

Influence of Informal Relationships on Expatriate Career Performance in China: The Moderating Role of Cultural Intelligence

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ABSTRACT Pursuing an international career in China can be risky particularly when there is a lack of informal relationships and knowledge of the socio-cultural environment of the country. Drawing from social capital theory of career success and intelligence theory, this study investigates the influence of expatriate manager-local subordinate *guanxi* on expatriate managers' career performance and the contingency role of cultural intelligence. Using multi-source data from a sample ($N = 154$) of expatriate managers in China, our results show that expatriate manager-local subordinate *guanxi* positively influences expatriate career performance, and that this relationship is positively moderated by expatriates' cultural intelligence. The broader theoretical and practical implications of the findings for international careers are fully discussed.

KEYWORDS career performance, China, cultural intelligence, expatriate-local *guanxi*

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INTRODUCTION

The rapid pace of globalization and the increasing spread of boundaryless careers in expatriation (Altman & Baruch, 2012; Baruch, Altman, & Tung, 2016; Stahl, Miller, & Tung, 2002) generate a renewed focus on international careers, that is, careers that unfold outside one's own country of origin (Nilsson, Flores, Berkel, Schale, Linnemeyer, & Summer, 2007). This literature has since expanded beyond the traditional focus on expatriate adjustment to consider broader career outcomes that capture expatriates' work-related experiences within socio-economic contexts (Haslberger & Brewster, 2009; Takeuchi, 2010; Tams & Arthur, 2007). In this context, the performance effectiveness of expatriates enacting career roles in obtaining necessary skills for progression and achieving personal

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career goals, termed career performance (Welbourne, Johnson, & Erez, 1998), becomes an integral part of expatriates' overall performance.

The literature on expatriate careers remains limited (Suutari, Brewster, Makela, Dickmann, & Tornikoski, 2018). From an individual expatriate perspective, there has been an increase in the recognition of individual-level factors, for example, personality, language skills, prior international experience, in enhancing their experience of international assignments (Cappellen & Janssens, 2010; Suutari, 2003). However, a key characteristic of expatriates is the mobility that enables them to develop a network of social connections that they can utilize for career gains (Osman-Gani & Rocksthul, 2008; Tung, 1987). The critical role of resources in attaining valued career goals is a key feature of social capital theory of career success (Seibert, Kraimer, & Liden, 2001) and is highlighted in a recent review of career success (Spurk, Hirschi, & Dries, 2019). Specifically in the case of expatriates, van der Laken, van Engen, van Veldhoven, and Paauwe (2019) undertake a meta-analysis of social support resources (i.e., social activities from which assistance is provided) in the family, work, and community domains for a range of criteria that are often used interchangeably, including expatriate adjustment, commitment, performance, and retention. Reviewing research on expatriates' psychological and behavioral responses to the social resources offered by supportive agents, they conclude that 'the relationship between expatriates and their subordinates seems a completely neglected area in contemporary literature' (van der Laken et al., 2019: 30). Their concern is similarly voiced by other scholars (e.g., Zhu, Wanberg, Harrison, & Diehn, 2016), with the expatriate-local informal interaction largely under-specified, especially from a cultural perspective (Toh & DeNisi, 2003, 2005). van der Laken and colleagues (2019) hence suggest that a way out of current insufficiencies is for research to add specificity to the type of social resources offered by local subordinates.

We therefore contribute to the under-specified socio-cultural investigation of expatriate career performance by introducing the relational construct of expatriate manager-local subordinate *guanxi* (i.e., ELG), referred to as 'a dyadic, particular and sentimental tie that has potential of facilitating favor exchanges' (Bian, 2006: 312) between expatriate managers and local subordinates. *Guanxi* is a Chinese concept of personal relationships consistent with Confucianism-derived practices of reciprocity and harmony (Bian, 2017; Bian & Zhang, 2014; Chen, Chen, & Huang, 2013; Chen, Yu, & Son, 2014; Liu & Wang, 2013). It is generally perceived as informal social networks (Horak & Restel, 2016; Horak & Taube, 2016). As commented on by Lin (2001a: 163), '*guanxi* is the ultimate in social exchanges: the relationship for the sake of relationships', conceptualizing *guanxi* as the accumulation of social capital.

The social interaction process for fulfilling a successful expatriate career performance often needs expatriates to mobilize and tap into their cognitive and behavioral capabilities to understand and demonstrate effectiveness in cross-cultural situations, known as cultural intelligence (CQ) (Earley & Ang, 2003).

CQ has its roots in intelligence theory (Earley & Ang, 2003), which emphasizes the role of intelligence for successful adaptation (Sternberg, 1999; Sternberg & Detterman, 1986). As a form of intelligence, CQ enables expatriate managers to adapt and understand the cultural environment, including the cultural orientations and practices of local subordinates (e.g., Huff, Song, & Gresch, 2014; Kim, Kirkman, & Chen, 2008; Malek & Budhwar, 2013; Wu & Ang, 2011). Expatriate managers with well-developed CQ are generally considered to be more capable of elucidating the benefits of a high-quality informal relationship with local subordinates due to knowledge of the local culture (Xu & Chen, 2017). However, this role of CQ requires further theoretical grounding and empirical support, with CQ not fully positioned and investigated as a moderator (Ott & Michailova, 2018).

The main aim of this research is therefore to investigate the influence of ELG on expatriate career performance and the contingency that enhances such influence. We supplement social capital theory (Lin, 1999; Seibert et al., 2001) for career success with the theory of intelligence (Sternberg, 1999; Sternberg & Detterman, 1986) to assert that ELG positively relates to expatriate career performance and that this relationship is positively moderated by expatriate CQ. We define expatriates as those 'legally working individuals who reside temporarily in a country of which they are not a citizen in order to accomplish a career-related goal' and focus on expatriate managers or those 'who engage in international careers via business employment' (Jokinen, Brewster, & Suutari, 2008: 207). China is a rich site for this investigation as it is a popular expatriate destination hosting approximately 600,000 expatriates in 2010 (SAMPI, 2016).

