

# **SOCIAL COMPETENCIES, JOB PERFORMANCE AND CULTURAL ADJUSTMENT AMONG EXPATRIATE ASSIGNEES IN MALAYSIA**

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## **Abstract**

This study investigates the relationships and impact of social competencies on job performance and the mediating role of cultural adjustment of expatriates engaged in the ICT sector in Malaysia. Based on a quantitative survey with a sample of 301 expatriates, the findings of this study revealed that social competencies have a positive relationship with job performance. The findings also support the role of cultural adjustment in mediating the relationship between social competencies and job performance. The findings of this study support the results from some earlier studies and also bring out several new ideas such as the importance of social competencies. The findings of this study will significantly contribute to the advancement of knowledge in job performance and cultural adjustment and it is evident that expatriate social competencies facilitate expatriates' job performance and cultural adjustment. The implications are in the areas of expatriate selection, training and support practices. It is recommended that organizations consider social competencies and cultural adjustment and implement suitable HR policies to select the right candidates, train and motivate them. The results of this study will add to the current body of knowledge as well as assist in creating foundational solutions to ensure success in expatriate global assignments in Malaysia.

**Keywords:** *Cultural adjustment, Performance, Expatriate and competencies.*

## **Introduction**

Globalization has fundamentally changed the way we conduct work (Solomon & Schell, 2009). International assignments are nowadays becoming increasingly important for multinational corporations (Kraimer, Wayne, & Jaworski, 2001). MNCs are also increasingly looking to enhance their mobility policies to attract and retain key global talent (KPMG, 2012). MNC's have engaged a high number of expatriates for their global operations in order to achieve their global business objectives (Bhatti, Battour & Ismail, 2013). As argued by Palthe (2004), MNCs depend on expatriates for growth and competitive advantage. This effort requires the selection of the globally competent people.

Therefore, having the right people to manage and operate MNCs is a critical success factor in international operations (Dowling, Festing, & Engle, 2008). However, many companies find deploying and developing talent in emerging markets to be a major challenge (Dewhurst, Harris, & Heywood, 2012).

Due to the growth and importance of global assignees, research on expatriate competencies, cultural adjustment and job performance has received considerable attention (e.g. Caliguri, 1997; Tung, 1987; Selmer, 2002). Past research has revealed that expatriate job performance during global assignment plays an important role (e.g. Araujo & Taylor, 2012; Caligiuri, 1997). Globalization has also led to a significant increase in cross cultural

interactions between people (Solomon & Schell, 2009). Expatriate cultural adjustment has received attention because expatriates may face challenges in intercultural effectiveness in a multi-cultural country like Malaysia (e.g. Caligiuri, 1997; Black, Mendenhall, & Oddou, 1991). To improve job performance and cultural adjustment, researchers attest to the importance of several individual factors and competencies in predicting cultural adjustment and performance (e.g., Bhaskar, Harrison, Shaffer, & Luk, 2005; Arthur & Bennet, 1995). The success of the expatriates depends on their competencies and also on the way in which expatriation is handled by the MNC (Aycan, 1997). Past research has revealed that social competencies enable expatriates to form relationships and adapt across cultures (e.g. Bhaskar et al., 2005; Lee & Sukoco, 2010). Social competencies that encompass social interaction and relationships during global assignments are identified as one of the critical predictors of cultural adjustment and job performance of expatriates (Liu & Schaffer, 2005; Witt & Ferris, 2003).

This study focuses on expatriates engaged in the ICT sector in Malaysia. Information and Communications Technology (ICT) has become an important sector in Malaysia's economic development. Despite the challenging environment since 2014, the ICT industry in Malaysia has showed resilience and continued its growth path. (Steven, 2016) The share of the ICT industry to the economy expanded from 16.5% in 2010 to 17.6% in 2015. In 2015, revenue grew by 9.3% to RM42.1billion (MSC Malaysia, 2015). The year 2015 witnessed a 7.4% increase in jobs over 2014 which saw 158,549 jobs with 10,981 new jobs. Expatriates made up 13.6% of the total workforce in 2015. In 2015, 21,600 expatriates were hired (MSC Malaysia, 2015). The services sector is expected to register a growth rate of 6.9% in the next 5 years (Khuen, 2015). However, in the ICT sector in Malaysia, the availability of innovative local talents for research and innovation activities is a major challenge. This problem is addressed by importing foreign talents (PIKOM, 2012). Therefore, the expatriate population in the ICT sector in Malaysia is worth studying because

this sector is one of the national key economic sectors promoted by the Malaysian government as part of its growth strategy (Immigration in Malaysia, 2013).

