# *Am I 'In or Out'?* A Social Identity Approach to Studying Expatriates' Social Networks and Adjustment in a Host Country Context

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**Abstract**

Utilizing the Social Identity Theory, this study compares the adjustment process of self-initiated expatriates (SIEs) and organizational assigned expatriates (OEs). It explores the effectiveness of organizational training programs for expatriates and the role of host country nationals (HCNs) in the expatriate adjustment process. It further investigates how group membership at work influences the work-related outcomes related to expatriates' personal, social and relational social identity dimensions. By interviewing key informants from three multinational enterprises (MNEs) in China, this study finds that traditional cross-cultural training practices are redundant as expatriates on various staffing patterns have a different understanding of local cultural and social values. We contribute by providing evidence of how the motivation for undertaking an assignment varies between SIEs (who view this role as a stepping-stone to find a better position in another organization) and OEs (who view this transfer as a key opportunity for promotion within their current organization). Our findings also suggest that despite SIEs' belief that they were in-group members of networks, HCNs did not distinguish between OEs and SIEs and treated both groups as members of the out-group. Finally, we present the theoretical and practical implications of this study and provide future research directions in the paper.

**Keywords:** Expatriates; Social Identity Theory; Social networks; Adjustment; China

# 1. INTRODUCTION

Emerging economies are important destinations for foreign direct investment (FDI) by Multinational Enterprises (MNEs). Therefore, the number of expatriates working in these countries has increased over time. In particular, countries in Asia are some of the largest recipients of inward FDI (UNCTAD, 2019). The increasing number of international assignments has led to expatriate management becoming one of the critical topics in international human resource management (IHRM) research (Adams & Van de Vijver, 2015). Scholars have investigated expatriates' role in MNEs' operations in this research stream, such as controlling and coordinating tasks in the subsidiaries, transferring knowledge, and their boundary spanning and socialization activities (Furusawa & Brewster, 2019; Vlajčić, Caputo, Marzi, & Dabić, 2019). However, working in a new country and adjusting to the business environment and the culture shock individuals face remains an essential topic of discussion and research (Fitzpatrick, 2017).

Previous literature on expatriate cross-cultural adjustment focused on organization-assigned expatriates (OEs), with many studies using Black, Mendenhall and Oddou's (1991) model to examine adjustment to work, general life in the host country, and interaction with local employees. These studies discuss the influencing factors and outcomes of expatriate cross-cultural adjustment in different contexts (Bhaskar-Shrinivas, Harrison, Shaffer, & Luk, 2005). Unlike OEs, where organizations assign roles, self-initiated expatriates (SIEs) are self-motivated individuals who seek job opportunities and choose to work in a foreign country. SIEs are an essential pool of talented expatriate workers whose fundamental difference with OEs lies in the organizational support they receive (Guo, Rammal, & Dowling, 2016). This support system addresses issues such as relocation service or local housing when they join the overseas subsidiary.

The importance of social and informal networks on expatriate cross-cultural adjustment is highlighted in the literature (Bruning, Sonpar, & Wang, 2012; Farh, Bartol, Shapiro, & Shin, 2010). But only a few studies investigate how expatriates integrate into host-country work networks (Horak & Yang, 2016). These networks are especially important in emerging economies, many of which have a collectivist culture. This study attempts to address network access and membership issues by applying the Social Identity Theory (SIT). Previous studies using the SIT perspective rely on the individual's cultural similarities and social values to classify expatriates as members of in-groups and out-groups (Bhaskar-Shrinivas et al., 2005). However, these studies focus on expatriates' views, whereas local employees' role in facilitating the expatriates' adjustment via informal networks remains under-researched (Bader, Froese, Achteresch, & Behrens, 2017). Local employees have the domestic market knowledge

and business networks to facilitate expatriates' adjustment to the new environment's work requirements. For example, market knowledge is indispensable in collectivist societies where strong personal connections and group memberships are prerequisites for successful business relations (Guo, Rammal, Benson, Zhu, & Dowling, 2018; Horak, 2018).

Considering the high cost associated with expatriate failure and the delays it causes to completing projects (Farh et al., 2010; Johnson & Duxbury, 2010), it is necessary to further investigate expatriates' cross-cultural adjustment. To address the limitation in the extant literature regarding the incorporation of varied perspectives, this study takes a holistic view on expatriate social network development and cross-cultural adjustment and sought insights from OEs, SIEs, and host country nationals (HCNs). Apart from the contributions made in a few studies that compared OEs and SIEs adjustment to work and personal life in the host country (Chen & Shaffer, 2017; Hussain & Deery, 2018; Langinier & Froehlicher, 2018), relatively little is known about the role that HCNs play in the process of expatriate cross-cultural adjustment. Further, it is still largely unknown whether HCNs' role differs based on the nature of the expatriate staffing pattern in the adjustment process.

