

**SOURCES OF SUPPORT AND EXPATRIATION: A MULTIPLE STAKEHOLDER
PERSPECTIVE OF EXPATRIATE ADJUSTMENT AND PERFORMANCE IN
MALAYSIA**

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Adjustment and Performance in Malaysia**

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Sources of Support and Expatriation: A Multiple Stakeholder Perspective of Expatriate Adjustment and Performance in Malaysia

This research tests the role of perceived support from multinational corporations and host country nationals for the adjustment of expatriates and their spouses while on international assignments. The investigation is carried out with matched data from 134 expatriates and their spouses based in foreign multinationals in Malaysia. The results highlight the different reliance on support providers that expatriates and their accompanying spouses found beneficial for acclimatizing to the host country environment. Improved adjustment in turn was found to have positive effects on expatriates' performance. The research findings have implications for both international human resource management researchers and practitioners.

Keywords: Expatriate Adjustment; Support; Stakeholders; Malaysia; HCNs; MNCs

INTRODUCTION

Despite the continuous cost-cutting pressures and severe budget restrictions, international assignments remain a crucial aspect of multinational corporations' (MNCs) global strategy. The significance of an international assignment is amplified due to many MNCs considering an international assignment as a prerequisite for advancing one's career (Chen, Choi and Chi 2002). At the same time, there is ample evidence of expatriates' ineffectiveness abroad and expatriates commonly attribute these problems to poor cross-cultural adjustment (Takeuchi, Yun and Tesluk 2002), family-related problems, i.e. the inability of spouse and children to adapt to the host country's culture (Flynn 1995; Takeuchi et al. 2002), and lack of ability to adapt to the various aspects of the host country (Pomeroy 2006).

Given these persistent problems, previous studies (Bhaskar-Shrinivas, Harrison, Shaffer and Luk 2005; Cugin and Fish 2010) have highlighted the need to improve our ability to predict the success of international assignments. However, it still remains a mystery why some expatriates adjust well to the foreign environment when others fail (Takeuchi 2010). These failures not only result in monetary expenses but also negative company image, stalled career progression and psychological barriers to take up future assignments (Hemmasi, Downes and Varner 2010; Mendenhall and Oddou 1985; Zeira and Banai 1985). A key problem in expatriate-related research is that despite being extensively researched for the past few decades, most of it has been predominantly 'expatriate-centric' and has neglected other expatriate stakeholders that include the accompanying spouse, host-country nationals (HCNs), and the parent company or MNC (Takeuchi 2010). Our study addresses this gap in the literature by focusing on the support from expatriates' multiple stakeholders, including the organization, HCNs and the spouse/partner. Drawing on anxiety/uncertainty management (AUM) theory (Gudykunst 1988; Gudykunst and Kim 1997), we argue that utilizing their

support will help expatriates to manage and minimize the feelings of anxiety and uncertainty that result from being relocated to a new cultural environment, and be mindful of these cultural differences to facilitate cross-cultural adjustment and ultimately their performance.

We focus on an emerging country – Malaysia – for two reasons. First, there is a scarcity of research regarding the adjustment of expatriates and their family members in this country. Second, a rising amount of foreign direct investment (FDI) targets this country. According to the World Investment Report (UNCTAD 2010) Malaysia has remained one of the top 15 host countries for FDI for 2010-2012. With a continuous increase in FDI inflows, more foreign companies are likely to operate in Malaysia, leading to a greater demand for expatriates being deployed to this country. Asia in particular represents a challenging posting for many foreign managers. Wide differences between the cultural perspectives and mannerisms may pose awkward and puzzling situations for those who are relocating to this part of the world (Neupert, Baughn and Lam Dao 2005). Many managers who have succeeded in their domestic operations may often find that the mental maps that they have relied on for so many years do not necessarily apply when they relocate (Black and Gregersen 2000).

This paper is organized as follows. We first present a review of the literatures related to the theoretical stance underpinning the concepts of support, expatriate adjustment and performance. Next, we develop hypotheses based on the reviewed literature. Further, we describe the method, study sample and measures before proceeding with the reporting of results of the statistical tests. Finally, we conclude with a discussion of our findings and their implications for both academic research and corporate practice.

ANXIETY/UNCERTAINTY MANAGEMENT THEORY

Relocating to a new environment, having to temporarily leave behind loved ones and having to start anew in an alien surrounding are some of the reasons why expatriates and their family members are overtly anxious and sometimes reluctant to take up international

assignments (Borstoff, Harris, Field and Giles 1997). Both novice and seasoned expatriates tend to feel anxious of any new posting simply for the fact that no two cultures are alike. For seasoned expatriates, the pressure to acclimatize to a new surrounding is perhaps greater because there are higher expectations placed on them by MNCs. Black (1988) contended that to feel comfortable with the new culture, expatriates need to reduce their uncertainties and modify their behaviors. Gudykunst (1988) concurred that anxiety and uncertainty are critical factors in understanding effective communication and intercultural adjustment.

The anxiety/uncertainty management (AUM) theory (Gudykunst 1988, 1998, 2005; Gudykunst and Kim 1997) was first coined to improve the quality of communication and adjustment to living in new cultures. The basic premise of AUM theory is that when strangers (e.g. sojourners, expatriates) can manage their anxiety and uncertainty, they will feel comfortable with the host culture, which in turn will improve their intercultural adjustment with HCNs. Gudykunst (1985) formed the ideas for AUM theory based on uncertainty reduction theory (URT) by Berger and Calabrese (1975), extending URT to include intergroup communication. In turn, evidence suggests that culturally adjusted expatriates will perform their tasks effectively (Black 1988; Black and Mendenhall 1990) and achieve work and non-work satisfaction (e.g. Naumann 1993; Shaffer and Harrison 1998; Takeuchi et al. 2002), organizational commitment (Shay and Baack 2006; Takeuchi, Wang, Marinova and Yao 2009), and performance (Caligiuri 1997; Kraimer and Wayne 2004; Kraimer, Wayne and Jaworski 2001; Shay and Baack 2006), while also reducing withdrawal cognitions (e.g. Shaffer and Harrison 1998; Wang and Takeuchi 2007).

