

# EXPATRIATES' CULTURAL INTELLIGENCE AND CROSS CULTURAL ADJUSTMENT

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## **Abstract :**

*Cultural intelligence (CI) focuses on intercultural settings and is driven by the practical reality of globalization in the workplace. A complementary form of intelligence CI is capable of explaining the variation between people in coping with diversity and functioning in new cultural settings. Research has indicated that poor cross-cultural adjustment influences not only expatriate performance but also a reason for premature termination of global assignments. Failure to adapt to local cultures in China, India, and the U.S. was the major reason for low rate of expatriate assignment success. 145 expatriates working in multinational companies in Bangalore participated in this study. Two reliable, valid and standardized tools were administered- Cultural Intelligence Scale, Soon Ang (2007) and Expatriate Adjustment Scale, Black and Stephens (1989). The study found that expatriates had a moderate level of cultural intelligence and adjustment. Cultural intelligence was positively correlated to cross-cultural adjustment. Companies should train expatriates to develop their cultural intelligence which would result in better adjustment to the host location and reduce the desire to return to home prematurely.*

**Keywords:** *Expatriates, cultural intelligence, expatriate adjustment, globalization, organizational behaviour.*

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## **Introduction**

Globalization has provided opportunities for more employees to go on international assignments. For many companies, sending expatriates abroad is consistent with their overall strategic human resources plan. Employees are sent abroad as part of their professional development and also to foster the parent corporate culture in the host location. Companies attach strategic importance to global assignments; therefore, expatriate failure on assignments in host countries can be detrimental to future global business.

Individuals who move from their home country (country which the expatriate and his or her family are from) organisation to a host country organisation (country to which the expatriate and his or her family are relocated to), usually for two to five years at a time are expatriates (Scullion and Brewster, 2001 as cited in Gudmundsdottir, 2011).

Bangalore the IT capital of India attracts tech-savvy employees globally and is the home to corporate giants such as Google, Dell, Amazon, Siemens Information Systems, SAP Labs India, Intel, Accenture, IBM, Cisco Systems and

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Oracle. Expats who move to Bangalore may find themselves having to contend with language barriers, poor government oversight, bad infrastructure and at times confusing and contradictory culture (Srinivasan, 2010). Expatriates also face issues related to accommodation, violation of their privacy, the air having a strange smell, finding the right domestic help and the sight of poverty. Accessibility in India is another concern for expatriates. Local transport systems appear daunting and lack the user friendliness of Western transportation systems. Also, in India the concept of the convenience store is still a new phenomenon. However, most large cities do have their fair share of large supermarkets yet expatriates find it difficult to find the products they are looking for. For some, Bangalore is a hardship posting but for others it is a real chance for development (Srinivasan, 2010).

### **Cultural Intelligence**

Cultural intelligence recognizes that there are differences within each culture and in order to be successful, organizations require culturally intelligent leaders who will enrich the firm's ability to prosper in the market (Creque and Gooden, 2011).

Cultural intelligence refers to a vital, intercultural competency contributing to expatriate success on international assignments (Ramalu, Rose, Uli and Kumar, 2012). Also termed as cultural quotient, it is an individual's capability for successful adaptation to new and unfamiliar cultural settings and the ability to function easily and effectively in situations characterized by cultural diversity (Ramalu et al., 2012). It focuses on intercultural settings and is driven by the practical reality of globalization in the workplace setting. It is a complementary form of intelligence able to explain the variation between employees in

adapting with diversity and effectively functioning in new cultural settings.

Cultural intelligence being multi-dimensional construct includes meta-cognitive, cognitive, motivational and Behavioural components (Earley and Ang, 2003 as cited in Ramalu et al., 2012).

**Ang and Dyne, 2008, defined the constructs as follows:**

- 1) Meta-cognitive – An individual's cultural consciousness and awareness during interactions with people from different cultural backgrounds. This factor promotes active thinking about people and situations when cultural backgrounds differ. It activates critical thinking about habits and culturally bound thinking. It also enables individuals to evaluate and reconstruct their mental maps, resulting in an increased accuracy of their understanding.
- 2) Cognitive – An individual's cultural knowledge of norms, practices and conventions in different cultural settings. Knowledge about cultural similarities and differences is the foundation of decision making and performance in cross-cultural situations.
- 3) Motivational – An individual's capability to direct attention and energy toward cultural differences. A special type of self-efficacy and intrinsic motivation in cross-cultural settings. Basic sense of confidence and interest in novel settings can increase successful intercultural interaction
- 4) Behavioural – An individual's capability to use appropriate verbal and non-verbal actions when interacting with people from different cultural backgrounds. Behaviour being most visible characteristic of social interactions it becomes vital for success.

