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Article

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MANAGEMENT | RESEARCH ARTICLE

When too much adjustment is bad: A curvilinear relationship between expatriates' adjustment and social changes in HCNs

Sana Mumtaz^{1*} and Sadia Nadeem¹

Abstract: The antecedents of expatriates' adjustment have received considerable attention in the international business research in the recent years. However, there has been a limited understanding regarding the outcomes of expatriates' adjustment on host country nationals (HCNs). Thus, examining the existing literature and analyzing it using social identity theory, we hypothesized an inverse curvilinear relationship between expatriates' interaction adjustment and development of trust, shared vision and intercultural communication in HCNs. We tested our hypotheses by conducting a multilevel regression analysis on dyadic data collected from Chinese expatriates and Pakistani HCNs. The findings confirm an inverse U-shape relationship between expatriates' interaction adjustment and trust, and between expatriates' interaction adjustment and intercultural communication. In contrast to the focus of existing literature on static changes, our findings highlight a dynamic nature of social change experiences by suggesting that too much adjustment of expatriates negatively impacts work relationships between expatriates and HCNs in the long-run. Based on the empirical findings, we offer insights to HR professionals

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PUBLIC INTEREST STATEMENT

Over the last decade or two, a growing number of expatriates have moved to other countries for work assignments in the last few years. As a result, the concept of cross-cultural management and the factors affecting expatriates' adjustment have been examined in several studies. However, there is a limited understanding of how expatriates' adjustment impacts host country nationals (HCNs). Therefore, this study examines the dynamic nature of the relationship between expatriates and local employees. Based on the analysis of the data collected from Chinese expatriates and Pakistani managers, the results suggest that the lower to mid level of expatriates' adjustment facilitated local employees in developing trust and intercultural communication with expatriates. However, trust and intercultural communication among the two groups was weakened when expatriates reached higher levels of adjustment. The findings guide that organizations should carefully manage the relationship between expatriates and local employees by facilitating expatriates in managing an optimum level of adjustment in a host unit.

and suggest managing expatriates' adjustment to an optimal level in a host unit where expatriates and HCNs can develop an adequate level of trust and intercultural communication with each other.

Subjects: Asian Studies; Self & Social Identity; Social Influence; Group Processes; Intergroup Behavior

Keywords: expatriates' adjustment; social identity theory; trust; shared vision; intercultural communication

1. Introduction

Transformation in social identities of individuals as a result of working in diverse social settings has been explored in a large body of literature (Hogg et al., 2017; Nadeem & Mumtaz, 2018; Peltokorpi & Zhang, 2020). The above literature has integrated social identity theory for suggesting a critical role of membership of new social groups for individuals (Jetten et al., 2002). In general, the dynamic nature of social identity theory has been studied under two major dimensions, including social identity changes (Tajfel, 1981) and self-categorizations (Davis et al., 2019; Turner et al., 1987). Social identity changes, also referred to as positive social identity changes, reflect individuals' willingness to identify themselves with other groups and help individuals in embracing social changes (Brown, 2020; Tajfel, 1981). In contrast, self-categorizations, commonly referred to as negative social identity changes, reflect internal values that trigger individuals to maintain their internal position and hinders them from accepting social changes (Mummendey et al., 1999; Turner et al., 1987).

To date, most of the social identity literature has focused more on developing an understanding of the positive social identity changes (e.g., Di Bernardo et al., 2019; Hogg et al., 2017; Nadeem & Mumtaz, 2018), while conditions under which individuals use identity management strategies and refuse social identity changes have been inadequately examined (e.g., Martiny & Nikitin, 2019; Peltokorpi & Pudelko, 2020). In line with the literature on social identity theory, which suggests that social identity changes are not static and change with time (Jetten et al., 2002), we argue that a holistic understanding of the dynamic nature of social identity theory may be developed by including positive as well as negative social identity changes in a single model.

