

Expatriate Cultural Identity Negotiation Strategies: A Dynamic Framework

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By Mutual Agreement: How Can Ethnically Similar Expatriates Engage Host Country Employeesⁱ

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Abstract

Employing expatriates who share an ethnicity with host country employees (HCEs) is a widespread expatriate selection strategy. However, little research has compared how expatriates and HCEs perceive this shared ethnicity. Drawing upon an identity perspective, we propose HCEs' ethnic identity confirmation, the level of agreement between how an HCE views the importance of his/her own ethnic identity and how expatriates view the importance of the HCE's ethnic identity, affects HCEs' attitudes towards ethnically similar expatriates. Results of two experiments show that HCEs' ethnic identity confirmation is related to HCEs' perception of expatriates' trustworthiness and knowledge-sharing intention.

Introduction

Employing expatriates who share an ethnicity with host country employees (HCEs) is a widespread expatriate selection strategy (Thite, Srinivasan, Harvey, & Valk, 2009; Yuan, 2007). MNCs expect the ethnic identity of these expatriates to facilitate their interactions with host country employees and help them gain support and knowledge. Nevertheless, empirical research has revealed ethnic similarity does not always ensure positive relationships. It is often associated with interpersonal conflicts and a lack of trust between ethnically similar expatriates and HCEs (McEllister, 1998; Yuan, 2007). As a result, this selection strategy can fail to achieve its goals, and ethnically similar expatriates may face difficulties at work and maladjustment in the host country. Why does ethnic similarity not always generate positive social outcomes in interactions between ethnically similar expatriates and HCEs? This question constitutes an intriguing source of phenomenon-based research in international management.

Since helping expatriates succeed is essential in international management, it is not surprising that research on expatriate-HCEs interactions has primarily focused on expatriates, such as identifying factors that can help expatriates gain support and knowledge from HCEs (Leonardelli & Toh, 2011; Varma et al., 2016 ; Varma, Pichler, Budhwar, & Kupferer, 2012). Nevertheless, by ignoring the experiences of HCEs in expatriate-HCEs interactions, researchers have missed an opportunity to identify important factors that might create difficulties in these interactions.

To understand why ethnic similarity may not facilitate positive interactions, two perspectives need to be considered. The first is an interactive perspective. Since HCEs are often researched in the context of interacting with expatriates, an interactive perspective could position HCEs as the focus of analysis. Understanding not only the experiences of expatriates, but also HCEs' experiences and attitudes, provides an opportunity to identify what factors inhibit HCEs from providing support to or sharing knowledge with ethnically similar expatriates.

The second perspective is a social identity perspective, specifically, social identity theory and self-categorization theories (Henri Tajfel, 1981; Turner, 1982). Both theories explain relationships between individuals and social groups. Social identity theory focuses on how individuals manage their multiple social identities, such as when they prioritize one identity over others (Henri Tajfel, 1981). Developed from social identity theory, self-categorization theory focuses on how people make self-categorizations based on social identities (Turner, 1982). In the current study, ethnic identity is the key factor that makes ethnically similar expatriates different from other expatriates. It is precisely this identity that is expected to help expatriates build interpersonal connections with HCEs. Social identity theory and self-categorization theory can explain how expatriates and HCEs view their ethnic identity in relation to other social identities and how the shared ethnicity might affect their self-categorization and trigger particular interpersonal dynamics between ethnically similar expatriates and HCEs.

Combining the interactive perspective and the social identity perspective, we propose ethnic identity confirmation as an important concept to explain the role ethnic identity plays between expatriates and HCEs. Ethnic identity confirmation, a concept based on self-verification theory, is defined as the level of agreement between how one party (e.g. an HCE) views the importance of his/her ethnic identity and how the importance of this party's ethnic identity is viewed by another party (e.g. an expatriate) (Milton & Westphal, 2005). This concept reveals that in order to understand the impact of ethnic identity in an interaction, only examining one party's ethnic identity self-view is not enough; how this identity is viewed by the other party also needs to be considered.

