

Małgorzata Rozkwitalska  
Gdansk University of Technology

## Barriers of cross-cultural interactions according to the research findings

### Introduction

Transnational corporations (TNCs) are companies that encounter cultural barriers by their very nature. According to one of many definitions TNCs are entities that face the challenge of managing complex multi-environment system of multiple societies to balance sufficient unity and flexibility to adapt to varying circumstances [Westney D.E., Zaheer S. 2003, pp. 349-350]. To achieve their goals TNCs need, among other things, to overcome cultural barriers in managing foreign subsidiaries. Thus developing knowledge in this area is significant. There is a necessity to label major types of cultural barriers in theory and practice. Hence, this article presents a brief description of major problems in an intercultural setting with emphasis on the research findings in this matter. These are the aims of this thesis. At the same time, field researches that concentrate on cross-cultural issues in foreign subsidiaries, cultural barriers especially, are relatively rare.

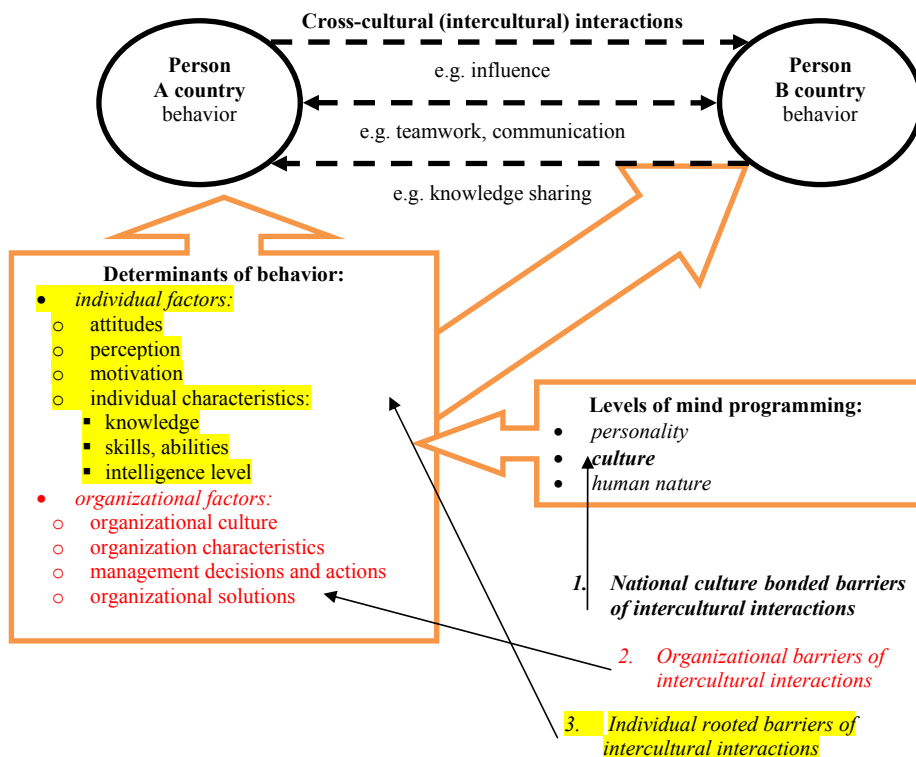
### The concept and classification of cultural barriers

**Cultural barriers in managing foreign subsidiaries** are defined as “culturally determined factors that are obstacles in effective operating of TNC as a whole and its each part” [Rozkwitalska M. 2009, s. 144]. These are cultural contingents as well as other things that are impediments to cross-cultural interactions. They hinder effective goals achievement of a TNC and its subsidiaries [Rozkwitalska M. 2010, chapter 2.1]. Whereas, **cross-cultural (intercultural) interactions** is reciprocal influence (action) of a person from one national or organizational culture on other person(s) from different national or organizational culture(s)

