
Expatriates' influence on the affective commitment of host country nationals in China: the moderating effects of individual values and status characteristics

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Abstract: Host country nationals (HCNs) have been identified as an important source for expatriation success. However, empirical research on the effects of expatriates on HCNs is still sparse. Drawing upon social identity theory, our study aims to fill this void by investigating whether having an expatriate supervisor reduces the affective commitment of HCNs and which HCNs are more affected. Survey findings from 188 Chinese white-collar employees working for German multinational enterprises in China provide empirical evidence of the negative effect of expatriate supervisors on HCNs' affective commitment. Moreover, our results indicate that HCNs' individual values (individualism and money orientation) as well as status characteristics (social class and seniority within the firm) moderate the relationship. Theoretical and practical implications are discussed.

Keywords: host country nationals; expatriate supervisor; commitment; China; status; individual values; social class.

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1 Introduction

Expatriates play an important role in managing the subsidiaries of multinational enterprises (MNEs) (Gong, 2003; Harzing, 2001). Because of their managerial relevance and high costs (McNulty et al., 2009; Shaffer et al., 1999), substantial research has investigated factors that promote success and reduce failure of expatriates. Beyond careful selection and training, the importance of cross-cultural adjustment and its antecedents have been widely discussed (e.g. Kupka and Everett, 2008; Selmer and Luring, 2014; Van Zolingen et al., 2012). However, prior literature has been criticised for being expatriate centric and has called for more research on the influence of different stakeholders (Takeuchi, 2010). In this context, Toh and DeNisi (2005) proposed that the relationship between expatriates and host country nationals (HCNs) is of particular importance. In response, increasing attention has been paid to the role of HCNs (Mahajan and Toh, 2014; Massingham, 2010; Toh and DeNisi, 2003; Toh and DeNisi, 2005; Toh and DeNisi, 2007; Toh and Srinivas, 2012; Varma et al., 2011; Varma et al., 2012). For instance, prior research on HCNs has investigated HCNs' stereotypes (Watanabe and Yamaguchi, 1995), attitudes (Arman and Aycan, 2013) and trust towards expatriates (Banai and Reisel, 1999), the effects of perceived injustice of pay policies (Toh and DeNisi, 2003; Bonache et al., 2009; Oltra et al., 2013), the social construction of cross-cultural differences (Belhoste and Monin, 2013), as well as social support provided by HCNs (Bader and Schuster, 2015; Farh et al., 2010; Mahajan and Toh, 2014; Malek et al., 2015; Pichler et al., 2012). Research has, however mainly considered HCNs as a source of expatriates' success. In contrast, our study takes a novel approach by investigating the influence of having an expatriate supervisor on HCNs' affective organisational commitment, an important predictor of employee turnover (Meyer et al., 2002).

Our research contributes to the literature in two ways. First, we shift the focus from HCNs as antecedents of expatriates' adjustment and well-being (e.g. Bader and Schuster, 2015; Bruning et al., 2012; Toh and DeNisi, 2005; Toh and DeNisi, 2007) to HCNs' reactions towards expatriates as an important factor for MNCs. Based on the resource-based view (Barney, 1991), we argue that HCNs are a valuable resource for foreign subsidiaries, because they possess valuable local market knowledge and networks. Thus, keeping HCNs committed is crucial not only because highly committed employees perform better (Meyer et al., 1989), but also because they are less likely to leave the organisation (Griffeth et al., 2000; Meyer et al., 2002). Building on social identity theory (SIT) (Tajfel and Turner, 1986), we investigate whether and when expatriates have a negative effect on HCNs' commitment. Commitment consists of three components (Meyer and Allen, 1991): affective (identification with the organisation), normative (perception of being obliged to remain with the company) and continuance commitment (consideration of the cost of leaving). Out of the three components, affective commitment has the highest influence on job performance and turnover (Meyer et al., 1989; Meyer et al., 2002). Accordingly, this study focuses on the antecedents of HCNs' affective commitment.

Second, our study focuses on the boundary conditions of the relationship between expatriates and HCNs by investigating the moderating effects of HCNs' individual differences. This procedure allows us to identify which HCNs are more or less affected by an expatriate supervisor. Therefore, we investigate the moderating role of individual values and status characteristics because prior conceptual (Toh and DeNisi, 2007) and empirical research (Belhoste and Monin, 2013; Varma et al., 2011) suggest that both categories influence the categorisation of expatriates as in- or out-group members. Building on our analysis, we are able to derive specific implications for research and practice.

