

**CROSS-CULTURAL ADJUSTMENT: A CASE OF THAI
EXPATRIATES IN INDONESIA**

THESIS



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**MASTER OF MANAGEMENT
PARAHYANGAN CATHOLIC UNIVERSITY
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HALAMAN PENGESAHAN

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DECLARATION

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“CROSS-CULTURAL ADJUSTMENT: A CASE OF THAI EXPATRIATES IN INDONESIA” has been written by me under the supervisor of Dr. Banowati Talim, Dr, M.Si and co-supervisor of Dr. Jol Stoffers. it is the record of my own research work.

It has not been presented in any previous application for a higher degree and all sources of information are specifically acknowledged using references.

Date: 3 March 2017



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CROSS-CULTURAL ADJUSTMENT: A CASE OF THAI EXPATRIATES IN INDONESIA

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ABSTRACT

The main aim of this research was to empirically examine individual (cultural intelligence and language ability), organizational factor (perceived organizational support) and environmental factor (spouse adjustment) that influenced cross-cultural adjustment and job performance. Also, it is to examine the role of expatriate adjustment as a mediator between individual, organizational, environmental factors and expatriate performance.

The study was a quantitative research designed using online questionnaire survey to collect data from 117 Thai expatriates working in Thai multinational companies (MNC) in Indonesia. The data analyzed by using multiple linear regression (SPSS version 22).

The results of the study indicated that, firstly, financial perceived organizational support influence positively towards Thai expatriates' overall cross-cultural adjustment in Indonesia. This study found that cross-cultural training influenced positively towards Thai expatriates' work adjustment and interaction adjustment. Secondly, causal relationship between the predicting variables and Thai expatriates' job performance (supervisor rated) was not found. Spouse adjustment and English language ability affected positively intention to complete assignment while Indonesian language ability affected negatively. Thirdly, it was also not found that causal relationship between Thai expatriates' job performance (supervisor rated) and overall cross-cultural adjustment. But it was found that work adjustment influenced towards Thai expatriates' intention to complete assignment in Indonesia. Finally, the role of expatriate adjustment as a mediator between individual, organizational, environmental factors and expatriate

These findings have implications for providing support particularly financial support and cross-cultural training program for Thai expatriate employees to increase their adjustment in Indonesia as well as taking care of English language ability before selecting the employees for overseas assignment and their spouse adjustment that related to intention to complete an assignment.

Keywords: Cross-Cultural Adjustment, Job Performance, Cultural Intelligence, Language Ability, Perceived Organizational Support, Spouse Adjustment, Thai Expatriate, Indonesia

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CHAPTER 1

INTRODUCTION

1.1 Background of the Study

Each year a growing number of corporations adopt a multinational strategy to remain successful in highly competitive markets, seeing opportunities for profit in the customers and labor resources of other countries (Hechanova, Beehr, & Christiansen, 2003). To create a presence and sustain a competitive advantage in global arena, multinational corporations (MNCs) are establishing subsidiaries around the world (Moran, Palmer, & Borstorff, 2007). Establishing subsidiaries overseas involve with increase number of sending employees on assignments. The increase in globalization has led to more employees being sent on long-term international assignments (Hechanova, Beehr, & Christiansen, 2003). The home country nationals who sent by the parent company to work temporarily in another country are called expatriates (Mcevoy & Buller, 2013). Most MNCs recruit expatriates to manage their overseas business (Bhatti, Battour, & Ismail, 2013); to implement their global strategies; and to control and co-ordinate their subsidiaries (Chi & Yeh, 2006). It means expatriates play important roles in organizational performance (Bhatti, Battour, & Ismail, 2013) and the success or failure of multinational corporations nowadays (Chansa-ngavej, Bunchapattanasakda, & Tiawijit, 2008). Failure of expatriates' international assignments could lead to high cost. Failed assignments have been reported to cost

organizations as much as \$1 million for a single expatriate (Shaffer & Harrison, 1998). In addition, the cost of expatriates is two to three times that of nationals, on an average, (Black & Gregersen, 1999).

