Intercultural interactions in multinational subsidiaries: employee accounts of 'the dark side' and 'the bright side' of intercultural contacts

Journal:	*Baltic Journal of Management*
Manuscript ID	BJM-11-2015-0215.R4
Manuscript Type:	Original Article
Keywords:	Cross-cultural management, Qualitative research, Cultural barriers, Positive cross-cultural scholarship research, Multinational subsidiaries

SCHOLARONE™
Manuscripts

Intercultural interactions in multinational subsidiaries: employee accounts of 'the dark side' and 'the bright side' of intercultural contacts

Abstract

Purpose - Our aim is to show how individuals perceive the quality of intercultural interactions at work in multinational subsidiaries, and to address the question of what actually prevails in their accounts, i.e. 'the dark side' or 'the bright side'.

Design/methodology/approach - We report the findings from five subsidiaries located in Poland and interviews with 68 employees of these companies.

Findings - The 'bright side' dominated the interviewees' accounts. The phenomenon of high social identity complexity or common ingroup identity can help explain the findings. The results also shed some new light on the associations between the context of subsidiaries and the perception of the quality of intercultural interactions.

Research implications/limitations - The paper contributes to the literature on cultural diversity and intercultural interactions in multinational subsidiaries. As the 'bright side' of interactions was emphasized in the interviews, it particularly supports positive cross-cultural scholarship studies. Yet the explorative research does not allow for a broader generalization of the results.

Practical implications – Managers of multinational corporations (MNCs) should: 1) shape the context of MNCs to influence the dynamics of intercultural interactions and the way they are seen by their employees; 2) emphasize common ingroup identity to help their employees to adopt more favorable attitudes toward intercultural interactions; 3) look for individuals with multicultural identity who display more positive approaches to intercultural contacts; 4) place emphasis on recruiting individuals fluent in the MNC's functional language; 5) offer language training for the staff; 6) recruit employees with significant needs for development who will perceive more opportunities in intercultural contacts.

Social implications - Our research demonstrates that the multicultural workplace of MNCs may be recognized by employees as activating the positive potential of the individuals and organizations that make up a society.

Originality/value – The accounts of intercultural interactions are analyzed to illuminate some significant foundations of how individuals perceive such interactions. The study provides a qualitative lens and highlights the positive approach to intercultural interactions. It may redress the imbalance in prior research and satisfy the need for positive cross-cultural scholarship.

Keywords: Cultural barriers, Cross-cultural management, Multinational subsidiaries, Positive cross-cultural scholarship research, Qualitative research

Article Classification: Research paper

1. Introduction

In the globalized world economy, intercultural interactions are becoming a daily reality for a growing number of employees (Groeppel-Klein *et al.*, 2010). This kind of interaction is particularly common in multinational corporations (MNCs), which establish their subsidiaries in various host economies and employ multicultural staff (Luo and Shenkar, 2006). Since MNCs' workplace is unique, different than in other types of organizations, their employees face challenges posed by cultural and language diversity (Tanova and Nadiri, 2010). They are expected to speak foreign languages and work with culturally different people to reach their collective goals.

A great deal of research on intercultural management and international business demonstrates that cultural differences expressed in the behaviors of individuals may pose significant challenges and often lower the quality of contacts (Stahl and Tung, 2014). For example, the researchers report a negative impact of cultural differences in MNCs on knowledge sharing, organizational learning or social integration as well as observe process losses and conflicts (e.g., Björkman *et al.*, 2007; Cooper *et al.*, 2007; Luo and Shenkar, 2006; Weber and Tarba, 2012; White *et al.*, 2011). Over the years, some authors have attempted to investigate the positives of cultural diversity, suggesting that it may foster creativity, learning and innovation or develop valuable capabilities (e.g., Dikova and Sahib, 2013; Mannix and Neale, 2005; Stahl *et al.*, 2010). Nevertheless, Stahl and Tung (2014) argue that much less is known about the positive aspects of intercultural contacts than about the problems. The stream in the research that highlights the positives still is insufficiently documented and explained, especially with regard to MNCs. Hence, our intention is to present a more balanced picture of the genuine nature of intercultural interactions concerning employees' perception of their quality in MNC subsidiaries.

Stahl and Tung (2014) imply that prior research on culture in international business is biased. The prior mainstream research[1] has mainly focused on how to overcome the negatives rather than how to realize the positives of cultural diversity. It has rested upon the assumption, stemming from social identity and social categorization theories (SIT-SCT), that culture as a source of individual/group identity leads to strong categorization. As a result, cultural diversity has been mainly seen as liability. As the positive view of intercultural contacts is demonstrated in our findings, this study may question the mainstream assumption about the impact of cultural identities on human behavior in MNCs. Likewise, it may shed some new light on the role of other identities (e.g. professional and organizational ones or common ingroup identity) in employees' adoption of more favorable attitudes toward their intercultural interactions.

---

[1] By the term *mainstream research* we consider international business studies that involve culture or cultural differences, as published in Journal of International Business Studies. Following Stahl and Tung (2014), these studies cover different topic areas, i.e. alliances/M&As, knowledge/learning, foreign direct investment/entry, marketing, IHRM/OB, MNCs, culture studies and other. Only culture studies (i.e. concerning cultural diversity, biculturalism, cultural intelligence, etc.) demonstrate a more balanced perspective on cultural differences. In the remaining topic areas the negative view predominates, including those related to cultural differences in MNCs.

2

Furthermore, the main focus in previous studies has been on the outcomes of intercultural contacts rather than on how they are perceived by employees involved in them. Researchers should "shed more light on how people with different nationalities work together" (Shore *et al.*, 2009, p. 125) and the emphasis on perception of intercultural contacts, as introduced in this study, may help to elucidate that.

Additionally, Cooper et al. (2007), Shore et al. (2009) and Stahl and Tung (2014) call for paying more attention to the context since it can influence the quality of intercultural interactions. In this paper, we attempt to respond to the above by showing how the organizational context of MNCs, a unique type of organizations, is associated with the perception of intercultural contacts by individuals.

Stahl and Tung (2014) also encourage researchers to conduct qualitative research. Thus, the present study provides a qualitative lens on intercultural interactions from the employee perspective. It is of vital significance in the studies on people's perception, trying to make sense of internal logic of human actions. As for the qualitative studies, they provide the most exact and detailed observations in that respect (Brenner, 2009). They also give an opportunity to discover new aspects of the phenomenon which may have been missed in quantitative studies (Kühlmann and Hutchings, 2010).

In research based on the intercultural interaction approach, culture is associated with a nation (Shimoni, 2011). We follow the definition of culture proposed by Hofstede (1983). It states that culture is "collective mental programming: it is that part of our conditioning that we share with other members of our nation (…) but not with members of other nations (…)" (p. 76). This concept of culture in prior studies has led to undue attention to the negative perception of intercultural contacts (Stahl and Tung, 2014). Yet, our study can illuminate some significant foundations of how individuals perceive them.

Even though there is ample literature on multicultural teams, it needs to be stressed that not every multicultural team functions within MNCs. For instance, such teams may operate at universities or international construction projects (Lauring and Selmer, 2012; Ochieng and Price, 2010). Moreover, not every employee involved in intercultural interactions in MNCs is a member of a multicultural team since such interactions frequently take the form of dyadic relationships based on equality (e.g. peer-peer) or asymmetry and hierarchy (e.g. client-employee). Thus, we take an employee's perspective on intercultural, mainly dyadic contacts. This perspective is important since individual perception determines attitudes toward intercultural contacts and in turn the quality of them and their outcomes for MNCs.

We endeavor to show how individuals perceive the quality of intercultural interactions at work in multinational subsidiaries. We also address the question of what truly prevails in their accounts, i.e. 'the dark side' or 'the bright side'. Additionally, we emphasize a subsidiary view on the issue in contrast to the majority of previous studies on MNCs, which applied the headquarters' perspective (Rugman, 2010).

This research is important for several reasons. First, "globalisation provides a clear demand for workers who are skilled at interacting across cultures" (Harrison, 2012, p. 226). Therefore, the study is an initial step toward understanding the dynamics of intercultural contacts. Second, we extend the research to all the types of intercultural interactions (i.e. face-to-face/virtual, external/internal, frequent/occasional, etc.) among MNC employees and external stakeholders in the MNC context to understand the complexity of intercultural contacts better. Third, the local view of the issue is of vital importance since subsidiaries' employees are involved in intercultural interactions and encounter cultural challenges (Blazejewski and Dorow, 2003). Fourth, we conducted a qualitative study that allows for "a fuller understanding of (…) cross-cultural dynamics" (Stahl and Tung, 2014, p. 19). This is particularly important as the vast majority of previous research used a quantitative design (Stahl and Tung, 2014). Fifth, the results of the study may redress the imbalance in prior research and satisfy "the need for positive cross-cultural scholarship"[2] (Stahl and Tung, 2014, p. 20) by providing evidence that employees may exhibit more positive than negative attitudes toward intercultural interactions.

To actualize the paper's aim, we start with a review of the literature concerning intercultural interactions from positive and negative views. We also portray theories that substantiate the study. Afterwards, the methodology and the sample are described and the research findings are presented. We end the paper with discussion, contributions, implications and limitations of the study. Some recommendations for future research are also indicated.