We test our model with HCNs in German MNEs in China for the following reasons. First, China has become the top destination for foreign investment (Su and Yao, 2015) and foreign MNEs employ approximately 30 million people in China (National Bureau of Statistics of China, 2014). Germany has been one of the main European investors in China in recent years. Currently, more than 5000 German MNEs are operating in China (Federal Foreign Office, 2015). German MNEs rely heavily on expatriates in their overseas subsidiaries (Tungli and Peiperl, 2009). Kühlmann and Hutchings (2010) reported that 87% of German companies in China plan to fill important management positions in China with German expatriates. Second, the cultures of China and Germany differ substantially. According to Hofstede's (2001) value framework, both cultures differ considerably in power distance, individualism and uncertainty avoidance. German expatriates with medium power distance and relatively high values of individualism and uncertainty avoidance, will therefore experience challenges in interacting with their Chinese subordinates, who are characterised by high power distance, low individualism and relatively low uncertainty avoidance. This is a critical situation, because prior research has shown that value differences negatively influence leadership member exchange, subordinate commitment and eventually, organisational commitment (Van Vianen et al., 2010). Third, addressing antecedents of turnover is of particular relevance in China. Companies in China suffer from extraordinarily high turnover rates with an average of 16.3% (HR Research Center, 2014). Thus, understanding the reasons for turnover in China and accordingly identifying ways to reduce it is warranted, in order to

decrease the costs related to the turnover of HCNs (Han and Froese, 2010). Against this backdrop, the specifics of our research setting are highly insightful in terms of testing our proposed relationships.

2 Theoretical framework and hypotheses development

2.1 Social identity theory and the relationship between expatriates and HCNs

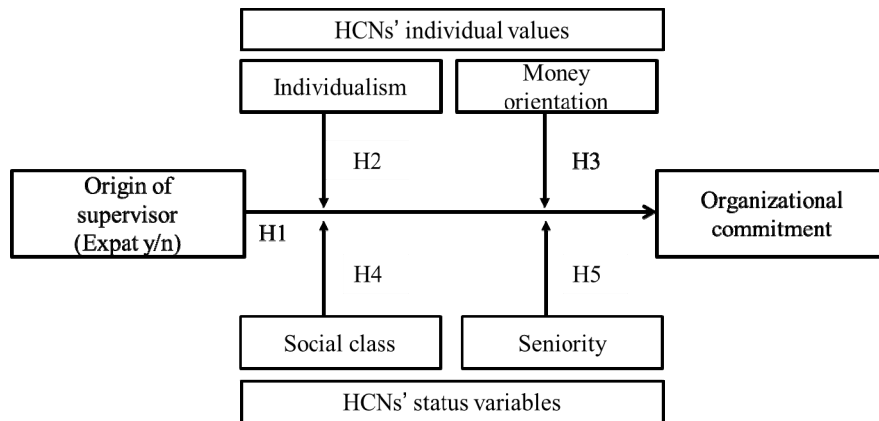
Our theoretical framework is based on SIT (Tajfel and Turner, 1986). SIT proposes that individuals categorise themselves and others into groups according to certain categories, such as nationality. Building on the individual salience of these categories, people evaluate others as either in- or out-group members depending on their similarity regarding these parameters. This process is of importance since individuals define their own identity through their membership in groups. This mechanism reduces uncertainty in people's identity as individuals create and maintain their own identity by comparing their own group to others. Furthermore, this process has implications for behaviour towards others: While people generally demonstrate more positive behaviours towards in-group members, discrimination is likely to occur towards out-group members (Tajfel and Turner, 1986). In the expatriate context, qualitative research indicates that nationality is a salient and relevant category of identification and distinction between expatriates and HCNs (Belhoste and Monin, 2013). This implies the risk that HCNs consider themselves as members of their national group, and the expatriate as an out-group member. In consequence, Pichler et al. (2012) have shown that HCNs who perceive expatriates as out-group members are less likely to provide support. In contrast, if HCNs consider their superiors as part of their in-group, they tend to have more positive attitudes and behaviours towards them (Olsen and Martins, 2009).

While nationality is one important factor to draw on when defining one's identity, deep-level factors such as values (Harrison et al., 2002) influence the in- and out-group decisions. Hence, we propose that value similarity (Toh and DeNisi, 2007) can diminish the negative effect of national differences on HCNs' outcomes. We propose that HCNs who are more similar to the Western culture of their expatriate supervisors will be more likely to make in-group judgments, and behave more favourably towards them. To test this assumption, we investigate two values on the individual level: individualism and money orientation. While individualism has been shown to directly influence commitment (Clugston et al., 2000), appraisal satisfaction (Froese and Xiao, 2012) and organisational citizenship behaviour (Moorman and Blakely, 1995), money orientation was related to the attraction towards foreign companies in China (Turban et al., 2001). Building on these studies, we argue that they will also be influential in the expatriate-HCN relationship and test their moderating effect.