In the expatriate literature, the constructs that have most commonly been used to examine “success” of expatriate’s assignment are included expatriate adjustment (Black et al., 1991), job performance (Caligiuri,1997), organizational commitment (Kraimer & Wayne, 2004), and withdrawal cognitions (Guzzo, Noonan, & Elron, 1994; Shaffer & Harrison, 1998; Shaffer & Harrison, 2001). Similarly, the three most common criteria of Caligiuri (1997) for evaluating expatriate success: (1) cross-cultural adjustment, (2) completion of the foreign assignment, and (3) expatriate’s performance on the foreign assignments. In past studies, expatriate adjustment, or cross-cultural adjustment, has been one of the most studied success criterion (Kraimer & Wayne, 2004). Due to different physical or cultural environments, difficulty in adjusting in the different environments is one of factors that may contribute to the failed expatriation phenomenon (Chansa-ngavej, Bunchapattanasakda, & Tiawijit, 2008). Expatriate adjustment or cross-cultural adjustment is defined as the process of adaptation to living and working in a foreign culture (Black J. S., 1988; Black, Mendenhall, & Oddou, 1991). It refers to the degree of fit or psychological comfort and familiarity that individuals feel with different aspects of foreign culture (Black & Stephen, 1989). Cross-cultural adjustment is differentiated into three facets: general, work, and interaction by Black (1988) and Black and Stephens (1989). These facets have been replicated countless times within the expatriate management literature

(Mol, Born, Willemsen, & Van der molen, 2005). General adjustment refers to psychological comfort related to the host cultural environment (e.g., weather, food, and living conditions); work adjustment refers to psychological comfort related to different work values, expectations, and standards; and interactional adjustment refers to psychological comfort related to different communication styles in the host culture and to interpersonal communication with host country nationals. The Black and Gregersen's (1991) model is explained that expatriate adjustment (work, general, and interaction) predicts better job performance.

In the previous literature, it exists abundant accumulation of studies of expatriate adjustment's antecedents and consequences (see meta-analysis of Bhaskar-Shrinivas, Harrison, Shaffer, & Luk, 2005 and Hechanova, Beehr, & Christiansen, 2003). According to prior literature, the antecedents of cross-cultural adjustment can be classified into three categories including individual, organizational and social level factors (Bhatti, Mohamed, and Ismail, 2013). The individual level factors include personality traits, personal characteristics of the expatriates, such as cultural intelligence (Ang, Van Dyne, Koh, & Ng, 2004; Ramalu, Rose, Kumar, & Uli, 2010; Wu & Ang, 2011), goal orientation (Wang & Takeuchi; Gong & Chang, 2007), self-efficacy (Black, Mendenhall, & Oddou, 1991; Palthe J. , 2004), personality traits (Wu & Ang, 2011), language ability (Takeuchi, Yun, & Russell, 2002; Selmer J. , 2006; Peltokorpi V. , 2010; Zhang & Peltokorp, 2014) and previous overseas assignments (prior experience in living and working abroad) (Bhatti, Battour, & Ismail, 2013; Chansa-ngavej, Bunchapattanasakda, & Tiawijit, 2008). The organizational level

factors include organizational contextual characteristics and HR practices such as perceived organizational support (Guzzo, Noonan, & Elron, 1994; Caligiuri P. M., 1997; Kraimer & Wayne, 2004; Wu & Ang, 2011) and social support (Wu & Ang, 2011). Finally, social or environmental level factors include broader cultural and institutional context of expatriate adjustment and job performance such as cultural similarity (Palthe J. , 2004) and family and spouse adjustment (Black J. S., 1988; Palthe J. , 2004; Poonpol, 2011).

While abundant accumulation of expatriate adjustment's studies exists (see meta-analysis of Bhaskar-Shrinivas, Harrison, Shaffer, & Luk, 2005 and Hechanova, Beehr, & Christiansen, 2003), many authors have claimed the unavailability of job performance criteria for expatriates (Mol, Born, Willemsen, & Van der molen, 2005). Job performance has commonly been explained that it has relationship with expatriate adjustment. Kraimer et al., (2001) used stress literature of to explain relationship of maladjustment and job performance. Inability to cope with the stress associated with adjusting to an overseas assignment may result in personal and professional withdrawal behaviors (e.g., depression, absence) and that these behaviors may inhibit job performance. In other words, well-adjusted expatriates will have greater reserves of personal resources (time, effort, emotional investment) available to spend on the behaviors that facilitate their job performance (Shaffer & Harrison, 2001). In measures of expatriate's job performance, Kraimer and Wayne (2004) used task performance (the expatriate's performance on meeting job objectives and technical aspects of the job) and contextual performance (the expatriate's performance on

aspects of beyond specific job duties, such as establishing good relationships with host nationals and adapting to the foreign facility's business customs).