The findings of this study contribute to the literature in several ways. First, it enriches understanding of the influence of a culture-specific informal relationship (i.e., ELG) on expatriate career performance. This finding addresses a neglected area of expatriate-local relationships in international career literature (van der Laken et al., 2019; Zhu et al., 2016). Studying culture-specific phenomena represents a valuable pathway to building broader theories across cultures (Gelfand, Aycan, Erez, & Leung, 2017). Second, the specific examination of *guanxi* from an expatriate supervisor perspective clarifies theoretical thinking about its relationship with career-related outcomes. This is an important area of investigation given the growing trend towards expatriation as a career option (Baruch et al., 2016) and the fragmented nature of expatriate career research (Suutari et al., 2018). The findings afford both cultural nuances and specificity to clarifying the expatriate career experience. Third, it extends existing CQ research on interpersonal relationships (e.g., Chua, Morris, & Mor, 2012; Gregory, Prifling, & Beck, 2009; Mor, Morris, & Joh, 2013; Rockstuhl & Ng, 2015). Previous research has focused on the direct role of CQ in adaptation and in achieving effective interpersonal relationships (e.g., Chua et al., 2012; Gregory et al., 2009; Mor et al., 2013; Rockstuhl & Ng, 2015). By simultaneously investigating ELG, a culturally-rooted form of social capital, and the different dimensions of CQ, a cultural capability, the

study shows that social capital is incomplete without considering CQ to process culture-specific cues (Lamont & Lareau, 1988). Lastly, the career perspective to international assignment has both theoretical and practical importance as expatriates pursuing international careers constitute a critical source of talent for international business (McNulty & Vance, 2017). The findings thus shed light on international careers that are influenced by culturally-rooted informal relational practices in general and in China specifically.

THEORETICAL BACKGROUND AND HYPOTHESES DEVELOPMENT

Expatriate careers require more than generic social networking, interactions, or contacts (Zhao, Liu, & Zhou, 2016), but socializing effectively within the local cultural context (e.g., Kawai & Strange, 2014; Kraimer, Wayne, & Jaworski, 2001). From a resource management perspective of antecedents of career-related outcomes, the concept of social capital provides a dominant theoretical explanation of how social surroundings and environments affect career outcomes (Spurk et al., 2019). In general, social capital has its origin in Bourdieu (1986), defined as the sum of resources embedded in social relations or networks of mutual acquaintance and recognition (Bourdieu & Wacquant, 1992). As a theory, social capital describes the process by which these resources are captured and reproduced for returns (Lin, 2001b). Lin (2001a) extends the concept of social capital to the Chinese context, clarifying that although *guanxi* shows traits of social exchanges in general (e.g., instrumental uses), its uniqueness lies in the pervasive and long-standing penetration into the entire Chinese society. Also, the instrumental intent of *guanxi* is not simply to exchange resources between two parties, but to ‘gain access to other social ties where useful resources are embedded’ (Lin, 2001a: 156). The ability of *guanxi* to enable both direct and indirect connections thus makes it relevant for careers, as social capital theory of career success specifically posits that social resources in the form of relationships and ties with other people from within and outside the organization are critical in any successful career (Seibert et al., 2001). This career-specific social capital theory argues that ‘individuals in the social environment of a career actor provide different types of resources (e.g., information, psychosocial help, career support)’ that facilitate career goal attainment (Spurk et al., 2019: 12).

Given that local subordinates working directly with expatriate managers are an immediate source of social surroundings, expatriates’ relationships with them constitute an important social capital from which expatriates can benefit. ELG has some specific characteristics in expatriate manager-local subordinate relationships (i.e., interactions) – it is a relationship that is enduring, can be used for instrumental purposes, and has a sentimental basis (cf. Lin, 2001a). The informal relationship between expatriate managers and local subordinates, both in and outside the workplace, has specific cultural elements that pervade the local

context (Malek & Budhwar, 2013; Peterson & Thomas, 2007) and is a point of entry to local norms and role information (Liu & Shaffer, 2005; Wang & Kanungo, 2004; Vance, Vaiman, & Andersen, 2009; Varma, Budhwar & Pichler, 2011). Indeed, the process of acculturation for adapting to a new cultural environment is not limited to task-based interactions (Berry, 1997). In this sense, ELG, although neglected in expatriate career research, has theoretical and practical potential to enrich and accelerate the cultural learning processes and career performance of expatriates.

Social capital theory points to the benefits of having social resources through established social networks and informal ties more broadly, rather than from just the workplace. However, in a cross-cultural setting, the processes of gaining access to relevant information and the development of informal relationships are often more complex due to differences in language, norms, values, beliefs, and institutions (Yamazaki & Kayes, 2004). For this reason, we argue that social capital theory by itself is limited in explaining the influence of expatriate-local informal relationships on expatriate performance outcomes in host countries steeped in cultural traditions. We address this important issue, which remains largely overlooked in expatriate career research to date, by explicitly supplementing social capital theory (Lin, 1999; Seibert et al., 2001) with intelligence theory (Sternberg, 1999; Sternberg & Detterman, 1986). Defined as the capability of individuals to adapt effectively to their environments (Sternberg, 2012), intelligence forms the basis of the development of the CQ concept (Earley & Ang, 2003). Specifically, Earley and Ang (2003) conceptualize CQ as a form of intelligence that can enable individuals to understand how different cultures work and adjust by enacting appropriate behaviors that are suitable to the given cultural context. In this sense, those with high CQ are likely to be more effective in eliciting social capital in cross-cultural settings and to benefit from such resources. Thus, social capital theory (Lin, 1999; Seibert et al., 2001) and intelligence theory (Sternberg, 1999; Sternberg & Detterman, 1986) jointly provide a more nuanced and complete explanation of how CQ enhances the contributions of ELG in a cross-cultural setting, which we consider next.