Non-verbal behaviour conveys meaning in subtle ways.

### **Cross-Cultural Adjustment**

Cross-cultural management is essential for international firms and international managers (Selmer, 2001). Its importance in modern business includes the interface between the parent country and the host country culture and the belief that the efficient management of cross-cultural issues yields competitive strength by cooperative arrangements and strategic alliances across cultures (Selmer, 2001). Ramalu et al. (2012), concluded that cultural intelligence predicted cross-cultural adjustment and cross-cultural adjustment predicted job performance among expatriates in Malaysia.

Cross-cultural adjustment is the degree of psychological comfort an expatriate has with the various aspects of a host culture. The three areas of cross-cultural adjustment includes a) adjustment to the general environment, b) adjustment to the interaction with host country nationals and c) adjustment to the work, (Black and Stephens, 1989 as cited in Ramalu et al., 2012). Ersoy (2014) examined the role played by cultural intelligence in the effectiveness of cross-cultural leadership in Turkey and found that cultural intelligence had a positive impact on the effectiveness of cross-cultural leadership. Black and Gregersen (1991 as cited in van der Bank and Rothmann, 2006) expatriates who adjust well in overseas postings have certain personality characteristics. Caligiuri (2000 as cited in van der Bank and Rothmann, 2006), opined that personality characteristics relevant to social interactions are important as they affect the quantity and quality of social interactions and consequently influence cross-cultural adjustment. Expatriates will vary in personality characteristics necessary for relating to others and an expatriate who is not open to

interactions with host nationals will have lower cross-cultural adjustment than a person with greater openness. The initial stages of most expatriate assignments are usually associated with stress and family can provide the emotional support that helps overcome negative feelings that are a natural part of the cross-cultural transition. Family support aids in mobilizing expatriates psychological resources to adapt with emotional issues and boost their confidence. Social support by interacting with other expatriates provide a sense of affiliation and belonging and also provides environmental information seen through the eyes of comparable others (van der Bank and Rothmann, 2006). Caligiuri and Phillips (2003 as cited in van der Bank and Rothmann, 2006) opined that the expectations raised prior to a global assignment affects cross-cultural adjustment, better adjustment happens when individual's expectations matches with reality of the assignment. Expatriates possess a variety of beliefs and assumptions about dealing with cultural differences and not all expatriates experience the same level of anxiety or experience anxiety for the same length of time (van der Bank and Rothmann, 2006).

As cross-cultural adjustment effects expatriate performance and lack of adjustment in these settings leads to premature termination of international assignments, it is an important construct to investigate. In order to adjust to a new culture and work effectively, expatriates are faced with the challenge of adapting to new societal culture, professional expectations, lifestyle and norms (Gudmundsdottir, 2011).

### **Theory and Hypothesis**

The study investigates if cultural intelligence influences an expatriate's cross-cultural adjustment. The variables under investigation are cultural intelligence and cross-cultural adjustment. Cultural intelligence being a complementary form of intelligence is

able to explain the differences between people in adjusting with diversity and functioning in novel cultural settings (Ang and Dyne, 2008). Cross-cultural adjustment is the degree of psychological comfort an expatriate has with the various aspects of a host culture (Black and Stephens, 1989 as cited in Ramalu et al., 2012).

## **Methodology**

### **Sample**

The sample for the study was expatriates working in multinational companies in Bangalore. The questionnaire was circulated among 500 expatriate employees. Only people from a foreign nationality were included in the sample. Indians who have returned from assignments abroad were not included. Only 145 expatriates responded and this yielded a response rate of 29 percent.

### **Sampling technique**

According to The Times of India (2008), there are 8,926 expatriates in Bangalore City. A random sample of 500 expatriates was selected. Emails with the questionnaire attached were sent out to the 500 expatriates.