2. Literature review

2.1. Intercultural interactions

Individuals who work with people from different nations in multinational subsidiaries (e.g. peers in other subsidiaries, expatriates, clients, suppliers, authorities, etc., from other countries) are involved in intercultural interactions (Shimoni, 2011). They include multiple forms of contacts among culturally diverse individuals (e.g. giving feedback, negotiating, phone calls, writing emails, working in a team, etc.) from momentary to enduring and short term to lasting (Molinsky, 2007). Various researchers use the terms 'intercultural interactions' and 'cross-cultural interactions', 'intercultural contacts', 'intercultural relationships', or 'intercultural encounters' interchangeably with the meaning that those contacts can be applied to interactions between/among individuals from a home country and non-nationals (Abdul Malek and Budhwar, 2013; Colvin and Volet, 2014; Harrison, 2012). These contacts can be seen as very complex social interactions that exhibit mutually oriented behaviors of people, which are interpreted by them through the lens of their respective cultures. They are complex since they are affected not only by the cultures of the interacting employees, but also by their personalities

---

[2] Following Stahl and Tung (2014), the term *positive cross-cultural scholarship* reflects an attempt in the research to apply a more positive approach to study cultural differences or, in other words, using a Positive Organizational Scholarship (POS) lens in research on cultural differences. POS is seen as an emergent field of study in the organizational sciences with a special focus on the positive outcomes and attributes of both organizations and their members (Cameron and Spreitzer, 2013).

and professional background, their relationship with one another and the given situational context (Rozkwitalska, 2014). They embrace various types of contacts in MNCs, i.e. face-to-face and virtual interactions (e.g. working with an expatriate or in virtual multicultural teams) as well as internal and external ones (e.g. superior-subordinate relationships or negotiations with suppliers). Cooper *et al.* (2007) identify several organizational arrangements in MNCs (the degree of internationalization, integration and staffing policy) that increase the likelihood of cross-national interactions and, as a result, intercultural contacts among their stakeholders. Therefore, the intensity and frequency of intercultural contacts in MNCs will vary according to the aforementioned factors as well as the perception of outcomes of intercultural interactions.

To sum up, intercultural interactions in MNCs may refer to various forms of contacts among culturally diverse individuals. They are very complex since cultures and other factors impact on interactions. Different organizational arrangements in MNCs (see par. 2.3) may additionally increase the complexity of intercultural contacts, influencing their intensity and frequency as well as the perception of their outcomes.

2.2. 'The double-edged sword' perspectives

Although the research on intercultural interactions is rich and growing, particularly with regard to cultural diversity within teams, the focus on the 'dark side' rather than the positives has prevailed in prior studies (Stahl *et al.*, 2009, Stahl and Tung, 2014; Stahl *et al.*, 2010). Such terms as cultural barriers, cultural clash, cultural friction (Björkman *et al.*, 2007; Brock *et al.*, 2008; Shenkar *et al.*, 2008) reflect the negative view of intercultural interactions and accentuate problems that may occur, leading to their being perceived negatively by participants. Cultural differences can increase the risk of inappropriateness of behavior, which is manifested and interpreted by the interacting parties. It means that individuals observe the discrepancies in the behavior of the other party that contradict their cultural norms (Cooper *et al.*, 2007). Hence, mainstream literature mainly suggests that cultural differences among people are rather not desired if the perceived quality of interactions among them are to be high (Cooper *et al.*, 2007; Stahl *et al.*, 2009, 2010). When cultural differences produce conflicts, process losses, barriers to social integration and changes, ineffective communication and decision making, or reduce satisfaction, then people do not perceive them as high-quality contacts (Hernández-Mogollon *et al.*, 2010; Mannix and Neale, 2005; Stahl *et al.*, 2009).

The opposite stream in the research has been inspired, among other factors, by a POS lens applied in various management studies (Stahl *et al.*, 2010). As claimed by Stahl and Tung (2014), current international business research overemphasizes the problems in intercultural interactions instead of explaining how to realize the benefits from multiculturalism in the workplace. Consequently, there is a need to provide more evidence that intercultural interactions in MNCs may be recognized as positive by individuals and that it is manageable to utilize the potential of multicultural staff.

The 'bright side' view of intercultural interactions allows for the assumption that interacting individuals may hold a positive attitude toward the quality of their contacts. The benefits observed in intercultural contacts are, for example, creativity and innovation, less group-think, broader perspectives, learning, knowledge sharing, better adaptability, process gains, less prejudice toward foreigners, more effective communication, satisfaction, social bonds and personal growth (Mannix and Neale, 2005; Pettigrew and Tropp, 2008; Stahl *et al.*, 2009, 2010; White *et al.*, 2011).

To summarize, the review of the literature suggests that the perception of intercultural interactions can be more negative than positive, especially with regard to the theoretical framework, while prior empirical studies present more mixed results (Stahl and Tung, 2014). A significant body of the research supports the notion that intercultural contacts may be detrimental and in such studies the opinion about the 'dark side' prevails. However, there are also works which offer a more positive view of intercultural contacts. These 'double-edged sword' approaches (Stahl *et al.*, 2010) to intercultural interactions may indicate that situational factors determine how the actual interactions are perceived by individuals. Accordingly, additional research should identify the attitudes among employees toward intercultural contacts as well as what conditions them. SIT-SCT further complemented by social identity complexity theory (SICT) may lay the foundations for better understanding of the conditions that shape the attitudes among individuals toward intercultural interactions. Moreover, the concepts of multicultural identity or common ingroup identity add to the understanding of the issue under investigation (par. 2.3).

2.3. The theoretical background

The frequency and the perception of intercultural interactions by an individual (i.e. whether the other party's behavior is seen as appropriate or not) and the magnitude of the assessment are moderated by *the organizational arrangements* in MNCs (Cooper *et al.*, 2007). They are understood as the context since they affect "the likelihood that the nation of origin is used for categorization" (p. 313) and the fact that people are assigned to distinct cultures. These authors refer to SIT-SCT to underpin their arguments. SIT-SCT are by far the most influential theories which have been implemented to the studies on the dynamics of multicultural staff. Yet, they rather corroborate the mainstream literature with its prevailing negative view of intercultural contacts (Knippenberg and Schippers, 2007).

Briefly, basing on these concepts (Tajfel and Turner, 1986), it can be assumed that people define who they are in terms of their group membership and differentiate between ingroup members, perceived favorably, and outgroup members. Such categorization, e.g. based on nationality, where non-nationals are seen as outgroup members, accentuates the differences between groups and similarities inside the ingroup. Furthermore, as similarity-attraction theory (SAT) (Byrne, 1971) predicts, similarity facilitates interpersonal attraction and liking.

Cooper *et al.* (2007) posit that employees in multicultural organizations, e.g. in MNCs, will exhibit different reactions to behaviors deemed either appropriate or inappropriate depending on the ingroup-

6

outgroup categorization based on nationality. Overall, appropriate behaviors are perceived positively, and then individuals may be more eager to notice their 'bright side'. Nevertheless, the magnitude of a positive reaction is stronger if a person is categorized as an ingroup member. The organizational arrangements in MNCs may determine the likelihood of occurrence of intercultural contacts in MNCs and, as posited by Cooper *et al.* (2007), the chance that nationality will be used for categorization in interactions among MNC staff. Consequently, the risk of an evaluation of inappropriateness, and, accordingly, the perception of problems also grows. Cooper *et al.* infer that the likelihood of intercultural interactions increases with organizational arrangements such as a higher degree of MNC internationalization, geocentric staffing policy and stronger internal integration. However, the magnitude of reactions toward non-nationals is moderated by the staffing policy and the degree of integration. In the case of geocentric staffing policy, the physical proximity of employees from different countries working in one place diminishes the salience of nationality in the categorization process. As a result, the perception of problems, if an inappropriate behavior occurs, will cause more negative reactions. Likewise, in more integrated MNCs, people are less likely to use nationality for categorization and can rely on other dimensions (e.g. profession, team). These factors may also increase the negative perception of the interacting party in the case of any difficulties. In such a situation, the reasons for problems may be located in the person's other characteristics than his/her nationality or in factors not related to a particular individual. Additionally, more integrated MNCs rely on virtual teams to a higher degree than those less integrated. On the one hand, this can increase the role of nationality in the categorization process since teammates are physically separated. On the other hand, it diminishes the salience of nationality since the teammates have a sense of a common fate (Cooper *et al.*, 2007). They are then more likely to categorize themselves as a group and the magnitude of their negative perception of inappropriate behaviors in intercultural interactions should be stronger.

A complimentary view of the role of nationality as a basis for categorization can be deduced from SICT, which is primarily applied to large organizations and multiple individual identities. In such organizations, social structures are complex, which also influences the categorization and social identity processes (Freeman and Lindsay, 2012). Individuals may spark their categorization processes based on various dimensions such as, e.g. nationality, profession, membership in a particular organization, department or team, foreign language proficiency, choice of communication media, etc. (Klitmøller *et al.*, 2015). Some identities can be more pervasive than others (Hogg and Terry, 2000). As people are members of various groups (e.g. professional, organizational, national), especially with regard to MNCs, it is not obvious which of the identities will be the most salient in shaping their behaviors. High social identity complexity indicates that a person acknowledges differentiation and difference among ingroup categories. In previous research, it has been positively associated with tolerance for outgroups. When an outgroup member in one dimension (e.g. foreigners) is seen as an ingroup member in another (e.g. IT specialists in multicultural teams), it reduces the importance of any

7

social identity and predicts more favorable attitudes toward multiculturalism (Brewer and Pierce, 2005). Hence, the overlapping multiple social identities of individuals may foster positive reactions to intercultural interactions.

