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Reviewing the Dimensions of Expatriates Adjustment in China

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Abstract
Trade globalization pushes multinational corporations (MNCs) to conduct business in many geographic regions, and talent flow has emerged as one of the main avenues for building the competitive advantage of international organizations. The job performance of expatriates is crucial for MNCs which will suffer significant financial losses as a result of the high failure rate of expatriates. Therefore, it is important to focus on figuring out what led to the abroad assignment failing and then improving the expatriate’s job performance. Drawing on the theory of cross-cultural adjustment, this paper reviews past research on the impact of expatriate management practices on job performance with cross-cultural adjustment as a mediating variable. This paper proposes a new dimension that affects the acculturation of expatriates in China, namely Guanxi, and introduces it into the research framework. This integration offers a more comprehensive framework for future research.

Keywords: MNCs, Job Performance, Expatriates, Guanxi, Cross-cultural adjustment.

Introduction
As companies grow, their employment mode maybe shifts to geocentric, and they will need to hire more expatriates who are sent to live and work in a foreign country. Employing expatriate managers is a popular method for MNCs to successfully incorporate a foreign subsidiary into the organization’s operational network (Guo et al., 2018). Since the late 1990s, the international movement of expatriates has been increasing as a result of the increasing globalization of economic activity. The process and management of expatriation remains a key challenge in international human resource management (Saheem et al., 2019). Managing human resources on a global scale is one of the biggest issues facing corporations as they seek for commercial prospects in the current era of rapid globalisation (Erogul & Rahman, 2017).

Expatriates play a vital role in MNCs by managing overseas subsidiaries, liaising with parent companies, and contributing to the success of businesses in the global marketplace. They must adapt to the political, economic, linguistic, cultural, and social norms different from those in their home countries to overcome culture shock and ensure the success of their assignments. International assignments require skills and abilities specific to operating in diverse cultural contexts. Therefore, expatriates must adapt their norms and values to the cross-cultural environment to thrive. One particularly challenging skill for Western managers is relationship building, or Guanxi development, which is crucial in China.

The number of foreigners working in China has significantly increased since the country’s reform and opening in 1978. According to China’s national census data, the number of foreigners working or living in Chinese cities surpassed 845,000 by 2020, with a significant proportion engaged in business or employment purposes. Most foreigners reside in China’s developed coastal region and top-tier cities (e.g., Beijing, Shanghai and Guangdong). In terms
of professions, 85% of expatriates work for multinational corporations, with the top three professions being sales and marketing (30%), banking and finance (25%) and engineering (15%) (Qian & Elsinga, 2015). The process and management of expatriation remains a key challenge in international human resource management (Saheem et al., 2019). Expatriation obviously experienced elevated failure rates, incompetence, and higher cost. China’s unique cultural environment makes it particularly challenging for Western business expatriates. As expatriates are assigned specific job roles, their work outcomes and job performance become crucial considerations.

**Cross-Cultural Adjustment**

Cross-cultural adjustment is defined by Black (1988) as a psychological outcome associated with adaptation, which suggests how comfortable one feels in his new role and how well-adjusted one is to the demands of the role one is playing. Mendenhall and Oddou (1985) identified three categories of skills necessary for cross-cultural adjustment: self-dimension (mental health, well-being, self-efficacy, stress management), relationship dimension (building relationships with host nationals), and perception dimension (mental health, well-being, self-efficacy).

General adjustment refers to the adaptation to the daily life of the host country, including diet, climate, medical transportation, leisure life and education, etc (Lin et al., 2012; Wu & Ang, 2011). Work adjustment entails adapting to one’s positions, job obligations, and work environment. It includes adapting to new job requirements, building relationships with colleagues and superiors, and assimilating into the culture and leadership style of the host nation. Interaction adjustment focuses on the comfort level of foreigners when interacting with locals in social and professional contexts (Akhal & Liu, 2019; Wu & Ang, 2011). Social interaction is essential for expatriates to effectively integrate into the local society, reducing stress, loneliness, and promoting successful adaptation.