Previous scholars found support suggesting that expatriates go through the processes of learning and exhibiting new behaviors to 'fit in' with the host culture, which for most of the time contribute to the reduction of acculturative stress (see Berry 1997; Black and Mendenhall 1990; Black, Mendenhall and Oddou 1991). Expatriates generally arrive at a new

assignment with a defined role, a set of responsibilities inherent in the job they are taking, and an established organizational support system. In contrast, spouses usually have a harder time adjusting. Isolated from family and friends and living in a foreign environment with different legal, political, and social (cultural and language) systems, the adjustment process for spouses may be especially frustrating and stressful (Albright, Chu and Austin 1993). Scholars have also shown that expatriates rely on different stakeholders to provide them with the desired support especially in the initial stage of relocating to the host country (Kraimer and Wayne 2004; Kupka and Cathro 2007; Toh and DeNisi 2007).

HYPOTHESIS DEVELOPMENT

In this study, we consider three different types of stakeholder groups: spouses/partners, HCNs, and the organization. Specifically, previous studies (Black and Stephens 1989; Haslberger and Brewster 2008; Lazarova, Westman and Shaffer 2010; Shaffer and Harrison 1998) have advocated the well-being and adjustment of family members, and spouses in particular, to be studied alongside expatriate adjustment as family members normally experience the stress linked to relocating to a new environment abroad. Others (Toh and DeNisi 2007; Varma, Toh and Budhwar 2006) found support for the information and liaison roles that HCNs play in facilitating expatriates' adjustment and their integration into the local work setting and social environment. Meanwhile, studies by Kraimer and Wayne (2004), Rhoades and Eisenberger (2002) and Witt (1991) found that MNCs' perceived actions may influence how the employees view the organizations and may lead to positive outcomes such as employee satisfaction, commitment and increased desire to fulfill the work contract.

The following hypotheses are developed to depict the relationships between perceived support from the organization and HCNs and the expatriates and their spouses in order to ease the adjustment process and consequently improve expatriate performance. Figure 1

summarizes the hypothesized relationships in a path model. The justification of each hypothesized relationship follows.

- Insert Figure 1 here -

Expatriate Perceived Support from the Organization

The onus for expatriates to perform well and integrate into the host country's environment has proven to be challenging (Bhaskar-Shrinivas et al. 2005). There is immense pressure on expatriates to perform well, thus increasing their anxiety levels and feelings of uncertainty towards things that may be beyond their control. Guzzo, Nelson and Noonan (1992) contend that expatriates and their organizations share intricate employer-employee relationships in which the organizations are extensively involved and have significant influences on employees' lives, both on- and off-the-job. Consequently, the feelings of not being appreciated by their organizations intensify when the organizations do not provide the relocating families with the necessary support (Guzzo et al. 1992).

A related study by Kraimer and Wayne (2004) examined companies' support in the form of perceived organizational support (POS), i.e., employees' global believes that the organization values their contributions and cares about their well-being. The study showed that there is a positive relationship between POS and commitment to the parent company, task performance and the intention to complete the assignment. POS, which is derived from organization support theory, is based on the reciprocity norm (Eisenberger, Huntington, Hutchison and Sowa 1986). Specifically, an employee who feels that the organization is genuinely concerned about his/her well-being and socio-emotional needs will feel an obligation to reciprocate in terms of performing to their best to fulfill the organization's objectives (Rhoades and Eisenberger 2002).

Previous studies have shown that POS may lead to a desire to remain in the organization (Witt 1991) and an increase of voluntary favorable actions towards the organization that could lead to increased job performance (Rhoades and Eisenberger 2002). Taken together, the above studies highlight that firms play a fundamental role in ensuring expatriation success. This is especially the case in the wake of escalating costs of maintaining expatriates on overseas postings and given the related need to minimize failure rates and lessen the ‘out of sight, out of mind’ syndrome. Reverting to AUM Theory (Gudykunst 2005), with POS, expatriates can be expected to have less adjustment problems due to them being more motivated to socially adapt to the cultural differences and new behaviors in the host country. In other words, POS will prompt expatriates to better manage their levels of anxiety and uncertainty as a form of reciprocation to show that they value their organization’s support and assistance while in the host country.

Hypothesis 1. Expatriate perceived organizational support is positively related to the expatriate adjustment.

Expatriate Perceived Support from HCNs

The dominant model of expatriate adjustment (see Black et al. 1991) has found evidence that HCNs may assist expatriates’ adjustment in the host country (Olsen and Martins 2009). Other researchers have provided empirical evidence for how HCNs might contribute to this adjustment or the relevant factors that might facilitate or hinder HCNs’ willingness to provide such support (Toh and DeNisi 2007; Varma, Budhwar, Pichler and Biswas 2009; Varma et al. 2006). HCN support in this study refers to both the support from local subordinates and colleagues at work, and the support by the local community in the daily interactions of expatriates and HCNs outside of the work setting. However, Ashforth and Mael (1989) caution that biases against a particular group have important implications in

organizations and impact on the facilitation or inhibition of cooperative and supportive behaviors towards a newcomer.