To deepen the understanding of expatriate social network building and adjustment in the host country, this study applies the SIT and investigates its three dimensions: personal identity, social identity, and relational identity. Furthermore, this study provides a dynamic and holistic perspective on this issue (Adams & Van de Vijver, 2015), focusing on expatriate cross-cultural adjustment experience associated with the various social identity dimensions and the influence of relevant HR practices. Thus, this study attempts to answer the following research questions:

> *RQ1: What is the social identity of OEs and SIEs during cross-cultural adjustment in the host country? and*

> *RQ2: What role do HCNs play in the adjustment of expatriates under different expatriate staffing patterns?*

We study the adjustment process of expatriates and the role of HCNs in three MNEs in China. Many factors influence the choice of China as the country setting for this research. China is one of the most attractive destinations for foreign investment (UNCTAD, 2019) and hosts a large expatriate population. However, the country ranks as one of the most challenging destinations for expatriates (Brookfield Global Relocation Services, 2016). Recent studies highlight cultural differences as a barrier for new SIEs attempting to find employment in China (see, for example, Makkonen, 2017). This suggests that despite the increased number of studies on expatriate adjustment in China, there remain many unanswered questions about the process of adjustment and the local employees' role.

Our findings show that the pre-departure training and support of the organization is critical for the expatriates' adjustment to the host country. However, SIEs receive limited support. We

also find that HCNs provide work-related support to expatriates and do not discriminate between OEs and SIEs. Despite SIEs' belief that they will be welcomed as members of the HCN's in-group, the HCNs consider both groups of expatriates as out-group members, and their interaction is limited to work-related tasks. This study's findings have implications for MNEs' HR practices and policies relating to the training and mentoring of expatriates that would facilitate their adjustment in countries like China.

## 2. CROSS-CULTURAL ADJUSTMENT, NETWORKS, AND SOCIAL IDENTITY

Cross-cultural adjustment is a central theme in expatriate management research and has received much attention since the late 1980s. The adjustment refers to how expatriates feel psychological comfort with different aspects of living and working in an unfamiliar cultural environment (Black & Stephens, 1989). Extant research considers the concept of adjustment as a multi-faceted phenomenon categorized into three dimensions: work adjustment, interaction adjustment, and general adjustment (Black, 1988; Black & Stephens, 1989). *Work adjustment* is the degree of comfort that expatriates feel about their job performance and task completion. Likewise, *interaction adjustment* is the degree of comfort individuals feel regarding communication and interaction with the local environment. *General adjustment* is the degree of comfort that individuals working overseas have with the host country's environment (for example, food, healthcare, weather, and living conditions) (Black, 1988).

The meta-analytic studies on expatriate cross-cultural adjustment research highlight two aspects: the influencing factors; and the outcomes of expatriate cross-cultural adjustment. Bhaskar-Shrinivas et al. (2005) categorize the influencing factors into five groups: anticipatory factors, individual factors, job factors, organizational factors, and non-work factors. Some studies examine the impact of cultural intelligence and the individual's personality (see, for example, Froese, Peltokorpi, & Ko, 2012), while others focus on expatriates' international experience, foreign language proficiency, and spouses' adjustment as crucial issues related to expatriates' cross-cultural adjustment (Bhaskar-Shrinivas et al., 2005). Concerning the cross-cultural adjustment outcomes, previous studies have focused on expatriate job performance, job satisfaction, and assignment completion, and success (Osman-Gani & Rockstuhl, 2008).

Historically, expatriate cross-cultural studies focused on OEs sent to the international subsidiary by the MNEs' headquarters. Commitments made by countries under the World Trade Organization's General Agreement on Trade in Service (GATS) dictate the rules surrounding the mutual recognition of qualification and experience and the professionals' movement across national boundaries (Dowlah, 2014; WTO, 2019). Armed with this knowledge, organizations are better equipped to manage their global talent, which has led to an increased number of expatriates globally using various staffing patterns. In addition to traditional OEs, project-based expatriates, '*flexpatriates*' (refers to arrangements where

employees take frequent international business trips without relocating), and international business travelers are new forms used by firms for organizational assigned global employees (Shaffer, Kraimer, Chen, & Bolino, 2012). An increased number of SIEs work worldwide, and understanding their host country's adjustment process requires further investigation (Froese, 2012; Jannesari & Sullivan, 2019; Jannesari & Sullivan, 2021). More recently, Pereira, Malik, Howe-Walsh, Munjal and Hirekhan (2017) studied Generation Y (Gen Y) knowledge workers, who they term as '*Yopatriates*', defining them as young, highly qualified, and mobile expatriates. They extend the expatriate literature by developing a distinctive theoretical category of non-traditional expatriates that highlights how this category of expatriates is differently managed and extends the theory of cultural adjustment in the context of Yopatriates. Cerdin and Selmer (2014) summarize four features of SIEs: self-initiated international relocation, regular employment, intentions of a temporary stay, and professional qualifications. The motivation for SIEs who choose to work overseas varies and includes the need for international experience, experiencing a different culture, and improving career opportunities (Doherty, Dickmann, & Mills, 2011).

Most expatriate management studies examine expatriate cross-cultural adjustment, emphasizing OEs (Howe-Walsh & Schyns, 2010). The few studies conducted on SIEs fall into two categories: the first looks at the antecedents of SIEs' cross-cultural adjustment such as proficiency in the host-country's language and communication style at work; the other focuses on the comparison of cross-cultural adjustment between OEs and SIEs (Guo et al., 2016).