[Rozkwitalska M. 2010, chapter 2.1]. Major determinants of human actions are individual and organizational factors which are influenced by three levels of mind programming [see Kożusznik B. 2002, p. 16, Hofstede G., Hofstede G.J., 2007, pp. 17-18]. On that basis the concept of cultural barriers is created (see figure 1). These are [Rozkwitalska M. 2010, chapter II]:

- *national culture bonded*, like: cultural distance, cultural shock, cultural stereotypes and auto-stereotypes, prejudices, and national ethnocentrism,
- *organizational*: TNC's headquarters' characteristics, institutional ethnocentrism, the cultural gap, and subsidiary's characteristics,
- *individual rooted*, like: ethnocentric attitude, perception barriers, low international experience of individual, his or her characteristics, insufficient level of cultural intelligence and cultural competences.

Figure 1: The model of cross-cultural interactions and sources of the cultural barriers.



Source: Rozkwitalska M. 2010, chapter 2.1, figure 2.1.



The national culture bonded barriers create environment for TNC and its subsidiaries' performance. They influence perceptions of representatives of other nations and attitudes towards them. The organizational barriers form the boundaries within which human actions take place. They can facilitate or hamper cross-cultural interactions, strengthen or weaken other cultural barriers that are associated with national culture or persons participating in intercultural interactions. For example, when top managers decide to enter a foreign market through international joint venture they can expect stronger cultural barriers than in whole-owned subsidiaries [Barkema H.G., Bell J.H.J, Pennings J.M. 1996, pp. 151-166]. The organizational barriers influence subsidiaries' management where cultural obstacles can be visible. The individual rooted barriers directly affect behavior of people in a cross-cultural setting. They can be associated with individual attitudes, perceptions, motivations, knowledge, skills, abilities, intelligence, personality, etc. For example, when a person assumes that cooperation with the Swiss will be well-organized and punctual (like in Polish stereotype of Swiss watches) he or she can underestimate potential problems related to possible poor time management skills of a potential Swiss partner.

### Description of the research project

The research was conducted in foreign subsidiaries of TNCs operating in Poland in most cases among top and middle level managers in winter at the end of the year 2009. Foreign subsidiaries are defined in the broad and narrow sense. According to the first concept **foreign subsidiaries** are the same as foreign affiliates (i.e. subsidiaries, associates, and branches) if the owner of at least 10% of equity capital stake (or its equivalent for unincorporated enterprise) is a TNC. In the narrow sense **foreign subsidiary** is a subsidiary only. It means that a TNC owns in this type of company more than 50% of equity stake [Rozkwitalska M. 2010, chapter 1.2]. For the sake of the research **transnational corporation** is defined as an entity that has at least two direct investment enterprises in two various countries [Rozkwitalska M. 2010, chapter 1.2].

The non-probabilistic sample<sup>1</sup> consisted of 48 subsidiaries (all but one has more than 50% foreign equity stake according to REGON database). The half of them was green-field investment, half of them were established by acquisitions. The capital origin in these entities was North-American, European (43.8% enterprises had their headquarters in EU), and Asian. 1/5 of subsidiaries had mixed capital. The sample mostly consisted of large incorporated subsidiaries. They represented various sectors: manufacturing and services. Most of them were located in northern and central Poland and have been running their operations for many years. In the majority of cases they were owned by mature

<sup>1</sup> A non-probabilistic sample was selected because there aren't any data available that enable to distinguish a foreign subsidiary of a TNC from a foreign subsidiary that doesn't belong to a TNC [see Rozkwitalska M. 2010, chapter 4.1].



TNCs with long-lasting performance on international markets [Rozkwitalska M. 2010, chapter 4.3].