The complex nature of positive and negative social identity changes may be adequately revealed by focusing on multicultural social groups with distinct self-identities and significant differences (Davis et al., 2019; Peltokorpi & Pudelko, 2020; Sharma, 2016). Hence, we have focused on social groups in international assignments to develop a deeper understanding of the relationship between expatriates' adjustment and social change experiences of HCNs. Using the social identity theory, it is argued that when individuals from diverse social groups are in the phase of transition, they adapt to social identity changes and proactively make efforts to understand each other. This adaptation is necessary for individuals' survival and facilitates them in getting social support from each other. However, when individuals become stable in their communication and develop an adequate understanding of the characteristics of other groups, they think about protecting their individualized self-categorizations. Therefore, individuals may discard new social memberships after frequent socialization and realization of the key differences in protecting their psychological sense after some time (Ethier & Deaux, 1994; Peltokorpi & Pudelko, 2020). Multicultural organizations must focus on the social identity change experiences of the employees, as these individualized changes are also linked with the internal mindset of employees and eventually impact their work and non-work performance (Peltokorpi & Pudelko, 2020).

Based on the above, it is suggested that expatriates' interaction adjustment is likely to facilitate the development of trust, shared vision and intercultural communication among expatriates and HCNs (Ang & Tan, 2016; Wang & Varma, 2018). However, some literature highlights an essential

role of contextual differences in this regard and suggests that differences between two countries may also lead to interpersonal conflicts between expatriates and HCNs (Kang & Shen, 2018; Ljubica et al., 2019). In parallel, other literature argues that global leadership skills, along with cultural intelligence facilitate expatriates in socializing with HCNs despite the differences between the two countries (e.g., Ali et al., 2019; Tuffour & Mately, 2019; Vljajic et al., 2019). Thus, it can be argued that while adjustment is good, too much adjustment of expatriates and frequent interactions between the two groups may trigger HCNs to protect their self-categorization (Fee, 2020). Such intentions may weaken their new social relationships and reduce trust, shared vision and intercultural communication among HCNs and expatriates over time. Hence, we propose an inverted U-shape relationship between expatriates' interaction adjustment and HCNs development of trust, shared vision and intercultural communication.

The contributions of the current study are twofold. First, we focused on the multiple aspects of social identity theory and simultaneously incorporated positive and negative dimensions in a single model for holistically theorizing how expatriates' interaction adjustment leads to the development of trust, shared vision and intercultural communication in HCNs. Second, this is one of the few studies that provide empirical evidence regarding the nonlinear relationship between expatriates' interaction adjustment and trust, and between expatriates' interaction adjustment and intercultural communication. Based on the findings, we suggest managing the optimal level of expatriates' adjustment in a host unit for effectively managing the expatriates-HCNs relationship. Further, as this research was conducted in 2018, and since then COVID-19 has led to significant changes in multinationals' way of work and the nature of interactions between expatriates and HCNs, we also offer guidance to researchers on how the current pandemic may affect this area of study in the future.

The forthcoming section summarizes the literature on social identity theory and the key variables, and hypothesizes the curvilinear relationships between variables. This is followed by the methodology and the findings sections. Finally, theoretical discussion, future research directions and managerial implications have been presented.

2. Theoretical framework

Based on the social identity theory, we hypothesize curvilinear relationships between expatriates' interaction adjustment and changes in trust, shared vision and intercultural communication of HCNs in this section.

2.1. Interaction adjustment and trust development

When expatriates move to a host country, they are expected to adjust to the general, work and interaction environment; this is referred to as socio-cultural adjustment (Black & Stephens, 1989). Despite a crucial role of all the three dimensions of adjustment, expatriates' interaction adjustment is mainly considered as complex and dynamic, as it is linked with their internal psychological processes and leads to the development of unique social categorizations of HCNs in a host unit (Fee & Michailova, 2020). In general, interaction adjustment refers to adjustment with the socialization patterns of HCNs, which facilitate expatriates in adapting to day-to-day basis conversations with the local people (Fee & Michailova, 2020; Waxin, 2004).

The expatriation literature suggests that successful interaction adjustment enables expatriates in easily interacting with HCNs and facilitates social exchange between the two groups (Ang & Tan, 2016; Fee & Michailova, 2020; Ismail, 2015). In line with the above, the social identity theory also emphasizes an essential role of thoughtful communication in embracing new social changes (Davis et al., 2019). It suggests that the initial level of mindful communication between the two distinct groups improves the psychosocial adjustment of both groups and leads to trust development between individuals (Ashforth & Mael, 1989; Jones, 2017). Trust development refers to the positive expectations of individuals towards each other and indicates the initiation of emotional and cognitive bonding between them (Rousseau et al., 1998). Furthermore, trust is considered as

a reciprocal quality where individuals from two groups understand and match each other's expectations (Rotenberg, 2019).