Previous study have revealed that adjustment failure rather than technical expertise is the primary cause of expatriation failure as an expatriate only experiences low stress if he feels comfortable in the host nation (Huff et al., 2014; Wu & Ang, 2011). Expatriates who are culturally adapted to their new workplace are more likely to perform well on international assignments than those who are not (Lee & Kartika, 2014). When an expatriate is thoroughly acclimated to the host country, they are eager and dedicated to their work, which results in greater job performance (Zhu et al., 2018). If the cross-cultural adjustment of expatriates is ignored, it may lead to poor performance (Akhal & Liu, 2019).

**Theory**

The literature review indicates that there are three main kinds of factors impacting the level of intercultural adjustment: individual, organizational, and contextual. During an international adjustment, both the work and nonwork environments typically change. In addition to unique variables, it also appears possible that various correlations between the variables may exist. Black et al (1991) compile and integrate research on both domestic and international (or cross-cultural) adjustment, and identify five dimensions (or themes) that emerge as essential to the cross-cultural adjustment process: (1) prior overseas experience (Black, 1988); (2) pre-departure training; (3) organizational selection mechanisms; and (4) individual skills divided into three sub-dimensions: self-dimension; relationship dimension; and perception dimension. and (5) nonwork factors categorized into cultural novelty (also referred to as cultural toughness or cultural distance and family adjustment (Black &
Stephens, 1989; Mendenhall & Oddou, 1985). The first three dimensions address pre-departure issues, while the latter two dimensions concern post-arrival challenges (Black et al., 1991). Black and Mendenhall (1990) also suggests that there are at least three specific facets of international adjustment: (1) adjustment to work; (2) adjustment to interacting with host nationals; and (3) adjustment to the general environment. It is mainly used in the field of international human resource management.

![Cross-Cultural Adjustment Theory](Adopted from Black et al (1991))

**Current Situation of Expatriates in China**

The research problem addressed in this study is the impact of Guanxi on the performance of expatriates. Expatriates face challenges in adapting to cross-cultural environments, and their failure rates often have cultural roots (Erogul & Rahman, 2017). Cross-cultural adjustment is crucial for the global success of multinational corporations (MNCs). If the cross-cultural adjustment of expatriates is ignored, it may lead to poor performance (Akhal & Liu, 2019). In China, which presents unique challenges for expatriates (Guo et al., 2018), the role of Guanxi in facilitating international assignments and adjustment is particularly important. However, the specific influence of Guanxi on expatriate performance remains unclear. Therefore, this study aims to examine the relationship between Guanxi and expatriate performance, contributing to a better understanding of the role of Guanxi in expatriate management.

**Research Gap**

The literature review identifies two research gaps. Firstly, there is limited research on the effects of Guanxi (a Chinese concept of interpersonal relationships) on expatriates' job performance, particularly when considering cross-cultural adjustment as a mediating factor. Existing studies have mainly focused on Guanxi's impact on organizational performance rather than individual performance. Secondly, most research has been conducted in developed countries, neglecting the management practices of expatriates in developing countries like China. While a few scholars have studied expatriates in China, there is still a lack of practical publications on this topic.
Research Objectives

The main goals of this study are: (1) to review the existing literature and to discuss the impact of each dimension on performance based on cross-cultural adjustment model; (2) to explore the Guanxi dimension and to establish a new, more comprehensive framework for comprehending expatriate adjustment.

Theoretical Framework

![Theoretical framework diagram]

**The Main Variables in This Study**

In discussing the expatriate adjustment, the present research takes job performance, Guanxi, individual factors, non-work factors and cross-cultural training as the main variables.