Identity confirmation is important in interactions for several reasons. Firstly, according to self-verification theory, having one's identity confirmed in social interactions is a fundamental human desire (Swann, Rentfrow, & Guinn, 2003). When entering an interaction, people may consciously want to achieve specific functional goals, such as exchanging information or building relationships. However, achieving identity confirmation is a more fundamental goal, and it is essential for the individuals, as well for a smooth interaction. Achieving an agreement on a social identity can establish shared social norms so people know how to behave and what to expect from the other person accordingly. When two parties share an ethnic identity, ethnic identity confirmation is relevant because it signals to what extent the shared ethnic cultural norms will affect their interactions and whether or not they need to follow ethnic cultural norms. If ethnic identity confirmation is not achieved, one party might try to follow ethnic social norms, while the other party does not. Secondly, identity confirmation also matters for each social party personally. Identity is a tool people use to make sense of the world by knowing who they are and how they are related to other people in the world. When people's identity is confirmed, they know their theory about the world is correct. This can give them a sense of psychological coherence (Swann et al., 2003), which is very important for people's well-being (Meister, Jehn, & Thatcher, 2014).

Our study makes several important contributions to the international management literature. We introduce a new concept, ethnic identity confirmation, to explain the complex interpersonal dynamics among ethnically diverse employees in multinationals. Using HCEs' ethnic identity confirmation as an example, we demonstrate in which circumstances ethnic similarity between expatriates and HCEs can facilitate social interactions. Additionally, we reveal the potential

inconsistency between people's biological connection with an ethnic group and their subjective view towards this ethnic group and demonstrate how invisible differences can be disguised by surface-level similarity. Thus, an ethnicity-based expatriate selection strategy may not guarantee successful interactions between expatriates and HCEs. Finally, we apply an under-utilized research method, namely an experimental design, in our study. This method enables us to demonstrate a causal relationship between HCEs' ethnic identity confirmation and its social consequences.

Ethnic Identity Confirmation

Ethnic identity confirmation is based on self-verification theory, which assumes that having one's identity confirmed by others is a fundamental human desire (Swann et al., 2003). Achieved identity confirmation means individuals' view of themselves is consistent with how others view them. This congruence can generate a sense of being in control of the environment and a feeling of psychological security (Swann et al., 2003). In contrast, a lack of confirmation gives people a feeling of inconsistency between what they think they are and how to behave and who others believe they are and how other people think they should behave (Swann, Rentfrow, et al., 2003). This causes feelings of frustration. Identity confirmation also has interpersonal significance. Management researchers have applied self-verification theory to investigate employee behaviors in organizations. They have found that when individuals receive personal identity confirmation from team members, they tend to be more cooperative, identify more with the group, experience fewer conflicts with their group members and, as a result, a team's creative task performance benefits (Milton & Westphal, 2005; Polzer, Milton, & Swann, 2002).

We apply self-verification theory to investigate ethnic identity. Ethnic identity confirmation focuses on whether or not there is agreement on how important the target social identity should be in an interaction. People's ethnic group membership is an ascribed identity; the group boundary is generally clear and there is not much room for disagreements to occur in social interactions. However, disagreements might occur when two parties hold different views on whether or not ethnic identity should play a role in their interaction. According to social identity theory, people tend to have a preference about which social identity, among others, is important in a specific situation (Burke, 2003), and the one that is seen as important is not necessarily their ascribed identity.

Ethnic Identity Confirmation in the Interaction between HCEs and Ethnically Similar Expatriates

In the context of our study, ethnic identity confirmation is particularly relevant to HCEs for two reasons. First, in subsidiaries of MNCs, the majority of expatriates are ethnically different from HCEs, with ethnically similar expatriates forming a much smaller group. Thus, HCEs can easily notice that they share an ethnicity with the latter group. MNCs hope that this ethnic bond encourages communication and interactions. Nevertheless, this cannot automatically be assumed. Social identity and self-categorization theories reveal that people have their own preferences

concerning which social identity to emphasize in certain situations (Henri Tajfel, 1982; Turner, Hogg, Oakes, Reicher, & Wetherell, 1987). They may not view their ascribed ethnic identity as important. If expatriates do not view their own ethnic identity as important, they may not view HCEs' ethnic identity as important either; because they share an ethnicity, expatriates' view of their own ethnic identity can spill over to their appraisal of HCEs' ethnic identity. As a result, ethnic identity confirmation is not guaranteed for HCEs even when interacting with ethnically similar expatriates.