Social network studies examine the positive influence of building networks on expatriate adjustment and performance. In particular, social networks provide access to market information and opportunities for expatriates to form friendships (Richardson, 2021). However, the approach to building social networks varies across cultures (Guo et al., 2018). Pathak and Muralidharan (2016) argue the role of social networks in collectivist and high-context cultures. In the International Business literature, concepts such as the use of *guanxi* in China (Zhao & Castka, 2021), *blat* in Russia (Michailova & Worm, 2003), *yongo* in Korea (Horak & Nihalani, 2016), *jugaad* in India (Laleman, Pereira, & Malik, 2015) and *wasta* in the Middle East (Khakhar & Rammal, 2013) have been discussed in previous studies. Thus, the formation and maintenance of these social networks may differ. Still, they share the notion of trust among network members, facilitating the transfer of knowledge and information sharing. The central tenet of the Social Identity Theory (SIT) is the concept of individuals being insiders (members of in-group) or outsiders (members of out-group). Proposed by Tajfel and Turner (1979), the theory identifies three mental processes in evaluating the membership of groups: social categorization, social identification, and social comparison. *Social categorization* is the process where individuals attempt to categorize people as part of a group based on their nationality, personal beliefs, etc. The *social identification* process involves individuals seeing themselves as being associated with a particular group. For expatriates, socializing with other expatriates

from their home country falls under this process. *Social comparison's final mental process* involves individuals comparing their group's nature and relationship with other groups. This comparison is a source of hostility as esteem and pride in one's group drives one to be hostile towards members of the out-group and discriminate by stereotyping and making generalizations about them (Bonache, Langinier, & Zárraga-Oberty, 2016).

The categorization of the expatriates as members of the in-group or out-group directly affects their adjustment process in the new environment. By studying expatriates' adjustment on different staffing patterns, we extend the SIT's application beyond the organization and the shared organization culture of the OEs and local employees (Ashforth & Mael, 1989) to the professional culture shared by SIEs and HCNs. As discussed earlier, local employees play an important role in expatriates' cross-cultural adjustment (Black et al., 1991; Varma, Pichler, & Budhwar, 2011). They provide role-related or local environment-related information and social support to expatriates, facilitating expatriates' cross-cultural adjustment (Bhaskar-Shrinivas et al., 2005; Johnson, Kristof-Brown, Van Vianen, De Pater, & Klein, 2003).

Previous studies suggest that informal networks, social support, and role-related information from supervisors and co-workers positively influence expatriates' cross-cultural adjustment (Shen & Kram, 2011). However, a small number of studies using SIT found that local employees were only willing to share their knowledge if the expatriates were viewed as members of the in-group (Florkowski & Fogel, 1999). This issue is expected to be more prominent in the Chinese context, where the society has a differential mode of association and apparent differences between insiders and outsiders concerning *guanxi* connections (Fei, 1992). There is the categorization of local employees into various groups, such as peer colleagues, supervisors, or expatriates' subordinates. Previous explorations on the ability and willingness of local employees to provide social support to expatriates suggest that the categorization of in-group or out-group roles depends on the similarities that local employees and expatriates share on issues such as social values. For example, local employees are more willing to provide work-related information to expatriates who are their peers or at the secondary level rather than supervisors (Varma et al., 2011).

Figure 1 illustrates the SIT's three mental processes in the context of expatriate adjustment from the expatriates' and local employees' perspectives.

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Another stream of research studies the three dimensions of social identity: personal identity, social identity, and relational identity (Vignoles, Schwartz, & Luyckx, 2011). Delving deeper

into the social identity dimension requires understanding the factors influencing the expatriates' cross-cultural adjustment and social network building process (Adams & Van de Vijver, 2015).

Our review of the literature reveals two issues in expatriate cross-cultural adjustment that requires further investigation:

(i)     limited studies on expatriate cross-cultural adjustment from various perspectives – OEs, SIEs, local employees, and

(ii)    lack of information about the HR practices that an organization can implement to facilitate expatriate cross-cultural adjustment activities.

Kang and Shen (2018), in their review of the literature on local employees, highlight the vital role they play in the adjustment of expatriates. However, they find that much of the research makes inferences to the local employees' but seeks the expatriates' perspective only. Our study addresses these issues and adds to the literature on expatriate cross-cultural adjustment by explaining how the expatriates' cross-cultural adjustment in China is facilitated by seeking opinions from SIEs, OE, and local employees. We contribute to the literature on social networks and expatriates' cross-cultural adjustment by explaining how organizations can facilitate expatriate cross-cultural adjustment in China.


## 3. RESEARCH METHOD

We apply the narrative case study method to investigate and explore the social networks and the relationship between the members of various groups. This method allows for an in-depth study of various social issues and provides a deeper understanding of a phenomenon within the environmental context (Brandell & Varkas, 2011; Welch, Piekkari, Plakoyiannaki, & Paavilainen-Mäntymäki, 2011). As highlighted earlier, the literature on expatriate identity dimensions is underdeveloped, and in this paper, we attempt to empirically explore the relationship between identity dimensions and cross-cultural adjustment. The qualitative method for data collection and analysis is followed as the study focuses on answering *'how'* expatriates attempt to undertake work and social adjustment in China (Birkinshaw, Brannen, & Tung, 2011).

We collected data from three MNEs operating in China. The companies are in Shanghai and the Jiangsu province, which are popular destinations for MNEs in China due to their economic development. Table 1 provides a description of the three MNEs.

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We conducted face-to-face interviews with nine key informants from three MNEs operating in

China. This number of interviewees in this study is consistent with Kuzel's (1992) recommendation that six to eight participants were likely to be sufficient for similar qualitative studies. To pursue studies with an exploratory dimension, Saunders (2012) suggests a participant range between 4-12. Our emphasis is on the depth of the information rather than breadth, and we were able to gain access to the key informants in the organizations with vast experience of the research topic.