**Job Performance**

Job performance refers to the actions of employees that contribute to achieving organizational objectives (Campbell & Wiernik, 2015). Managers in the globalized context face challenges in employee performance management, including low task acceptance and limited integration with expatriates, leading to unsatisfactory productivity and performance levels (Reddy & Kota, 2019). Linder (2015) emphasizes that the adaptability of expatriates to different cultural norms is a critical factor in determining their performance level because expatriates with strong cross-cultural adaptability can handle new problems more readily in theory. Successful CCA enhances performance by easing expatriates’ stress (Jyoti & Kour, 2017b). Cognitive adjustment and psychological capital have a substantial impact on job performance, higher CCA levels help reduce stress for expatriates, which improves job performance (Tsegaye et al., 2019).

The performance and adjustment of expatriates have also been found to be impacted by a wide range of factors. Cultural intelligence’s impact on performance can be mediated by cross-cultural adjustment (Jyoti & Kour, 2017a). Self-efficacy has been shown to significantly influence job performance (Çetin & Aşkun, 2018). Interpersonal skills are also linked to job performance. Language proficiency in the host country has implications for expatriates’
interactions, social support, and work and non-work adjustment (Zhang & Peltokorpi, 2016). Cross-cultural training, especially pre-departure training, is crucial for expatriates’ adaptation and performance in China (Seak & Enderwick, 2008).

Guanxi

The Chinese word “Guanxi” is a particular kind of relationship that actively incorporates the reciprocity norm, which is essential to maintaining the Guanxi between people (Gabrenya & Hwang, 1996). Luo (1997b) defines the concept of Guanxi with a larger focus on its concrete obligations and its effects on Chinese networks. In business context, Guanxi refers to a network of middlemen that aids in day-to-day business operations and utilizes close friends and associates when utilized in a business environment (Yeung & Tung, 1996). Pearce and Robinson (2017) concluded that the way of business operation in China and the West is completely different. If the role of cultural preference and understanding of Guanxi is not emphasized, the relationship may be damaged (Yen et al., 2011).

China is a very collectivist and relationship-oriented culture with a distinct institutional structure that has been impacted by both its history and political ideology, in contrast to the cultural orientation that is widespread in the West. Guanxi rooted in exclusive business networks or Guanxi ties (Yen et al., 2011). The usage of networks and Guanxi is still quite essential in such a setting (Guo et al., 2018). In this collectivist-oriented society, business relationships rely heavily on direct interpersonal interactions to cultivate trust and favors (Wang, 2007). Guanxi, a pervasive aspect of the Chinese business world for centuries, remains an integral part of conducting business in China and is seen by Western expatriates as an informal system aiding their successful integration into the local business environment (Guo et al., 2018).

The relationship between Guanxi and performance has been the subject of various theories, including social capital theory, resource-based theory, social network theory, relational governance theory, structural hole theory, etc. Each of these theories offers a crucial justification for comprehending the mechanism underlying the link between relationships and performance (Luo et al., 2012). The Chinese business system focuses first on Guanxi building and then shifts to working with established business partners (Guo et al., 2018). In Chinese culture, personal Guanxi is regarded as valuable since it can determine whether a person or a business entity survives (Tsai et al., 2013). Guanxi continue to play a key role in economic transactions in China, even in Hongkong and Taiwan (Yang, 2011). Western suppliers are advised to concentrate on these Chinese relationship constructs in order to build strong business ties with their Chinese counterparts (Yen et al., 2011). In this case, no company can go further unless it has a wide network of Guanxi. Luo et al (2012) estimate that the overall effect size of the Guanxi-performance relationship is positive and significant, thus supporting the argument that Guanxi (including business and government) do improve organizational performance (including economic and operational). Many joint ventures also illustrate the importance of Guanxi (Peng et al., 2008; Yen et al., 2011). For good corporate performance, Guanxi is necessary but not enough; market-based capabilities are more likely to drive corporate performance significantly. While Guanxi may have a positive impact on business performance and economic efficiency, others may help individual firms secure their place in the market, but harm institutional processes (Yen et al., 2011). Based on the discussion and evidence above, the following are offered

H1: Guanxi have positive effect on expatriates’ job performance
H2: General adjustment, interaction adjustment and work adjustment mediate the relationship between Guanxi and expatriates’ job performance

**Individual Factors**

This dimension consists of four subfactors: (1) “cultural intelligence,” (2) “self-Efficacy,” (3) “relation Skills,” (4) “language ability.”

