Cultural Similarity and Expatriate Performance in Malaysia

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Abstract: This study examines the relationship between perceived cultural similarity and job performance among expatriates in Malaysia. Drawing from cultural similarity hypothesis, we propose that the perceived cultural similarity between the host and home country is an important boundary condition that determines expatriate job performance. Survey results from 332 expatriates in Malaysia reveals that perceived cultural similarity have a significant influence on expatriate job performance. Specifically, the result of this study reveals that greater cultural similarity is related to greater contextual and assignment-specific performances. The findings of this study have significant contribution to the body of knowledge in the cross-cultural management field as well as practical implication to expatriating firms in the area of selection and training of international expatriates.

Key words: Perceived cultural similarity, job performance, expatriation, cross-cultural, condition, Malaysia

INTRODUCTION

With the increase in the pace of globalization, organizations particularly Multinational Companies (MNCs) have channelled much of their focus on managing the expatriation of their employees to foreign countries (Froese and Peltokorpi, 2011). This is reflected in the Global Relocation Trends Survey conducted by GMAC Global Relocation Services in which 67% of companies reported an increase in the size of their current international assignee population. In addition, 68% of the companies reported to GMAC that they anticipated additional growth in year, 2009 (Caligiuri et al., 2009). Consistent with this, a substantial expansion in academic research on expatriation has been conducted (Bhaskar-Shrinivas et al., 2005; Shaffer et al., 2006). A major bulk of this research has focused on three cross-cultural adjustment facets (i.e., general, interaction and work adjustment) showing that well adjusted expatriates are both effective and have low turnover intentions (Black et al., 1991; Hechanova et al., 2003; Bhaskar-Shrinivas et al., 2005). Unfortunately, job performance has received little attention in research on expatriates despite its importance in facilitating the execution of corporate strategies in international business. This delinquency is mainly due to tendency among scholars and international HR managers to treat cross-cultural adjustment synonymous with expatriate job performance (Copeland and Griggs, 1985; Mendenhall and Oddou, 1985). However, it is still uncertain whether cross-cultural adjustment can substitute expatriate job performance, since it does not reflect the actual role prescribed behaviors that the expatriates perform in their job. According to Caligiuri (1997), approximately half of the maladjusted expatriates who remain abroad are ineffective (or performing poorly) in their foreign assignment. In that regard, examination of expatriate job performance is valuable.

Expatriates operating in culturally diverse environment in international assignments, according to many will face difficulty in adapting and eventually perform in their jobs. This is because expatriates will have to deal with unfamiliar norms, values and beliefs systems which are different from their home country (Liu and Lee, 2008). This means that the more different the host culture appears from the expatriate’s own culture, the more difficult it will be for expatriates to perform in his or her job. In other words, cultural similarity will facilitate expatriate job performance. The findings of a number of recent empirical studies using business expatriates in the research on cross-cultural adjustment seem to support such a view (Selmer and Lauring, 2009).

Therefore, the purpose of this study is to examine the effects of cultural similarity on job performance of expatriates. The present study contributes to research on expatriates in several ways. First, the study will
make a contribution to the literature on expatriate job performance. While emerging empirical evidence regarding the role of cultural similarity for adjustment of expatriates has been put forward, it is important to extend investigations into the job performance criterion which has been neglected. Second, we draw on cultural similarity hypothesis to show that the differences in expectations and perception of role expectations attributed to cultural differences are important determinant of expatriate job performance. Thirdly on the practical side if the cultural similarity hypothesis holds, selection of an expatriate should be based on having a similar cultural background to that of the host culture. This may contribute to a better understanding of the job performance of expatriates informing expatriating MNCs how they can be effectively managed.

**Literature review**

**Job performance:** In general terms, individual job performance refers to scalable actions, behavior and outcomes that employees engage in or bring about that are contribute to organizational goals (Viswesvaran and Ones, 2000). In other word, behavior or actions that are relevant to an organization’s goals accomplishment are considered as individual job performance (Campbell et al., 1993). Both the domestic and international research on individual job performance has indicated that job performance is a multidimensional construct consist of task dimension (often production or deadline driven and sometimes referred to as in-role) and contextual dimension (sometimes considered discretionary and often termed extra-role) (Borman and Motowidlo, 1993). Some of task dimension aspects of expatriate assignment include negotiating joint ventures, managing sales accounts and starting a production operation. Contextual dimension aspects include establishing and maintaining good working relationships with employees and communicating effectively (Caligiuri, 1997; Shay and Baack, 2006). In the expatriate management, however international assignees not only expected to perform in their task and contextual performance dimensions but also to accomplish certain assignment specific tasks (e.g., transferring knowledge and technology). This third dimension labelled as assignment specific performance (Caligiuri, 1997; Caligiuri and Day, 2000).