The information was obtained from 45 managers and specialists working for TNCs. They were Poles and two foreigners living in Poland for years and speaking Polish fluently. They were middle level managers in most cases and represented various departments: technical/manufacturing, administrative, sales, Human Resources, finance, accounting, quality, logistics, and others. They worked for TNCs' subsidiaries at least for 1.5 years (more than 40% of the respondents had more than 4.5 years of work experience in TNCs. The information was acquired through semi-structured interviews<sup>2</sup>. Each lasted approximately 1.5 hours and was conducted in company offices in most cases. The research problem was defined: "Intercultural barriers in functioning of TNCs' foreign subsidiaries located in Poland". Among other things the author tried to explore major sources and areas of cultural barriers in cross-cultural interactions of subsidiaries [Rozkwitalska M. 2010, chapter 4.3]. The cross-cultural interactions that were scrutinized included [Rozkwitalska M. 2010, chapter 4.3]:

1. interactions in multi-cultural teams, including virtual teams too,
2. subordinate-superior relationships, where one side is a foreigner,
3. participation in cross-cultural negotiations,
4. office contacts with other foreign affiliates of TNC,
5. office contacts with foreign partners,
6. internship and training in other foreign affiliates of TNC,
7. official trips abroad,
8. participation in training led by foreigner(s),
9. participation in meetings with foreigner(s),
10. official duties under the procedures of TNC.

The respondents' most frequent type of cross-cultural interactions were (in the following order): 9, 7, 1, 4, 10, 2, 8, 5, and then 6 and 3. In most cases the interviewees participated in more than 7 types of cross-cultural interactions mentioned above. So they can be perceived as a reliable source of information in this area of research especially referring to internal cross-cultural relationship. The majority of the respondents had international experience before. Most of them made frequent trips abroad, used to live abroad, used to work for foreign companies or used to work abroad [Rozkwitalska M. 2010, chapter 4.3]. This foreign experience could affect perception of the cultural barriers and influence the cultural competence of the interviewees.

<sup>2</sup> The method was chosen to ensure exploration of a poorly analysed area of cultural barriers up to now. The method enables to achieve deep and detailed observations. It provides more accurate data, however as a type of qualitative research it doesn't enable to generalize the obtained results. Comparison of the data is also limited [Babbie E. 2008, s. 40-41, 172-173, 212-215, 342-345, Brenner B. 2009, s. 92-107].



### Research finding<sup>3</sup>

This chapter gives a summary of the research findings concerning the following main and additional research questions:

- *Main research question:* Were or are there cultural barriers in the foreign subsidiaries where interviewees worked or work in?
- 1. If the answer is 'Yes', what were or are the major sources of cultural barriers?
- 2. If the answer is 'Yes', what did or do the respondents perceive as cultural barriers?
- 3. If the answer is 'Yes', what organizational factors can strengthen cultural barriers?
- 4. If the answer is 'Yes', where did or do cultural barriers occur?
- 5. If the answer is 'Yes', what was or is the significance of cultural barriers?

The answer to the main research questions is 'Yes'. It means cultural barriers could or can be observed in the analyzed subsidiaries. It can be proved by the analysis of the results achieved with reference to the additional questions mentioned above. The next paragraphs recapitulate them. Table 1 summarizes major sources of cultural barriers according to the interpretation of the author, based on the empirical results obtained from the interviews. Table 2 gives the answer to the second research question mentioned above.

Table 1. The sources of cultural barriers in foreign subsidiaries of TNCs in Poland. The summary of the research findings.

Cultural distance as a barrier to cross-cultural interactions
Almost all respondents see differences in behavior of Poles and foreigners. For 63.6% of them, these differences are the reason of some kinds of problems at work. However, the problems aren't frequent.
Organizational factors as cultural barriers
<p>The analysis of interviews allows to distinguish the most important cultural barriers that are affected by organizational factors. These are:</p> <ul style="list-style-type: none"> <li>• institutional ethnocentrism that was pointed out by 43.8% of the interviewees,</li> <li>• insufficient understanding of the Polish general environment, mostly the law and economy, as well as the task environment, i.e. the specificity of particular Polish sectors by the central or expatriates,</li> <li>• strategic orientation of a central, especially the dissonance between declarations and actions,</li> <li>• strategic choices, i.e. problems with integration of organizational cultures in TNCs that use acquisitions,</li> <li>• limitations of Human Resources practices, i.e.: the formal lack in recruitment, promotion, and evaluation requirements of having cross-cultural knowledge, inefficient selection and utilization of expatriates, insufficient level of communication skills (use of functional language) in foreign affiliates of TNCs and their headquarters.</li> </ul>

<sup>3</sup> This part summarizes the research findings that are reported in detail in forthcoming book: Rozkwitalska M. 2010, chapter V.