Current cross-cultural research has paid only a little attention to the meaning of status in expatriate management. However, based on qualitative (Belhoste and Monin, 2013) and conceptual research (Toh and DeNisi, 2007), we argue that status is highly important. Following Bacharach et al. (1993), we address two dimensions of status in our model: demography-based status in society and status in the organisation. First, since social class, an important indication of status in society, has an influence on interactions in organisations (Gray and Kish-Gephart, 2013), we argue that it also has an influence on the expatriate-HCN context. Second, using China as an example to test our model, we

also investigate the moderating effect of seniority which is known to be an important base of status within the Asian context (Fu and Kamenou, 2011). Figure 1 summarises our conceptual framework. In the following, we explain the details and hypotheses of our conceptual model.

Figure 1 Conceptual model



2.2 Expatriate supervisors and HCN's affective commitment in the Chinese context

A good relationship between supervisor and subordinate is very important for employee retention. The theories of social support and social exchange have been used to explain the nature and consequences of the relationships between supervisors and subordinates. Employees who perceive that they have a positive relationship, i.e., get more support from and have higher exchange with their supervisors, also show higher commitment, lower turnover intentions, and increased organisational citizenship behaviour (Maertz et al., 2007; Seetoon et al., 1996; Stinglhamber and Vandenberghe, 2003). Supervisor-subordinate relationships are particularly important in the Chinese context as the Confucian-based Chinese culture emphasises respect for hierarchy, harmony and loyalty (Lockett, 1988; Earley, 1989). 'Guanxi', the importance of interpersonal relationships, further emphasises the central role of personal relationships in Chinese management (Chen et al., 2002; Warner, 2010).

Having an expatriate as supervisor bears two particular risks for HCNs. First, the resistance and negative attitude of expatriates towards localisation often limit the career and promotion opportunities of HCNs (Selmer, 2004), and the so called "glass-ceiling" due to ethnocentric staffing practices restricts HCNs advancement into higher positions (Leung and Kwong, 2003). Selmer (2004) argued that expatriates often do not want to localise their business, or even consider it unnecessary. Additionally, some expatriates do not consider themselves as able to train HCNs because of their lack of communication skills (Furst, 1999). In consequence, HCNs are likely to assume that expatriates will provide less support for HCNs than a local supervisor. Second, HCNs will have more difficulties to build positive relationships with a foreign expatriate manager than with an HCN supervisor. Research based on SIT shows that national differences (Belhoste and

Monin, 2013) as well as value differences (Pichler et al., 2012) lead to out-group judgements, which, in turn, lead to reduced information sharing and social support of the expatriate (Pichler et al., 2012). Building on this mechanism, the national and value differences will reduce the commitment, particularly affective commitment, of HCN subordinates. In support, Hitotsuyanagi-Hansel et al. (2016) found that the more expatriates worked in a foreign subsidiary the lower was the organisational commitment among HCNs. In another related study in China, Van Vianen et al. (2010) found that dissimilarities between supervisors and subordinates led to a lower level of exchange and supervisory commitment. In particular, they found that dissimilarities in terms of values, personality, life style and work style eventually decrease identification with the organisation. Against this backdrop, we argue that due to national and culture-related differences, HCNs working with expatriate supervisors will show lower affective commitment.

Hypothesis 1: HCNs working for expatriate supervisors have lower affective commitment than those working for HCN supervisors.

2.3 *The moderating effect of individual values: Individualism and money orientation*

China is characterised by low individualistic values compared to many Western societies, such as Germany or the USA (Hofstede, 2001). Thus, SIT generally predicts that the resulting value difference between Western expatriates and Chinese HCNs will increase the risk of low identification. However, individualism is not only measured at the national level but varies substantially between individuals within societies (Kwon, 2012; Triandis and Suh, 2002; Triandis et al., 1988). Individualism on the individual level refers to the individual independence, self-reliance and meaning of the personal goal achievement of a person (Earley, 1989). We argue that HCNs' differences in individualism also affect the outcomes of the expatriate-HCN leadership dyad. While Chinese HCNs, who are more individualistic, will be more likely to identify with a Western expatriate, HCNs with collectivistic values will feel more attachment to a Chinese supervisor. Thus, based on SIT we argue that collectivistic HCNs will seek out a feeling of belongingness and feel more secure working with people raised in the same cultural background, while more individualistic HCNs are more likely to feel well adapted to a Western supervisor.

Hypothesis 2: Individualism moderates the relationship between having an expatriate as supervisor and affective commitment: Having an expatriate supervisor is less detrimental to the affective commitment of HCNs with higher individualism than for HCNs with lower individualism.