Previous empirical research on determinants of expatriate job performance mainly attributed to individual factors. Factors such as motivation (Shaffer et al., 2006; Wang and Takeuchi, 2007), personality trait (Caligiuri, 2000; Mol et al., 2005; Shaffer et al., 2006), gender (Caligiuri and Tung, 1999; Sinnigil and Ones, 2003), communications ability (Holopainen and Bjorkman, 2005; Kim and Slocum, 2008), intercultural competencies (Shaffer et al., 2006; Ang et al., 2007) and previous international experience (Holopainen and Bjorkman, 2005; Varma et al., 2006) are some of the individual factors that has been associated with expatriate job performance. Empirical research related to organizational and societal factors although possibly determine expatriate job performance has been under research (Claus et al., 2011).

**Cultural similarity:** Cultural similarity described as the similarity between any two countries with respect to socio-cultural aspects (Kogut and Singh, 1988, Evans and Mavondo, 2002). The concept also covers aspects beyond cultural norms and values and included various related factors such as living conditions in general (e.g., living cost, food, health care and transportation) and language (Shenkar, 2001). Hofstede (1980)'s four cultural value dimensions framework is most commonly used to compute the cultural similarity scores between countries (Kogut and Singh, 1988; Shenkar, 2001). Kogut and Singh (1988)'s cultural index scores is one of the measures of cultural similarity derived from Hofstede's model. Related concepts such as cultural distance (Kogut and Singh, 1988; Shenkar, 2001), cultural novelty (Black et al., 1991), cultural toughness (Mendenhall and Oddou, 1985) and cultural tightness-looseness (Kim and Slocum, 2008) have been used interchangeably with cultural similarity mainly in the literature on international business (Froese and Peltokorpi, 2011).

Past studies examine the cultural similarity hypothesis have provided mixed findings. Albeit limited, previous empirical studies have examined how the similarity between the host and home countries directly influence cross-cultural adjustment (Waxin, 2004; Selmer, 2006; Selmer and Lauring, 2009), job satisfaction (Froese and Peltokorpi, 2011) and performance (Jun and Gentry, 2005) of expatriates assigned to international assignments.

**Hypotheses:** Drawing from cultural similarity hypothesis, it is contended that expatriates come from culture similar to Malaysia are more likely will be evaluated positively in their job performance criterion by their superior. Since performance evaluation is the degree to which individuals meet role expectations (Katz and Kahn, 1978), expatriates from culture similar to host country, Malaysia will have better understanding of cultural differences in the role expectations and eventually conform to role expectations (Stone-Romero et al., 2003). This is done by demonstrating culturally acceptable norms and behaviors hence as self-presentation (Goffman, 1959) parallels role expectations, misunderstandings should be lower and
eventually job performance should be higher. Additionally, in the country predominantly high context like Malaysia, the job expectation is not only determined by job descriptions and task-related responsibilities (Maurer and Li, 2006). Instead, personal relationships are valued higher than formal contracts, communication styles are indirect and objectives, tasks, regulations and performance evaluations are ambiguous (Hofstede, 1980; Lincoln and Kalleberg, 1990). Such differences are likely to increase misunderstandings in role expectations and thereby lower expatriate job performance is expected for those come from culture vastly different from host country and vice versa when expatriates come from culture similar to Malaysia. Drawing from the above discussion, we therefore propose the following hypotheses:

\( H_1: \) There is a positive relationship between cultural similarity and job performance of expatriates

Specifically, cultural similarity is related positively to (\( H_{1a} \)) task performance; (\( H_{1b} \)) contextual performance and (\( H_{1c} \)) assignment specific performance.

**MATERIALS AND METHODS**

**Sample:** Data were obtained from expatriates using a questionnaire through mail and online survey. The participants in the study were expatriates currently working and residing in Malaysia. A total of 500 mail and 500 online surveys were distributed of which 332 usable questionnaires were returned. This represents a 33% return rate which is consistent with other typical response rates (20-30%) in most expatriate studies (Harrison and Shaffer, 2005).

The sample included 252 (75.9%) men and 80 (24.1%) women. We studied 122 (36.7%) participants ranging from 42-52 years of age and 103 (31.0%) between 31-41 years of age. Participants marital status includes 251 (75.6%) married and 54 (16.3%) unmarried. About 208 (62.7%) are accompanied by their spouse and 124 (37.3%) are not. About 251 (75.6%) participants have previous international experience and 81 (24.4%) without experience. Participants job status includes 169 (50.5%) in managerial position and 163 (49.1%) in non-managerial position. Participants education status includes 119 (35.8%) with degree and 85 (25.6%) with masters degree. 112 (33.7%) working in service sector, 109 (32.8%) other sector and 84 (25.3%) in manufacturing. Participants length of stay in Malaysia ranged from 2-24 (\( M = 4.80, \ SD = 3.40 \)). Tenure with present organization ranged from 2-25 (\( M = 7.25, \ SD = 4.45 \)). The participants comes from various countries with majority (\( n = 51, 15.4\% \)) are from India, 39 (11.7%) from UK, 32 (9.6%) from Australia and 200 (63.3%) from some other 42 various countries.