The interviews were semi-structured, with each interview lasting, on average, one hour. As the expatriates and local employees were all involved in cross-cultural management and had different roles in the organization, their experiences and insights provide the study with a comprehensive perspective. The interviewees were selected through purposive sampling to enhance the research findings' goodness of fit (Myers, 2013; Robinson, 2014). We replace the interviewees' names with code to ensure anonymity. By interviewing local employees/HCNs, OEs, and SIEs from the organizations, we crosscheck and verify the local employees' role in expatriate adjustment and compare if the expatriates' staffing pattern (OE or SIE) influences the adjustment process.

Table 2 provides the interviewees' profiles.

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We developed interview questions from the literature on expatriate management and cross-cultural adjustment (Froese et al., 2012; Mahajan & Toh, 2014). The questions asked of the HCNs focused on issues such as their role in the expatriate colleague's cross-cultural adjustment process in China (the interviewees were prompted to think about the daily communication and interaction with their expatriate colleagues), and what they believed was the role of the expatriates in the operations in China. Questions asked of the expatriates included: describing their experience in attempting to adjust to working and life in China; the support (if any) the company provided to help them relocate to China; their relationship with their colleagues in the host country; how they viewed the expatriate assignment in line with their career aspirations; and how they rated the support provided by the company.

Søderberg (2006) describes narrating as part of identity construction. The social identities created in narrative interviews are relational and defined by geographic location or national communities. In this study, China is the location where the expatriates and HCNs work and interact, and their cultural differences and similarities may influence their social identity. According to Riessman (2008), narrative analysis can be thematic, structural, dialogic/performance, or visual. Parcell and Baker (2018) identify structural, functional, thematic, and dialogic/performance as the main narrative analytic. These analytics focus on the

content of the story to determine the personal experiences that are noteworthy and meaningful (*thematic*); how the narrator makes sense of the event temporally (*structural*); the context of the storytelling (*dialogic/performance*); the goal or purpose of narrating the story (*functional*); and interpretation of visual media (*visual*). While some elements of most of these analytics are present, our primary emphasis was on thematic analysis. This technique allowed us to understand the identity dimension issues in China and to learn from the lived experiences of the expatriates and home country nationals (Smith, 2000).

Mostly, the case study method follows a commonly structured chronological way to describe events as they occur over time. In this study, we chronologically present the events leading to the expatriates' move to China and the formation of networks with HCNs and others in the host country within the findings section. A limitation of the narrative technique is that the narrator may arrive at a singular explanation for the event and the phenomenon, in this case, the in-group and out-group categorization by host-country nationals. To avoid this issue, we apply the comparative structure in this study, which involves providing more than one commentary/narration for the event. The interview data was interpreted and analyzed separately by all authors and then discussed to ensure consistency in how the story was interpreted (Brandell & Varkas, 2011).


## 4. FINDINGS

We present the analyzed interview data under two findings: the expatriate identity and adjustment in the host country and the HCNs role in the adjustment process.

*4.1 Expatriates' perceived identity and adjustment in the host country*

The term 'focus on future career prospects' was repeatedly mentioned in the interviews with SIEs. For SIEs, successfully adapting to China's work environment meant 'future career development opportunities' and 'career capital' accumulation. Some interviewees commented that job performance was essential to seek promotion within the company or new opportunities with another organization. Adjusting to life and work in China requires the expatriates to strengthen their existing social and professional networks and develop new ones. The SIEs viewed network building as a long-term investment and an intangible asset that they could rely on for future work opportunities. Highlighting their experience in China and the advantages of assimilating with the local culture, the SIEs explained that the opportunity to learn about work in the region and develop their career was a key motivator to move to China:

> *It's a chance to help my career development, this opportunity can help me gain some knowledge about this region, and* [the company] *offers me a good position in China* – Interviewee P3

*The experience in Europe helped me find a better job in China. Similarly, when I go back to Europe and my home country, I will have an advantage if I demonstrate the experience of working in Asia. Because I can deal with the cultural difference, and this is what motivates me to learn new things –* Interviewee P1

The OEs acknowledged the importance of cross-cultural adjustment and the positive impact on their task completion and success. They further related the significance of networks and adjustment to their repatriation or inpatriation outcomes and highlighted their individual development as an important aspect of working in China. However, the development focus was more on the completion of the assignment and their repatriation. If they previously worked in another subsidiary of the company, then the focus was on the potential for inpatriation to headquarters. Repatriation/inpatriation focused on answering two questions: would a position be available in headquarter after completing the international assignment? If so, would this position be at the same or higher level than their previous position in the organization?

Successful adjustment and completion of the international assignment could provide OEs with opportunities for growth and promotion in the organization. However, the OEs suggested that the expectations for the post-international assignment position should not be too high as this depended on various factors such as the economic condition or changes to the organizational structure. There were no guarantees that an appropriate position would be available in headquarters after repatriation:

*We are talking about assignments of around 2-4 years. So, the thing is you leave this point quite open, you can't make promises you can't keep, or you tell people what's happening in 4 years, we can't say 'please be prepared that we might not find a good job for you and you will leave the company [after returning to headquarter]' ......But when you are realistic, this is the case. No one can say what will happen in 2 years or 3 years. Also, in some companies it depends on the subsidiary, even 1 year. It's not possible to make a value forecast of what is happening in 1 year. So, you have expectations, or you have rough ideas what can happen to you, but other people who are involved in your case leave the company and come aboard –* Interviewee P6