Pay discrepancies between expatriates and HCNs have been widely discussed in research (e.g. Bonache et al., 2009; Oltra et al., 2013; Toh and DeNisi, 2003). They have been indicated to negatively influence fairness perceptions and increase perceived relative deprivation, eventually leading to withdrawal behaviours among HCNs (Bonache et al., 2009; Toh and DeNisi, 2003). However, these studies are built on the notion that the HCN occupies an equivalent position to the expatriate. These studies argue that expatriates become referents for justice evaluation, if they hold similar positions or do

the same kind of work as HCNs. In our study, however, we investigate the effect of money orientation. We investigate the supervisor-subordinate relationship, which is characterised by different roles and kinds of work. In particular, we refer to the similarity or difference in terms of the value of need for pay, or love for money, which is defined as the individual's attitude towards money (Tang and Chiu, 2003). Money orientation shows variance between and within countries. Tang et al. (2006) showed that individuals in collectivistic societies have a more negative attitude towards becoming wealthy than those in individualistic societies. This is also resembled in organisational pay and reward systems, in particular in China, where egalitarian pay policies are important anchors of human resource management (Su and Wright, 2012). Chinese individuals with a higher need for pay thus avoid traditional Chinese companies and prefer foreign MNEs (Turban et al., 2001).

Linking this finding to the expatriate-HCN context, we argue that money orientation is also an important individual value in the expatriate-HCN dyad. Expatriates usually earn much more than in similar positions in their home country (Reynolds, 1997) and in particular than the average HCN (Toh and DeNisi, 2003). Financial benefits have also been shown to be an important motivation for expatriates (Doherty et al., 2011). In consequence, we argue that HCNs with a higher need for pay will be more likely to identify with expatriate supervisors. Based on the similarity of their values, they will develop a more positive relationship and the general negative effect of having an expatriate supervisor will be weakened (Tajfel and Turner, 1986). In contrast, HCNs with a lower need for pay, will feel more comfortable with local, Chinese supervisors who are more likely to have a similar negative attitude towards money (Tang et al., 2006). Taken together, we derive the following hypothesis:

Hypothesis 3: Money orientation moderates the relationship between having an expatriate supervisor and affective commitment: Having an expatriate supervisor is less detrimental to the affective commitment of HCNs with higher money orientation than for HCNs with lower money orientation.

2.4 Status variables: social class and tenure

Status is a relative evaluation of an individual's position compared to others. This can be society-based, in terms of demographics (e.g. social class, education) or organisation-based (e.g. seniority, position) (Bacharach et al., 1993; Gray and Kish-Gephart, 2013). Society-based and organisation-based status are related, but distinct constructs, and inconsistencies between them can lead to stress of individuals (Bacharach et al., 1993).

We first focus on society-based status, which has been mainly investigated in terms of social class and stratification (Bourdieu, 1986). Bourdieu argued that social class is a relative social ranking in terms of the economic, social, and cultural capital of individuals in societies. Similarly, Coté (2011) defined social class as an evaluation which is based on resources, such as education, income or prestige of occupation and define the status of individuals in the society. While expatriates certainly belong to a particular social class in their home country, their social class and status changes when they work as an expatriate. Expatriates in developing countries have higher income and living standards than the average HCN population (Toh and DeNisi, 2003). Furthermore, due to their international, managerial position they have acquired specific cultural and social capital, which local

employees in developing economies usually do not possess. In consequence, according to their high economic, social, and cultural capital, expatriates will be attributed with high status in Chinese society and considered as upper class people.

SIT (Tajfel and Turner, 1986) predicts that the discrepancy of status between supervisor and subordinate will inflate their relationship. Society-based status differences evolve for HCNs from lower classes, who will perceive status differences within the dyad. Those discrepancies will trigger an out-group evaluation of the expatriate. Furthermore, cross-class interactions can evoke a feeling of embarrassment, as people from lower classes often experience behavioural insecurity in the presence of upper class others (Gray and Kish-Gephart, 2013). This difference in status will then threaten the social self-esteem of the HCN if they are from a lower status class, and will lead to lower identification with their expatriate supervisor. On the other hand, Chinese upper class people, who also belong to a high status group, will more easily interact and identify with an upper class expatriate.

Hypothesis 4: Social class moderates the relationship between having an expatriate supervisor and affective commitment: Having an expatriate supervisor is less detrimental to the affective commitment of HCNs from upper social classes than HCNs from lower social classes.

To further examine the influence of status, we focus on organisation-based status and examine the effects of seniority. Seniority is usually based on length of service, i.e., tenure (Fisher, 2008), and is an important source of status in China (Fu and Kamenou, 2011; Su and Wright, 2012). In the following, we refer to seniority as length of service indicating that those who have longer tenure also have a higher status in the organisation. Since the Chinese culture is also characterised by high power distance (Hofstede, 2001), cultural norms require others to show respect for the authority of workers with higher seniority. However, the concept of seniority is less prominent in many Western societies, where companies base their promotion and reward decisions and according of status on individual performance rather than seniority (Pudelko, 2006).

