DETERMINANTS OF EXPAREIATE CROSS-CULTURAL ADJUSTMENT AND ITS EFFECT ON PERFORMANCE

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Abstracts

An increasing rate of globalization makes it crucial for multinational corporations not only to aim beyond making a presence in the international market but also to sustain their competitive advantages. Global human resource management strategy plays an important role in maintaining success in the international business market through the means of expatriates’ cross-cultural adjustment. This conceptual paper uses the lens of resource-based and contingency theories to shed light on the determinants of expatriates’ cross-cultural adjustment and its effects on performance. Three groups of cross-cultural adjustment determinants were suggested: strategic learning, subsidiary supports and motivation of expatriates’. In addition, this paper proposes that cultural distance moderates the relationship between these 3 groups of determinants and cross-cultural adjustment and, lastly, spouse adjustment moderates the relationship between cross-cultural adjustment and expatriates’ performance.
INTRODUCTION

Multinational corporations (MNCs) are establishing subsidiaries around the world to create a presence sustain their competitive advantage in the global arena (Moran, Palmer & Borstorff, 2007) under pressure from the changing business environment (Haile, Jones & Emmanuel, 2007). Technological advancement such as telecommunication, transportation, network system, public infrastructure and government liberalization create powerful network and lower national boundaries. The need for effective and qualified expatriates has increased significantly with the boom of internationalization (Lee & Li, 2008). In order for international expansion to be successful, expatriates with effective international capabilities, including ability to adapt to different cultures and sometimes fluency in foreign languages, are needed (Black and Mendenhall, 1989; Haile et al., 2007). Expatriate failure (Andreason, 2003; Lee, 2007) lowers the return on investment of the international expansion (McNulty & Tharenou, 2004). These human resources should be managed appropriately so MNCs can operate successfully within boundary less international markets (Black & Mendenhall, 1989; Black, Mendenhall & Odou, 1991; Colakoglu & Caligiuri, 2008; Caligiuri, Phillips, Lazarova, Tarique, & Burgi, 2001; Littrell, Salas, Hess, Paley & Riedel, 2006).

Unfortunately, MNCs have been severely plagued by the recurring problems of significantly high premature return rates (Mandenhall & Oddou, 1985; Haile et al., 2007; Tung, 1987) that create significant explicit as well as opportunity cost. Previous research has focused on three separate areas of expatriation; 1) selection, 2) cross-cultural training and 3) spouse and family issues. This research paper incorporates these areas into the same framework with a more practical view to examine the influence of these factors towards cross-cultural adjustment (CCA) of expatriates and self-reported performance.

RESEARCH Objectives

It was found that problems in expatriation include a) inability to adjust to the physical and cultural differences; b) spouses’ and children’s difficulties during their adjustment process; c) lack of certain skills for cross-cultural interaction; d) lack of technical abilities or motivation to work overseas (Littrell et al., 2006; Tung, 1981, 1982). Recent researchers have examined the variables relating to individual differences; i.e. cross cultural training (CCT) (e.g. Haile et al., 2007; Littrell et al., 2006, etc); unfortunately there is still no single framework that conceptualizes this phenomenon with sufficient empirical support.

This paper has the following objectives: Firstly, this paper proposes a conceptual model that places the main focus on the role of expatriate’s cross-cultural adjustment. This is very likely to be the key success factor for better performance of the overseas assignments under the context different from one’s own.

Black et al. (1991) suggested several determinants for CCA, i.e., job factors, organizational factors, non-work factors and individual factors. However; some variables have not been statically significant in predicting CCA. Therefore, this paper modifies Black et al. (1991)’s and Shaffer, Harrison and Gilley (1999)’s models to create a model that can better determine CCA. Furthermore, some constructs are incorporated into the model to increase the model’s explanation power. These constructs include the role of strategic learning, motivational factors, and the role mentor programming.