Concerning various employee identities in MNCs, multicultural identity is especially seen as a facilitator of positive attitudes toward intercultural contacts (Fitzsimmons, 2013). Such multicultural identity is usually adopted by individuals with a high exposure to other cultures. Since it involves an increased number of a person's cultural identities, it becomes increasingly difficult for him/her to differentiate between ingroup and outgroup members. As a result, the effect of outgroup bias can be suppressed (Fitzsimmons, 2013) and s/he may perceive intercultural interactions in a more favorable manner. Some scholars also refer to the idea of common ingroup identity as a facilitator in intergroup contacts. This means that a salient, attractive superordinate category is created, replacing negative attitudes to others in favor of identification at the superordinate level (Brewer and Pierce 2005). In the case of MNCs, this may indicate the need to establish a common organizational identity or the identity of being a member of an exceptional diverse team or belonging to a brand new class of labor force.

To summarize, the idea of Cooper *et al.,* which refers to SIT-SCT, allows for predictions when different organizational arrangements foster positive or negative reactions toward intercultural contacts. However, it is impossible to directly anticipate how these arrangements affect various intercultural interactions' outcomes. A higher degree of MNC internationalization, geocentric staffing policy and stronger internal integration may lead to the pervasive role of nationality in the self-categorization process and the perception of interactions with foreigners in a negative manner. The overlapping multiple social identities of individuals in MNCs, as implied in SICT, multicultural identity or common ingroup identity may foster positive reactions to intercultural interactions. Consequently, the perception of intercultural interactions depends on which identities are adopted by people. Thus, the quality of intercultural contacts at work may be perceived negatively or positively.

3. Methodology and sample

3.1. Research method

We report the results of an explorative, qualitative study aimed at analyzing the perception of intercultural interactions in multinational subsidiaries. We investigated: 1) the character (i.e. type and frequency) of intercultural interactions in a subsidiary (see also par. 3.2), 2) the individuals' perception of intercultural interactions, and 3) the contextual factors in each subsidiary, i.e. the degree of internationalization and staffing policy of its MNC and the degree of internal integration with its MNC (see also par. 3.2).

We stated the research questions: 1) How do the individuals perceive the quality of intercultural interactions at work?; 2) What prevails in their accounts of intercultural interactions, i.e. 'the dark side' or 'the bright side'? As for the theoretical underpinnings of our study (par. 2.3), we predict that the organizational arrangement in MNCs, i.e. a higher degree of MNC internationalization, geocentric

8

staffing policy and stronger internal integration, will increase the frequency of intercultural interactions and be associated with how they are perceived. Moreover, we posit that various intercultural interactions' outcomes will not directly relate to the organizational arrangement identified in the analyzed MNCs. We also assume that the negative accounts of intercultural interactions are associated with nationality used by the participants in the self-categorization process, while the positive accounts are associated with adoption of multicultural identity or common ingroup identity. The prevalence of negative or positive accounts may indicate which identity dominates in the ingroup/outgroup categorization. Yet, we did not directly measure the ingroup/outgroup categorization nor how it relates to the perception of intercultural interactions.

We conducted semi-structured, in-depth individual interviews with people employed in MNC subsidiaries located in Poland and involved in intercultural interactions. We acknowledged in-depth interviews as the most accurate method due to their open-ended and flexible character and more detailed and exact observations (Brenner, 2009). The questions in the interview were divided into four sections, i.e. 1) the characteristics of the participant's job position and his/her intercultural contacts, 2) his/her evaluations of the positives and negatives of intercultural interactions, 3) facilitators of intercultural interactions, 4) the interviewee's particulars. Overall, we conducted about 62 hours of interviews in the companies' offices in the first half of 2014; the average length of each interview was 55 minutes.

We selected the subsidiaries via a purposive sampling technique, whereas the research participants were chosen by the companies. The participation in the research was on a voluntary basis. To protect the participants' identities, we made up codes, where letters A to E denotes a subsidiary and numbers indicate a participant from that subsidiary.

To describe the subsidiaries in the sample and intercultural interactions, we acquired additional information via semi-structured interviews with the representatives of the companies, observations during office visits and analysis of the MNCs' documents and web resources. Therefore, methodological and data triangulations in the research were ensured (Maxwell, 2005) since we used multiple methods of data collection and multiple sources to gather information within a given method.

3.2. Analytic procedure

We transcribed, manually coded and analyzed the interviews. The process was supported by Excel software, which is seen as a reliable and useful tool for qualitative data analysis (Meyer and Avery, 2008).

We followed the procedure of a conventional qualitative content analysis (Hsieh and Shannon, 2005). As for the coding schemes applied to the analysis, we delimited them inductively from the data during a process of constant comparison of each interview and each emerging theme (Glaser and Strauss, 1999). Individual themes "expressed in single words, a phrase, a sentence, a paragraph" (Zhang and Wildemuth, 2009, p. 310) or the entire interview were the unit of the analysis. We noted

9

whether or not an interviewee referred to a particular theme. Thus, the number of indications (counts) could not exceed the number of interviewees. Subsequently, the indications were expressed as a percentage of the total to arrive at the frequencies reported in Appendix 3. For example, 12 people in subsidiary C mentioned learning and knowledge sharing, which accounted for 100% of all the interviewees in this subsidiary. In general, 61 participants commented on the theme, which constituted 90% of the total sample, i.e. 68 individuals.

The analysis consisted of three steps, where open coding was applied as the first one. During this step we tried to identify some common themes emerging from the interviews in each subsidiary separately. These were, for instance, 'learning cultures', which afterwards, in the axial coding process, were labeled with the higher-level concepts, i.e., 'learning from others, knowledge sharing and broader perspectives'. Our logic behind the axial coding was to classify each theme with respect to the perceived problems and benefits in intercultural interactions. Finally, at the selecting coding stage, some categories were combined into broader clusters and refined (Hsieh and Shannon, 2005). For instance, such categories as 'learning cultures', 'learning solutions', 'other perspective', 'broader horizons', 'learning from each other' and 'wider horizons' were grouped into one category, namely 'learning and knowledge sharing' (Appendix 1). In the case of doubt concerning the coding process, a discussion among us resulted in an agreement on coding consistency.

We gathered information concerning the type and frequency of the intercultural contacts and the contextual factors in each subsidiary (Table 1). Regarding the former, we asked the participants to describe the character of their relationships with foreigners at work (e.g. the members of multicultural team, the subordinate-superior relationship, contractors, internal clients, etc.) and how often they interact with them. Moreover, additional interviews with the companies' representatives and observations enabled us to portray the intercultural interactions in a particular subsidiary and to classify these interactions as rare, medium or intense and frequent. For example, working mainly with foreign clients on a daily basis with at least one contact per hour (face-to-face or virtual) was classified as an intense and frequent contact, while a few contacts with foreigners per week as rare. Concerning the contextual factors, i.e. the degree of internationalization and the degree of internal integration, we followed the qualitative measures used by other researchers in the international business field. Namely these are "the number of countries of operations and the volume of activities in those countries", and the degree of "global planning, coordination and control by headquarters" (Luo and Shenkar, 2006, p. 326) respectively. The higher the number of countries of operations of a MNC and the higher volume of its activities in those countries, the higher the degree of its internationalization. The higher the degree of global planning, coordination and control by a MNC's headquarters, the higher the degree of its internal integration. The information for these measures was obtained from the representatives of the MNCs and analysis of their documents and web resources. Basing on this data and measures, we evaluated a given MNC's degree of internationalization and internal integration (the competent judges method, see e.g. Bujacz *et al.*, 2016).

3.3. Companies and participants

The sample consisted of the subsidiaries of five MNCs located in Poland (Table 1).

Table 1

The combination of organizational arrangements differs in each subsidiary, constructing a unique context for intercultural interactions, including their types and frequency.

Appendix 2 provides a detailed description of the research participants. We carried out 68 interviews with the subsidiaries' employees involved in intercultural interactions at work. The fact that the respondents had international experience (Takeuchi and Chen, 2013, provide an overview of the measures of international experience) could be associated with their notion of the intercultural interactions. Moreover, in some cases it may foster a creation of a multicultural identity.

4. Empirical findings

In this part we report the findings concerning the research questions: 1) How do individuals perceive the quality of intercultural interactions at work?; 2) What prevails in their accounts of intercultural interactions, i.e. 'the dark side' or 'the bright side'? For better clarity, we present the empirical findings separately for the 'dark side' and 'bright side' views, indicating what was seen as problematic in their intercultural contacts and what was appreciated by the participants.

4.1. The 'dark side' view

In congruence with our predictions (par. 3.1), the organizational arrangements in the MNCs observed in the analyzed subsidiaries were associated with occurrence of intercultural contacts, which was represented by frequency and intensity of the interactions in each respective unit. The most frequent and intense intercultural contacts were observed in subsidiaries B and C, while the rarest in subsidiary D (Table 1). However, in contrast to our predictions, the frequency of the employees' intercultural interactions appeared to be unrelated to their perception of such contacts, since the majority of them (83.8%) in each subsidiary reported the prevalence of the positives over the negatives (Appendix 4). Likewise, the geocentric staffing policy and stronger internal integration, as the cases of subsidiaries B and C show (the regiocentric staffing policy resembles the geocentric policy, yet limited to a particular region, see Perlmutter and Chakravarthy, 1985), were not related to the prevalence of the 'dark side' view of the intercultural interactions over the 'bright side' ones in the interviewees' accounts.