This difference implies particular risks for the expatriate-HCN relationship. First, based on SIT we argue that senior employees derive their identity and self-esteem from the high status of their group membership. In consequence, placing a Western expatriate in a leading position who might not be familiar with the value of seniority can threaten the identity of HCN employees. Second, individual interactions between expatriate and senior HCN employees will be fraught with conflict. Whereas senior HCNs with longer tenure will expect to be treated with respect due to their seniority, expatriates have to emphasise their superior status as managers to be able to delegate tasks. We argue that resulting status conflicts as well as ‘loss of face’ of the senior HCN employee will decrease the identification between senior HCN employees and expatriates and eventually their affective commitment.

Hypothesis 5: Seniority moderates the relationship between having an expatriate supervisor and affective commitment: Having an expatriate supervisor is more detrimental to the affective commitment of HCNs with higher seniority than HCNs with lower seniority.

3 Methodology

3.1 Sample and procedures

Data were collected from seven German automotive MNEs located in the Shanghai area. We chose these companies as all of them have more than 10 years of experience in the Chinese market and employ more than 500 employees. Thus, if we observe significant effects, they are likely to be attributed to the general effects of expatriation and not business start-up problems or individual mal-adjusted expatriates.

We asked senior managers in the firms (CEOs or heads of HR) to distribute the survey among employees from different departments. The respondents were explicitly told that the questionnaire was constructed for research purposes only and would be kept anonymous to reduce the possibility of social desirability bias (Arnold and Feldman, 1981). Among 200 distributed questionnaires we received 188 complete ones (response rate of 94%).

The respondents were white-collar workers and among them 43% were female, 57% were married, 50% of the workers were 30 years and younger, 82% received a university degree and the majority of the respondents stated that they belonged to the lower to upper middle class. Despite being rather uncommon for developed countries, these sample characteristics are quite common for MNEs in China (Han and Froese, 2010). MNEs mainly hire high-skilled English speaking employees for office jobs; however, many older Chinese employees do not possess these competencies. In our sample, the respondents worked under 74% local, 20% German, and 7% US supervisors. In pre-study interviews with the HR managers we were told that all foreign supervisors in our sample were dispatched as expatriates by the headquarters.

3.2 Measures

We developed the master questionnaire using established scales and the back-translation method, to ensure translation equivalence (Mullen, 1995). If not indicated otherwise, items were measured on a five-point Likert scale from “strongly disagree” (1) to “strongly agree” (5).

Affective commitment: The dependent variable was measured by the affective commitment scale from Meyer et al. (1993). A sample item is “I feel emotionally attached to this company”.

Origin of supervisor: The independent variable was indicated by the respondents and measured as a dummy variable (0 = Chinese supervisor, 1 = Expatriate supervisor).

Individualism was measured by a four-item scale adapted from Earley's (1989) collectivism scale. One sample item is “Working alone is better than working with a group.” Higher values indicate higher individualism.

Money orientation was measured with four items from Tang and Chiu's (2003) love for money scale. A sample item is “I am motivated to work hard for money”.

Social class was measured by asking the question “If you would divide the Chinese society into five classes, which class did your family belong to when you were 15 years old?” on a five-point scale from 1 = “Lower class” to 5 = “upper class” taken from Asia Barometer (Inoguchi et al., 2006). As the development of habitus as well as the social and cultural capital of individuals is shaped during the socialisation process in the families of origin (Bourdieu, 1986), we asked about social class affiliation at age 15.

Seniority was measured as organisational tenure and measured in years.

Control variables: We controlled for further variables since they may have an influence on the employees' organisational commitment (Mathieu and Zajac, 1990). We included age (measured in years), gender (0 = female, 1 = male), marital status (0 = single, 1 = married), and position (0 = employees, 1 = management). Considering our MNE context (e.g. Turban et al., 2001), we also controlled for English proficiency on a Likert-scale from "none" (1) to "fluent" (5), and to which degree the respondents agreed that the company offers good promotion opportunities for them on a scale from 1 (= disagree) to 5 (= agree).

3.3 Results

Owing to a low Cronbach's alpha value of the individualism scale, we conducted confirmatory factor analysis to validate our scales. CFA revealed that two items loaded poorly on the individualism scale. After deleting the items, the measurement models showed a good fit ($\chi^2(51) = 59.25, p > 0.05$; GFI = 0.95; CFI = 0.98; RMSEA = 0.03). We also compared it to several lower factor models which achieved significantly lower results (one-factor model: $\chi^2(54) = 250.92, p < 0.05$; GFI = 0.78; CFI = 0.63; RMSEA = 0.14), which supports the structural and discriminant validity of our model (Ong and Van Dulmen, 2007). Table 1 shows the means, standard deviations, correlations as well as the resulting Cronbach's alphas of our main variables.