The literature that has directly examined the relationship between adjustment and performance is more limited than that which focuses on adjustment as an outcome (Lazarova & Thomas, 2012). The enjoyed attention is not consistent with its contribution to expatriate performance (Thomas & Lazarova, 2006). However, the efforts have been increased. Thomas and Lazarova (2006 and 2012) studies, which reviewed studies of relationship of adjustment and job performance, have shown the support for the influence of one dimension or another of adjustment (usually by Black's 1988 three facet self-report scale) and some dimension of performance (Lazarova & Thomas, 2012). For instance, Kraimer et al. (2001) found no significant relationship between general adjustment and either task or contextual performance (supervisor ratings), but work adjustment had a significant but small relationship with task performance, and interaction adjustment had a significant but also small relationship with contextual performance. Although small number of studies and other methodological issues, a meta-analysis by Bhaskar-Shrinivas and colleagues (2005) provided evidence of a reliable relationship between adjustment and expatriate performance (Mol, Born, Willemsen, & Van der molen, 2005). In another meta-analysis, Mol and colleagues (2005) examined the effects of three sets of performance predictors including personality, adjustment and expatriate context-specific variables. It was reported that small correlations between performance and general, interaction, and work adjustment on few studies. Recently, the results of

Ramalu, Rose, Kumar, & Uli (2010) studies reveals that cross-cultural adjustment is positively related to job performance. It may be implied that the greater the cross-cultural adjustment level, greater the job performance level.

Thomas and Lazarova (2006) reviewed adjustment-performance relationship in the extant literature. The relationships are from non-existent to what can only be considered moderate. Also, the possibility that this relationship is mediated by other constructs has been suggested by a number of authors. For instance, evidence from meta-analytic study of Hechanova, Beehr, & Christiansen (2003) suggested both job satisfaction and organizational commitment as mediators of the adjustment-performance relationship. Recently, role of expatriate adjustment (work, general and interaction) as mediator of the relationship between other constructs and expatriate performance has been interesting increasingly even through it has rarely been investigated. Individual, organizational and environmental factor are the constructs that have been showed that it may be important determinants of cross-cultural adjustment and job performance. Result of Bhatti, Battour, and Ismail's study (2013) indicated that expatriate adjustment (work, general and interaction) mediate the relationship between individual (previous international experience, self-efficacy, social network and cultural sensitivity) and organizational factors (direct and indirect support) and expatriate performance. They also suggested that environmental factors should also be investigated as antecedent that affecting expatriate adjustment and job performance besides another individual and organizational factor. However, many gaps remain in understanding about relationship between expatriate adjustment and

expatriate performance. Because it is not all the individual, organizational and environmental factor have been examined the relationship. For individual factor, cultural intelligence (Ramalu, Wei, & Rose, 2011) and language ability (Takeuchi, Yun, & Russell, 2002; Selmer & Luring, 2015) have been investigated in expatriate adjustment. Cultural intelligence (Ang, et al., 2007) has been examined relationship with job performance. For organizational factor, perceived organizational support were found that it has positively related to adjustment as well as performance (Wu & Ang, 2011). Its impact is to expatriates' adjustment and then on their job performance (Kawai & Strange, 2014). Some researchers focused on antecedents of expatriate adjustment have overlooked the influence of contextual/environmental factors on adjustment (Van der Oudenhoven, Mol, & Van der Zee, 2003). Spouse adjustment is one of predictor that was investigated that it has the positive relationship with all three facets of adjustment (Takeuchi R. , 2010) as environmental/social factors.

