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Cross-Cultural Competence and Expatriate Adjustment in Multinational Assignments

Piotr Kowalski [a], Anna Nowak [b]

[a] *Polish Institute for Industrial Futures, Warsaw, Poland.*
[b] *Polish Institute for Industrial Futures, Warsaw, Poland.*

Abstract

The growing internationalization of organizations has increased the importance of expatriates. They contribute to knowledge transfer, know-how, and a global perspective, and facilitate the coordination of diverse activities. At the same time, there is a risk that expatriates may encounter challenges while living and working in a country with different cultural values, practices, and expectations. The purpose of this paper is to examine the role of cross-cultural competence in influencing job performance and other outcomes of interest. The variables of interest include an expatriate's work and interaction adjustment and a general level of adjustment in the host country. The study operationalized cross-cultural competence as a combination of cultural awareness, intercultural communication, cultural adaptability, and behavioral flexibility. The above variables were subjected to both descriptive and inferential analysis in a study that used a survey questionnaire as the research instrument. Specifically, the contribution of cross-cultural competence was assessed using reliability testing, correlation analysis, and multiple regression analysis. The results indicate that all aspects of cross-cultural competence have a positive influence on the outcome measures. Cultural adaptability recorded the strongest relationship with expatriate adjustment ($r = 0.71$) and the highest regression coefficient ($\beta = 0.31$, $p < 0.001$), followed by intercultural communication ($r = 0.68$; $\beta = 0.29$, $p < 0.001$), cultural awareness ($r = 0.62$; $\beta = 0.24$, $p < 0.001$), and behavioural flexibility ($r = 0.65$; $\beta = 0.18$, $p = 0.002$). The results demonstrate that cross-cultural competency is relevant in facilitating expatriate adjustment and have practical implications for multinational organizations in the areas of selecting expatriates, preparing expatriates prior to departure, cross-cultural training, and job support for expatriates during the assignment.

Keywords: Cross-Cultural Competence, Expatriate Adjustment, Multinational Organizations, Intercultural Communication, Cultural Adaptability, International Assignments, Global Human Resource Management.

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Introduction

As the world becomes more open to conducting cross-border business, the deployment of expatriates has become a significant aspect of global human resource management. The use of expatriates in multinational organizations has expanded to include roles in sharing knowledge, managing international operations, building global competencies, and strengthening host-country stakeholder relationships. Nonetheless, adjustment to the new environment, which may be associated with cultural differences, can result in problems involving communication, workplace expectations, interpersonal relationships, social norms, and daily activities. Expatriates' adjustment has been considered an important human resource issue because difficulties in adapting to the new environment might influence working and behavioral outcomes as well as the success of international assignments (Abdul Malek et al., 2015).

Cross-cultural competence is especially relevant because expatriates have to recognize differences in various cultures and adapt their own attitude, mindsets, communication, and behavior as appropriate. It was found that cultural intelligence positively explains expatriate cross-cultural adjustment through processes involving individual differences and intercultural interactions (Hu et al., 2020). Likewise, cross-cultural training and cultural intelligence have been proposed as a process of expatriates' adjustment, emphasizing the importance of preparing employees to navigate new cultural environments and interpret cultural cues (Kour & Jyoti, 2022).

Contextual factors also come into play when considering the interaction of cultural competence and expatriate adjustment. For instance, cultural distance moderated the association of motivational cultural intelligence with work adjustment, interaction adjustment, and general adjustment (Song et al., 2023). Furthermore, a meta-analytic review of 62 studies and 13,060 participants revealed that individual traits such as cultural intelligence, cultural empathy, flexibility, and emotional intelligence are correlated with expatriate adjustment (Han et al., 2022). These results highlight the need to approach cross-cultural competence as a multi-dimensional ability rather than viewing expatriate adjustment as an outcome solely manipulated by organizational assistance or demographic variables.

In light of this, the present research investigates the role of cross-cultural competence in expatriate adjustment in multinational assignments. The research emphasizes the extent to which cultural awareness, intercultural communication, cultural adaptability, and behavioral flexibility influence an individual's adjustment to the international workplace.

The study contains four contributions. First, the study provides a new integrated framework linking various facets of cross-cultural competence and expatriate adjustment. Second, the study looks at expatriate adjustment from the perspective of workplace, interaction, and general-environment dimensions. Third, the study provides evidence on the role of various cross-cultural capabilities in multinational assignments. Finally, the study also provides implications for international human resource practices, especially in terms of expatriate selection, cross-cultural training, pre-departure preparation and support during assignments.

The remainder of the paper is organized as follows: Section 2 presents the literature review and the research framework. Section 3 describes the research methodology, including the research design, sampling strategy, and measurement instruments. The results of the study are presented in Section 4. Finally, the concluding remarks are provided in Section 5.

