

Contributions to Management Science

Małgorzata Rozkwitalska
Łukasz Sułkowski
Sławomir Magala *Editors*

Intercultural Interactions in the Multicultural Workplace

Traditional and Positive Organizational
Scholarship

 Springer

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Introduction

The contemporary world is full of intercultural clashes, conflicts, and tensions. The systematic growth of global competition, the rapid development of multinational corporations (MNCs), the explosion of new communications media, and the access by global masses to mass culture are pushing human societies toward intercultural convergence. Differences, however, refuse to disappear. Differences are pushing human societies toward divergence—suffice to mention the growing religious, ethnic, social, and economic discrepancies and inequalities. We are far from Fukuyama’s vision of the “end of history” and much closer to Huntington’s image of “the clash of cultures.” The research and reflection about intercultural interactions may be the answer to the growing problems of a “multicultural” society.

This volume focuses on intercultural interactions in multicultural environments. The authors present a balanced and critical view of multinational and multicultural encounters and networks. The book integrates studies in organizational sciences, cross-cultural management, positive psychology, and sociology. The authors hope to spark a broader debate among academics about positive cross-cultural scholarship and put this domain of studies on the research map. In a relatively crowded domain of intercultural, international, cross-cultural, or global management studies, the authors of this volume constitute a compact research and experience-based team identified by a coordinated effort to use the cross-cultural studies as lenses of a telescope/microscope. The lenses are used as a microscope when the authors trace psychological resources, innovative behavior, and personal competence of employees in the context of multicultural encounters. The same lenses are used as a telescope when interorganizational encounters are studied and creative linking and bridging of cross-cultural differences takes place, often leading to a positive synergy.

This volume has been divided into three parts devoted to various aspects of intercultural interactions in multicultural environments in intra- and interorganizational perspectives.

Part I Multicultural Environment and Intercultural Interactions: Theoretical and Research Framework reflects a theoretical and research perspective on the issue.

Part I starts with **Lukasz Sułkowski's Chapter "Understanding Organizational Intercultural Interactions in Corporations"** that attempts to raise understanding of paradigms of intercultural interactions in corporations. The author applies the paradigms of psychology, sociology, linguistics, political sciences, and management to the analysis of intercultural interactions. Then he explains intercultural interactions by neo-positivist and functional, interpretative-symbolic, critical, and postmodern perspectives. Finally, he discusses the positive and behavioral currents in research on intercultural interaction.

The following **Chapter "Positive Cross-Cultural Scholarship Research"**, by **Lukasz Sułkowski** and **Michał Chmielecki**, tackles the issue of imbalance in earlier literature on cultural diversity and intercultural interactions. The authors endeavor to unpack positive features of intercultural dynamics and to elaborate on positive cross-cultural scholarship research. First, they show the roots of positive organizational theory and how it relates to positivism in management studies. Next, they describe positive social capital and identify the premises of positive organizational theory. In the subsequent section of the chapter, the authors depict the Positive Organizational Potential movement in management theory and research that derives from Positive Organizational Scholarship. Finally, they try to demark the differences between cross-cultural Positive Organizational Scholarship studies and positive cross-cultural research.

Chapter "Cognition of the Multicultural Work Environment in Multinational Corporations and Intercultural Interaction Outcomes", by **Małgorzata Rozkwitalska**, explores the relation between an individual's cognition of the multicultural work environment of MNCs and the outcomes of intercultural interactions. In the beginning, the author depicts the particular features of a multicultural work environment. Then, based on previous research findings, the author summarizes the outcomes of intercultural interactions, noticing rather inconsistent results. The theoretical foundation for the chapter and the following empirical study is the transactional theory of stress that coined the term "cognitive appraisal." In the empirical part of the chapter, the author presents the methodology and results of the research that attempted to reveal how individual cognition relates to outcomes of intercultural interactions. She demonstrates that with regard to certain outcomes it may suffice when people do not appraise their job demands as hindrances to benefit from intercultural interactions.

The subsequent **Chapter "Cultural Dilemmas and Paradoxes in Dynamic Organizational Environments"**, by **Giedrius Jucevicius** and **Rita Juceviciene**, portrays the complex environmental context of organizations, which is characterized by changes and contradictions. The authors criticize the common approaches to the analysis of an organizational environment that undergoes dynamic changes, i.e., cultural and institutional ones. To exemplify their discourse, they refer in their research to Lithuania. The authors discovered that various points of cultural

tensions exist in Lithuania, calling for development of new cultural methodologies that should rather embrace the approach to culture as a complex dynamic system.

Chapter “Intercultural Interactions in Traditional and Positive Perspectives”, by **Małgorzata Rozkwitalska**, is a genuine attempt to integrate the traditional and positive perspectives in studies on intercultural interactions by implementing psychological theories to explain the inconsistency in previous studies. The author first provides readers with an overview of the theories that have traditionally underpinned earlier studies on cultural diversity, such as social identification theory, similarity-attraction paradigm, social dominance theory, information-processing theory, and intergroup contact theory. Then she draws on Positive Organizational Scholarship to identify features of positive intercultural interactions. Finally, she describes Bandura’s social learning and social cognitive theory, thriving, the Job Demands-Resources model, and transactional theory of stress to explain how intercultural interactions may foster a learning approach, which helps to establish high-quality connections and relationships in a multicultural workplace.

Slawomir Magala in **Chapter “From Linnaeus to Darwin. From Cultural Grid to ‘Going Native’”** contrasts two approaches to cross-cultural studies, namely the analytical grids of the mainstream quantitative, neo-positivist approach, and the qualitative, oppositional methodology based on an idea of “going native.” The author outlines the historical background of the Cold War discussions in the philosophy of science, from which Thomas Kuhn’s theory of scientific revolutions in social sciences emerged victorious at the expense of Karl Popper’s evolutionary epistemology of objective knowledge. This broader sociocultural and political process of an evolving university formed, according to Magala, in a specific environmental context, which clearly affected the paradigmatic struggles in cross-cultural research. Finally, he asks the question about a change of cultural climates at universities. Is there room for a more “going native” approach in future cross-cultural research?

Part II. Intercultural Interactions in Multicultural Environment: Intra and Inter-organizational Perspectives casts new light on interactions undertaken in multicultural settings from both intra- and interorganizational viewpoints.

Beata A. Basinska, whose **Chapter “Individual Resources and Intercultural Interactions”** begins Part II, demonstrates how individual resources such as early work experience in a multicultural environment, language proficiency, socio-demographic variables, and psychological capital influence the functioning of employees at work. In this chapter, the author presents a theoretical conceptualization of psychological capital, its components, and how they relate to other individual resources important in a multinational workplace from both the employees’ and organizations’ perspectives. Further, the author shows the results of a study of Polish employees who work in MNC subsidiaries that concerns relationships between positive psychological capital and other individual resources, which can help employees to succeed in a multicultural environment. The chapter provides a discussion of the association between positive psychological capital and other individual resources and formulates some practical implications for MNCs.

The Positive Organizational Scholarship lens on intercultural interactions is implemented in **Chapter “Thriving in a Multicultural Workplace”**, where **Beata A. Basinska** investigates thriving in a multicultural workplace. In the beginning, she briefly defines thriving and illustrates its relations with other similar yet distinct concepts such as flourishing, subjective well-being, or work engagement. She then provides readers with a comprehensive overview of prior studies on thriving and identifies a gap in the research. Finally, the author investigates thriving in multicultural environments and proves that the learning component of thriving is more silent than vitality in a multicultural work setting. Her study also demonstrates that thriving is indeed a socially embedded process and intercultural interactions in MNCs develop a sense of vitality and enhance capacity for learning.

The following **Chapter “Job Satisfaction and Subjective Well-Being in the Multicultural Workplace”** by **Małgorzata Rozkwitalska** broadens the perspective on job satisfaction in a multicultural workplace by adding the Positive Organizational Scholarship lens to the analysis. The author thoroughly summarizes prior studies on job satisfaction in multicultural environments of MNCs and then places job satisfaction within an umbrella concept of work-related subjective well-being. In the empirical section of the chapter, she presents the results of qualitative and quantitative studies that explore the relationships between thriving, job satisfaction, and emotional balance and consequently work-related subjective well-being. The author infers that the fulfillment of higher level needs in a multicultural environment, which is captured by thriving, brings about job satisfaction.

An interorganizational perspective on intercultural interactions in managing innovation is developed by **Monika Petraite, Xavier Pavie, Jolita Ceicyte, Brigita Janiūnaitė, and Daphne Carthy** in **Chapter “Managing Innovation in Multicultural Environments: An Imperative of Responsibility within Interorganizational Networks”**. The authors employ a case study approach to portray critical success factors in managing innovation within interorganizational networks, which included long-term stakeholder involvement on an international scale. Within the chapter, they also address the issue of responsibility in creating innovation in multicultural environments. They argue that multinational businesses should establish open settings for constant, open, and responsible engagement in decision making in order to build sustainable innovation success in multicultural environments.

The next **Chapter “Social Capital, Trust and Intercultural Interactions”**, by **Łukasz Sułkowski**, brings to readers the idea of social capital. The author mainly addresses the relationships between social capital and trust and locates them in the context of multicultural organizations. He describes a wide array of definitions of the constructs and delineates the components of social capital and its perception in the field of management. Afterward, the author discusses limitations to the development of social capital to conclude with the role of social capital in a multicultural work environment.

The significance of trust in multicultural environments is further elucidated in **Chapter “A Cultural Perspective on the Emergence of Organizational Trust”**, by **Rita Jucevičienė and Giedrius Jucevičius**. The authors apply the

interorganizational perspective to the analysis of the emergence and development of trust in industrial clusters. Their theoretical framework addresses the stages, barriers, and managerial factors behind the development of trust, while their research presents the key aspects of the emergence of interorganizational trust in various cultural contexts, namely Northwestern Europe, Central and Eastern Europe, and Southern Europe/Latin America. The authors observe the different challenges of trust dynamics depending on the cultural environment. They conclude that a nonlinear approach to trust development should be implemented in future studies in order to reflect the complexity of the contemporary organizational environment.

Another **Chapter “Fostering Internationalization through Networks: an Inter-organizational Psychic Distance Perspective”** that also deepens the interorganizational view on functioning in multicultural environments, by **Jurgita Sekliuckiene** and **Rimante Morkertaite**, updates readers with accessible knowledge of the internationalization pattern of small and medium-sized enterprises (SMEs) that engage in networks to counter challenges associated with their size and multicultural settings. The authors focus on the psychic distance referred to as the interorganizational relationship level between SMEs and their foreign partners. First, they comment on the significance of networks to the internationalization process of SMEs. Then, they portray various characteristics of networks. Afterward, the authors implement the construct of psychic distance in interorganizational relationships to the analysis of the internationalization process of SMEs. This chapter therefore broadens understanding how SMEs “bridge” psychic distance via networking.

The final part of the volume, **Part III. Individuals and Interactions in Multicultural Environments: The Expanded Perspective**, offers additional insights into challenges encountered by both individuals and MNCs that operate in multicultural environments.

The opening **Chapter “Workaholism and Individual Work Performance in Lithuanian and German Financial Sector Multinational Corporations: Differences between Generations X and Y”**, by **Raimonda Alonderienė**, **Juliane Kellner**, **Miglė Pilkaitė**, and **Margarita Pilkienė**, investigates workaholism and individual work performance in financial sector MNCs in Lithuania and in German-speaking countries. Moreover, it looks at differences in attitudes toward workaholism between generation X and Y employees. The authors clearly define all constructs, provide an overview of previous studies on the impact of workaholism on individual work performance, and analyze differences in work attitudes between generations X and Y. Then, they present their research and its interesting results, which demonstrated that workaholism types differ among level of employment and between generation X and Y males and females. Their study also shows contradictory observations with regard to generations X and Y, where members of both generations are prone to be workaholics.

The next **Chapter “Expatriate vs. Self-initiated Expatriate in the Multicultural Workplace of MNCs”**, written by **Sylwia Przytuła**, devotes particular attention to individuals who either as assigned expatriates or as self-initiated

expatriates decide to work in multicultural work settings. The author provides characteristics of both of these types of international movers. She then portrays advantages and disadvantages of hiring assigned expatriates and self-initiated expatriates, offering practical knowledge that can be useful for HRM specialists. The author also recommends that future research could identify pros and cons of overseas assignment from the point of view of both of these types of international movers.

The issue of how to prepare managers to face challenges in multicultural environments is addressed by **Ursula Schinzel** in **Chapter “How to Educate Multicultural Managers? The Example of Luxembourg”**. The author refers to a specific country context of Luxembourg to verify whether the Luxembourgish trilingual education system educates multicultural managers, or in other words, whether culture can be transmitted via language. In the beginning of the chapter, she depicts the cultural environment of Luxembourg with its trilingual language system. The author then reports her empirical findings. Although her research does not offer consistent results about the transmission of culture via language, the respondents appreciate the multilingual and multicultural approach in the Luxembourgish education system, while noticing several constraints of it at the same time.

As working in multicultural environments increases the potential for conflict, people may be compelled to engage in intercultural negotiations in order to defuse it. The topic of intercultural negotiations is covered in **Chapter “Intra-organizational Negotiations as Cross-Cultural Interactions”** by **Michał Chmielecki**. It contributes to the ongoing discussions on intraorganizational negotiation between expatriates and local managers with a special emphasis on mapping the perception of Polish negotiation style by expat managers. The author also elaborates on the role of intraorganizational negotiations, stresses the significance of culture in the negotiation process, develops a model of interorganizational cross-cultural negotiations, and lists cross-cultural negotiation skills.

The two following chapters undertake the problem of knowledge management in MNCs, where multicultural work settings create unique conditions for the process.

Michał Chmielecki in **Chapter “Knowledge Sharing in MNCs”** scrutinizes knowledge sharing in MNCs. A special emphasis is put on knowledge sharing barriers and cultural barriers to knowledge sharing. The author also reports the results of his exploratory research project on Polish employees' perception of knowledge sharing barriers. His study confirms state-of-the-art literature that although employees appreciate the value of knowledge sharing they prefer to keep knowledge to themselves and are reluctant to share it with others. His research reveals the role of the lack of trust in knowledge sharing in MNCs, and it also highlights that positive intercultural interactions may enable the process, while negative ones hamper it.

The closing **Chapter “Cultural Factors Influencing the Knowing of a Multinational Company”** by **Palmira Juceviciene** and **Vyda Mozuriuniene** touches on the issue of cultural factors affecting the knowing in MNCs. The authors describe relationship of MNCs with their environment, emphasizing the cultural

component. They also portray peculiarities of MNCs' knowing and indicate cultural factors capable of making difference in knowing of MNCs. The theoretical discourse is enriched by a case study of Finish MNCs operating in the Baltic states. As a result, implications for practice are put forward, which may enhance successful knowing in MNCs.

The volume may appeal to researchers and academics in the fields of intercultural management, international human resource management, and international business, and it can be adopted for students for the courses in these fields. The readers of this book should benefit by increasing their knowledge of personal resources of potential or actual employees, especially from the point of their cross-cultural competence, interactive skills, and the motivation for learning and growth, while the interorganizational perspective adds a new dimension to understanding of interactions in multicultural environments.

The contributors to the book were recruited from academic institutions (mainly universities) and from business enterprises in Central and Eastern Europe (Poland, Lithuania) complemented by two contributors from the Benelux countries, coming from a leading Dutch university-based school of business and from Luxemburg, and by authors from France and Germany (including the Franco-British ESSEC Business School).

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Contents

Part I Multicultural Environment and Intercultural Interactions: Theoretical and Research Framework	
Understanding Organizational Intercultural Interactions in Corporations	3
Łukasz Sułkowski	
Positive Cross-Cultural Scholarship Research	19
Łukasz Sułkowski and Michał Chmielecki	
Cognition of the Multicultural Work Environment in Multinational Corporations and Intercultural Interaction Outcomes	37
Małgorzata Rozkwitalska	
Cultural Dilemmas and Paradoxes in Dynamic Organizational Environments	53
Giedrius Jucevicius and Rita Juceviciene	
Intercultural Interactions in Traditional and Positive Perspectives	71
Małgorzata Rozkwitalska	
From Linnaeus to Darwin. From Cultural Grid to “Going Native”	87
Sławomir Magala	
Part II Intercultural Interactions in Multicultural Environment: Intra and Inter-organizational Perspectives	
Individual Resources and Intercultural Interactions	97
Beata A. Basinska	
Thriving in a Multicultural Workplace	109
Beata A. Basinska	

Job Satisfaction and Subjective Well-Being in the Multicultural Workplace	123
Małgorzata Rozkwitalska	
Managing Innovation in Multicultural Environments: An Imperative of Responsibility Within Interorganizational Networks	137
Monika Petraite, Xavier Pavie, Jolita Ceicyte, Brigita Janiunaite, and Daphné Carthy	
Social Capital, Trust and Intercultural Interactions	155
Łukasz Sułkowski	
A Cultural Perspective on the Emergence of Organizational Trust	173
Rita Jucevičienė and Giedrius Jucevičius	
Fostering Internationalization Through Networks: An Inter-organizational Psychic Distance Perspective	189
Jurgita Sekliuckiene and Rimante Morkertaite	
 Part III Individuals and Interactions in Multicultural Environments: The Expanded Perspective	
Workaholism and Individual Work Performance in Lithuanian and German Financial Sector Multinational Corporations: Differences Between Generations X and Y	205
Raimonda Alonderienė, Juliane Fuchs, Miglė Pilkaitė, and Margarita Pilkienė	
Expatriate vs. Self-initiated Expatriate in the Multicultural Workplace of MNCs	227
Sylwia Przytuła	
How to Educate Multicultural Managers? The Example of Luxembourg	251
Ursula Schinzel	
Intra-organizational Negotiations as Cross-Cultural Interactions	267
Michał Chmielecki	
Knowledge Sharing in MNCs	283
Michał Chmielecki	
Cultural Factors Influencing the Knowing of a Multinational Company	297
Palmira Juceviciene and Vyda Mozuriuniene	

Part I
Multicultural Environment
and Intercultural Interactions: Theoretical
and Research Framework

Understanding Organizational Intercultural Interactions in Corporations

Lukasz Sułkowski

Abstract The understanding of organizational interactions in corporations is based on the several definitions and typologies. There are many possible organizational interactions connected to different social processes, such as communication, power relations and control, tangible and intangible exchange and others.

The main objective of this chapter is the discussion of the cognitive values of the different ways of understanding organizational intercultural interactions in corporations.

After identification of the main common points in various definitions, the paradigms of organizational interactions in corporations are explained. The disciplinary paradigms of psychology, sociology, linguistics, political science and management are applied to the discourse. Moreover, the proposal of Burrell and Morgan is implemented and as a result organizational intercultural interactions in corporations are explained by neo-positivist and functional, interpretative-symbolic, critical and postmodern perspectives. Finally, the prospects for research into intercultural interaction, i.e. the positive and behavioral currents are suggested.

1 Introduction

Organizational and intercultural interactions constitute a kind of key to management theory. Most of all, studies focus on basic social and organizational relationships of a truly universal character. The processes of interpersonal communication, the development of power relationships, hierarchization, social structure, and differentiation of values are fundamental processes characteristic of all social groups. At the same time, limiting analyses of interactions to the intercultural area of organizations is an empirical challenge. Universal interaction processes are subject to cultural differentiation, and they take different forms in different types of organizations.

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Intercultural organizational interactions can be understood as social processes of information flow and cooperation between different organizational actors, including communication, valuation, cooperation, and power distribution.

This chapter attempts to organize the complex issues of intercultural interactions in organizations. Thus, an analysis of paradigms of intercultural interactions in organizations will be carried out, adopting an interdisciplinary perspective. Then, the multitude of paradigms of organizational interactions will be elaborated on.

2 Interdisciplinary Nature of the Organizational Discourse Concerning Intercultural Interactions

The issues of intercultural interactions in organizations are very broad, ambiguous, and interdisciplinary. Metaphorically speaking, their scope can be measured by references to research into culture, communication, power, cooperation and competition, organization, management and managing people, and many similar issues. The extent of these issues and their interdisciplinary character can be illustrated with examples of reflection drawing on management science and economy as well as humanities such as philosophy, sociology, social psychology, cognitive science, cultural anthropology, and many other disciplines.

In management science and the organizational discourse, studies into intercultural interactions constitute an established area of exploration related to the departure of these sciences from the technocratic and universalist approach to managing organizations characteristic of the currents of scientific and administrative management (Taylor 1911; Fayol 1930). In the school of social relationships there was early reflection on intercultural interactions, which was later developed within the cultural discourse of management by such researchers as Hall, Hofstede, Schein, Handy and many others (cf. Sułkowski 2012a, b). Development economics dealt marginally with intercultural interactions, conducting analyses of differences in the development of economies and organizations in different countries. A macrosystemic perspective prevailed then, including attempts to find cultural determinants of the development of economic competitiveness of enterprises (Landes 2000). Only the rapid development of behavioral economics initiated research into intercultural interactions at the micro and mezzo levels. This means carrying out analyses at the level of the organizational behavior of people in culturally diverse organizations, and at the level of organizations. The research insight of behavioral economics is based on universalism, which is related to looking for key determinants of human activities, subject only to certain cultural corrections. Philosophy deals with the problem of interactions at a higher level of abstraction, associating this notion with the issues of cultural relativism, praxeology, systemic philosophy, and many other ideas oriented towards the understanding of the complexity of social reality (Harvey and Katovich 1992; Reckwitz 2002). Sociology is concerned with interactions by developing the current of symbolic

interactionism and the interpretative current, which focus on the level of interpersonal social activities connected with the processes of communication, social exchange, exercising power, and the development of valuation and structuration (Blau 1964; Cook and Emerson 1978). The perspective of social psychology differs from sociology in its focus on the activities of individuals, which are mostly interpreted in individual categories through such theoretical constructs as personality, identity, self, image, or social role, cooperation, and exchange (McCrae and Costa 1977). Cultural anthropology uses explanations at the level of social consciousness and refers to the configurations of values and cultures, which can shape diverse collective (e.g. national, organizational) and individual identities (Chhokar et al. 2008). Cognitive science and neuroscience are the youngest disciplines among those listed. They undertake research into interpersonal and intercultural interactions, making use of the insight and methods drawn from the natural sciences, and particularly from neo-evolutionary studies (Gazzaniga 1999). An attempt to summarize the multitude of interdisciplinary inspirations for research into intercultural interactions in organizations can be found in Table 1.