The number of expatriates sent by organizations to foreign countries is ever increasing. A survey by Brookfield GRS (2012) reported that 64% of respondents indicated their assignee population had increased. A survey by Mercer reported that seven out of ten surveyed multinational employers (70%) were expected to send more employees on short-term assignments in the next two years (O'Neill & Rossier-Renaud, 2012). However, MNCs face the risk of failure and the related cost. Companies reported that 6% of international assignments fail (Brookfield GRS, 2012). An earlier survey by Tung (1982) found that more than half of the companies in USA had failure rates of 10% -20%. Based on a survey by KPMG (2012), 55% of the respondents stated that up to 5% of assignees were recalled from the host country or dismissed because of inability to perform effectively. Failure in global assignments is not only very risky but also costly (Perkins, 2006). Direct costs of expatriation may be as high as three times the domestic salary (Dowling et al., 2008). Failure also leads to negative organizational outcomes such as delayed productivity (Bennett, Aston, & Colquhoun, 2000).

Prior research on job performance and cultural adjustment has established several important predictors of expatriate success such as relational skills, personality and technical skills (Templer, 2010; Suutari & Brewster, 1997). Social competencies were also identified as predictors of job performance and adjustment by several researchers (e.g. Bhaskar et al., 2005; Templer, 2010). However, there is a paucity of research on the relationship between social competencies, cultural adjustment and job performance of expatriates engaged in the ICT sector in Malaysia. Despite the growing interest in expatriates, it is still not certain whether social competencies are a determinant of job performance and cultural adjustment in the ICT sector in Malaysia. This objective of this paper is to examine whether social competencies can lead to successful job

performance and the mediating role of cultural adjustment between the two. A survey involving respondents from the ICT sector in Malaysia was undertaken. A clear understanding of the impact of social competencies and job performance would aid decision-makers and human resource professionals in the design of appropriate human resource practices, expatriates-selection mechanism and training programs.

## Literature Review

### *Job Performance*

Job performance is a set of behavior patterns that enable business organizations to achieve their goals and remain competitive (Campbell, 1990). Arthur and Bennet (1997) further added that performance is the most important construct in industrial and organizational psychology and human resource management. Individual employee performance has been a central variable in much research on human relations (Viswesvaran & Ones, 2000). However, despite its importance, relatively little is known about the latent structure of performance (Arthur & Bennett, 1997).

Many authors have defined performance and the related parameters (e.g. Campbell, 1990; Viswesvaran & Ones, 2000). Researchers have paid attention to the predictors of performance (e.g. Campbell, 1990; Leea & Donahue, 2012). Campbell (1990) coming from the psychological perspective described job performance in terms of eight dimensions. Viswesvaran (1993) listed 486 job performance measures that were later grouped into ten dimensions. Campbell (1990) further asserts that job performance is also multidimensional. This view is shared by many other researchers on job performance (e.g. Borman & Motowidlo, 1993). McCloy, Campbell and Cudeck (1994) proposed a model that specifies three determinants of performance, namely declarative knowledge, procedural knowledge and motivation. Leea and Donohue (2012) tested the model developed by Campbell (1990) and further amended the model of performance with six components.

Borman and Motowidlo (1997) further classified job performance into task and contextual performance. As stated by Viswesvaran (1993), there are very few efforts directed towards the development of generalizable models of performance. It can be assumed that what constitutes performance differs among jobs. As a result, there is a high number of measures as indicators of performance.

Several attempts were made by researchers to identify the dimensions that contribute to effective job performance by expatriates. Past literature indicates individual differences such as stress tolerance, personality, communication skills and self-efficacy are related to job performance by expatriates (e.g. Holopainen & Björkman, 2005; Caligiuri, 1997; Bhatti, Battour, & Ismail, 2013). However, as stated by Arthur and Bennet (1997), these initiatives have been somewhat informal and have not been formulated into any formal theoretical models of job performance. One of the meaningful contributions was by Arthur and Bennet (1995) who identified factors that contribute to the success of expatriates. The five factors are job knowledge, family situation, relational skills, flexibility/adaptability and extra-cultural openness. A study by Caligiuri (1997) identified that the personality characteristics of extroversion, emotional stability, agreeableness, and conscientiousness were predictive of job performance by expatriates. Harrison and Shaffer (2005) stated that job performance is function of the amount of effort and time that is placed into a job. Tucker, Bonial and Lahti (2004) argued that past international experience is positively related to the expatriate's job performance. Bhaskar et al. (2005) pointed out that specific non-work inputs such as relational skills are extremely potent, and therefore crucial for assignees. Liu and Schaffer (2005) found that social capital had the greatest influence on expatriate adjustment and job performance. The importance of social skills was further proven in a study by Templer (2010). Different expatriate job performance dimensions had been identified by different researchers. The lack of understanding exactly what factors are important to expatriates' job performance indicates a paucity of research (Arthur & Bennet, 1997).