Driven by the pressure to ‘fit-in’ and the desire to be in control of uncertain situations, Bandura (1977) concludes that people can learn new information and behaviors by watching other people. When applied to an expatriate context, expatriates will ‘learn’ appropriate behaviors through their interactions with and observations of HCNs. The interactions with HCNs facilitate expatriates’ adjustment, and the social contacts and exchanges can also be linked to successful foreign assignments more generally (Aycan 1997; Caligiuri 2000; Varma et al. 2009). Reverting to Gudykunst’s (2005) AUM theory, expatriates will engage in behaviors that help them reduce anxiety and uncertainty, and ensuring social interaction and effective communication is one important way of achieving this. In this study, we focus on perceived *social* support from HCNs because we are only investigating the assistance and support given to the expatriate (and by extension also to their families, see Hypothesis 4) that help them better socially integrate into the local community.

Hypothesis 2. Expatriate perceived HCN social support is positively related to expatriate adjustment.

Spouse Perceived Support from the Organization

Organizations often picture employees as isolated individuals; individuals without families and friends. However, when an organization hires an individual, this individual is somebody’s child, parent, sibling or spouse. Consequently, hiring an expatriate involves the family’s well-being and thus MNCs should be aware of the changes that the family members have to endure when relocating to the host country. Family concerns are critical to understanding expatriate career trajectories because international assignments affect the family as a whole – especially since the family has been found to be one of the most

important factors contributing to expatriate success (Brown 2008). Black and Gregersen's (1991) study of spousal cross-cultural adjustment is a refreshing contribution to an otherwise under-researched topic.

Although numerous studies have examined the determinants of expatriate success (e.g., Arthur and Bennett 1995), only relatively few have explicitly focused on the intercultural adaptation of expatriates' spouses and children (Ali, Van der Zee and Sanders 2003; Black and Stephens 1989). In fact, in a meta-analytic review of 12 predictors of adjustment for expatriates, the spouse's adjustment was the most salient (Bhaskar-Shrinivas et al. 2005). Despite important consequences of spouse (mal)adjustment and the corresponding recognition that human resource policies which target spouses are essential (e.g., Pellico and Stroh 1997), efforts to understand the experiences of spouses have been minimal (for an exception, see Black and Gregersen 1991). This is in stark contrast to the considerable amount of theory (e.g., Aycan 1997; Black et al. 1991; Lazarova et al. 2010) and evidence (e.g., Shaffer, Harrison and Gilley 1999; Stroh, Dennis and Cramer 1994;) that has accumulated about the expatriate adjustment process. All of the above point to the importance of including spouse-related variables in expatriation studies in the future.

For this study, the spouse's POS refers to any kind of perceived support from the MNC that is offered to the expatriate families to minimize the burden of relocation and enhance their adjustment to the local community. Therefore, spouses perceiving that the MNC is doing its best to facilitate the relocation to the host country will have a favorable impression of the organization, thus reducing their anxiety and uncertainty towards the international postings and, in turn, facilitate their adjustment.

Hypothesis 3. Spouse perceived organizational support is positively related to spouse adjustment.

Spouse Perceived Support from HCNs

Spouses are generally more directly involved with the local environment on a daily basis for them to ensure the expatriate family can continue with their normal daily activities with the least disruption. In this regard, HCNs can be considered as a group that is most conversant with the host country's cultural aspects and as such would be the most suitable group for the spouses to get information from regarding the various aspects that they might encounter in the host country, especially in the initial stages of relocation. Shaffer and Harrison (2001) claim that interaction with HCNs builds an appreciation of and sensitivity to cultural differences; naturally it seems likely that deeper relationships with HCNs would also facilitate adjustment. For spouse perceived HCN social support, our study only covers whatever support and assistance the expatriate *spouse* received from the expatriate's local co-workers and the local community that could be deemed beneficial in reducing the stress and anxiety associated with relocating to the host country and socially integrating into the local community.

Hypothesis 4. Spouse perceived HCN social support is positively related to spouse adjustment.

Adjustment and Performance

The ultimate aim of sending an expatriate on international assignment is for them to perform the expected tasks and ensure that there is continuity in operations between the headquarters and the subsidiary. To fulfill this, organizations should be able to predict or identify the relevant antecedents or stressors that could maximize expatriates' performance. Campbell (1990) defines job performance as a set of behaviors that are relevant for the goals of the organization, and effectiveness as the outcomes that stem from these behaviors. Translating the latter definition to the realm of expatriates, a definition for expatriate

effectiveness is the extent to which the expatriate's job performance reflects behaviors that are relevant to the organization's goals.

Tucker, Bonial and Lahti (2004) note that the relationship between cross-cultural adjustment and job performance is complex and not very well understood. Research by Kraimer et al. (2001) found a positive relationship between expatriate adjustment with performance; however, it found no support for spousal adjustment on expatriate performance. By contrast, Shay and Baack's (2006) research shows that there are significant relationships between each dimension of adjustment and expatriate performance. This finding is in line with Shaffer and Harrison's (2001) argument that well-adjusted expatriates, that have well-adjusted spouses, will have a greater reserve of personal resources, i.e. time, effort and emotional investment, which are available to spend on the behaviors facilitating job performance. However, Thomas and Lazarova (2006) stress that the relationship between adjustment and performance is still inconclusive, which warrants more investigation before more robust conclusions can be drawn. As the majority of expatriates are in the host countries with their spouses, the latter's roles in supporting expatriate adjustment and performance could not be relegated aside. In particular, Punnett (1997) found that with effective management from the organization, spouses contribute to expatriate adjustment and subsequent performance.

Hypothesis 5. Expatriate adjustment is positively related to expatriate performance.

Hypothesis 6. Spouse adjustment is positively related to expatriate performance.