Expatriate-Local *Guanxi* (ELG) and Career Performance

ELG describes a pseudo-kin type of *guanxi* with ties between supervisors and subordinates (Bian, 2018) in the expatriate manager-local subordinate context. There are two basic approaches to *guanxi*: the transaction cost approach (Barbalet, 2016) that concerns assurance in *guanxi* relations, derived from public scrutiny of adherence to *guanxi* norms (Yamagishi & Yamagishi, 1994; Zhang & Zhang, 2006), and a dynamic one (Chen, Friedman, Yu, Fang, & Lu, 2009) that focuses on the quality and resources embedded in *guanxi* (Bian, 2017; Chen & Chen, 2004). We take the second approach for two reasons. First, our focus is on the dyadic expatriate-local relationship, rather than the triadic relationships implicitly underlying the

assurance approach to *guanxi* (Barbalet, 2016). Second, we focus on the unique elements embedded in *guanxi* that are different from the typical Western concept of social capital or strong ties. This investigation has the potential to enrich understanding beyond the context of China, as Burt and colleagues observe that *guanxi* can include social relationships independent of network structure and hence be found not just in China (Burt & Burzynska, 2017; Burt & Oppen, 2017). The *guanxi* resources reflect social norms of reciprocity (Bian, 1997; Hwang, 1987) with mutual responsibilities and obligations (Burt, Bian, & Oppen, 2018). Expatriate managers and local subordinates enter *guanxi* relationship with the general assumption that exchanges of favor are long-term and continuously reciprocated (Barbalet, 2016). *Guanxi* operates through asymmetrical exchange because the receiver gains a substantial favour and the giver creates the obligation for future returns (Bian, 2019; Lin, 2001b). From the local subordinate perspective, research has demonstrated that favors received from expatriate managers can take the form of greater access to internal information, favorable supervisor decisions, job mobility and placement (e.g., Bian, 1994, 1997; Ren, & Chadee, 2017a). From the expatriate supervisor perspective, the social capital received embodies personal life inclusion, affective attachment, and personal deference of subordinates, which are beyond the conventional Western construct of social capital (Chen et al., 2013; Ren, Wood, & Yang, 2017). We argue that for expatriates these three unique elements embedded in ELG are particularly relevant to enhancing their career performance.

Specifically, based on social capital theory (Lin, 1999; Seibert et al., 2001) for career success, the effective performance of expatriate career roles relies on greater access to information and resources. Information accessibility and resource availability enable people to search, exchange and absorb various forms of knowledge, information, ideas, and viewpoints outside their own repertoire, which helps them to fulfil career goals and gain a sense of achievement (Chen, Chang, & Lee, 2015). Personal life inclusion transforms the formal work-based supervisor-subordinate relationship into an informal family-like relationship which spans multiple domains, such as home visits after work, knowing and interacting with each other's family, eating and drinking together, birthday and holiday celebrations (Chen et al., 2013; Ren et al., 2017). The number and diversity of domains in which informal interactions take place provide an important source of understanding the general, as well as cultural, dimensions of the new environment in which the expatriate finds him or herself. Expatriates' acquired information from local subordinates in the ELG relationship may include general aspects of the local context including, for instance, transportation, living conditions, facilities and infrastructure (Bhaskar-Shrinivas, Harrison, Shaffer, & Luk, 2005) and work-specific information, including local behavioural norms and the underlying rationale (Lee & Sukoco, 2010).

In terms of resources, affective attachment describes emotional connection and willingness to care for each other (Chen et al., 2009) and hence provides an

important source of psychological resources to potentially reduce expatriates' challenges in performing their roles. Personal deference may also be particularly important to increase expatriate managers' resources. When moving to a new cultural environment, expatriates may often experience a loss of control over fulfilling role requirements, for instance, due to the limited awareness of cultural differences (Lee & Sukoco, 2010). Having ELG means that when there are conflicting opinions, local subordinates stand on the side of the expatriate supervisors with whom they have a *guanxi* informal relationship. Thus, personal deference provides expatriate supervisors a sense of control over their roles, which is likely to improve their cross-cultural confidence and ultimately their career performance (Black, 1988). Thus, the higher the quality of expatriate-local *guanxi*, the more likely expatriate supervisors are to obtain a range of valuable information and resources that improve career performance.

Hypothesis 1: The expatriate manager-local subordinate guanxi (ELG) will be positively related to expatriate managers' career performance.

Moderating Role of Cultural Intelligence

Eliciting career benefits from ELG does not rely merely on engaging in after-work social activities. Entering into a meaningful interaction with people from different cultural backgrounds requires expatriates to be knowledgeable about local norms, values and beliefs, the subtleties of which are not equally demonstrated by all expatriates (Mendenhall & Oddou, 1985). CQ expresses a 'person's capability for successful adaptation in new cultural settings, that is, for unfamiliar settings attributable to cultural context' (Earley & Ang, 2003: 9). From the intelligence perspective (Sternberg, 1999; Sternberg & Detterman, 1986), CQ can be viewed as a boundary condition that strengthens the relationship between ELG and expatriate career performance.

The concept of CQ is developed as a capability anchored in intelligence theory (Sternberg, 1999; Sternberg & Detterman, 1986). For instance, Ang and Van Dyne (2008: 3) define it as 'the capability of an individual to function effectively in situations characterized by cultural diversity'. Sternberg and Berg (1986) characterize intelligence as crystallized knowledge about experiential procedures in a particular domain. Given this view of intelligence, CQ is a set of learned declarative knowledge that can enable an individual to understand and behave accordingly in a particular cultural context (Earley & Ang, 2003). This means expatriates with well-developed CQ have better understanding of the cultural values, norms, attitudes and traditions that underpin people's behavior and the functioning of their new environments compared to those with less-developed CQ.

Prior research on CQ has focused mostly on its direct effect on individual or organizational performance outcomes, and tends to treat CQ as a composite construct of cultural resource required for social inclusion and integration. As an

aggregate of cultural resources, CQ has been found to directly influence high levels of cross-cultural adjustment (e.g., Chen, Wu, & Bian, 2014; Huff et al., 2014; Lee & Sukoco, 2010; Lee, Veasna, & Sukoco, 2014) and effectiveness in cooperation, creative collaborations and negotiations in intercultural settings (e.g., Chua et al., 2012; Groves, Feyerherm, & Gu, 2015; Imai & Gelfand, 2010; Mor et al., 2013). We depart from this conventional approach and instead frame CQ as a moderator following recent studies others have done (e.g., Volpone, Marquardt, Casper, & Avery, 2018; Presbitero & Quita, 2017; Rosenauer, Homan, Horstmeier, & Voelpel, 2016). We also follow Thomas et al. (2015) by deconstructing CQ into cultural knowledge, skills, and metacognition to add nuance and specificity in our study.

