The Benefits of Being Understood:
The Role of Ethnic Identity Confirmation
in Expatriate-Local Employee Interactions

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Research Context

Multinational corporations (MNCs)

- Expatriate-local employee interactions
- Knowledge transfer
- Host country context: China

Expatriates

Share an **ethnicity** with local employees

Do not share an **ethnicity** with local employees

Ethnically Similar Expats

Ethnically Different Expats

Local employee

Ethnic Similarity

Ethnic Similarity can generate positive social benefits

- Interpersonal attraction
- Friendship
- Higher levels of communication
- Lower social anxiety
  (Chattopadhyay, Tluchowska, & George, 2004; Tsui & O'Reilly, 1989; Tsui, et al., 2002)
  (Mäkelä, Andersson, & Seppälä, 2012; Pichler, Varma, & Budhwar, 2012; Toh & DeNisi, 2007; Varma, et al., 2011)

Contradictory findings in the literature

- Ethnically similar expats are being disliked, envied, negatively stereotyped
- Local employees prefer to work with ethnically different expatriates
  (Hung, 1994; McEllister, 1998; Selmer & Shiu, 1999; Björkman & Schapp,1994; Goodall & Warner, 1998; Chung, 2008)

How to explain this?

The prediction associating ethnic (dis)similarity with specific behaviors of expatriates and local employees assumes that:

1) **Objective** ethnic identity will influence people's behaviors.
2) One person's ethnic identity will influence different social parties in the **same** way.

Instead, we argue that:

1. **Objective** ethnic identity mostly influences the perceiver (i.e. local employee)
2. S*ubjective* feelings towards it influences the target person (i.e. expats)

Ethnic Identity Confirmation

Whether these two views can be reconciled depends on ethnic identity confirmation

Ethnic Identity Confirmation

The level of agreement between how one party (i.e. an expatriate) views the importance of his/her own ethnic identity and how the importance of this identity is viewed by another party (i.e. a local employee).

(Milton & Westphal, 2005; Thatcher & Greer, 2008)

There is often a lack of EIC between locals and ethnically similar expatriates

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Dr. Liu
Emigrated to America from China, age 18
After 12 years, doctoral degree in law, permanent resident in America.
Legal department of an American company.
Her company merged with a Chinese company.
She was appointed as one of the legal representatives to work in China.

Chinese colleague: "**You are Chinese**, why do you help them (Americans)?"

Liu: "**Yes, I am Chinese**, but why is this relevant? What do they expect me to do? I just tried to do my job well. **I am a legal professional**. "

Ethnic Identity Confirmation

Ethnic identity other-view

You are Chinese.

Ethnic identity self-view

…Why is this relevant? …
I am a legal professional. "

Ethnic Identity Confirmation

Two theoretical foundations:

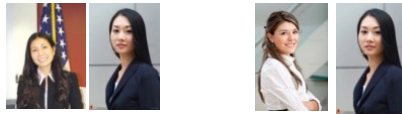Self-verification theory (Cooley, 1983; Polzer, Milton, & Swann, 2002; Swann, Rentfrow, & Guinn, 2003)

- Searching for coherence: Individuals desire to have their self-view confirmed

Social identity & self-categorization theories

- Why is the self-view contested? Personal identity can be contested, social identity cannot
- What can be contested is how important it should be in a particular context

Research Question

How does ethnic (dis)similarity interact with expatriates' ethnic identity confirmation to affect their knowledge acquisition from local employees?

Survey Research

Expatriates' EIC

Expats' perception of Local Employees' Trustworthiness

Ethnic (dis)similarity

Expats' perception of Knowledge Acquisition
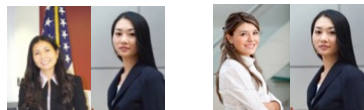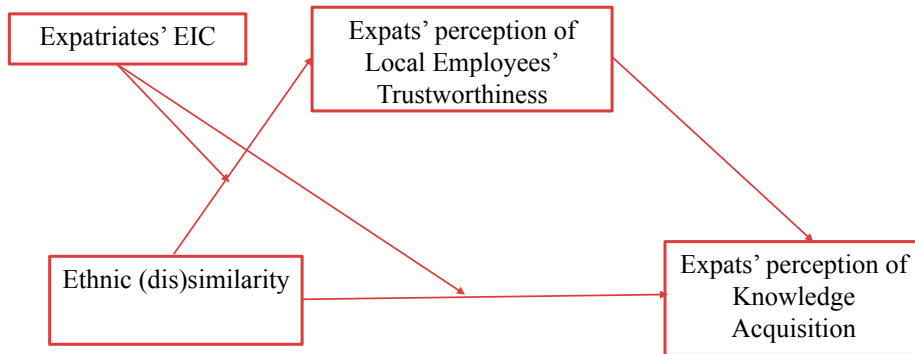
Moderated mediation model: tested using PROCESS macro for SPSS (Hayes, 2013)