The MNEs we studied generally provide relocation services, including temporary accommodation, children's schooling, and transportation for OEs when they commence their international assignments. Some OEs also mentioned that they attended a few language-training workshops for day-to-day communication purposes and seminars on host country local customs before commencing the international assignment. However, the opportunity to attend the pre-departure training workshops and seminars depends on the international assignment pattern and the time available between when the expatriate accepted the assignment and when

they commence. For example, if the individual accepts the international assignment only briefly before its commencement. In that case, they will not have time to attend any pre-departure formal training workshops or activities organized by the headquarter. Short-term project-based OEs face such scenarios (for example, a six-month international assignment) and do not have any training program before commencing work in China. The interviewees explained that the organization provided support for post-arrival adjustment, including accommodation and other facilities, but lacked individual pre-departure training:

> *I had no training before* [coming here]*, no cultural training or anything like that because it was a quick decision to come here, and I didn't really have time to prepare myself in a cultural way. I just packed my stuff and got on the plane.*

> *The support from the company was there from the beginning to the end*, [I joined] *the program* [called] *'going global', it's a program of our company which is very structured, so I didn't have to worry about anything. I came here, I have the apartment, and I have the working place, everything was prepared for me* – Interviewee P5

Additionally, some OEs commented on the training quality and found them inadequate for adjusting to China's work-life. These OEs suggested that the most effective way to organize training was to involve colleagues who had previously worked in China to share their experience and introduce them to some contacts who still worked in the host country.

In comparison, SIEs made their way to China and did not receive any company-organized training before joining the subsidiary office. They did attend an orientation/induction program when they commence work, which we found to include the same information that a local employee joining the organization would receive. There was no provision for additional cultural or other local information that would assist the expatriate's adjustment. The SIEs who previously worked in China for a different organization explained how structured training and induction to the local business environment had been useful in their adjustment and commented. Thus, a similar program for new SIEs would help with their adjustment and productivity. One interviewee explained that while the organization had a training program at headquarter, being an SIE meant that they could not gain access to this program:

> [the company] *didn't offer me this opportunity. Because this program runs before the expatriates come to China, they* [OEs] *had this program, but as I didn't work in the company previously, so this training program was not available to me* – Interviewee P2

*4.2 HCNs' role in expatriates' adjustment in the host country*

The role of the HCNs in the adjustment process was identified as critical for most expatriates interviewed in our study. Even more so, for SIEs, who do not receive the relevant organization pre-departure training that OEs can access.

Since SIEs are employed at the low to middle-level management level, they feel comfortable communicating with host-country employees and building relationships. The relationship with local employees also helps them to deal with local suppliers and buyers. In contrast, OEs are usually appointed at higher-level management positions and have limited interaction with local employees in the host-country environment. Their focus is more on intra-organization communication and acted as a link between the subsidiaries and headquarter. Hence, concerning familiarity, OEs understand the corporate culture and practices, whereas SIEs believe that they have a better understanding of the host country's culture than the organizational norms.

Regarding group membership, one expects OEs to have a greater probability of acceptance as members of the in-group as they share the same organizational culture and values. However, we find that local employees do not discriminate between OEs and SIEs and are willing to provide role-related information and support to their expatriate colleagues. The HCNs explained that regardless of expatriation pattern, their interaction was primarily limited to work and did not extend to socialization.

According to the HCNs we interviewed, expatriates had access to the local expatriate community and social clubs and preferred spending their leisure time with other expatriates from their home country. This issue highlights how national culture influences the relationship between local employees and expatriates. The HCNs identified language and culture differences with expatriates as an issue that created an *'us versus them'* mentality, and the relationship was task-oriented. One local employee elaborated on this and explained:

> *We provide help in things such as the local contracts, help to organize the administration, and arrange vehicles. Some of the foreign employees have their own circle of friends. In that circle, they can coordinate their own entertainment or their travel plans* – Interviewee P8

The HCNs also highlighted the tension between local employees and the expatriates and mentioned that some of the local employees were:

> *not suited to work with expatriates because the way of thinking is different between foreigners and Chinese. We still have to pay more attention to communication, German is more direct, and bring their own ideas or requirements, so more communication and coordination and mutual understanding among colleagues is very important* – Interviewee P8

While we identify similarities in work values between HCNs and expatriates, we also see differences in lifestyles. However, we find that when it related to a task, expatriates and local employees shared similar views:

> *It is preferable if all employees have cultural awareness and communication. I think intercultural ability is not rare in international companies because your job requires you to interact with different people. The only difference is that you need to apply this in a different culture. I get familiar feelings when foreigners talk about their children and parents. Of course, individual differences are unavoidable, but overall, I feel that the foreigners adapt well. I think that is because people who choose to work in such an environment have something in common, like their thinking pattern* – Interviewee P7

Despite sharing similar organizational and professional cultures, the difference in national cultures limits the relationship's depth between HCNs and the expatriates. Developing strong social relations with other expatriates from their home country helps expatriates minimize the effects of culture shock and helps them gain access to information related to work in China. In some instances, these expatriate community networks help identify other key individuals who can help their careers. As one HCN remarked:

> *for expatriates from Singapore or Korea, they can have many compatriots, so I believe they can ask them for advice and quickly adapt to the living environment. In the workplace, the local employees can get along with expatriates and interact with them effectively, and the company culture also supports them to have a better adjustment* – Interviewee P9