**Cultural Intelligence**

Cultural intelligence (CQ) is the ability of an individual effectively in culturally diverse contexts and it includes metacognitive, cognitive, motivational and behavioural dimensions (Ang et al., 2007). Metacognitive CQ involves being aware of cultural differences and adapting strategies accordingly. Cognitive CQ focuses on understanding cultural norms and systems. Motivational CQ pertains to the curiosity and motivation to adapt to new cultures (Ang et al., 2007). Behavioral CQ involves adapting verbal and non-verbal behaviors in different cultural contexts (Alexandra, 2018). When connecting with people from different backgrounds, behavioral CQ enables one to be adaptable (Huff et al., 2014). Task performance and contextual performance are improved by behavioural CQ in combination with proactive resource acquisition strategies (Zhu et al., 2018).

Previous empirical studies have research has demonstrated the positive impact of CQ on the performance of expatriates (Hofstede & Minkov, 2010; Huff, 2013; Huff et al., 2014). CQ is essential for expatriates working in global organizations, as it helps them manage cultural differences and improve performance (Rockstuhl et al., 2011). A study on 151 expatriates in the energy sector in the Middle East found that the four aspects of cultural intelligence (CQ) directly and indirectly affect performance through workplace cross-cultural adjustments (Setti et al., 2020a). Akhal and Liu (2019) discover that CQ influences the cross-cultural adjustment of expatriates by examining cross-sectional data of expatriates in mainland China and cross-cultural adjustment is a crucial component of the global success of multinational organizations. CQ has been shown to be useful in promoting the professional success and psychological wellbeing of those working abroad (Le et al., 2018). Overall, CQ plays a crucial role in expatriate success by enhancing their cultural understanding, adaptation, and performance in diverse environments. Hence, hypotheses H3 and H4 are developed as below

H3: Metacognitive CQ, Cognitive CQ, Motivational CQ and Behavioural CQ is positively related to expatriates’ job performance

H4: General adjustment, interaction adjustment and work adjustment mediate the relationship between cultural intelligence and expatriates’ job performance

**Self-Efficacy**

Self-efficacy is defined as individuals’ confidence in their ability to organize and execute the courses of action required to manage prospective situations (Bandura, 1977). Self-efficacy is a skill necessary for the fostering of relationships with host nationals. Employees with high self-efficacy performed better than the others in their jobs (Tian et al., 2019). Performance increases as self-efficacy is increased since it is a prerequisite for motivation and performance (Bandura & Locke, 2003). Çetin and Aşkun (2018) doing a longitudinal design study show that self-efficacy can predict overall job performance. Because individuals with high self-efficacy pay more effort and persist longer on their tasks. In the same vein, Tims et al. (2014) found
that employees with higher self-efficacy had better performance on a single day. This is because they put in more effort, persisted despite setbacks, and had a higher chance of achieving positive outcomes. On the other hand, individuals with low self-efficacy were more likely to give up and perform poorly. Based on this rationale, the following hypotheses are presented:

H5: Self-Efficacy is positively related to expatriates' job performance
H6: General adjustment, interaction adjustment and work adjustment mediate the relationship between self-efficacy and expatriates' job performance