For this research, the expatriate is job performance dimensions for expatriates are based on past research by Caligiuri, (1997). The performance dimensions are differentiated between the contextual variables that are prosocial and the contextual variables that are managerial (Caligiuri, 1997). The first domain proposed by Caligiuri (1997) is technical performance. Expatriates holding technical positions in global assignments must also be able to manage people effectively (Tung, 1994). The second dimension stated by Caligiuri (1997) is the contextual/prosocial dimension. This dimension is important due to the significant upheaval in their positions where they need to be self-directed. In addition, there are more activities that are undertaken to coordinate the activities of peers and teamwork (Caligiuri, 1997). The third dimension stated by Caligiuri (1997) is the contextual/managerial dimension. As cited by Earley and Ang (2003), contextual managerial performance includes managerial responsibilities of maintaining good working relationships among the employees and representing the organization to the public. The last dimension stated by Caligiuri (1997) is the expatriate specific performance.

### ***Cultural Adjustment***

Based on past research, there are different definitions of cultural adjustment. According to Black (1988), cultural adjustment refers to psychological discomfort that is categorized as interaction, work and general adjustment. Interaction adjustment is related to interaction of expatriates with host country nationals. Work adjustment is related to the expatriates' comfort with their jobs. General adjustment is related to the expatriates' adjustment with non-work factors. Aycan (1997) argued that cultural adjustment is conceptualized as the degree of fit between the expatriate manager and the new environment in both work and non-work domains. Selmer (2002) stated cultural adjustment as characteristics in achieving effectiveness in interpersonal exchange with host country nationals. Hofstede (1980) stated that adjustment is "the forced exposure to alien cultural environment that can put people under heavy stress". In this research, cultural

adjustment is generally defined as the process of adjustment to working and living in a foreign country and culture.

In a foreign country, expatriates can be subjected to uncertainties and stress. As stated by Solomon and Schell (2009), an expatriate cannot succeed in global business today if they do not understand, appreciate and know how to manage across cultures. Church (1982) argued that culturally-adjusted expatriates are open to the host culture and integrate new norms and behavior into the home cultures. On the contrary, maladjusted assignees are not willing to adjust to the host country's norms and behaviors (Bhaskar et al., 2005). Church (1982) further argued that maladjusted expatriates tend to show signs of stress and homesickness. Other researchers have also stated that maladjustment or inadequate cultural adjustment can be a determinant of the low performance of expatriates (e.g. Bhaskar et al., 2005; Kraimer, Wayne, & Jaworski, 2001). As stated in the HSBC Expat Explorer Survey (2012), Malaysia is still a difficult place in which to integrate. In the HSBC survey, just over half (56%) of the expats reported integrating into the local community, with two thirds (67%) choosing to make friends with other expats instead. Therefore, it is a critical skill for expatriates to adapt and work in Malaysia and acquire the knowledge of the cultural differences that affect job performance. As stated by Black and Mendenhall (1990), cultural adjustment can be easier if the expatriate has an awareness of the values, beliefs and behaviors that are appropriate in Malaysia.

Research has also shown that cultural adjustment is sensitive to many stressors (Bhaskar et al., 2005). Several past empirical studies have tried to identify the factors that have a positive influence on cultural adjustment (Black et al., 1991; Bhaskar, Harrison, Shaffer, & Luk, 2005). For instance, past international experience (Bhaskar et al., 2005), intercultural competence (Bhawuk & Brislin, 1992), and awareness of cross-cultural communication (Harris, Moran, & Moran, 2004) have been examined as antecedents of an expatriate's cultural adjustment in the host country. Despite the contributions of previous studies, there are still some areas of research that need to be explored to understand that the dynamics of

an expatriate's cultural adjustment is essential for expatriates who want to optimize their experience working in other countries (Mercer, 2013).