### **Tools used and its description**

- 1) A 20-item, self-reported Four Factor Model of Cultural Intelligence Scale developed and validated by Ang et al. (2007 as cited in Ramalu et al., 2011). The inventory includes four items for meta-cognitive cultural intelligence ( $\alpha = .76$ ), six for cognitive cultural intelligence ( $\alpha = .84$ ), five for motivational cultural intelligence ( $\alpha = .76$ ), and five for behavioral cultural intelligence ( $\alpha = .83$ ). Respondents were asked to use a seven-point Likert-type scale to indicate the extent to which each item describes their capabilities. The seven-point Likert-type scale ranges from strongly disagree (1) to strongly agree (7).
- 2) 17-item self-reported Expatriate Adjustment Scale Black and Stephens (1989)

assess the expatriate cross-cultural adjustment. Respondents were asked to rate the extent to which they feel they have adjusted to various aspects of life abroad (India). Seven items assess general adjustment like housing, food, and shopping ( $\alpha = .91$ ). Four items assess interactions adjustment like socializing with people from the host culture ( $\alpha = .82$ ). Three items assess work adjustment like job responsibilities and performance standards/expectations ( $\alpha = .86$ ). Three items assess cognitions to withdraw from the assignment or to stay on. Respondents were asked to use a seven-point Likert-type scale to indicate the extent to which each item indicates their adjustment to various living and working conditions in the new environment abroad. Response choice alternatives range from unadjusted (1) to completely adjusted (7).

### **Respondent profile**

There are a total of 145 respondents. Respondents were from Australia, Egypt, France, Germany, Japan, United Arab Emirates, United Kingdom and the United States. 58.6 percent of the respondents were male and 41.4 percent were female. 31.7 percent of the respondents were under 25 years, 32.4 percent were between 26 and 30 years and 35.9 percent were between 31 and 40 years of age. 46.9 percent of the respondents were married while 53.1 percent were single. 44.1 percent of the respondents had worked only in one country prior to India, 28.3 percent had worked in two countries prior to India and 27.6 percent had worked in more than two countries. 57.2 percent of the respondents had between six months to one year of experience in living and working in Bangalore, 33.1 percent had between one and two years of experience and 9.7 percent had between 2 and 5 years of experience.

## Results

### Objective 1: Cultural intelligence scores of expatriates in Bangalore

Table 1

	Minimum	Maximum	Mean	Std. Deviation
Meta-cognitive	3.75	7.00	5.49	.59
Cognitive	2.00	5.83	4.02	.77
Motivational	4.20	7.00	5.51	.54
Behavioural	2.60	7.00	4.82	.66
<b>Cultural Intelligence</b>	<b>4.05</b>	<b>6.50</b>	<b>4.89</b>	<b>.36</b>

Cultural intelligence consists of four components - meta-cognitive, cognitive, motivational and Behavioural.

From Table 1 we observe that expatriates have scored high on the meta-cognitive component. Meta-cognitive cultural intelligence consists of being conscious of the cultural knowledge used, adjusting cultural knowledge and checking the accuracy of cultural knowledge in cross-cultural situations. Expatriates have scored moderately on the cognitive component. Cognitive cultural intelligence refers to knowledge of legal and economic systems, rules of vocabulary and grammar, religious beliefs, marriage systems, arts and crafts and rules for expressing non-verbal behaviour. Expatriates have scored high on the motivational component. Motivational cultural intelligence refers to basic confidence, self-efficacy and enjoying novelty. Expatriates have scored moderately on the behavioural component. Behavioural cultural intelligence refers to verbal and non-verbal behaviour in cross-cultural situations.

From Table 1 we observe that for cultural intelligence the lowest score is 4.05 and the highest score is 6.50, the mean score for the sample is 4.89. Expatriates in Bangalore have a moderate level of cultural intelligence. Cultural intelligence represents an individual's capability for successful adaptation to new and unfamiliar cultural settings and the ability to function easily and effectively in situations characterized by cultural diversity.

### Objective 2: Cross-cultural adjustment scores of expatriates in Bangalore

Table 2

	Minimum	Maximum	Mean	Std. Deviation
<b>General</b>	4.43	6.86	5.36	.42
<b>Interaction</b>	4.75	7.00	5.92	.52
<b>Work</b>	3.33	7.00	5.38	.62
<b>Return Intention</b>	3.33	6.00	4.73	.53
<b>Cross-cultural Adjustment</b>	<b>4.29</b>	<b>6.41</b>	<b>5.38</b>	<b>.27</b>



Cross-cultural adjustment consists of four components - adjustment to the general environment (degree of comfort with general living conditions, such as climate, health care facilities, and food), adjustment to the interaction with host country nationals, adjustment to the work (performance standards, job, and supervisory responsibilities) and an intention to return home before completing the assignment abroad.

From Table 2 we observe that this expatriate sample is highly adjusted to the general living conditions in Bangalore – housing, food, shopping, healthcare etc. This expatriate sample is highly adjusted to interacting and socializing with Indian nationals. They are highly adjusted to their job responsibilities and performance standards in the organizations in Bangalore. This expatriate sample has moderate agreement to rarely thinking about returning home early, doing anything to keep their jobs in Bangalore and also desiring their assignment in Bangalore to be extended.