Lastly, this model suggests that CCA can increase the expatriates’ level of self-reported performance and this relationship is moderated by family adjustment. Cultural
distance between home and host counties is proposed as having a negative impact on the relationship between CCA’s determinants (i.e., strategic learning, subsidiary supports, and motivation) and CCA. Moreover, family adjustment would have a positive impact on the relationship between CCA and performance.

LITERATURE REVIEW

Expatriation

Expatriation represents significant investment among MNCs (Black, 1988; Black et al., 1991; Shaffer et al., 1999) but little research has examined underlying variables that might influence expatriate success and failure in the international assignment (Minter, 2008). As reported by Shannon house (1996). The costs of expatriate failure were as high as $1 million per failure for U.S. firms. In addition, the early return rate was to be as high as 40% (Black & Mendenhall, 1990) and an expatriate’s decision to return to his or her home country early can be very costly for MNCs (Littrell et al., 2006).

There are some determinants of whether an expatriate should be employed over local nationals. Clegg and Gray (2002) have conducted an empirical research on Australian expatriates in Thailand and the authors have touched on reasons for using expatriate to work in host country include a) the deficiency of technical or managerial expertise in the host country; b) head office believes that an expatriate will allow for greater control of the local operations; C) the posting is part of a planned career structure in which overseas experience will allow for promotion upon returning to head office; and lastly d) the existence of business opportunities for which no previous market or supplier in the host country existed (Clegg & Gray, 2002).

Conceptual Model

The following figure presents the determinants of CCA. These proposed determinants are expected to have positive relationship with expatriate performance through CCA, moderated by cultural distance and spouse and children adjustment. In this model, the independent variables include strategic learning, subsidiary supports, and motivation. The mediator of this model is the ability of expatriate to adjust cross-cultural factors (CCA) which will have a positive impact on expatriate performance in the host country location.

In addition, two moderators are proposed, cultural distance between home and host countries is expected to negatively moderate or diminish the positive relationship between strategic learning, subsidiary supports and motivation and CCA. The second moderator in the model, spouse and children adjustment, would positively moderate the relationship between CCA and expatriate performance. The following sections will present a review of constructs incorporated into the model with the explanation and linkages of relationships (see figure 1).

Figure 1: conceptual model of expatriate cross-cultural adjustment
Cross-Cultural Adjustment

More recently, research studies have found that adjustment to international assignments should be considered as a multidimensional construct consisting of three distinct dimensions of adjustment: 1) work adjustment; this refers to the adjustment to the new job requirements 2) interaction adjustment with individuals in the foreign country and 3) general adjustment to the foreign culture and living conditions abroad (Black, 1988). Researchers also identified several sets of factors that impact these three dimensions (Black et al., 1991). Shaffer, Harrison and Gilley (1999) reported the impact of 1) job factors, 2) organizational factors, 3) personal factors 4) non work factors and 5) individual factors as they pertain to expatriate adjustment. International firms that reduce the amount of uncertainty associated with expected behaviors in the work situation (role clarity) while allowing managers more space in adapting the work role and setting to themselves (role discretion), rather than having to adapt to the situation and provide social support from coworkers and superiors are likely to result in expatriates’ better work adjustment in the foreign assignment (Shaffer et al., 1999)

International firms also need to communicate more realistic objectives relating to the levels of performance in early stages of the foreign assignment so that too much is not expected of expatriate performance too soon (Mendenhall, Dunbar & Oddou, 1987). Apart from work adjustment, expatriates also learn how to adapt to individuals in the foreign culture, interaction adjustment to the culture and living conditions abroad. As a consequence, CCA plays a crucial role in stimulating performance of expatriate.