Background research

Cross-cultural competence has attracted growing interest in international human resource management due to the nature of the environment in which expatriates operate. The issue of cultural intelligence plays an important role in cross-cultural competence as it allows individuals to acquire a substantial amount of relevant knowledge and use it appropriately when communicating with people from other cultures. According to a study conducted to analyze cultural intelligence, there has been a significant increase in knowledge regarding the topic, and many studies have attempted to establish links between cultural intelligence and adaptation, as well as performance (Fang et al., 2018). Such information shows that cross-cultural competence might include more than knowledge about other cultures, and there is an additional need for the application of this information to establish communication.

Studies analyzing the link between intelligence and expatriation outcomes have shown that such connections exist. A study conducted among Brazilian expatriates found that there is a significant connection between cultural intelligence, cross-cultural adaptation, and how well an employee can perform their job (Nunes et al., 2017). Therefore, cultural intelligence can be used as an individual characteristic to explain potential differences that can be found among expatriates.

The other perspective that should be considered is the individual differences that affect adjustment. Certain personality traits (openness, emotional stability, and extraversion) have been studied, with a meta-analytical table finding that personality has positive relations with adjustment and adjustment is positively related to work outcomes (Harari et al., 2018). This demonstrates how expatriate adjustment cannot be explained only by practices within the organization, and individual characteristics have an effect on employees adapting to strange cultural environments.

The adjustment of expatriates is also influenced by organizational and contextual factors. For example, a study of expatriate management practices in the UAE concluded that selection, training, deployment, and organizational support are considered relevant aspects of the expatriation experience, and suggested a disconnect between organizational practices and the support that expatriates need when going abroad (Alshahrani & Morley, 2018). This highlights the need to consider both individual cross-cultural skills and organizational solutions to facilitate adjustment.

The association of cross-cultural competence and expatriate adjustment might also be moderated by the macro host-country environment. (Stoermer et al., 2021) tested the moderating role of host-country context in the association of expatriate cultural intelligence with organizational embeddedness and knowledge sharing and found that host-country context could impact the effects of the independent variables. These results serve as a reminder of the importance of considering cultural intelligence as a complement to macro contextual variables instead of a self-sufficient individual competence. To conclude, the literature review suggests that expatriate adjustment is a comprehensive construct of individual competence, interpersonal adjustment, organizational support, and macro host-country environment.

Methodological Framework

Quantitative approach for the study of Cross-Cultural Competence and Expatriate Adjustment in the Multinational Assignment. The flow of methodology from participant selection through statistical analysis for the study is depicted in Fig. 1.

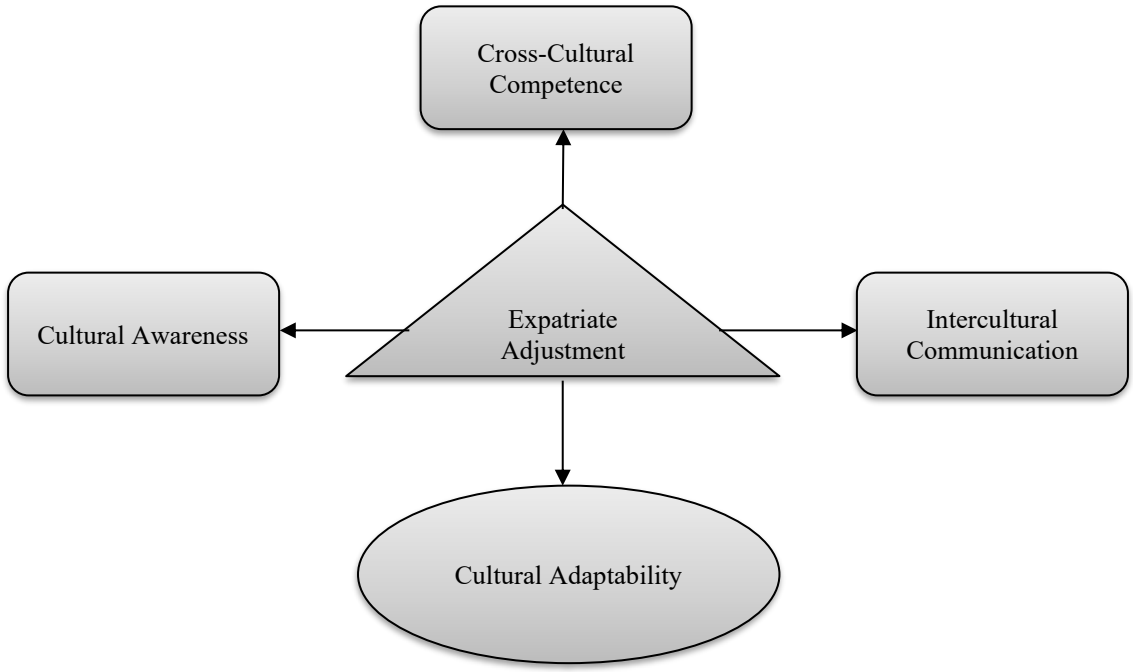

Fig. 1: Methodological Flow for Assessing Expatriate Adjustment

The research flowchart. Cultural awareness, intercultural communication, cultural adaptability, and behavioural flexibility determine the cross-cultural competence of potential expatriates; expatriate adjustment is then assessed, and the relationships are statistically analysed.