Cultural knowledge or the collection of general and specific knowledge about different cultures (i.e., cultural norms, traditions, practices and values) assist expatriates in understanding how locals function and operate (Van Dyne et al., 2012). Such understanding of the nuances of the local culture helps achieve not only work-related functions but also strengthens the benefits associated with informal relationships. Selmer (2001) highlights the benefits associated with the expatriate-local relationship which can be amplified with pre-existing cultural knowledge. This implies that possessing high levels of cultural knowledge can strengthen the influence of ELG on an expatriate manager's career performance outcomes.

Cultural metacognition is the higher-order cognitive cultural resource that enables individuals to have 'control over one's thinking and learning activities in specific domain of cultural experiences and strategies' (Thomas et al., 2015: 1102). In the same vein, it can also be argued that cultural metacognition strengthens the relationship between ELG and expatriate career performance. Control of cognition enables expatriate managers to be mindful and retain their perspective when interacting with local subordinates. Such higher-order cognitive skills can lead to constant self-monitoring of how an expatriate manager relates to his/her local subordinates. When there is a higher level of cultural metacognition, an expatriate manager can calibrate and adjust accordingly his/her behaviors towards the local subordinates. By contrast, when the cultural metacognition is lower, the expatriates are less likely to identify, mobilize, and leverage the resource benefits derived from an informal relationship for career gains.

Lastly, cultural skill refers to the ability to behave in a range of cultural settings (i.e., adjusting accordingly to the verbal and non-verbal requirements in a given context) (Ang & Van Dyne, 2008; Ang, Ng, Rockstuhl, Tan, & Koh, 2012). Cultural skill can also be argued to moderate the relationship between ELG and expatriate career performance. Expatriate managers who have the ability to demonstrate appropriate cultural behaviors are more likely to be effective in strengthening the high-quality informal relationships with locals, which means better utilization of social resources. When career performance is a valued goal,

cultural skill helps to amplify the positive influence of social capital derived from ELG. In summary, we propose:

Hypothesis 2: CQ, including the specific dimensions of (a) cultural knowledge, (b) cultural metacognition, and (c) cultural skill, will positively moderate the relationship between the expatriate manager-local subordinate guanxi (ELG) and an expatriate manager's career performance such that higher CQ interacts with ELG to yield superior career performance.

METHODS

Sample and Procedures

We test our hypotheses using multi-source data from a sample of expatriates working in Beijing and Shanghai in foreign-invested enterprises from USA, France, South Korea, and Taiwan. These four countries are among the top 10 investors in China. To obtain the sample, we contacted a HR recruitment agent, through our professional network, who specializes in working with multinational enterprises for talent attraction and other human resource related issues. Using information from their database, we identified 286 expatriate managers who fit our selection criteria, such as being in the managerial role with line reporting responsibilities, and expatriation in China via business employment. Also, the information enabled us to code and map potential participating expatriates and the corresponding HR managers who were responsible for their performance management review.

Expatriates were informed about the confidential and voluntary nature of participation. They were also informed of the data collection procedure in which they and HR managers completed surveys separately and sent completed surveys directly to the researcher. To further assure confidentiality, the expatriate survey included a four-digit code only, without recording their names. This survey included measures that evaluated their own CQ and their *guanxi* relationship with local subordinates (ELG) under their supervision, as well as basic demographic information. The career performance of expatriate managers participating in the study was assessed by the immediate HR managers involved in managing their performance. The HR manager survey included two post-it stickers, indicating the name and four-digit code of expatriates, respectively, so that the managers were aware of whom they were evaluating. After evaluation, the HR managers were asked to tear up the name sticker and retain only the code sticker before returning their response to the researcher. The HR manager surveys received without the expatriate name sticker removed were excluded from the study.

In total, 154 matched sets of surveys were retained for the purposes of analysis, yielding a response rate of 54%. The sample included 67.5% male and 32.5% female, with 53 French expatriates, 31 Americans, 48 Taiwanese, and 22 South Koreans. The majority of expatriates were aged above 40 years old (75.3%), followed by 20.8% in the 30-40 age group, and 3.9% under the age of

30. We compared the demographics from the early 50 expatriate surveys (Age: Mean = 2.80, SD = 0.45; Gender: Mean = 0.28, SD = 0.45), and the last 50 surveys (Age: Mean = 2.74, SD = 0.49; Gender: Mean = 0.44, SD = 0.50) who might represent the respondents and non-respondents, respectively (Rogelberg & Stanton, 2007). Independent sample T-tests showed no significant differences across their age: ($t(98) = 0.41, p = 0.52$), gender ($t(98) = 2.80, p = 0.10$).

Measures

The response format for all items adopted a 5-point Likert scale (1: strongly disagree to 5: strongly agree).

Expatriate manager-local subordinate guanxi (ELG) was measured with six items developed by Law, Wong, Wang, and Wang, (2000). This scale is based on concrete interaction activities that demonstrate the quality of supervisor-subordinate *guanxi* (Chen et al., 2009). To adapt the scale for the present study to measure expatriate managers' *guanxi* with local subordinates, we followed the approach used in prior studies where supervisors were asked to evaluate their *guanxi* with direct subordinates (e.g., Liu & Wang, 2013; Wei, Liu, Chen, & Wu, 2010). In these studies, the wording of the original measures was slightly adjusted to apply to the expatriate manager, which yielded acceptable construct reliability (i.e., 0.85). Similarly, we adapted the wording of each item appropriately to refer to expatriate managers' informal relationships with local subordinates. Expatriate managers were asked to evaluate the following activities through which their subordinates undertook to demonstrate affective attachment, personal life inclusion and personal deference for them, such as 'During holiday or after office hours, my subordinates would call or visit me' (*personal life inclusion*), 'When there are conflicting opinions, my subordinates will definitely stand on my side' (*personal deference*), and 'my subordinates and I always share thoughts, opinions and feelings' (*affective attachment*). The Cronbach's alpha in this study was 0.85.