The multitude of disciplines undertaking the issue of organizational interactions is a reflection of the number of paradigms within the cultural discourse, or even more broadly, the area of exploration of social sciences and humanities. For this reason, a multi-paradigmatic approach to intercultural interactions in organizations should be considered.

3 Paradigms of Intercultural Interactions

Of the many possible analyses of paradigms of research into intercultural interactions in organizations, only a few selected cases will be discussed. First, a rather general attempt to distinguish four dominant paradigms of intercultural interactions in organizations will be made, based on the concept of Burrell and Morgan (1979). The following subsection will present prospects for the development of new currents of research into intercultural interactions, which may include neo-evolutionary concepts and the school of Positive Organizational Potential. Out of necessity, the reflection is limited to selected promising cognitive perspectives, which reduces the possibility of presenting the abundance of content and research within the current of intercultural interactions in organizations.

The other analysis of paradigms is the identification of certain chronologies within the development of schools of intercultural interaction. This approach is characterized by very fluid boundaries between the area identified today with intercultural interactions in organizations and other areas of the organizational discourse, such as organizational culture and human resources management. However, one can attempt to establish boundaries identifying several schools of intercultural interactions in organizations, which can be arranged in chronological order.

Table 1 Interdisciplinary inspirations for research into intercultural interactions in organizations

Science (field, discipline, area of study)	The most important research threads related to organizational interactions	Research methodologies and methods, and research insight	Leading researchers
Management science, organizational discourse, cultural processes, human resources management	Intercultural communication, organizational culture, organizational identity.	Quantitative research—intercultural survey, comparative studies. Qualitative research—case studies, discourse analyses.	Hofstede (2001) Schein (1985) House et al. (2004) Altman and Taylor (1973) Albert and Whetten (1985) Hatch and Schultz (1997) Schwartz (2007)
Behavioral economics	Economic human behavior, decision-making, cognitive illusions.	Statistical analyses, quasi-experiments and simulations.	Kahneman and Tversky (2000) Kahneman, Kahneman et al. (2011, 2003) Schwartz (2004)
Development economics	Culture-determined economic development, institutional variables vs. values.	Macroeconomic and statistical analyses, research into cultures.	Landes (1999)
Philosophy	Cultural relativism, praxeology, systemic philosophy, concepts of power.	Discursive methods	The Frankfurt School: Adorno (2010) Horkheimer (1983) Habermas (1999, 2002) Foucault (1975)
Sociology	Symbolic interactionism, communication, social exchange, exercising power, and valuation and structuration.	Qualitative field methods (observations, interviews) and quantitative methods (surveys) prevail.	Altman and Taylor (1973) Blumer (1973)

(continued)

Table 1 (continued)

Science (field, discipline, area of study)	The most important research threads related to organizational interactions	Research methodologies and methods, and research insight	Leading researchers
Social psychology	Personality, identity, self, image, and possibly social role, cooperation, exchange.	Quantitative—psychometric tests, often based on questionnaires. Qualitative—based on projective and creative methods.	Costa et al. (2001) Aronson (1992) Tajfel and Turner (1986) Hovland et al. (1953) Forsyth (2006) Cialdini (2000) Altman (1973)
Cultural anthropology	Configurations of values, culture, collective identities (e.g. national, organizational).	Qualitative—field research, in-depth interviews, participant observation, autoethnography.	Hall (1987) Gudykunst (1989, 1992, 1993, 1994) Ting-Toomey (1988) Triandis (2000, 2001)
Cognitive science and neuroscience	Neural, biological interaction mechanisms.	Experimental studies using MRI, observation, and medical diagnoses.	Gazzaniga et al. (2002) Bear et al. (2007)

Due to the highly interdisciplinary character of intercultural research, it is worth attempting to find a general paradigm of the social sciences, including the discourse of organization and management, which would allow organizational interactions to be understood. Looking for the specific character of understanding intercultural interactions within the paradigms of Burrell and Morgan (1979), one encounters the diversity of meanings, research methods and paradigmatic methods, typologies, and metaphors used. Adapting the classification of paradigms proposed by Burrell and Morgan to the modern discourse of organizational interactions allows three paradigms to be distinguished: functionalist, symbolic interactionism, and critical (Table 2). It seems that postmodernism can be omitted on account of its limited empirical use within research into organizations, its low popularity, and the use of some of its threads in other paradigms.

In the functionalist paradigm, an integrative view of organizational interactions prevails, as they belong to variables that can be effectively managed. Interactions

Table 2 Paradigms of intercultural interactions in the discourse of organization and management

Criterion	Functionalist paradigm	Symbolic interactionism	Critical paradigm
Significance of intercultural interactions in management	Interactions understood as the creators of ties and integrators of the organization.	Interactions in the form of communication and power create a network of organizational meanings.	Interactions are often hidden manifestations of power and they are characterized by: oppressiveness, striving after dominance, and indoctrination.
Methods for studying intercultural interactions	Objectivizing, quantitative, surveys prevail, but there are also case studies.	Subjectivist, qualitative, organizational anthropology and textual methods prevail.	Involved, qualitative, action research prevails.
Changes in the area of intercultural interactions	Designing optimizing changes in organizational interaction processes.	Creation and development of new meanings within the processes of communication, valuation, and power distribution.	Implementation of emancipatory changes within interaction processes.
Dominant models and typologies	Based on the configuration of key values.	Cultures are treated individually as particular, avoiding generalizations.	Based on the type of the power exercised.
The most important representatives	Schein, Hofstede, Handy	Morgan, Smircich, van Maanen, Hatch	Willmott, Alvesson, Monin

make use of an assumption of a striving for systemic balance and the integration of the organizational system. The methodology of cultural research calls for objectivism and quantification, which is why the survey method prevails. Functionalism translates into the valuation of interactions and striving after their improvement, applying a normative approach, e.g. striving after organizational success.

The perspective of the symbolic interactionism paradigm emphasizes the significance of interactions in management as a cultural community of senses and perceptions characteristic of members of the organization. Communication processes are based on interactions consisting in negotiation and the emergence of consensus, which is often created implicitly. Similarly, relationships of power and valuation are often developed spontaneously and they are temporary. Emphasis is placed on the creation of communities based on mutual identification. Key elements of organizational interactions include communication, power distribution, subcultures, and organizational identity.

Interpretative methodology is quite common in research into cultural interactions and processes in management, and it includes various techniques, such as in-depth interviews (narrative, biographical), group interviews (e.g. group interviews, focus groups), participant and non-participant observation (e.g. shadowing), reflective text analyses, in-depth case studies, and many others. Common assumptions of the interpretative methodology are reflectiveness and looking for meaning,

which means striving for understanding and not quantification. Studies cover organizations and their participants in the process of operation with the use of popular categories. Emphasis is placed on the understanding of the situation by an involved researcher entangled in valuation (and not an axiologically neutral researcher).

Intercultural interactions and organizational culture became the subjects of interest of critical research studies in the 1990s following a publication by Willmott (1993). According to the assumptions of the critical current, organizational culture is a tool for exercising organizational power, which is based on “symbolic violence” and indoctrination. Willmott and Alvesson interpret organizational culture as another sophisticated tool for dominance. Similarly, organizational interactions, such as communication, exercising power, and negotiation, are parts of an oppressive and manipulative system aimed at the exploitation of workers and customers by the dominant groups. The proposed method of change and intervention is “denaturalization” of the management discourse, which means discovering and undermining deeply rooted assumptions about the positive aspects of the functionalist understanding of organizational culture (Duberley and Johnson 2003). An example of such denaturalization can be the method of reflective and critical text analysis, leading to the discovery of hidden assumptions of the management concept (Monin 2004). A consequence of the axiological involvement of a researcher and the process of denaturalizing the concept of organizational culture is a proposal to use emancipation methods leading to a change of the unjust order, which means improving the situation of disadvantaged groups. Involved methods adopted within the critical current include action research and empowerment (cf. Sułkowski 2012a, b).

4 The Prospects of Research into Intercultural Interactions: Positive and Behavioral Currents

We can distinguish a number of new inspirations related to studies into intercultural interactions, which appear in various disciplines. From the point of view of management science, it seems that references to the so-called positive current and behavioral (evolutionary) perspective are particularly interesting.

The positive current in management is derived from positive psychology oriented towards the affirmation of life, wellbeing, and the happiness of people. Seligman (1990, 2004), Peterson (2009), Csikszentmihalyi (1999, 1997, 1990, 1998), and many other psychologists (Froh 2004; Hefferon and Boniwell 2011; Snyder et al. 2015) noted that the development of the discourse of psychology after the Second World War concentrated on studying pathologies and dysfunctions, while there were not enough studies and knowledge related to happiness and other positive aspects of human activities. Such researchers as the previously mentioned Seligman and Peterson assumed that positive psychology would fill this gap. By

analogy with psychology, researchers related to management science, mostly from Michigan State University, developed a concept of positive organizational theory (Cameron et al. 2003a; Cameron 2003; Cameron et al. 2003b). One should distinguish the positive current in management from the positivist paradigm, which was described in the previous subsection as the dominant current of epistemology within the management science. The positive current is concerned with the functioning of organizations based on positive rules, activities, and values, while the positivist paradigm refers to logical empiricism, also called neopositivism.

The most important assumptions of the positive current in management include:

1. Fostering the cooperation, wellbeing, and good mood of participants in the organizational life as part of interaction processes (Fredrickson 2003; Peterson and Seligman 2003);
2. Cultivating positive, open, and affirmative attitudes and emotions within processes, communication, cooperation, and management (Baker et al. 2003);
3. Establishing relationships supporting positive interactions, such as honesty, respect for the interlocutor, readiness to cooperate, and gratitude (Emmons 2003);
4. Improving organizations through social relationships, including leadership and human resources management (Bagozzi 2003);
5. Creating positive systems of values, meanings, and virtues (Park and Peterson 2003; Wrzesniewski 2003).

Referring to intercultural organizational interactions, the positive current allows us to have a look at the processes of communication, cooperation, and competition as well as valuation and the exercise of power from the point of view of success achieved by whole organizations and their individual employees. Positive potential can be fulfilled at a number of levels. At the organizational level, it is related to the successful achievement of goals, which, in a more general perspective, should be socially responsible (Weick 2003; Cooperrider and Sekerka 2003). At the individual level, achieving success is related to the reaching of individual goals, leading to the development of careers and satisfaction with work and remuneration (Luthans and Avolio 2003). Concepts of positive potential and its influence on organizational interactions have also appeared in Poland, and have been developed by many researchers over recent years (Chodorek 2010; Glińska-Noweś 2010; Kalińska 2010; Stankiewicz 2010; Józefowicz 2010; Lorenczewski 2010; Karaszewski 2010).

The behavioral concept of organizational interactions can be based on the concepts of evolutionary psychology, behavioral economics, and the developing applications of these disciplines in different research fields of sociology, linguistics, and cultural anthropology. Example references to evolutionary and behavioral orientations, which are connected with the discourse of organization and management, and particularly the issues of organizational and intercultural interactions, may include:

- processes of organizational communication, entangled in the cultural context;

- processes of power distribution related to the systems of organizational values;
- making organizational decisions, determined by behavioral factors.

The last aspect of the functioning of organizational interactions is a subject of classic studies, deeply rooted in behavioral economics. A research program conducted since the 1970s by Tverski and Kahneman, Camerer, Thaler, Slavic, Gilovich and others, concentrates on cognitive illusions and biases within decision-making processes (Gilovich et al. 2002).

The human cognitive apparatus, which evolved in an environment full of natural dangers, is not a mechanism of fully logical and rational decision-making processes. In the case of human functioning, an important role is played by perceptual and interpretative illusions and stereotypes, moving the actual model of making decisions away from the ideal of rationality and logic. Evolutionary psychologists and behavioral economists describe studies that clearly demonstrate that the same problems are resolved in a far more effective way in logical terms when they are associated with the social context and interest (Price et al. 2002). In this case, it is clear that the human mind evolved towards seeking out evolutionary liars, and not towards resolving abstract logical problems. Stereotypes serve as ready-made cognitive schemas, the memory and perception of which are additionally reinforced by an emotional charge. They organize whole group categories and make it very difficult to treat people from strongly stigmatized groups in an individualized manner. In the case of human resources management, well-known examples of perceptual and interpretative illusions, influencing recruitment effectiveness, are the first impression and the halo effect (cf. Cascio 1989).

Emotions play a key role in human behavior, including decision-making processes. Somatic signals warn us against options that are subconsciously interpreted as most risky, and they limit the number of possible options in the case of complex and multi-layered decisions (Damasio 1994). Emotions also play a key role in human resources decisions. Emotional ties between a superior and an employee reduce the possibilities for imposing sanctions. Decisions to the disadvantage of an employee often require rationalization on the part of managers. Sympathies and antipathies, contrary to appearances, are among the key reasons for decisions to retain or dismiss an employee.

The program of behavioral economics made it possible to analyze several universal cognitive illusions, which are based on evolutionary factors (*Advances in Behavioral Economics* 2001). It seems that some of these cognitive illusions play a significant role in human resources management. The “representativeness error” indicates that people in situations requiring statistical estimation make use of a limited amount of heuristics, which leads to a lack of proper assessment of the probability of an event (Tversky and Kahneman 1982). The “availability error” consists in assessing probability and generalizing only based on examples, to which access is easy and immediate (Tversky and Kahneman 1982, p. 163). For example, an estimate of the probability of a plane crash in comparison to other accidents will be highly exaggerated due to the over-representation of information about plane crashes in the mass media (Combs and Slovic 1979). A “post factum illusion” is a

tendency to interpret the past, so that it corresponds to present knowledge. It is an unconscious, selective use of memory and interpretation of past events, so that they are in accordance with present opinions (Frischhoff 1982, pp. 335–350). The “illusion of confirmation” consists in only looking for information confirming the assumptions made, and rejecting data that could lead to the rejection of opinions held (Nickerson 1998, pp. 175–220). The “endowment effect” indicates that a subjective value of an object to its owner is usually much higher than the value ascribed to it by a potential buyer (Thaler et al. 1990).

Sources of these illusions can be found in the evolutionary nature of the human cognitive apparatus. Natural adaptation concerns proper assessment of small numbers, while probability is an abstract category that people do not understand intuitively. Adaptation to life in a small group also involves generalizations based on available examples. The tendency to confirm opinions is more difficult to interpret, however, it seems that it is based on the mechanism of emotional support for the decision-making effect. A decision made should be consistently implemented, otherwise it is no longer functional. Another evolutionary source of the “illusion of confirmation” can be the reinforcement of the identity of a social group and of the identification of individuals with the community, the result of which is aversion to strangers. The “endowment effect” and loss aversion are probably related to limited material resources used for survival and reproduction in the primary group.

These evolutionary limitations to rationality can have serious consequences within organizational interactions (cf. Sułkowski 2010). Most of all, behavioral variables should be taken into consideration in studies into organizational interactions, as they are hardly ever considered in the analysis of the course and results of these processes. The dominant perspectives in the area of research into intercultural organizational interactions are moving in two directions, which can be simply described as the hyper-rationalist approach and the hyper-cultural approach. The hyper-rationalist approach concentrates on the description of organizational interactions as processes subject to analysis and managerial control, which corresponds with the previously described paradigm of functionalism. On the other hand, we deal with the understanding of organizational interactions as cultural processes: indeterminist, unpredictable, impossible to control, and in many cases completely impossible to manage, which makes them closer to the paradigm of symbolic interactionism. From the behavioral perspective, it seems that interactions are located in the middle of this scale. On the one hand interactions can be explicitly shaped or even managed, but on the other hand they have certain immanent limitations to their rationality.

5 Conclusions

The issue of intercultural organizational interactions is a new perspective on a research issue that has been present in social sciences for nearly seventy years. Most of all, research into organizational interactions stems from cultural research into the determinants of management, organizational culture, communication processes, valuation, and the exercise of power. The most important paradigms, within which studies into interactions are carried out, include functionalism, symbolic interactionism, and the critical current. Each of these paradigms proposes a specific way of understanding organizational interactions and methodologies allowing them to be explored. At the same time, it seems that research into organizational interactions can use completely new approaches, among which the positive current of management and behavioral economics (neo-evolutionary current in management) may be most interesting.

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Positive Cross-Cultural Scholarship Research

Lukasz Sulkowski and Michał Chmielecki

Abstract Despite ongoing change, most cross-cultural management theory and research tends to emphasize problems and misunderstandings associated with cross-cultural interactions and at the same time deemphasize the positive role of cross-cultural interactions within organizations. We unpack positive features of cross-cultural dynamics by identifying the key processes, conditions and mechanisms through which diversity improves team outcomes by introducing the lens of “Positive Organizational Scholarship”. The goal of this chapter is to showcase research that sheds light on the positive dynamics but also the positive outcomes associated with cross-cultural differences in a wide range of organizational contexts. We are fully aware that this problem-oriented perspective on cross-cultural differences does have merits; nevertheless we would like to strongly indicate that cross-cultural differences may create numerous opportunities and benefits such as increased productivity and creativity, and better problem-solving quality.

1 Introduction

The past decade has witnessed the emergence of a new field of management studies, namely Positive Organizational Scholarship (POS). POS is considered to be an alternative approach to studying organizations. Scholars advocating this method advise that the focus should be on viewing organizations as places creating positive work life and performance rather than regarding them as places full of problems to solve in terms of pathologies and negative emotions. This kind of positive phenomenology suggests that it is beneficial to shift attention from people’s deficiencies to their virtues, underlining both the strengths and weaknesses of human

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nature. POS pursues the scientific study of positive outcomes, attributes and processes within organizations.

The idea of analyzing the positive potential of an organization as a specific configuration of organizational resources has its roots in a trend within management studies that has been developing over the past decade. This trend can be called “positive organizational conception”. We can trace its symbolic beginning back to the establishment of the Center for Positive Organizational Scholarship at the University of Michigan. It was back then when a group of Michigan scholars decided to publish a book called *Positive Organizational Scholarship: Foundations of a New Discipline* (Cameron et al. 2003).

Although the emergence of this new field has taken place over the past decade, its origins could be anticipated earlier. One should point out that it originated not only within management studies (chiefly in the field of so-called organizational behaviors and other modern concepts such as self-management, knowledge management or social responsibility of business), but also within other social disciplines, especially positive psychology (Glinska-Neweś 2010). We begin this chapter with positive organizational theory. We present its roots, then we focus on positive social capital, the premises of positive organizational theory and positive organizational potential. In subsequent parts we then address positive cross-cultural scholarship research.

This chapter presents research that casts light first on positive dynamics but also outcomes associated with cross-cultural differences in a wide range of organizational contexts. As a summary and synopsis of positive cross-cultural scholarship research, this chapter presents the critical findings of most important research in this field.

2 Positive Organizational Theory

2.1 *Roots of Positive Organizational Theory*

It must be stressed that there have been several research traditions addressing positive behaviors, processes, and outcomes in organizational settings. The most relevant of these are presented below in Table 1.

The positive management idea comes from positive psychology—a discipline that maintains its primary focus on life affirmation, and the wellbeing and happiness of humanity. Seligman (1999, 2004), Peterson (2009), Csikszentmihalyi (1990, 1997, 2005, 1998) among many other psychologists (Froh 2004; Hefferon and Boniwell 2011; Snyder et al. 2015) observed that the development of modern psychological discourse after the Second World War concentrated on studying pathologies and dysfunctions. The process resulted in a shortage of studies in happiness and other positive aspects of human behavior. The field of positive psychology that was founded on ideas of Seligman, Peterson and others, was meant to fill this gap. In an open analogy to psychologists, management scholars

Table 1 Research traditions addressing positive behaviors, processes and outcomes in organizational settings

Research tradition	Key assumptions and approaches	Leading researchers
Positive Psychology	The intent of positive psychology was to counter the overwhelming volume of research focused on pathology. This tradition studies positive subjective experience, positive individual traits, and positive institutions.	Seligman and Csikszentmihalyi (2000) Seligman et al. (2005) Dutton and Sonenshein (2007) Roberts (2006) Peterson (2006)
Positive Organizational Behavior (POB)	POB is defined as “the study and application of positively oriented human resource strengths and psychological capacities that can be measured, developed, and effectively managed for performance improvement in today’s workplace” (Luthans 2002, p. 59). POB puts the emphasis on strengths in the workplace.	Luthans and Avolio (2003) Luthans et al. (2006)
Community Psychology	Community psychology is a predecessor of positive psychology. It goes beyond an individual focus and integrates social, cultural, economic as well as political, environmental, and international influences to promote and foster positive self-attitudes, wholesome growth positive change, integration, health, and empowerment at individual and systemic levels.	Jahoda (1958) Durlak and Wells (1997)
Prosocial Organizational Behavior	Prosocial behaviors are defined as acts performed by an individual or a group, which are beneficial to other people either at the individual or group level. This research tradition grew out of the early recognition that organizations depend upon individuals to do much more than is formally required of them.	Ilies et al. (2007) Podsakoff et al. (2000)
Organization Development	This interdisciplinary field with contributions from business, industrial/organizational psychology, human resources management, sociology and communication provides a series of techniques for changing and enhancing organizational functioning.	Cummings and Worley (2005) Cooperrider et al. (2000) Cooperrider and Whitney (2005)
Corporate Social Performance	Research on corporate social performance (CSP) and corporate reputation has developed along parallel theoretical lines. CSP explores the relationship between companies’ social and financial performance.	Margolis and Walsh (2003) Hoffman (1996) Donaldson and Preston (1995)

Table 2 Selected POS research

Researchers	Researched area and findings
Britt et al. (2007)	Meaningful work
Andersson et al. (2007)	Hope and gratitude as factors increasing organizational concern for social issues
Bono and Ilies (2006)	Positive emotions as a source of charismatic leadership
Luthans and Jensen (2005)	Psychological as a factor increasing commitment to the organization
Avey et al. (2006)	Psychological capital as a factor reducing absenteeism at work

(mainly from the University of Michigan) constituted and developed positive organizational theory (Cameron et al. 2003b; Cameron 2003; Cameron et al. 2003a).

The most important distinction between yesterday's and today's approach (in management studies and psychology alike) can be summed up as placing less emphasis on overcoming difficulties (e.g. treating mental disorders in psychology or challenging reluctance to change in management) and focusing more on attaining wellbeing, excellence and happiness (see Table 2).

The problems addressed in the field of positive organizational theory do not really seem novel; their presence (or at least various echoes) could be found in management studies for a very long time. The main difference is the viewpoint assumed. So far, research has revolved mainly around hardships and deficits, and scholars searched for ways of overcoming these problems. The principle behind these studies was that positive phenomena can occur in organizations only when one eliminates what is negative. In accordance with this assumption, researchers undertook such questions as overcoming reluctance to change, resolving conflicts, eliminating barriers to communication, and dealing with lack of motivation (Glinska-Noweś 2010).