Strategic Learning

Learning Organization

Learning could be described as how people recreate themselves in response to external changes to gain a new appreciation of the world (Senge, 1990; Yamazaki & Kayes, 2004). Peter Senge has introduced the Learning Organization Theory (Fard, Rostamy & Taghiloo, 2008) which can be applied to the context of expatriate cross-cultural adaptation. Senge defined a learning organization as “an organization that is continually expanding its capacity to create its future” (Senge, 1990, p.14). In addition, his ideas are presented in the book called “The Fifth Discipline” which elaborates that learning organizations are organizations where people continually expand their capacity to create the results they truly desire, new patterns of thinking are nurtured, collective aspiration is set free and people are continually learning how to learn together (Senge, 1990; Senge, Kleiner, Roberts, Ross & Smith, 1997). Senge (1990) perceived learning organization as an innovation incorporated into organizational functioning that turned to be the model for the future and it is needed by MNCs.

With a similar ideal type of learning organization of Senge, Guns (1996) conceptualizes learning based organization as a pathway in getting the job done better and seeks out the best way to improve long term performance. Senge (1990) attempted to distinguish learning organizations from traditional authoritarian controlling organizations through the possession of mastery in certain basic disciplines. Senge proposed five components that are gradually converging for innovating learning organization. The absence of any of these components would critically affect the organizational success (Senge, 1990; Senge et al., 1997 ; Walton, 1990) These five components are: System Thinking, Personal Mastery, Mental Models, Building Shared Vision and lastly Team Learning.

According to Senge (1990), these disciplines are not naturally emerged, but learning organization needed to implement certain strategies to develop and encourage the five core disciplines of a learning organization. An the consequence, this paper adopts the fifth
discipline and conceptualizes the effect of strategic international human resource management to positively influence effectiveness of cross cultural adjustment.

A growing number of multinational firms have tried to become learning organizations in which the focus is on the importance of international human resource training and development (Lee & Li, 2008; Yamazaki & Kayes, 2004). As defined by Luthan; Bartin and Delbridge (cited in Lee & Li, 2008, p. 601) “learning is the acquisition of skills and abilities that results in a relatively permanent change in behavior contended that the way in which training takes place can be extremely important”. Referring to the contingency theory that emphasizes the context of international human resource training, the fit or congruence between teachings (training) and learning is vital to achieve expatriate training effectiveness (Lee & Li, 2008). The expatriate training effectiveness refers to satisfaction, commitment and involvement of expatriate international workplaces that would signal higher performance of both expatriate and rate of success in the international expansion assignment (Lee & Li, 2008; Yamazaki & Kayes, 2004).

The cross-cultural training is influenced by discrepancy in national culture, such that this relationship has caught a lot of attention from various school ars. Significant amount of studies in the field have contended that differences in national culture of the oversea assignments (cultural distance) between the home and the host countries would a higher level of difficulties for expatriates in their cross-cultural training (Black, 1988, Black et al., 1991; Lee & Li, 2008; Tung, 1987; Pothukuchi, Damanpour, Choi, Chin & Park, 2002). It was found that the contingency fit between the teaching modes, the learning style of the expatriates and the perceived cultural differences between home country and host country will significantly influence the effectiveness of expatriate training (Lee & Li, 2008). Learning is turning to be a hot issue for both domestic and international human resource management, acquiring novel knowledge from diversity would be beneficial for both organization and individual manager. It is crucial for expatriate to be adaptive as “effective managers no longer work solely in the comforts of their home culture, but also must learn to work across cultures” (Yamazaki & Kayes, 2004).

Expatriate Learning and Cross-Cultural Adaptation

The cross-cultural learning sheds new light on the role of the individual learning as a process of adaptation to various cultures (Yamazaki & Kayes, 2004). The interaction between home and host cultures provides an alternative to the understanding of cross cultural research by suggesting that specific learning strategies might be necessary for expatriates in the face of particular cross-cultural learning situations.