We use social identity theory to hypothesize that when expatriates are at an initial level of interaction adjustment in a host unit, their adjustment leads to stability in their communication with HCNs, brings the two groups closer and develops HCNs' trust in expatriates. Some recent literature guides that initiation of social relations among individuals leads to trust and raises expectations towards each other (Peterson & Stewart, 2020). However, the presence of too much trust and reliance is likely to change the nature of trust-based relationships over time (Rotenberg, 2019). The presence of high cognitive trust makes people believe that all information will be shared unasked (Jeffries & Reed, 2000). Social identity theory also guides that violation of expectations leads to trust betrayal and weakens social bonds between the two groups (Elangovan & Shapiro, 1998). Hence, we propose that higher levels of interaction adjustment of expatriates may raise expectations of HCNs towards expatriates, as HCNs might rely on expatriates for getting additional support and guidance. However, HCNs may experience violations of their expectations because of different mindsets and work styles of expatriates (Arman & Aycan, 2013; Kang & Shen, 2018; Toh & Srinivas, 2012). Based on the above, we hypothesize that initial levels of expatriates' interaction adjustment leads to the development of HCNs' trust in expatriates; however, higher levels of expatriates' adjustment leads to a reduction in this trust.

Hypothesis 1: There is a curvilinear (inverted U-shaped) relationship between expatriates' interaction adjustment and HCNs trust in the expatriates.

2.2. Interaction adjustment and shared vision

Being a liaison between headquarters and a subsidiary, one of the primary goals of expatriates is to direct HCNs behaviour and performance in a unified direction after they adjust in a host unit (Ismail, 2015) and to create a collaborative culture for employees (Ang & Tan, 2016; Ali et al., 2019; Fee & Michailova, 2020; Toh & Srinivas, 2012). We argue that there is a dynamic relationship between interaction adjustment of expatriates and the development of a shared vision in HCNs. Shared vision refers to a mutual agreement of individuals on acceptable beliefs and ways of work and indicates a culture of togetherness (Tsai et al., 2014). Social identity theory guides that interaction among diverse groups improves an understanding of each other's behaviour, and improves social cohesion among individuals (Brown, 2020). Hence, we expect that the initial level of expatriates' interaction adjustment is likely to enhance similarity in thoughts among expatriates and HCNs, and consequently may lead to the development of shared vision between them.

The dynamic social identity theory further guides that frequent interactions among diverse groups allow members to make predictions about beliefs and comfort zone of others (Honeycutt et al., 1983). Moreover, it leads to the development of a comprehensive understanding of each other's weaknesses and strengths (Peterson & Stewart, 2020; Wise, 2014). Using the social identity theory, it is argued that too much understanding about each other help individuals in clearly recognizing the differences between two social groups and in developing a deeper knowledge of vision of the other groups (Lincoln, 2000). Therefore, a thorough understanding of the long-term goals may make people believe that it is not as beneficial as initially perceived and may reduce individuals' propensity to follow the vision (Mummendey et al., 1999). Based on the above argument, we hypothesize that a higher level of interaction adjustment of expatriates is likely to change the level of comfort of the HCNs with the vision of the expatriates because of new social relationships; hence HCNs may experience a reduction in shared vision over time.

Hypothesis 2: There is a curvilinear (inverted U-shaped) relationship between expatriates' interaction adjustment and development of a shared vision between HCNs and expatriates.