2.2 *Positive Organizational Theory and Positivism*

It is important to differentiate positive management theory from the positivist paradigm, which is currently the prevailing epistemological approach in management studies. Positive theory relates to managing an organization according to positive principles, attitudes and values, while the positivist paradigm (today also called neopositivism) is a methodological approach based on logical empiricism.

The main principles of positive management theory are:

1. Developing a state of wellbeing, cooperation and good mood within the process of interaction between members of the organization (Fredrickson 2003; Peterson and Seligman 2003),
2. Empowering positive, open and affirmative attitudes and emotions in the processes of communication, cooperation and managing (Baker et al. 2003),

3. Constituting relationships that encourage such interactions as honesty, mutual respect, cooperativeness, and gratitude (Emmons 2003),
4. Attaining organizational excellence through social relations concerning leadership and human capital management (Bagozzi 2003),
5. Building upon positive values, senses and virtues (Park and Peterson 2003; Wrzesniewski 2003).

In terms of intercultural organizational relations, positive theory allows us to reveal the processes of: communication, cooperation and competition, as well as value creation and leadership, from a success-oriented perspective. It applies to both levels, considering the organization as a whole, and considering individual employees. Seen from an organizational perspective, it relates to the efficiency of socially responsible goals (Weick 2003; Cooperrider and Sekerka 2003). At the individual level, it relates to achieving personal success, that can lead to fulfillment, career boosting, job satisfaction and gratification (Luthans and Avolio 2003). The concepts of positive potential and its impact on organizational interactions also emerged in Poland and have been continuously developed by various scholars in recent years (Chodorek 2010; Gliniska-Neweś 2010; Stankiewicz 2010; Józefowicz 2010; Lorenczewski 2010; Karaszewski 2010).

One must admit though that POS is not the only discipline placing such an emphasis on positive phenomena. The social sciences and the social responsibility of business trend have had a significant impact on this type of research. The common core of these practices concerns conducting studies in the organizational context, i.e. at the level of a whole organization, disregarding individual people (Kalinowska-Andrian 2006).

The concepts described here should not be treated as in opposition to existing theories. It actually brings a new perspective to existing methodologies, enriching the research with new, positive elements, without disregarding the negative ones.

These problems are in fact keeping the positive organizational theory researchers busy, although the range and intensity of positive phenomena studied is much wider.

2.3 Positive Social Capital

Considering social capital, according to positive theory there is also such a concept as “positive social capital”. This is a particular case of social capital that enlarges the generative (or creative) potential of groups and individuals alike. Its constitutive elements are not only trust and mutual bonds, but also acts of decency and generosity—practices evoking joy, gratitude and openness to new ideas (Baker and Dutton 2007). This concept is based upon the need to be “the architect of one’s own fortune” shared by almost every individual. Fulfillment is made possible thanks to constant self-development and a personal pursuit of a respected position as a professional, which might also be seen as a valuable contribution to the

company. The highest-ranking employees in this respect are those, who perform their designated tasks, working in a manner that is the most suitable to her or his abilities. The aim of management in this case is to facilitate employees' efforts to gain independence and fulfil their own passions. This would be possible as an effect of increased self-awareness, especially discovering one's own strengths and abilities. Self-management depends on developing a strong sense of emotional intelligence, which is a specific kind of individual self-awareness. Its specificity is particularly visible in relation to a person's own emotions, needs, instincts, value system, strengths and weaknesses. High emotional intelligence also implies an inherent interpersonal component, namely the ability to understand, sympathize, or even manipulate other people's emotions. Thanks to Goleman, the concept of emotional intelligence became widely used by business people, and emotional intelligence itself tends to be seen as the sole most important factor contributing to individual success—a competence that determines the exceptionality of both leaders and employers alike (Glinska-Neweś 2010).

2.4 Premises of Positive Organizational Theory

The relationships presented above shaped one of the basic premises of positive organizational theory: achieving professional excellence, and happiness as a result, is possible as an effect of thorough self-development and focusing on the individual strengths and weaknesses of each employee (Peterson and Seligman 2003). Subordinating management practices to this principle is thus one of the most essential ways of realizing positive organizational theory.

According to the premises of positive theory, organizational development is possible because of certain conditions that facilitate mutual understanding of needs and interest, setting and achieving personal goals in an atmosphere of harmony and friendship. For such conditions to appear, every member of the team must rely on and like each other. The importance of sympathy and trust has been known for a long time throughout management studies.

Both attitudes are key (although not only) factors contributing to a team's integrity. Integrity is the social dimension of a team's effectiveness and it conditions its productivity (fulfilling objectives). Even though integrity itself (including mutual trust and sympathy) is not enough in this matter (co-workers' expectations of achieving common goals together), without it, even with the most skilled employees, a team's productivity may be merely mediocre. Sympathy is one of the most basic tools of mutual influence; the more you like certain people, the more you are likely to help them, indulge them or be convinced by them. Trust is, however, a value that is one of the most critical foundations of social capital—it conditions many key attitudes important in the field of achieving organizational goals. The importance of trust spawned a tremendous number of studies on this subject at the turn of the century (Levin et al. 2004). Among these crucial attitudes resulting from relationships of mutual trust are relating individual interest to the

interest of the organization, sharing one's knowledge with co-workers, loyalty, openness, and honesty (Glińska-Noweś 2007).

To sum up, the arguments presented here can be condensed around three main assumptions underlying positive organizational theory. These assumptions are:

1. Every person seeks his own happiness; her or his motivations are essentially good.
2. Striving for excellence and exceptionality is a part of human nature; people can self-develop when focused on their talents and strengths.
3. Everyone is capable of utilizing positive, creative energy; this is conditioned by experiencing positive emotions, resulting from growing positive bonds with others.

2.5 Positive Organizational Potential

Stankiewicz (2010) and his associates, by combining the ideas of Positive Organizational Scholarship and Resource Based View, developed the concept of Positive Organizational Potential (POP) which “refers to such characteristics and states of organizational resources that create positive organizational culture and positive organizational climate” (Peyrat-Guillard and Glińska-Noweś 2010, p. 51).

The structure of resources from which Positive Organizational Potential is drawn has been divided into two main groups: material resources and non-material resources. Among material resources we can find:

1. Complete and appealing workplace equipment—i.e. such a set of tools, which consist of every element that is necessary to fully realize one's goals.
2. Ergonomically designed tools—make employees feel physically comfortable when performing their duties.
3. Easily accessible knowledge libraries—such a system would facilitate and stimulate the development of knowledge and improving one's work.
4. Appealing welfare infrastructure (e.g. cafeterias, recreational facilities, pre-schools, nurseries, clinics, etc.)—resources that foster the overall wellbeing of employees and helps in reconciling professional duties with private life. This is the main precondition for attaining harmony in personal life (Glińska-Noweś 2010).

Non-material resources constitute a wider and more complex category. There is also an abundance of classification methods regarding them. For the purpose of this analysis we have divided them into 8 categories:

- strategies,
- structures,
- human resources management,
- power balance and the democratization of management,
- control,

- innovation,
- integration and identification with the company,
- leadership (Glinska-Neweś 2010).

Management of human resources constitutes an incredibly important group of non-material resources. They are downplayed neither by any context, nor point of view. Nevertheless, from the standpoint of the theoretical concept presented here, it is necessary to properly configure those personal policy tools that are in use. These tools formulate direct means of influencing people and their behavior, and thus should be defined in a strict accordance to positive theory. Among the elementary ingredients present in this group we can identify tools that boost creativity and self-development or give an employee a sense of justice and subjectivity (Glinska-Neweś 2010).

3 Positive Cross-Cultural Scholarship Studies

Positive cross-cultural scholarship studies refer to both research on and applications of the main themes of Positive Organizational Scholarship (Seligman 2011; Wong 2011) from cross-cultural perspectives as well as look for positive phenomena in culturally diverse organizations and among culturally diverse people (Stahl and Tung 2014).

3.1 *Cross-Cultural Positive Organizational Scholarship Research*

The role of culture in the world of business has been the subject of various studies for at least 25 years. Scholars generally agree that variations between groups can exist on multiple dimensions: cognitions, behaviors, and values. However, cross-cultural research has focused on shared cultural values as the major source of differentiation among national groups. The definitions of, and assumptions about, culture in more than 90 studies are quite consistent, but there is great variation in its measurement (Chmielecki 2011).

Researchers have studied the influence of national cultures on multiple forms of organizational behavior and the way managers from different cultural backgrounds interact with one another. (e.g. Adler 2002; Hofstede 1980, 1991; Trompenaars and Hampden-Turner 1997; Erez and Early 1987).

Culture influences how we think (Nisbett 2003), what we value (Hofstede and Hofstede 2005; Leong and Wong 2003), how we behave (Brislin 1999). Bjerke (2004) expresses the opinion that culture is a mechanism that fuses social structures (p. 13). Thus, culture is an output formed by a given community consisting of some

bases, ideas and classes. Culture influences the perceptions, thoughts, feelings, and behaviors of its members (Lehman et al. 2004).

Schwartz (cf. in Lewicki et al. 2006) describes culture as values, distinguishing ten essential values, namely: power, security, traditions, conformity, benevolence, universalism, self-directions, simulation, hedonism, and achievement. One of the most common definitions of culture was provided by Hofstede, who was the author of the first major empirical multi-country study of the consequences that culture has for the field of management. Hofstede and Hofstede (2005) suggest that “culture is the collective programming of the mind that distinguishes the members of one group or category of people from others” (p. 4).

Four main perspectives in cross-cultural scholarship have been identified (Berry et al. 2011): extreme relativism, moderate relativism, moderate universalism, and extreme universalism. Berry et al. suggest that, in practice, it is difficult to find researchers endorsing the extreme perspectives. Berry et al. (2002) themselves differentiate between universalist and relativist scholarship.

The first one posits that scientific findings and constructs can “transcend particular cultures and politics and approach universality” (Seligman and Csikszentmihalyi 2000, p. 5). The universalist perspective, which is the dominant cross-cultural trend, especially within positive psychology, is predicated on the basis that, beneath apparent cultural differences, people share a common human nature.

There have been numerous cross-cultural comparative studies in this area. For example, Helliwell (2003) and Helliwell and Putnam (2004) analyzed three successive waves of the World Value Survey (1980 to 1997), covering over 87,000 people across 46 countries, looking for the most prominent contextual determinants of subjective wellbeing (e.g. life satisfaction). Their analysis found that the top five factors, ranked in terms of importance, were family relationships, financial situation, work, community and friends, and health (Lomas 2015).

According to analyses of the World Values Survey by Helliwell (2003) and Helliwell and Putnam (2004), the most important factor for subjective wellbeing is close, loving relationships (as cited in Lomas 2015). Cross-culturally, income has a weak correlation with wellbeing (Lucas and Schimmack 2009 as cited in Lomas 2015). A review of 115 studies across 33 countries by Lund et al. (2010) showed that, cross-culturally, poverty consistently has a detrimental impact on wellbeing, since it hinders basic needs being met (as cited in Lomas 2015). Unemployment is one of the strongest depressants of wellbeing (Wanberg 2012, as cited in Lomas 2015). The next factor, social capital, cross-culturally has a strong impact upon health and wellbeing (Helliwell 2006). Universally, disease and illness are found to detrimentally impact emotional wellbeing (see Arokiasamy et al. (2015) for a recent review). Likewise, Grant et al. (2009) report that SWB is cross-culturally associated with common health behaviors.

The second approach is cultural determinism, also known as cultural relativism (Hatch 1983) or indigenous psychology (Kim et al. 2006). According to this approach, behaviors of individuals are completely dependent on social, cultural, and linguistic structures (Chirkov et al. 2011). While Positive Organizational

Scholarship and mainly Positive Psychology have tended to be somewhat mono-cultural, this does not mean that psychology in a broader sense has not engaged cross-cultural differences in wellbeing; indeed, cross-cultural psychologists have explored the ways in which happiness and wellbeing are conceptualized and experienced across different cultural locations (Lomas 2015).

Many researchers (Kim et al. 2006; Lehman et al. 2004) believe that POS, especially Positive Psychology is culture-bound, because “what is positive requires a priori value judgments based on social norms and cultural context” (Cross-Cultural Positive Psychology, <http://www.drpaulwong.com>, 2013).

While the universalist approach is the dominant POS perspective, there is a wealth of research tending towards a relativizing perspective. Consistent with the emerging wave of cross-cultural psychology as a major force in mainstream psychology (Triandis 1994), the next stage of development of positive psychology will focus on the cultural context.

Cultural differences have been explored at various levels of scale. Research varies from the very general—distinction in the cross-cultural literature is the notion that Western societies tend to be ‘individualist’, whereas Eastern cultures are ‘collectivist’ (Hofstede 1980)—to the very specific. For instance Kitayama et al. (1997) found that American self-esteem benefited from positive feedback, whereas the absence of negative feedback worked better for Japanese self-esteem. When researchers tested the four-part construct of psychological capital in China, they found that only three of the four components were relevant. Resilience, optimism, and hope were measured as usual, but self-efficacy was dropped from the analysis (Luthans et al. 2006).

POS has been primarily studied in developed western cultural settings. However, any particular researcher’s description of a positive behavior or outcome is subject to criticism of being culture-bound, or even hegemonic (e.g., Fineman 2006). One must take into account one very important factor, i.e. research objectivity. The very selection of research methodology is influenced by the researcher’s own training and preferred paradigms, which are more or less popular across certain cultures and cultural values themselves.

For instance Oishi and Graham (2010) claims that the word ‘happy’ can have different meanings in different cultures. Whereas Western conceptions of happiness essentially refer to a positive emotional state, in the East, happiness pertains more to fortune and luck (Lomas 2015). This may be due to numerous interrelated reasons, including an Eastern ‘fatalistic’ approach (Shaw 2011, as cited in Lomas 2015), deterministic philosophies derived from Buddhism and Hinduism (Guang 2013, as cited in Lomas 2015), and greater self-effacement, leading people to attribute success to external factors (Imada and Ellsworth 2011, as cited in Lomas 2015). Moreover, there may be further methodological issues relating to variation in how happiness can be expressed; e.g., whereas people in individualist cultures may be encouraged to assert and celebrate individual achievements, those in collectivist cultures may feel pressure to be self-effacing (Lomas 2015).

Cross-cultural POS research cannot be advanced simply based on the translation of instruments developed by e.g. Western positive perspective scholars without

considering the problem of construct equivalency, sample equivalency, and other contextual variables (Wong 2011).

3.2 Positive Cross-Cultural Scholarship

Positive cross-cultural scholarship research is about applying a Positive Organizational Scholarship lens to cross-cultural management research (Stahl et al. 2010). Various authors in cross-cultural research have tended to concentrate their theory building substantially on the negative aspects associated with cultural diversity, while empirical studies that have examined its effects showed a more mixed and complex picture. Thus, fewer negative assumptions and more neutral/mixed results are reported in recent articles than in older ones. Yet still some scholars call for positive cross-cultural scholarship research to redress the imbalance in previous studies and to place more emphasis on positive dynamics in cross-cultural encounters (Stahl and Tung 2014). “We put forward that cultural diversity can be both a liability and an asset. Summarily, cultural diversity can be advantageous because they may improve the combination potential; on the other hand, they can also construct obstacles to obtaining integration benefits by making social integration problems worse and reducing the acquiring and acquired firms’ ability to absorb competence from the other party” (Björkman et al. 2007, p. 668). Likewise, prior studies revealed some positive effects of cultural distance: “Acquisitions (cross-border) in countries that are culturally distant are likely to be more valuable, as the greater the national cultural distance is, the more likely it is that the target will provide a set of repertoires and routines that are considerably dissimilar from the bidding company’s own set, and which can’t be replicated easily in the acquirer’s country or vice versa” (Morosini et al. 1998, p. 141).

In cross-cultural studies inspired by POS, various positive outcomes have been reported. For example, in the study of Stahl et al. (2010), team member satisfaction, communication effectiveness, and creativity were the main focus. In another research study, the authors found that diversity can offer a chance for value chain optimization through locational disaggregation that is creative (Zaheer et al. 2012). Differences also offer better access to various sources of learning and knowledge (Nachum et al. 2008).

Even more problem-oriented prior studies show that top management, boards and work teams reap the benefits of diversity. Scholars also elaborate on the integrative role of teams in multinational organizations. For example, some evidence exists that cultural diversity may foster a team’s ability to innovate and learn (Fiol 1991; Gibson et al. 2007). Obviously, creativity is a divergent process and the creative advantages of teams that are heterogeneous in composition are supported by many studies (e.g., Cox and Blake 1991; Doz et al. 2004; O’Reilly et al. 1998). Since cultural diversity is linked to differences in approaches to problems, modes of perception and mental models, it tends to offer strong contributions to creativity. Creativity in team processes is the consideration of an extensive variety of options

and criteria for assessing options, and the creating of useful and novel ideas that were not part of the consideration set initially. Creativity is an important component of innovation (e.g. O'Reilly et al. 1998), and can lead to an improvement in performance.

Furthermore, authors who develop positive cross-cultural scholarship research demonstrate that operating in multicultural teams may possibly fulfill personal needs for adventure, development or even variety (Stahl et al. 2010). For example, international careerists say that personal growth, new experiences and learning are amongst their most vital motivation for seeking global assignments (Suutari and Makela 2007). According to the meta-analysis, teams that are culturally diverse have higher team satisfaction than teams that are culturally similar Stahl et al. (2010). Additionally, managers and students are often interested in working with individuals from other cultures, as they find this contact with other learning potentials and ideas inherent in multicultural environments very satisfying.

4 Conclusions

Stimulating positive emotions and experiences among employees representing dissimilar cultures can be seen as one of the most significant factors contributing to an organizations success. Although cross-cultural positive experiences are desired and expected in a natural way by every person, their emergence within an organizational context is neither automatic nor unrestricted. In this case, a current challenge for cross-cultural management studies revolves around building a comprehensive theory on the basis of POS and a set of practical advice to encourage the design and management of organizations that would unleash their full potential.

From a POS point of view, future research agendas on cultural differences ought to focus on further developing a deep understanding of the conditions, mechanisms and processes that cultural diversity uses to promote positive outcomes. New theoretical models and frameworks need to be developed to redress the imbalance in research and theory on culture in management by examining the advantageous features of cross-cultural dynamics in firms for the varied effects of cultural diversity observed in a variety of sub-fields in the management field.

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Cognition of the Multicultural Work Environment in Multinational Corporations and Intercultural Interaction Outcomes

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Abstract The aim of this chapter is to present how an individual cognition of the multicultural work environment of multinational corporations (MNCs) relates to the outcomes of professional interactions with culturally diverse people. The subject literature review and the empirical findings show that multicultural work environments pose specific requirements to individuals, such as cultural differences, multilingualism, a need for cross-cultural adjustment and a multicultural leadership style. Employees may classify these requirements either as barriers or challenges. The empirical findings reveal that this individual cognitive process is related to some outcomes of intercultural interactions, i.e. learning and satisfaction.

The data for the chapter was gathered via qualitative and quantitative research in subsidiaries of MNCs. The informants were managers and specialists working in those companies and involved in intercultural interactions while performing their professional duties.

1 Introduction

Due to globalization, working relationships with foreigners, known as intercultural interactions, are frequently becoming an everyday duty for an increasing number of employees. They cooperate with various groups of individuals from other countries such as clients, suppliers, co-workers, managers, subordinates, etc., and, as a result cultures. The intercultural interactions, in which they are involved, are a dynamic sequence of actions (Przytuła et al. 2014), in which individuals interpret the behavior of the other party through the lens of culture (Webb and Wright 1996) and constantly modify their behaviors to react accordingly (Molinsky 2007). They are particularly common in multinational corporations (MNCs), which expand into multiple host economies consequently employing multicultural staff (Luo and Shenkar 2006).

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The workplace in MNCs is different from the work context of other corporations. Employees in MNCs face challenges embedded in their multicultural work environments, e.g. cultural and language diversity (Lauring 2009; Tanova and Nadiri 2010; Lauring and Selmer 2011). This peculiar work context may impact the outcomes of interactions among individuals producing both the positive and negative effects (e.g. McMillan-Capehart 2005; Cooper et al. 2007; Stahl et al. 2009, 2010; Roberge and van Dick 2010).

Although the literature on interactions among culturally diverse individuals is ample, some irregularities have been observed concerning their outcomes (Mannix and Neale 2005; Stahl et al. 2010). Moreover, much more is known about negative outcomes than positive ones (Stahl and Tung 2014). Thus, still more work is needed to delve into the positives of intercultural interactions. There have also been calls for researchers to move beyond old paradigms and to develop more integrative and practical theories that explain how diverse people can thrive (Shore et al. 2009). Focusing in research on relationships among culturally diverse human beings is of vital importance, since cultural differences “poses greater challenges when compared with ethnicity or other diversity sources” (Shore et al. 2009, p. 125).

In this chapter, the author attempts to respond to these calls mentioned above. Its aim is to present how individual cognition of the multicultural work environment of MNCs relates to the outcomes of professional interactions with members of different cultures. The emphasis on the cognitive appraisal may help to explain the inconsistent outcomes of intercultural interactions that have been identified in the prior research. The transactional stress theory forms the conceptual basis for the study.

On the basis of the literature review, the chapter first depicts the multicultural work environment of MNCs and its challenges. Next, an overview of the prior research on the outcomes of intercultural interactions is provided. The theoretical basis for the study is also briefly explained. The subsequent section presents the research method and the empirical findings concerning the perception of a multicultural workplace by the respondents and how it is related to the outcomes of intercultural interactions. Conclusions, contributions, limitations and directions for future studies end the discourse.

2 Literature Review

2.1 Multicultural Work Environment

MNCs are organizations that have attracted considerable attention from international business scholars since, among other factors, their impact on economies worldwide is profound (Dunning and Lundan 2008; Smith et al. 2009; Rugman 2010). They are perceived nowadays as one of the most important institutions (Erez and Shokef 2008). Owing to the fact that MNCs are involved in multinational business, function within or between at least two countries and organize interdependencies among multicultural employees in their foreign subsidiaries (Hennart

2010; Miroshnik 2002; Dunning and Lundan 2008), their work environment is unique and different than any other organization. Thus, it creates its own rules of conduct (Erez and Shokef 2008).