Second, a lack of ethnic identity confirmation from ethnically similar expatriates can generate specific negative feelings for some HCEs. HCEs who view their ethnic identity as important might categorize ethnically similar expatriates as ethnic in-groups and form a stronger expectation of gaining ethnic identity confirmation from them than from ethnically different expatriates. Unachieved ethnic identity confirmation with ethnically similar expatriates signals rejection by an in-group. This could trigger very negative reactions from HCEs. HCEs might have more negative attitudes towards apparent ethnic in-group expatriates who fail to confirm their ethnic identity than towards ethnically different expatriates. They may believe these ethnically similar expatriates have "betrayed" their ethnic group.

In the following section, we elaborate on how HCEs' ethnic identity confirmation might affect both interpersonal relationships and behavioral intentions toward ethnically similar expatriates in order to investigate why ethnic similarity does not always generate positive social outcomes. We selected trustworthiness as an interpersonal relationship outcome. Furthermore, knowledge transfer is an essential component of MNCs' global management. Expatriate-HCE interactions are a knowledge transfer mechanism from which expatriates gain knowledge from HCEs and this knowledge can subsequently be integrated into the overall knowledge stock of MNCs. Therefore, we selected HCEs' intention to share knowledge as the behavioral intention outcome.

Ethnic Identity Confirmation, Trustworthiness and Knowledge Sharing

Ethnic identity confirmation takes two forms: it is achieved when both parties view HCEs' ethnic identity as highly important (i.e. high-high confirmation), but also when both parties view this identity as not particularly important (i.e. low-low confirmation). Both forms of ethnic identity confirmation can encourage HCEs to view ethnically similar expatriates as trustworthy, especially in relation to the benevolence (i.e. good intentions) and integrity (i.e. principles) aspects of trustworthiness (Mayer, et al. 1995), as well as encouraging HCEs to share knowledge.

First, achieved ethnic identity confirmation indicates perceptual congruence between the two parties. Perceptual congruence encourages liking and social interactions (Secord & Backman, 1964); and frequent interactions create more opportunities for people to know each other's personal characteristics. The more information HCEs have about expatriates, the less likely they are to misunderstand expatriates' behaviors and the more likely they are to believe expatriates have good intentions towards them. This evaluation of expatriates reflects the benevolence component of trustworthiness.

Second, both forms of ethnic identity confirmation can help HCEs to understand expatriates' attitudes regarding their ethnic identity. In the high-high confirmation, both parties agree that the HCE's ethnic identity is important, so the HCE can safely assume ethnic norms will play a role in their interactions and expatriates will follow ethnic cultural norms. In the low-low confirmation, both parties view the HCE's ethnic identity as not particularly important; consequently, the HCE knows ethnic cultural norms will not play a role in their interactions. They will not be surprised if expatriates do not follow ethnic cultural norms. Thus, both forms of confirmation can help HCEs understand whether or not expatriates will follow ethnic cultural norms. This can reduce social uncertainty and makes the behavior of expatriates more predictable. As a result, this information will help HCEs to understand expatriates better and view them as trustworthy, reflecting the integrity aspect of trustworthiness (Mayer, Davis, & Schoorman, 1995).

Finally, the two forms of confirmation can also generate different benefits. In the high-high confirmation, HCEs are likely to categorize expatriates as ethnic in-groups, and so do expatriates. Thus, the expected benefits of ethnic similarity occur such as believing in-groups are more trustworthy than out-groups (Brewer, 1979). This in-group favoritism encourages more interactions. In the low-low confirmation, HCEs prefer to view their ethnic identity as unimportant and expatriates confirm it; consequently, they will not view each other as ethnic in-group and in-group favoritism will not occur although the benefits of identity confirmation remain. For example, HCEs can gain a feeling that expatriates respect their identity choice, even when they do not view their ethnic identity as important. This helps HCEs to understand how expatriates view their shared ethnic identity and how they are likely to behave. Thus, this understanding also helps HCEs view expatriates as trustworthy.

In contrast, a lack of confirmation indicates an attitudinal difference between HCEs and expatriates. It could increase uncertainty and reduces expatriates' behavioral predictability for HCEs. As a result, HCEs might be reluctant to believe expatriates will care for their interests in interactions. Thus, they will not believe such expatriates are trustworthy. Therefore, we expect that ethnic identity confirmation for HCEs will be positively related to their perception of the trustworthiness of ethnically similar expatriates.