Interviewee P2 was a trailing spouse who accompanied his wife to China and then sought a professional role. As an SIE, Interviewee P2 did not receive the pre-departure training that an OE would have received. He relied on the social networks he developed within his current and previous organizations and his wife, who was fluent in Mandarin, to adjust to the new environment:

> *on business trips, I just rely on my colleagues mostly. I used to work for the company in Switzerland, and I have someone who can also provide support to me, and I could always ask them any questions I have, like how to get to the hotel from the airport. Here in China, a big part of how to organize our life was supported by my wife since she speaks Chinese. I relied on her to organize the internet and apartment and all these kinds of stuff* - Interviewee P2

OEs also highlighted the reliance on personal social networks. For example, interviewee P4 mentioned he had to rely on his networks when initially attempting to adjust to the new environment. The interviewee explained that:

*I was the first person who was sent* [by the company] *to work here. I received the least amount of information and training. There was a simple arrangement like relocation support for moving household goods, and then the company would assist with the contract, work permit, and some other transactions. But when it came to things like living in the city, I mainly relied on old friends who work in Jiangsu. However, more staff are joining us here from head office, and the company is improving the systems* - Interviewee P4

## 5. DISCUSSION PROPOSITIONS AND CONCLUSIONS

This study provides empirical evidence for how expatriates' identity influences their adjustment and social network building in the host country. By including OEs, SIEs, and HCNs in the study, we provide multiple perspectives on how expatriates and others view their relations as part of their social network membership in China. This study's findings extend the understanding of the link between social networks and cross-cultural adjustment by investigating the issue from the perspectives of OEs, SIEs, and HCNs. We find that current organizational pre-departure training practices are obsolete and broad and do not reflect the changing nature of expatriate assignments. Like Hansen and Rasmussen (2016), this study's findings highlight the limitations of the traditional expatriate training workshops.

Although previous studies have examined the importance of training in expatriate cross-cultural adjustment (Selmer, 2005; Waxin & Panaccio, 2005), our research explores the issue in more detail. Our findings suggest a pressing need to provide consistent additional mentoring and/or coaching programs during the international assignment for OEs and SIEs. These mentors could be individuals who had previously worked in the overseas subsidiary or currently work in the subsidiary and are familiar with the company's operations globally. We also recommend making the mentoring-based training program available to all expatriates, regardless of whether they were OEs or SIEs. Such programs facilitate the process of organizational socialization, which encourages the sharing of task-related knowledge and information. Having a mentor can help expatriates connect with the company, feel confident that they are valued members of the team, and, in turn, will show a greater commitment to the company.

This research also links expatriates' cross-cultural adjustment with their career development. The literature examines how cross-cultural adjustment influences expatriate job satisfaction and performance (Farh et al., 2010), and we further discuss its impact on expatriate career development. The findings suggest that OEs and SIEs have different expectations regarding longer-term outcomes from the expatriate assignments. For OEs, a successful overseas assignment is a precursor to promotion within the organization and opportunities to inpatriate to headquarters (Sekiguchi, Takeuchi, Takeuchi, Nakamura, & Ebisuya, 2019). For SIEs, the

position in China is more of an opportunity to demonstrate their ability that will perhaps lead to a higher position in another organization in the host country.

Finally, while some studies find that local employees provided social support to expatriate colleagues only if they felt that they share similar social values with them (Toh & Denisi, 2007), we find this not to be the case in our study. Our analysis of the interview data suggests that when forming social networks, local employees do not distinguish between OEs and SIEs. This finding raises the issue of perception about membership of the in-group and the reality of it. SIEs view themselves as in-group members as they feel they had stronger local connections and experience in the host country. However, the HCNs consider them to be outsiders, just as they do with OEs. These findings are illustrated in Figure 2

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**Insert Figure 2 here**

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Reflecting on the findings using the personal, relational, and social identities aspects of SIT, we observe differences based on expatriates' staffing patterns. The personal identity differences are visible for both OEs and SIEs in their motivation to accept the expatriate position. OEs treat the expatriate position as an opportunity to develop their experience, enhancing their opportunities for promotion within the organization. On the other hand, the SIEs' motivation for taking the position is to gain a foothold and experience in the country they want to work in. However, there is no necessary link to their long-term motivation to work in the host country to work with their current organization. Instead, they focus on gaining a better position with another organization in the host country. Hence, we observe the differences regarding personal identity for OEs and the host country for SIEs.

In terms of relational and social identity, OEs hold more senior management roles in the host country. The recognition of their role and the support of HCNs is important for achieving the organization's goals and targets. However, as they do not see a long-term future in the country, the OEs don't seek a deep-rooted relationship-based membership of the social networks with HCNs. Instead, they seek social networks with other expatriates in China, where there is a possibility to share relevant knowledge about work and day-to-day activities. The rationale for the employment of SIEs, on the other hand, is that their knowledge and skills match the needs of the subsidiary in China. Therefore, the SIEs are employed at the entry or mid-management levels, and they do not undertake boundary-spanning roles for headquarters. Unlike OEs, SIEs seek a stronger social relationship with HCNs. The decision to work in the host country is one that SIEs take independently. Their previous experience in the host country provides them with a basic understanding of the norms and behaviors prevalent in the country. Hence, SIEs feel an affinity for the country and the HCNs, which leads to their desire to seek social networks' membership involving HCNs, and they view themselves as "insiders" or part of the local

network group.