The person-culture congruence model explains cross culture learning as a function of the congruence between personal competencies acquired in home culture and the competencies acquired by the host culture. The congruence between a personal competency and the culture and the degree o which a person is able to learn those competencies imply the degree to which effective cross cultural adaptation can occur. For expatriate assignments, having a high learning orientation will help employees to function easier and more effectively, thereby increasing the likelihood of completing the assignment and achieving specified organizational goals (Porter & Tansky, 1999, p.57).

Using learning orientation assessment for expatiate manager is an excellent application with which to begin (Porter & Tansky, 1999, p.58). Maintaining a learning perspective through ambiguous situations seems particularly relevant to expatriates, They face a high degree of unfamiliarity and unclear reactions from other on a day today basis. Viewing these conditions as part of the learning process seems vital to expatriate success. Those who will sacrifice learning opportunities in order to avoid any potential appearance of failure will be
particularly hampered in adjusting to the differences of other cultures (Previous research suggested that it is important for organizations to provide language training and social opportunities for the expatriates to interact with foreign nationals. In addition to the pre-departure cross cultural training and good compensation and benefits packages, firms should provide expatriates and their family members with continued incountry support in order to facilitate all three dimensions of adjustment (Andreason, 2003).

It is now generally recognized that organizations learn because individuals learn (Kamoche, 1997; Senge, 1990), headquarter could also learn and acquire valuable international knowledge through the learning process of expatriates. This view highlights the importance of learning at the individual level, a vital condition that must be satisfied before organizations can achieve learning (Kamoche, 1997)

Kamoche (1997) provokes the concept of knowledge creation through learning. The concept of learning is at the heart of IHRM for two reasons: recognizing the potential strategic value of knowledge as well as recognizing that the strategic value of resources is sustainable to the extent that the knowledge generated from the utilization of these resources in the firm’s productive activities subsequently enhances that firm’s capacity out these activities.

The implications for IHRM are that the scope for organizational learning exists if the knowledge acquired by individual in international assignments can be diffused across the organization. The notion of experiential learning therefore appears relevant to IHRM due to the role of experience in knowledge creation in international activities where individuals develop mechanisms for adaptability and task accomplishment in new cultural settings (Kamoche, 1997, p.216). Hence, the first proposition is posed as:

**Proposition 1:** The level of strategic learning would facilitate expatriates’ cross-cultural adjustment ability.

There are few research papers that examine the role of motivational factors on the degree of adjustment of expatriate. This research paper advocates the importance of motivational factors of expatriates. Three motivational factors would be incorporated into the model of this paper. Motivational factors are proposed in this model as one of the powerful mechanism that could facilitate the ability of expatriate to better adjust in the cross-cultural environment. This research would take the opportunities to bind such motivational factors together instead of adopting other famous and well accepted models motivation (such as Maslow hierarchy of needs, Herzberg two factor theory, etc.) as those well structured theories might be able to conceptualize and generalize motivation under home country but might lose its explaining power in the intra-cultural context.

It was found that expatriates accept international assignments as they expect to gain some advancement in their career and are attracted by the assignment (Clegg & Gray, 2002). Conducted a research study to examine the Australian expatriates in Thailand and found that career progression, remuneration package offered, and change in lifestyle were the first three attributes of motivation that influenced expatriates to accept the assignment in a city of hardship with tropical temperatures, traffic congestion and pollution, like Bangkok.

As a result, compensation package, career advancement and gaining new experience are proposed as motivation variables that would predict cross cultural adjustment. These three factors, i.e. compensation package, career advancement and opportunity to gain new experience, are important for both aspects of MNCs and individual expatriate, but they have been under-examined. This paper includes motivation variable as one of the crucial factors that directly predict CCA.
Compensation Package, Career Advancement and Gaining New Experience