Although the interviewees usually noticed *cultural differences*, they were not always seen as barriers but often as challenges the participants faced at their work (Table 2 and Appendix 3). In their answers to the questions like: What are your first associations when you think about cooperation with

11

foreigners?; What kind of difficulties do you observe due to your cooperation with foreigners at work?; some of the interviewees (39.7% of the total) referred to cultural differences indicating them as an inherent characteristic of their workplace. Cultural differences, although sometimes problematic (25% of the total indications), in view of the accounts, have to be faced as challenges, which drive one's energy or create opportunities. Moreover, the interviewees frequently explained problems in intercultural contacts in terms of the other side's personality (47.1% of total indications) or other factors, e.g., language proficiency, cross-cultural knowledge, attitudes, etc. rather than his/her nationality (11.8% of all the indications, Appendix 4).

Table 2

Communication barriers were indicated by the interviewees as the problem that, for the majority (61.8%) of them, appeared to dominate in their intercultural interactions (Table 2 and Appendix 3). For example, the illustrative quotations from the interviews point out the lack of or an insufficient level of the interlocutors' language skills and problems with certain accents. The other communication barriers that were mentioned included nonverbal communication affected by cultural differences as well as not using the corporate language in the meetings.

The analysis also revealed that the respondents referred to certain problems more frequently than to others. For instance, in subsidiary A, the participants portrayed *problems with social adaptation* of workers sent for overseas contracts and, as a result, more immersed into foreign surroundings than the employees working at home, whose intercultural contacts were less frequent. In subsidiary B, which is highly integrated with the MNC, operates as a shared service center and interacts virtually with the MNC's other employees worldwide, *working in different time zones* was a thorny issue. It was seen as an impediment from both the organizational and personal perspectives. The interviewees from subsidiary C, whose degree of internal integration with the MNCs is very high, noticed *barriers to social integration* of expatriates and multicultural teams. Those in subsidiary D encountered *cultural barriers* that were manifested in the lack of understanding a cultural context by foreigners. Finally, the respondents in subsidiaries E and A highlighted *procedural barriers*, i.e. a lower level of formalization and compliance with the rules by the Polish staff if compared to the non-nationals. Another negative aspect of the intercultural interactions stressed during the interviews concerned *process losses* such as delayed task realization or impediments to their completion. The participants from subsidiaries B and E commented on this issue. Basing on the results, it can be posited that the process losses may be experienced in virtual teams, as the above examples of subsidiaries B and E suggest. In subsidiaries A and D, where the clients are usually served by the locals, the process losses probably do not occur.

Subsidiary C also relies on virtual teams, yet the intercultural interactions appear more intense here, employing a higher share of diverse nationalities.

4.2. The 'bright side' view

The analysis demonstrates that some positives of the intercultural contacts were identified in each subsidiary, e.g. learning and knowledge sharing as well as personal growth (Appendix 3). This may suggest that all intercultural contacts, regardless of their type, magnitude and context, introduce individuals to a somewhat new situation that offers at least minimal knowledge gain and affects their behaviors. It was also revealed in the findings that such contacts may produce personal (e.g. becoming more flexible), professional (e.g. personal development) and organizational gains (e.g. knowledge sharing in international projects).

Learning and knowledge sharing was the most noticeable positive aspect of the intercultural interactions reported in the employee accounts (89.7% of the total indication, Appendix 3) especially in subsidiaries B, C and E, where intercultural contacts were more intense and frequent. Some participants indicated that they learnt in intercultural interactions because facing cultural differences broadens one's horizons. Furthermore, they gain a chance of observing others who think and act differently. That may also result in more creativity, new solutions or ideas, as indicated in the quotations from the interviews (Table 2).

Personal growth as a positive aspect of intercultural interactions has been directly reported in a limited number of prior studies (Rozkwitalska, 2014; Suutari and Mäkelä, 2007). Nevertheless, learning and knowledge sharing as well as other benefits observed in intercultural interactions (e.g. reduction of prejudice, improved self-efficacy or becoming more open, versatile, flexible, etc.) contribute to both organizational and individual development. Referring to the findings, the respondents (79.4%) explicitly mentioned personal growth as their individual and professional gain, which may also foster the competitive advantage of their MNCs. Furthermore, learning languages, as evidence of personal development, was emphasized and appreciated by the respondents (Table 2 and Appendix 3).

The research also revealed that working in the multicultural settings may be *satisfactory*. As the case of subsidiary C suggests, where the task variety and the staff national diversity are relatively higher than in the other affiliates in the sample, it may partially relate to the fact that the need for a variety and adventure in intercultural contacts is fulfilled (Appendix 3). Intercultural interactions may also be associated with satisfaction when challenges are successfully managed, which was mainly observed in subsidiary B. In both companies, respect and appreciation for diversity were strongly emphasized by the respondents as the core value of their organizations' culture. Nevertheless, the workplace of MNCs (e.g. participation in global projects or organizational resources) can be an additional factor which is positively related to satisfaction due to the opportunities it offers, as reported by the majority of the respondents from subsidiary A and a few ones from B (Appendix 3). In some

cases, the fact of being a part of an MNC, which allows access to resources, market expansion and profits, can be associated with the positive perception of intercultural interactions, as the study of subsidiary A suggests (see also Table 2).

Creativity and innovation appear to be an unquestionable positive aspect of cultural diversity in previous research (Stahl *et al.*, 2009). The participants from subsidiaries A, B and C also shared their observations concerning creativity and innovation in intercultural contacts (Table 2 and Appendix 3). For example, they pointed out the chance of discovering a breakthrough solution for some market and great ideas as a result of intercultural contacts.

The positive view of intercultural contacts was also revealed in the answers collected from the open-ended questions: 1) Which aspect of relationships with foreigners seems to dominate: the benefits or barriers? and 2) Would you prefer to work only with your fellow citizens? Why yes/why no? (see Appendix 4), e.g.:

"Positives dominate... Certainly, there are problems but we can always solve them" (interviewee A6)

"Benefits, problems may be overcome." (interviewee B6)

 "Benefits, definitely. Even applicants… highlight that cooperation with other nationalities is a true value." (interviewee E9)

Only a few participants (14.7%) were not sure which aspects prevail in their intercultural contacts and only one responded that barriers dominated, whereas the others espoused the benefits, however with differentiated certainty. The respondents approached the second question (Would you prefer to work only with your fellow citizens? Why yes/why no?) in a similar manner, as exposed in the following remark:

"No, I am looking for [inter]cultural interactions to learn more and share." (interviewee D2)

5.   Conclusions

5.1. Discussion

The research demonstrates that the frequency of intercultural interactions depends on the contextual factors identified by Cooper *et al.* (2007). However, those factors did not appear to be associated with the perception of the magnitude of the positive or negative reactions to intercultural contacts, since the 'bright side' dominated interviewees' accounts in all the analyzed subsidiaries. It may further suggest that the organizational arrangements were not related to appropriateness assessments regarding the ingroup-outgroup categorization of non-nationals. Moreover, although the participants noticed cultural differences, they rarely admitted that the quality of their contacts related to nationality. The problems were frequently assigned to other factors. This suggests that the subsidiaries' context was not associated with the categorization process of someone solely on the basis of nationality and that in the multicultural environments of MNCs, employees' professional, group or organizational identities may be more pervasive than the ascribed identity based on nationality. Therefore, the phenomenon of social identity complexity or common ingroup identity may explain the prevalence of the positive accounts

14

of intercultural contacts over the negative ones, as demonstrated in our research. When considering a few individuals who had lived abroad for an extended period of time and/or had a close relative from other country, multicultural identity could also be related to their positive attitude toward their intercultural contacts.

Comparing the results among the subsidiaries from the perspective of the negatives and positives of intercultural interactions, we noticed some differences concerning which of the aspects above or how frequently it was mentioned during the interviews. For example, we noticed that despite subsidiary C relies on virtual teams, the participants did not complain about process losses, which in two other subsidiaries in the sample (B and E) using also virtual teams did occur. As subsidiary C has a higher share of diverse nationalities as well as more intense intercultural interactions, these factors may compel the individuals to refer more to the deep-level attributes of diversity (while nationality is a surface-level attribute) that contribute to higher creativity and innovation (Stahl *et al.*, 2009), as observed in the subsidiary (Table 2 and Appendix 3).

Furthermore, the employees' accounts of various negative aspects encountered in their intercultural interactions may suggest in which case the ingroup-outgroup categorization could refer to nationality and in which case not. It appears that such negatives as barriers to social adaptation/integration and cultural barriers (identified in subsidiaries A, C and D) might be related to the discussed phenomenon since they show that people use nationality in their categorization process (Stahl *et al.*, 2009). However, working in virtual teams can reduce the salience of nationality (par. 2.3). In such a case the reasons for problems, e.g. process losses (observed in subsidiaries B and E), may be located in other factors, e.g. different time zones (as in subsidiary B).

In prior studies, intercultural interactions have been identified as a natural source of learning, yet knowledge sharing in MNCs has been rather perceived as a process of facing obstacles due to ingroup-outgroup categorization (Mäkelä *et al.*, 2012). As the participants in our research indicated learning and knowledge sharing in their intercultural interactions, it may suggest that the salience of nationality in the ingroup-outgroup categorization was probably less important than other social identities, namely common ingroup identity or complex social identity.