Cultural intelligence (CQ) was measured by the 10-item scale developed by Thomas et al. (2015). Participating expatriate managers were asked to rate the following statements, such as, 'I think a lot about the influence that culture has on my behaviour and that of others who are culturally different', and, 'I am aware that I need to plan my course of action when in different cultural situations and with culturally different people'. The Cronbach's alpha for this scale (0.92) compares favourably with prior studies (e.g., Arli, Pekerti, Kubacki, & Rundle-Thiele, 2016) thereby indicating acceptable reliability.

Expatriate career performance was measured by the four-item scale developed by Welbourne, Johnson, and Erez (1998). The direct HR manager to whom each expatriate manager reported in each organization was asked to evaluate the expatriates' career performance related to 'obtaining career goals', 'developing skills needed for future careers', 'making progress in career', and 'seeking out career opportunities'. The Cronbach's alpha was 0.86.

Control variables. Following prior research, this study controlled for expatriates' age (0 = less than 30 years old; 1 = 30–40 years old; 2 = above 40 years old) and gender (0 = male; 1 = female) that is typically included in the performance literature (e.g., Bruning, Sonpar, & Wang, 2012; Huang, Chi, & Lawler, 2005) to rule out its potential influence on expatriate career performance. We also controlled for expatriates' country of origin, by using 0–1 dummy variables, to rule out the possibility of confounding influence of socio-cultural factors on expatriate careers (e.g., Olsen & Martins, 2009; Wu & Ang, 2011). In addition, we controlled for the duration of expatriation and of supervision with current local subordinates to rule out potential influences of prior experience and time in the host country (e.g., Bhaskar-Shrinivas et al., 2005).

Analytical Method

The analysis was carried out in several stages. We followed the procedures prescribed by Podsakoff, MacKenzie, Lee, and Podsakoff (2003) for data collection to minimize the bias from common method. Collecting data from multiple sources also helped to eliminate the possibility of common method bias. We then examined the psychometric quality of the constructs, and the predictive quality of the model for hypothesis testing. Specifically, we used the Process macro in SPSS for hypothesis testing, a computational tool developed by Hayes (2013) to undertake bootstrapping analysis for indirect effects. We used the Process Custom Dialog Box in SPSS 20, and selected model 1 as the template representing our conceptual framework. As Process macro coefficients are unstandardized, we standardized all variables prior to the use of the macro to generate standardized coefficients (Preacher & Kelley, 2011).

RESULTS

Descriptive Statistics

Table 1 summarizes the means, standard deviations and correlations among the study variables. All the values of Cronbach's alpha were above the minimum acceptable value of 0.70, confirming the reliability of the items used. Correlations between the key study variables were no larger than 0.65, and the variance inflation factors ranged between 1.02 and 1.04, suggesting that multicollinearity did not contaminate the findings (Tabachnick & Fidell, 2007). Additionally, the values of the average variance extracted (AVE) for each construct ranged from 0.59 to 0.68, well above the 0.50 cut-off criteria. In addition, we undertook a series of confirmatory factor analyses, which showed that the hypothesized three-factor model (ELG with six items, CQ with ten items, and career performance with four items) performed reasonably well vis-à-vis the sample size ($\chi^2 = 389.28$, $df = 167$, CFI = 0.87, TLI = 0.86, RMSEA = 0.09; SRMR = 0.06)

Table 1. Means, standard deviations, reliability and correlations among study variables

<i>Variables</i>	<i>Mean</i>	<i>SD</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>
1. Age	1.63	0.60										
2. Gender	0.32	0.46	0.00									
3. Expatriate experience	3.13	1.52	−0.02	0.00								
4. Supervision experience	1.01	0.81	−0.14	0.10	−0.11							
5. USA	0.14	0.35	0.12	−0.20	0.09	0.03						
6. France	0.31	0.46	0.03	−0.10	−0.16	0.00	−0.27**					
7. South Korea	0.20	0.20	0.14	0.17	0.10	−0.07	−0.20*	−0.33**				
8. Expatriate career performance	3.43	0.83	−0.15	0.28**	−0.00	0.13	−0.20*	0.07	0.01	(0.86)		
9. Expatriate-local <i>guanxi</i>	3.91	0.74	0.05	0.09	0.01	−0.03	−0.06	0.07	−0.06	0.30**	(0.85)	
10. Cultural intelligence	3.59	0.79	−0.12	0.19*	0.05	0.04	−0.07	0.02	0.07	0.63**	0.15	(0.92)

Notes: N = 154, ** p < 0.01, * p < 0.05 Cronbach's alpha are shown in bold along the diagonal

and better than alternative models, including a two-factor model where ELG and CQ loaded onto one factor ($\Delta\chi^2 = 389.43$, $\Delta df = 2$, $p < 0.01$; $\chi^2 = 778.71$, $df = 169$, CFI = 0.66, TLI = 0.61, RMSEA = 0.15; SRMR = 0.14) or a one-factor model ($\Delta\chi^2 = 495.00$, $\Delta df = 3$, $p < 0.01$; $\chi^2 = 884.28$, $df = 170$, CFI = 0.60, TLI = 0.55, RMSEA = 0.17; SRMR = 0.15). These results support the discriminant validity of all constructs.

Hypothesis Testing

Results testing the hypothesized relationships are summarized in Table 2 and graphically represented in Figures 1 and 2. We first entered control variables in Model 1, followed by independent variable ELG in Model 2, which tests the first hypothesis about the positive relationship between ELG and expatriate career performance. As shown in Model 2, this direct relationship was statistically significant and positive: $B = 0.30$; $se = 0.08$; $p = 0.00$, supporting Hypothesis 1.