Dowling, Welch & Schuler (1999) suggested that the compensation and benefit packages are provided for expatriate with the five ultimate objectives of attracting and retaining staff, providing an incentive for managers to leave the home country to accept foreign assignment, facilitating the transfer to the foreign location and back, maintaining an acceptable standard of living in the foreign location and lastly, providing the expatriate with opportunities for financial advancement through income and saving (Andreason, 2003). Bonache & Fernandez and Gomez-Mejia & Welbourne (cited in Clegg & Gray, 2002) shared that compensation packages accounted for differences in assignment objectives or cultural conditions are often critical factors in motivating expatriates to not only accept international assignment, but also to perform in difficult location (McNulty & Tharenou, 2004). Furthermore, the global organizational performance would yield significant improvement when such compensation packages are linked to the strategic objectives of the assignment (McNulty & Tharenou, 2004). Four most important elements of compensation are base salary, quality of accommodation and payment of children’s education and bonus respectively (Clegg & Gray, 2002).

However, the problem is that expatriates often perceived that such compensation packages are “not sufficient support in being able to adjust to life abroad” (Andreason, 2003, p. 551). As the consequence, there is a need to investigate the relationship between compensation packages and CCA. To further support the above statement, Dowling et al. (1999) has also explained that as the expatriate is left to fend (i.e. financial related issues ) for themselves, they may encounter with negative responses in the host-country’s culture and lead to a perceived violation of the psychological contract with regard to expectations given them by their headquarter related to the nature of the assignment (Andreason, 2003). Therefore, the incorporation of the motivation variable lead to the proposition that motivation (i.e. compensation packages) is the vital variable that positively influence the perceived ability or willingness of expatriate towards adjustment of cross cultural factors (i.e. work adjustment, general adjustment and interaction adjustment) perform in host country in which this would lower the moderating effect from cultural distance as well.

In addition to the compensation packages, career advancement is another essential variable that is a sensitive issue for expatriate and require a well treatment from headquarter. Regarding to the finding of Miller and Cheng (1976) and Clegg and Gray (2002), advancement of expatriate career or the career progression is emerged as the most influential factor for people to accept the foreign assignment ranking higher than remuneration (Clegg & Gray, 2002). It was proposed that career advancement of expatriate is one of the motivation factors that have explaining power in enhancing the CCA, that will also minimize the negative impact created from the level of discrepancy between home and host cultural distance.

Within the same line of the spectrum, it was empirically found that gaining new experience is also playing an important role to motivate people to accept foreign assignment. The experience gained through performing under the host country location would possibly enhance job prospect upon the return of expatriate to home country (Clegg & Gray, 2002), such that expatriate could gain cross-cultural knowledge, advantage from diversity as well as learning to be an innovative and creative agent. Through these individual benefits, it would bring MNCs with higher performance at home location and other subsidiaries if appropriate international human resource management program is functional in an appropriate and effective manner.

**Proposition 2:** Expatriates with high level of motivation (i.e. compensation package, career) for foreign assignment are likely to enhance cross-cultural adjustment.
Subsidiary Supports

For the international expansion assignment to be successful through the performance of expatriate in the host country, it is a mandatory role of headquarter to provide appropriate and sufficient support to stimulate CCA process. These supports include creating congruency in organizational culture between home and host countries, cross-cultural training and also motivational factors of expatriate.

Organizational Culture

Congruency between subsidiary and headquarter organizational culture eases expatriates’ adjustment. Organizational culture is a vital factor that influences behaviors and styles of operation or even daily life of employees (Morgan, 2006). It is important to acknowledge that organizational culture and national culture belong to different cultural levels, in which organization culture is a subset of national ones (Black, 1988; Varner & Palmer, 2004). They share the common roles in binding individuals together. The organization is a collectivity in which employees belong to both physically and psychologically not just a mere workplace comprising of separate individuals (Morgan, 2006).

Organization culture refers to the “social or normative glue that holds an organization together” (Sirmon & Lane, 2004, p.310) It includes the values or social ideas and the beliefs that organization members share. As a consequence of the social glue, strong organizational culture is likely to relate to high organizational performance and this phenomenon is called “cultural fit” (Sirmon & Lane, 2004; Wilkins & Ouchi, 1983) mediated by CCA of expatriate. It could be used as one part of the powerful mechanisms in converging the discrepancies in national culture headquarter and its subsidiary as well as minimize its negative moderating impact to ward adjustment.