2.3. Interaction adjustment and intercultural communication

Expatriates' interaction adjustment facilitates the initiation of mindful communication between expatriates and HCNs and encourages the development of intercultural communication between the two groups (Vlajcic et al., 2019; Zhang & Peltokorpi, 2016). Intercultural communication refers to the development of a thoughtful understanding of each other's culture where individuals proactively engage in information-seeking behaviour and effectively interpret verbal and non-verbal communication of diverse groups (Baldwin & Hunt, 2002). There is an overall consensus in the expatriation literature that frequent interaction between expatriates and the local workforce leads to a positive impact on the behaviour of HCNs (Ang & Tan, 2016; Ali et al., 2019; Nadeem & Mumtaz, 2018; Vlajcic et al., 2019). In line with the above, social identity theory also elaborates that interactions play an essential role in developing social bonds and intercultural communication (Brown, 2020; Hogg, 2016). It further suggests that the development of a healthy relationship facilitates individuals in embracing social identity changes (Ashforth & Mael, 1989). Hence, we expect that expatriates' interaction adjustment is likely to lead towards the development of intercultural communication among HCNs.

Going beyond the above, we expect a dynamic change in this relationship with time and suggest that higher levels of interaction adjustment of expatriates might reduce intercultural communication among HCNs after some time. Social identity theory suggests that newcomers initially engage in thoughtful conversation and carefully learn their roles and processes. These interactions are mindful, as individuals prefer engaging in bounded discussions and consciously choose their topics during initial adjustment (Davis et al., 2019; Firth et al., 2014). However, frequent socialization and development of a comfort level leads to in-depth discussions about values and beliefs among them (Nadeem & Mumtaz, 2018). The literature suggests that several costs may be associated with deep social relationships, as social interactions may turn out to be negative over time and compromise the internal well-being of individuals (Lincoln, 2000). The development of a more in-depth understanding of diverse groups sometimes leads to a negative impact on the self-categorization of individuals, as suggested by social identity theory (Ashforth & Mael, 1998). Limited expatriation literature also hints that adjustment and continuous learning of others' cultures may collide with internal values and thought processes of individuals (Peltokorpi & Pudelko, 2020). Hence, the presence of a discrepancy between inner thoughts and expected behaviour might lead to discomfort and weaken the relationship between expatriates and HCNs (Kang & Shen, 2018). Based on the above discussion, we hypothesize that higher levels of expatriates' interaction adjustment may reduce intercultural communication between expatriates and HCNs.

Hypothesis 3: There is a curvilinear (inverted U-shaped) relationship between expatriates' interaction adjustment and intercultural communication between expatriates and HCNs.

3. Materials and methods

The current study tests for quadratic relationships between expatriates' interaction adjustment and development of trust, shared vision and intercultural communication among HCNs in a multicultural context by focusing on Chinese expatriates and Pakistani HCNs. We found it relevant to test the curvilinear relationship in this social context, as the initiation of the Belt and Road Initiative and China-Pakistan Economic Corridor projects have led to the movement of a large number of Chinese expatriates to Pakistan in recent years (Irshad, 2015). Alongside this, the presence of the Pak-China friendship and the collectivistic culture of both societies facilitates positive relationship development between the two countries (Nadeem & Mumtaz, 2018). However, differences in the fundamental cultural values, religious beliefs, along with unique work style of Chinese employers, create some barriers in the adjustment of employees with Chinese employers across the globe (Zheng & Smith, 2019). Thus, we expected that expatriates'

interaction adjustment may have a unique impact on the development of trust, shared vision and intercultural communication between Chinese expatriates and Pakistani HCNs.

3.1. Participants and procedures

We relied on a multisource time-lagged research design and collected dyadic data from Chinese expatriates at Time 1 [T1] and Pakistani managers at Time 2 [T2]. The process of data collection was initiated in March 2018, and it was completed in October 2018. Since data regarding the exact number of Chinese companies in Pakistan was not available, we initially compiled a list of Chinese companies in Pakistan. Following this, we approached the HR departments of Chinese companies in Islamabad and Lahore and collected data from Chinese expatriates regarding their interaction adjustment in Pakistan. To get an objective representation of the population, data were collected from no more than three Chinese managers in a single company. The criteria for inclusion of Chinese expatriates in this research was a minimum of one-year work experience in Pakistan. The use of purposive (Palinkas et al., 2015) and snowball sampling techniques (Ghaljaie et al., 2017) helped us in getting data from a large number of Chinese expatriates and several sectors in Pakistan. Overall, survey data were collected from 109 Chinese expatriates working in 66 Chinese companies in 17 sectors in Pakistan at the end of T1. Most of the companies belonged to construction (N = 10; 15%), manufacturing (N = 9; 13%) and power sectors (N = 9; 13%), while other sectors included food, banking, education, electronic, procurement, research and retail.