Spouse Adjustment and Expatriate Adjustment

Finally, scholars have concurred that poor spouse adjustment adversely affects expatriate adjustment (Arthur and Bennett 1995; Black and Stephens 1989; Caligiuri, Hyland,

Joshi and Bross 1998), potentially resulting in a number of negative consequences ranging from psychological withdrawal to reduced performance (Hulin 1991). The inability of the spouse to adjust has been cited in theories and anecdotal studies as a direct and indirect cause of expatriate turnover (e.g., Black 1988; Harvey 1985), and a growing body of empirical evidence supports these influences (e.g., Black and Stephens 1989; Shaffer and Harrison 1998). The spouse's influence on an expatriate's well-being and performance originate from spillover theory, which suggests that a working spouse's experiences will carry over into the home and vice versa (Crouter 1984), and crossover theory, which conceptualizes an inter-individual contagion process in which an individual's experiences generate similar reactions in another individual (Westman 2001). Studies by Caligiuri et al. (1998) and Takeuchi et al. (2002) found spillover and crossover effects of spouse on expatriate adjustment and vice versa. The main concern is that any negative effects going in either direction will ultimately lead to maladjustment, poor performance and, possibly, the premature return of expatriates, as well as low self-esteem and self-confidence in the long run. Hence, for this research, we hypothesize that spouse adjustment will positively influence expatriate adjustment whilst in the host country.

Hypothesis 7. Spouse adjustment is positively related to expatriate adjustment.

Further, taking into account our earlier Hypotheses 5 and 6 and arguments from spillover and crossover theory, implicit to Hypothesis 7 is that expatriate adjustment will mediate the relationship between spouse adjustment and expatriate performance.

METHODOLOGY

Study Procedure and Sample Characteristics

Our research population consists of expatriates who are working in MNCs and residing in Malaysia. Expatriates' contact details were gathered from databases in expatriate associations and chambers of commerce as the full list of expatriates in Malaysia were confidential. Postal and web surveys were used to gather responses from the respondents. Dillman (2007) suggested that web surveys can be used simultaneously with postal surveys to maximize response rates and counter the drawback of the respective other mode. To capture a more holistic picture of the adjustment process, the support perceived by the expatriates and their spouses, and the link with expatriate performance, our research includes responses from the expatriate's spouse or partner. Hence, survey packs consisted of an explanatory letter, an expatriate questionnaire, a spouse questionnaire and stamped returned envelopes that were sent to 704 expatriates. Overall, 134 matched responses from expatriates and their spouses were received from both the online and postal surveys (response rate 19.1%). We conducted an analysis of variance to test whether there were any significant differences in any of our three substantive variables between online respondents and paper respondents (0 = *online respondents*, 1 = *paper respondents*). Online respondents did not significantly differ from paper respondents in terms of expatriate adjustment ($F = 3.83, p > .05$), spouse adjustment ($F = 2.27, p > .05$), and expatriate performance ($F = .17, p > .05$). Overall, this indicates that there are no significant differences in our study with regard to the choice of survey medium.

We used a number of variables to control for the effect of certain factors on the relationships between our study variables. Specifically, we controlled for time in the host country, having accompanying family members during assignments, fluency of the local language, and previous international experience. Accounting for these variables is in line with previous expatriate research (Black and Mendenhall 1990; Caligiuri 2000; Mendenhall and

Oddou 1985). None of the control variables was significantly correlated with the endogenous variables in our study, i.e. expatriate adjustment, spouse adjustment, and expatriate performance (see Table 1), which is why we decided to exclude them from all subsequent analyses. By eliminating control variables uncorrelated with the endogenous variables we avoid potential spurious effects that controls may have when they are significantly related to the predictor, but not the criterion variables (Becker 2005).

Instruments and Measures

Perceived support is divided into two categories; i.e. from organizations and from HCNs. The questions for each type of support provided for expatriates and their spouses are different due to the different circumstances of the respondents. For expatriates, support from organizations was measured in the form of *expatriate perceived organizational support* and consists of 12 items. Survey questions were adapted from scales developed by Kraimer and Wayne (2004) and consist of items that represent financial, career and adjustment perceived organizational support. A sample item is ‘My organization provides training/courses during foreign assignments’. Survey items for *expatriate perceived HCN social support*, *spouse perceived organizational support* and *spouse perceived HCN social support* were adopted from earlier scales by House (1981), Kupka and Cathro (2007) and Wang (2001). The expatriates were asked to comment on the social support that they have received from their colleagues and friends in the host country. A sample item is ‘My co-workers/friends in the host country helped me out in a crisis situation at work, even though they had to go out of their way to do so’. Expatriates’ spouses/partners were asked to respond with regard to the support given by their spouses’/partners’ organizations prior to relocation and in their current overseas residence. A sample item for this measure is ‘My spouse’s/partner’s organization provides relevant training for accompanying family members’. As for spouse perceived HCN social support, a sample item is ‘My spouse’s/partner’s colleagues/friends in the host country

gave me information about how to get things done in the local context'. All scales related to the perceived organizational and HCN support constructs were measured on 7-point Likert scales where 1 = strongly disagree and 7 = strongly agree.

Expatriate adjustment was measured by adopting the adjustment framework by Black and colleagues (Black 1988; Black and Stephens 1989) and an updated version of the same scale by Shaffer et al. (1999). The 7-point Likert scale (1 = not adjusted at all, 7 = completely adjusted) measured adjustment to work (4 items), general environment (7 items) and interaction to HCNs (4 items). *Spouse adjustment* was operationalized with an extended version of a previously developed instrument by Black and Stephens (1989) and improved by Shaffer and Harrison (2001). The work adjustment items from the original scale by Black and Stephens (1989) were omitted to suit the nature of the spouse. Both expatriate and spouse were asked to comment on how adjusted they are with several aspects of the host country, for example 'living conditions in general'. *Expatriate performance* was measured using a combination of scales put forth by Caligiuri (1997), Kraimer et al. (2001) and Kraimer and Wayne (2004). The performance items, segregated into task and contextual performance, are on a 7-point Likert scale ranging from 1 = very poor to 7 = outstanding. The expatriates were asked to rate their performance based on several criteria such as 'meeting assignment objectives' and 'interacting with HCNs'.