Survey Research

  in MNCs in Beijing

- 64 EHCN-local employee pairs
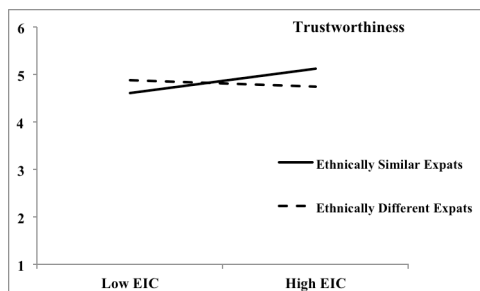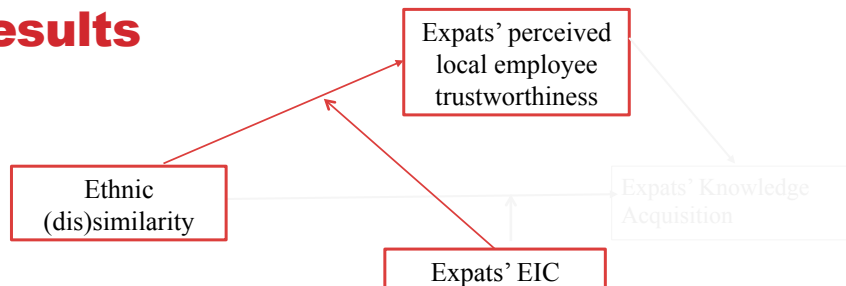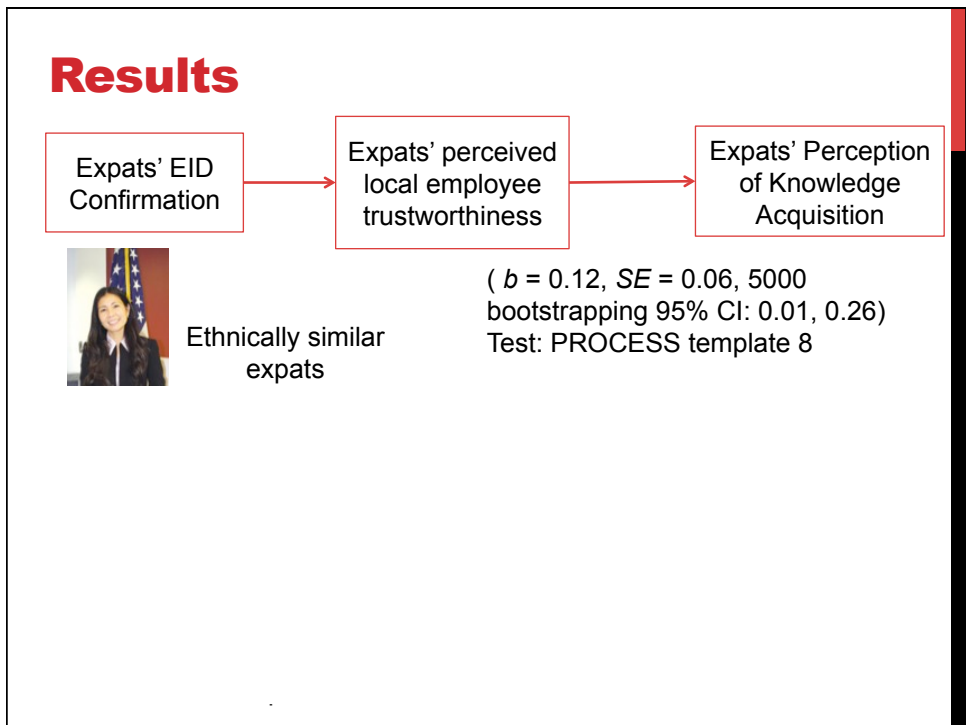- 64 non-EHCN-local employee pairs

Survey Research

Measures:

1. Ethnic identity confirmation: |self-view – other-view|
2. Knowledge acquisition (task, org., professional): (α = 0.75)
3. Trustworthiness (benevolence +integrity): (α = 0.89)
4. Controls:
   - Age
   - Gender
   - Time working together
   - Chinese language proficiency