Black et al. (1991) has significantly shed light on the impact of organizational culture of home and host countries towards the degree of international adjustment of expatriates. They have put it that “the greater the difference between the organizational culture of the subsidiary organization in the foreign country compared to the organization in the home country, the more difficult the international adjustment would be” (Black et al., 1991, p.310).

Organizational cultures of both home and host countries are proposed as the sub-variable of subsidiary supports that minimize the impact of cultural distance and also positively influence the ability of expatriate to be successful in CCA. These could be achieved through creating congruence of organizational cultures of both headquarter and subsidiary as part of the subsidiary support strategy (Black, et al., 1991; Pothukuchi et al., 2002; Sirmon & Lane, 2004).

Cross-Cultural Training

Cross-cultural training is proposed as another sub-variable of subsidiary supports that should be provided to facilitate CCA. However, literature suggests that multinational enterprises (MNEs) are paying little attention to international training and management development of new expatriate assignments (Minter, 2008). Expatriates need to be selected not on technical expertise alone but also on cross-cultural fluency on order to maximize the expatriate’s effectiveness and efficiency working in a different culture (Black & Mendenhall, 1990). However, in order to succeed in a globally competitive environment, MNCs need to effectively train expatriates in international capabilities, including fluency in foreign languages and in the ability to adapt to different cultures (Caligiuri et al., 2001; Naumann, 1992).

Cross-cultural training could be defined as those educative processes that are designed to promote intercultural learning with the acquisition of behavioral, cognitive and affective competencies associated with effective interaction across culture (Landis & Brislin, 1983).
Several scholars and researchers attempt to determine the factors that would facilitate the success of expatriates’ international assignments (Caligiuri et al., 2001). It was found that the accomplishment of global assignment is significantly influenced by an expatriate’s cross-cultural adjustment to the host country (Black & Mendenhall, 1989; Caligiuri et al., 2001). Moreover, some MNCs provide cross cultural training (CCT) to facilitate expatriates’ adjustments regarding appropriate norms and behaviors of the host country (Caligiuri et al., 2001). This will ease out the effect of cultural distance.

The cross-cultural training process should be organized with the emphasis on both contents and skills that will enhance interactions with host-country individuais and at the same time training should be effective in reducing misunderstanding and inappropriate behaviors of expatriate (Black & Mendenhall, 1990; Morris & Robie, 2001).

In addition, the training and development of expatriates, in term of cross-cultural preparation and language programs, represents a significant financial cost to MNCs in the initial stages of an international assignment (McNulty & Tharenou, 2004). Yet, there are significant long term benefit to be gained from training in terms of better performance and cultural adjustment. Customized training and development programs can lead to more realistic expectations, higher levels of CCA, and better overall performance of expatriates (Black, et al., 1991; Black & Mendenhall, 1989; Black & Mendenhall, 1990; Caligiuri et al., 2001; McNulty & Tharenou, 2004; Pothukuchi et al., 2002).

Host and Home Mentor

According to the work of Carraher, Sullivan & Crocitto (2008), mentoring could be defined as oneon-one, hierarchical relationship between a more experienced organizational member and less experienced employee(s). Furthermore, newcomers (i.e. expatriate) are assisted by a mentor through various stages of socialization in order to increase job satisfaction, enhance performance, decrease stress, and reduce turnover. It was found that there is a significant and positive relationship between having a home-country mentor and expatriate effectiveness as well as new expatriate socialization (Mezias & Scandura, 2005).