After three months, all the 66 Chinese companies were approached again for data collection at T2 from Pakistani managers who were working under the direct supervision of the 109 Chinese expatriates to collect data on trust, shared vision and intercultural communication. Survey questionnaires were distributed to around 550 Pakistani managers, which resulted in final data collection from 301 Pakistani managers working under 97 Chinese managers. The response rate was 54.7%. After data cleaning, the final sample size comprised data of 93 supervisors and 239 employees.

3.2. Measures

In T1 and T2 questionnaires, all the questions were developed on a five-point Likert scale ranging from “1 = strongly disagree to 5 = strongly agree”. We also included demographic questions in both questionnaires for understanding the characteristics of the sample, along with identifying their potential impact on dependent variables. Following are the details of the instruments:

Interaction adjustment [T1]: Black and Stephens (1989) four items scale was adopted for measuring interaction adjustment of Chinese expatriates in Pakistan. A sample question is, “I can comfortably socialize with the host nationals/local people in Pakistan.” [Cronbach alpha = 0.77].

Trust [T2]: Chow and Chan (2008) three items scale were adopted for measuring employees’ perception of trust development. A sample question is, “I can always rely on top management Chinese expatriates to make my job easier.” [Cronbach alpha = 0.79].

Shared vision [T2]: Chow and Chan (2008) three items scale were adopted for measuring employees’ perceptions of the shared vision. A sample question is, “Top management Chinese expatriates and I always share the same ambitions and vision.” [Cronbach alpha = 0.76].

Intercultural communication [T2]: Neuliep and McCroskey (1997) 14 items scale was adopted for measuring employees’ perceptions of intercultural communication. A sample question is, “While conversing with Chinese top management expatriates in this organization, I feel very relaxed.” [Cronbach alpha = 0.83].

4. Results

The supervisors’ dataset comprised of a considerable proportion of males (N = 80) and a few females (N = 13). The average total experience of Chinese expatriates was 14 years (SD = 6.40) and

their average length of stay in Pakistan was three years (SD = 2.54). The sample characteristics of data from Pakistani managers indicated data collection from a majority of male managers (N = 217) and a few female managers (N = 22). The average total experience of Pakistani managers was around seven years (SD = 5.47).

Before testing our hypotheses, we established discriminant validity of T2 measurement model by conducting confirmatory factor analysis in the Mplus software and analyzed the following indices: Tucker Lewis Fit Index (TLI), Comparative Fit Index (CFI), Root Mean Square Error of Approximation (RMSEA) (Kenny, 2015). One-factor model [trust + shared vision + intercultural communication] and three-factor model [trust; shared vision; intercultural communication] were tested. As expected, the three-factor model [TLI = 0.961; CFI = 0.951; RMSEA = 0.048] was a superior fit as compared to the one-factor model [TLI = 0.771; CFI = 0.725; RMSEA = 0.115], hence indicating distinctiveness of all the dependent variables.

Table 1 provides the results of descriptive and zero-order correlations between all the variables. The results suggested no relationship between interaction adjustment and all the three dependent variables (i.e. trust, shared vision and intercultural communication).

To test the multilevel regression, Mplus software was used. Multilevel models were tested using TYPE = COMPLEX function for examining the cluster effects (Muthen & Muthen, 2012). Interaction adjustment was specified at Level-1, while trust, shared vision and intercultural communication were specified at Level-2. We used the Bayesian estimation technique for computing standardized regression results, as this technique helps provide objective results on small sample sizes as well (Depaoli & Clifton, 2015; Holtmann et al., 2016). Model 1 and Model 2 were separately tested for respectively computing regression results for linear and curvilinear models.

In Model 1, we tested the direct impact of expatriates' interaction adjustment on employees' perceptions of trust, shared vision and intercultural communication in a host unit. All the variables were initially mean-centered for managing potential multi-collinearity bias (Aiken et al., 1991). In Model 2, we calculated the square of trust, shared vision and intercultural communication for testing curvilinear effects of interaction adjustment. The results of Model 1 verified that expatriates' interaction adjustment has no impact on trust [$\beta = 0.053$, ns], shared vision [$\beta = 0.020$, ns] or intercultural communication [$\beta = 0.302$, ns]. Hence, we did not find evidence of a linear relationship of interaction adjustment with trust, shared vision and intercultural communication.