Correlations were used to initially explore the hypotheses. Scale reliability was tested using internal consistencies measures (Cronbach coefficients). Since the number of respondents is less than 150 ($n = 134$), which is the minimum number required to run a full Structural Equation Model (Anderson and Gerbing 1988), we analyzed the theoretical model using path analysis, which is an alternative for looking at relationships of all variables simultaneously (Loehlin 2004). All constructs subsequently used in the path analysis had valid psychometric properties that help to mitigate the assumptions underlying path analysis.

Data analysis was performed using AMOS 16.0 from data files in SPSS 16.0 (Arbuckle 2007).

Results

Of the 134 matched pairs, the majority of expatriates were working for a MNC (98.6%) while the rest were affiliated with either a semi-government agency or a non-for-profit organization. Almost 60% were in manufacturing, while 15% were from the oil and gas sector and the remaining were in information technology, hospitality and services industry. 76.1% of the expatriates were male and nearly fifty percent (47.8%) were in their forties. 41.8% of the expatriates were from one of the European countries with 18.7% from the United Kingdom. 72.4% of the expatriates were non-Asians. 75.4% of the expatriates had been in the host country for less than 18 months. More than half (56%) were first timers while 44% had at least two other previous assignments under their belts. All of the expatriates were in the host country with at least their spouse or partner and 88.8% had their spouse and children or other dependents accompanying them. 62.7% were partly fluent in the host country language. For the spouses, while 30.6% were working part-time in the host country, almost thirty percent (29.9%) were involved in charity work and 37.3% had some form of employment; they were either working from home or were on unpaid leave. Basic statistical analyses were carried out to test the correlations between each variable. Table 1 gives a summary of these figures.

- Insert Table 1 here -

Path Analysis for the Hypothesized Model

The originally hypothesized model (see Figure 1) was tested for the purpose of examining the hypothesized relationships in this study. While the original model fit the data well, theory-trimming techniques were used to re-test the model and improve fit through the

removal of non-significant hypothesized relationships. Table 2 provides the goodness-of-fit indices for both the original and final models.

- Insert Table 2 here -

The final model is illustrated in Figure 2. Although the path between spouse adjustment and expatriate performance is only significant at the $p < .10$ level, given our matched sample design the path model provides insightful findings concerning the different reliance on sources of support for both the expatriate and the spouse.

- Insert Figure 2 here -

All hypothesized relationships were tested simultaneously using path analysis. The results suggest that expatriate POS has direct effects on expatriate adjustment, and spouse perceived HCN social support appears more prevalent in helping the spouse to adjust to the host country. However, expatriate perceived HCN social support had a non-significant relationship with expatriate adjustment. The results further suggest that there is no significant relationship between spouse adjustment and expatriate adjustment. This is in contrast to findings by Takeuchi et al. (2002) who showed crossover effects of adjustment between the spouse and the expatriate.

However, an interesting finding that can be highlighted here is how expatriates and their spouses rely on different sources of support for them to adjust to the host country. Due to them spending more time in the work environment, expatriates are more dependent on organizational support for them to better adjust and perform in the host country. Although expatriates work and interact with locals at the workplace, there might be other elements not covered in this study that could hinder the successful interaction between expatriates and HCNs both in a work and off-work setting (e.g., Toh and DeNisi 2003). Spouses, on the other hand, are more exposed to encounters with HCNs in their daily activities, thus relying more on the social support provided by HCNs. Another possible reason for POS not being

significant in helping spouses to adjust may be due to the mismatch of support offered by the organizations during expatriation and the type of support that spouses may find more beneficial in facilitating their adjustment to the host country.

We further found expatriate POS to have a direct effect on expatriate performance. Although this relationship was not hypothesized, how expatriates turn to their organizations to gain support while on assignment can be a good indicator why continued relevant support to expatriates can improve on-the-job performance. Contrary to previous studies by Caligiuri et al. (1998) and Takeuchi et al. (2002), spouse adjustment has no significant effect on expatriate adjustment possibly due to the spouse leading a more confined life away from the expatriate's work environment. Being relocated to a new country can be scary, especially if cultural norms and values differ substantially. Extending our findings that spouses rely more on HCNs for support during expatriation, it could be argued that spouses are leading a life in which they have their own networks of friends and acquaintances so much so that even though they live in the same house, the spouse and expatriate have their own set of activities that help to stabilize their existence in the host country. Although path analysis allows for the disclosure of indirect effects, for this adjustment model all the indirect effects are not significant. Table 3 summarizes the hypothesized relationships for the adjustment model.

- Insert Table 3 here -

Discussion and Implications

The path analysis shows that expatriates and spouses differ in terms of the sources of support that are deemed significant in helping them better adjust to a host country. Our findings suggest that expatriate POS has a significant relationship with expatriate adjustment and supports partial findings by Florkowski and Fogel (1999) that financial POS is positively related to adjustment. This indicates that when expatriates believe that MNCs value their contributions to the subsidiaries they were sent to, they will have an easier time adjusting to

the host country working and living environments. This is because expatriates will be more concerned about the organization's performance, thus expending more effort in ensuring the organization's aspirations are met. In addition, our findings back organizational support theory (Rhoades and Eisenberger 2002), according to which employees would feel obliged to reciprocate their organization's concern and kindness with emphasis on better productivity, higher loyalty and a general sense of being part of the organization. In the expatriate context, expatriates possibly have better chances to adjust to the host country when they perceive that their organizations have invested resources to ensure success of the international assignment by offering support that is deemed useful, especially at the outset of the relocation.