Furthermore, ethnic identity confirmation not only affects HCEs' evaluation of expatriates' personal characteristics, but also shapes their behavioral intention towards expatriates, such as their intention to share knowledge with expatriates. Knowledge is a valuable resource. People can be reluctant to share knowledge if they do not trust others and believe sharing knowledge could leave them in a vulnerable situation. Since trust is positively related to HCEs' willingness to share knowledge with expatriates (Toh & Srinivas, 2012), we hypothesize an indirect effect of ethnic identity confirmation on knowledge sharing mediated by HCEs' perception of ethnically similar expatriates' trustworthiness. Hence achieved ethnic identity confirmation encourages HCEs to perceive expatriates as more trustworthy, and thus creates an intention to share more knowledge with them. The relationship between HCEs' ethnic identity confirmation, trustworthiness and knowledge sharing intention are summarized in Figure 1.

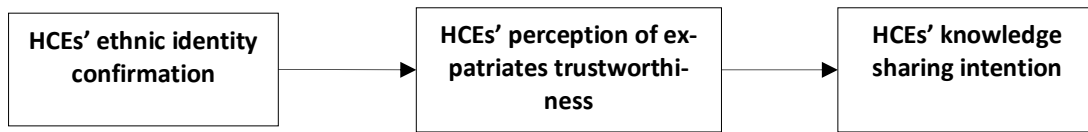


Figure 1: A Model on the Effect of HCEs' Ethnic Identity Confirmation on Knowledge-sharing Intention

Overview: We conducted two experimental studies to test the effect of HCEs' ethnic identity confirmation on their attitudes and behavioral intentions towards ethnically similar expatriates. Both studies were 2x2 between-subject designs with the first factor being HCEs' view of the importance of their own ethnic identity (i.e., ethnic identity self-view: important vs. unimportant), and the second factor being how expatriates view the importance of HCEs' ethnic identity (i.e., ethnic identity other-view: important vs. unimportant). Combining these two factors, we created four situations of HCEs' ethnic identity confirmation as shown in Table 1.

Table 1: Four Situations of Ethnic Identity Confirmation

		Factor 1: HCEs' Ethnic Identity Self-view	
		Important (Text 1a)	Unimportant (Text 1b)
Factor 2: Expatriate's View of HCEs' Ethnic Identity	Important (Text 2a)	Situation 1 (high-high, confirmed)	Situation 3 (low-high, not confirmed)
	Unimportant (Text 2b)	Situation 2 (high-low, not confirmed)	Situation 4 (low-low, confirmed)

Manipulation material design: We developed two texts (Texts 1a and 1b) aiming to manipulate HCEs' perception of their own ethnic identity as important (Text 1a) or unimportant (Text 1b). To ensure HCEs followed our manipulations, we gave them a new identity and asked them to imagine that they worked in a new organization before reading the texts.

Text 1a: (HCE's ethnic identity self-view: important)	Text 1b: (HCE's ethnic identity self-view: unimportant)
<p>Company facts: S&K Solutions is a multinational organization, which has its headquarters outside of China. The majority of employees are local Chinese, but some employees are foreigners who are assigned to work in Beijing.</p>	
<p>English is the corporate language, but Chinese is often used among Chinese employees. S&K (Beijing) has decided to identify the potential of each employee, especially the potential of local Chinese employees. The management team believes that Chinese employees are familiar with the local market situation and local customs. Their knowledge and work experience are valuable to the development of S&K in China. This policy is also reflected in the words of managers and employees.</p> <p>Michael Grant, the HR manager said: "Chinese employees often have fresh perspectives. It is one of our goals to incorporate their perspectives into the running of our company...Some companies ignore the characteristics of Chinese employees, but we believe that is not right. Rather, we embrace them. For example, when we train our expats from overseas, we let them know that they are working in China and their colleagues are Chinese. It is not a good idea if they expect employees in China to be the same as those in the headquarters. We also try to look for managers who can understand Chinese employees and know how to communicate with them."</p> <p>Chinese employees are also happy with this strategy. Zhao Wen, a line manager, remarked that "My boss is open-minded. She values the opinion of Chinese employees. She often consults me before making decisions. I have never experienced this in other multinational companies."</p> <p>You also have your view on this: "Although this is a foreign-owned company, I feel that as a Chinese employee, I am respected. I appreciate it very much.... The products that we design are very popular in many countries. As Chinese employees, my colleagues and I are proud of ourselves and our contribution to the company."</p>	<p>English is the corporate language, and even Chinese employees try to use it as much as possible. As employees have different cultural and ethnic backgrounds, the company wants to de-emphasize the differences among employees and stress instead what they have in common. Therefore, an important organizational policy is to promote professional behaviours, because although employees are from different countries, they are all professionals. The management team believes that professional behaviours can facilitate communication and cooperation between Chinese and non-Chinese employees. Many employees accept this idea, and they have their own understanding of professional behaviours.</p> <p>Michael Grant, the HR manager, also commented that: "We have employees from different countries. They are very different from each other. By promoting professional behaviours, we can establish some common behavioural norms, which can help communication and cooperation among our employees. By de-emphasizing where they come from, we want to stress what they have in common."</p> <p>Zhao Wen (line manager) said "Professional behaviours have many aspects. I think one of them is to focus on task rather than personal relationships at work. For example, some colleagues in my office are Chinese and others are not. In my eyes, regardless of where they come from, everyone is the same. I am Chinese, but it does not mean I only help Chinese. I help everyone when they need me. ... I want to create an equal working environment. This is not easy, but I try my best."</p> <p>You also expressed your view: "At work, I see myself first and foremost as a professional. ... I am Chinese. I don't think my background matters at work or when I interact with my colleagues. Some of my colleagues are British or American. Their backgrounds do not matter to me... In this office, we are all professionals. We are proud to be professional... I think promoting professional behaviors can make interpersonal relationships less complicated."</p>