Generally, the geographical scope of expatriate adjustment studies are mostly focused on treating in the Asiatic zone with the underlying US perspective while other zones receive only little attention from academics (Dabic, González-Loureiro, & Harvey, 2015). As being the largest recipient of foreign direct investment (FDI) in the developing world in 2014, Southeast Asian countries have been emphasized increasingly by researchers. Very small researchers have focused on Southeast Asian expatriates in their region even though the growth of the amount of intra-regional investment. Due to low young labor costs, and abundant natural resources, Indonesia is the country that Southeast Asian investors have interested in investing (ASEAN

Secretariat & UNCTAD, 2015). Thai MNCs from the big name also tend to increase investment in Indonesia. The growth of Thai MNCs' investment in Indonesia leads to increase of several Thai expatriates to control the subsidiaries on behalf of the parent company. However, in exception to Pruetipibultham (2012), no study conducted about Thai expatriates in Indonesia. Therefore, it is believed that Thai expatriate population in Indonesia is worth investigating, particularly because the country has become one of the preferred FDI destinations in the Southeast Asia region and only one study about Thai expatriate there. This study would help Thai MNCs to select appropriate expatriates and also provide support for them and their family properly, both for their well-being, and for their job performance.

This study will examine the role of individual, organizational, and environmental factors affecting Thai expatriates' adjustment and job performance during international assignment in Indonesia. Furthermore, this study will investigate the role of cross-cultural adjustment in mediating the relationship between those factors and job performance.

1.2 Problem identification

Expatriates' effective performance on international assignments are crucial drivers for competitive advantage (Poonpol, 2014) and the success of multinational organizations (Selmer J. , 2006). Statistically, a half of expatriates faced severe problems during their international assignment due to inadaptability and inability to perform well both of work and live in the host countries' environment (Poonpol,

2014). Therefore, it is important to to examine influence of Thai expatriates' adjustment towards their performance and to explore what is influencing factors of expatriate cross-cultural adjustment.

According to interview with some Thai expatriates, they mentioned on an importance of building acceptance of the local staffs. In general, they transfer the new management styles, technologies, and knowledge to local staffs. The local staffs will adopt those management styles, technologies, and knowledge in the condition that they accept what those people did/transferred leads to better results in working. In other words, if the expatriates who are not well accepted by their local staff colleagues are less likely to perform the job well or be satisfied with work relationships within the team (Toh & DeNisi, 2005). Furthermore, if expatriates appear to have little local understanding, lack endorsement from other local staff managers or do not become part of the social network leads to lose credibility and acceptance (Toh & DeNisi, 2005). In term of culture, Indonesia has highly the collectivism culture (Hofstede, Hofstede G. J, & Minkov, 2010). It means that Indonesian emphasizes on their own group than others. To become nearly part of locals' group, Thai expatriates need to have knowledge and understanding about Indonesian culture in order to able to adapt themselves efficiently in Indonesia. Even though Thailand and Indonesia are in the Southeast Asia region, there are likely different beliefs, religions, tribes, attitudes and values. For instance, Indonesia is the most Muslim countries in the world while Thailand is the second largest Buddhist population country (Maps of the World, 2010). Therefore, it would be not easy for

Thai expatriates to be integrated and become part of the local group. Due to cultural difference between Indonesia and Thailand, it is important to take those differences in account when selecting Thai expatriates for international assignments in Indonesia. During the selection phase of Thai expatriates, it could be focused on the level of cultural intelligence of those employees. Cultural intelligence represents an individual's capability for successful adaptation to new and unfamiliar cultural settings and ability to function easily and effectively in situations characterised by cultural diversity (Ang, et al., 2007). Therefore, selecting Thai employees should emphasize on their cultural intelligence in order to reduce inadaptability and increase extent of their adjustment and job performance. For many expatriates, the English language has become quite standard in the globalized economy (Mol, Born, Willemsen, & Van der molen, 2005) but it may not be widely understood in all host countries. Due to Thai MNCs' subsidiaries are located in rural areas, either Indonesian language (official language of Indonesia) or regional languages (some area) are important. Most of Thai expatriates tend to face language barriers in communicating with Indonesian due to a lack of Indonesian language skill. Therefore, Indonesian language ability of Thai expatriates is crucial factor which MNCs should concern about besides English language.