In Model 2, we entered the squared trust, squared shared vision and squared intercultural communication and found that squared trust and squared intercultural communication were

Table 1. Descriptive and correlation results

	Mean	SD	1	2	3	4
<i>Between level variable</i>						
1.Interaction adjustment (T1)	4.01	0.61	-			
<i>Within level variables</i>						
2.Trust (T2)	3.69	0.80	-.029	-		
3.Shared vision (T2)	3.93	0.78	-.038	.536**	-	
4. Intercultural communication (T2)	3.87	0.68	.035	.467**	.518**	-

negatively and significantly related to expatriates' interaction adjustment. Thus, as predicted in Hypothesis 1, we found a curvilinear impact of interaction adjustment on trust development, explaining an overall variance of around 24.2%. We did not find any impact of interaction adjustment on a shared vision. Hence, Hypothesis 2 was not accepted. Finally, we found a curvilinear relationship between interaction adjustment and intercultural communication; squared intercultural communication predicted around 17.5% variance. Hence, Hypothesis 3 was accepted. Results of the linear and curvilinear regression analysis are presented in Table 2.

To understand the shape of the quadratic U-shape relation between interaction adjustment and trust, and between interaction adjustment and intercultural communication, we used simple-slope analysis (Aiken et al., 1991) as recommended in the literature (Kachanoff et al., 2016). The curvilinear relationships are presented in Figures 1 and 2. Figure 1 suggests an inverted U-shaped relationship between interaction adjustment and trust. At a lower level, interaction adjustment was positively related to trust, however this relationship became negative at a higher level of adjustment. Similarly, Figure 2 also suggests an inverted U-shaped relationship and shows that intercultural communication increased during initial levels of adjustment of expatriates. However, growing interaction adjustment of expatriates led to reduced intercultural communication among HCNs.

5. Discussion

The research on international business has developed and progressed in recent decades, yet there has been a limited understanding of the complex ways in which the adjustment process of expatriates leads to dynamic changes in HCNs over time. Hence, this study offers a new way to look at the change experiences of HCNs through the lens of social identity theory. Furthermore, it integrates two distinct dimensions of social identity theory (embracing social changes and self-categorizations) in a single model to investigate the dynamic change experiences.

In line with the propositions, the findings of our study suggest an inverted U-shaped relationship between expatriates' interaction adjustment and trust; and between expatriates' interaction adjustment and intercultural communication. These findings help in understanding the complexity of the changing nature of the expatriates-HCNs relationship, which has been rarely highlighted in the current literature (e.g., Peltokorpi & Pudenko, 2020; Peltokorpi & Vaara, 2014). In line with the existing literature (Ang & Tan, 2016; Ismail, 2015), these findings emphasize the critical role of the socialization process in the development of trust and intercultural communication among expatriates and HCNs. Moreover, going beyond the above, our findings also demonstrate a need to examine how the development of a deep relationship and too many expectations towards expatriates lead to trust betrayal or weakened the relationship between HCNs and expatriates.

Table 2. Linear and curvilinear regression results

Variables	Standardized beta
Model 1	
Trust	0.053
Shared vision	0.020
Intercultural communication	0.302
Model 2	
Trust	1.90*
Trust (squared)	-0.242*
Shared vision	0.798
Shared vision (squared)	-0.102
Intercultural communication	1.443*
Intercultural communication (squared)	-0.175*

Figure 1. Quadratic relation between interaction adjustment and trust development.

Note: The straight line represents the linear relation between variables, while the curved line represents the nonlinear relation between the variables.