In general, we would assume HCNs to be the best community to show the newly relocated expatriate family basic things such as where is the best place to get groceries, good education for children, cultural issues and so forth because this information is often only available to locals. However, the path analytical results show that perceived HCN social support was not significantly related to expatriate adjustment. This is rather surprising since the related literature is replete with evidence for how social support from HCNs could help the expatriates to adjust better to the host country (e.g., Aycan 1997; Caligiuri and Lazarova 2002). There are several possible explanations. First, there is bound to be resentment from HCNs working in the same subsidiary due to their likely perception that they are not good enough to be considered for the job that the expatriate is filling or because expatriates often occupy top management positions and create a glass ceiling for subsidiary staff (Reiche 2007). HCNs would hence feel reluctant to work alongside or under the supervision of what they may consider as 'outsiders'. Second, Malaysians in general are rather wary about 'outsiders' as it is acceptable to think of Malaysians as collectivist in nature (Kennedy 2002). The basic tenet of being a collectivist society is that people are integrated into strong cohesive groups since birth, and through their lifetime they will remain in these groups in return of

loyalty and some preferential treatment (Hofstede and Hofstede 2004). A person needs to be initiated into a group and normally acceptance into a group is by invitation and consensus only and may take some time (Abdullah 1996).

Third, Malaysians in general are high on power distance and differences in status are usually observed and respected. Specifically, to the extent that expatriates in Malaysia often occupy top management positions, there will be an invisible barrier that prohibits HCNs from being too familiar and friendly with expatriates. Firms in Malaysia tend to have strong hierarchies and employ centralized authoritarian styles of management with clear distinctions of status (Pearson and Entekin 1998). HCNs that are seen to instigate informal relationships with their superiors especially to somebody that can be considered an ‘outsider’ would not be easily accepted by the rest of the office. Although MNCs could dictate that HCNs should offer support to expatriates even to matters that reach beyond the work scope, being willing to impart information is not the same as being forced to do so. Therefore, perceived social support from HCNs may not be significant for expatriate adjustment because HCNs may withhold information as a result of more delicate subordinate-superior relationships that are inherent to the Malaysian culture of power distance and collectivism (Lim 2001). This would be an ongoing obstacle for expatriates that are accustomed to western cultural values, which are low in power distance and more open in terms of their relationships with those holding hierarchically higher positions.

Our findings suggest that given relatively less cooperation from HCNs in the foreign subsidiary, expatriates will need more support from the organization. Not only do they have to battle skepticism from HCNs in the workplace, they also have to learn the ropes of how best to make business deals and transactions with local businesses and government-related entities. The problem of adjusting to the local conditions is exacerbated by the pressure of having accompanying family members in the host country and having to justify the hiring and

sending of expatriates to the host country in the first place. There are numerous ways how organizational support could be manifested by the MNC. For example, MNCs can include the expatriate and the family members when making decisions regarding relocation from the very beginning. Having sought opinions from the actual persons whose lives are going to be affected would be a good start to show the expatriates and their family members that the MNC is concerned about their well-being.

Conversely, the results from the path analysis showed a positive relationship between spouse perceived social support from HCNs and spouse adjustment. This suggests that social support from those around the expatriate family plays a significant role in helping them adjust better to the new surroundings, echoing past research findings (Black and Gregersen 1991; Shaffer and Harrison 2001). Unlike informal relationships towards individuals with authority that may be frowned upon, for example in the form of subordinates' relationships with expatriates, HCNs are more receptive to developing friendships with the expatriate's family members as there are less authority or status differences involved and the expatriate's spouses often act as housewives or househusbands while abroad (Abdullah 1996). In addition, Malaysians are often 'curious' of those that are foreign. Therefore, by being part of a local group spouses would be able to better adjust to the new surroundings, freeing more time for them not only to devote to their family members but, as suggested by the marginally significant relationship between spouse adjustment and expatriate performance, to also support the expatriate. Taken together, the inclusion of the spouse into the society's in-group will help to increase the spouse's social identification to the immediate society, thus making them feel less isolated from the local environment.

We utilized Gudykunst's (2005) AUM theory as the focal theory in justifying the rationale for choosing POS from MNCs and social support from HCNs as types of support offered to the expatriates and their spouses. In this vein, our research is among only few

studies that have investigated both expatriate- and spouse-related adjustment simultaneously, allowing for a better understanding of which support provider (i.e., MNC or HCNs) is more relevant and effective for expatriates compared to their spouses for reducing their adjustment problems. Our study explicitly considers expatriates' multiple stakeholders groups that entail the MNC, HCNs and the expatriate spouse as support providers to increase adjustment and expatriate performance in the host country. Reverting to AUM theory, expatriates and their trailing family members would be better prepared to face the new host country environment by drawing on the support from those in their vicinity and those with whom they have reciprocal obligations in order to manage their feelings of anxiety and uncertainty. It should be noted that no matter how experienced expatriates are, they will still face a fear of the unknown and these feelings of anxiety and uncertainty may hamper their chances of adjusting well to the new environment and may affect their work performance. Hence, based on Gouldner's (1960) norm of reciprocity, expatriates would turn to MNCs and HCNs for assistance to find information or explain behaviors that might be confusing to them and would endeavor to return the rendered assistance through other means deemed equal to the original favor or assistance. Consequently, in the long run we would expect the relationship between these multiple stakeholders to improve, thus enabling expatriates to better execute their assigned tasks and helping to provide mutually benefiting relationships for all parties concerned.

