment, meaning that an enterprise could take cultural intelligence as a condition to select overseas expatriates or design cultural intelligence as an item to train overseas expatriates in order to prevent employees from early
ending of tasks or early return because of maladjustment to different culture or reduce the time for employees adjusting to distinct cultural environment to rapidly get into the situation.

- Enterprises are suggested to timely observe expatriates’ work adjustment in different culture and assist employees in rapidly adjusting to organizations and tasks when being maladjusted in order to enhance job performance. In this case, administrative support staff and managers in Taiwan could understand the practice and impact in different culture to reduce cognitive gap and enhance communication efficacy.

- Enterprises should fairly treat work distribution, work procedure, and expatriate interaction and avoid expatriates perceiving unfair treatment under distinct cultural background to leave the job or return early because of maladjustment to the job. Meanwhile, the negative effect of expatriates’ unfair perception on an enterprise would be reduced.

- Enterprises should adjust the attitudes towards expatriates, avoid unfair thoughts, and actively concern and understand overseas expatriates’ adjustment conditions to timely provide assistance and effectively promote the job performance. Besides, it could have overseas expatriates generate enthusiasm and confidence on enterprises with distinct cultural background and be willing to devote to achieving tasks.

- Enterprises are suggested to emphasize expatriates’ cross-cultural training, which should be diversified and combine with expatriates’ needs so as to enhance the fitness of cross-cultural training. Regarding the practice of overseas tasks and the direct interaction with local people, complicatedly and deliberately designed training programs are required for the practice and effectiveness, such as arranging a business trip to host countries for trainers or having employees with expatriate experiences take on the post. In this case, the training content does not simply practice local information but pass down implicit knowledge and experiences for better adjustment.

Reference