The interviewees' notion that working in multicultural environments may be related to satisfaction is significant. Employees' satisfaction impacts on a company's competitiveness and success (Niu, 2014). Previous research on satisfaction in multicultural work settings is rather rare and its results are inconclusive (for overview see Rozkwitalska and Basinska, 2015), while this study implies that intercultural interactions at work are associated with satisfaction. This observation appears to contradict the assumptions of SIT-SCT, which provide corroborations that identity similarity contributes to satisfaction (Stahl *et al.*, 2010). Furthermore, it shows associations with SICT.

Concluding, our empirical findings demonstrate only partial associations with the proposition of Cooper's *et al.* (2007). Indeed, the frequency and magnitude of intercultural interactions have been related to the context of subsidiaries/MNCs. Nevertheless, the organizational arrangements have not

been associated with the prevalence of certain attitudes toward interactions with foreigners. Trying to interpret our data, we have demonstrated that in the case of barriers to social adaptation/integration and cultural barriers, the ingroup-outgroup categorization could be referred to nationality, while time zones, procedural barriers, learning and knowledge sharing have appeared to be less related to ingroup-outgroup categorization based on nationality. Our study also shows that some intercultural interaction outcomes are more common than others. For instance, communication barriers, learning and knowledge sharing as well as personal growth were observed in the accounts from all the subsidiaries.

To summarize, the findings present that intercultural interactions are recognized by the participants from both negative and positive perspectives. Nonetheless, for 83.8% of the respondents the 'bright side' prevailed in their accounts (Appendix 4). The different organizational arrangements identified in the subsidiaries were not associated with the prevalence of particular reactions toward intercultural interactions. Although the proposition of Cooper *at al.* (2007) does not indicate which outcome relates to which organizational arrangement, we attempted to demonstrate that the perception of some outcomes may be associated with nationality used in the categorization process.

5.2. Contributions

The paper contributes to the knowledge of perceptions of intercultural interactions in MNC subsidiaries and highlights the positive approach to such contacts. It adds to the literature on cultural diversity. Our research documents the employees' accounts of a number of barriers and benefits encountered in their intercultural contacts. It also supports the argument that people may notice the prevalence of the 'bright side' in intercultural interactions, at least if MNCs are considered. Thus, the research redresses the imbalance in the prior research and satisfies the need for positive cross-cultural scholarship. We also augment the relatively limited amount of qualitative research with that respect. As we have included the contextual elements in the analysis, our findings contribute to the existing knowledge by investigating empirically what Cooper *et al.* (2007) have analyzed theoretically.

The study endeavors to shed some new light on intercultural interactions in MNCs. Our results may especially suggest that while people observe the 'dark' and the 'bright' sides of such contacts, their high social identity complexity or common ingroup identity, as a consequence of working in MNCs, may be associated with their positive perception of intercultural interactions.

As far as the theoretical implications are concerned, the findings can be interpreted with regard to SIT-SCT, SAT and SICT. The study has revealed that individuals in MNCs may perceive behaviors of foreigners which do not conform to their cultural norms as interesting experiences. They might therefore be curious about cultural differences and regard them as novelties or challenges. Consequently, in contrast to the propositions of Cooper *et al.* (2007), we posit that inappropriateness of behavior is not always a barrier to mutual cooperation. Namely, it seems that nationality is not always used for categorization in each intercultural contact. Moreover, working in MNCs may create a

new basis for categorization and build the identity of being a member of an exceptional diverse team or organization and belonging to a brand new class of labor force as the phenomenon of social identity complexity suggests. In such a setting, diversity appears to be more attractive than similarity, contradicting SAT. Furthermore, referring to diversity as an organizational value in MNCs, it may help to construct common ingroup identity that surmounts problems created by the social categorization process.

5.3. Practical and social implications

We attempted to demonstrate that the perception of some aspects of intercultural interactions may be associated with nationality used in the categorization process. Therefore, managers in MNCs can shape the context, i.e. increase the degree of MNCs' internationalization, use geocentric staffing policy and improve internal integration of their companies to influence the dynamics of intercultural interactions and how they are seen. Additionally, managers in MNCs, by emphasizing professional, group or organizational identities or by referring to common ingroup identity, can help their employees to adopt more favorable attitudes toward intercultural interactions at work. Furthermore, managers in MNCs could also look for individuals with multicultural identity who also present more positive approaches to foreigners.

The study has revealed that communication barriers are crucial. Therefore, MNCs should place emphasis on recruiting individuals who are fluent in the organization's functional language and offer language training to improve the staff's skills. Furthermore, the research demonstrates that the workplace in MNCs is abundant in learning opportunities. As a result, managers of MNCs should hire employees with significant needs for growth and development, who will recognize more opportunities in intercultural contacts. Since learning may be so salient in MNCs, their work environment can also boost employees' thriving (Basinska, 2017).

As today's societies are becoming increasingly multicultural, there is a need to increase public awareness of how people perceive cultural diversity at work. Our research demonstrates that the multicultural work context of MNCs may be recognized by employees as activating the positive potential of the individuals and organizations that make up a society.

5.4. Limitations and future research

The qualitative and explorative nature of the research as well as the sampling techniques do not allow for a broader generalization of our results. The participants were appointed by the companies, which poses the risk that those individuals had special qualities essential for working in multicultural settings. Since the majority of the interviewees were Poles, the empirical findings may be obscured by the lens of their national culture. Furthermore, we collected the data about the participants' particulars, yet we did not analyze the answers with regard to gender, type and level of job position of individuals, their organizational unit, etc. Our intension was to compare the results gathered in the subsidiaries and

17

to portray our sample in terms of the organizational arrangements as proposed by Cooper *at al.* (2007). Taking into account the aforementioned limitations, we recommend in future research a quantitative study based on data obtained from a larger pool of multinational subsidiaries from various countries. Further research could also extend interpretation of the perception of intercultural contacts based on gender of participants of intercultural interactions or their role in the organizational hierarchy, since these characteristics may also be related to exhibited attitudes.

Moreover, any research which touches on sensitive behaviors carries the risk of social desirability bias, i.e. a tendency to present oneself in a socially desirable manner to others (Collins *et al.*, 2015). We attempted to address this issue by ensuring the participants' confidentiality (Hassan *et al.*, 2010). Accordingly, we tried to not influence the answers by ensuring a proper design of our interviews and stating open-ended questions. The participants were first asked about their job duties, type and frequency of their intercultural contacts, and whether in the past they had intercultural contacts. Then we asked about the first associations the participants had when they think about their contacts with foreigners at present work. Our deepening questions concerned the positives and negatives in such interactions, where the interviewees see positive and negative aspects, how this impact on them and organizations, what facilitates and impedes their intercultural contacts and what can be improved. Future studies, however, could include measures of social desirability bias to respond to this problem.

The research showed that an individual may perceive stressful situations (i.e. facing cultural differences) either as threats or challenges. This observation could be explained in future research on the basis of cognitive appraisal theory (Lazarus, 1993). It assumes that cognitive appraisal of something as a threat anticipates future losses, whereas appraisal of the same thing as a challenge includes the belief that not only losses but also benefits can be achieved. Future research could verify whether the perception of intercultural interactions depends on the cognitive appraisal.

On the one hand, we identified communication barriers, which is in line with the subject literature that perceives language diversity in multicultural organizations as being primarily problematic (Lauring and Selmer, 2011). On the other hand, we revealed that what the participants appreciate in intercultural interactions is the chance to learn and use languages. This may suggest that the previous research is somewhat biased and calls for positive cross-cultural scholarship in future studies on language diversity.

To the best of our knowledge, this is one of the first studies that empirically analyzed the role of context in MNCs in the perception of intercultural contacts. As our findings have demonstrated only partial relations to the propositions of Cooper *et al.* (2007), future research could continue this avenue of study. Moreover, we did not measure the ingroup/outgroup categorization nor how it impacts on intercultural interactions. We applied the theoretical framework described in this paper (par. 2.3) twofold. First, to form our predictions (par. 3.1), second, we used the theoretical background to discuss the findings, namely to look for possible explanations of what we have found in the analyzed

subsidiaries. As employees' categorization process in general and in MNCs in particular appears to be very complex, further research should investigate the phenomenon in more depth.

References

Abdul Malek, M. and Budhwar, P. (2013), "Cultural intelligence as a predictor of expatriate adjustment and performance in Malaysia", *Journal of World Business*, Vol. 48 No. 2, pp. 222–231.

Basinska, B.A. (2017), "Thriving in a multicultural workplace", in Rozkwitalska, M., Sułkowski, Ł. and Magala, S. (Eds.), *Intercultural Interactions in the Multicultural Workplace. Traditional and Positive Organizational Scholarship*, Contributi., Springer International Publishing, Switzerland, available at:https://doi.org/DOI 10.1007/978-3-319-39771-9_8.

Björkman, I., Stahl, G.K. and Vaara, E. (2007), "Cultural differences and capability transfer in cross-border acquisitions: the mediating roles of capability complementarity, absorptive capacity, and social integration", *Journal of International Business Studies*, Vol. 38 No. 4, pp. 658–672.

Blazejewski, S. and Dorow, W. (2003), "Global corporate cultures: Management between cultural diversity and cultural integration", in Mohn, L. (Ed.), *Corporate Cultures in Global Interaction*, Bertelsmann-Stiftung, Gutersloh, pp. 12–29.

Brenner, B. (2009), *Management Control in Central and Eastern European Subsidiaries*, Palgrave Macmillan, London.