#### Individual rooted cultural barriers

The research proved significance of the following individual rooted barriers:

- a tendency to make assumptions in cross-cultural interactions,
- possible Pygmalion effect,
- ethnocentric attitude of Polish employees towards employment policy in subsidiary, except leadership of Polish entity,
- ethnocentrism of foreigners,
- weak communication in functional language among TNC's employees,
- the lack of ability to communicate in the Polish language among expatriates working in Poland.

Source: Rozkwitalska, M. 2010 chapter 5.1, table 5.5.

Table 2. Impediments to cross-cultural interactions according to the interviewees.

#### Cultural distance as a barrier to cross-cultural interactions

Cultural differences were perceived by interviewees with reference to:

- a superior role and position perception, and a style of leadership,
- preferences within the scope of authority delegation and a style of decision-making,
- preferences within the scope of information flow between job position in a subsidiary and in contacts with the central,
- behavior towards women that is considered to be inappropriate,
- life priorities: work versus personal life dilemma,
- verbal and non-verbal behavior,
- an approach to the necessity and the scope of formalization,
- importance of interpersonal relationships in an organization and with partners,
- an approach to Human Resource Management hard or soft, problem with feedback,
- communication styles,
- practices, a style of work, foreigners' expectations.

Factors mentioned above were perceived by the respondents as cultural barriers.

#### Organizational factors as cultural barriers

Among other things, interviewees tended to mention the following as barriers:

- transfer of foreign patterns to the Polish environment,
- behavior of headquarter that reveals its domination and perception of being better than its subsidiaries,
- conflict between declarations and actions,
- actions unfit to Polish specificity, the lack of understanding of Polish reality,
- integration of organizational cultures and the culture gap,
- problems with using functional language (see also table 4):
  - necessity of translation and difficulties with literal translation that can produce communication noises,
  - cross-cultural communication that is time-consuming and costly,
- geocentric point of view that can lead to (see also table 4):
  - overwhelming belief in universality of promoted solutions,
  - rigidity of attitudes and solutions,
  - tendency to force solutions without questioning,
  - tendency to ignore subsidiaries' issues,
- ethnocentric policy of promotion (see also table 4).



Individual rooted cultural barriers
<p>With references to individuals, respondents pointed out barriers that are caused by:</p> <ul style="list-style-type: none"> <li>• ethnocentric foreigners – ethnocentrism among other things affects communication and internal relationships (see also table 4),</li> <li>• expatriates with insufficient qualifications or efficiency,</li> <li>• employees and contractors who have difficulties in using functional language and insufficient skills.</li> </ul>

Source: adapted from Rozkwitalska M. 2010, chapters 5.1 and 5.2.

In both tables the sources of the cultural barriers were arranged according to the concept described in the first part of this article. All types of the cultural barriers were identified in the analyzed subsidiaries. The interviewees also indicated other impediments in internal cooperation in TNCs (see table 3). They can be associated with the nature of transnational corporations. They may be responsible for accumulation of negative attitudes towards the central, e.g. suspicions about the motives or authenticity of actions (i.e. hidden motives). These can further affect the relationships with foreigners inside and outside a TNC. Activities, norms, behavior that are perceived as strange, difficult or incomprehensible when unconsciously associate with nationality or the nature of corporation can produce ethnocentric attitudes with their negative impact on cross-cultural interactions. Information included in table 3 refers to the answer to the third research question mentioned previously. The table includes some examples described during interviews.

Table 3 reveals the necessity of providing subsidiaries' staff with appropriate training that should raise awareness of the specificity and needs of a TNC. This can prevent or decrease the occurrence of problems described in table 3.

The next table provides the answer to the fourth question. A few examples contained in it show the major areas where cultural barriers appeared in the analyzed subsidiaries.