They host country mentor may provide the most assistance during the on-site stage of the international assignment (Carraher et al., 2008; Mezias & Scandura, 2005). The host country mentor can assist expatriate to meet new co-workers, cope with different cultural norms (Carraher et al., 2008; Mezias & Scandura, 2005). In fact, it helps expatriates to assimilate into the host country culture, gaintriate commitment to the subsidiaries (Mezias & Scandura, 2005). Furthermore, host country mentor may also help to increase the expatriate’s job performance by providing advices to cope with potential problems that may arise in an unfamiliar work environment as well as providing the development of wider range of skills (Carraher et a., 2008; Mezias & Scandura, 2005).

The author proposes that there is a significant and positive relationship between having a host country mentor and expatriate effectiveness. Inaddition to the two types of mentor (i.e. host and home).

**Proposition 3**: Subsidiary supports (i.e. organizational culture, CCT and home & host mentor) provided for expatriates’ foreign assignment are related to expatriates’ cross-cultural adjustment.

Cultural Distance: Moderating Effect of Discrepancy in National Culture

Kogut and Singh (1988) have introduced a formula to calculate the degree of difference of cultural norms in one country to another which was based on secondary data of Hofstede’s cultural value scale. It is the standardized measure of cultural differences calculated as the corrected deviations for differences in the variances of each cultural...
dimension and then arithmetically averaged (Kogut & Singh, 1988). In the proposed conceptualization of this paper, degree of cultural distance between home (headquarter) and host country (subsidiary) plays the negative moderating role towards cross-cultural adjustment. This negative moderating effect will deter positive consequences generated from independent variable of strategic learning, motivation and subsidiary supports. Majority of research supported empirically that cultural distance is the barrier for the success of any kind of international operation across countries (e.g. Black & Singh, 1988; Morosini, Shane & Singh, 1998; Pothukuchi et al., 2002; Shenkar, 2001; Tung, 1988) as greater cultural distance will create a greater information asymmetry between host and home countries and also reduce knowledge of the subsidiary’s environment and performance (Colakoglu & Caligiuri, 2008). Specifically, cultural distance will negatively impact expatriates’ CCA (Black & Menednhall, 1990; Black, et al, 1991; Varner & Palmer, 2004) as it affects the person’s mindset (Varner & Palmer, 2004). As the consequence, the following proposition is proposed.

**Proposition 4:** The discrepancy between home and host national cultures will deter the ability of expatriate to be successful in cross-cultural adjustment, such that cultural distance negatively moderates the relationship between strategic learning, subsidiary supports and motivation and cross-cultural adjustment.

**Spouse and Children Adjustment**

It is essential for MNCs to pay significant attention on the inclusion of an expatriate’s family as part of the expatriation process (Andreason, 2003; McCaughey & Bruning, 2004; Porter & Tansky, 1999). Well adjusted spouse and children will influence expatriates in a positive manner with the facilitation of acculturation and adjustment procedure (McCaughey & Bruning, 2004). Expatriates may have apprehensions about whether their children’s education will have necessary continuity as well as how the family will adapt to customs of another culture. According to Tung (1987), managers indicated that the spouse’s inability to adjust was the number one reason for expatriate failure, Family is still a major concern in decisions related to expatriate assignments. In addition, spouse’s unsuccessful adjustment is frequently the explanation offered for premature return of an expatriate (Porter & Tansky, 1999). Often, it is the spouse who handles much of the burden for family adjustments and consequently feels more stress over the transition to the host country. The spouse typically takes on household responsibilities and child care concerns, such that every element of which may require operating by new and different rules, environment and life style. Spouse may be required to make the greatest degree of adjustments with little support from organizations (McCaughey & Bruning, 2004; Porter & Tansky, 1999). The ongoing success of a manager is affected by the level of stress and dissatisfaction experienced by the level of stress and dissatisfaction experienced by family members, particularly the spouse. Sending a manager to another country should be approached in terms of sending the entire family. Having selected a manager to send outside the country, the company’s investment in the spouse preparation indicates a positive interest in the family’s well being which in turn, may greatly increase the probability of the manager’s success (Andreason, 2003; McCaughey & Bruning, 2004; Porter & Tansky, 1999).