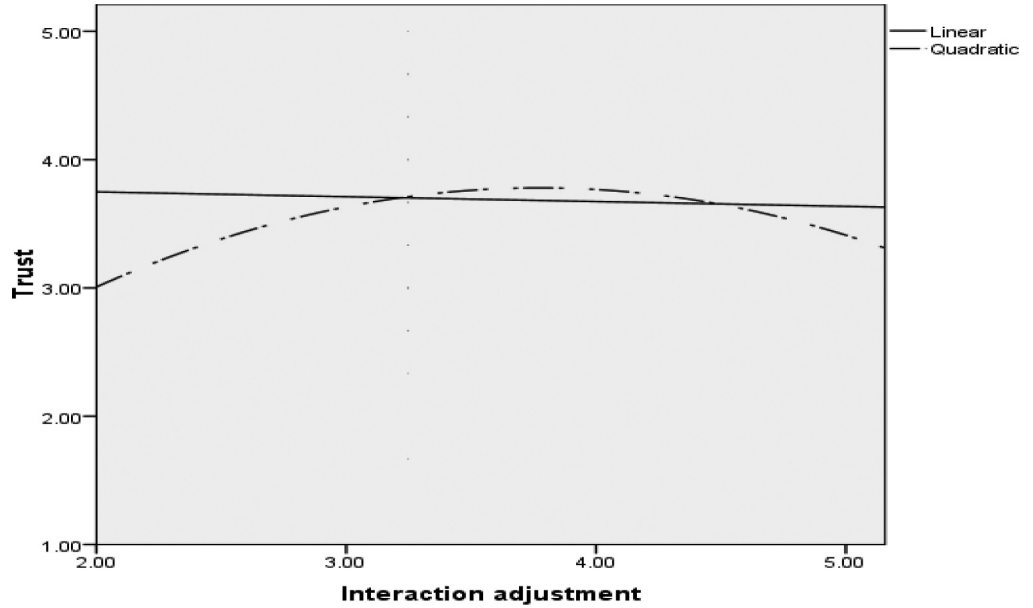
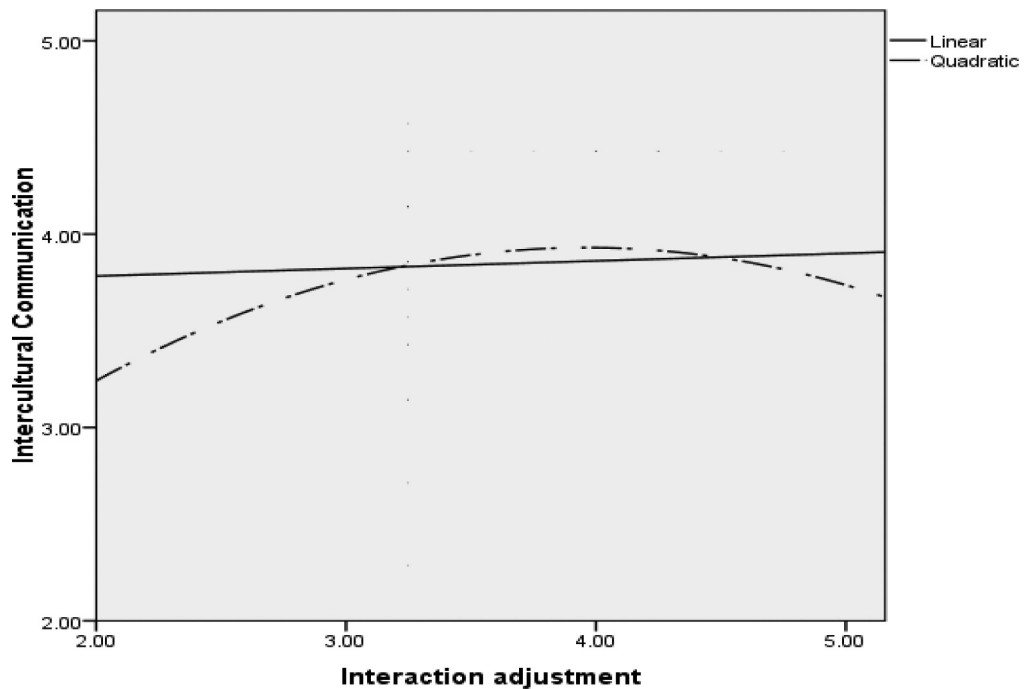


Figure 2. Quadratic relation between interaction adjustment and intercultural communication.

Note: The straight line represents the linear relation between variables, while the curved line represents the nonlinear relation between the variables.