Brewer, M.B. and Pierce, K.P. (2005), "Social identity complexity and outgroup tolerance", *Personality and Social Psychology Bulletin*, Vol. 31 No. 3, pp. 428–437.

Brock, D.M., Shenkar, O., Shoham, A. and Siscovick, I.C. (2008), "National culture and expatriate deployment", *Journal of International Business Studies*, Vol. 39 No. 8, pp. 1293–1309.

Bujacz, A., Dunne, S., Fink, D., Gatej, A.R., Karlsson, E., Ruberti, V. and Wronska, M.K. (2016), "Why do we enjoy creative tasks? Results from a multigroup randomized controlled study", *Thinking Skills and Creativity*, Ltd, Vol. 19, pp. 188–197.

Byrne, D. (1971), *The Attraction Paradigm*, Academic Press, New York.

Cameron, K.S. and Spreitzer, G.M. (2013), "Introduction. What is positive about Positive Organizational Scholarship?", in Cameron, K.S. and Spreitzer, G.M. (Eds.), *The Oxford Handbook of Positive Organizational Scholarship*, Oxford University Press, New York, pp. 1–14.

Collins, S.E., Grazioli, V.S., Torres, N.I., Taylor, E.M., Jones, C.B., Hoffman, G.E., Haelsig, L., et al. (2015), "Qualitatively and quantitatively evaluating harm-reduction goal setting among chronically homeless individuals with alcohol dependence", *Addictive Behaviors*, Ltd, Vol. 45, pp. 184–190.

Colvin, C. and Volet, S. (2014), "Scrutinising local students' accounts of positive intercultural interactions: A multidimensional analysis", *International Journal of Intercultural Relations*, Ltd, Vol. 42, pp. 77–92.

Cooper, D., Doucet, L. and Pratt, M. (2007), "Understanding 'appropriateness' in multinational organizations", *Journal of Organizational Behavior*, Vol. 28 No. 3, pp. 303–325.

Dikova, D. and Sahib, P.R. (2013), "Is cultural distance a bane or a boon for cross-border acquisition performance?", *Journal of World Business*, Vol. 48 No. 1, pp. 77–86.

Fitzsimmons, S.R. (2013), "Multicultural employees: A framework for understanding how they contribute to organizations", *Academy of Management Review*, Vol. 38 No. 4, pp. 525–549.

Freeman, S. and Lindsay, S. (2012), "The effect of ethnic diversity on expatriate managers in their host country", *International Business Review*, Ltd, Vol. 21 No. 2, pp. 253–268.

Glaser, B.G. and Strauss, A.L. (1999), *The Discovery of Grounded Theory: Strategies for Qualitative Research*, Aldine De Gruyter, Hawthorne, NY.

Groeppel-Klein, A., Germelmann, C.C. and Glaum, M. (2010), "Intercultural interaction needs more than mere exposure: Searching for drivers of student interaction at border universities", *International Journal of Intercultural Relations*, Ltd, Vol. 34 No. 3, pp. 253–267.

Harrison, N. (2012), "Investigating the impact of personality and early life experiences on intercultural interaction in internationalised universities", *International Journal of Intercultural Relations*, Ltd, Vol. 36 No. 2, pp. 224–237.

Hassan, Z., Dollard, M.F. and Winefield, A.H. (2010), "Work-family conflict in East vs Western countries", *Cross Cultural Management: An International Journal*, Vol. 17 No. 1, pp. 30–49.

Hernández-Mogollon, R., Cepeda-Carrión, G., Cegarra-Navarro, J.G. and Leal-Millán, A. (2010), "The role of cultural barriers in the relationship between open-mindeness and organizational innovation", *Journal of Organizational Change Management*, Vol. 23 No. 4, pp. 360–376.

Hofstede, G. (1983), "The cultural relativity of organizational practices and theories", *Journal of International Business Studies*, Vol. Fall, pp. 75–89.

Hogg, M. a. and Terry, D.J. (2000), "Social identity and self-categorization processes in organizational contexts", *The Academy of Management Review*, Vol. 25 No. 1, pp. 121–140.

Hsieh, H.-F. and Shannon, S.E. (2005), "Three approaches to qualitative content analysis", *Qualitative Health Research*, Vol. 15 No. 9, pp. 1277–1288.

Klitmøller, A., Schneider, S.C. and Jonsen, K. (2015), "Speaking of global virtual teams: language differences, social categorization and media choice", *Personnel Review*, Vol. 44 No. 2, pp. 270–285.

Knippenberg, D. Van and Schippers, M.C. (2007), "Work group diversity", *Annual Review of Psychology*, Vol. 58, pp. 515–41.

Kühlmann, T. and Hutchings, K. (2010), "Expatriate assignments vs localization of management in China: Staffing choices of Australian and German companies", *Career Development International*, Vol. 15 No. 1, pp. 20–38.

Lauring, J. and Selmer, J. (2011), "Multicultural organizations: common language, knowledge sharing and performance", *Personnel Review*, Vol. 40 No. 3, pp. 324–343.

Lauring, J. and Selmer, J. (2012), "International language management and diversity climate in multicultural organizations", *International Business Review*, Ltd, Vol. 21 No. 2, pp. 156–166.

Lazarus, R.S. (1993), "From psychological stress to the emotions: A history of changing outlooks", *Annual Review of Psychology*, Vol. 44 No. 1, pp. 1–22.

Luo, Y. and Shenkar, O. (2006), "The multinational corporation as a multilingual community: Language and organization in a global context", *Journal of International Business Studies*, Vol. 37 No. 3, pp. 321–339.

Mäkelä, K., Andersson, U. and Seppälä, T. (2012), "Interpersonal similarity and knowledge sharing within multinational organizations", *International Business Review*, Vol. 21, pp. 439–451.

Mannix, E. and Neale, M.A. (2005), "What differences make a difference?: The promise and reality of diverse teams in organizations", *Psychological Science in the Public Interest*, Vol. 6 No. 2, pp. 31–55.

Maxwell, J.A. (2005), *Qualitative Research Design: An Interactive Approach*, Sage Publications, Thousand Oaks, CA.

Meyer, D.Z. and Avery, L.M. (2008), "Excel as a qualitative data analysis tool", *Field Methods*, Vol. 21 No. 1, pp. 91–112.

Molinsky, A. (2007), "Cross-cultural code-switching: the psychological challenges of adapting behavior in foreign cultural interactions", *Academy of Management Review*, Vol. 32 No. 2, pp.

622–640.

Niu, H.-J. (2014), "Is innovation behavior congenital? Enhancing job satisfaction as a moderator", *Personnel Review*, Vol. 43 No. 2, pp. 288–302.

Ochieng, E.G. and Price, a. D.F. (2010), "Managing cross-cultural communication in multicultural construction project teams: The case of Kenya and UK", *International Journal of Project Management*, Ltd and IPMA, Vol. 28 No. 5, pp. 449–460.

Perlmutter, H. V and Chakravarthy, B.S. (1985), "Strategic planning for a global business", *Columbia Journal of World Business*, Vol. 20 No. 2, pp. 3–10.

Pettigrew, T.F. and Tropp, L.R. (2008), "How does intergroup contact reduce prejudice? Meta-analytic tests of three mediators", *European Journal of Social Psychology*, Vol. 38 No. 6, pp. 922–934.

Rozkwitalska, M. (2014), "Negative and positive aspects of cross-cultural interactions: A case of multinational subsidiaries in Poland", *Inzinerine Ekonomika-Engineering Economics*, Vol. 25 No. 2, pp. 231–240.

Rozkwitalska, M. and Basinska, B.A. (2015), "Job satisfaction in the multicultural environment of multinational corporations – using the positive approach to empower organizational success", *Baltic Journal of Management*, Vol. 10 No. 3.

Rugman, A.M. (Ed.). (2010), *The Oxford Handbook of International Business*, 2nd ed., Oxford University Press, New York.

Shenkar, O., Luo, Y. and Yeheskel, O. (2008), "From 'distance' to 'friction' substituting metaphors and re-directing intercultural research", *Academy of Management Review*, Vol. 33 No. 4, pp. 905–923.

Shimoni, B. (2011), "The representation of cultures in international and cross cultural management: Hybridizations of management cultures in Thailand and Israel", *Journal of International Management*, Vol. 17 No. 1, pp. 30–41.

Shore, L.M., Chung-Herrera, B.G., Dean, M.A., Ehrhart, K.H., Jung, D.I., Randel, A.E. and Singh, G. (2009), "Diversity in organizations: Where are we now and where are we going?", *Human Resource Management Review*, Vol. 19 No. 2, pp. 117–133.

Stahl, G.K., Mäkelä, K., Zander, L. and Maznevski, M.L. (2010), "A look at the bright side of multicultural team diversity", *Scandinavian Journal of Management*, Vol. 26 No. 4, pp. 439–447.

Stahl, G.K., Maznevski, M.L., Voigt, A. and Jonsen, K. (2009), "Unraveling the effects of cultural diversity in teams: A meta-analysis of research on multicultural work groups", *Journal of International Business Studies*, Vol. 41 No. 4, pp. 690–709.

Stahl, G.K. and Tung, R.L. (2014), "Towards a more balanced treatment of culture in international business studies: The need for positive cross-cultural scholarship", *Journal of International Business Studies*, pp. 1–24.

Suutari, V. and Mäkelä, K. (2007), "The career capital of managers with global careers", *Journal of Managerial Psychology*, Vol. 22 No. 7, pp. 628–648.