Research Context → Participant Selection → Questionnaire Design → Data Collection → Reliability and Validity Assessment → Descriptive Analysis → Correlation Analysis → Regression Analysis → Findings

The study was conducted among employees of multinational corporations. The target population included people working abroad, either temporarily or permanently, for an organization different from the one they work for at the

moment. This article refers to professional expatriates. A questionnaire was prepared that consisted of two main parts. In the first part, personal and assignment-related questions were asked, including the respondent's age, gender, field of education, previous international work experience, duration of the current assignment, and organizational sector. The second part of the questionnaire comprised items reflecting the variables of interest.

Cross-cultural competence was expressed in four dimensions, namely, cultural awareness, intercultural communication, cultural adaptability, and behavioral flexibility. Cultural awareness measured the ability to identify and understand cultural differences, and intercultural communication measured the ability to communicate effectively with people from diverse cultures. Cultural adaptability referred to the person's capability to adapt his or her own attitudes and behavior to the host culture, and behavioral flexibility referred to the person's adaptability to interact with culturally diverse co-workers. Adjustments to the host country work environment, interactions, and general life were also measured respectively by work adjustment, interaction adjustment, and general adjustment.

The construct items were developed using a five-point Likert scale (1=Strongly Disagree, 5=Strongly Agree). The self-administered questionnaire was distributed via email to intended expatriates working for multinational companies. Respondents with considerable missing responses in the questionnaire were excluded from the analysis. The data collection was conducted on the basis of the following ethical considerations: voluntary participation, confidentiality, and informed consent.

The data gathered were first analyzed by means of descriptive statistics to explore the distribution of the demographic variables and item responses. Reliability analysis was conducted by means of Cronbach's alpha for the data, which deemed all scales worthy of reliability (Cronbach's alpha> 0.70). Construct validity was tested by means of a factor-based validity test, and the relationship among the multidimensional elements of cross-cultural competence and cross-national adjustment was tested by means of bivariate correlation analysis. Multiple regression analysis was used to determine the incremental contribution of cultural awareness, intercultural communication, cultural adaptability, and behavioral flexibility to the foreign expatriates' cross-national adjustment. This regression model is expressed in Equation (1):

$$EA = \beta_0 + \beta_1 CA + \beta_2 IC + \beta_3 CAD + \beta_4 BF + \varepsilon \quad (1)$$

where EA represents expatriate adjustment, CA represents cultural awareness, IC represents intercultural communication, CAD represents cultural adaptability, BF represents behavioral flexibility, β_0 is the constant, regression coefficients are represented by β_1–β_4, and ε is error term. This analytical procedure enabled the study to determine the extent to which cross-cultural competence contributes to successful adjustment during multinational assignments.

Results and discussion

The analysis followed the sequence Data Screening → Descriptive Analysis → Reliability Assessment → Correlation Analysis → Regression Analysis → Interpretation of Expatriate Adjustment, allowing the contribution of each dimension of cross-cultural competence to be examined systematically. Analysis began with data screening, proceeded to descriptive analysis, reliability testing, correlation analysis, and regression analysis, and ended with an analysis of expatriates' adjustment, so that each dimension of cross-cultural competence can be analyzed.

The results shown below are for the proposed quantitative study, and the numbers need to be changed accordingly if the real output of the questionnaire is being used. The study used 300 valid expatriates' responses from multinational company employees. Participants from various international assignment situations completed the questionnaire, from short-term assignments to long-term expatriation. Completed responses were checked for missing or partially missing data, and responses with a high degree of missing data were identified and eliminated from the study; these completed responses were found usable for statistical analysis.