Table 3. Organizational factors that can strengthen cultural barriers according to the interviewees.

Corporate reporting, planning, and accounting systems
<p><i>Different approach to reporting and planning in a small and large organization can produce tensions in subsidiary-central relationship:</i></p> <p>In a subsidiary of an English corporation Polish partners who run their office in Poland negatively assessed the corporate requirements to “fill tables” and preparing long-term plans. According to them, the specificity of the Polish market makes it impossible to formulate realistic assumptions. As a result, they see long-range planning as a time-wasting activity: “Statistics are useless, they cannot produce real effects. They only let demonstrate the mass of clerks’ results in the central.”(from interview) Meeting the reporting and planning requirements of the central are a huge burden for the small Polish office that hires only a few employees. According to the top managers, this situation makes it impossible to focus on attracting new clients. At the same time, this subsidiary is accountable for results. This is one of the major factors that create problems in cross-cultural interactions in this entity.</p> <p><i>Meeting the headquarters’ requirements can be a big strain for the subsidiary and can produce tensions in interactions:</i></p> <p>A manager working for a French corporation said that his central loves reports and statistics. However, nobody controls whether the data in the tables are true. The investor also requires expanded administration for budgeting purposes. To meet this requirement the subsidiary makes savings in other areas. It affects the employees’ perception of the business competence of the French investor.</p>
Global efficiency imperative and cost pressure
<p><i>The divide of the company profits in a corporation can produce the feeling of inequity in a subsidiary and can decrease employees’ motivation:</i></p> <p>Negotiations with global clients are run on the central basis in a small subsidiary. Competition forces the corporation to decrease the price level. Contracts are realized by the local foreign subsidiaries. Part of the income achieved from contracts is paid back to the central. Low margin negotiated globally by the headquarters is the cause of low profitability of contracts for subsidiaries. It also puts pressure on the Polish office to increase its turnover. Thus employees work harder but subsidiaries’ profits are still the same. As a result it is difficult to compensate employees for their growing efforts. Motivation and job satisfaction drop. Employees cannot see pluses of cooperation with the foreign investor. Dislike towards the corporation increases.</p> <p><i>Some of corporation’s activities produce suspicions among subsidiaries’ employees what the real motives of these actions are or what the competences of corporation’s managers are:</i></p> <p>In a subsidiary of an American corporation the eco-saving action was launched as an effect of the world crisis. As a part of this action paper towels in toilets were replaced by electric dryers. According to the respondent, this action was more propaganda than helped to reach planned objectives. No calculations were made or any assessment of this action’s influence on the natural environment (at least subsidiaries didn’t receive such information). As an effect employees don’t believe in authenticity of these activities.</p> <p><i>Subsidiaries’ employees sometimes hardly accept the precedence of the corporate interest over the subsidiary interest:</i></p> <p>Global efficiency pressure can negatively influence the subsidiaries’ relationships with clients. If the turnover generated by a client is too small in relation to the turnover of the whole group, this client is marginalized. From the central point of view such client is no longer attractive.</p>





Time zones
<p><i>Objective factors can also create barriers to task realization in a corporation. Awareness of the phenomenon occurs among subsidiaries' managers:</i></p> <p>Time zones create problems in functioning of multi-cultural teams. The lack of physical presence of team members at one location hampers control and leading activities.</p> <p>Time zones had a huge impact on difficulties in implementation of reporting system in a subsidiary of a Mexican corporation. According to the manager of this company: „(...) vast time differences require very intensive and time-consuming work on data proceeding that are necessary to be sent at the end of each reporting period.” (from an interview)</p>

Source: Extracted and adapted from Rozkwitalska M. 2010, appendix 5, table 17.

According to the research findings the major areas where cultural barriers occurred were: communication, organizational culture, Human Resource Management i.e. development plans referring to local staff, and internal cooperation. Three sources of the cultural barriers could be observed in all these areas.