Table 1 Means, standard deviations, Cronbach's alphas and correlations of main variables

	<i>M</i>	<i>SD</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	
1. Expatriate supervisor	0.26	0.44	–					
2. Individualism	4.08	0.58	–0.16	(0.61)				
3. Money orientation	3.74	0.56	0.01	–0.22**	(0.73)			
4. Social class	3.54	0.88	0.09	–0.07	–0.00	–		
5. Seniority	2.33	2.91	0.10	–0.01	–0.03	0.02	–	
6. Organisational commitment	3.61	0.56	–0.15*	0.23**	0.06	–0.02	–0.11	(0.81)

Notes: † $p \leq 0.10$, * $p \leq 0.05$, ** $p \leq 0.01$, *** $p \leq 0.001$; Cronbach's alpha values are boldfaced and noted in the diagonals.

We performed a hierarchical linear regression analysis to test the hypotheses (see Table 2). Following the recommendations by Aiken and West (1991), we mean-centred the interaction variables to reduce multicollinearity concerns. Model 1 contains the control variables. In Model 2 we added the dummy variable for the expatriate supervisor. We added the interaction terms of work values as well as status variables in Model 3. Since the highest VIF was 1.93, we assume that multicollinearity was not of concern in our data.

Table 2 Results of hierarchical linear regression analysis

Variables	Affective Commitment		
	Model 1	Model 2	Model 3
<i>Control Variables</i>			
Age	.16	.19 [†]	.25*
Gender	-.03	-.01	-.03
Marital Status	-.05	-.06	-.10
Position	.00	-.01	-.08
English Proficiency	-.11	-.08	-.05
Promotion Opportunities	.23**	.21**	.21**
Individualism	.22**	.22**	.12
Money Orientation	.08	.07	-.14 [†]
Social Class	-.01	.01	-.03
Seniority	-.14	-.14 [†]	-.08
<i>Supervisor Nationality</i>		-.16*	-.12 [†]
<i>Moderating effects</i>			
Individualism × Expatriate			.26**
Money × Expatriate			.45***
Social class × Expatriate			.12 [†]
Seniority × Expatriate			-.16*
R^2	0.13	0.15	0.31
Adj. R^2	0.07	0.09	0.24
ΔR^2	0.13	0.02	0.16
ΔF	2.28**	3.83*	8.73***

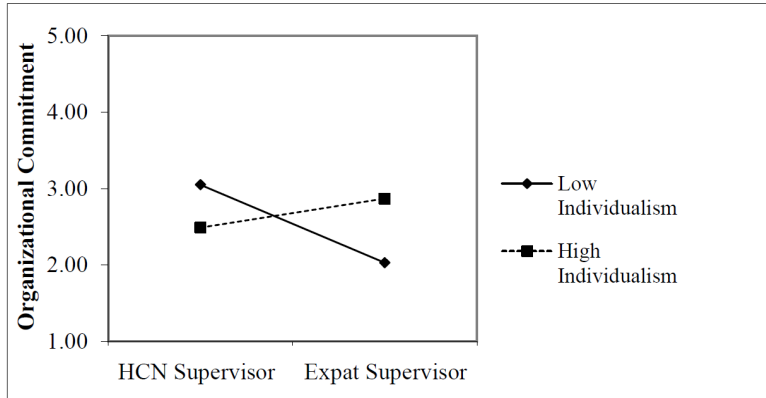
Notes: [†] $p \leq 0.10$, * $p \leq 0.05$, ** $p \leq 0.01$, *** $p \leq 0.001$.

Model 2 of Table 2 shows a significant negative impact of having an expatriate supervisor on HCNs' affective commitment ($\beta = -0.16$, $p < 0.05$). Furthermore, adding this variable significantly increases the model fit ($\Delta R^2 = 0.02$).

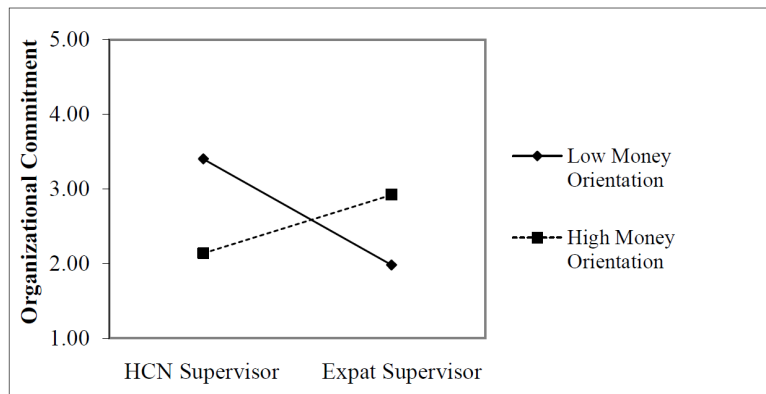
Including the interaction terms improved model fit substantially ($\Delta R^2 = 0.16$). In support for hypothesis 2 and 3, Model 3 shows that HCN individualism ($\beta = 0.26$, $p < 0.01$) and money orientation ($\beta = 0.45$, $p < 0.001$) moderate the effect of having an expatriate supervisor on affective commitment. Hypothesis 4 is not supported, because the interaction term with social class was not significant ($\beta = 0.12$, $p = 0.09$). However, the significance level below 0.10 provides an indication that social class moderates the relationship. Seniority significantly moderated the relationship between expatriate supervisor and affective relationship ($\beta = -0.16$, $p < 0.05$) supporting Hypothesis 5.