We then entered the composite construct of CQ (Model 3) and each of the three CQ dimensions – cultural knowledge (CQK), cultural skill (CQS) and cultural metacognition (CQM) – respectively (Models 4–6) to gain a more nuanced understanding of the effects of CQ. To test Hypothesis 2, which predicts the moderating role of CQ on the relationship between ELG and expatriate career performance, the interaction term between ELG and the composite construct of CQ (Model 3) is positive and statistically significant: $B = 16$; $se = 0.07$; $p = 0.03$, explaining 30% of expatriate performance over and above ELG alone in Model 2, with a significant F-statistic (4.80, $p = 0.00$). The nature of the moderation influence is illustrated by Figure 1 which shows that for expatriates who have a higher level of CQ, the positive influence of ELG on their performance is more enhanced compared to those who have a lower level of CQ. Figure 1 also shows that the slopes for expatriate managers with low and high CQ were considerably different. This indicates that the rate of improvement in career performance for expatriate managers with high CQ is substantially higher compared to expatriate managers with low CQ. Simple slope analysis further showed that when CQ is higher, the relationship between ELG and career performance is positive and significant (0.37, $p = 0.00$), whereas, when CQ is lower, the positive relationship is not significant (0.04, $p = 0.74$).

Models 4–6 further illustrate the findings on the moderating roles of each of the CQ dimensions. As shown, among the three dimensions of CQ, only the skill dimension is found to significantly interact with the relationship between ELG and expatriate career performance: $B = 0.21$; $se = 0.07$; $p = 0.00$ (Figure 2). We undertook further supplementary analysis by entering the three dimensions of CQ simultaneously in the model (i.e., Model 7). This is a conservative test that speaks to the relative impact of each interaction when the others are controlled for (McClellan, Martin, Emich, & Woodruff, 2018). In this context, the skill dimension of CQ

Table 2. Results of hypothesis testing

	Model 1			Model 2			Model 3			Model 4			Model 5			Model 6			Model 7		
	<i>B (se)</i>	p		<i>B (se)</i>	p		<i>B (se)</i>	p		<i>B (se)</i>	p		<i>B (se)</i>	p		<i>B (se)</i>	p		<i>B (se)</i>	P	
Gender	0.45** (0.27)	0.00		0.40* (0.13)	0.00		0.22* (0.11)	0.04		0.27** (0.11)	0.01		0.25* (0.11)	0.02		0.24* (0.12)	0.04		0.24* (0.11)	0.03	
Age	−0.16 (0.11)	0.13		−0.19 (0.10)	0.06		−0.08 (0.08)	0.34		−0.08 (0.09)	0.33		−0.10 (0.08)	0.24		−0.11 (0.09)	0.22		−0.09 (0.09)	0.31	
USA	−0.29 (0.21)	0.17		−0.24 (0.20)	0.22		−0.24 (0.16)	0.13		−0.23 (0.17)	0.17		−0.19 (0.16)	0.25		−0.28 (0.17)	0.10		−0.19 (0.16)	0.24	
France	0.12 (0.16)	0.43		0.10 (0.15)	0.49		0.04 (0.34)	0.73		0.04 (0.13)	0.72		0.09 (0.12)	0.46		0.02 (0.13)	0.85		0.06 (0.12)	0.64	
South Korea	−0.02 (0.18)	0.89		0.03 (0.17)	0.86		−0.07 (0.14)	0.57		−0.07 (0.14)	0.62		−0.02 (0.18)	0.84		−0.08 (0.15)	0.60		−0.07 (0.14)	0.64	
Expatriate experience	0.01 (0.04)	0.73		0.00 (0.04)	0.82		−0.00 (0.03)	0.79		−0.00 (0.03)	0.77		−0.00 (0.03)	0.78		0.00 (0.03)	0.94		−0.01 (0.03)	0.81	
Supervision experience	0.09 (0.08)	0.22		0.11 (0.07)	0.15		0.09 (0.06)	0.13		0.06 (0.06)	0.34		0.10 (0.06)	0.09		0.09 (0.06)	0.15		0.08 (0.06)	0.17	
ELG				0.30** (0.08)	0.00		0.21** (0.06)	0.00		0.25** (0.07)	0.00		0.21** (0.06)	0.00		0.22** (0.07)	0.00		0.22** (0.07)	0.00	
CQ							0.57** (0.06)	0.00													
CQK										0.44** (0.05)	0.00								0.21* (0.08)	0.01	
CQS													0.50** (0.05)	0.00					0.28* (0.10)	0.01	
CQM																0.41** (0.06)	0.00		0.10 (0.08)	0.25	
ELG * CQ							0.16* (0.07)	0.03													
ELG * CQK										0.11 (0.07)	0.10								−0.04 (0.12)	0.74	
ELG * CQS													0.21** (0.07)	0.00					0.27* (0.13)	0.04	
ELG * CQM																0.12 (0.07)	0.11		−0.07 (0.12)	0.54	
R ²	0.13			0.21			0.51			0.45			0.49			0.41			0.52		
R ² change	0.00			0.07			0.38			0.32			0.36			0.28					
F	3.24**	0.00		4.80**	0.00		14.89**	0.04		11.75**	0.00		13.74**	0.00		10.16**	0.00		10.95	0.00	

Notes: N = 154, ** p < 0.01, * p < 0.05; unstandardized beta coefficient (standard error). ELG: Expatriate-local *guanxi*; CQ: composite cultural intelligence; CQK: CQ_Knowledge; CQS: CQ_Skill; CQM: CQ_Metacognition; R² change based on the comparison with Model 1.