### ***Social Competencies***

Researchers have described various skills under the social competencies cluster (e.g. Jordan & Cartwright, 1998; Goleman, 1998). Social competence refers to personal, interpersonal and intercultural competence and all forms of behaviors that equip individuals to participate in an effective and constructive way in a social and working life (EU Report, 2006). Sinnott, Madison and Pataki (2002) described social competencies as the behavior that an individual needs to possess, and needs to demonstrate his cooperation and interactions with others to build relationships. Baron and Markman (2003) included four distinct aspects of social competencies. The four aspects encompass social perception, social adaptability, impression management and expressiveness. Similarly, Goleman (1998) included influence, communication, conflict management, change catalyst, building bonds, collaboration and team capabilities in the social skills cluster. As a result, there is a high number of measures as indicators of social competencies.

Several attempts were made by researchers to identify the social competencies that contribute to the success of expatriates (e.g. Jordan et al., 1998; Jokinen, 2005). Jordan et al. (1998) description of social competence covers moderate extroversion, listening skills, ability to interact with other people, managing first impressions, and multicultural communicative competence. According to Arthur and Bennet, (1995), social skills encompass relational skills and the display of respect, courtesy, kindness, empathy, non-judgmentalness, integrity and confidence. Black et al. (1991) included relational skills as a criterion for in-country adjustment of expatriates. Peltokorpi (2008) included local language proficiency that helps expatriates learn appropriate work values. According to Jokinen (2005), the competencies include relational skills, linguistic ability and cultural sensitivity.

### ***Social Competencies and Job Performance***

Based on past research, social competencies and skills encompass various concepts and dimensions such as relational skills, communication abilities, language skills and social networking. Social competencies have been identified by researchers as one of the critical personal qualities that are linked with adjustment and job performance of expatriates (e.g. Witt & Ferris, 2003; Hochwarter, Will, Treadway, & Ferris, 2006). A study by Witt and Ferris (2003) linked social skills with job performance. Hochwarter et al. (2006) argued that social competencies lead to increased interactions with host country nationals. Bhaskar et al. (2005) also stressed that social competencies enable expatriates to establish effective interactions with host country nationals. Consequently, higher levels of adjustment are related to improved task execution (Bhaskar et al., 2005). In a study by Lee and Sukoco (2010), it was revealed that the ability of an expatriate to adapt across cultures and communicate with host nationals is regarded as an important factor for expatriate job performance.

Under social competencies, researchers have placed high importance on relational abilities (e.g. Black, Mendenhall & Oddou, 1991; Arthur & Bennet, 1995). As outlined by Arthur and Bennet (1995), relational skills encompass showing respect, courtesy, kindness, empathy, integrity, confidence and non-judgmentalness. According to Tung (1982), expatriates need relational ability to interact effectively with different groups of people and to establish close relationships with host nationals. Solomon et al. (2009) further stressed that the relationship dimension is the foundation of all interpersonal interactions. Jordan and Cartwright (1998) also outlined relational ability as one of the criteria that contributes to performance and adjustment of expatriates. As Black et al. (1991) pointed out, 'other-oriented' individuals and expatriates have the ability to develop relationships with host country nationals. On the contrary, a study by Holopainen and Björkman (2005) found that relational ability was not significantly related to success. Based on most past research, the



more expatriates interact with host nationals, the more they will receive information and as a consequence the expatriate will be able to perform better in the new environment (Lee & Sokoco, 2010; Brewster & Suutari, 2005).

Communication ability has also been widely studied (e.g. Abe & Wiseman, 1983; Holopainen & Bjo`rkman, 2005). Abe and Wiseman (1983) found that the ability to communicate with host nationals is important in cross-cultural adjustment. A study by Holopainen and Bjo`rkman (2005), supports the importance of communication ability for expatriate success. Researchers generally agree on the importance of communication ability but there is some disagreement among researchers on linguistic ability. Mendenhall and Oddou (1985) suggested that it is communication ability which is of specific importance in relation to adjustment and not the language fluency of the expatriate. According to some other researchers, linguistic ability is a competence that can be critical for the success of expatriates (e.g. Peltokorpi, 2008; Guadalupe, 2006). Guadalupe (2006) concluded that language proficiency is an important factor to enable the person to adjust in the foreign country. On the contrary, other researchers have pointed out that language skills may be regarded as of critical importance for some expatriate positions, but lesser in others (Dowling, Festing, & Engle, 2008). The results of the study by Bhaskar et al. (2005) revealed that language ability was not linked to work adjustment.