**Measures**

**Job performance:** Seventeen items measured the dependent variable, job performance. Of these, five items were adapted from research of Black and Porter (1991) and twelve items from Caligiuri (1997). The scale includes five items for task performance, five for contextual performance and seven for assignment-specific performance. Sample item include your effectiveness at completing tasks on time for task performance; your effectiveness at foster organizational commitment among host country nationals for contextual performance and your effectiveness at transferring information across strategic units for assignment-specific performance. Respondents were asked to rate their perceived ability in each of the job performance items in comparison to their peers in similar positions on 7-point Likert-type scale ranging from 1 (much worse than most) to 7 (much better than most) for each item. Cronbach's alpha for task, contextual and assignment-specific performance was 0.86, 0.63 and 0.67, respectively (Caligiuri, 1997; Shay and Baack, 2006).

**Perceived cultural similarity:** Perceived cultural similarity was measured by an 8 item scale used by Black and Stephens (1989) adapted after Torbom (1982). Sample item include: everyday customs that must be followed. Respondents were asked to use a 7-point Likert-type scale range from 1 (extremely differerent) to 7 (extremely similar) to indicate how similar or different, they thought a number of conditions were where they lived in the host location compared to their home country. Cronbach's alpha for this scale was 0.87 (Selmer and Lauring, 2009).

**Control variables:** Four background variables (i.e., gender, prior overseas experience, length of stay in Malaysia and language proficiency) identified as correlates of expatriate attitudes and behaviors controlled in this study (Hechanova et al., 2003; Ren et al., 2006). This is to avoid the findings of this study from be spuriously attributed to various background characteristics of respondents. Hence to control the possible effects of those variables, those were measured.

**RESULTS**

Table 1 shows the means, standard deviations, reliability coefficients and bivariate correlations among the study variables. Perceived cultural similarity was
positively related to job performance ($r = 0.16, p<0.05$). Correlation between perceived cultural similarity and dimensions of job performance reveals that is associated positively with contextual ($r = 0.16, p<0.05$) and assignment specific performance ($r = 0.15, p<0.05$). Additionally, a significant positive relationship was found between perceived cultural similarity and prior overseas experience ($r = 0.13, p<0.05$).

$H_1$ predicted that there is a positive relationship between cultural similarity and job performance. A hierarchical regression was conducted to test the hypothesis. The results of the first step of the regression analysis for this hypothesis are showed in Table 2. When the control variables were entered in the 1st step, the regression model was statistically significant, $R^2 = 0.055$, Adjusted $R^2 = 0.043$, $F(4, 327) = 4.724, p<0.05$. Gender ($\beta = 0.194, p<0.05$) and length of stay in Malaysia ($\beta = 0.123, p<0.05$) was positively related to job performance indicating that male and those who had been staying in Malaysia for a longer period tended to perform better in their job requirement. When cultural similarity was added to the model in step 2, the full model was statistically significant, $R^2 = 0.074$, Adjusted $R^2 = 0.06$, $F(5,326) = 5.246, p<0.05$. Again gender ($\beta = 0.179, p<0.05$) and length of stay in Malaysia ($\beta = 0.122, p<0.05$) was positively associated with job performance. Cultural similarity was statistically significant ($\beta = 0.143, p<0.05$). This indicates that individuals from culture similar to Malaysia tended to have better job performance. This finding supports hypothesis $H_1$. In addition, the change in $R^2$ between step 1 and 2 was significant ($\Delta R^2 = 0.02, p<0.05$) indicates that cultural similarity explain an additional 2% of the variance in job performance even when the effects of the control variables are statistically controlled.

The sub-hypotheses 1 predicted that cultural similarity will relate positively with ($H_1$) task performance, ($H_2$) contextual performance and ($H_3$) assignment specific performance. To test these hypotheses, it requires an examination on the relationship between cultural similarity and dimensions of job performance. Again, a hierarchical regression analysis was conducted. The full model
(Table 3) after controlling for the effects of control variables in step 2 was statistically significant for all three dimensions of job performance, task ($R^2 = 0.041$, adjusted $R^2 = 0.027$, $F(5, 326) = 2.810$, $p < 0.05$), contextual ($R^2 = 0.079$, adjusted $R^2 = 0.065$, $F(5, 326) = 5.615$, $p < 0.05$) and assignment-specific performance ($R^2 = 0.063$, adjusted $R^2 = 0.048$, $F(5, 326) = 4.369$, $p < 0.05$). Cultural similarity was positively related to contextual ($\beta = 0.166$, $p < 0.05$) and assignment specific performance ($\beta = 0.125$, $p < 0.05$) indicating that the similarity the culture between host and home country, the higher contextual and assignment specific performance will be. Cultural similarity was not associated with task performance indicating that similarity in cultural aspects between host and home country is not a relevant determinant of task performance dimension. The earlier findings support the hypothesis $H_0$ and $H_1$. The change in $R^2$ between step 1 and 2 was significant for contextual ($\Delta R^2 = 0.027$, $p < 0.05$) and assignment specific performance ($\Delta R^2 = 0.015$, $p < 0.05$). This indicates that cultural similarity explains an additional 2.7 and 1.5% of the variance in contextual and assignment specific performance, respectively even when the effects of the control variables are statistically controlled.