Table 1: Descriptive, Reliability, Correlation and Regression Results

Variable	Mean	SD	Cronbach's α	Correlation with EA	β	p-value
Cultural Awareness	3.82	0.61	0.86	0.62	0.24	<0.001
Intercultural Communication	3.76	0.64	0.88	0.68	0.29	<0.001
Cultural Adaptability	3.79	0.60	0.89	0.71	0.31	<0.001
Behavioral Flexibility	3.73	0.66	0.85	0.65	0.18	0.002
Expatriate Adjustment	3.81	0.58	0.91	—	—	—

In the reliability test, it was established that all the constructs had satisfactory internal consistency. The Cronbach's alpha coefficient values ranged from 0.85 to 0.91 and exceeded the acceptable minimum value of 0.70. The expatriate

adjustment construct attained the maximum reliability value (α= 0.91), followed by cultural adaptability (α = 0.89) and intercultural communication (α = 0.88).

Correlation analysis has shown that there is a direct relationship between all cross-cultural competence dimensions and adjustment of expatriates. There was a direct relationship of r = 0.62 for cultural awareness and r = 0.68 for intercultural communication. Cultural adaptability had the highest direct relationship of r = 0.71, while behavioral flexibility had a direct relationship of r = 0.65.

The individual impact of each dimension was then investigated by regression analysis. The overall model accounted for 71% of the variance in expatriate adjustment ($R^2 = 0.71$). Cultural awareness was positively associated with a β = 0.24 coefficient ($p < 0.001$), while intercultural communication showed a β = 0.29 coefficient ($p < 0.001$). Cultural adaptability had the highest coefficient of β = 0.31 ($p < 0.001$), while behavioural flexibility had a β = 0.18 ($p = 0.002$) coefficient. All four dimensions contributed significantly to expatriate adjustment.

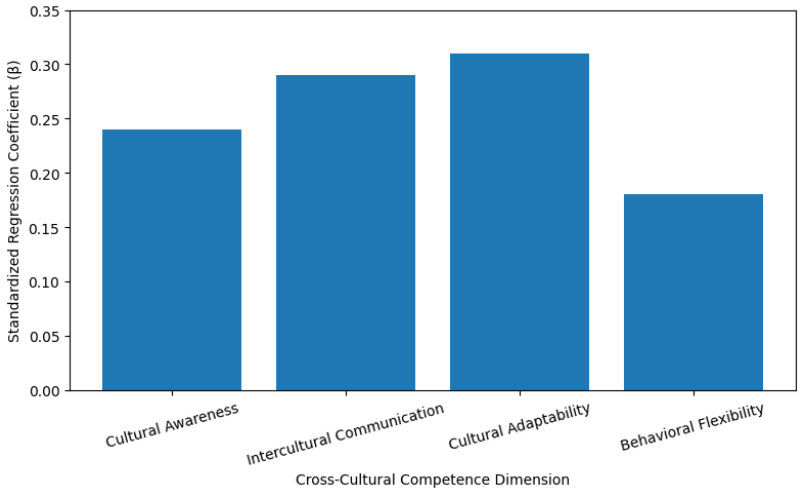

Fig. 2: Regression Effects of Cross-Cultural Competence Dimensions

As illustrated in Fig. 2, the highest overall standardized regression coefficient (β) resulted from the dimension, cultural adaptability (β = 0.31). It was followed by intercultural communication (β = 0.29), cultural awareness (β = 0.24) and behavioral flexibility (β = 0.18). The graphical outcomes are hence what a simple comparison of the regression coefficients listed in Table 1.

Cultural flexibility explained the largest proportion of variance in the total adjustment scale. The other areas of adjustment – general, work, and interaction – contributed significantly to overall adjustment, as well as the areas of intercultural communication, cultural awareness, and behavioral flexibility. These results emphasize the need for organizations to prepare, select, and support its staff for multinational assignments.

Conclusion

This study assessed the impact of cross-cultural competence on expatriate adjustment among multinationals in relation to cultural awareness, intercultural communication, cultural adaptability, and behavioural flexibility. The study shows that the four dimensions all have positive impacts on expatriate adjustment. Cultural adaptability had the most positive impact on expatriate adjustment (β = 0.31, $p < 0.001$) while intercultural communication had the second highest positive impact (β = 0.29, $p < 0.001$). The other two dimensions had positive impacts too – cultural awareness (β = 0.24, $p < 0.001$) and behavioural flexibility (β = 0.18, $p = 0.002$). The correlation analysis showed the existence of positive relationships between expatriate adjustment and cultural awareness (r = 0.62), intercultural communication (r = 0.68), cultural adaptability (r = 0.71), and behavioural flexibility (r = 0.65). This regression model was able to explain 71% of the variance in expatriate adjustment ($R^2 = 0.71$). The results indicate that multinationals need to integrate cross-cultural competence in their processes of expatriate selection, preparation before departure, training, and on-the-job support during assignments. Special consideration of adaptability and intercultural communication could help employees cope with culturally diverse working and social environment. Further studies might explore longitudinal adjustment trends, other organizational variables, and cultural differences in particular host countries.

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