Research has shown that social competencies facilitate the expatriates' cross-cultural adjustment, and their performance on the job (e.g. Caligiuri & Lazarova, 2002). Researchers have argued that the expatriates' ability to successfully form and foster relationships is a critical competence for global professional success (Caligiuri, 2012). However, social competencies as a predictor of the job performance of expatriates have not been widely studied in Malaysia. Based on the research findings discussed above and logically extending them, it can be concluded that social competencies are a valid predictor of job performance.

*H1 : Social competencies are positively related to job performance of expatriates on global assignments.*

***Cultural Adjustment as Mediator of the Relationship between Social Competencies and Job Performance***

Past literature has identified a number of predictors or antecedents that are associated with cultural adjustment such as self-efficacy and personality (Bhatti et al., 2013; Caligiuri, 2000). Caligiuri (1997) stated that success in global assignments encompasses cultural adjustment, job performance and completion of the assignment. Past research has shown that social interaction and relationships during global assignments are two of the critical predictors of cultural adjustment (Lee, 2005; Aycan, 1997; Caligiuri & Lazarova, 2002). The involvement of expatriates in social activities in the host country rather than only work-related activities enhances their ability to adjust effectively (Liu & Lee, 2008). Caligiuri and Lazarova (2002) argued that social interactions from all sources can provide expatriates with the emotional support that helps them overcome the negative feelings and experiences that are a natural part of the cross-cultural transition. Social network may positively influence expatriate cultural adjustment and this further influences job performance (Bhatti et al., 2013). Hence, socialization may be a strong predictor of cross-cultural adjustment (Palthe, 2004). Expatriates who are better socialized in the host country are more likely to adjust more effectively (Lee, 2005).

The relationship between job performance and cultural adjustment has been studied by several researchers (e.g. Bhaskar et al., 2005; Kraimer et al., 2001). Higher levels of adjustment are related to improved task execution, relationship development and improved performance (Bhaskar et al., 2005). The results of the study by Kraimer et al. (2001) provided initial evidence that expatriates who are well adjusted at work and who are comfortable interacting with host-country citizens are perceived to be higher performers by their managers. A positive relationship between general adjustment and

job performance was also found by Caligiuri (1997). Maladjustment can be translated into poor performance and stress (Koteswari & Bhattacharya, 2007). Stress coming from work and non-work domains tends to induce fatigue and this results in maladjustment and poor performance (Bhaskar et al., 2005). Caligiuri (2012) argued that performance depends on not only the content of the jobs but also on the expatriates' ability to function in the cross-cultural context of their jobs.

In this study, it is hypothesized that cultural adjustment mediates the effects of social competencies on job performance. Based on previous research, higher social competencies have been reported to contribute to better cultural adjustment and job performance (e.g. Bhaskar et al., 2005; Palthe, 2004). Relational skills, for instance, positively predict expatriates' adjustment and subsequently adjustment uniquely affects job satisfaction, withdrawal cognitions, and performance (Bhaskar et al., 2005). However, as stated by Tucker et al. (2004), "the relationship between cultural adjustment and job performance among international assignees is complex and not very well understood." Cultural adjustment may not be a direct indicator of the level of job performance but it is likely that performance is affected if the expatriate is not adjusted to living and working in the host country (Selmer, 2002). However, the role of cultural adjustment as a mediator between social competencies and

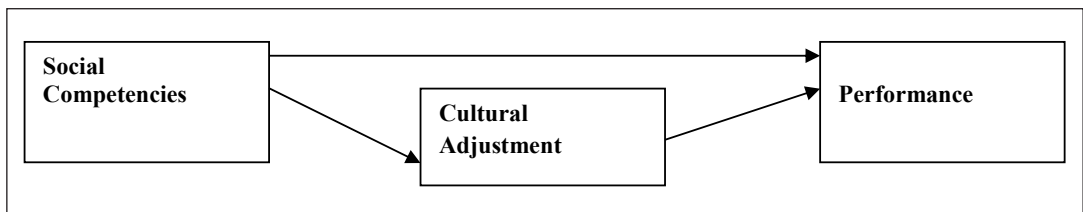
job performance has not been widely studied in Malaysia. In order to establish the relationship between social competencies, job performance and cultural adjustment, the following hypothesis was formulated for testing in the present study.