MNCs expand into divergent environmental contexts, where they employ various nationalities (Lauring and Selmer 2011) that represent different and sometimes intertwining cultural values (Adler and Gundersen 2007; Darawong and Igel 2012). Therefore, MNCs can be seen as multicultural organizations (Luo and Shenkar 2006; Westney and Zaheer 2010; Rozkwitalska 2013), two distinctive features of which are global dispersion and multiculturalism (Adler and Gundersen 2007). *Global dispersion* is a consequence of the expansions of MNCs into multiple foreign markets, while *multiculturalism* reflects the interactions of internal and external stakeholders from different cultures (Adler and Gundersen 2007). Besides global dispersion and multiculturalism, the work environment of MNCs is also globally competitive, very dynamic and with high degree of uncertainty. As a result, people in MNCs should be innovative, directed towards goals, open, present learning capabilities and share the so-called global work culture that facilitates adaptation to the work context of MNCs and enables the development of the global identity of employees, i.e. their sense of belonging to and identification with multicultural others in their work settings (Erez and Shokef 2008).

Due to the unique characteristics of MNCs' work environment, their management practices and interactions among their staff are confronted with specific requirements (Tanova and Nadiri 2010). First, individuals in MNCs are faced with *cultural differences* (Lauring and Selmer 2012). Second, MNCs are multilingual, i.e. people within them need to deal with language diversity, or in other words, *multilingualism* (Barner-Rasmussen and Aarnio 2011; Steyaert et al. 2011). Third, due to cultural differences, managers and employees in MNCs are expected to adjust, i.e. to use *a multicultural leadership style* with regard to the former (Rodsutti and Swierczek 2002) and to experience psychological comfort while working in multicultural settings with regard to the latter, which is known as *cross-cultural adjustment* (Puck et al. 2008). Cross-culturally adjusted people should be able to change their values, attitudes and behaviors to adapt to another culture and to interact with culturally diverse individuals (Darawong and Igel 2012). All of these requirements may be related to intercultural interactions and their outcomes (Luo and Shenkar 2006; Lauring 2009; Lauring and Klitmøller 2015; Puck et al. 2008; Rozkwitalska and Basinska 2015).

2.2 Outcomes of Intercultural Interactions

2.2.1 Negative Outcomes of Intercultural Interactions

Generally, looking for the negatives rather than the positives of intercultural interactions has dominated prior studies (Stahl et al. 2010; Stahl and Tung 2014). Scholars have coined such terms as cultural barriers, cultural clash, and cultural

friction (Björkman et al. 2007; Brock et al. 2008; Shenkar et al. 2008), etc., which all reflect problems in interactions among members of different cultures. Since cultural differences raise the risk of inappropriate behavior by the participants in intercultural interactions, they may result in negative outcomes, e.g. anger toward or rejection of those whose behavior is seen as inappropriate, i.e. it contradicts the cultural norms of the other party (Cooper et al. 2007). Additionally, if a person does not behave appropriately in intercultural interactions, manifesting inappropriateness, then s/he may experience the liability of foreignness with its negative consequences (Magier-Łakomy and Rozkwitalska 2013; Harvey et al. 2011).

Several theoretical backgrounds have been applied so far to explain problems in intercultural relationships, mainly the social identification and social categorization theory and the similarity-attraction paradigm, and, to a lesser degree, the social dominance theory (Cooper et al. 2007; Stahl et al. 2009, 2010; Yeager and Nafukho 2012; Coates and Carr 2005; Magier-Łakomy and Rozkwitalska 2013). Based on social identification and social categorization theory supported by the similarity-attraction paradigm, it has been implied that cultural differences interfere with the social identity of group members and decrease the attractiveness of those who are seen as different, which results in problems in intercultural interactions. Social dominance theory has explained how a person's country of origin affects his/her relationships with culturally diverse others, namely people who may be biased towards others who do not come from socio-economically dominant countries (Coates and Carr 2005).

Researchers have identified the following negative outcomes of interactions among culturally different individuals, namely conflicts, process losses, barriers to social integration and changes, ineffective communication and decision making, and reduced satisfaction (Mannix and Neale 2005; Stahl et al. 2009; Björkman et al. 2004; Uhlenbruck 2004; Hernández-Mogollon et al. 2010). It appears that the unequivocal negatives of working in multicultural environments have to do with the risk of harmful conflicts and barriers to social integration.

2.2.2 Positive Outcomes of Intercultural Interactions

In the view of some scholars (e.g. Stahl et al. 2010; Stahl and Tung 2014), current research is overloaded with the negative outcomes of intercultural interactions instead of explaining how to realize the benefits from multiculturalism in the workplace. There is a need, therefore, to better understand these relationships and to provide guidelines on how to utilize the potential of a multicultural staff.

Information-processing theory, social capital theory and intergroup contact theory lay the foundations for explaining the positives of intercultural interactions. Regarding information-processing theory, the cultural diversity of staff can provide access to individuals that come from different backgrounds, have their unique personal networks, information, expertise, skills, and cognitive perspectives. These factors may prevent group-think, increasing the capacity for creative and innovative problem solving (Stahl et al. 2009, 2010; Stevens et al. 2008; Mannix

and Neale 2005). With regard to social capital theory, it can be inferred that diverse groups may be more effective in achieving complex organizational tasks (Stahl et al. 2010). Based on intergroup contact theory, researchers have shown that frequent and extended contacts with members of different groups change attitudes towards people from outgroups and consequently reduce prejudice (Yeager and Nafukho 2012; Pettigrew and Tropp 2008).

On the basis of the information-processing theory, two major positive outcomes have been identified, i.e. creativity and innovation (Mannix and Neale 2005; Stahl et al. 2010; Watson et al. 1993). In addition, creativity/innovation may be perceived as less questionable positives in prior studies. There are also other beneficial effects associated with these, such as less group-think, broader perspectives, enhanced learning, knowledge sharing and better adaptability (Mannix and Neale 2005; Stevens et al. 2008; Stahl et al. 2010; Watson et al. 1993). Furthermore, previous research exposed other positives of intercultural contacts, i.e. improved learning abilities, quality and positive organizational changes, more effective communication, satisfaction, social bonds, individual growth, self-efficacy and optimism (Stahl et al. 2009, 2010; Rozkwitalska et al. 2014).

2.3 *Theoretical Foundation*

The review of the subject literature does not offer a consistent conclusion on what actually dominates in intercultural interactions. Researchers describe it as the effects of a ‘double-edged sword’ (Mannix and Neale 2005; Stahl et al. 2010). Thus, there is a need to look for a possible explanation for these inconclusive results in other theoretical frameworks, such as the transactional theory of stress (Lazarus and Folkman 1984; Lazarus 1991).

The transactional theory of stress introduces the concept of the cognitive appraisal that is supposed to determine whether a specific situation is perceived as a challenge or a threat. It assumes that the way a person appraises a situation influences how s/he feels about it. The appraisal is the process that actively negotiates between “the demands, constraints, and resources of the environment” and “the goal hierarchy and personal beliefs of the individual” (Lazarus 1993, p. 6). Stress arises from the appraisal that a given environmental demand is about to reduce individual resources, consequently threatening the wellbeing of a person (Dewe et al. 2012). Among the three kinds of stress identified by Lazarus, two are particularly important in this analysis, i.e. threat and challenge. Both are caused by different antecedent conditions in the environment and within the person and result in different consequences. Threat, according to Lazarus (1993), is the anticipation by the individual of potential harm, i.e. it has not yet occurred but may be imminent, while challenge results from difficult demands that an individual feels confident about overcoming by effectively mobilizing and deploying his/her coping resources. Similarly to Lazarus, Cavanaugh et al. (2000) grouped stressors into hindrances and challenges. Hindrance is comparable to the term threat appraisal,

while challenge stressor is similar to challenge appraisal. When faced with a hindrance, individuals feel that they do not have sufficient ability to deal with it. Hindrance produces an adverse effect, impedes an individual's functioning and ability to reach his/her goals, so it is negatively related to work outcomes. Additionally, in contrast to challenge, hindrance adversely impacts personal development (Webster et al. 2010). Although challenge requires personal effort and also induces strain, employees anticipate that their skills are sufficient to manage it. Prior research suggests that challenge positively impacts work performance. It can also improve work outcomes and has rewarding consequences for employees (LePine et al. 2005).

Social interactions in MNCs occur in their multicultural environments that pose unique demands on employees. The transactional theory of stress allows for the assumption that the outcomes of intercultural interactions relate to how individuals assess their job demands in MNCs, i.e. whether they ascribe to them the meaning of challenge or hindrance/threat.

3 Research Methods and Results

3.1 Methods and Participants

The research took the form of qualitative and quantitative studies in foreign subsidiaries of MNCs. The qualitative study was explorative in nature and its aim was to delve into the outcomes of intercultural interactions and what conditions them. The empirical findings allowed construction of a model of intercultural interactions that was later verified during the quantitative stage of the research. This chapter, however, presents the results of both stages with regard only to the role of individual cognition of a multicultural work environment in MNCs in explaining the outcomes of professional interactions among culturally diverse individuals.

The qualitative study was based on a case study approach (Eisenhardt and Graebner 2007). Five Polish subsidiaries of various MNCs (in terms of capital origin, the sector they belong to, level of internationalization, size and role of their subsidiaries, worldwide employment, staffing policy, etc.) were analyzed. They were selected via a purposive sampling technique. The data was gathered between March and September 2014. The methods applied to ensure methodological and data triangulation in the research (Maxwell 2005) included: 1. semi-structured, in-depth individual interviews with 70 managers and specialists (63 % and 37 % respectively) employed in the subsidiaries; 2. observations during office visits; 3. analysis of the MNCs' documents and web sources. All information was coded and analyzed with a grounded theory approach, where codes were delimited inductively from the data (Glaser and Strauss 1999).

The results of the qualitative research helped to construct an instrument used in the quantitative stage of the study. Yet to measure certain antecedents, moderators

and effects of intercultural interactions, the instrument also included scales developed/modified by other researchers, i.e. Basinska et al. (2014), Luthans et al. (2007), Macke et al. (2010), Vandewalle (1997), Schaufeli and Bakker (2003).

The quantitative study based on a survey was conducted between January and May 2015. It was preceded by pilot research aimed at verification of the survey instrument. A sample of 137 individuals (managers and specialists, 43 % and 76 % respectively), namely Poles working in subsidiaries of MNCs and involved in intercultural interactions, was selected via purposive and snowball sampling techniques. The questionnaire was distributed via email, website and face-to-face contacts.

3.2 Empirical Findings

3.2.1 Qualitative Study

The empirical findings from the qualitative stage of the research revealed that working in multicultural environments of MNCs may generate specific job demands, i.e. *cultural differences*, *multilingualism* and *a need to adjust* for both managers and employees:

[The first association is] the difference of approaches and perspectives, varied experiences and views.

[The problem is] management style, people have different mindsets.

Working with foreigners means for me that some actions should be done in “another” way, interpreted according to or adapted to foreigners’ needs, knowledge or their level of perception.

The need to communicate in common language appeared to be the most difficult job requirement in MNCs. The participants frequently mentioned it as a barrier:

There is a problem with communication. Not every employee is fluent in English, our corporate language. Accents differ, as a result there are misunderstandings and impediments.

Despite more effort being needed to deal with job demands in MNCs, the participants evaluated them more often as challenges than hindrances:

Difficulties you face [in a multicultural team] are not a problem but a challenge. It is interesting, not annoying. It requires more effort, though I also learn more.

Nevertheless, social interactions in MNCs due to job demands embedded in their multicultural settings are more demanding than interpersonal interactions in other organizations. Thus, the respondents indicated that they were motivated to learn:

You have a wider worldview, (...) you increase your knowledge. (...) We mutually learn while working with foreigners.

The effect was increased learning by employees, including development of individual competency, and vitality, i.e. thriving, which may also benefit the very corporation by means of creativity and innovations:

This job isn't stress-free. Yet it drives my energy, the continuous challenges you meet. I like that.

If tasks require creativity, it is better to have a diverse team.

Job satisfaction was another positive outcome of intercultural interactions identified in the research as a result of thriving at work:

[Working with foreigners is] fun. (...) I enjoy interacting with different people (...).

Taking the above findings, among other propositions into account, the following were tested in the quantitative stage of the study:

Proposition 1: *Job demands of a multicultural work environment (i.e. cultural differences, multilingualism, cross-cultural adjustment and multicultural leadership style) in subsidiaries of MNCs are more often appraised as challenges than threats by the participants of intercultural interactions.*

Proposition 2: *Cognitive appraisal of job demands of a multicultural work environment (i.e. cultural differences, multilingualism, cross-cultural adjustment and multicultural leadership style) in subsidiaries of MNCs as challenges is more related to thriving than appraisal as hindrances.*

Proposition 3: *Cognitive appraisal of job demands of a multicultural work environment (i.e. cultural differences, multilingualism, cross-cultural adjustment and multicultural leadership style) in subsidiaries of MNCs as challenges is more related to job satisfaction than appraisal as hindrances.*

3.2.2 Quantitative Study

As indicated above, the initial step in the quantitative study was analysis of the cognitive appraisal by the respondents of job demands in subsidiaries of MNCs (proposition 1). To evaluate how they perceive a particular job demand, for each of the demands a pair of sentences was developed in the questionnaire, e.g. the job demand 'multilingualism' was assessed by the following: 'It fills me with anxiety that I have to speak a foreign language at work' and 'It is a challenge that I have to speak a foreign language at work'. The respondents were asked to assign a score to each pair of sentences on the six-point Likert scale, ranging from 'strongly disagree' to 'strongly agree'. Comparison of the empirical findings between the appraisal of job demands as threats and the appraisal of job demands as challenges for each of them revealed that differences among the mean scores for all job demands were statistically significant (see Table 1). Thus, proposition 1 was confirmed in the study.

Thriving is the psychological state that reflects a sense of vitality and learning (Porath et al. 2012). In order to measure vitality at work, the UWES instrument with respect to vigor (Schaufeli and Bakker 2003) was used in the survey. The learning

Table 1 The differences between cognitive appraisal of job demands as challenges and threats

Job demands	Hindrances		Challenges		t
	M	SD	M	SD	
Multilingualism	1.99	1.16	2.86	1.54	-5.30**
Cultural differences	1.75	1.07	2.05	1.28	-2.10*
Multicultural leadership style	1.74	0.97	1.99	1.16	-1.98*
Cross-cultural adjustment to informal interactions	1.63	0.89	2.39	1.50	-5.14**
Cross-cultural adjustment in face-to-face contacts	1.69	0.96	2.34	1.43	-4.42**

Note: * $p < 0.05$, ** $p < 0.001$. The variables are treated as independent samples, *M* mean, *SD* standard deviations, *t* t-Student test

component of thriving was measured by the scale proposed by Vandewalle (1997). The analysis conducted with regard to proposition 2 showed that the cognitive appraisal of job demands was not related to vitality. However, the cognitive appraisal of job demands in subsidiaries of MNCs as hindrances was negatively related to learning more strongly than appraisal as challenges (see Table 2). Thus, proposition 2 was partially confirmed in the study.

Finally, to test proposition 3, overall satisfaction with work in a given MNC and satisfaction with work in its multicultural environment were analyzed. To evaluate the former, the respondents needed to assess the following statement on the six-point Likert scale: ‘Overall, I am satisfied with work in this organization’; while with regard to the latter they assess the statement: ‘Overall, I am intrigued by the work with foreigners’. The analysis showed that if respondents assess their job demands as hindrances to a smaller degree they have higher job satisfaction from their work in MNCs as well as satisfaction with work in a multicultural environment (see Table 3). The appraisal of job demands as challenges was not related to job satisfaction in contrast to satisfaction with work in the multicultural environment (see Table 3). It was, however, more important to not evaluate job demands as hindrances than to see them as challenges. Taking this into account, proposition 3 was partly confirmed with respect to job satisfaction in a multicultural environment.

4 Discussion and Conclusions

4.1 Discussion

The analysis in this chapter attempts to demonstrate that an individual cognition process of job demands in multicultural work settings is associated with the outcomes of interactions of culturally diverse people, i.e. it relates to learning and job satisfaction in a multicultural environment. Moreover, it suggests with regard to overall job satisfaction that in order to benefit from intercultural interactions, it is sufficient when people do not appraise their job demands as hindrances. In the

Table 2 Correlations (N = 136)

Thriving	Cognitive appraisal of job demands	
	Hindrances	Challenges
Vigor	-0.16	-0.06
Learning	-0.37**	-0.26**

Note: ** $p < 0.01$

Table 3 Correlations (N = 136)

Satisfaction	Index of cognitive appraisal of job demands	
	Hindrances	Challenges
Satisfaction with work in MNC	-0.22*	-0.12
Satisfaction with work in a multicultural environment	-0.44**	-0.22*

Note: * $p < 0.05$, ** $p < 0.01$

study, the respondents experienced job satisfaction with work in MNCs as soon as they perceived the requirements of work not as hindrances yet still not as challenges. Similar results, i.e. a stronger negative correlation with hindrances and weaker but still negative with challenges, were found in the study conducted by Gruszczyńska and Kroemeke (2009) with regard to the issue of health.

The transactional theory of stress applied to the analysis allows the assumption that the outcomes of intercultural interactions are related to the transaction between the person and the environment that creates stressful encounters. Thus, it helps to explain the outcomes (and inconsistency of the results concerning them in the prior studies) with regard to the link between an individual and a multicultural work context, where s/he interacts.

4.2 Contributions, Limitations

To the best of the author's knowledge this is the first research that has used the transactional theory of stress in analysis of the outcomes of intercultural interactions in the context of MNCs. It thus responds to the calls of Shore et al. (2009) to move beyond old paradigms in interpreting the work relationships between culturally diverse people. The study contributes to the literature on cultural diversity and intercultural management, since it is concerned with interactions among members of different cultures. By emphasizing satisfaction as the effect of intercultural interactions, the analysis augments the rather limited knowledge of job satisfaction in multicultural work settings (Rozkwitalska and Basinska 2015). It also applies a Positive Organizational Scholarship lens to the analysis as it emphasizes thriving as the outcome of intercultural interactions. It should be stressed that thriving produces many positive effects (Porath et al. 2012) for both individuals (e.g. personal development) and organizations (e.g. it improves job performance). The study demonstrated that cognitive appraisal relates to learning, a crucial element of

thriving, and that indeed, thriving is socially embedded (Spreitzer et al. 2005), since it results from intercultural interactions.

This chapter presents only part of the research on intercultural interactions in MNCs. Nevertheless, the study is still encumbered by several constraints concerning the sample size (small yet acceptable) and composition (mainly Poles in the sample, employees of MNCs only), the non-probabilistic sampling techniques that limits generalizations and methods of analyzing the data (the grounded theory approach in the qualitative study and correlations instead of cause-and-effect analysis in the quantitative one).

4.3 Directions for Practice and Future Research

Since the cognitive appraisal of job demands by an individual as challenges means that s/he believes in her/his skills to manage a stressful encounter in the multicultural work environment, the study suggests that MNCs should help their employees to develop sufficient skills to respond to the requirements. Language skills appear to be the most crucial. People who feel capable of dealing with their job demands in MNCs will probably learn from intercultural interactions and be satisfied. Thus, the study contributes to understanding how the potential of multicultural staff can be utilized.

Nonetheless, due to the fact that the stress that affects the outcomes resides in the person and in the environment, the transaction between the two will influence the individual and organizational effects. Future research should better recognize this transaction process. Furthermore, more emphasis needs to be placed on individual and organizational factors that determine the appraisal process. Since the study was conducted in MNCs, future research may be carried out in the context of other corporations to compare the results, i.e. whether the cognitive appraisal relates to learning and satisfaction of their employees. The study showed that vitality was not associated with the cognitive appraisal of job demands as challenges. Further research needs to better explore the phenomenon to explain why some effects are not linked with the appraisal process.

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Cultural Dilemmas and Paradoxes in Dynamic Organizational Environments

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Abstract This chapter discusses the limitations of traditional approaches in comparative research—cultural and institutional—in explaining dynamically changing environments. Cultural dilemmas and paradoxes are especially pronounced in organizations that operate in the context of wider social transformations. Such a context can hardly be explained by static cultural dimensions, which do not reflect its inherent complexity and contradictions. Observations are drawn from an extensive empirical research study that covered a broad sample of over 5000 respondents, and integrated surveys from two mainstream cultural methodologies—Hofstede and Trompenaars. It looks deeper into the internal tensions within the cultural dimensions of a specific transformation environment (the case of Lithuania). Various points of cultural tension are revealed, such as the inconsistency of individual and system-level preferences of the respondents, the pronounced gap in work-related values between the “traditional” and “innovative” parts of society, discrepancies between de jure and de facto situations in the dynamically changing context. Successful management of cultural complexity is regarded as a potential source of competitive advantage, but it calls for adjusting the mental and theoretical models, which are often dominated by simplistic linear thinking. The newly emerging cultural methodologies should embrace the approach to culture as a complex dynamic system.

1 Introduction

Most of the traditional methodologies of cultural research in international comparative management (Hofstede 1980, 1996, 2001; Trompenaars 1984, 1993) are focused on the analysis of mature and relatively stable organizational environments. However, drawing clear-cut cultural generalizations in environments

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undergoing dramatic institutional (and cultural) transformations is a much more challenging task. The complexity of the transformation environment and its impact on often contradictory work-related values can hardly be fully addressed by the linear *etic* models of cultural research in management.

Therefore, the *aim* of our research was to reveal the cultural tensions faced by organizations in the complex and often contradictory social transformation environment.

In this chapter, we start out with the discussion of the advantages and limitations of cultural and institutional approaches in comparative management studies. We argue that taken separately, they are not capable of providing sufficient explanation to dynamically changing organizational environments. We then provide an overview of the academic attempts to integrate cultural and institutional aspects into one coherent analysis. In the last section of the chapter, we present the research findings that reveal the complexity of the cultural-institutional relationship in the post-Soviet transformation environment (based on the case of Lithuania), and discuss some inherent tensions (dilemmas, paradoxes) within the classical cultural dimensions of Hofstede and Trompenaars.

2 Culture and Institutional Change: Theoretical Perspectives and Challenges

The culturalist approach to management and organization (Hofstede 1980, 1991; Laurent 1983, 1986; Trompenaars 1984; Hampden-Turner and Trompenaars 1993, 2000) regard management models as products of a set of cultural factors, such as values, beliefs and expectations (van Maanen and Schein 1979) that influence the patterns of social-economic behaviour. This approach has been adopted in comparative management studies from such disciplines as social anthropology, sociology or social psychology, and seeks to define the basic cultural characteristics, especially the work-related values, which shape human interaction in a specific socio-economic system. Despite its advantages, it has historically faced three conceptual pressures.