Relational Skills
Relational skills refer to a set of instruments and techniques that help people form relationships (Bhaskar-Shrinivas et al., 2005). These skills are important for expatriates to understand cultural norms in their host countries. According to research, social skill exhibits main and interactive effect relationships on job performance. Relations is still quite essential in China (Guo et al., 2018; Puffer et al., 2010). Interpersonal abilities allow foreign workers to inspire, communicate, and form teams at work (Khan & Ahmad, 2012). Relationship skills have been identified as the most important success factor for expatriates’ achievement (Templer, 2010). However, managing relationships in China can be challenging due to geographic isolation, language barriers, and diverse regional cultures (Lawton, 2005). There can be particular cross-cultural circumstances when Chinese managers’ Guanxi-based interpersonal abilities cannot be immediately applied (Wang et al., 2014). Thus, we posit that:

H7: Relational skills is positively related to expatriates’ job performance
H8: General adjustment, interaction adjustment, and work adjustment mediates the relationship between relational skills and expatriates’ job performance

Language Ability
Björkman and Piekkari (2009) define expatriate host country language competency as encompassing both grammatical and communicative competence. Research has consistently highlighted the importance of local language abilities for successful expatriate performance and adjustment (Kim & Slocum, 2008; Selmer, 2006). The language ability of the host country also plays a key role in the cross-cultural adaptation of expatriates (Selmer & Lauring, 2015). Language proficiency facilitates effective social interaction and a sense of belonging to the host community (Masgoret & Ward, 2012; Peltokorpi, 2010). Moreover, language competence helps expatriates understand the host culture and carry out daily tasks, leading to better adjustment and satisfaction (Zhang & Peltokorpi, 2016). Speaking the local language, especially Mandarin in the case of China, provides expatriate managers with distinct advantages, such as earning respect, acceptance, and access to Guanxi connections and commercial opportunities (Lawton, 2005; Stroh et al., 2004). However, expatriates often face linguistic challenges when interacting with locals in China (Zhang & Peltokorpi, 2016). In line with the above argument, we posit that:

H9: Language ability is positively related to expatriates’ job performance
H10: General adjustment, interaction adjustment, and work adjustment mediate the relationship between language ability and expatriates’ job performance
Non-Work Factors

This dimension consists of two subfactors: (1) “Cultural novelty,” and (2) “Spouse adjustment.”

**Cultural Novelty**

Culture which is a collection of shared values, significantly affects people's behaviour and shaped their mindset (Hofstede & Minkov, 2010). Countries with similar cultures adjust more easily, whereas countries with different cultures find it more difficult (Wang & Varma, 2019). Empirical data shows that expatriates with personal value orientations that align with the national culture of their host country are more capable of managing stress and achieving high performance compared to those whose personal values are incompatible with the culture (Haslberger & Dickmann, 2016). Zhou and Qin (2009) investigated that cultural distance was negatively correlated with business expatriate adjustment. Greater cultural challenges inherent in more distant cultural settings require greater cross-cultural capabilities (Setti et al., 2020b). Hence, hypotheses H11 and H12 are developed as below

H11: Culture novelty is negatively related to expatriates’ job performance

H12: General adjustment, interaction adjustment and work adjustment mediate the relationship between culture novelty and expatriates’ job performance

**Spouse Adjustment**

The efficiency and efficacy of an expatriate manager’s job performance are impacted by issues created at home. The performance of expatriates depends on the support of their spouses (Sambasivan et al., 2017). Spouse adjustment has been acknowledged to play a predominantly strong role in expatriates adjustment and success of a foreign assignment (Rashid et al., 2021). Success for expatriates is greatly influenced by how well families adapt to their new environment (Erogul & Rahman, 2017), however, many businesses frequently ignore the adaptability and individual traits of the family and spouse. Spousal support improves an expatriates’ ability to adapt to a new culture and has an impact on how well they succeed. The inability of spouses and family members is the main factor affecting expatriate failure (Takeuchi, 2010). Many factors contribute to the spouse’s inability to adapt to life in a foreign country, the most important of which include the lack of a familiar network of friends and family, the inability to speak the local language, and the sacrifice of career for family (Hill, 2014). Negative effects for the expatriates, such shallow performance, and a hasty return, may result from this. The spillover effects of expatriate family adaptation and performance were confirmed in a quantitative survey of 81 expatriates (Trompetter et al., 2016). Based on the discussion, the study proposes below hypotheses