*H2 : The Relationship Between Social Competencies and Job Performance is Mediated by Cultural Adjustment.*

**Methodology and Research Design**

***Research Design and Conceptual Framework***

This research is based on positivism philosophy. Positivism relates to the philosophical stance of the natural scientist (Saunders, Lewis & Thornhill, 2012). With a deduction approach, a theory and hypotheses were developed. A research strategy using the survey method was designed to collect data and test the hypotheses. This research was quantitative since the data collection and analysis were in numerical format. This was a cross-sectional research to collect primary data using self-administered questionnaires. The self-administered questionnaires were administered electronically using the Internet or delivered by hand and collected later (Saunders et al., 2012). The emphasis here was on studying to explain the relationships between social competencies, job performance and cultural adjustment of expatriates as shown in Figure 1 below (Saunders et al., 2012).



*Figure 1.* Relationship between social competencies, job performance and cultural adjustment. Sampling Technique and Sample Size

The target population was expatriates working in the ICT sector in Malaysia. Probability sampling was used and based on the simple random sampling technique, a sampling frame of 1,130 target respondents was prepared. Each element

in the sampling frame was given a number and placed in a box. Email response rates may only approximate 25% to 30% without follow-up e-mail and reinforcements (Sheehan, 2001). Based on the estimated return rate of 30%, 900

target respondents were randomly selected. This sampling procedure was to avoid biasness and ensure each element in the population had an equal chance of being included in the sample (Zikmund, Babin, Carr, & Griffin, 2010). The formula for determining sample size by Krejcie and Morgan (1970) was used. The confidence level was 95% and the degree of accuracy was .05. There were 119,138 jobs in the ICT sector in Malaysia and 13% of these jobs were held by non-Malaysians (MSC Malaysia, 2012). In the ICT sector, highly skilled workers accounted for 82 percent of the total employment (Immigration in Malaysia, 2013). Based on the population of 12000 expatriates in the ICT services sector in Malaysia, the sample size based on the formula by Krejcie et al. (1970) was 373. Hair, Black, Babin, Anderson, and Tatham (2006) stated that preferably the sample size should be 100 or larger.

### ***Instrumentation***

Self-administered questionnaires were used to collect virtually all data that was analyzed by computer (Saunders et al., 2012). Four demographic variables (gender, marital status, age and length of stay) were included. The fixed alternative questions required the respondents to choose the best answer based on a five-point Likert-type scale. The questions for the dependent variable were adopted from the study by Caligiuri (1997). The social competencies questions were adapted from multiple past researches that encompassed Black et al. (1991), Baron and Markman (2003), Jordan et al. (1998), Holopainen et al. (2005), and Liu and Lee (2008). For the mediating variable, the questions were adapted from the past research by Bhaskar et al. (2005), Black et al. (1991) and Black and Stephens (1989).

### ***Data Collection***

In this study, mail survey was the preferred method because the sample population consisted of respondents with higher educational levels, and people with an interest in the subject being currently surveyed (Cavusgil & Elvey-Kirk, 1998). Email response rates may only

approximate 25% to 30% without follow-up e-mail and reinforcements (Sheehan, 2001). E-mail surveys incorporating multimode approaches may yield better response rates (Sheehan, 2001). Initially a total of 846 mails were sent through e-mail. The target respondents were given one month to respond. In this study, the direct distribute and collect method was used for respondents that could be reached personally. In addition, follow up through e-mail was done after one month. Respondents were contacted through phone for a direct distribute and collect method. At the end of the third month, the response rate was 25 percent (225 respondents). Some of the questionnaires were returned for correction due to missing data or omission. The data collection was extended by another month and further attempts were made to make direct appointments. Finally, 318 questionnaires were completed. A total of 247 questionnaires were received through mail and the rest were through the direct distribute and collect method. Out of the 318 questionnaires, only 301 questionnaires were usable and the rest were incomplete or inappropriate.

### ***Data Analyses***

As stated by Sekaran (2003), in data analysis there are three objectives: getting a feel for the data, testing the goodness of the data, and testing the hypotheses developed for the research. The feel for the data gave preliminary ideas of how good the scales were, how well the coding and entering of the data had been done, and so on (Sekaran, 2003). Descriptive statistics was used to acquire a feel for the data by checking the central tendency and the dispersion. The mean, the range, the standard deviation and the variance in the data gave the researcher a good idea of how the respondents had reacted to the items in the questionnaire and how good the items and measures were (Sekaran, 2003). The reliability of a measure is established by testing for both consistency and stability (Sekaran, 2003). Hypothesis testing was done using SPSS version 19. Pearson correlation and regression testing results were obtained. Multiple regression analysis was used to test the hypothesis as there was a single dependent variable (Hair et al.,



2006). Mediation testing was based on the steps stated by Baron and Kenny (1986).

the scale was measuring its intended concept (Hair et al., 2006).