In Text 2a and 2b, we introduced a new team leader, James Wang, to the participants. James is presented as an ethnic Chinese expatriate. In Text 2a, James directly comments that HCEs' ethnic identity is important. In contrast, in Text 2b James openly makes comments that he views the participant in terms of their professional identity and not their ethnic identity. A combination of these four texts created the four scenarios used in both studies 1 and 2.

Text 2a: (Expatriate's view of HCE's ethnic identity: important)	Text 2b: (Expatriate's view of HCE's ethnic identity: unimportant)
<p>Now, enter your own work team. James Wang: the new team leader comes from the overseas headquarters. Emigrated from China when he was 17 years old, he is now 45 years old. It is evening and your company is holding a social function to welcome people who newly joined from overseas. James Wang uses this opportunity to talk to everyone in the team.</p>	
<p>When he saw you, he started talking to you: "I know you are Zhang Li. Since it is only us, why don't we talk in Chinese?" Your conversation is then carried on in Chinese.</p> <p>James Wang also said to you: "I grew up in China. I see myself as Chinese, like yourself... I am glad that we have you and three other Chinese people in this team. I look forward to working with you... I am sure Chinese employees will make many contributions to the company."</p> <p>You talked to some Chinese colleagues later in the evening. After talking to James Wang, you are happy with his attitudes toward Chinese colleagues.</p>	<p>Another Chinese colleague joined your conversation. He said to James Wang: "Welcome! Finally, we have a Chinese boss." James responded: "Chinese or foreigners, does it matter? We work in the same department; we are all professionals. We are the same in this regard. For example, in my eyes, it does not matter if Zhang Li is Chinese or not, he is, first and foremost, a professional designer."</p> <p>You talked to some Chinese colleagues later in the evening. After talking to James Wang, you all agreed he appears to emphasize your professional identity, rather than your Chinese identity. You are all happy with what he said.</p>

Study 1 was a controlled experiment with random assignment to one of the four conditions. It compared the effects of confirmed situations (situations $1_{high-high}$ and $4_{low-low}$) with those of not confirmed situations (situations $2_{high-low}$ and $3_{low-high}$). Study 2 was a quasi-experimental design, in which we still manipulated ethnic identity other-view using the same scenarios as in study 1 (i.e. texts 2a and 2b) but measured ethnic identity self-view using a Likert-scale. In other words, one factor (i.e. HCEs' ethnic identity self-view) was not manipulated; instead, it used pre-existing ethnic identity views among HCEs. Thus, in study 2 participants were allocated in one of the groups based on their score on this concept instead of being assigned randomly conditions of text 1a and text 1b. We chose this design as participants might have their own ethnic identity views, and manipulation of their views by asking them to read scenarios might not be successful. Triangulation of the results of both studies can establish the power of ethnic identity confirmation in predicting HCEs' reactions towards ethnically similar expatriates who confirm or do not confirm their ethnic identity.

Results: The sample sizes of the two studies are presented in Table 2 below.