Tajfel, H. and Turner, J.C. (1986), "The social identity theory of intergroup behavior", in Worchel, S. and Austin, W.G. (Eds.), *The Social Psychology of Intergroup Relations*, 2nd ed., Nelson-Hall, Chicago, pp. 7–24.

Takeuchi, R. and Chen, J. (2013), "The impact of international experiences for expatriates' cross-cultural adjustment: A theoretical review and a critique", *Organizational Psychology Review*, Vol. 3 No. 3, pp. 248–290.

Tanova, C. and Nadiri, H. (2010), "The role of cultural context in direct communication", *Baltic Journal of Management*, Vol. 5 No. 2, pp. 185–196.

Weber, Y. and Tarba, S.Y. (2012), "Mergers and acquisitions process: the use of corporate culture analysis", *Cross Cultural Management: An International Journal*, Vol. 19, pp. 288–303.

White, D.W., Absher, R.K. and Huggins, K.A. (2011), "The effects of hardiness and cultural distance on sociocultural adaptation in an expatriate sales manager population", *Journal of Personal Selling and Sales Management*, Vol. 31 No. 3, pp. 325–338.

Zhang, Y. and Wildemuth, B.M. (2009), "Qualitative analysis of content", in Wildemuth, B. (Ed.), *Applications of Social Research Methods to Questions in Information and Library Science*, Libraries Unlimited, Westport, CT, pp. 308–319.

Table 1. A profile of the subsidiaries in the sample

Subsidiary	A	B	C	D	E
Country of origin	Germany	the United States	India	the United States	Germany
Year and form of establishment	1986, greenfield investment	1994, greenfield investment, 1999 acquisition	2007, acquisition	2010, greenfield investment	1991, greenfield investment
Industry	surface protection, scaffolding, steel construction, oil and gas offshore services	IT-, HR- and the global tax and trade shared service center	Business Process Outsourcing and Information Technology Outsourcing, a center of excellence	management consulting services for the public sector	automotive equipment and household appliances
Major markets	Europe	EMEA	EMEA	Poland	Europe
Degree of MNC's internationalization	medium	very high	very high	low	high
MNC's staffing policy	polycentric	geocentric	regiocentric	ethnocentric/polycentric	regiocentric
Degree of internal integration with MNC	low	high	very high	low	medium
Type of intercultural interactions	face-to-face and virtual contacts with clients or their authorized representatives, employees of other subsidiaries, and suppliers	mainly virtual contacts with other MNC employees of various, culturally distant nationalities, including teammates in virtual multicultural teams	face-to-face and virtual intercultural interactions with foreign clients, contractors and teammates, including those from the MNC's other affiliates	virtual contacts with foreign employees and superiors of the MNC's other units and face-to-face communication with the board of directors	face-to-face and virtual contacts with the MNC's employees, superiors and contractors of diverse nationalities
Frequency of intercultural interactions	rare to medium	rather intense and frequent	rather intense and frequent	rare	medium

Note: EMEA – Europe, the Middle East and Africa

Table 2. The perception of the quality of intercultural interactions - illustrative quotations

Subsidiary	A	B	C	D	E
Cultural differences as challenges	*"This job isn't stress-free. Yet, it drives my energy, the continuous **challenges** you meet. I like that."* (A2)	*"Cultural differences create problems (we should rather say '**challenges**') but also opportunities."* (B15)	*"I would say cultures, **challenges**. Especially in communication. Getting words in other ways. You have to learn about the culture before you start anything with them."* (C1)	*"Maybe these are not problems but **challenges**. **Challenges** because we need more time for cooperation, more time to explain problems, which for us, Poles, are so obvious."* (D7)	*"My first association is maybe difficulties, which pose **challenges**."* (E1)
Communication barriers	*"For sure, it is more difficult to conduct negotiations – it's a matter of language… English is the second language of ours and our partner so the level of communication is not the same as in our mother tongue."* (A9)	*"Minuses – our language proficiency can differ from that of our interlocutor from another country, so communication barriers may arise."* (B3)	*"There is no standard message. You should always be careful, you have to know the background. What is standard for me is seen differently. Avoid standardizing at all cost."* (C5)	*"The biggest barrier is still the language… In meetings with clients and business partners, who don't speak English …, they cannot forge a relationship. They have to rely on the Polish staff in every situation."* (D1)	*"Communication problems – … You have to get used to their accent and 'dialect'. Occasionally, despite English being our functional language, when there is a majority of Germans in the meeting, communication takes place in German."* (E2)
Examples of other problems	**Problems with social adaptation:** *"Sometimes Poles say that Bulgarians deprive them of their jobs, and vice versa… Those groups integrate only to some degree…"* (A12) **Procedural barriers:** *"While working with foreigners I have observed that they obey the rules and that's it… We look for solutions, how to bypass the rules, we see such opportunities."* (A6)	**Time zones:** *"Time zones are quite burdensome from the personal point of view… A task would be completed faster if we worked in collocated teams."* (B14) **Process losses:** *"In a large [multicultural] team it is difficult to reach a consensus if anyone has a different style of work. Sometimes the tasks are done repeatedly… which causes a waste of time and prolongs work time."* (B6)	**Barriers to social integration:** *"It is far easier for me to get along with foreigners… It's both the language and the mental barrier…You have… to put a lot of effort, take the initiative, then they become more friendly, more open."* (C2)	**Problems to decision making:** *"The necessity of preparing documents and materials in both languages for meetings slows down task performance and the decision making process."* (D1) **Cultural differences:** *"The necessity to explain basic concepts and assumptions typical of a certain country. A lack of understanding of obvious assumptions and a cultural context."* (D2)	**Procedural barriers:** *"In our Polish subsidiary, the level of formalization is much lower than in the German units of the MNC. The expats complain about that."* (E3) **Process losses:** *"The organization loses if deadlines for task completion are not met because you don't understand what to do."* (E2)

Learning and knowledge sharing	*"You have a **wider worldview**… you increase your **knowledge**… We mutually **learn** while working with foreigners. "* (A16)	*" I **learn** humility while noticing that others may not think the same way I do… My organization develops since people who were raised in various cultures are the **repository of diverse ideas** which are brought to the work process."* (B1)	*"For me it's a great color – curiosity to meet others, ability to **learn** and develop my worldview."* (C7)	*"[Intercultural interactions] offer **diverse approaches and perspectives**, different experiences and views, **knowledge sharing** and utilizing the potential of a larger team."* (D2)	*"An organization as our company would have no chance to be successful in other markets if the staff was homogenous. It expands more thanks to the **knowledge** of its various managers."* (E10)
Personal growth	*"Due to my previous experiences on international assignments, I can propose more solutions. It is my, as well as my organization's, advantage."* (A8)	*"Understanding otherness is quite **developmental** for me. I become more flexible... I become more tolerant... we boost our **linguistic competence**."* (B3)	*"It's about learning. It forms you in a different way… Simply it is **growth** and a change."* (C11)	*"Working with foreigners is an additional platform for your **self-development**, it involves interesting projects and it is a stimulus for broader thinking."* (D2)	*"[The benefits:] I use English, **self-development**, in my personal life, I confront certain habits..."* (E5)
Examples of other positives	**Job satisfaction:** *"It builds your **satisfaction** if something works, you overcome problems, something is created and you derive measurable, financial benefits in the end."* (A2) **Optimism and self-efficacy:** *"In the beginning, there was panic…When you want to succeed as bad as you want to breathe, then you'll be successful…"* (A3)	**Job satisfaction:** *"The difficulties are the challenges that motivate you and bring about job **satisfaction**. I learn more though the frustration that arises when I face problems."* (B11) **Creativity and innovation:** *"For a global company, cooperation between foreigners increases the chance of discovering a breakthrough solution for some market, enhances **innovation**."* (B5)	**Job satisfaction:** *"My face smiles – this is a diverse and energetic group of people. You want to work for them and to do various stuff."* (C12) **Creativity and innovation:** *"When it comes to the organizations, it brings great **ideas**."* (C11)	**Positive organizational change:** *"Good work ambiance. Respect for the others and keen interest to know other cultures"* (D2) **Quality:** *"[Intercultural interactions] give …an opportunity to compare experiences and to make decisions basing on a wider set of data… It increases the chances for better **quality** business decisions."* (D1)	**Tolerance, openness, reduction of prejudice:** *"I can look at Poles through the eyes of the others. I also see the stereotypes about Poles."* (E4) **Positive organizational change:** *"Our organization attempts to be more flexible and tolerant."* (E7)
Examples of factors that affect the quality of intercultural	**Organizational resources:** *"A corporation means money… We can always rely on the MNC's*	**Individual resources:** *"You should have a positive attitude toward others, be flexible and*	**Individual resources:** *"Everything depends on one's personality, if a person has travelled a lot,*	**Individual resources:** *"While working with foreigners, it is personality that matters more than the*	**Individual and organizational resources:** *"The quality of intercultural interactions*

contacts	*support… This is the foundation for good relationships."* (A1)	*expect the unexpected, be ready for unconventional approaches to problems, and be open."* (B5)	*has parents from different cultures, etc."* (C4)	*nationality or the background."* (D3)	*depends on the staff's personality and organizational culture."* (E8)

Note: A,B,C,D, E states for subsidiary A, B, C, D, E, respectively, while 1, 2…n denotes a particular interviewee.