H13: Spouse adjustment is positively related to expatriates’ job performance

H14: General adjustment, interaction adjustment and work adjustment mediate the relationship between spouse adjustment and expatriates’ job performance

**Cross-cultural Training**

Cross-cultural training has multiple benefits for expatriates working abroad. Cross-cultural training would reduce anxiety and culture shock due to the following cultural familiarity and enhanced cross-cultural understanding, facilitating adjustment (Black &
Mendenhall, 1990; Nas, 2011). According to Erogul and Rahman (2017), receiving enough cross-cultural training that includes social learning as a component is a crucial success element for expatriates and their families. They recommend comprehensive training before and after departure to gain cultural literacy and adapt effectively in a foreign society. Incorporates language training as a requirement to promote expatriates’ adaptation. Language issues present particular difficulties for foreigners stationed in Asian nations (Puck et al., 2008). Programs for cross-cultural training raise awareness and knowledge of culture and business, which helps employees perform better in unfamiliar settings. The interaction and job adjustment of expatriates play a partial mediating role between training and job performance and have a significant impact on job performance (Wang & Tran, 2012). Based on the discussion, the study proposes below hypotheses:

H15: Pre-departure training, post-arrival training and language training will have positive effects on expatriates’ job performance

H16: General adjustment, interaction adjustment and work adjustment mediate the relationship between language ability and expatriates’ job performance

**Conclusion**

This review provides valuable insights into the relationship between Guanxi and expatriate job performance. The findings highlight the significance of Guanxi networks in facilitating expatriate success and offer implications for both researchers and practitioners.

By understanding the impact of Guanxi on expatriate job performance, organizations can adopt strategies to foster positive interpersonal relationships, provide cross-cultural training, and create supportive environments for expatriates. Understanding the cultural variations in Guanxi effects helps in designing targeted interventions and maximizing performance outcomes.

Overall, this review contributes to the existing literature on Guanxi and expatriate management by synthesizing empirical evidence and proposing a comprehensive framework. Further research is encouraged to explore additional factors influencing expatriates’ job performance.

**Contribution**

This study has important theoretical and practical significance. Since there are few studies on expatriates’ adjustment and job performance on unstable nowadays, this study is of guiding significance for the theoretical research on expatriates after infectious diseases and sudden global events and for the future practice of expatriates on unstable nowadays. How countries, companies and individuals should adjust quickly after experiencing such global emergencies, reduce failure, maintain good performance and avoid such uncertain risks can be enlightening.

In theory, this paper presents a new dimension, Guanxi, which is proposed to have an impact on the job performance and cross-cultural adjustment of expatriates in China. The incorporation of Guanxi holds potential benefits for the development of cross-cultural adjustment theory. This paper preliminarily attempts to explore the job performance of expatriates in China from the perspective of the Guanxi. By integrating existing literature on former expatriates, this paper aims to establish a new and comprehensive framework for understanding expatriate adjustment. In addition, the study critically reviews select theories from contemporary literature, offers guidelines to human resource professionals for more effective management of their global workforce, and concludes with recommendations for
future research in this domain.

In practice, it is helpful for multinational companies to find out the reasons for the failure of the expatriate, to improve the job performance of the expatriate. It also provides guidance for the selection, management, and adaptation of expatriates. Previous studies have focused on the impact of guanxi on performance at the organizational level. The study will help to understand the specific impact of Guanxi on expatriates’ job performance at the individual level in China and identify future strategies for talent management. For many organizations, sending expatriates abroad to develop global capabilities fits into their overall human resource strategic plan.

Reference