**Reliability and Validity**

Reliability is the extent to which a variable is consistent in what it is intended to measure (Hair et al., 2006). Validity addresses whether the research measures what it is said to measure (Pallant, 2010). The Cronbach alpha coefficient for the dependent variable was 0.920 and for social competencies was 0.908. The Cronbach’s alpha value was above 0.7 and this is acceptable (Pallant, 2010). Pilot testing was done and this provided some idea of the face validity of the questionnaire (Saunders et al., 2012). For face validity, experts were asked to comment on the representativeness and suitability of the questions (Saunders et al., 2012). Discriminant validity is the degree to which two conceptually similar concepts are distinct (Hair et al., 2006). The correlations obtained were low, demonstrating that the summated scale was sufficiently different from the other similar concepts (Hair et al., 2006). The results showed a correlation value of .683 which indicated that

**Results**

The respondents included 71% (n=214) males and 29% (n=87) females. The majority of the respondents, 57% (n=172) were married. The respondents’ ages were 41% (n=123) between the age range of 26 to 30 years, 29% (n=87) between the age range of 31 to 35 years and 3% (n=9) above the age of 45 years. The majority of the respondents, 34% (n=102) stayed for more than 3 years. The participants came from various countries with the majority 59 (19.6%) from India, 47 (15.6%) from Europe, 51 (16.9%) from ASEAN countries, 29 (9.7%) and the rest from other countries.

Based on Table 1, the values of skewness and kurtosis were within +3 and -3 standard deviations from the mean (Zikmund et al., 2010). The mean of all the variables was above 4 and the standard deviation was low.

Table 1

*Reliability Statistics*

	Mean	Std. Deviation	Kurtosis	Skewness
Performance	4.1971	.45171	-.370	-.212
Social competencies	4.0902	.47596	-.006	-.545
Cultural adjustment	4.1845	.55170	-.374	-.003

Table 2

*Pearson Correlation Coefficient*

	Performance	Social competencies	Cultural adjustment
Performance	1.000	.683**	.628**
Social competencies	.683**	1.000	
Cultural adjustment	.628**	.654**	1.000

As shown in Table 2, all the bivariate correlations between (IV) and the (DV) were positive. The Pearson’s bivariate correlation showed that

the correlation between the IV and DV was supported. The correlation coefficient was high (r=.683). This represented a high positive

correlation and suggested that there was a strong relationship between social competencies and job performance. An increase in competencies will result in a high increase in the performance of expatriates. The correlation coefficient was also statistically significant at the 0.01 level (2-tailed).

In Table 3, the relevant values to address issues concerning both the overall model fit as well as the stepwise estimation of the regression model are shown (Hair et al., 2006). An ‘R’ value of

.683 indicates that the correlation between the IVs and DV is high. The coefficient of determination (R square = .466) means that 47% of the variance in the DV is being explained by the IVs. The Adjusted R Square of .464 means that it accounted for 46% of the variance in the criterion variable even after taking into account the number of predictor variables in the model. The Durbin-Watson result is 1.708 and this indicates no problem of autocorrelation (Chinna, Karunthan & Yuen, 2013).

Table 3

*Overall Model Fit*

Multiple R	.683
Coefficient of determination (R square)	.466
Adjusted R square	.464
Standard error of estimate	.33065
Durbin Watson	1.708

Table 4

*Variables Entered in the Regression Model*

Variables	Unstandardized coefficients		Standardized coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.547	.165		9.369	.000
Social competency	.648	.040	.683	16.152	.000

H1 predicted that there is a positive relationship between social competencies and job performance. In Table 4, the standardized Beta coefficient shows the strength of the relationship between an IV and DV (Hair et al., 2006). The Sig. value is less than .05 and this indicates that social competencies are making a significant unique prediction to the prediction of the dependent variable (Pallant, 2010). Social competencies make a large contribution (beta = .683) and give a significant impact to the performance of expatriates. This shows that the higher the social competencies, the higher will be job performance. This indicates that expatriates

with higher levels of social competencies tended to have higher job performance. The finding supports hypothesis H1. Social competencies with standardized regression value of .683 are predictive and responsible for explaining the dependent variable.