Appendix

Appendix 1. Examples of the coding process within the qualitative content analysis

Open coding – selected themes	Illustrative quotations
Learning cultures Enrichment Broader horizons See other perspectives Learning solutions Learn from other Wider horizons Teach something Interesting life Interesting cooperation Interesting changes Curiosity Motivation Fun Want to work Energy Satisfaction Pleasant cooperation Interesting job Learning languages Development in communication Enrichment Boost linguistic competence Personal development Developing Professional development Progress Growth Surprising outcomes Value added Better results Financial effects More resources Access to technology, methods Language barrier Language issues Communication challenges Communication problems Sensitive to communication Cultural differences Mental barrier Culture Cultural experience Nationality Challenges Adaptability Capability to adjust Familiarity Self-confidence Initiative Not effective cooperation	*"If [contacts] are with a foreigner, then you very often **learn** the other country's **culture** and it is somewhat **enrichment**. The contacts with other countries **broaden your horizons**… The contacts with foreigners let you observe how they work and you **learn**."* (A1) *"The expatriates implemented new reporting procedures…, we **learn from each other** in this area."* (A16) *"My personal benefits are **interesting life** and **wider horizons**."* (A15) *"I like **learning languages** and new things, **changes** are **interesting**, including changes in team structure."* (B10) *"It depends on **culture** and country. Here we mainly work with Americans. It is **pleasant** yet **not always effective cooperation**."* (B13) *"It's difficult to understand **culture**. (…) It's hard to be whole aware about **cultural differences**."* (B17) *"Diversity gives **value added**."* (C4) *"In my professional life it gave me an immense **development in communication** and understanding. I have significant **capability to adjust** to my interlocutor."* (C6) *"**Language issues**, temperaments are very important. I speak differently with an Indian, differently with an Argentinian, and differently with a German."* (C8) *"Working in an international team increases opportunities for **learning**, is a more **interesting job** and contributes to **better results** of the company."* (D1) *"[My first associations are] **cultural differences**, including how you understand certain issues, different views of problems, paying attention to different details."* (D4) *"[The benefits are] **access to** new **technologies**, project management **methods** and **self-confidence** in cooperation with contractors."* (D7) *"**Nationality** is of vital importance because cooperation with a German, a French person differs…"* (E2) *"For me it [cooperation with foreigners] is a new **cultural experience** that **develops** me in terms of language and procedures I use in my work."* (E3) *"There are different approaches to the topic, which sometimes make cooperation harder than easier, for instance due to **language**."* (E6)

Axial coding categories	*learning from others, knowledge sharing and broader perspectives* = learning cultures, broader horizons, see other perspectives, learning solutions, learn from each other, wider horizons, teach something *enrichment and learning languages* = enrichment, learning languages, boost linguistic competence, development in communication *personal development* = personal development, developing *professional development* = progress, growth *interesting life, cooperation, changes, curiosity* = interesting life, interesting cooperation, interesting changes, curiosity *satisfaction* = satisfaction, interesting job, pleasant cooperation *motivation* = fun, want to work, energy, motivation *value added* *surprising outcomes* = surprising outcomes, better results *financial effects* *access to resources* = more resources, access to technology, methods *language* = language barrier, language issues *communication problems* = communication challenges, communication problems, sensitive to communication *not effective cooperation* *cultural differences* = mental barrier, culture, cultural differences *cultural experience* *challenges* *nationality* *adaptability* = adaptability, capability to adjust *familiarity* = familiarity, self-confidence *initiative*
Selecting coding categories	*learning and knowledge sharing* = learning from others, knowledge sharing and broader perspectives *personal growth* = enrichment and learning languages, personal development, professional development *needs fulfillment (adventure, variety)* = interesting life, cooperation, changes, curiosity *satisfaction* = satisfaction, motivation *process gains* = value added, surprising outcomes *financial effects and access to resources* = financial effects, access to resources *communication barriers* = communication problems, language *process loses* = not effective cooperation *cultural differences as challenges* = cultural experience, challenges *cultural differences as barriers* = cultural differences, nationality *self-efficacy* = familiarity, initiative

Note: A,B,C,D, E states for subsidiary A, B, C, D, E, respectively, while 1, 2…n denotes a particular interviewee.

Appendix 2. The interviewee's particulars (number of interviewees and share)

Particulars	Subsidiary	A	B	C	D	E	Total	Percentage
	number of interviewees	*19*	*18*	*12*	*7*	*12*	*68*	*100.0*
Job position	managers	15	6	12	0	9	42	61.8
	specialists	4	12	0	7	3	26	38.2
Sex	men	13	9	5	2	5	34	50.0
	women	6	9	7	5	7	34	50.0
Job tenure (years)	(0-5>	7	14	0	0	8	29	42.6
	(5-10>	5	3	7	5	0	20	29.4
	(10-15>	3	1	4	2	3	13	19.1
	(15-20>	3	0	1	0	1	5	7.4
	>20	1	0	0	0	0	1	1.5
Age (years old)	20-29	5	10	9	4	1	29	42.6
	30-39	4	6	2	3	8	23	33.8
	40-49	4	1	1	0	3	9	13.2
	50-59	5	1	0	0	0	6	8.8
	>60	1	0	0	0	0	1	1.5
Department	board of directors	4	1	1	0	0	6	8.8
	operations	7	0	8	5	1	21	30.9
	finance	0	4	0	0	1	5	7.4
	quality, health & safety, environmental protection	2	1	0	0	2	5	7.4
	purchase and logistics	2	0	0	0	1	3	4.4
	HR/administration	1	5	0	0	3	9	13.2
	IT/technical support	1	1	2	1	3	8	11.8
	accounting	1	0	0	1	1	3	4.4
	R+D	0	5	0	0	0	5	7.4
	marketing/sale	1	1	1	0	0	3	4.4
International experience	previous work for a MNC	5	12	8	6	8	39	57.4
	working abroad	13	13	12	4	8	50	73.5
	living abroad	13	13	11	4	10	51	75.0
	studying abroad	3	6	4	3	5	21	30.9
	private trip abroad	15	18	12	7	11	63	92.6
	business trip abroad	16	12	12	6	12	58	85.3
	a close relative is a foreigner	2	4	3	0	2	11	16.2

Appendix 3. Employees' accounts on the perception of intercultural interactions – selected themes revealed in the interviews*

subsidiary themes	A	B	C	D	E	Total
communication barriers	14(73.7)	12(66.7)	5(41.7)	3(42,9)	8(66.7)	42(61.8)
cultural differences as barriers	3(15.8)	7(38.9)	1(8.3)	4(57.1)	2(16.7)	17(25.0)
problems with social integration/adaptation	7(36.8)	2(11.1)	4(33.3)	0	4(33.3)	17(25.0)
process losses	1(5.3)	6(33.3)	0	0	4(33.3)	11(16.2)
cultural differences as challenges	3(15.8)	5(27.8)	1(8.3)	0	1(8.3)	10(14.7)
procedural barriers	5(26.3)	0	0	0	5(41.7)	10(14.7)
time zones	0	7(38.9)	0	1(14.3)	0	8(11.8)
problems in decision making	1(5.3)	1(5.6)	1(8.3)	1(14.3)	3(25.0)	7(10.3)
learning and knowledge sharing	13(68.4)	18(100.0)	12(100.0)	6(85.7)	12(100.0)	61(89.7)
personal growth	16(84.2)	10(55.6)	12(100.0)	7(100.0)	9(75.0)	54(79.4)
satisfaction	3(15.8)	11(61.1)	12(100.0)	0	0	26(38.2)
needs fulfillment (adventure, variety)	7(36.8)	1(5.6)	12(100.0)	1(14.3)	3(25.0)	24(35.3)
financial effects and access to resources	12(63.2)	4(22.2)	0	0	2(16.7)	18(30.9)
creativity and innovation	1(5.3)	4(22.2)	12(100.0)	0	0	17(25.0)
tolerance, openness, reduction of prejudice	1(5.3)	1(5.6)	9(75.0)	0	5(41.7)	16(23.5)
self-efficacy	4(21.1)	2(11.1)	0	0	0	6(8.8)

* Number of interviewees who referred to a theme (percentage of indications in brackets)

Appendix 4. Employees' accounts of the perception of intercultural interactions – selected questions and answers*

Subsidiary Questions and answers	A	B	C	D	E	Total
Which aspect of relationships with foreigners seems to dominate: the benefits or barriers?						
Positives	15(78.9)	14(77.8)	11(91.7)	6(85.7)	11(91.7)	57(83.8)
Negatives	0	0	0	1(14.3)	0	1(1.5)
Neither positives nor negatives	4(21.1)	4(22.2)	1(8.3)	0	1(8.3)	10(14.7)
Would you prefer to work only with your fellow citizens?						
Yes	1(5.3)	0	0	0	1(8.3)	2(2.9)
No	8(42.1)	16(88.9)	11(91.7)	7(100)	6(50.0)	48(70.6)
Neither yes nor no	10(52.6)	2(11.1)	1(8.3)	0	5(41.7)	18(26.5)
What determines that there are more benefits than barriers while cooperating with foreigners?**						
Cultural factors (nationality)	0	3(16.7)	0	3(42.9)	2(16.7)	8(11.8)
Personality	13(68.4)	10(55.6)	7(58.3)	4(57.1)	5(41.7)	39(47.1)
Other factors (e.g. skills, cross-cultural knowledge, attitudes, language, etc.)	19(100)	18(100)	12(100)	3(42.9)	8(66.7)	60(88.2)

* Number of interviewees (percentage of indications in brackets)

** As each interviewee referred to many factors, percentage in the columns do not sum to 100%