Besides individual factors, such as cultural intelligence and language ability, affect expatriate adjustment, Organizational factor is also important. The expatriate is expected by their parent company that they perform well and integrate into the host country's environment. There is immense pressure on expatriates to perform well,

thus increasing their anxiety levels and feelings of uncertainty toward things that may be beyond their control (Malek, Budhwar, & Reiche, 2015). An expatriate expects the company to repay his/her sacrifice in accepting an international assignment and to reduce relocation and entry problems for expatriates and their families by providing the necessary support and assistance (Wu & Ang, 2011). In Thai expatriate circumstance, they are likely facing with living in rural area and lack of needed facilities. They expect that the company provide the needed support for them. In organizational support theory, employees infer the extent to which the organization cares about their well-being through various policies, practices, and treatment. They then reciprocate such support with increased loyalty and performance (Rhoades, Eisenberger, & Armeli, 2002). It is consistent with expatriate assignment context. Perceived organizational support has been positively related to expatriates' interaction and general adjustment, and expatriate job performance (Kraimer, Wayne, & Jaworski, 2001). Therefore, organizational support would be a crucial factor which affect to Thai expatriates' adjustment and then job performance.

Not only expatriate but also the expatriates' accompanying spouse is important to the international assignment. Generally, spouses are more directly involved with the local environment on a daily basis to ensure their family can continue the normal activities (Malek, Budhwar, & Reiche, 2015). In Indonesia, A Thai expatriate's spouse faced problem in daily life, such as facilities was out of order, inability in local languages and cultures, and no friends (Pruetipibultham, 2012). Poor spouse adjustment adversely affects expatriate adjustment (Black & Stephen, 1989), for

instance spill over of their stress into the expatriate's state of mind (Pruetipibultham, 2012). Therefore, spouse adjustment may tend highly to affect expatriates' adjustment.

The purpose of this study is to examine the role of individual factor (cultural intelligence and language ability), organizational factor (perceived organizational support), and environmental factor (spouse adjustment) affecting cross-cultural adjustment of Thai expatriates during an international assignment in Indonesia. Additionally, this study will investigate the role of cross-cultural adjustment in mediating the relationship between individual factor, organizational factor, and environmental factor and job performance. This study proposes that it will be able to fill in the existing gap of research in this region and contribute to the knowledge and practice related to Thai MNCs' human resource management, such as expatriate selection, providing the support and training.

1.3 Research questions

1. Do individual, organizational, and environmental factors influence cross-cultural adjustment and job performance of Thai expatriates in Indonesia?
2. Does cross-cultural adjustment of Thai expatriates influence towards their job performance and intention to complete assignment?
3. Does cross-cultural adjustment play as mediator for causal relationship between those individual, organizational, and environmental factors and job performance?

1.4 Objectives of Study

- To examine the influences of individual, organizational, and environmental factors towards cross-cultural adjustment and job performance of Thai expatriates in Indonesia.
- To explore the influences of Thai expatriates' cross-cultural adjustment toward job performance performance and intention to complete assignment
- To investigate the role of cross-cultural adjustment as mediator of causal relationship between individual, organizational, and environmental factors and expatriate job performance.

1.5 Research Outcomes

- To know the influencing factors of Thai expatriates' adjustment and job performance. in Indonesia
- To fill in the existing gap of research on Thai expatriates' cross cultural adjustment in Indonesia.
- To contribute the knowledge and practice related to human resource management of Thai MNCs in term of providing support and selecting Thai expatriates in international assignments in Indonesia.
- To develop broader insights for Thai businesses in the underexplored business region of Southeast Asia.

1.6 Research Variables and Hypotheses

Prior literatures have identified many factors that are associated with cross-cultural adjustment and job performance. Generally, those factors are classified as individual, organizational, and environmental level factors. In this study, Individual factor includes cultural intelligence, and language ability. Organizational factor includes perceived organizational support. Environmental factor includes spouse adjustment. Degrees of cross-cultural adjustment are work, interaction and general adjustment. Job performance comprise task and contextual performance and intention to complete the assignment.