To interpret the effects, we followed the recommendations of Aiken and West (1991) and plotted the significant moderators graphically with values of one standard deviation above and below the mean in Figure 2. We found that all interactions followed the predicted direction.

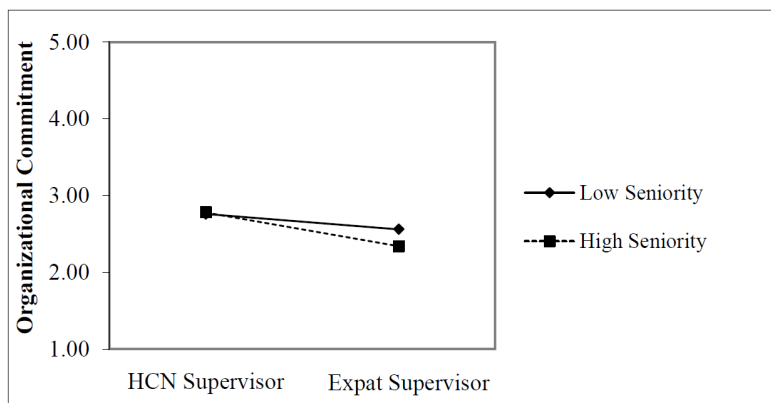
Figure 2 Interaction plots



(a)



(b)



(c)

4 Discussion

Drawing on SIT (Tajfel and Turner, 1986), we examined the influence of expatriate supervisors on the commitment of HCNs. Survey results yielded support for our theoretical model. As hypothesised, findings indicate that expatriate supervisors are related to a reduction in HCNs' organisational commitment and that HCN individual values as well as status characteristics moderate this relationship.

4.1 Theoretical implications

This study contributes to expatriate research by investigating the effects of expatriation from the HCN perspective. Our study shows that having an expatriate supervisor can decrease the affective commitment of HCNs. While not measured in our study, we interpret that the home country culture is the basis for the social identities of HCNs, which leads to an out-group categorisation of the expatriate (Pichler et al., 2012; Toh and DeNisi, 2005). This in turn has a negative relationship to the identification of the HCNs with the superior and in consequence, to their identification with the organisation (Van Vianen et al., 2010). Moreover, our study shows that this does not equally apply to all HCNs. Individual characteristics have a profound influence on this relationship and we found that particular values can diminish this effect. Building on SIT we showed that more individualistic and money oriented HCNs are less affected by an expatriate supervisor. We argue that these individuals show a higher fit with the Western organisational culture and are thus, less dependent on a person from their own culture to develop a feeling of belongingness. Furthermore, we interpret that their values might also be more congruent with their Western superiors and this fit eventually increases their affective commitment to the organisation. However, to validate the effect of fit, this relationship needs future empirical testing in dyadic studies.

Second, we extended current research in international management by investigating status characteristics, in particular the influence of social class and seniority. The findings enhance the knowledge about the important role of status in the expatriate context, highlighting the negative influence of status differences on the affective commitment of HCN employees. Our study first turned the focus to a variable that has received limited attention in management research: social class (Gray and Kish-Gephart, 2013). We hypothesised that cross-class interactions pose additional strain on HCNs, and that HCNs who belong to a lower social class have more difficulties in interacting with expatriates. However, results of the statistical analysis were only marginally significant. Thus, our data provides only an indication that status differences, based on class differences, could be relevant in the expat-HCN dyad. To validate this conclusion, further research is recommended. In turn, we showed that seniority, which in contrast to the USA or Germany is a very important source of status in China (Fu and Kamenou, 2011), influences the expatriate-HCN relationship. People with longer tenure and accordingly high status in the organisation are more likely to react negatively to expatriate supervisors. We argue that HCNs, who have a longer tenure and thus, higher status in the organisation, have more difficulties interacting with an expatriate supervisor. Since such HCNs traditionally have high status and are treated with respect and appreciation in their host country subsidiary, they might feel threatened by a Western expatriate supervisor who is not familiar with their status in the organisation. In consequence, the relationship can be inflated by disaffirmation caused by the struggle for status. Our findings suggest

that this deteriorates the relationship with an expatriate and eventually leads to decreased affective commitment. Herewith, our findings also indicate the need to take account of cross-cultural peculiarities when investigating status variables. Our research shows that some individual variables become influential for status research when cross-cultural differences exist regarding the attribution of status, such as the high value of seniority in Asia.