Table 2: Samples used in studies 1 and 2

	Sample size	Situation $1_{high-high}$	Situation $2_{high-low}$	Situation $3_{low-high}$	Situation $4_{low-low}$
Study 1	154	34	30	48	42
Study 2	169	43	46	43	37

The results of both studies provide strong evidence supporting the effect of HCEs' ethnic identity confirmation on their interactions with ethnically similar expatriates. First, when high-high confirmation is achieved (i.e. situation 1 in which HCEs believe their ethnic identity is important and this view is confirmed by expatriates), HCEs viewed expatriates as more trustworthy than when

their ethnic identity was not confirmed (i.e. situations 2_{high-low} and 3_{low-high}). Figures 2a and 2b report the means as well as the level of significance of the differences in means between situation 1 on the one hand and situations 2, 3 and 4 on the other hand. However, study 2 revealed an unexpected difference between the two confirmed situations (i.e. situation 1_{high-high} and situation 4_{low-low}), indicating the two confirmed situations might generate different impacts. We suggest future research might want to specifically investigate the difference between the two confirmed situations.

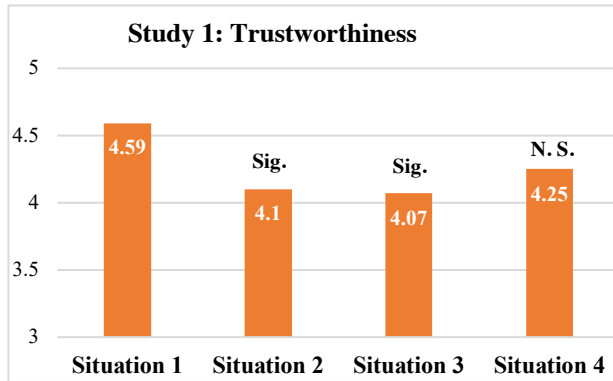


Figure 2a: Mean plots of study 1

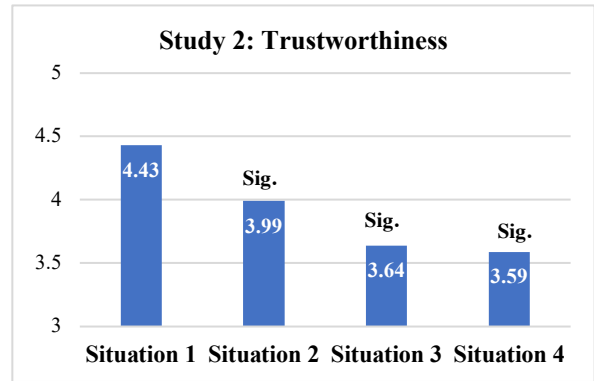


Figure 2b: Mean plots of study 2

Second, we used model 4 of PROCESS, a SPSS macro, to test a mediation model with one mediator and a multi-categorical predictor (Hayes & Preacher, 2013). We ran a regression using bias-corrected bootstrapping procedure with 2,000 bootstrap iterations. In both studies, the results show a significant mean difference between situation 1_{high-high} and situations 2_{high-low}, 3_{low-high}. However, no significant mean difference was found between situation 1_{high-high} and situation 4_{low-low}. The results highlight the special interaction dynamics between HCEs and ethnically similar expatriates. HCEs' ethnic identity confirmation does not *directly* affect their intention to share knowledge but does so through the mechanism of the perceived trustworthiness of expatriates.

Finally, our results suggest some very interesting dynamics. We know from previous research (Selmer & Luring, 2009; Toh & Srinivas, 2012) that ethnic/cultural differences normally form a barrier to trust building in expatriate-HCE interactions. Our results indicate that trust does not occur naturally between ethnically similar expatriates and HCEs either. If HCEs and expatriates achieve a shared view on the importance of HCEs' ethnic identity in their interactions, this perceptual agreement acts as a facilitator for establishing trust, which, in turn, encourages positive knowledge sharing. However, if this agreement cannot be achieved, sharing an ethnic identity with HCEs might not necessarily give ethnically similar expatriates an advantage over other expatriates in terms of establishing trust and knowledge sharing.

Theoretical and Methodological Contributions

Our research has significant implications for the international management literature. First, ethnic identity confirmation provides a new angle to understand interpersonal dynamics among ethnically diverse employees in multinationals. It extends the ethnic similarity effect from surface-level objective similarity to deep-level, subjective views towards identity. Thus, it is not only related to similarity attraction and in-group favoritism, but also to identity confirmation that takes subjective views towards the ethnic identity into consideration. It also reveals the complexity of ethnic similarity showing that ethnic similarity alone does not necessarily generate positive social outcomes. A lack of ethnic identity confirmation can reduce the positive social effects of ethnic similarity. Consequently, ethnic identity confirmation explains under what circumstances ethnic similarity can generate positive social consequences between HCEs and ethnically similar expatriates. The concept of identity confirmation can also be extended beyond ethnic identity, incorporating, for instance, gender identity or professional identity. We, thus, have introduced an important new concept that can shed further light on the complex interpersonal dynamics of ethnically diverse employees in multinationals.