Those factors that will be examined in contributing expatriates' adjustment and job performance in this study, are described as below:

1. Individual Factors and Cross-Cultural Adjustment

Cultural intelligence

The concept of cultural intelligence (CQ) represents an individual's capability for successful adaptation to new and unfamiliar cultural settings and ability to function easily and effectively in situations characterised by cultural diversity (Ang, et al., 2007). Cultural Intelligence has four core elements; meta-cognitive Intelligence, cognitive Intelligence, motivational Intelligence, and behavioural Intelligence (Earley & Ang, 2003). The meta-cognitive CQ is defined as one's knowledge or control over cognitions that leads to deep information processing relating to culture (Ang, Van Dyne, Koh, & Ng, 2004). Cognitive CQ reflects

knowledge of the norms, practices and conventions in different cultures gained from both experience and formal education, those universal as well as culture-specific (Ang, Van Dyne, Koh, & Ng, 2004; Ang, et al., 2007). Motivational CQ reflects the interest in engaging others and the desire to adapt to the other culture (Ang, et al., 2007). Behavioral CQ (Action) described as individual capability action level (Earley & Ang, 2003).

From previous studies (Ramalu, Rose, Kumar, & Uli, 2010; Poonpol, 2014), there are consistency of significant relationship between cultural intelligence (CQ) and cross-cultural adjustment (CCA). Understanding CQ and CCA can have important applications to individuals, teams, and organizations functioning in multicultural environments (Ramalu, Rose, Kumar, & Uli, 2010). Therefore, it would be reasonable to argue that:

H₁: Cultural intelligence influences towards overall cross-cultural adjustment of Thai expatriates in Indonesia.

Furthermore, two dimensions of cultural intelligence, meta-cognitive and behavioral cultural intelligence were found that being as predictor of (supervisor rated) task performance while cognitive and motivational cultural intelligence were not (Ang, et al., 2007). Ramalu et al., (2011) found that meta-cognitive and behavioral cultural intelligence affected contextual performance. However, this study is expected that:

H₂: Cultural intelligence influences towards job performance of Thai expatriates in Indonesia.

Language ability

Even although the English language is the main language in communicating for expatriates, local language remains have necessary. Indonesia has 250 other regional languages and has the Indonesian language as being an official language. Before doing international assignment, most of Thai expatriates can't even know the Indonesian language. Thai expatriates may tend to face language barriers in communicating with Indonesian.

Language proficiency was found to have a positive influence on interaction adjustment in a study of expatriates in several host countries (Shaffer, Harrison, & Gilley, 1999). For instance, Takeuchi et al. (2002) found that English proficiency of Japanese expatriates facilitated their work adjustment in the USA. Selmer (2006) found that Chinese proficiency of a mixed sample of expatriates in China facilitated their general, interaction, and work adjustment. Peltokorpi (2008) found that Japanese language proficiency is a crucial part of successful adjustment in Japan. Japanese proficiency of a mixed sample of expatriates facilitated their general and interaction adjustment in Japan. Therefore, it is interesting to examine Indonesia language ability of Thai expatriates besides their English language ability. For this study, it is expected that:

H_3 : Language ability (H_{3a} : English language ability and H_{3b} : Indonesian language ability) influences towards on overall cross-cultural adjustment of Thai expatriates in Indonesia.

2. Organizational Factor and Cross-Cultural Adjustment

Perceived Organizational Support

Perceived organizational support has been defined as the employees' global beliefs that the organization values their contributions and cares about their well-being (Eisenberger, Huntington, Hutchinson, & Sowa, 1986).