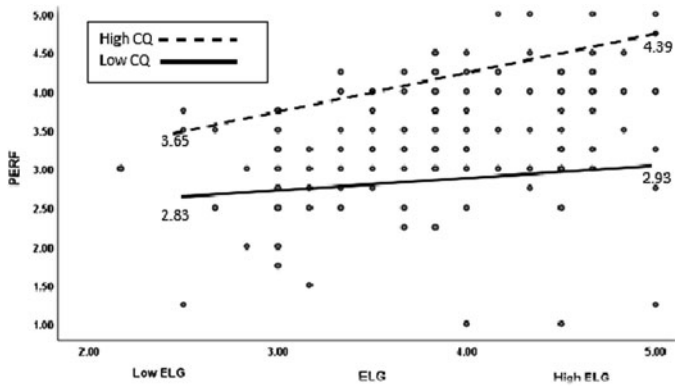


Figure 1. Moderating role of cultural intelligence (CQ) on the relationship between expatriate-local *guanxi* (ELG) and expatriate career performance (PERF) (N = 154)

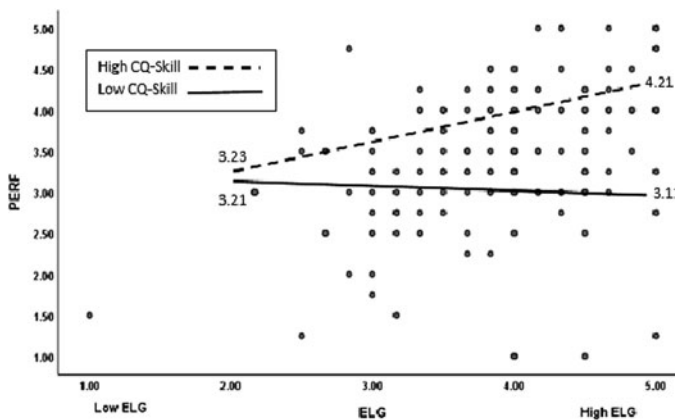


Figure 2. Moderating role of cultural intelligence-skill (CQS) on the relationship between expatriate-local *guanxi* (ELG) and expatriate career performance (PERF) (N = 154)

(i.e., CQS) is again the only one that significantly moderates the ELG-career performance relationship: $B = 0.27$; $se = 0.13$; $p = 0.04$.

Of the control variables, gender was positively and statistically significantly related to expatriate performance, suggesting that female expatriates performed better than male expatriates in terms of careers. This finding is consistent with prior supervisor-subordinate *guanxi* research that found gender, but not tenure, to be significantly correlated with higher work commitment (Chen et al., 2009) and lower turnover intention (Cheung, Wu, Chan, & Wong, 2009). A possible explanation for the non-significant results for the time-related control variables (i.e., expatriate age, expatriate experience, supervision experience) is that in an increasingly global boundaryless career environment, the assessment of career roles is merit oriented rather than seniority based (Altman & Baruch, 2012). Our results are also consistent with prior expatriate research that do not find significant relationships between these control variables and expatriate adjustment or

effectiveness (Bruning et al., 2012; Huang et al., 2005). The results for country of origin are discussed in more detail in the next section.

DISCUSSION

Expatriation has been one of many career options amidst the rapid growth in cross-border activities, as well as the associated perceived benefits to accumulate career capital and enhance one's broader marketability (Benson & Pattie, 2008; Richardson & Mallon, 2005). Despite the rapid growth in expatriation in recent years and the perceived value for professional development and career opportunities (Zhu et al., 2016), international assignments do not necessarily lead to career progression as expatriates initially expect (Collings, Doherty, Luethy, & Osborn, 2011). The lack of personal and informal networks (Marschan, Welch, & Welch, 1996) makes it challenging to manage an expatriate's career. Expatriates need to simultaneously deal with multiple role demands of working effectively with the local employees while at the same time understanding the local cultural environment. This study attends to a neglected area of expatriate-local informal relationship in expatriate career literature. Drawing from multi-source data with a hard-to-access but most sought-after population of expatriate managers, the findings have demonstrated the career benefits of engaging in activities that give rise to quality *guanxi* relationships with Chinese local employees. Moreover, when expatriates possess high levels of CQ, the influence of informal expatriate manager-local subordinate relationships on their career performance becomes more salient.

Theoretical Contributions and Practical Implications

This study makes a timely contribution to the literature where prior studies on expatriate performance have largely overlooked the informal socio-cultural interactions with local employees (van der Laken et al., 2019). Focusing on the expatriate-local relationship acknowledges the fact that when expatriates undertake work, they are embedded in a range of relationship networks, an important one being informal relationships with their local subordinates (van Bakel, van Oudenhoven, & Gerritsen, 2015; Zhang, Li, & Harris, 2015). This study demonstrates that the supervisor-subordinate relationship influenced by *guanxi* in China is not just important for subordinates, as shown in prior studies (e.g., Wei et al., 2010), but is also beneficial for expatriate managers.

To some extent, this finding responds to the long-running debate of the relevance and future of *guanxi* in contemporary China. Research taking a market-as-rational-institution view has argued that *guanxi* influence will wane as institutional systems mature (e.g., Guthrie, 1998), whereas research taking a *guanxi*-as-cultural-repertoire view (e.g., Yang, 2002) argues that *guanxi* influence will persist given its roots in Chinese culture (Bian, 2018). We extend the application of the *guanxi* concept to the expatriate-local dyad and show that, from a cultural perspective,

guanxi informal relationships also convey benefits for expatriate managers. Researchers have recently called for the study of culturally-embedded concepts as a pathway to expanding existing knowledge and building broader theories across culture (Gelfand et al., 2017). Our study addresses this research call by investigating the importance of culture-specific social capital for expatriate career development and performance.

Additionally, this study enriches the social capital theory of career success by introducing the moderating role of cultural capital. The joint investigation of ELG, a culturally-rooted form of social capital, and CQ, a cultural capability, provides a complete and more holistic picture of expatriate career performance. Specifically, this study offers novel insights indicating that while informal relationships are important resources for expatriates to function effectively in their career, intercultural resources and capabilities such as CQ are also important. This is because CQ equips expatriates with appropriate cultural skills that can be effective when working specifically with local subordinates. As demonstrated in the study, CQ skill strengthens the relationship between ELG and expatriate career performance. It is the component of CQ that relates to the behavioral flexibility and capability to adjust to a given cultural context. This implies that informal relationships can be strengthened by the ability of an expatriate to demonstrate behaviors that are suited to the requirements of a particular cultural context. When an expatriate is able to demonstrate through actions and words that he/she understands and relates well with the local culture, the likelihood of performing effectively in their career would be higher. Unlike CQ skill, CQ knowledge and CQ metacognition are covert dimensions of CQ and thus are not readily observable and accessible by others, including the subordinates. This might explain why the moderating roles of CQ knowledge and CQ metacognition lack statistical significance.