Results

- Ethnic similarity or dissimilarity **AS SUCH** does not influence perception of trustworthiness and knowledge transfer
- What matter is whether ethnic identity is confirmed or not; if it is:
  - Ethnically similar expats perceive higher levels of locals' trustworthiness
  - Ethnically dissimilar expats perceive higher levels of knowledge acquisition (contrary to expectations)

Results

Results

Expats' perceived local employee trustworthiness
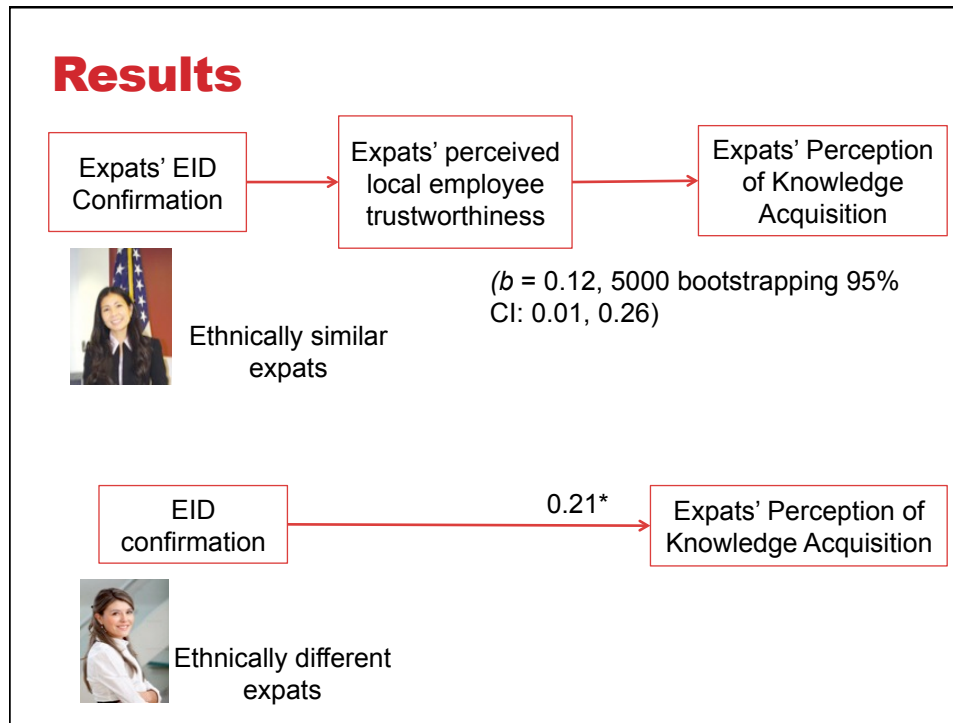
Ethnic (dis)similarity

Expats' Perception of Knowledge Acquisition

Expats' EIC

Why unexpected result?

- Ethnic dissimilarity might limits access to other parties
- Locals might share only work and factual information, not sensitive information

Knowledge Acquisition

— Ethnically Similar Expats

- - Ethnically Different Expats

Low EIC   High EIC

Results

Expats' EID Confirmation

Expats' perceived local employee trustworthiness

Expats' Perception of Knowledge Acquisition

Ethnically similar expats

(b = 0.12, SE = 0.06, 5000 bootstrapping 95% CI: 0.01, 0.26)
Test: PROCESS template 8

Results

| Expats' EID Confirmation | → | Expats' perceived local employee trustworthiness | → | Expats' Perception of Knowledge Acquisition |

Ethnically similar expats

(b = 0.12, 5000 bootstrapping 95% CI: 0.01, 0.26)

| EID confirmation | 0.21* → | Expats' Perception of Knowledge Acquisition |

Ethnically different expats

Results

1. **Ethnic Identity Confirmation** affects expat-local employee interactions.

2. **All roads lead to Rome:** both types of expats can gain knowledge from locals, but through different mechanisms.

3. **Who you are matters:** different knowledge acquisition mechanisms for different expats.

Limitations

1. Only tested in the Chinese context.

2. Potential self-selection bias.

3. Difference score approach.

4. Used one-item to measure perceived identity importance.

Contributions to theory

To Expatriate literature:

1. Advances understanding of how ethnic similarity affects expat-local employee interactions.
   1) A new mechanism
   2) Asymmetrical effects
2. Expats' experiences in expatriate-local employee interactions

To Identity Confirmation literature:

   1) Extends the research to a new context
   2) Examined the effects of ethnic identity confirmation

Contributions to practice

1. Sharing an ethnic identity with local employee is a double-edged sword.

   1) Expatriate identity management training
   2) Local employee training

2. Providing tailored support to different types of expats.

3. Creating a friendly, identity-diverse environment.

Thank you!