Previous literature showed that perceived organizational support has been positively to expatriates' adjustment (Caligiuri P. M., 1997), organizational commitment (Guzzo, Noonan, & Elron, 1994), and intentions to remain on the assignment (Shaffer & Harrison, 2001). and performance (Guzzo, Noonan, & Elron, 1994; Wu & Ang, 2011; Kraimer & Wayne, 2004). In expatriate adjustment literature, the organizational support has been classified into many areas of support, for instance Wu and Ang (2011) classified as financial, general, and family-oriented assistance. Aryee et al., (1996) identified four domains of a company relocation policy (adjustment, career, financial, and family) for an overseas assignment. Kraimer and Wayne's study (2004) examined that three dimensions of perceived organizational support (POS): adjustment, career, and financial. Following these previous studies, this study focus on the three major areas of support (adjustment, financial, and career) of Kraimer and Wayne's study (2004). Career is described as the extent to which the organization cares about expatriate employees' career development during and following their expatriation (Kawai & Strange, 2014). Financial refers to the extent to which expatriate employees receive financial support from the parent company after their international transfer (Kawai & Strange, 2014). Adjustment represents the extent

to which expatriates receive family- and spouse-related support from the organization (Kawai & Strange, 2014).

Previous researches has examined relationship of organizational support and expatriate adjustment. Kraimer and Wayne (2004) found that there is a positive relationship between expatriate organizational support and expatriate adjustment. Career had a direct positive influence on work adjustment (Kawai & Strange, 2014). The provision of support not only reduces the problems encountered in the host environment but also influences expatriates to put more effort into both work and non-work adjustments as a result of the recognition that the organization is committed to their assignment (Wu & Ang, 2011). Therefore, according to the evidence provided in the previous research, we hypothesize:

H₄: Perceived organizational support influences towards overall cross-cultural adjustment of Thai expatriates in Indonesia.

Furthermore, the meta-analysis of Bhaskar-Shrinivas, Harrison, Shaffer and Luke (2005) indicated that little scholarly attention has been paid to the importance of organizational support programs in promoting expatriate performance (Kawai & Strange, 2014). A few literatures that were reported the linkage between organizational support and expatriate performance. For instance, Van der Heijden et al (2009) showed career perceived organizational support positively related to both contextual performance and intentions to stay whereas its contribution to task performance was non-significant. Kraimer and Wayne (2004) were not found support for career perceived organizational support as a consistent determinant of task performance or contextual performance. There is

inconsistent of organizational support-expatriate job performance linkage. Therefore, it is necessary to investigate organizational support's contribution to boosting expatriate job performance. The linkage is expected that:

H_5 : Perceived organizational support influences towards job performance of Thai expatriates in Indonesia.

3. Environmental Factor and Cross-Cultural Adjustment

Spouse Adjustment

Spouse/family adjustment is defined as the perceived degree of psychological comfort and familiarity an expatriate's spouse and/or family has with the new host culture (Palthe J. , 2004). For married expatriates, another potential source of uncertainty is assignments' effects on their families (Bhaskar-Shrinivas, Harrison, Shaffer, & Luke, 2005). If a spouse or children are unable to adapt to an overseas environment, their maladjustment may "spill over" and affect the expatriate's own level of work and non-work adjustment (Staines, 1980).

Previous cross-cultural adjustment literature highlighted that the existence of strong links between family adjustment and expatriate adjustment (Black, Mendenhall, & Oddou, 1991). Tung (1987) provided further evidence to suggest that the number one reason for expatriate failure was the spouse's inability to adjust. Therefore, it could be argued that:

H_6 : Spouse adjustment influences towards overall cross-cultural adjustment of Thai expatriates in Indonesia.

4. Cross-cultural Adjustment, Job Performance and intention to complete assignment

Even though expatriates' adjustment and job performance linked to each other logically, empirical research there is still a lack of empirical evidence (Claus, Lungsu, & Bhattacharjee, 2011). The relationship has been investigated is limit (Lazarova & Thomas, 2012) due to focus on examination of adjustment. Additionally, previous researches that focused on job performance in expatriates' contexts were most ignored expatriate adjustment in their studies (Claus, Lungsu, & Bhattacharjee, 2011). However, the efforts to study about the relationship have been increased. Thomas and Lazarova (2006 and 2012) reviewed studies of relationship of adjustment and job performance. They have shown the support for the influence of one dimension or another of adjustment and some dimension of performance (Lazarova & Thomas, 2012). Measure of adjustment is usually conducted by Black's 1988 three facet self-report scale. An adequate measure of effective performance is multidimensional construct. Generally, performance comprise task performance and contextual performance. Task performance refers the expatriate's performance on meeting job objectives and technical aspects of the job while contextual performance refers the expatriate's performance on aspects of beyond specific job duties, such as establishing good relationships with host nationals and adapting to the foreign facility's business customs (Kraimer & Wayne, 2004).