Further, it is interesting to observe that the main effect of CQ on expatriate career performance (Model 3: $B = 0.57$, $se = 0.06$, $p = 0.00$) is stronger than the effect of ELG ($B = 0.21$, $se = 0.06$, $p = 0.00$). A possible explanation is that CQ is theoretically framed as a capability, that is, an intercultural capability that is composed of knowledge, skill and metacognition (Ott & Michailova, 2018; Wu & Ang, 2011). Unlike ELG which focuses on relationships, CQ is a set of competencies with various dimensions that can directly and strongly impact the ability to perform in one's career. Nonetheless, we believe it is meaningful to extend the research beyond the direct influence of CQ by investigating its contingency role, which is still limited (Ott & Michailova, 2018).

We also note that country of origin was not statistically significantly in relation to expatriate career performance. It could be expected that expatriates from culturally-close environments, such as South Korea and Taiwan, would perform better in the Chinese cultural environment, however, results show that is not necessarily the case. Our finding is consistent with observations that trust within a *guanxi* relationship can be relatively independent of the surrounding social structure (Burt et al., 2018) and that *guanxi* can be found outside China (Burt & Burzynska, 2017;

Burt & Oppen, 2017). In addition, the length of expatriate experience and the supervision role with local subordinates did not appear to significantly relate to expatriate career performance either. This suggests that career performance is not about how long expatriates are in a foreign context that matters, but how much CQ they possess and how much they engage with local subordinates in *guanxi* relationships. The finding thus further points to the importance of developing social and cultural capital, regardless of where one is from or how experienced one is with international assignments.

Additionally, this study has practical implications for expatriates and multinational enterprises. Building an intricate network of informal personal relationships does not come naturally to expatriates, especially in cases where expatriates and locals are culturally distant. Multinational enterprises often provide expatriation training programs aimed at preparing expatriates for the local culture and norms. However, cross-cultural training is not necessarily appropriately designed or successfully executed (Puck, Kittler, & Wright, 2008). Effective training may therefore need up-to-date, research-informed information, delivered by knowledgeable trainers who can explain nuances related to the concrete behaviors and activities associated with *guanxi*, and facilitate expatriates' development of new behavioral skills based on the training. Expatriate training programs may also need to provide appropriate interventions so as to develop expatriates' cultural resources, such as CQ. Culture-centered immersion programs not only need to provide expatriates with first-hand knowledge of the unwritten norms, common values and beliefs that are important in the workplace, but also experiential learning opportunities for information that is difficult to pass on through structured and formal training. The findings of this research show that immersion into the local population can significantly enhance expatriate career performance.

Limitations and Future Research Directions

As with any research, this study also has some limitations which in turn provide avenues for future career research. First, it implicitly follows the conventional thinking that the *guanxi* informal relationship in China generates indefinite in-group membership benefits to those within the *guanxi* network. The recent career literature has started to recognize that too much *guanxi* is not necessarily always beneficial (e.g., Ren & Chadee, 2017b; Ren & Chadee, 2019). Future research could explore the possibility of non-linearity in the relationship between ELG and expatriate performance. Also, future research may deconstruct *guanxi* into bridging and bonding relationships to further understand the nuances (c.f. Putnam, 2000). Such investigation has the potential to enrich the socio-cultural understanding of expatriate career performance with a more complete theoretical explanation. Second, we caution about the generalizability of findings in which a similar pattern might be found in economies in Chinese cultural areas such as Singapore (Barbalet, 2016), however, future research could constructively replicate

the study in other countries. It would also be interesting to compare expatriate manager-local subordinate relationships that are influenced by different cultural norms, such as *jeitinho* in Brazil, *wasta* in Arabic countries (Smith, Huang, Harb, & Torres, 2011) and social resources in typical Western countries (DeGraaf & Flap, 1998; DiTomaso & Bian, 2018). Relatedly, future research that considers cultural distance of expatriate managers may provide additional insights into our knowledge of international careers through a cross-cultural lens. In addition, we have focused on career performance, a specific aspect of expatriate performances. In future studies, other facets of expatriate performance can be examined, including both work and non-work-related performance, as well as how expatriates achieve social integration and well-being as a result of ELG (Shaffer, Kraimer, Chen, & Bolino, 2012).

Third, ELG describes a dyadic relationship. We utilized a self-reported measure based on the concrete activities that demonstrate the quality of *guanxi* relationships between expatriate managers and local subordinates (Law et al., 2000: 753). We recommend future research to further advance the understanding of ELG by taking alternative approaches, such as network theory and social network analysis, to explore ELG network characteristics (e.g., Burt & Burzynska, 2017; Burt & Oppen, 2017). Relatedly, the career benefits of ELG may also apply to local employees because of the relationship they have with expatriate managers, presenting another direction for research. Fourth, this study attempted to examine the dimensions of CQ and how each dimension moderated the relationship between ELG and expatriate career performance. Rockstuhl and Van Dyne (2018) suggest that each CQ factor would exert unique effects on critical outcomes over and above the effects of the latent overall CQ score. While a significant result was found for CQ skill, insignificant results were found for the other two CQ dimensions (i.e., knowledge and metacognition). These findings call for further inquiry into the effects of different dimensions of CQ. Additionally, the focal expatriate managers in this study were company-directed expatriates as opposed to self-initiated expatriates. Given the differences in individual background characteristics, employer and task characteristics (e.g., Jokinen et al., 2008), self-initiated expatriates may differ from company-directed expatriates with regard to ELG and its implications. Therefore, another possible research avenue is to compare the influences of ELG under different expatriation experiences (Shaffer et al., 2012).

CONCLUSION

Pursuing an international career across cultural borders is a valuable but risky career choice given the high failure rate of expatriation. This research addresses a neglected element of expatriate careers; namely, how unstructured informal interactions with local subordinates help expatriate managers perform in their careers and the contingency role of expatriate CQ. We use China as the research

setting and argue that the informal interactions of expatriate managers with their local subordinates allow them to develop high-quality relationships through which they acquire valuable information and resources to improve career performance. We hope that our study inspires future research to extend our line of inquiry into other cultural settings.

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