Despite the efforts to carry out this study in a meticulous manner, there are some limitations that might affect its contributions and generalizability. The most significant is the sample size, which is relatively small compared to the number of constructs and proposed relationships. A larger sample would enable a more rigorous analysis using Structural Equation Modeling and there would be less concern regarding the ratio of sample size to parameters measured. However, collecting large matched samples of expatriates and spouses

has its own challenges. Second, the cross-sectional nature of the data used restricts conclusions to those of association and not causation. Hence, a more beneficial investigation of expatriate adjustment would be possible through a longitudinal design. Such a method would be important to show whether, with more exposure to cultural interactions and support from various stakeholders, social interaction, organizational commitment and general well-being among the MNC, HCNs and the expatriating families will improve over time.

Third, the use of self-rated performance in a cross-sectional study would increase the possibility of common method variance (CMV) where both the dependent and focal explanatory variables are perceptual measures derived from the same respondent (Podsakoff and Organ 1986). In this study, several efforts were made to minimize the potential for CMV. We positioned the dependent variables in a section of the survey that was separate from the independent variables, and used many different types of measures on the survey instrument. Further, to test for the potential of CMV post hoc, we conducted Harman's single-factor test and inspected the unrotated solution of the exploratory factor analysis (Podsakoff and Organ 1986). According to this test, if the factor analytical results indicate a single factor or if any one general factor accounts for more than 50% of the covariance in the independent and dependent variables, this indicates the presence of a substantial amount of common method variance. In our study, the first factor accounted for only 34.7% of the variance, compared with 68.5% of the variance explained by all six factors. Although the effect of CMV cannot be completely ruled out, these results suggest that CMV is not a critical issue in our study. Finally, our findings can only be generalized to the countries that have a similar cultural background as Malaysia, i.e. South East Asian countries. However, it would be interesting to see whether the same model could be replicated in the Western environment.

Despite these limitations, our study makes a number of important contributions that could help to improve the understanding of expatriation from a non-technical and non-work

perspective. Most essentially, it highlights the importance of stakeholder support and prevailing cultural differences for a better understanding of cross-cultural situations, which would lead to improved relationships among various actors and ultimately enhancing adjustment and performance in the host country. It also hints at the role that the accompanying spouses may play in facilitating the work and social relationships between the expatriates and local co-workers. In addition, Malaysia, with a multiracial and multiethnic community allows for a better representation of culture-related elements that can be useful in examining the hypothesized relationships.

An improvement of expatriate adjustment and performance should remain the main scope of expatriate-related studies. However, in light of the influential role that social integration aspects played in this study, it is somewhat surprising to see that existing research still tends to be limited to expatriates themselves and the work and technical aspects of the assignment, instead of expanding the scope to include reciprocal relationships with various stakeholders (i.e. parent company, local employees, local community) in a wider social and cultural setting. This is more reflective of the host country's environment that the expatriate and their family members are subjected to when they decide to take up the company's offer and relocate. We acknowledge that this study only includes social support from HCNs. It would be worthwhile for future research to also include the support from other expatriate families, family and friends back in the home country, and expatriate-related bodies as potential sources of support that the expatriate families could rely on. In sum, despite the notion that globalization makes the world 'smaller', mobility-related support from various stakeholders remains a critical aspect that should not be overlooked and it is about time it gets the attention it rightly deserves.

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Table 1

Descriptive statistics and correlations

Scales	Mean	SD	1	2	3	4	5	6	7	8	9	10	11
1.Expat POS	4.83	.89	(.85)										
2.Expat HCN Support	5.47	.92	-.05	(.87)									
3.Spouse POS	4.87	.90	-.03	.05	(.75)								
4.Spouse HCN Support	5.22	.98	.05	-.02	.49**	(.86)							
5.Expat Adjustment	5.73	.81	.28**	.15	.16	.10	(.89)						
6.Spouse Adjustment	4.62	1.03	.10	-.01	.27**	.39**	.06	(.84)					
7.Expat Performance	5.84	.57	.24**	-.04	.12	.16	.20*	.14	(.76)				
8. Time in HC	1.81	.99	-.13	-.07	.06	-.07	.03	.14	.03	-			
9. With family	1.12	.53	.04	.07	-.09	-.10	.00	.08	.03	-.20	-		
10. Language	2.24	.56	-.01	-.16	-.17	.17	.16	.12	.26	.04	-.05	-	
11. Previous Assg.	1.44	.69	.05	-.01	-.03	.01	.08	-.02	.15	.11	.13	.05	-

Reliability estimates are in parentheses; * $p < .05$, ** $p < .01$; $n = 134$; Expat. = Expatriate, HC = Host Country.

Table 2

Goodness-of-fit indices for the original and final expatriate adjustment models

Goodness-of-fit test	Original model estimates	Final model estimates	Interpretation (Final model)
χ^2 value	11.73 ($df=8$, $p=.16$)	3.51 ($df=4$, $p=.48$)	The final model indicated a very good fit with some indices very close to 1.
CFI	.95	1.00	
Goodness-of-fit (GFI)	.98	.99	The χ^2 value is highly significant.
Adjusted GFI	.92	.96	
Normed fit index (NFI)	.88	.93	The RMSEA and SRMR are almost zero, indicating a very good fit.
RMSEA	.059	.000	
Standardised RMR	.058	.043	

Table 3

Results of the Hypotheses Based on the Expatriate and Spouse Adjustment Path Model

Hypothesis	Path Coefficients	Conclusion
H1 Expatriate perceived organizational support → Expatriate adjustment	.28***	Supported
H2 Expatriate perceived HCN social support → Expatriate adjustment	Not significant	Not supported
H3 Spouse perceived organizational support → Spouse adjustment	Not significant	Not supported
H4 Spouse perceived HCN social support → Spouse adjustment	.39***	Supported
H5 Expatriate adjustment → Expatriate performance	.19*	Supported
H6 Spouse adjustment → Expatriate performance	.11 ⁺	Marginally supported
H7 Spouse adjustment → Expatriate adjustment	Not significant	Not supported
<u>Unhypothesized finding</u>		
Expatriate perceived organizational support → Expatriate performance	.19*	

* $p < .05$, ** $p < .01$, *** $p < .001$, ⁺ $p < .10$; $n = 134$.