Second, our research also extends the literature on expatriate selection. To ensure the success of international assignments, MNCs often assign expatriates who originated from the host country (Selmer & Shiu, 1999; Thite et al., 2009), because they are more likely to be familiar with the local culture and could be seen as “one of us” by HCEs. However, researchers have pointed out that a surface-level, similarity-based recruitment strategy does not necessarily guarantee expatriate success. MNCs could instead focus on deep-level value similarity and select expatriates who share the same cultural values with HCEs (Varma et al., 2012). Building on this line of research, we specifically focused on similarity in deep-level identity view. In contrast to cultural similarity, which is related to a group concept of culture, identity confirmation concerns an individual-level concept. It stresses individual recognition, so it is crucial to acknowledge people’s identity self-views and not impose our own views on others (Swann, Polzer, Seyle & Ko, 2004). Therefore, a surface-level, ethnicity-based selection strategy cannot on its own guarantee positive relationships between expatriates and HCEs. Training on how to manage identity in diverse environments is essential.

Practical Implications

Our research has demonstrated that using an ethnicity-based expatriate recruitment strategy in MNCs is not always effective as it can generate both a positive and negative social impact under different circumstances. Because of this uncertainty, it is very difficult to secure the expected results when using ethnic identity as a selection criterion. Therefore, ethnic identity is better positioned in training and support activities, in which employees have the opportunity to explore its complexity and learn how to use it to be a positive social impact generator rather than being a problem creator. This principle can also apply to other demographic characteristics such as gender or racial identity.

Furthermore, we recommend that MNCs design identity-based training programs to achieve two aims. The first aim is to improve identity understanding. This can reduce interpersonal misunderstanding. Such training programs could cover topics related to awareness and understanding, such as the impact of social identity and the difference between a person's biological connection with a social group and their subjective feelings towards this group identity. This would help trainees understand that people are free to manage their identities and do not have to view their ascribed identity as important. Training could also include topics related to attitudes and behaviors, such as acknowledging others' identity choices and not imposing our own views on others. The second aim is to improve identity management skills for employees. When misunderstandings are unavoidable, employees require identity management skills to reduce potential conflicts and to deal with identity misunderstandings related to identity perception.

Finally, we know that expatriates are an important mechanism for MNCs to transfer knowledge and implement global strategies (Harzing, 2001). However, in this chapter we show that only focusing on what expatriates need to gain and what HCEs can offer to expatriates is insufficient to ensure the effectiveness of this mechanism. MNCs also need to consider HCEs' interests. It is important for MNCs to go beyond lucrative financial packages and identify HCEs' intangible needs, which can motivate HCEs to assist expatriates in a more intrinsic manner. Our research provides an example of this kind of need and its social impact. We call for MNCs to make greater attempts to identify HCEs' intangible needs. Social benefits could, thus, be generated naturally for expatriates if HCEs are satisfied and motivated in the workplace.

Conclusion

To date, the expatriate literature has rarely focused on HCEs' experiences. Based on the context of ethnically similar expatriate-HCE interactions, we have identified ethnic identity confirmation, a mutually agreed role of ethnic identity in social interactions as a key factor that influences their relationships. We specifically focused on HCEs and investigated their ethnic identity confirmation. Using both an experimental and a quasi-experimental method, we have demonstrated that HCEs' ethnic identity confirmation is an important facilitator to engage HCEs by shaping their attitudes towards expatriates. This concept captures an overlooked interpersonal dynamic - ethnic identity confirmation - among HCEs and expatriates who share the same ethnicity. It, thus, provides a promising new perspective in exploring interactions between expatriates and HCEs.

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ⁱ This is a shortened and adapted version of: Fan, S. X., & Harzing, A. W. (2017). Host country employees' ethnic identity confirmation: Evidence from interactions with ethnically similar expatriates. *Journal of World Business*, 52(5), 640-652. For further details about the statistical tests underlying the results this chapter, please refer to this article.