The last question stated at the beginning of this chapter refers to the significance of the cultural barriers noted in the analyzed foreign subsidiaries. During the research it was assumed that the important cultural barriers might cause prejudices, lack of satisfaction from contacts with foreigners, and job discontent. In 18.2% of the analyzed subsidiaries the interviewees pointed out significant cultural barriers. They also accepted ascertainment: “This is impossible to cooperate effectively with some nations”. All of them felt job discontent too. However, one of the respondents noticed that the cultural barriers in the subsidiary he worked in helped him to develop his professional competences. Table 5 recapitulates information referring to self-assessment of the job content and satisfaction from cross-cultural interactions according to the interviewees.



Table 4. Areas of occurrence of cultural barriers according to the interviewees.

Communication
<p><i>Technical/branch language as a cultural barrier:</i> The manager of a subsidiary in a Norwegian corporation paid attention to a communication barrier resulting from differences in technical vocabulary, meanings of terms, and mistakes associated with them. This problem may result from various educational systems in Poland and Norway. Translation that is made by external translators is full of mistakes because they don't have a branch vocabulary. Some managers also emphasize difficulties in finding staff with appropriate acquaintance of branch language.</p> <p><i>Colloquial language as a cultural barrier:</i> In spite of good language skills of Vietnamese employees there was a necessity to avoid colloquial language that was incomprehensible for them. Due to time restrictions it was not easy to pay attention to vocabulary. This caused problems in communication in a subsidiary of a Vietnamese corporation.</p> <p><i>Ambiguity of words as a communication barrier:</i> This problem was raised in a subsidiary of a French corporation. According to the manager, translation from French to English created misunderstandings because English is more ambiguous.</p> <p><i>Barriers in written communication:</i> In spite of English being functional language, sometimes documents and correspondence are in Flemish in a subsidiary of a Belgian corporation.</p> <p><i>Videoconference and teleconference as a cultural barrier:</i> The quality of transmitted signals hampers communication via video- and teleconferences. Additional problems occur because of differences in accents and defect of speech. Thus employees often use mails after video- or teleconferences. This practice prevents mistakes but enlarges the amount of time spent on communication.</p> <p><i>Native speakers' syndrome:</i> Some of the interviewees indicated that communication with native speakers is much more difficult than with non-native speakers. Non-native speakers tend to be more tolerant and pay more attention to being understood properly. However, presentations made by native speakers were evaluated higher, as one of the respondents noticed.</p> <p><i>Exclusion barrier:</i> The interviewees described a kind of discomfort when foreigners start to speak in their native language during meetings or teamwork. They felt excluded from the group.</p> <p><i>Language barriers in sale:</i> In spite of the law requirements, documents for clients aren't sometimes translated into a local language. The lack of a local name for a product can also be a barrier in sale.</p> <p><i>Financial consequences of communication in functional language:</i> The costs of translation into functional language and language training are part of subsidiaries' budget and increase inputs.</p>



**Application and use of corporate solutions**

*Corporate regulations sometimes hamper or block carrying out tasks:*

In a subsidiary of a small niche German corporation, the manager pointed out problems with acquiring necessary documents that enable undergoing the certification process in Poland and launching a product on our market. Starchy procedures cause that problem to get stuck in the central. According to the respondent, the headquarters' managers use procedures to cover themselves or to reduce autonomy of the subsidiary in Poland.

*Implementation of the corporate solutions in a subsidiary without taking into consideration its specificity, can produce problems in mutual interactions and negatively affect perception of the central:*

Some problems with implementation of methods in technology management occurred in a subsidiary of a French corporation. Disparity of technology used in the Polish subsidiary and other affiliates and the central caused unfitness of methods to the subsidiaries' needs. Despite that, the central put pressure on the subsidiary to use designed methods because they brought results in other affiliates. Implementation process was evaluated by reporting system only. Polish managers couldn't discuss with the central, so they decided to report effects of the implementation that didn't take place. They filled the tables with data which represented results obtained by the realization of the Polish not corporate concept. If figures in rows tally, nobody in the central goes into detail whether the solution was applied or not.