The degree of spouse adjustment is the psychological tool to provide non-work related comfort for expatriates. Therefore, this paper separate adjustment of expatriate from family or spouse adjustment, so that each of them could be clearly observed. As the consequence, the proposition relating to spouse adjustment is proposed below;

**Proposition 5 :** Expatriates’ spouse and children adjustment will positively moderate the relationship between cross-cultural adjustment and expatriate performance.
Expatriate Performance

The international assignments are significantly different from domestic assignments as they involve various differences in situational contexts, such as society, legality, economy, task techniques (Black et al., 1991; Sinangil & Ones, 2003). As the result, effective use of the knowledge and experience of previous expatriates are vital mechanism to facilitate understanding of the context of internationally assigned performance within specific foreign situations of expatriates (Black & Mendenhall, 1990; Black, et al, 1991; Sinangil & Ones, 2003).

Various scholars, for example, Adler 1983; Arthur & Bennett, 1996; Hays, 1971; Hough & Dunnette, 1992; Sinangil & Ones, 2003, studied the international assignee job performance. Arthur and Bennett (1996) suggested that the factors characterizing international job performance models have initially developed by Hays (1971) with four factors of local language ability, family situation, relational abilities and job ability. The scholars that were successful in enhancing the model and were cited by many researchers nowadays are such as Adler (1992) extended the model to eleven factors (Arthur & Bennett, 1996).

The ten dimensions of measuring expatriate job performance were developed through the integration of various previous scholars’ contributions including Eight Factor Model of Hough & Dunnette (1992) and Viswesvaran, Ones & Schmidt (1996)

This paper also attempts to generalize the relationship between CCA and performance of expatriate. Previous research has proposed and proven that by holding other variables constant, the relationship between the two latent constructs is negative, such that the higher the cultural distance between home and host countries the lower the expatriate CCA and performance will be (Arthur & Bennett, 1996; Black & Mendenhall, 1990; Caligiuri et. al., 2007; Morris & Robie 2001; Naumann, 1992).

Proposition 6: Cross-cultural adjustment of expatriate in host country is likely to enhance performance of expatriates.

IMPLICATIONS & CONCLUSION

The number of MNCs and their subsidiaries are as many as 6500 MNCs and 850,000 corresponding foreign subsidiaries around the world (UNCTAD 2005). However, the expatriate failure was estimated between 10 to 20 per cent and even up to 40 percent (Tung, 1987, Mendengall and Oddou, 1985, Black et al., 1991). The reasons for this failure range from the complexity of the business climate to the failure of spouse or family to adjust to an unfamiliar environment, including cultural complexity (Kamoche, 1997). The international assignment represents as opportunity to learn and bring about benefits to the operation of headquarter so that expatriate failure wastes such opportunity. This waste is so costly to both of the expatriates and their family as well as to the MNCs as a whole.

The demand for qualified expatriates to serve in overseas markets has increased significantly in the past decade (Hodgetts & Luthan, 2000). Training has become one of the most effective ways to promote the competence of expatriate managers. Based on the resource-based theory, intangible resources, such as human resource, are likely to create a sustained competitive advantage (Lee & Li, 2008; Peteraf, 1993 Reed & Defillippi, 1990). As part of the subsidiary supports provided, home and host country mentors are powerful mechanism that would enhance expatriate performance via the expatriates’ adjustment. In addition, this paper has shown and placed significant attention toward motivation for expatriate. It is proposed to have crucial role in enhancing CCA. Lastly, the greater the discrepancy in cultures novelty between of home and host countries is, the greater the impact on adjustment during the international transition will be (Black et al., 1991).
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strategic roles. Symposium conducted at the 52nd annual meeting of academy of management. Las Vegas.


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