The first pressure traditionally came from *outside* the field of cultural research. It was posed by the *universalistic* approach to management and organization studies. The universalists, largely influenced by the modernist-industrialist paradigm, advocated the universal logic, laws and principles of socio-economic development. From the universalistic perspective, human and organizational behavior could be explained by the generally applicable patterns that are considered to be free from particular social-cultural influences (e.g. the contingency approach advocated by Hickson et al. 1969, 1979). It dominated many classical management theories and early theoretical models, e.g. rational bureaucratic models of management (Taylor, Fayol). The proponents of the *convergence* hypothesis may represent different ideological camps (e.g. Marxists, industrialists, globalists), yet they all stress the universal socio-economic dynamics, the unifying global influence of economic

liberalization and technologies that leads towards a gradual convergence of the initially diverse cultural-institutional contexts. For example, the industrialists (Kerr et al. 1960) hold the view that transition from agrarian towards industrial society follows a universally established path guided by the culturally-neutral factors (e.g. increasing mobility of labor, urbanization, professionalization of management, active role of government), and the models of management adopted depend on objective factors, such as the level of industrial development achieved. However, after two decades the industrialists had to admit that practice did not quite confirm the convergence hypothesis. As a result, Kerr (1983) adjusted the previous view of pluralistic industrialism (Kerr et al. 1960) and recognized that “convergence is most likely to be found in the areas of production and consumption, while diversity remains along the dimensions of economic and political control as well as cultural beliefs”. Later, the convergence hypothesis was revived for the age of economic and technological globalization, and retains some intellectual influence in contemporary scientific debates.

The second important pressure on the culturalist approach comes from the *institutionalists*, who share the *particularist* approach to management and organization, but differ along the key explanatory variable of international diversity. Just as the proponents of the cultural approach do, the institutionalists recognize the global diversity of management models and systems, but regard their differences as being shaped by different historical political conditions. Different historical trajectories result in diverse legal and institutional frameworks (e.g. systems of education and vocational training, corporate governance, labor relations, etc.) that shape the choices and routines of system actors. Thus, they create different “path dependencies” that are resilient to the dynamism of the external environment. In other words, the established socio-economic institutions are not easily eroded by globalizing forces and supranational structures. The different sets of established capitalist institutions are characterized by different “institutional complementarities” that lead to specific “comparative institutional advantage” and even influence the specific innovation strategies of business organizations (Hall and Soskice 2001). From this perspective, cross-national diversity is regarded not as different systems of values and meanings, but as a product of socially embedded institutions.

The third important pressure comes from within the culturalist perspective and its different methodological and theoretical bastions—the *emic* vs. *etic* approach to culture. The proponents of the *emic* approach regard culture in its entirety, as a complex web of values, norms, practices and behavioral patterns that evolved over time. In the *emic* view (or *inside* perspective), culture is an organically evolved system that cannot be reduced to “mechanical” parts and elements subject to quantitative analysis. Not surprisingly, the *emic* approach prevails in the ethnographic studies of cultural anthropologists, who describe cultures “from inside” and stress their uniqueness. The representatives of the *etic* approach (or *outside* perspective) come from comparative studies and rely on standard, quantifiable theoretical parameters for assessing and comparing cultures (e.g. Hofstede 1980; Trompenaars 1984, 1993). Brownstein (1995) regards culture as social “mind” and institutions as social “brain”. The brain is more tangible and susceptible to

analysis, whereas the mind is more intangible and difficult to assess through empirical research (Lowe 1998). Although the cultural and institutional factors are closely related, their analysis has taken distinct paths for some time.

Both the culturalist and institutionalist approaches have their advantages and drawbacks. O'Reilly (1996), Redding (2005, 2008) criticize these two approaches for their separateness. In fact, the analysis of social systems should not be based on reduction to tangible vs. intangible, hard vs. soft elements and categories, or to analyze separately the "social mind" from the "social brain" (and vice versa).

Such a separation is less problematic when the analysis is focused on relatively stable and mature social systems, which have evolved over time and have not undergone dramatic transformations. In fact, most researchers have traditionally constructed cultural generalizations (and theoretical profiles) on the basis of developed socio-economic systems, where cultural and institutional components complement rather than contradict each other. However, this is not the case in systems that have suffered a radical upheaval in a relatively brief period of time (e.g. the post-Soviet transition of Central and Eastern European countries). They have experienced dramatic institutional change (due to the transition from the centrally planned to the market economy and its institutions), they have built organizations based on radically different management models, and this structural change called for an appropriate cultural realignment. The new institutions and organizations are not necessarily supported and legitimized by the pre-existing cultural environment. In certain cases, the national cultures may not be as stable as suggested by Hofstede (1980, 2001). The periods of historical transformation lead towards cultural clashes between the "old" and "new" value systems, the erosion of the old cultural consensus even before a new cultural consensus takes hold. Therefore, the combination of different approaches becomes a necessity when analyzing these dynamically evolving systems. Yet the question remains whether the prevailing theoretical approaches (both culturalist and institutionalist) are sufficient for addressing the complexities of such environments.

The culturalist approach has at least four limitations, which become particularly obvious in the context of dynamically changing environment.

The first limitation of the culturalist perspective is its *post-hoc rationalization* (Wilkinson 1996). This means that cultural conclusions and generalizations are drawn after the events occur. In other words, cultural explanations are based on pre-established institutional routines and organizational practices. In relatively young socio-economic systems that have no long-standing structures, the culturalist approach is not fully capable of explaining the prevailing management models. Lubeck (1992) notes that every culture has a wide scope of cultural values, and quite often the specific values are selectively used to explain certain behaviors. In this way, culture (and its characteristics) becomes a "black box" that seems to provide a simplistic explanation to almost any social phenomenon. More often than not, such cultural generalizations tell more about the values of the researcher than the cultural environment under research.

The second culturalist limitation concerns its static approach and overreliance on history. Some of the key figures of the culturalist approach (Hofstede 1980; Laurent

1983) claim that national cultures change, but very slowly. Such claims are mainly based on historical observations (e.g. comparing cultural descriptions over long periods of time). Thus, cultural characteristics are linked to the historically evolved systems of values based on religion, prevailing ideologies and underlying philosophical views. Such a static long-term approach may be justifiable in explaining mature systems that gradually evolved over time, but not the “new” socio-economic systems that suffered many dramatic transformations over a relatively limited period of time.

The third limitation of the culturalist approach (especially, the *etic* stream) is the unclear relationship between the specific cultural characteristics (“inputs”) and cultural outputs. In other words, it is often open to the researcher’s interpretation which cultural values are responsible for which social phenomena. For example, different authors (Hofstede and Bond 1988; Shepard et al. 1989) provide rather diverse lists of “Confucian” values, and regard different sets of values as responsible for more or less the same outcomes. Did the success of Southeast Asian economies stem from hierarchical relations, respect for education, work ethics or long-term social commitments? For instance, Kolm (1985) relates their success to Buddhism, yet some new organizational practices often strongly contradict the traditional values that dominate the culturalist discourse. The explanations provided by the advocates of the cultural approach are often quite contradictory. Clegg et al. (1990) shows an example of the emerged Japanese consumer society that is often in contrast to some key aspects of Confucian ethics, such as perseverance and thrift.

The fourth limitation is insufficient attention to the socio-economic structures that surround cultural values, i.e. the impact of different structures on the cultural environment. O’Reilly (1996) notes that the emergence of certain organizational structures or institutions cannot be explained by values as the only variable. The advocates of the cultural approach devote insufficient attention to the political-institutional context. They often underestimate the institutional path dependencies, i.e. they disregard the fact that institutions stem not only from people’s cultural values, but they also shape socialization, behavioral routines and the cultural landscape (Offe 1994). Institutional factors, such as the labor market, corporate governance laws and structures, the educational system or industrial policy do not in most cases fully reflect the cultural environment of a specific country. Some institutional factors are increasingly shaped by supranational forces, so it is growing more and more difficult to relate them directly to some national cultural characteristics. This is particularly true in case of emerging economies that imported many institutional and organizational practices from the outside. Such dynamics lead to growing controversies and inconsistencies in cultural generalizations. It also calls for reconsideration of the approaches to cultural research, as well as the need to integrate an institutional perspective into the cross-cultural analysis.

The *institutional* approach focuses on the more tangible aspects of comparative research. For example, the advocates of the institutionalist approach explain the competitiveness of German firms not through cultural “intangibles”, such as the strong work ethic and discipline of employees, but through the institutional

elements that shape collective “cultural” behaviors: systems of education and vocational training, labor and industrial relations, corporate governance structures, laws and institutions. The changes in formal structures and rules (e.g. liberalization of labor legislation or financial markets) are more obvious in the short run than cultural changes, especially on the level of values. The institutional approach focuses more on the effectiveness-related aspects of organization. According to institutionalists, the effectiveness and performance criteria prevail over cultural factors (e.g. the work-related values of employees) when adopting a particular management model or business system. It can be assumed that, more often than not, the “hard” criteria of business performance prevail over the “soft” human factors in the emerging economic systems of the “latecomers” whose organizations undergo dramatic restructuring to maintain their competitive edge in global markets (often in disregard of the prevailing cultural dispositions). The institutionalists have a certain methodological advantage over the culturalists because they deal with the more tangible (and therefore more measurable) aspects of the social environment (i.e. regulations, structures). Hofstede (2001) agrees that in cases when a social phenomenon can be explained through institutional parameters one should not proceed with cultural generalizations, which are much more fundamental and long-term oriented. For example, the outcome of elections are better explained by the political and economic circumstances of the given moment rather than the deeply embedded cultural characteristics of the society. So at first sight, the institutionalists avoid the “black box” effect, which is quite obvious in cultural research.

The main limitation of institutionalist perspective is its static, deterministic approach and “dehumanization” of the social environment. The institutional system is seen as the outcome of historical evolution, but its embeddedness in the wider social environment is often disregarded. However, the emergence of institutional structures (and organizational forms) cannot be sufficiently explained by the rational economic interests and choices of system actors. The institutions are shaped by people (and their groups) with certain underlying cultural values and belief systems, which do not necessarily fall into a coherent model, but at times may even be contradictory.

3 Towards Greater Integration of Cultural and Institutional Perspectives?

The discourse on the relationship between culture and institutions is far from new. For example, the cultural anthropologist Clifford Geertz (1973) in his classic *The Interpretation of Cultures* notes that culture is “an historically transmitted pattern of meanings embodied in symbols, a system of inherited conceptions expressed in symbolic forms by means of which men communicate, perpetuate, and develop their knowledge about and their attitudes toward life”. It does not directly shape the

emergence of institutions, behaviors and organizational processes, but serves as their context. In a way, culture is an organic system that consists of mutually complementary and dynamically evolving elements, which help to manage the ongoing tensions in complex social environment. Anthony Giddens' classical theory of structuration rests on the concept of duality of structure and agency, since both aspects are involved in using and producing social actions (McLennan 2001). In other words, there is an ongoing interaction and co-evolution of cultural values and the institutional, as well as organizational structures they produce and are shaped by.

For understandable reasons, few researchers choose to enter the area of research that is "on the edge" of different disciplines, theories and methodologies. According to Gordon Redding, who is one of relatively few researchers treading this fine line, the space between cultural and institutional research remains "no one's land" in the social sciences (Redding 2008). Gelfand et al. (2007) notes that researchers face the greatest challenge to validate the theoretical dimensions and to link them in a convincing way with the cultural dimensions. Redding (2008) observes that modern social sciences have enough knowledge about the cultural diversity of the world's societies (thanks to cultural research) and about different forms of coordination and socio-economic behavior (thanks to institutional research), but their linkages are locked in the theoretical and methodological "black box".

Redding (2008) defines culture as a semantic space that preserves the collective meaning that a group of individuals agreed over time and which outlives any individual in that group. This explains why a strong ideal of paternalism found in Chinese culture and preserved in families was not destroyed by the coercive power of communist rule. In a way culture is perceived as collective knowledge that "belongs to everyone and no one", whereas institutions are more dependent on those who take care of them (Redding 2008). Therefore, culture is more deeply embedded in the fabric of the society. Sorge (2005) provides an illustrative metaphor by comparing society to a house. In different rooms, different human interactions take place; over time, as a result of this interaction, specific functions are attributed to the rooms, and only then is the furniture brought to the different rooms that corresponds to the function of the room. In this case, the "furniture" is the institutions that are adjusted to the evolved "systems of meaning", i.e. culture, or in the case of this example, different functional spaces. When a specific piece of furniture (i.e. institution) becomes unnecessary, it is changed. Without furniture (i.e. institutions), the house (i.e. society) is empty, does not perform its functions and does not meet the different needs of its inhabitants, but without interactions and meaning (i.e. culture), the furniture (i.e. institutions) only take up unnecessary space.

It is hard to disagree with the arguments about the reciprocal nature of the relationship between culture and institutions and that culture is the underlying concept behind the "system of meaning" in every society. On the other hand, such a line of reasoning idealizes and simplifies the social reality. Ideally, the institutions should be a natural extension of the prevailing cultural values by

following this logical sequence: after certain values and “systems of meaning” emerge in the society, they shape the need for a certain type of institutions, which are being formed and gradually changed to adapt to the changing societal needs and cultural priorities.

However, such linear thinking simplifies the complex social reality, especially as we observe dynamically evolving socio-economic systems. For example, the post-Soviet transition from central planning to the market economy, the impact of supranational institutions, the supremacy of legislation made in non-majoritarian bodies (e.g. in the EU) means that the newly emerging institutions (e.g. in the “new” economies of Central and Eastern European countries) are not necessarily the natural extension of local cultural values. It is quite likely that similar trends can be observed in other dynamically evolving systems (e.g. in Southeast Asia) that are open to the external influences of supranational bodies (e.g. global corporations). It challenges the theoretical illusion that institutions are the result of long-term cultural interactions—with a few exceptions.

First, as already mentioned, institutions can be the natural extension of cultural values in mature socioeconomic systems that evolved gradually over time with no major upheavals and crises (e.g. Switzerland, Sweden).

Second, the misfit of cultural and institutional environments is not likely to continue in the long run. The short-term institutional deviations are quite often “corrected” by the established cultural environment, just as the institutions have an effect on culture in the long run.

However, at least in the short run, societies that undergo dramatic changes often suffer from the misfit of cultural and institutional vectors. Any significant disparity between the emerging institutional structure and its cultural environment may lead to side-effects, tensions and reduce the performance of entire socioeconomic systems. Some institutional changes can happen “overnight”, but they will only have a long-term effect with the support of the cultural environment.

Isaak’s (1997) analysis of the post-War national economic “miracles” reaches a conclusion that these were due to the so-called “post-authoritarian stability”. All the researched countries have reached exceptional rates of economic growth and experienced dramatic changes in their institutional environment. However, these changes did not occur in a cultural vacuum, but were positioned within the existing cultural and institutional framework. The cultural context performs the role of filter for any institutional change and leads to the emergence of new forms of social behavior. Many of the historical “economic miracles” were former authoritarian regimes, but maintained strong traditional values (e.g. respect for education, family obligations), which served as a basis for institutional transformation. At the same time, they were gradually freeing themselves from the restraints of traditional culture (e.g. opening new opportunities for individual initiative and achievement). So this duality of *stability* and *change* (i.e. co-existence, not dualism) provides an opportunity for collective learning. Sociologists define collective learning as the process of social learning, which enables the adaptation of organizational behavior to changing environment without losing cultural integrity (Isaak 1995).

Any social system—society or organization—at any given moment in time can absorb only a limited amount of external influence. As already mentioned, the culture acts as a filter that “sorts out” these impacts, and provides them (or not) with legitimacy in a specific environment. If the system is too open and the number of impacts is excessive, the overabundance of institutional alternatives may conflict with the existing cultural values, and inhibit the processes of collective learning and disrupt the economic development. In such cases, Schumpeter’s (1942) warning may come true. It claims that the capitalist system, on a path towards effectiveness, may become too far detached from its cultural traditions that determined this growth and start to self-disrupt. If the system becomes too closed, it puts too many constraints and limits alternatives. It does not discover new growth opportunities, inhibit change and collective learning. Therefore, the dynamically developing systems need to find a proper balance between the continuity and change, the relatively stable cultural framework and external institutional (and other) influences.

Dynamically evolving systems are faced with multiple tensions and contradictions, which are of both cultural and institutional character.

In our research, we have tried to look into the complexities of the cultural profile of one dynamically changing economy and society—Lithuania.

4 The Cultural Complexities of a Transformation Environment: The Case of Lithuania

The choice of Lithuania for this type of research was determined by the fact that it has undergone major transformations from a centrally planned economy and being part of USSR to a market economy and being a current member of the EU. Thus, for the past few decades it undoubtedly has been a dynamically changing economy and society.

To achieve the research objectives, two popular methodologies of cultural research were combined—Hofstede’s (1980, 1991, 2001) methodology of *cultural dimensions* and Trompenaars’ (1984, 1993) methodology of *cultural dilemmas*. The first methodology enjoys enduring recognition in the academic world due to its extensive empirical basis (i.e. covers over 116,000 respondents in 72 countries) and conceptual conciseness (i.e. it compares cultures on the basis of only five empirically derived cultural dimensions). The second methodology is more popular among business practitioners and, although it also relies on the survey method, is more qualitative in nature and better addresses cultural complexity. Whereas Hofstede presents culture as the differentiating factor across nations (functionalist approach to culture), Trompenaars perceives culture as a dynamic, learning environment of managing the dilemmas of opposite values (e.g. individualism and communitarism) to create wealth. Either approach has its pros and cons, which have been widely discussed in the academic literature (Cooper 1982; McSweeney

2002a, b; Holden 2002) and by the authors themselves (Hampden-Turner and Trompenaars 1997; Hofstede 1996). The two questionnaires were only combined to address the specific objectives of research in a transition environment. The survey, which was carried out in Lithuania, covered 5311 respondents from various demographic groups and organizations.

As already mentioned, the research study had no ambition to replicate any of the original research by Hofstede and Trompenaars. It was not a comparative cross-cultural research study in a strict sense (it was carried out in one country only), and was more focused on intra-cultural diversity. Therefore, the research was based on a broad sample of respondents in one country (e.g. Hofstede claims the importance of well-matched narrow sample approach in different cultural settings).

None of the original research by Hofstede and Trompenaars included the countries of Central and Eastern Europe (then a part Soviet bloc), which were only later included into the global cultural matrix after conducting a number of individual studies. Many such studies, despite following strict methodological guidelines, have produced rather diverse findings (i.e. scores of cultural dimensions) even within the same countries.

Replication of Hofstede's original research in new countries is not the only challenge. Another problem is that most research is carried out in the best-educated parts of society (e.g. employees at leading firms or university students), which does not necessarily reflect the intra-cultural diversity that is potentially even greater in societies under transformation. Besides, the cultural dimensions, which are valuable in cross-cultural comparative research, are based on a linear approach to cultures and do not reveal the potential cultural contradictions, which can be expected under conditions of cultural and institutional change. The basic assumption of Hofstede's methodology that national cultures are extremely stable is not entirely convincing in the case of societies undergoing such transformation. One more potential limitation of Hofstede's methodology was revealed by Todeva (1999), whose research has shown that Hofstede's questionnaire measured the *perceived* values (i.e. what respondents think are dominant values in their cultural environment), but not the *internalized* values of the respondents themselves. Therefore, Hofstede's questionnaire had to be supplemented with Trompenaars' questions that directly address the individual choices of respondents in dilemma-type situations.

So in our research we had no intention to achieve clear-cut cultural profiles, but instead to reveal some inherent complexities and contradictions of the dynamic environment. Research was only focused on *work-related values*. Our survey included 5311 respondents from three samples (4312 respondents from a random sample; 536 respondents in a so-called "traditional" organization, which was formerly a state-owned quasi-monopoly firm, but later privatized by a large Scandinavian multinational and underwent radical restructuring; 463 respondents from so-called "innovative" organization that was involved in hi-tech activities and close to the original IBM profile in Hofstede's study). In this chapter, we only present a fraction of findings that reflect some key cultural trends in the dynamic transformation environment.

4.1 *Individual vs. Collective*

The respondent answers concerning the relative importance of individual vs. group goals were probably the most contradictory. It is particularly difficult to position the societies that underwent transition from the collectivist system of central planning towards the individualist system of a market economy on the classical *individualism-collectivism* dimension (Hofstede) or individualism-communitarianism “dilemma” (Trompenaars).

On one hand, the respondents reveal clear *individualist* preferences in their choices regarding the aspects of individual motivation, responsibility, performance and workplace requirements. For example, the absolute majority believes that it is more important for a new employee to have necessary competence (68 %) than to fit the work group (32 %); they also prefer a workplace that rewards individual initiative (73 %) over one where no one is distinguished personally (27 %); they have a very strong individualist position that employees should be rewarded on the basis of their performance (90 %) and not the size of their families (10 %); most respondents consider happiness to stem more from individual freedom and growth opportunities (76 %) than from taking care of other people at the expense of one’s own freedom (24 %).

The only exception to this *individualist* trend was the respondents’ expectation of a long-term commitment to an organization (85 %) and emphasis on workplace security. It can be argued that this trend reflects an overall job insecurity more pronounced in the transformation economies than some deep cultural aspect. For example, the European values study has shown that most Central and Eastern European societies attach greater relative importance to workplace guarantees due to overall social insecurity in their underdeveloped institutional environment (compared to Western counterparts). The same trend was confirmed by the respondents’ answers to Hofstede’s questionnaire, where they explicitly said that workplace security is of the utmost importance (survey was carried out outside their workplace, so full anonymity with regard to management was ensured). The same respondents who claimed that people should be rewarded for their individual performance, were much less categorical when asked about the potential job loss. They supported the statement that before firing, one should take into account the number of years an individual has spent with the organization (56 %), not only his/her performance (44 %). So it can be concluded that respondents are individualists in their personal preferences with the exception of aspects of job security.

On the other hand, the respondents show *collectivist* preferences when asked about the perceived ideal model of society/organization (i.e. not preferences that directly concern their individual interests as in the case above). The absolute majority support the strong social role of corporations by stating that profit should not be their only objective and that a firm must ensure the welfare of its stakeholders—employees, consumers, and the state (83 %). They are more convinced that competition law should allow business alliances and that firms would not consolidate against consumers (70 %). It complements the statement in Hofstede’s

questionnaire, in which the majority of respondents state that “competition does more harm than good”. This reveals a contradiction that, on the *system* level, a competitive environment is regarded in an unfavorable light, but, on the *individual* level, respondents place a strong emphasis on the incentives of competitive behavior (i.e. focus on performance, competence, and experience, not on social compliance).