### Corporate culture

*The sense of being separate isn't always perceived as a cultural barrier:*

Not all of the respondents accept the ascertainment that being separate means that cultural barriers in interactions between subsidiary and corporation exist. Such individual features can be a source of innovations, according to the manager working for a Norwegian corporation: "We must be separate if we are to be innovative." (from an interview)

*Some Polish employees are skeptical about customs promoted in the organizational culture. Some of them are reluctant to accept corporate mores and behavior:*

According to interviewees, there were some problems in their subsidiaries with implementation of lunch break or open space. At the beginning Polish employees had difficulties with receiving and giving feedback. Some engineers were reluctant to develop soft skills. Typical American political correctness is incomprehensible and seems to be strange and useless for some Polish employees. Not everyone believes in the sense of evaluation process and development plans. In a subsidiary of a Japanese corporation employees cannot accept the prohibition of listening to the radio during working hours.

*Unreasonable implementation of corporate symbols in a Polish subsidiary can be a cultural barrier:*

An English corporation wanted to unify the image of its local offices. Each subsidiary was to implement the corporate symbols and the uniform interior design. Polish partners found this idea useless and costly (changes in decor were to be financed by the subsidiary). The reason was obvious. The clients of local offices don't visit them. Contacts are through telephone, mail or outside because of the specificity of the sector.

*Insufficient training referring to the corporate culture can create a cultural barrier:*

A problem in implementation of 5S and kaizen methods occurred in a subsidiary of a Japanese corporation. According to the interviewee, the reason lied in insufficient level of corporate training. Employees didn't understand the importance of these methods and their goals.

*A dissonance between declarations and performance raises suspicions of subsidiaries' staff towards authenticity of promoted values and norms:*

If there is a discrepancy between declaration and actual actions employees start to be suspicious and treat values as propaganda.

*The range of universality of promoted values can be a cultural barrier in implementation of corporate culture:*

Problems associated with promotion of corporate values among Polish employees (like in other affiliates) could be observed. The employees tend to regard themselves as outstanding due to the fact that they work for a famous international company in a subsidiary of an Anglo corporation. As a result young employees started to demand higher salaries.



Development of locale personnel
<p><i>Inefficient corporate training:</i> In a subsidiary of a French corporation a manager pointed out the lack of ability to analyze the training needs. People with good language skills are sent to language courses as common practice. At the same time, others who should attend such courses are not sent.</p> <p><i>Promotion paths as cultural barriers:</i> Flat organizational structure limits vertical promotion opportunities in a subsidiary of an American corporation. This company offers horizontal promotion, e.g. to its other affiliates. Employees declare each year what their development plans are and whether they want to be moved abroad. This practice doesn't solve the problem for someone who wants to further his or her career in Poland according to the respondent.</p> <p><i>Ethnocentric promotion policy as a cultural barrier:</i> The manager pointed out a limited opportunity to advance an international career in a subsidiary of a Portuguese corporation. The Portuguese have priority over other nations when recruitment starts, according to the interviewee.</p> <p><i>Insufficient parent language acquaintance as a barrier in an international career:</i> According to the interviewee, the French associate French language proficiency with intelligence and competence. As a result people with good French language skills were promoted in a subsidiary. Another respondent told that only Poles who knew Swedish could build a career in the headquarters despite the fact that the functional language in this TNC was English.</p>
Internal cooperation
<p><i>Ethnocentrism and cultural distance as sources of cultural barriers in an internal cooperation:</i> An Austrian subsidiary of a French corporation tends to blame a Polish subsidiary for the clients' complaints. There is a lack of willingness to study this problem objectively. There are a number of obstacles in the way of cooperation between Turkish affiliate and another subsidiary. The respondent pointed out the following reasons: incomparable level of technical qualifications, differences in formalization scope, and various approach to discussion.</p> <p><i>Taboo as a cultural barrier:</i> Cooperation between a Polish subsidiary and a Finnish corporation was problematic. The reason lied in the management fee. The level of it was too high for the Polish entity. The negotiation lasted over half a year. The Finns found it inappropriate to question the level of the management fee. They treated it as a kind of taboo. They put pressure on the Polish director. The Polish party started to demand a detailed bill for the management fee. As a consequence they began to demand payment for services that previously were free of charge. Finally the crisis was reconciled. The management fee was reduced to the level accepted by the Polish party.</p>

Source: Extracted and adapted from Rozkwitalska M. 2010, appendix 5, table 22-26.