Besides review of Thomas and Lazarova (2006 and 2012), other authors pointed out positive relationship of cross-cultural adjustment and job

performance. For instance, Mol, Born, Willemsen, & Van der molen (2005) mentioned that cross-cultural adjustment positively related with expatriate's job performance. Bhaskar-shrinivas, Harrison, Shaffer, and Luke (2005) indicated that higher levels of adjustment are related to improved task execution (task performance) and relationship development (contextual performance). Empirically, Kraimer et al. (2001) found support for the fact that expatriate adjustment positively relates to job performance. Therefore, it could be argued that:

H₇: Overall cross-cultural adjustment influences towards job performance (task performance (*H_{7a}*) and contextual performance (*H_{7b}*)) of Thai expatriates in Indonesia.

Moreover, it is mentioned about early return issues and the intention to complete an assignment. Thai expatriates tend to return to Thailand early before finishing assignment due to maladjustment (Pruetipibultham & McLean, 2012). In other words, cross-cultural adjustment is positively related to the intention to complete an assignment (Black & Stephen, 1989). Therefore, it is expected that:

H₈: Overall cross-cultural adjustment affects intention to complete an assignment of Thai expatriates in Indonesia.

5. The mediating role of cross-cultural adjustment between individual, organizational and environmental factors and job performance.

Many researchers (Bhaskar-shrinivas, Harrison, Shaffer, and Luke, 2005; Kraimer et al., 2001; Mol, Born, Willemsen and Van der molen, 2005) underscored that cross-cultural adjustment plays an important role in expatriates' job performance. Recently, some researchers have started to examine another role of adjustment that is mediator of other constructs and job performance. For instance, Kawai and Strange (2014) investigated expatriates working at the German subsidiaries of Japanese MNCs. Their results indicated that work adjustment fully mediated the relationship between (career) perceived organizational support and (task) performance. Bhatti, Battour and Ismail (2013) provided theoretical grounds for individual and organizational factors, expatriates adjustment and job performance. They examined the mediating effects of expatriate adjustment (work, general and interaction) between individual (previous international experience, self-efficacy, social network and cultural sensitivity) and organizational factor (direct and indirect support) and job performance. Also, they mentioned that future researchers should investigate other individual factors, organizational factors and examine environmental factors on expatriate adjustment and job performance.

This study proposed that individual factors, organizational factors, and environmental factors influence expatriate job performance by means of expatriate adjustment. Therefore, H_9 is hypothesized:

H_9 : Cross-cultural adjustment mediates the relationships between individual (H_{10a}), organizational (H_{10b}) and environmental factors (H_{10c}) and job performance.

1.7 Research Model

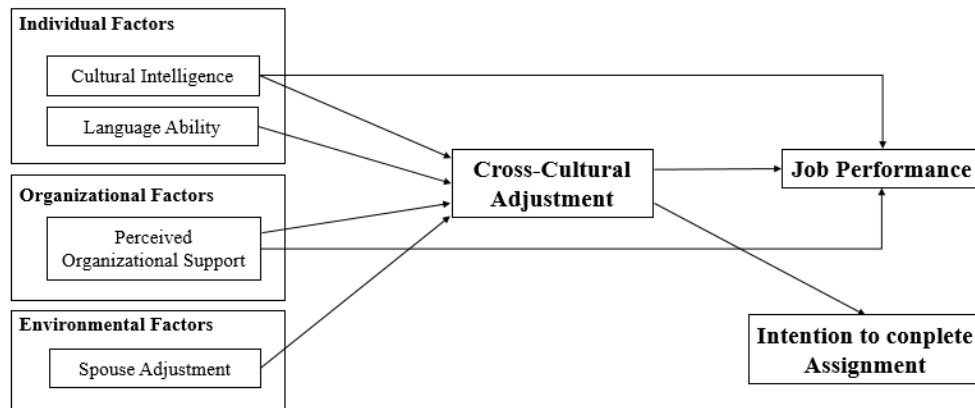


Figure 1.1: Research Model