One more similar contradiction is that on the *system* level, respondents declare that a firm is a group of people, whose mutual good relations are of utmost importance for business success (55 %), and not so much the “mechanical” system where people are hired to perform certain functions (45 %). However, when asked about their individual preferences as managers, the absolute majority responded that people should be adjusted to business functions (83 %), and not the other way around (17 %).

This gap between the *individual*- and *system*-level preferences is particularly telling about the cultural environment under transformation (in this particular case—from collectivist central planning to the individualist market economy). It could be argued that this gap is caused by methodological issues, i.e. people are always more individualist in the areas of their direct individual interest and more socially-oriented when declaring their expectations of social context. However, this statement is somewhat disconfirmed by the respondents from the “mature” socio-economic systems (e.g. USA, Japan, Germany, France). Compared to our respondents, their answers on the individual and system-levels are relatively coherent. For example, the American respondents in Trompenaars’ survey are strongly individualist both in their individual- and system-level preferences (i.e. priority on individual performance, short-term employment, task-culture in organizations, environment of free competition). The Japanese respondents, on the other hand, are consistently collectivist on both levels (i.e. priority on group performance, long-term organizational commitments, employee- and cooperation- focused culture in organizations and society).

There can be several explanations for such observed discrepancies.

First, the choices of respondents in the “mature” socioeconomic systems were over a long period of time constrained (“institutionalized”) by the prevailing cultural and institutional environment. The consistency of respondent answers, in a way, reflects the greater consistency of their cultural-institutional operational contexts that help them to achieve their individual goals. On the other hand, the respondents in post-Soviet societies may have an inadequate understanding of the functioning of the market environment, its institutions and the way they relate to individual preferences.

This gap may also reflect the objective reality of post-Soviet transformation societies where there is a common gap between the *perceived* and *internalized* values. Such a trend was observed in the European values study, where most respondents from Central and Eastern European (CEE) countries (Hungary, Lithuania, Estonia, Latvia, Bulgaria and others) were the most active *system*-level advocates of “love for nature” and a strong government role in protecting the environment, but were the most unwilling to contribute to environmental protection

individually by paying higher taxes. *Perceived* values are often a reflection of some idealized aspects of the former command economy (i.e. social orientation, lack of competition, etc.), whereas *internalized* values often reveal the more realistic operational choices of the respondents that reflect the new market conditions (i.e. individualist and materialist preferences prevail). Todeva (1999) conducted Hofstede's cultural survey among Polish students and discovered the differences in *internalized* and *perceived* norms of behavior. According to the author, it is due to the different research tools that a significant discrepancy can be found between what people perceive and communicate in public as the "established cultural norm", and what they have as an internalized cultural attitude and norm of behavior.

Some authors relate this duality to the legacy of the Soviet system and its prevailing double moral standards, i.e. incongruence between the publicly declared goals and real interests (e.g. socialist ideals vs. individual power aspirations). The research by Jucevičius (1995) has revealed the existence of a "double life syndrome" in Lithuanian organizations. The respondents in this research study have admitted the split between their *publicly declared* and *privately kept* values, and that it still impacts their patterns of behavior. Grigas (2002) observes the existence of "deformed individualism" in post-Soviet space.

A more institutional (instead of cultural) explanation to such a preference gap could be that the respondents in CEE countries show very low levels of institutional trust. In other words, there is an ingrained mistrust of institutions that guide collective actions (thus, the reason for tax evasion) and a focus on "privatist" solutions, which are not the reflections of "individualism" or "collectivism" in classical sense. Privatism expresses "the social position of being noncommittal to or uninvolved with anything other than one's own immediate interests and lifestyle".¹ In a way, the failed institutional experiment of the centrally planned economy has distorted the space of public action. Its effects have to be taken into account when making cultural generalizations in such contexts, especially along the individualist-collectivist dimension.

4.2 Rules vs. Spontaneity

Some of the most controversial findings concerned the respondents' approach to rules and behavior in uncertain situations. It is again quite difficult to locate the transformation societies in the continuum of *high vs. low uncertainty avoidance* (Hofstede) or the *universalism vs. particularism* cultural scale (Trompenaars) due to some observed contradictions.

On one hand, the respondents in our survey have a tendency towards *higher uncertainty avoidance* as they prefer to have clear-cut answers to most work-place situations; there is a strong need for clearly defined responsibilities—the situation

¹The American Heritage Dictionary of the English Language, 4th Edition.

of having to report to several superiors should be avoided at any cost. The above mentioned negative approach to competition as a destabilising factor also indicates desire to avoid uncertainty or unpredictable situations. When faced with the conflict between interpersonal relations (e.g. helping a friend) and breaking the organizational rules, they still tend to follow the organizational rules, but only in cases when they consider these rules as serving their (and the organization's) best interests. This then implies a degree of "pragmatic" universalism in respondents' cultural choices.

On the other hand, the respondents have a quite flexible and pragmatic approach to rules. Despite the general need for organizational rules and structured situations, rules can be easily broken with a pragmatic end in mind. Thus, rules are not perceived as an instrument for the solution of practical problems. Although Hofstede describes high uncertainty avoidance by emotional (not practical) need for rules, in the Soviet context, breaking rigid formal rules was often a practical matter of quite practical survival. The substantial division between the "formal" and "informal" sectors in post-Soviet societies is a legacy of the previous institutional regime, while the traditions in rule of law are only beginning to emerge. Such a transformation environment has an inevitable effect on the "cultural" perception of the role of rules.

4.3 Hierarchy vs. Democracy

The research on power-related cultural characteristics produced probably the least controversial results. The majority of respondents placed a high importance on hierarchical structures and behaviors. They prefer to have a superior who does not involve employees in the decision-making process and takes full responsibility for decisions. There is an explicit need for clearly defined hierarchical responsibilities, whereas initiative "from the bottom" is considered by subordinates as a source of potential danger and instability. A democratic style of management is likely to increase the level of stress in the workplace. According to the respondents, it is the power to make decisions and not higher technical competence that characterizes a good manager. Good working relations with a direct superior are regarded as an important workplace guarantee.

This preference for hierarchical relationships may stem from the lack of democratic traditions in economic governance and the overall search for stability in a volatile transformation environment. Hierarchy is often regarded as a substitute for rules as a stabilizing factor in the dynamic social system with an unsettled institutional framework.

On the other hand, one can also observe a certain paradox in the *need for hierarchy* and the *mistrust of authority*, which is rooted in the historical tradition of detached and alienated elites.

4.4 *Intra-Cultural Diversity of Transformation Societies*

The survey has produced some other interesting cultural findings that fall outside the mainstream focus of *etic* cultural studies and reflect the specifics of the dynamic environment. It has shown the emerging and growing cultural gap between the “traditional” and “innovative” parts of society. The above-mentioned findings reflect the dominant factor in the sample or the “traditional” part of the society. However, the complex transformation environment cannot be evaluated by measuring the “average temperature in the hospital”, i.e. it is important to consider the diversity of its demographic-professional subgroups. The findings show that younger people (under 24 years of age) as well as people with higher education and higher professional positions represent a distinctive and coherent cultural subset, which in all cultural aspects contradicts the prevailing “traditional” cultural profile, i.e. they are more egalitarian, rely on spontaneous organizational solutions and stress individual freedom and personal economic objectives. The same can be said about people who are working in the “new”, technology-intensive sectors, such as ICT. So on one hand, there is a “traditional” part of society with its preferences that favor bureaucratic, hierarchy-based forms of governance. On the other hand, there is an emerging more dynamic or “innovative” part of society with its spontaneous, entrepreneurial and market-based value system.

It is an important management challenge how to make the best proper use of such a rich cultural repertoire and to turn these potential tensions into creative synergies.

5 Conclusions

The traditional culturalist methodologies in comparative international management studies traditionally draw on the *etic* approach to culture. The *etic* approach reduces the complex concept of culture to the sum of different categories (dimensions) that are measured in isolation. Such a reductionist approach might be appropriate for illustrating the differences across relatively mature and stable cultural systems. However, its explanatory power for dynamically evolving cultural and institutional environments is limited.

The existing cultural methodologies rely on valuable questionnaires, which allow one to identify the internal inconsistencies and contradictions of the transformation environment. The sharp differences between *individual*- and *system*-level preferences are one of the most interesting cultural phenomena of post-Soviet transformation societies and organizations. However, they would not be noticed if we relied on the traditional dimension-based approach to cross-cultural differences. The distinctive cultural pattern of the youngest and most educated part of the population would also be disregarded as statistical outliers in the general sample.

Successful management of intra-cultural diversity can become a potential source of competitive advantage, but it calls for adjusting mental and theoretical models, which are too often dominated by simplistic linear thinking and based on static cultural categories instead of dynamic relations.

As already mentioned, our research was primarily intra-cultural, which is both its strength and limitation. Further research to be carried out along similar guidelines should encompass a greater diversity of national and transformational contexts (e.g. not only the post-Soviet cultural space). Besides, as the organizational contexts grow ever more dynamic, there is also a need to adopt the complexity science perspective to culture studies. This means that the newly emerging methodologies should embrace the approach to culture as a complex dynamic system.

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Intercultural Interactions in Traditional and Positive Perspectives

Małgorzata Rozkwitalska

Abstract The aim of this chapter is to integrate the negative and positive perspective on intercultural interactions by implementing psychological theories, which can help to explain the inconclusive results of prior studies. Social identity theory, the similarity-attraction paradigm, and, yet to the lower degree, social dominance theory are theoretical underpinnings of the negative view of the relationships between culturally diverse individuals. The positives of intercultural interactions have been interpreted on the basis of information-processing theory and intergroup contact theory. Recently, the Positive Organizational Scholarship lens has been applied to cross-cultural research as well to foster the positive approach to cultural diversity. This chapter moves further, since it attempts to elucidate intercultural interactions at work by referring to the theories that have been rarely implemented in cross-cultural studies so far. Thus, Bandura's social learning and social cognitive theory, thriving, the Job Demands-Resources model and the transactional theory of stress are shown as the theoretical framework for the discourse.

1 Introduction

Due to globalization, multinational companies (MNCs) have become an inherent element of the world economy. They are considered to be multicultural spaces since they consist of members, who represent various, frequently very distant national cultures. As a result, those individuals are involved in intercultural interactions. They face serious challenges caused by cultural diversity, thus, not surprisingly, the negative view of contacts among members of different cultures have dominated prior studies (see e.g. Hernández-Mogollon et al. 2010; Luo and Shenkar 2006; Rozkwitalska 2012; Sano and Martino 2003). Nevertheless, such relationships may be positive and frequently contribute to individual, group and organizational success. Hence, recently some authors have also attempted to investigate the positive

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outcomes of employee cultural diversity (e.g. Dikova and Sahib 2013; Mannix and Neale 2005; Roberge and van Dick 2010; Stahl et al. 2010; Stahl and Tung 2014; Stevens et al. 2008). This positive perspective in the literature and research still requires better documentation and explanation, especially if MNCs and the working relationships of their subsidiaries' staff are considered. As claimed by other scholars (Stahl et al. 2010; Stahl and Tung 2014), prior research is biased, since the negative view prevails in research and still much less is known about the positives of intercultural contacts than about the problems. Thus, more effort is needed to explain the phenomenon of intercultural interactions at work (Shore et al. 2009).

The chapter responds to the above calls. Its aim is to integrate the negative and positive perspective on intercultural interactions by implementing psychological theories, which can help to explain the inconclusive results of prior studies. First, it provides an overview of theories that have been applied in prior research to explore intercultural interactions. Then, it offers a look at intercultural interactions from the Positive Organizational Scholarship lens. Afterwards, it also attempts to integrate the negative and positive perspectives on cultural diversity by implementing psychological theories that can help to explain inconsistencies in previous studies. Finally, conclusions, contributions and directions for future research are put forward.

2 Theoretical Underpinnings of Intercultural Interactions' Outcomes

2.1 *Intercultural Interactions as "Double-Edged Sword"*

2.1.1 The Problem-Focused View on Intercultural Contacts

The more traditional, problem-focused view of cultural differences among people emphasizes that such differences pose barriers to performance and are a kind of a liability, leaving "managers in multinational teams and companies discouraged about their chances of achieving potential synergies" (Stahl et al. 2010, p. 440). This perspective holds that the distance and novelty embedded in intercultural interactions are source of incompatibility, consequently leading to discordance, frictions and conflicts (Stahl and Tung 2014).

Social identity theory, further extended by self-categorization theory (Tajfel and Turner 1986), is by far the most influential theoretical perspective, which has been adopted in research to explain the dynamics of multicultural staff and problems caused by multiculturalism in organizations (e.g. Coates and Carr 2005; Cooper et al. 2007; Loh et al. 2009; Luring and Selmer 2012). Its central assumption is that people define who they are in terms of their group membership (in-group) and, in parallel, in relation to another group (out-group). Moreover, each human being wants to hold a positive self-image. Groups give individuals a sense of belongingness and satisfy a need for self-esteem. People classify others into groups, which

accentuates the differences between groups and similarities inside the in-group. As a result, a person is seen as a group member rather than as an individual, which fosters a stereotypical view of others. In the process of social identification, individuals identify with one or more groups to which they belong and their self-concept is being created. In order to maintain a positive self-image the social comparison process ensues, where in-groups need to be compared favorably with out-groups. If the value of others is diminished, it may lead to prejudice and discrimination toward them. As a result, “intergroup interaction and communication become more difficult as members consciously draw a wall or boundary between themselves and the people they consider as outsiders” (Loh et al. 2009).

Taking into account that individuals are members of various groups (e.g. professional, organizational, national, etc.), especially in the context of MNCs, it is not clear which of the identities will be the most salient in shaping their behaviors (Hogg and Terry 2000). For example, working in MNCs may create a new basis for self-categorization and build among employees the identity of being a member of an exceptional diverse team or organization and belonging to a brand new class of labor force. Furthermore, speaking foreign tongues, different language proficiency levels among MNCs’ staff and even a choice of media used in communication in intercultural interactions can also be sources of categorization (Lauring and Selmer 2011; Klitmøller et al. 2015). Such overlapping group memberships in MNCs may result in social identity complexity, which reflects that “an outgroup member on one category dimension is an ingroup member on another” (Brewer and Pierce 2005, p. 430). Prior research demonstrates that this reduces the significance of any of multiple identities of a person and contributes to more favorable attitudes toward multiculturalism (Brewer and Pierce 2005; Freeman and Lindsay 2012).

Similarity-attraction theory (Byrne 1971) posits that a similarity of attitudes, values, beliefs, personality characteristics, social status, habits and even physical attributes facilitates interpersonal attraction and liking. Such similarity provides corroboration that a person’s opinions, views, values, etc. may be correct, since others share them. Furthermore, knowledge of similar attitudes can enable individuals to predict others’ behaviors and has rewarding consequences by reducing uncertainty in interpersonal relationships and providing comfort and confidence. People’s need for social validation compels them to compare themselves to others and to like similar others. “Liking and similarity reinforce one another and create a strain toward symmetry. People will avoid communicating with those they dislike or with those who hold opinions or views differing from their own as a means of reducing the strain produced by the disagreement” (Mannix and Neale 2005, p. 39). Similarity helps to create a sense of belongingness and self-image. The paradigm allows for the assumption that surface-level differences will imply differences in underlying attributes, since they serve as “a “proxy” for a set of experiences that can lead directly to the formation of specific attitudes” (Mannix and Neale 2005, p. 40). On the basis of the similarity-attraction paradigm it can be inferred that people experience more cohesion and social integration and their relationships manifest more trust and reciprocity in a homogenous group than in diverse ones

(Li et al. 2002). Therefore, cultural differences in MNCs will not be attractive because they exhibit a lack of similarity among their employees and consequently a lack of liking. Dissimilarity may additionally result in poor communication, conflicts, decreased satisfaction, barriers to knowledge sharing, process loss, discrimination, etc. in intercultural interactions (Stahl et al. 2009; Luring 2009; Lin and Malhotra 2012; Mamman et al. 2012; Liu et al. 2012). The research of van Veen et al. (2014) and van Veen and Marsman (2008) also suggests that similarity is a matter of importance in hiring international board members in European companies, including MNCs, and the national diversity of board members is not high among European MNCs. Nevertheless, with regard to the theory, it is also worth mentioning that people with a high need for uniqueness may find similarity to be threat to their distinctiveness, i.e. the self-other similarity can be aversive (Snyder and Fromkin 1980). Accordingly, diversity will be more attractive than similarity, which has already been noted in prior studies. For example, Stahl et al. (2010) imply that working in a multicultural environment may satisfy a person's need for variety and some people express great curiosity about cooperation with people from other cultures.

In studies on working in a multicultural environment *social dominance theory* has been applied to a relatively limited number of works (e.g. Carr et al. 2001; Coates and Carr 2005; Magier-Łakomy and Rozkwitalska 2013), mainly in the context of migration. However, it may offer additional theoretical underpinnings about barriers in intercultural interactions. The theory allows the assumption to be drawn that the country-of-origin of a person may impact how s/he is perceived by locals. Namely, individuals from less socio-economically dominant countries are likely to suffer from prejudice and their professional competence will be evaluated as lower. The personality traits known as social dominance orientation, drawn upon the theory, predicts prejudice in interpersonal contacts (Leong and Liu 2013; Harrison 2012).

2.1.2 Positive View on Intercultural Interactions

The positive perspective on intercultural contacts, while it seems useful for increasing effectiveness of multicultural staff, is remarkably less common in research (Stahl et al. 2010; Stahl and Tung 2014). Stahl and Tung (2014) demonstrate that current theory and studies are too problem-oriented and overemphasize the liabilities of cultural differences. In particular, scholars focus too much in their theory building endeavors to expose potential difficulties, while prior research reveals a more complex or mixed picture. Nevertheless, Stahl and Tung (2014) noted a slight trend towards decreasing negativity over time in the theoretical assumptions regarding intercultural contacts. Still, they rather did not observe such a trend in the empirical papers they analyzed.

The positive view on cultural differences among staff has been substantiated by information-processing theory. Intergroup contact theory also contributes to understanding of the positives in intercultural contacts.

On the basis of *information-processing theory* interactions in groups can be seen as information processors, whereas the way information is used affects group performance. Individuals acquire information from interactions with their surroundings, including others, while the context, in which they function, delivers a processing objective. Their individual capacity for information-processing is limited, thus they pay attention only to certain information while ignoring other information. The processing of information results in a response, which includes decision making, inference, forming an opinion or solution. The information processing phases, i.e. attention, encoding, storage and retrieval, are of vital importance here (Hinsz et al. 1997). The theory and research based on it make it possible to imply that the deep-level sources of cultural diversity of the workforce, since it offers access to individuals that operate in various personal networks, are from different backgrounds, use their unique sources of information, experiences, mental models, cognitive perspectives, and have differentiated expertise and skills, influence all the information-processing phases. The different perspective that people bring to the group can even impact processing objectives as well as how much information is heeded. The cultural diversity of staff affects the interactions among them and the way of approaching the same cognitive task (Hinsz et al. 1997). It may also prevent groupthink and boost the capacity for creativity and innovative problem solving, because diverse individuals manifest greater inclination to examine the problem at hand thoroughly. It stimulates deeper analysis and provokes constructive conflicts. Further, it may contribute to synergy and improve the performance of a group. These positive outcomes can be attained if multicultural staff bring deep-level elements of cultural diversity to the fore and exhibit an openness to them (Stahl et al. 2010; Stevens et al. 2008; Mannix and Neale 2005; Luring and Selmer 2012).

Intergroup contact theory posits that the more contact people have with dissimilar others, the more positive their attitudes toward them will be, because intergroup contact reduces prejudice. Frequent and extensive contacts between groups diminish stereotypical perception of outgroups, help people to see similarities among people, which activates liking (in accordance with similarity attraction paradigm) and improves reciprocal relations (Pettigrew and Tropp 2008). Prior research identifies facilitators of positive intergroup contacts such as equal group status within a situation, a clear common goal, cooperation or interdependence between groups and the support granted by the authorities, by law or by custom (Roberge and van Dick 2010). Moreover, Leong and Liu (2013) indicate that intergroup contacts foster positive intercultural interactions when such contact occurs in “an equitable, intimate, and non-threatening environment” (p. 659). Some scholars also refer to the idea of common in-group identity as an enabling factor in intergroup contacts that require the creation of a salient, attractive superordinate category, which is to replace prejudice in favor of identification at the superordinate level (Brewer and Pierce 2005). In case of MNCs this may indicate the need to establish a common organizational identity. Still, interpersonal contacts between outgroups are a prerequisite of prejudice reduction, which in a multicultural work environment can be easier, since employees are motivated to foster relationships with diverse

others due to common goals. A positive intercultural climate can also stimulate intergroup contacts and improve mutual relationships (Luijters et al. 2008).

2.2 Positive Organizational Scholarship and Positive Intercultural Interactions

Among other factors, Positive Organizational Scholarship (POS) has recently inspired scholars to look at the bright side of cultural differences among individuals (Davidson and James 2009; Stahl et al. 2010; Przytuła et al. 2014; Rozkwitalska et al. 2014; Rozkwitalska and Basinska 2015a, b; Youssef-Morgan and Hardy 2014; Stahl and Tung 2014). POS is an emergent field of study in the organizational sciences and it especially focuses on the positive effects and attributes of both organizations and their members. Scholars concentrated on POS attempt to unravel how various organizational dynamics produce positive or unexpected outcomes. Interactions as a specific type of relationships are seen as explanatory mechanisms that can generate beneficial effects, e.g. creativity or satisfaction (Cameron & Spreitzer 2013). In the view of Stahl and Tung (2014), POS may help to redress the imbalance in studies on intercultural interactions and explain the “double-edged sword effects” in previous research. They also postulate that new theoretical models should be built to examine the positive aspects of cultural differences and account for the mixed effects reported in earlier works. This section and the next one respond to their calls.

In more traditionally-oriented studies intercultural interactions are defined as effective if the interacting people exhibit good personal adjustment, namely contentment and well-being, develop and maintain good interpersonal relationships with one another and effectively achieve task-related goals (Thomas and Fitzsimmons 2008). POS may broaden the research perspective on intercultural interactions. It allows looking at them twofold, as high-quality connections and positive work relationships. While connections refer to interactions that are momentary and short term, relationships are enduring and lasting. High-quality connections are marked by vitality, mutuality and positive regard. Despite their momentary and short term features, they have a lasting positive influence on people and organizations as they enhance, for example, organizational commitment and foster learning and growth (Wayne and Dutton 2009). Positive work relationships are mutually beneficial to the involved parties, which means that they include positive states, processes and outcomes. Like high-quality connections, the attributes of positive work relationships are vitality, mutuality and positive regard, yet they are subject to changes and are longer lasting. Research demonstrates that the quality of work relationships makes a difference in such key outcomes as e.g. satisfaction, commitment or performance (Kahn 2009).