Hypothesis H2 predicted that cultural adjustment would mediate the relationship between social competencies and performance. Baron et al. (1986) proposed a four-step approach in which several regression analyses were conducted and the significance of the coefficients was examined at each step (Table 5). The regression

Table 5

*Mediation Testing*

Hypothesis Regression analysis	Analysis/step	Relationship	R	R2	ΔR2	Beta	Sig.
Hypothesis 2 Mediation testing	Analysis-1	Performance on social comp.	.683	.466		.683	.000
	Analysis-2	Cultural adj. on social comp.	.654	.427		.654	.000
	Analysis-3:Step 1	Performance on cultural adj.	.628	.394		.317	.000
	Analysis-3:Step 2	Performance on social comp.	.724	.523	.130	.476	.000

coefficients at step two in Analysis 3 showed that social competencies are significantly and positively related to expatriate performance, thus meeting the condition for mediation. The beta for controlled regulation (path c), which was significant in the first analysis, was now still significant when controlling for the effects of the MV. The regression coefficient was reduced at the final step, but remained significant. The change in R2 for social competencies was .130. This indicated that the independent variable explained an impact on performance even when the effects of the control variable were statistically controlled. The results of this study, based on Baron and Kenny (1986), proposed a series of three regressions showing that there is evidence of mediating effect and hypothesis. These findings support hypothesis H2.

**Discussion and Conclusion**

The purpose of this study was to examine the role of social competencies on the performance of expatriates and the mediating role of cultural adjustment. The results of this study revealed that social competencies have an influence on the performance of expatriates. The findings emphasize the criticality of social competencies, expatriate performance and cultural adjustment in the ICT sector in Malaysia. The evidence from this study suggests that the greater the social competencies, the greater the job performance will be. The findings of this study concur with past research that found that social skills lead to increased interactions and better

job performance of expatriates (Hochwarter et al., 2006). Expatriates with greater relationship competencies will have a considerable understanding of the values and beliefs of the host country nationals. Through relational skills, expatriates can get more information (Black et al., 1991). Informational support reduces the expatriates' uncertainty and confusion (Caligiuri & Lazarova, 2002). This is likely to improve job performance (Lee & Sukoco, 2010). Therefore, social competencies facilitate the expatriates' cross-cultural adjustment and their job performance (Caligiuri et al., 2002).

The findings also suggest that cultural adjustment acts as a mediator between social competencies and performance. The results of this study further support the notion that social competencies play a positive role in the cultural adjustment of expatriates in the ICT sector in Malaysia. This is consistent with past research (Guadalupe, 2006). Maladjustment or inadequate cultural adjustment can be a determinant of the low performance of expatriates (Bhaskar et al., 2005; Kraimer et al., 2001). Therefore, cultural understanding and social competencies development should be built into all global expatriate deployment systems. Cultural adjustment to different environments can improve overseas experience and productivity (Harris et al., 2004). Collectivist societies like Malaysia have a high context culture and the strong influence of context sensitivity in communications should be considered (Vance & Paik, 2006). This again shows the importance of social competencies in a collectivist society. Through stronger social

competencies, expatriates can develop a trusting, respectful relationship with Malaysians (Vance & Paik, 2006).

The findings will also provide theoretical and practical implications for managing expatriates and offer an alternative viewpoint. This research helps to fill the research gaps, hence adding to the literature of expatriates' performance and adjustment. This study will be one of the first studies to examine the relationships between expatriate social competencies, cultural adjustment and performance of expatriates engaged in the ICT sector in Malaysia. The evidence from this study contains implications for companies in selecting, training, motivating and providing support to expatriates. Hence, human resource managers should consider social competencies and cultural adjustment before engaging expatriates in the ICT sector in Malaysia. Knowledge of Malaysian culture is also necessary, and where necessary, training should be tailored based on Malaysian culture. A successful assignment starts with an appropriate selection and training of expatriates and these attributes highlighted in this study should become the key selection criteria and the content and design of the training plan. Organizations can adopt some strategies to improve cultural adjustment and the performance of expatriates. Individuals can also adopt strategies to overcome stress and improve cultural adjustment and performance. The findings are also expected to assist in creating foundational solutions to support successful performance by expatriates engaged by organizations operating in the ICT sector in Malaysia.

There are a number of limitations and issues in this study. Firstly, there are other moderators and mediators such as training that should be examined in future studies. The data for this study was collected via a self-reported questionnaire that could be susceptible to bias. Expatriates who failed in their assignment or expatriates who returned prematurely to their home country were not included. The limitations of this study provide directions for future research. For future studies, a more in-depth research on factors that affect performance and cross-cultural adjustment of expatriates can be undertaken.

Similar studies in other sectors can yield further evidence and different findings. In addition, future research can include the mediating impact of organizational support strategies that include support for the expatriates' families and compensation. It is also recommended that future research should include assessment from various sources that include families and peers.

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