From Table 2 we observe that for cross-cultural adjustment the lowest score is 4.29 and the highest score is 6.41, the mean score for the sample is 5.38. Expatriates in Bangalore have a high level of psychological comfort with the various aspects of the host culture in Bangalore.

**Hypothesis 1:** There is no significant relationship between cultural intelligence and cross-cultural adjustment of expatriates in Bangalore.

**Table 3**

	<b>Cultural Intelligence</b>	<b>Cross-cultural adjustment</b>
<b>Cultural Intelligence</b>	1	.28**

From Table 3 we observe that the correlation is significant at the 0.01 level. We reject the hypothesis and this indicates that there is a significant positive relationship between cultural intelligence and cross-cultural adjustment of expatriates in Bangalore.

**Hypothesis 2:** Cultural intelligence does not influence the cross-cultural adjustment of expatriates in Bangalore

**Table 4a**

<b>Model</b>	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	.83	1	.83	12.42	.001
Residual	9.52	143	.07		
Total	10.35	144			

The predictor is cultural intelligence and the dependent variable is cross-cultural adjustment. We reject the hypothesis and from Table 4a it is clear that cultural intelligence has a significant influence on cross-cultural adjustment.

**Table 4b**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	.28	.08	.07	.26

From Table 4b we observe that 8 percent of the variation in cross-cultural adjustment is due to cultural intelligence.

### **Discussion**

The correlation proves that there is a positive relationship between cultural intelligence and cross-cultural adjustment similar to the results of the work done by Ramalu et al. (2010 to 2012). Increasing an expatriate's cultural intelligence would facilitate better adjustment to a host country. The regression analysis proves that cultural intelligence exerts a significant influence on cross-cultural adjustment.

Expatriates lack knowledge of cognitive factors - the legal and economic systems of India, vocabulary and grammar rules of Indian languages, marriage system in India, Indian arts and crafts and rules for expressing non-verbal behaviour. Companies need to develop training programmers to help expatriates acquire this knowledge, for example, a basic understanding of the Indian legal system should be acquired within 6 months in India. Some cognitive elements like Indian art and craft and marriage system can be discovered leisurely. Expatriates also lack knowledge of behavioural factors like changing accent and tone, non-verbal behaviour and facial expressions when a cross-cultural interaction requires it. This deficiency could also be tackled by training programmers to help expatriates gain the necessary skills.

In today's globalized world we are unable to avoid cross-cultural situations. Therefore training in the four factors of cultural intelligence is mandatory before any international assignment. Training can take the form of virtual simulations, language and etiquette classes, exposure to foreign cinema and a visit to the host country before the actual

assignment. Companies should strive to provide expatriates with environmental briefings of the host country. These briefing sessions should be as detailed as possible, for example, covering areas such as poverty, convenience stores and local transportation.

Interacting with host country nationals may provide expatriates with emotional support. The more interaction a person experiences with people from a particular culture, the more positive his/her attitude will be toward those people. This leads to a reduction in psychological stress and an increase in psychological well-being. Expatriates would obtain informational support helping them learn the way of life and social norms of the host country. Companies can also arrange social gatherings with other expatriates. These gatherings would allow expatriates to share their experiences of living in the host country, exchange relevant information and prevent isolation.

Expatriate managers should develop an awareness of the differences between their own culture and the host culture. Cultural awareness forms the bases for communication. Effective cross-cultural communication between expatriates and local employees is important to understand and adapt to the host culture (Ersoy, 2014). Language competence enables effective communication and if an expatriate can communicate in the local language it may lead to the development of a positive attitude (Ersoy, 2014).

### **Limitations and Further Research**

This study is purely quantitative in nature. A qualitative component could provide further

insight into the cross-cultural adjustment process. A larger sample size may improve the quality of the results.

Further research could focus on discovering a relationship between cross-cultural adjustment and job performance. Research could also be undertaken on cultural intelligence and teamwork.

## Conclusion

Cultural intelligence is a relevant concept among expatriates in Bangalore. Analysis has proven that a significant relationship does exist between cultural intelligence and cross-cultural adjustment of expatriates in Bangalore. Cultural intelligence can explain variations in performance and adjustment among international assignees. Meta-cognitive and cognitive cultural intelligence can predict outcomes like decision making and task performance. Motivational and Behavioural cultural intelligence predict outcomes like adjustment and task performance in multi-cultural environments

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