Intercultural interactions involve multiple forms of contacts among people from different cultures, from momentary to enduring and short term to lasting ones

(Molinsky 2007). Davidson and James (2009) ascertain that it “is this attitude of learning about the other that is critical in building strong and sustained positive relationships across difference” (p. 138). They should also be marked by vitality, mutuality and positive regard, and if accompanied by reciprocity, intercultural interactions will result in positive social capital (Wayne and Dutton 2009). Positive intercultural interactions should therefore have several core features. First, the interacting parties need to manifest authentic affection and positive regard for one another. Second, they have to be open to ongoing learning. Third, people in intercultural interactions should manifest engagement despite the challenges encountered in such relationships. Finally, the interactions have to lead to effective work, careers and development, i.e. produce positive outcomes (Davidson and James 2009). Learning, as a critical antecedent of positive intercultural interactions, occurs when a person interacts with others whose values, perspectives, approaches to problem solving, etc. differ from those that s/he presents. Drawing upon social identity theory, Davidson and James (2009) infer that individuals in intercultural interactions are faced with conflict, which is experienced due to expectations held about others. Transforming the experienced conflict into learning can further positive relationships. Nevertheless, it depends on whether persons are sufficiently invested in the relationships and are able to adopt a learning approach, i.e. they have the necessary skills and, as other researchers suggest, present a significant capacity for positive psychological capital (Youssef-Morgan and Hardy 2014; Reichard et al. 2014; Dollwet and Reichard 2014).

Another theoretical contribution to understanding positive intercultural interactions is the seminal work of Stevens et al. (2008) on all-inclusive multiculturalism. This is an approach to multiculturalism that emphasizes diversity, which includes all employees, both minorities and non-minorities. It recognizes the role of differences and acknowledges them. Yet it also addresses non-minorities concerns about exclusion and disadvantage. According to Stevens et al., all-inclusive multiculturalism will develop positive relationships at work.

Stahl et al. (2010) also attempted to employ the POS lens to explore the outcomes of positive interactions in multicultural teams, such as creativity, satisfaction and communication effectiveness. With regard to creativity, they noted that intercultural contacts in teams may enhance the creative processes, preventing or delaying groupthink. Satisfaction is likely to occur in intercultural interactions, as noted earlier, since it satisfies a person’s need for variety and adventure. Additionally, it may result due to effective surmounting of cultural barriers. Finally, communication effectiveness is likely to improve if the surface-level cultural characteristics of teammates cease to act as a barrier, interpersonal trust ensues and individuals begin to focus on the deep-level aspects of cultural diversity.

Additionally, Youssef and Luthans (2012) proposed a developmental conceptual framework of positive global leadership as a vehicle that will help leaders “to turn their limited interactions with their followers into invigorating and elevating experiences” as well as “teachable moments and intentional, planned trigger events for development, growth, trust-building and intimacy” (p. 543). In other words, positive global leadership is a means to establish positive intercultural interactions at

work. Youssef and Luthans portray positive global leadership as a systematic and integrated manifestation of leadership, over time and across cultures, which enhances the potential of people and organizations.

Rozkwitalska and Basinska (2015a) implemented the POS approach in an analysis of the impact of intercultural interactions on job satisfaction in MNCs and the inconsistent results concerning this in previous, rather limited number of studies. They constructed a model of the links between intercultural interactions and job satisfaction. It considers job satisfaction in a broader concept of work-related subjective well-being, which reflects the cognitive and affective components of job satisfaction, while the affective one is included in emotional balance. It also assumes that intercultural interactions further employees' thriving, contributing to their subjective well-being. Moreover, the model highlights that various aspects of work in multicultural environments relate to job satisfaction and emotional balance in a different way, which may explain the inconclusive findings in prior studies.

Another example of the POS lens in research on intercultural interactions regards thriving in multicultural work settings of MNCs (Rozkwitalska and Basinska 2015b). In contrast to the studies mentioned above, this research reports the empirical findings from two MNCs. The authors infer that individuals who thrive in MNCs appraise their specific job demands as challenges. The multicultural work setting is highly demanding, yet MNCs enable their employees to cope with potential difficulties, which enhances their learning and triggers more positive than negative emotions. Furthermore, they note that the learning component of thriving is more significant than vitality.

3 Job Demands, Resources, Cognitive Appraisal and Intercultural Interactions' Outcomes

3.1 Social Learning and Thriving in Intercultural Interactions

Adopting a learning approach in intercultural interactions keeps the promise of developing high-quality connections and relationships (Davidson and James 2009). Social learning theory, social cognitive theory (Bandura 2001) and thriving (Spreitzer et al. 2005) help to explain how intercultural interactions may foster learning.

According to *social learning theory* (Bandura 1977), behavior is learned from the environment as the process of observational learning takes place. Intercultural interactions confront individuals with exceptional learning opportunities, since people may mutually observe behaviors, values, beliefs and attitudes of the other person and consciously decide if they want to adopt them or not (learning occurs in both cases). Attention, as the antecedent sub-process of learning, can be even

greater in a multicultural work setting, because it is attracted by behaviors that may be seen as novel, while motivation for learning can be additionally strengthened by MNCs, e.g. via job resources that facilitate interactions (Bakker et al. 2010).

The agentic perspective of *social cognitive theory* (Bandura 2001) allows for a more thorough explanation of learning in intercultural interactions. It states that personal agency functions within an extensive network of social interactions. Agentic transactions involve individuals as producers and products of social systems. Since intercultural interactions are more demanding than common interpersonal interactions, individuals are compelled to be active and learn, which makes them agents in such contacts. Additionally, job resources help people to be active and agentic, while accessibility of these resources enhance collective agency (Bandura 2000).

Being agents in intercultural interactions at work can be perceived via *thriving*. Thriving is congruent with flourishing, yet it is a somewhat narrower concept (Bono et al. 2013). Thriving reflects two conscious psychological states, namely a sense of vitality and learning (Spreitzer et al. 2005). Vitality refers to the positive experience of energy and aliveness and is seen as positive energy (Quinn 2009), whereas learning reflects that one acquires knowledge and skills and is able to use them, and it strengthens his/her sense of competence and efficacy. The concept assumes that work and the social context interplay, promoting positive employees' functioning. Thriving is a self-adaptive process and it supports the growth of people (Paterson et al. 2014). It further posits that organizational learning only takes place in social interactions. Thus, intercultural interactions may show areas for necessary improvements and how to implement them (Carmeli et al. 2009), which is the essence of learning, and additionally invigorates vitality (Quinn 2009). Challenges that individuals face in intercultural interactions are a natural source of learning and development of their competency and generate various feelings and states. Moreover, thriving enhances not only individual outcomes such as job satisfaction, but it also contributes to organizational ones such as creativity and innovation (Rozkwitalska and Basinska 2015b).

3.2 Job Demands and Resources, Cognitive Appraisal and Intercultural Interactions

3.2.1 The Job Demands-Resources Model and Intercultural Interactions' Outcomes

According to *the Job Demands-Resources model* (JD-R), although every job may have its own characteristics, the factors, which constitute them, can be grouped into job demands and job resources. Job demands reflect the various aspects of the job (i.e. the physical, psychological, social, or organizational ones) that involve sustained physical and/or psychological effort, resulting in certain physiological and/or psychological costs. Demanding intercultural interactions can be examples

of such job demands. Additionally, employees in MNCs are confronted with cultural differences, multilingualism and a need to adjust (Rozkwitalska and Basinska 2015a), which can be seen as specific job demands in multicultural environments. JD-R assumes that job demands are not negative by their very nature, yet they may transform into job stressors.

Job resources, the second element in the model, refer to the various aspects of the job that are either helpful in achieving work goals or reduce job demands and the costs associated with them, and activate individual growth, learning and development (Bakker et al. 2010). With regard to MNCs, job resources that can leverage their challenging job demands are as follows: language training courses, ICT-enabled communication, special diversity initiatives, organizational culture, etc. Job resources play a motivational role because they are instrumental in achieving goals. JD-R posits that there are different combinations of job demands and job resources that affect employee well-being. However, the highest level of motivation can be attained in the combination of high job demands and high job resources, because resources are especially salient when job demands are challenging. Moreover, job demands are seen as predictors of job strain, whereas job resources may predict motivation, learning, commitment and job engagement (Bakker et al. 2010).

In the context of MNCs, job demands appear to be highly challenging. Thus, if they are combined with a sufficiently high level of job resources, intercultural interactions will likely produce many positive outcomes for both individuals and organizations.

3.3 Cognitive Appraisal and Intercultural Interactions' Outcomes

The transactional theory of stress may provide additional elucidation of the “double-edged sword” results of intercultural interactions. Namely, it permits one to see working in multicultural environments of MNCs and handling intercultural interactions as a stressful situation, where the outcomes of the interactions that people can derive from them relate to their cognitive appraisal of the situation.

There are two kinds of cognitive appraisals when a person encounters a stressful situation, i.e. primary appraisal and secondary appraisal (Lazarus and Folkman 1984). The former occurs when the individual evaluates an event or situation (e.g. face-to-face communication with a manager from another country) as potentially hazardous to his/her well-being. The latter refers to the individual's assessment of his/her ability to manage the event or situation (e.g. his/her level of proficiency in speaking a foreign language), which, in fact, is an estimation of the repertoire of the individual's coping strategies that occurs with regard to, yet not necessarily after, a primary appraisal. The cognitive appraisal process is then the subjective interpretation of the situation and whether or not the individual perceives that s/he has the inner and/or outer resources to cope with it. Consequently, the

outcomes possible for an individual and the very organization depend on the appraisal and the resulting coping resources implemented by the person to deal with the situation.

There are three kind of stress identified by Lazarus (1993), i.e. harm, threat and challenge. Each of them has different consequences for a person as well as his/her employing organization. Harm is an appraisal of the situation as a physical or emotional loss that has already been done. Threat means potential future harm, while challenge carries the potential for positive personal growth by applying coping resources to mitigate the stressful situation.

After the situation has been appraised by the individual, a behavior called coping follows that involves the decision about which behaviors to implement (Lazarus and Folkman 1984). A person may employ problem-focused coping (e.g. gathering necessary information, analyzing various options, conflict resolution, etc.) or emotion-focused coping, which involves positive reappraisal of the situation (e.g. an employee who felt offended in intercultural interactions may reinterpret the behavior of the other party as caused by his/her different cultural norms). Thus, the theory stresses that if a person evaluates a demanding situation, such as being involved in intercultural contacts, as a challenge rather than a threat and s/he employs an efficient coping strategy, the consequences can be positive.

4 Concluding Remarks

4.1 Conclusions

The overview of theoretical frameworks used in studies on intercultural interactions basically reveals how complex a phenomenon they are. Although there is ample literature that deals with the phenomenon, still researchers struggle to fully explain its genuine nature. The former contradictory findings call for additional explanations.

This chapter contributes to a better comprehension of the inconclusive results of intercultural interactions. Moreover, it embarks on positive cross-cultural scholarship research, since it provides a review of prior works on cultural differences that applied the POS lens and integrates the negative and positive views on intercultural interactions by referring to several psychological theories that are rather rarely employed in studies on the phenomenon.

This discourse shows that working in MNCs and dealing with intercultural interactions confront individuals with high job demands and that, due to cultural differences, they may hold negative expectations towards people from foreign cultures, which pose the risk of conflicts. However, how they handle the situation (i.e. job demands) depends on their cognitive appraisal. High job resources offered by MNCs as well as a positive evaluation of inner skills may help them to ascribe to the situation the meaning of challenge and to apply an appropriate coping strategy,

be an agent and learn. Furthermore, such a motivating work environment can invigorate vitality, contribute to people's thriving and other positive organizational outcomes, as a result of cross-social identities.

4.2 Contributions and Directions for Future Research

The analysis above may indicate what appears to be the missing element in earlier research and the resulting inconsistent findings. Namely, the previous studies have not treated working in MNCs and being involved in intercultural interactions as job demands and they have omitted the role of the appraisal of those job demands in shaping individual responses to them and their outcomes, such as e.g. thriving. Thus, the chapter supports the traditional perspective in the research as well as positive cross-cultural scholarship.

As the above discussion reveals, positive cross-cultural scholarship as a scientific inquiry is rather in an initial phase. Specifically, it requires more empirical studies that will show intercultural interactions to be explanatory mechanisms for various positive outcomes for both individuals and MNCs as well as what conditions that those relationships will be marked with vitality, mutuality and positive regard. Theoretical works still by far dominate the debate. Additionally, the application of the psychological theories mentioned above highlights the need to empirically explore the role of MNCs in determining the outcomes through a mediating factor of job resources. Therefore, future research may build on the theoretical underpinnings of the chapter.

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From Linnaeus to Darwin. From Cultural Grid to “Going Native”

Sławomir Magala

We have to look for power sources here, and distribution networks we were never taught, routes of power our teachers never imagined or were encouraged to avoid. . . we have to find meters whose scales are unknown in the world, draw our own schematics, getting feedback, making connections, reducing error, trying to learn the real function. . . zeroing in on what incalculable plot?

(Thomas Pynchon, “Gravity’s Rainbow”, 1974/2016)

Abstract Sociocultural evolutionary developments are games with no predictable outcomes and can be divided into two types from the viewpoint of cross-cultural, i.e. comparative and historical studies. Across the fields of cultural research, one methodological difference in learning about our understanding and awareness looms as large as a continental divide.

On the neo-neo-positivist side, theoretical grids are produced, and when applied to empirical—pre-baked data, they tend to generate comparative analysis of all the world’s cultures. Dimensions and rules are supposed to apply universally and one grid implicitly fits all cultures, close and distant, large and small, new and old. Comparative cultural studies are reducible to a library of area files gradually filling the cabinets designed by Linnaeus – for organizational or artistic, national or professional, generational or paradigmatic, religious or spiritual cultural artifacts. Characteristics or dimensions are as predictable as rules of bridge or poker, and dimensions can be gradually reduced to those most relevant for influencing human behavior.

On the humanist, qualitative, interpretative side of the methodological divide, often criticized as “soft” or “postmodernist”, a search for continually (re)negotiated values, for contingent and emergent ecologies of mind and for a humanist coefficient draws attention to open-ended cultural creativity and to the humanist attempt

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to “go native”. One size of theory does not fit all, a single typology does not hold true everywhere and forever, and the evolution of cultural species includes the evolution of knowledge production and use. What does it mean for the concept of a manageable evolution of complex knowledge democracies navigating our self-understanding and our identity-formation under the looming shadows of power struggles and emergent, aggressive genetic and data technologies?

1 Historical Background: How Paradigms Won

Universities have universality in their very names: they are supposed to reflect the universe in the maps of realities they produce. Knowledge is produced by discovering, detecting, inventing and designing. Knowledge history has been studied from many diverse points of view, but most frequently it is re-written by powerful political managers allying with the epistemological, cognitive victors in paradigmatic or political battles. For instance, the history of the present day philosophy of science has been influenced by the victory of Thomas Kuhn over Sir Karl R. Popper. Kuhn’s reconstruction of the structure of scientific revolutions appealed to the academic communities more than did Popper’s attempt to preserve the assumption of a continuity of the evolutionary growth of objective knowledge. The context of their debate echoed an earlier clash between the post-Keynesian economists from Cambridge and the Chicago school of economics—the Americans won and went on to fly the official paradigmatic colors of the universities on the western side of the “iron curtain”. Kuhn had also owed his position to the Cold War (he had been repeatedly turned down at Harvard, the president of which had finally pushed him through with political arguments) and to the appeal to the young and anti-bureaucratic, countercultural generation beginning a long march through the institutions. A radically discontinuous view of the history of the social production of scientific knowledge made sense to the young academics, who saw a powerful political instrument in a concept of rival paradigms and identified with the rebellious upstarts fighting off the bureaucratic establishments in all walks and talks of social life. Let us not forget that these younger academics already had student civic protest experience in their biographies. They had most probably demonstrated against the war in Vietnam, and had been subdued by police on campuses and during the 1968 Democratic Party convention in Chicago. Student protest had been directed against one of the last hot wars of the Cold War, fought by the US and South Vietnamese troops against the North Vietnamese invasion supported by Soviet and Chinese weapons. Students fought not only against the Cold War’s domino theory (if Vietnam falls, Asia will fall, if Asia falls, the US and the Soviet Union will have to fight with nuclear weapons). These young professionals had also belonged to the countercultural flower power generation, and if they did not end up in the research universities of California, they often embarked on their careers in Silicon Valley companies, networks, startups and communities. As John Markoff writes in the subtitle of his study—“the 60s counterculture shaped the personal computer industry” (Markoff 2005)—and claims that before Woźniak and Jobs, before Xerox’s Palo Alto Research Center, there was:

the extraordinary convergence of politics, culture, and technology that took place in a period of less than two decades and within the space of just a few square miles. Out of that convergence came a remarkable idea: personal computing, the notion that one person should control all the functions of a computer and that the machine would in turn respond to an idea amplifier. By the late 1960s that idea was already in the air on the San Francisco Midpeninsula (Markoff 2005, p. 3).

There was no historical necessity for the concept of scientific revolutions introduced by Kuhn into the academic debates in the philosophy of science to defeat the concept of the evolutionary growth of objective knowledge represented by Popper in the same area of the academic philosophy of science. Today, in 2016, we can see that the outcome of this clash, which peaked in the 1974 public debate between the two, had been decided by two contingent but highly relevant determinants. First, Kuhn offered a chance for the young generation of academics to articulate their differences from rather than their similarities to the older professors and to oppose the university establishments with new political and ideological instruments. The dominant analytical philosophy was fairly sterile and neutral in face of political struggles, and the post-structuralist or post-modernist turn was waiting in the wings. Popper was much more conservative in his tacit respect for the logic of scientific discovery (reconstructed so as to hint at continuity even if there was none) and in his wholesale acceptance of the hierarchies linked to academic institutions. Second, Kuhn was from Harvard, the top university of the top nation defending the Free World against the evil empire of Soviet and Chinese communism. On both counts the theory of scientific revolutions by Thomas Kuhn, in spite of its numerous faults and blind spots, has won. “The New Individualists”, sons and daughters of the “organization men” studied at General Motors by Whyte in the late 1950s and early 1960s (cf. Leinberger and Tucker 1991) wanted to differ, not to continue:

Meaning simply cannot be decreed to these new workers, and certainly not from the top down. Nor can it be forever fixed or even easily controlled, for it is changing, coalescing, in many competing narratives throughout organizations. Only as long as these new workers believe they are shaping the narrative, either of the organization or of their own lives in relation to the organization, will they concede any kind of legitimacy to the organization. (Leinberger and Tucker 1991, p. 409)

2 Trading Grids or Going Native

Will the differences and distances amplified by the paradigmatic reconstruction of the growth of knowledge remain the focus of the academically institutionalized social production of knowledge? The term “paradigm”, like the term “capital”, has been reissued in so many meanings that we can speak of a meaningful inflation of both. Can the history of cross-cultural research provide insights into the current cultural climate of our universities? Is the ongoing institutionalization, integration and standardization of university-level education displaying a plot, an intelligent design, or a shift from the “differences” to the “similarities”?

Analytical grids (quantitative studies are based on them) are opposed by a methodology of going native (qualitative studies usually imply trying to experience events as if a researcher had become one of the locals). Going native implies accepting a guide for reconstructing the narratives and sense-making activities of “locals”. It suggests taking steps towards the “thick description” of cultures (this term was introduced by Clifford Geertz, cf. his late reflections in Geertz 2000), towards the reconstruction of an ecology of mind (this term, in turn, was invented by Gregory Bateson, cf. Bateson 1972, 2000). Going native implies introducing interpretation and hermeneutics in lieu of algorithms and abstract formulae and a general willingness to assume similarities rather than differences. As some researchers put it:

The apparent problem of transcultural understanding disappears, however, when we recognize that along with differences between cultures, there are an extraordinary variety of similarities and overlaps in norms, values and ways of life. All cultures share the basic needs to eat, sleep, excrete waste, reproduce and deal with death and with the education of children. There is also the obvious fact that almost every culture has been significantly shaped by processes of globalization and cultural interaction. (...) Commonalities of understanding have been greatly accelerated in recent times through new communication technologies and the hegemony of Western culture. (Shusterman and Małecki 2014, pp. 236–237)

Are the remarks by Shusterman and Małecki a niche note on the margins of mainstream academic research? Probably not. The story of cross-cultural studies demonstrates the increasing reliability of going native at the expense of imposing abstract grids (with the methodological assumption that one paradigmatic size fits all empirical cases). But let us begin with the context. The most visible plot of the managers of educational networks has been designed and calculated by the ministers of education. The Italian university of Bologna had attracted these ministers of education of the member states of the European Union exactly one thousand years after its founding, and they had duly signed the Bologna agreement in 2000. These professional managers of education had agreed upon the formal standardization of curriculum, the comparison of programs offered in different universities and upon ways of assuring their compatibility (without which there would be no common educational currency of mutually recognized diplomas). The compatibility in question has been illustrated by the individual student mobility and exchange programs between universities of the member states. Student exchange is going strong and we have all experienced these exchange students in our classrooms. The most visible shifts in university structure accompany, follow, reflect and accommodate a gradual spill-over of knowledge to the broader social environments of the academic centers, for instance other institutions, which have to further develop and operationalize knowledge, make it actionable, modify it, subject to new, unforeseen changes and transformations. This leads to a self-reflection of academic professionals, who begin to understand that our self-understanding of how our knowledge is produced, applied, negotiated with others, for instance its users, matters for our understanding of the sociocultural evolution of our societies. What we learn, what we come to know and what we do with it, is part and parcel of sociocultural

evolution (as Bateson had already noticed in his metalogues). But this means that we have to study ourselves in our social interactions, we have to try to understand the flow of events, which is variously called a civilizational (as Norbert Elias would have it, cf. Elias 2012, 1939), historical or evolutionary process.