The findings also provide evidence of self-categorization as negative (Peltokorpi & Pudelko, 2020) by highlighting how individuals get protective about their well-being after developing a thorough understanding of internal beliefs and values of socially diverse groups. Further research might help identify and understand the role of conditional factors in this curvilinear process.

We did not find evidence regarding the nonlinear relationship between expatriates' interaction adjustment and shared vision. This may be explained in light of the guidance from the literature, which suggests that most of the employers create a unique vision without understanding the

needs of other employees, which makes it difficult for employees to understand their expectations (Jetten et al., 2002; Kouzes & Posner, 2009). This is particularly relevant in the expatriation context of this study as Chinese expatriates prefer implementing their standardized processes, which hinders other employees from following and sharing their goals (Leung & Chan, 2012).

The findings of our study also add new insights into the social identity literature and raises a need to further investigate the “process of change” in expatriation assignments. Some expatriation literature has examined the change processes, such as the use of the U-curve model (Lysgaard, 1955) facilitated in understanding the various stages in expatriates’ adjustment process (e.g., Nadeem & Mumtaz, 2018). However, most of these findings focused primarily on positive outcomes of frequent interactions for expatriates and HCNs (e.g., Ang & Tan, 2016; Ismail, 2015). In contrast to the above literature, the current findings use social identity theory to simultaneously focus on positive and negative outcomes of adjustment for HCNs and suggest managing the frequency of communication between diverse social groups to an optimal level in cross-cultural contexts.

6. Limitations and future research directions

We provide a basic understanding of the inverted U-shaped relationships between expatriates’ interaction adjustment and social changes in HCNs in the present study. Future researchers may deepen understanding of the complexity of these relationships by focusing on several measurement points in the expatriates-HCNs relationship. Moreover, the questions of “when” and “how” play a significant role in investigating nonlinear relationships in expatriation assignments (Hippler et al., 2015). Hence, we suggest future researchers to identify multiple measurement points in these relationships to capture the true nature of nonlinear changes. These questions particularly need to be investigated during and after the COVID-19 crisis, when global talent management has become one of the significant challenges for organizations (Haak-Saheem, 2020). Future researchers may measure how remote working and lack of social interactions during COVID-19 and changed norms of work after COVID-19 may lead to unique work and non-work challenges for expatriates’ adjustment and developing relationships between expatriates and HCNs.

Further, we have mainly relied on two aspects of social identity theory for developing a theoretical framework. However, future researchers may extend this model by combining social identity theory with other process models for developing a comprehensive conceptual framework. The findings of the current study also indicate potential moderators in this relationship, which needs to be explored further. Another possible area of research is to understand how dynamic social change experiences of HCNs impact their organizational identification and work performance over time.

As discussed in the aforementioned paragraphs, we developed a primary understanding of the nonlinear relationships in international assignments; we used, and have so far suggested quantitative methods for further research. The use of qualitative research methods such as ethnography and grounded theory approach might be helpful for researchers in effectively understanding the complex role of various personal, social and contextual factors in this dynamic change process. Moreover, longitudinal qualitative research designs may also be used to adequately understanding the changing nature of expatriates-HCNs relationships over time.

7. Managerial implications

The findings of the current research reflect that too much adjustment of expatriates and frequent socialization may lead to a negative impact on the social relationship between expatriates and HCNs. Based on our findings, we don’t suggest organizations to reduce interactions among expatriates and HCNs. Instead, we recommend organizations to thoughtfully manage social interactions between expatriates and HCNs from the beginning. Management should provide formal platforms for flourishing open communication among the two groups and avoid organizing informal and casual gatherings among the two groups. Given the existing pandemic situation, we

recommend organizations to encourage the use of formal online mediums for communication purposes. The use of official socialization tools might facilitate organizations in maintaining a balanced communication between expatriate and HCNs. Moreover, organizations need to remain conscious of expatriates' optimal level of adjustment in a host unit to timely engage in proactive initiatives and effectively manage expatriates-HCNs relationships over time. Finally, separate meetings with expatriates and HCNs might help organizations in a timely understanding of the challenges faced by both groups in a cross-cultural context.

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Declaration of interest

No potential conflict of interest was reported by the authors.

Ethics statement

The authors declare that the research has been conducted in accordance with the ethical guidelines of the journal.

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