Table 5. The level of satisfaction in cross-cultural interactions and job content according to the interviewees.

<b>The level of satisfaction in cross-cultural interactions</b>	<b>Percentage of persons (%)</b>
satisfactory	54.5
highly satisfactory	38.6
neutral	6.8
dissatisfactory	4.5
<b>Job content</b>	<b>Percentage of persons (%)</b>
Occurrence of the job content	87.5
<b>Reasons for the job content</b>	<b>Reasons for the job discontent</b>
<ul style="list-style-type: none"> <li>• self-actualization need satisfaction,</li> <li>• work for TNC,</li> <li>• contacts with foreigners,</li> <li>• material incentives (salary, financial stability),</li> <li>• atmosphere,</li> <li>• material incentives other than salary,</li> <li>• esteem need satisfaction,</li> <li>• security need satisfaction.</li> </ul>	<ul style="list-style-type: none"> <li>• cultural barriers,</li> <li>• burnout,</li> <li>• weak growth of the Polish subsidiary.</li> </ul>

Source: Rozkwitalska M. 2010, chapter 5.2, table 5.8.

Almost all respondents were satisfied with cross-cultural interactions. The same is true if we consider the job content. The major reason for the job content is connected with self-actualization need like approach to knowledge, promotion perspectives, challenging tasks, development of skills, and participation in management process etc. The respondents also pointed out working for corporation as a source of their job satisfaction. They associated their work in a TNC with openness to the world, a sense of security as a result of professional management in a TNC, and their better situation on the labor market. The interviewees very often mentioned cross-cultural interactions as a reason of the job content.

Only 12.5% of the respondents were dissatisfied. Some of them reported cultural barriers as a reason for that fact.

The analysis showed occurrence of cultural barriers in the studied subsidiaries. However, according to the interviewees they weren't significant. In more than ten subsidiaries the culture barriers were important. The origin of capital seems to be less important as a reason of the cultural barriers. Nevertheless, some determinants of the cultural barriers can be indicated. Therefore the cultural barriers are likely to be greater if:

1. an entry option is acquisition and a type of a foreign subsidiary is a joint



- venture with a local partner,
2. foreign equity stake is less than 100%,
  3. strategic orientation of the central is ambiguous,
  4. TNC uses third language as functional language<sup>4</sup>.

### Conclusions

Cross-cultural interactions face various obstacles. TNCs by their nature are multicultural entities so are their subsidiaries. They need to handle different cultural barriers rooted in cultural distance, organizational factors and individuals.

This article labeled major types of cultural barriers with empirical evidence of their occurrences. Such classification can be used to design appropriate methods to solve problems in cross-cultural settings. It emphasizes that a TNC can decrease importance of cultural barriers by appropriate decisions and structuring. There is a necessity to use proper recruitment techniques to select employees with openness to cross-cultural interactions and to train local staff and expatriates. According to the research findings, the major areas of concern were communication, company culture, human resource practices, and interpersonal relationships.

The research findings also suggest that cross-cultural interactions or work in a multi-cultural environment can be a determinant of job content. Functioning in such environment affects development of competence and influences self-actualization need satisfaction.

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<sup>4</sup> The majority of subsidiaries in the sample used third language as functional language. Thus the sample selection process could confuse real effect of this determinant on cultural barriers.





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### **Abstract**

*The aims of this article are to label major cultural barriers and to present results of empirical findings referring to barriers to intercultural interactions in foreign subsidiaries of transnational corporations (TNCs). The qualitative research was conducted in TNCs' foreign subsidiaries operating in Poland in winter 2009/2010. The article describes how respondents perceive the problems in cooperation with foreigners, their sources, areas and significance.*