Key: → = has a positive influence on.

Figure 1

Path model of support, adjustment and performance

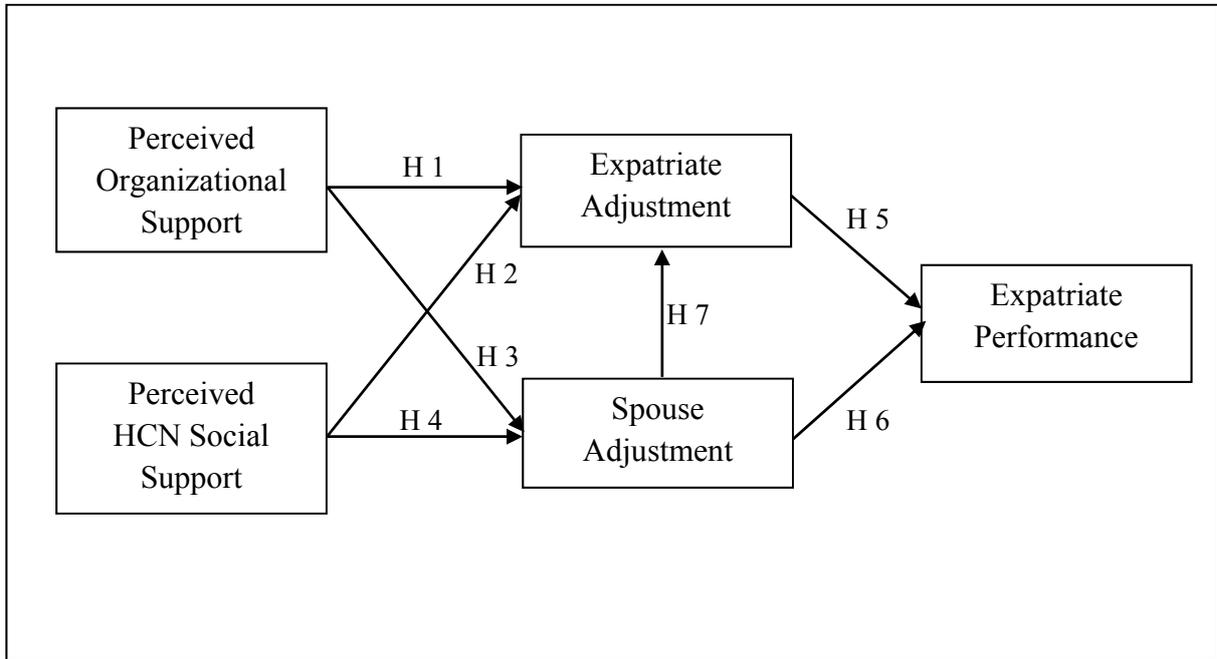
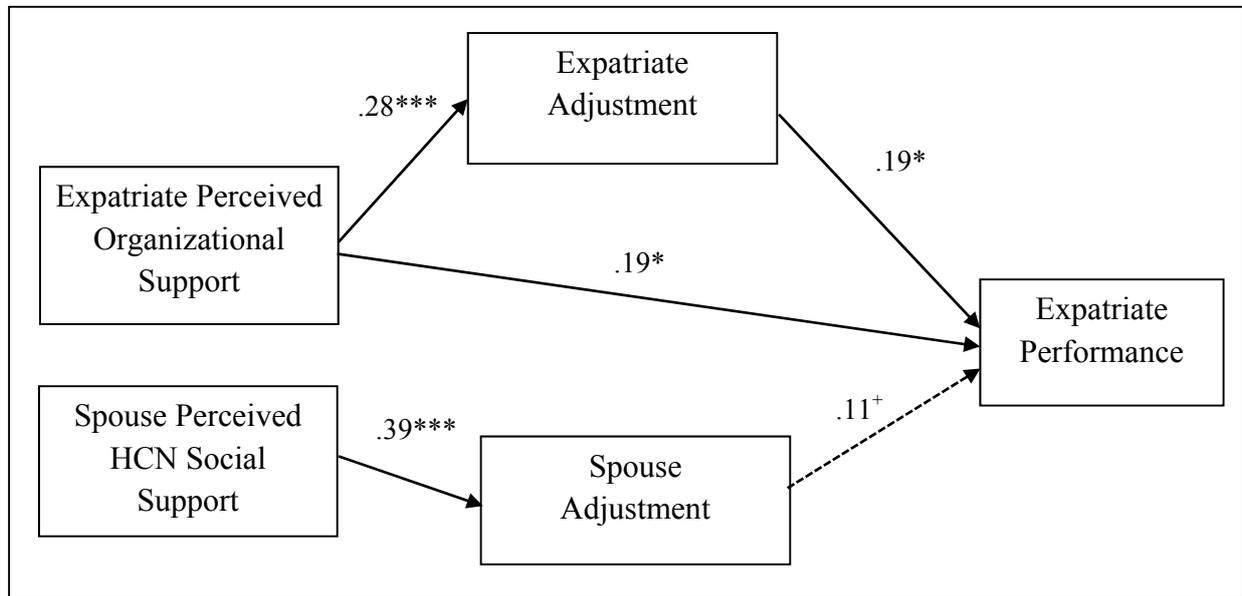


Figure 2

Modified path model of expatriate adjustment



Parameter estimates are standardized regression coefficients; * $p < .05$, ** $p < .01$, *** $p < .001$, + $p < .10$; $n = 134$.