Our study's final insight suggests that local employees categorize expatriates as "foreigners" and view them differently due to their cultural background and communication style. This social categorization shows the in-group and out-group distinction. From the expatriates' perspective of social identification, socializing with other expatriates from their parent country and joining specific clubs and groups is part of the expatriates' strategies to adjust to the host country. While there is no evidence of social comparisons explicitly made, there are tensions observed between the groups, not so much because of the OE or SIE distinction, but more at the level of responsibility. There is also evidence of the provision of greater support to senior managers. In contrast, the organization gives limited support to expatriates at the lower levels.

We observe that the in-group versus out-group distinction remains quite visible in China. Although this phenomenon prevails and is evident in previous studies, the case-study approach used in this research allows us to delve deeper and explain why expatriates continue to rank China as one of the most challenging destinations for expatriates. Our findings suggest that tensions in the relationships between the local employees and expatriates result from a lack of communication, with expatriates socializing with their fellow expatriates and having a task-oriented relation with local employees. This reinforces their reputation as outsiders, although this issue seemed to have a lesser impact on SIEs as they had stronger local connections and experience in the host country. We find that OEs view the opportunity to work in China as an experience that will help their career development. However, they see their commitment to the host country for a limited amount of time. SIEs, on the other hand, actively choose to live and work in China and can form better relations with local employees due to their openness to learn more about the local culture. Despite these differences in motivation and commitment, the local employees do not discriminate when providing task-related support to OEs and SIEs.

The findings of this study have several implications for practice, especially on how organizations manage their global expatriate programs. The findings from our study suggest that companies need to improve their training for expatriates. The OEs we interviewed explained that while the organization plans for their accommodation and other requirements, the pre-departure training is sometimes not availed due to the short time frame between being selected for the assignment and commencing it. The SIEs, on the other hand, raised the issue of lack of training and suggested that they would also have liked to access the training that OE received. MNEs should consider making their training more targeted and linked to the expatriates' needs rather than their status. Second, organizations should consider initiating projects that require local employees to team up with expatriates or create similar programs that improve the social interaction between them, thereby helping address the issue of the *them* versus *us* mindset.

We summarize the overall findings through a model in Table 3. It highlights the differences

between how OEs and SIEs adjust in China and the role of HCNs in facilitating their adjustment in a new culture.

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**Insert Table 3 here**

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A potential limitation of this study is that the sample MNEs were from Shanghai and Jiangsu province, which are important mature destinations for international firms and expatriates and have international standards of living and economic conditions. Future research can replicate this study in third or fourth-tier cities in China to examine if any other in-country or region-specific location issues influence the adjustment process. Beyond China, future studies can extend this research into other emerging economies and different cultural environments.

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**Table 1: Description of Case Organizations**

|  | Company A | Company B | Company C |
|---|---|---|---|
| Industry | Electronic equipment manufacturer | Financial Services | Construction and mining equipment |
| Profile | - operates in more than 50 countries worldwide.<br>- employs over 350,000 people globally.<br>- commenced operations in China at the start of the 20th century.<br>- employs more than 50,000 people in China, spread over 60 locations across the country. | - operates in more than 70 countries worldwide.<br>- employs over 80,000 people globally.<br>- one of the earliest MNEs to enter China.<br>- employs nearly 7000 people in China. | - employs over 10,000 people globally.<br>- commenced operations in China via a sales office in the 1990s.<br>- opened manufacturing facilities in China in the last decade. |
| Staffing patterns of interviewees | 3 SIEs, 1HCN | 1 OE, 1 HCN | 2 OEs, 1 HCN |
| Subsidiary Location | Jiangsu | Jiangsu | Shanghai |
| Headquarter Location | Germany | UK | Germany |

**Table 2: Interviewees' profile**

| Code | Age group | Gender | Educational qualification | Staffing pattern |
|---|---|---|---|---|
| P1 | 30-39 | M | Bachelor | From another subsidiary but on a local compensation package |
| P2 | 30-39 | M | Master | SIE |
| P3 | 30-39 | M | Master | SIE |
| P4 | 30-39 | M | Master | OE |
| P5 | 40-49 | M | Bachelor | OE |
| P6 | 50-59 | M | Bachelor | OE |
| P7 | 40-49 | F | Bachelor | HCN |
| P8 | 30-39 | M | Bachelor | HCN |
| P9 | 30-39 | F | Bachelor | HCN |

**Table 3: Adjustment of Expatriates in China**

| | Organization-Assigned Expatriates | Self-Initiated Expatriates |
|---|---|---|
| Personal Identity | *Promotion in the organization* | *Employment in host country in another organization* |
| Relational Identity | *Validation from HCNs for completion of their organization assigned roles* | *Validation from HCNs as colleagues working at the same level* |
| Social Identity | *Expatriate perspective: Out-group member of social networks with HCNs. In-group member of local expatriate groups.* | *Expatriate perspective: In-group member of social networks with HCNs and local expatriate groups.* |
| | *HCNs' perspective on expatriates: Out-group member of social groups.* | *HCNs' perspective on expatriates: Out-group member of social groups.* |