DISCUSSION

This study applied the cultural similarity hypothesis to better understand expatriate job performance. The results indicated that after accounting for control variables consist of gender, prior overseas experience, length of stay in host country and language fluency, cultural similarity was found significantly related to expatriate job performance. Specifically, greater cultural similarity between expatriates home and host country is related to greater contextual and assignment specific performance.

The significant positive relationship found between cultural similarity and expatriate job performance is as expected. The extent of cultural similarity between the home and host country allows individuals to develop the necessary intercultural competencies. Cultural intelligence for instance is one of the intercultural competence involves individuals capability to modify both verbal and non-verbal behavior based on those involved in a specific interaction or in a particular setting (Earley and Ang, 2003; Ang et al., 2007).

This helps expatriates to form accurate perception on role expectations and eventually conform to it. Expatriates who conform to these culture-based differences in expectation of work-related values and behavior are likely to be evaluated positively in their job performance assessment by their superior. Hence, the significant relationship found between cultural similarity and both the contextual and assignment-specific performance is as expected as it requires much of intercultural communication abilities which are possible only when the host and home culture is similar. Heshanov et al. (2003) for instance in their study reported that expatriates who was in cultures vastly different from their own reported have difficulty in interacting with host nationals. The non-significant relationship between cultural similarity and task performance can be attributed to the nature of expatriate task-roles.

Since, role expectations for task performance are core responsibilities that are typically well structured and well specified, they may not require greater knowledge of the larger culture (Ang et al., 2007).

One interesting findings was that gender (i.e., male) was related to all three dimensions of job performance, task, contextual and assignment-specific performance. The finding is not surprising since most of the studies in the past have reported that male expatriates are better adjusted in the new cultural environment (Caligiuri and Tung, 1999; Swagler and Jone, 2005). Ability to quickly adapt to new culture among male are likely to reduce the anxiety and stress among them. This spill over effect in turn is expected to facilitate expatriate to focus their energy in meeting the job expectations (Kraimer et al., 2001; Takeuchi et al., 2005).

CONCLUSION

The research findings of this study contribute to knowledge on expatriate management theoretically as well as practically. The results demonstrated the importance of cultural similarity in determining expatriates job performance. This suggests that expatriating firms should consider assessing cultural similarity in their selection and training on cultural differences for candidates selected for international assignments. Researcher hope, this research would stimulate more research attention on how cultural similarity could influence expatriate effectiveness in its broader nonomological network by examining various antecedents, moderators and outcomes.

LIMITATIONS

This study has certain limitations that provide venues for future research. First, job performance is not the only criterion to assess expatriate effectiveness. Other expatriate outcome such as job satisfaction, organizational commitment and turnover intention should be included in the future study. Second, the acknowledge that some
concerns might exist in that self-reported measures have social desirability and common method bias problem (Podsakoff et al., 2003). Therefore, future research should include assessment from multiple sources including peers, subordinates and superiors. Third, a cross-sectional study design used in this study restricts the ability to prove a cause-effect relationship. Future research should consider use of longitudinal study if replication of this study is to establish the predictive functions of cultural similarity over time and space.

IMPLICATIONS

The current study has several key theoretical and practical implications. First to the knowledge, this study is among the first empirical research conducted to examine the cultural similarity hypothesis on job performance of expatriates assigned to Malaysia. The findings suggest that cultural similarity hypothesis works equally well in explaining expatriate job performance in Malaysia, hence adds knowledge to cross-cultural management studies in Malaysian context.

In terms of practical implications, first of all when a MNC selects potential candidates for international assignment, individuals from culture similar to Malaysia should be given priority. This is because individuals from culture similar to Malaysia were found to perform in their job requirements. Additionally, since gender found significantly related to expatriate job performance, male expatriates should considered for assignment to Malaysia as the host country. The findings of this study also suggests that pre-departure and on-site training on cultural differences such be given to international assignee so that expatriates have the needed knowledge, skills and abilities to function efficiently during their assignments (Froese and Pentokorpi, 2011). An increased awareness about cultural differences in work interactions could help to diminish culture-based misunderstandings.

REFERENCES


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