4.2 Practical implications

Our results imply some particular recommendations for (German) MNEs operating in China. First, our study indicates that having an expatriate supervisor can have a negative influence on HCNs' affective commitment. Moreover, we found that this relationship is strongly influenced by the individual values of the HCNs. From this finding, we draw two implications. First, if a position in a subsidiary is supervised by an expatriate supervisor, recruiting and staffing personnel should consider filling this position with an HCN with particular values: high individualism and money orientation. Our data suggests that this combination can result in higher organisational commitment of the HCN. On the other hand, if subsidiaries mainly employ HCNs who are strongly embedded in the host country cultural system, localising supervisor positions can be beneficial as HCNs' management styles and practices are congruent with the national culture (Newman and Nollen, 1996). However, localising managerial positions is a strategic decision which is dependent on a variety of factors (e.g. Gong, 2003; Harzing, 2001). Research has shown the positive effect of localisation on firms' performance (Law et al., 2009), in particular within culturally very distant countries (Colakoglu and Caligiuri, 2008). Our research points into the same direction: HR outcomes, such as affective commitment, will be positively influenced by localisation (Hitotsuyanagi-Hansel et al., 2016).

Second, understanding the meaning of individual characteristics carries the potential to increase employees work attitudes and decrease turnover among HCNs (Peltokorpi et al., 2015). Our findings highlight the need to consider values as an important variable in the expatriate-HCN relationship, since we found value similarity to diminish the negative effect of cross-cultural work on HCNs. Thus, creating an awareness of values and value differences should be incorporated into expatriates' preparation and training. This is advisable, not only to smooth expatriates' own cultural adjustment, but also to increase sensitivity towards the impact of cultural differences on the withdrawal behaviour of HCNs. Additionally, we found that not only values, but also seniority-based status differences evoke negative responses from HCNs in China. However, status is a very sensitive topic. One possible solution is to incorporate it into cross-cultural training and provide the possibility to reflect upon status differences and their implications for expatriates' leadership behaviour.

Our last implication targets HCNs. While much emphasis has been placed on the selection and training of expatriates, our study points at the necessity to increase the attention placed on HCNs. We have found that the more similar HCNs are to expatriate managers, the higher the probability of a committed workforce. This can be leveraged by a systematic selection procedure. Furthermore, our research indicates that it is also be advisable to provide preparatory training for HCNs if they are supposed to work with expatriate managers. Reflecting upon one's own identity as well as increasing the

awareness of differences which are associated with the cultural origin and status of expatriate managers, can help HCNs to diminish and cope with the potential conflicts inherent within the relationship.

4.3 Limitations and avenues for future research

Our study faces some limitations. First, our sample focuses on Chinese employees working for German automotive companies in China. Hence, the generalisability of the findings is limited. Nevertheless, we believe that our results can be applied to other contexts. Our data showed that similarity increases affective commitment, whereas differences are detrimental. We argue that this influence cannot be explained by the specific setting of our study alone. However, the content of differences can vary depending on the country-dyads. For instance, instead of individualism and money-orientation, other individual values will be more salient in other cultural contexts. As research in this area is still sparse, extending our research to different countries, e.g. non-Asian developing countries or MNEs from different country-of-origins would be of great value. Furthermore, since we only measured affective commitment, future research can expand the research to other facets of commitment, e.g., continuance and normative commitment.

Second, our data are cross-sectional, thus this study, as so many others, may suffer from common method bias. As Podsakoff et al. (2003) note, careful questionnaire design helps to reduce this bias. Therefore, several questions were of an objective nature, e.g. nationality of supervisor (our independent variable) and organisational tenure. Further, we used different scales, such as categorical and Likert-scales, which further reduce common method bias. In addition, the majority of our hypotheses dealt with moderating effects which are less affected by common method bias. Future studies can validate the findings by using longitudinal and multi-source data.

Third, we have tested our theoretical model with Chinese white collar workers, who are very different from blue collar workers employed in the lowest hierarchical ranks. While we assume that the proposed relationships also hold in this employee group, we encourage future research to apply our model to different samples.

Fourth, the reliability of one of our variables, individualism, was at the lower end of acceptability (Froese, 2013). Future research in China and other countries that are culturally very different from the West can improve the measures or even develop new indigenous measures.

Lastly, we assumed a higher identification between a Chinese employee and a Chinese supervisor than between a Chinese employee and a Western expatriate supervisor. Having some variables that actually measure the characteristics of the supervisor will strengthen our findings. For instance, it would be of great value to survey both supervisor and HCN to gather information on both parties and their respective perceptions of identification. In this regard, further research is needed to include variables measuring categorisation effects as well as the interaction between individual variables, perceived in- and out-group categorisation, and their influence on the commitment of HCNs. Despite these limitations, our study has provided new insights on the often neglected impact of expatriation on HCNs in foreign subsidiaries of MNEs. In summary, more research on the interaction between expatriates and HCNs is recommended.

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