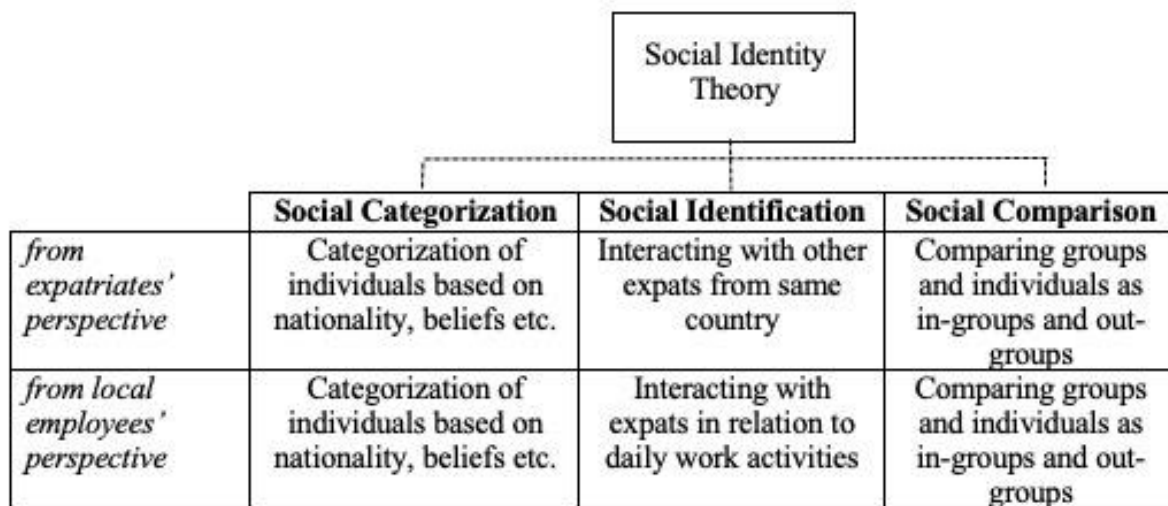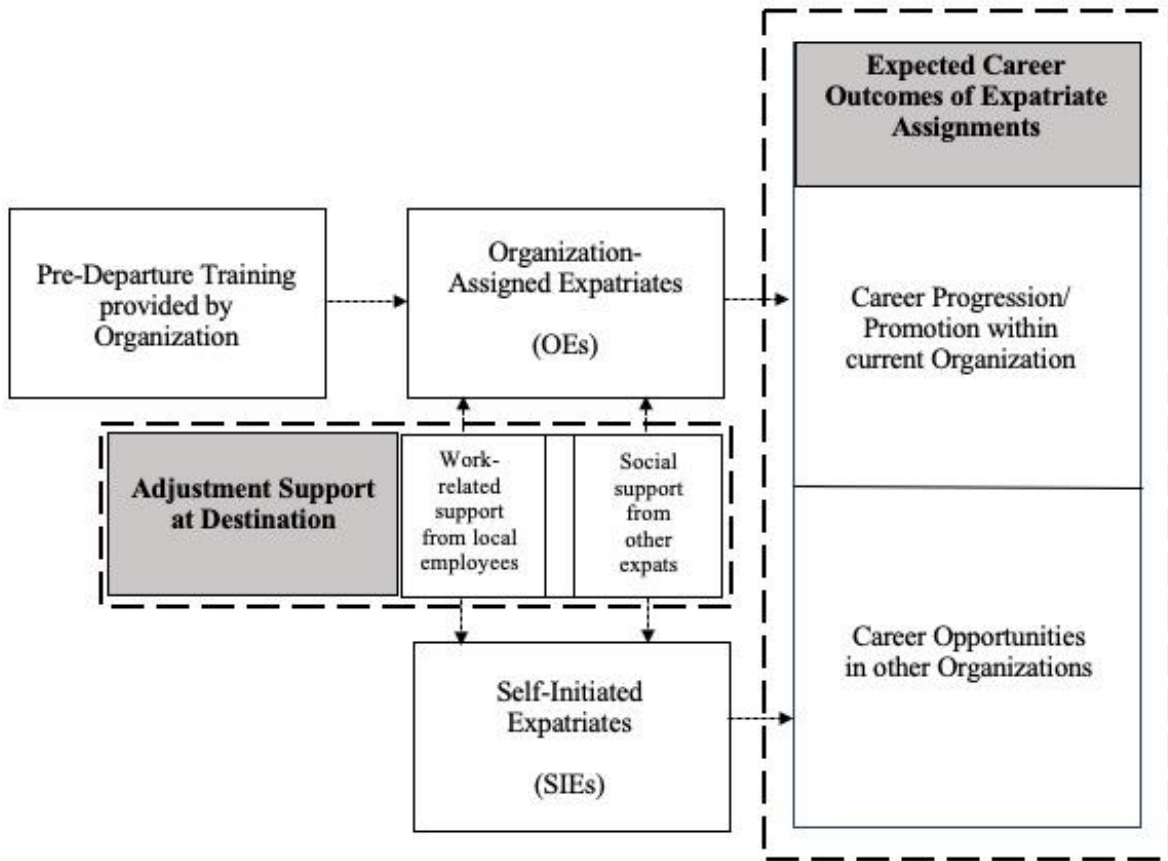| | **Social Categorization** | **Social Identification** | **Social Comparison** |
|---|---|---|---|
| *from expatriates' perspective* | Categorization of individuals based on nationality, beliefs etc. | Interacting with other expats from same country | Comparing groups and individuals as in-groups and out-groups |
| *from local employees' perspective* | Categorization of individuals based on nationality, beliefs etc. | Interacting with expats in relation to daily work activities | Comparing groups and individuals as in-groups and out-groups |

**Figure 1: Mental Process in Social Identity Theory**

**Figure 2: Expatriates' motivation and adjustment support**