Going native brings us closer to the evolutionary and historical understanding of social life and cultural evolution than does the adherence to the abstract grid as an ideal cognitive instrument for producing valid knowledge:

Sociocultural evolutionism is most definitely a metanarrative, a general theory. At the same time, however, it is a postmodern one. It does not seek to outcompete, let alone actively destroy, other theories, paradigms, theoretical orientation or schools of thought dealing with human culture and social organization. Rather, it is a framework which respectfully acknowledges fundamental insights of the most diverse sorts and sources about our common subject matter. Evolution acknowledges the significance of both the ideal and the material, change and stability, history and necessity, cooperation and conflict, reason and reinforcement, the subjective and the objective, and hopefully both the biological and the sociocultural. Evolution is indeed then a *postmodern* metanarrative, a framework within which what we all have to say makes sense. (Blute 2010, x)

3 Changing Cultural Climates

“What sort of scientists are they whose main technique is sociability and whose main instrument is themselves? What can we expect from them but charged prose and pretty theories?” (Geertz 2000, p. 94).

The question posed by Geertz is repeated throughout the social sciences and the humanities. We are definitely dealing with a change of cultural climates (cf. Magala 2015). The founding father of cross-cultural studies in the contemporary paradigmatic context of university-level schools of business management, Geert Hofstede, confessed in a documentary film “An Engineer’s Odyssey” that he had experienced a profound unease when beginning his work as an engineer in a yeast producing factory in the early 1950s. Prior to assuming his duties as an engineer in charge of a working unit, he had hired himself as a temp for the summer, befriended the workers and got an idea what was going on—hence paving the way for his more effective managerial performance once he had started to work in the same place, but this time not as a friendly temp but as a supervisor. He had the uneasy feeling that he had been using himself, his sociability, and his emotional contact with the workers, in order to acquire navigating coordinates, in order to learn what was going on, which might have been difficult or impossible once his interactions were formally defined and his orders legitimized by the power structure of the workplace. A subtle point of human, humane legitimacy of extracting knowledge by going native—not exactly fake native, but close to a fake.

Hofstede’s self-reflection is worth pointing out. It testifies to his sensitivity to a context in which our knowledge is being formed, won, acquired and negotiated. He went on to write a PhD in social psychology about the process of negotiating an annual budget in a business enterprise (“The Game of Budget Control”)—again the

access to informal exchanges and emotional power struggles was essential in reconstructing the process subsequently frozen into the rigid language of bureaucratized reporting. “Culture’s Consequences” (both the original 1980 and the revised edition of 2001) were the result of his work with a large database assembled while he had been working as a personnel manager for IBM, and traveling to different globally-distributed manufacturing plants of the company. He was eager to develop training programs company-wide, but IBM was not interested in studies of “cultural softwares” within the hearts and minds of their employees. On the other hand, the company did not claim intellectual property rights over his database (at the time one of the largest databases of this kind in the academic world).

From our point of view, which is the point of view of self-reflective social scientists and humanists looking at the evolutionary and interpretative turn in the social production of knowledge in democratic societies, the most interesting common feature of Hofstede’s “game of budget control” and “culture’s consequences” are not the methodological choices of a mildly conservative Dutch social psychologist within the neopositivist mainstream, but the actual context of Hofstede’s intellectual development. He had been “soaking” in informal, socializing, grassroots interactions with the workers and he had been asking questions about power distance and uncertainty avoidance meeting his subjects “on the ground”. In other words, he went native. However, in light of what he knew about legitimate academic research techniques, he could not use this experience to justify his pursuits. Afterwards, he had dressed his theoretical reflections up in a more mainstream, neo-positivist language of a grid of cultural dimensions. This grid, as the interpretation of his findings went, had been imposed on a national culture as displayed by the locals, viewed as representatives of national cultures. This methodological defense of the grid and this lack of acknowledgment of his own adventures with going native had two consequences. First, he had failed to notice the parallel weakening of the influence of national culture on the traditional sites of early socialization and the simultaneous individualization of socialization trajectories due to an increased demographic mobility. Family, school and workplace did not smoothly lock a growing individual into a uniform *Bildungsroman* of a nationally uniform socialization. Increased mobility and media influence made it possible to select personal socialization trajectories and to create generational gaps. Second, he became vulnerable to the methodological charges leveled by those researchers who had noticed that we as individuals are “making our way through the world” (to use the title of a significant sociological study by Margaret S. Archer, cf. Archer 2007), and of whom Brendan McSweeney is the best known (cf. McSweeney 2013). With the coming of the “going native”, or interpretative turn in the social sciences, attempts to make his research look more respectable due to its quantitative, neo-positivist, grid-like approach, misfired. Even the CEO’s of large companies, for instance Carlos Ghosn, the CEO of Renault and Nissan, admits that cultural differences do not have to be perceived as an obstacle, they can also be a premonition of things to come, “seeds” of a more hopeful future. Cross-cultural researchers are even more direct:

While there are suggestions in the literature that cultural diversity can offer meaningful, positive opportunities, the problem focused view of cultural diversity is by far predominant in research on culture in international business. As such, we know much less about positive dynamics and outcomes associated with cultural differences than we know about the problems, obstacles, and conflicts caused by them. In light of the increased international business activities and transactions across nations, the growing mobility of the workforce across national boundaries, and the emerging intra-national heterogeneity in many countries, the time is ripe to consider the positive aspects associated with cross-cultural contact and the factors that could enhance the likelihood of their occurrence (...) ‘as an opportunity for arbitrage, complementarity or creative diversity’ (Zaheer et al. 2012, p. 26; Stahl et al. 2015).

Let’s hope.

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Part II
Intercultural Interactions in Multicultural
Environment: Intra and Inter-
organizational Perspectives

Individual Resources and Intercultural Interactions

Beata A. Basinska

Abstract The work environment in multinational corporations (MNCs) is specific and demanding including intercultural interactions with co-workers and clients and using a foreign language. Some individual resources can help in dealing with these circumstances. Individual resources refer to personal dispositions, competencies and prior experiences. With regard to previous studies, a caravan of personal resources, namely Psychological Capital (Luthans et al., *Pers Psychol* 60 (3): 541–572, 2007), can reveal the source of inconsistencies in results in a multicultural work setting.

The aim of this study was to examine the relationships between positive psychological capital and other individual and professional resources (functional language, prior international experiences, age, and job tenure), which can help employees to deal with a demanding multinational work environment and particularly with intercultural interactions.

The results of a quantitative study among a Polish group of employees in MNCs have demonstrated that psychological capital was slightly correlated with their international experience and moderately correlated with proficiency in a foreign language used in the corporation as a functional language. The psychological capital of the respondents was not correlated with age, but was slightly correlated with their job tenure. The differences between the two subgroups depended on the job position, indicating that the supervisors had a higher level of psychological capital than employees (large effect size) as well as having a higher level of resilience, hope and optimism (moderate effect sizes).

Including some shortcomings of the study, the association between positive psychological capital and other individual resources was discussed and some practical implications were also indicated. The research suggests that organizations can reap benefits from the individual resources of employees and can play an active role in the development of psychological capital. Thus, they may create their competitive advantage on the labour market.

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1 Introduction

The work environment in multinational corporations (MNCs) is specific and demanding (Stahl et al. 2010). It includes requirements such as intercultural interactions with co-workers and clients and using a foreign language (Rozkwitalska and Basinska 2015a, b). Some individual resources can help in dealing with these circumstances. Individual resources refer to personal dispositions, skills, competencies and prior experiences. The individual resources of employees are important for an organization because they create organizational social capital (Donaldson and Ko 2010). Individual resources such as prior experience in a multicultural environment, both in private and professional life, as well as personal dispositions such as psychological capital may result in better functioning of employees and contribute to the success of organization. Psychological capital consists of resilience, optimism, self-efficacy and hope (Luthans et al. 2007). It may help to explain the quality of intercultural interactions in a multicultural workplace.

The aim of this study was to examine relationships between positive psychological capital and other individual and professional resources (functional language, prior international experiences, age and job tenure), which can help employees to deal with a demanding multinational work environment and particularly with intercultural interactions.

The chapter presents a theoretical conceptualization of positive psychological capital and its associations with other individual resources important in a multinational work setting as well as for the functioning of employees and organizational outcomes. Further, the results of a quantitative study among a Polish study sample are shown. The association between positive psychological capital and other individual resources is discussed and some practical implications are indicated.

2 Study Background

2.1 *Positive Psychological Capital and Its Components*

Psychological capital (PsyCap) is an individual positive psychological state which is characterized by possession of self-confidence and belief in one's own ability to cope with difficult tasks (self-efficacy); making positive attributions about current success and also in the future (optimism); focusing on goals and perseverance in the pursuit of them, and if necessary, redefining the ways of reaching these goals (hope); being flexible in the face of challenges and obstacles in order to achieve success (resilience) (Luthans et al. 2007). The four personal resources that constitute psychological capital are like a caravan, which follow and support each other. It is the specific profile or constellation of personal resources whereby the employee can improve their functioning in the workplace. Psychological capital is also dynamic and a developmental state which can be shaped and built by the

organizational activities (Peterson et al. 2011). This means that psychological capital may change over time as a result of new experiences and new interactions in professional circumstances. Thus psychological capital has a rewarding value because personal resource can be invested and will create benefits in the future (Hobfoll 2011; Laguna 2015).

The components of psychological capital, efficacy, resilience, hope and optimism, are interrelated. Even more important, their cooperation leads to the effect of synergy. Therefore, they are more impactful as a set of personal resources than as separate resources. In other words, a caravan of personal resources presented by the profile of their relationship can contribute to other and larger consequences compared to a single resource. These outcomes are mainly positive attitudes towards work (Donaldson and Ko 2010; Tims et al. 2012).

Self-efficacy as a component of PsyCap is defined as an individual's belief in terms of his/her abilities to mobilize motivation and cognitive resources to take the action necessary for goal achievement (Luthans et al. 2007). Self-efficacy is a person's belief in his/her competencies more than currently possessed skills, which helps him/her to achieve professional success. This is closely related to job performance, but does not refer to specific tasks, but rather just the confidence in his/her own skills and knowledge. Employees with higher efficacy are more likely to see job demands as a challenge than a hindrance because their personal efforts are useful and necessary. The way in which individuals evaluate demands shows that they perceive more positive than negative attributes and finally they predict success in face of adversity (Lazarus 1991).

Resilience, the next component of psychological capital, is characterized by a positive psychological capacity to cope with uncertainty and conflict at work. Thus, resilience is useful in a demanding or stressful environment. It allows recovery of balance after a struggle with adverse and ambiguous conditions. Resilience promotes an attitude of responsibility and openness to change. A higher level of resilience is strongly related to positive emotions, happiness and job satisfaction (Fredrickson 2001; Luthans et al. 2007).

Optimism is the next personal resource, which is related to expectations of positive outcomes and positive events in the future. It is directly associated with positive job-related emotions, e.g. pride, happiness, or enthusiasm. Thus, individuals with higher optimism can more easily evaluate what should be done and what should be abandoned and can be more realistic. Thus, optimism is a positive affective and motivational state focused on expectation of positive results and striving for success (Luthans et al. 2007).

Hope is also a positive motivational state focused on the achievement of success. It is described by three characteristics: being agentic (entrepreneurial and proactive), planning, and being goal-oriented. This means that hope involves energy to reach desired goals and to choose alternative paths to achieve these goals (Snyder 2002). Further, hope is an ability to clarify how success can be pursued. Therefore, in terms of personal resources, hope increases the engagement and motivation as well as the vitality of employees.

2.2 Psychological Capital and Its Association with Individual and Organizational Outcomes

Psychological capital as a caravan of personal resources is associated with the functioning of employees and with social capital in organizations (Luthans et al. 2007; Walumbwa et al. 2011). Individual functioning is represented by psychological well-being in the work context, including job-related affective well-being (balance between pleasant and unpleasant feelings during work) and job satisfaction (cognitive evaluations of different aspects of work) (Diener 2012; Fisher 2014). Psychological well-being also includes more complex positive states such as thriving (linking vitality and learning) (Spreitzer et al. 2005) and negative states such as burnout (being exhausted and withdrawal) (Maslach et al. 2001). Further, an organization can receive benefits from the PsyCap of their employees in their mastery of job performance, improved leadership, reduced cost of work (e.g. absenteeism and intention to leave the job) and promoted creativity and innovation (Avey et al. 2010a, b; Rego et al. 2012).

PsyCap can improve individual job-related functioning. It is associated with higher job satisfaction and organizational commitment mainly due to efficacy, optimism and hope (Avey et al. 2011; Luthans et al. 2007; Larson and Luthans 2006). PsyCap emphasizes pleasant emotions experience during work (Avey et al. 2010a, b, 2011). It is also an important resource in dealing with job stress and stress outcomes (e.g. job burnout). In particular, efficacy and resilience help in overcoming difficulties, as well as minimalizing the symptoms experienced during stress. Consequently, PsyCap reduces negative organizational outcomes such as the intention to leave the job (Avey et al. 2009, 2010a, b). Findings of some recent studies have revealed that PsyCap is associated with work engagement (Luthans 2012; Vink et al. 2011; Paek et al. 2015). Moreover, PsyCap strengthens and facilitates thriving in such way that self-efficacy and resilience enhance learning, while hope and optimism promote vitality (Rozkwitalska and Basinska 2015b).

Organizations may support the PsyCap of their employees because it is related with organizational resources (Paterson et al. 2014; Vink et al. 2011). Employees who have a rich PsyCap aim for growth and development, and they focus more on mastery in job performance (Avey et al. 2011; Luthans et al. 2008). Moreover, authentic leadership fosters the psychological capital of employees and further leads to creation of value added in the organization (Avey et al. 2010a, b; Rego et al. 2012; Walumbwa et al. 2011).

2.3 Individual Resources in Intercultural Interactions

Dealing with intercultural interactions in a work environment can be supported by individual skills (e.g. language), prior international experience (in private or

professional life) and other socio-demographic characteristics (e.g. age, job tenure, job position). These individual resources may be related to the PsyCap of employees.

International experiences refer to the variety of experiences (in different time and frequency) that a person gained while working, living, studying or traveling abroad (Takeuchi and Chen 2013). International experience is a prominent factor related to adjustment. In the meta-analysis of studies on expatriates' work-related outcomes, Hechanova et al. (2003) have indicated that interactional adjustment, which is defined as comfortable socialization and interactions with locals, appears to be of particular importance. Moreover, the amount of interactions with host locals was positively related to work adjustment. Additionally, permanent contact and interactions with another culture can induce the individuals of one culture to change their values, attitudes, and behavior (Darawong and Igel 2012). The findings revealed that close and regular contacts in multicultural job teams positively affect job satisfaction, feelings about one's job and also create positive attitudes toward expatriates. It is possible that having international experience in private and professional life can help individuals broaden their PsyCap. Additionally, this relation between PsyCap and adjustment in a multicultural environment can be reciprocal. This means that broadened PsyCap facilitates individual adjustment in professional life through being open, tolerant, and curious about other cultures (Rozkwitalska and Basinska 2015b). Based on previous studies the proposition is formulated that:

Proposition 1: *Psychological capital is positively correlated with international experience.*

The linguistic diversity of multicultural organizations, common language and communication frequency are more demanding conditions in multinational work settings. These demands affect interactions with others (supervisors, co-workers and clients) and job satisfaction. In the study conducted by Luring and Selmer (2011) frequent communication contributed to satisfaction, while the necessity of using a common language might decrease it. Thus fluency and proficiency in business language can facilitate both professional and social interactions as well as job performance. Accordingly, the following proposition is formulated:

Proposition 2: *Psychological capital is positively correlated with satisfaction with proficiency in a functional language.*

Some socio-demographics of employees and their job-related characteristics can affect intercultural interactions. Previous studies have shown that PsyCap is not usually associated with age and education (socio-demographic variables) or with job tenure and job positions (organizational variables) (Avey et al. 2010a, b; Luthans et al. 2007). Thus, PsyCap does not depend solely on the efforts of individuals, but can be promoted by organizations through their resources. Thus following propositions are expected:

Proposition 3: *Psychological capital is not correlated with age and work tenure.*

Proposition 4: *Psychological capital is not dependent on job position it means that supervisors and other personnel do not differ in their level of psychological capital.*

3 Psychological Capital in Multicultural Work Settings: The Polish Example

3.1 Methodology

The aim of this study was to examine the relation between psychological capital as a caravan and prior international experience, satisfaction with proficiency in functional language and age (personal variables) as well as job tenure and job position (organizational variables).

The sample consisted of 137 individuals who work as managers and specialists in Polish subsidiaries of MNCs. They are involved in intercultural interactions, both face-to-face and virtual, in a daily routine. In this group, there were 70 women (51 %) and 59 (43 %) individuals held a managerial position. A quantitative study based on subjective evaluation was conducted. Correlational design was applied.

Psychological Capital was measured using a shortened version of PsyCap (TA-412-PCQ Self Form-Polish Luthans et al. 2007, licensed by Rozkwitalska). This 12-item questionnaire assesses the four psychological resources such as efficacy (3 items), resilience (3 items), hope (4 items) and optimism (2 items). The five-point Likert scale was applied (range from 1 *never* to 5 *always*). The index of PsyCap is calculated by summarizing scores divided by the item. Higher scores indicate a higher level of PsyCap. In this study, the reliability coefficient was good (Cronbach's alpha coefficient = 0.87).

The satisfaction with proficiency in a functional language was evaluated using one question: "Overall, my command of a foreign language (the official language in my company) is proficient". The six-point scale was used from 1 *strongly disagree* to 6 *strongly agree*.

International experience was evaluated as an index of different kinds of experiences. There are the following seven items: working in a multinational corporation in the past, working abroad, living abroad, studying abroad, private and business travel abroad as well as having a close family member of another nationality. Respondents evaluated their experiences on the bimodal scale (*no* = 0 *yes* = 1). Higher scores (maximum 7) indicate higher prior international experience in private and working life. In this study, the reliability coefficient was good (r —tetrachoric coefficient = 0.75).

To analyze the data, the following statistical methods were chosen. The Pearson product-moment correlation coefficient was used to assess the relationship between psychological capital and other study variables. A student's t -test for independent samples was applied to calculate the differences between two subgroups (supervisors and employees). Additionally, Cohen's d effect size was calculated. The rule of thumb is that Cohen's d and a correlation coefficient higher than 0.50 are viewed as a large, between 0.30 and 0.50 as moderate, and less than 0.30 as a small effect size (Cohen 1988).

3.2 Results

The majority of the respondents (93 %) had worked in MNCs in the past and had worked abroad (60 %). Above half of them had lived abroad (55 %). Additionally, one fourth of the research group had studied in a foreign country. They were often traveling to other countries for private (91 %) as well as business reasons (69 %). Twenty-four respondents (18 %) have a close family member of another nationality. They are proficient in the language, which is used as the functional language ($M = 4.92$ $SD = 0.98$).

The psychological capital of the employees in MNCs was relatively high. The values ranged from 3 to 6 points. The average value ($M = 4.63$ $SD = 0.62$) was related to the 75th percentile of the absolute value of scale.

The profile of a caravan of resources indicated that the salient resource of PsyCap is efficacy ($M = 4.84$ $SD = 0.84$), followed by resilience ($M = 4.65$ $SD = 0.73$) and hope ($M = 4.61$ $SD = 0.75$), and lastly optimism ($M = 4.44$ $SD = 0.81$). This profile described the research group as having high efficacy, supplemented by resilience and hope with a smaller dose of optimism.

Firstly, the correlation between PsyCap and international experience was tested. The psychological capital of the employees in MNCs was slightly correlated with their international experience ($r = 0.22$ $p = 0.012$). This means that a higher PsyCap is interrelated with international experience in the past. Interestingly, business trips were the most prominent component of international experience. None of the four resources separately was correlated with international experience of the respondents. Proposition 1 was supported (small effect size). The results may suggest that PsyCap can be mainly broadened in the work context.

Further, the correlation between PsyCap and satisfaction with proficiency in a foreign language was verified. The psychological capital of the employees in MNCs was moderately correlated with satisfaction with their proficiency in a foreign language, which is used in the corporation as a functional language ($r = 0.34$ $p < 0.001$). None of the four resources evaluated separately was correlated with subjective satisfaction with proficiency in a foreign language. Proposition 2 was supported (moderate effect size). This means that higher PsyCap accompanied proficiency in a functional language.

Next, the correlations between PsyCap and socio-demographic variables such as age and job tenure were assessed. The psychological capital of the employees in MNCs was not correlated with their age ($r = 0.01$ $p = 0.970$). Additionally, none of the four resources was correlated with age. In contrast, the PsyCap of respondents was slightly correlated with their job tenure ($r = 0.21$ $p = 0.018$). Efficacy, resilience and optimism were not correlated with job tenure. However, the results indicate that hope was slightly correlated with these types of socio-demographic variables ($r = 0.21$ $p = 0.014$). Proposition 3 was partly supported (small effect size for the relationship between PsyCap and job tenure). This means that higher PsyCap followed higher job experience but not age.

Table 1 Psychological capital and job position among a group working in MNCs

Individual resources	Employees		Supervisors		Student <i>t</i> -test	<i>d</i> -Cohen
	<i>M</i>	<i>SD</i>	<i>M</i>	<i>SD</i>		
Psychological capital	4.45	0.63	4.85	0.55	−3.92***	−0.68
Efficacy	4.71	0.77	4.96	0.90	−1.73	−0.30
Hope	4.44	0.74	4.79	0.71	−2.78**	−0.48
Resilience	4.53	0.67	4.80	0.76	−2.16*	−0.38
Optimism	4.30	0.87	4.59	0.70	−2.12*	−0.38

Note. * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

Finally, PsyCap dependent on job position was examined. The results are presented in details in Table 1.

The differences between the two subgroups dependent on job position demonstrated that the respondents who hold positions as supervisors are characterized by a higher level of PsyCap than employees (large effect size), and they had a higher level of resilience, hope and optimism (moderate effect sizes). Thus, proposition 4 was not supported, because the level of PsyCap was different between the employees and the supervisors in MNCs. The supervisors compared to the executive personnel had a broader PsyCap and its components, excluding efficacy.

4 Discussion and Conclusions

The results of the study presented here demonstrated that the PsyCap of the group of employees in MNCs was slightly correlated with their international experience and moderately correlated with proficiency in a foreign language which is used in MNCs as a functional language. The psychological capital of the respondents was not correlated with age, but it was slightly correlated with their job tenure. The differences between the two subgroups dependent on job position indicated that the supervisors had a higher level of PsyCap than employees (large effect size) and had higher level of resilience, hope and optimism (moderate effect sizes) as well.

The findings presented indicate that greater prior international experience is interrelated with broadened PsyCap, which can facilitate psychological and professional functioning in MNCs. It is interesting that professional experience related with business trips was the most prominent among different kinds of experiences. This may suggest that prior professional experience may have more significant meaning. This finding is somewhat consistent with previous studies focused on expatriates that described a small effect between international experience acquired in the past and work and interaction adjustment, but not with general adjustment (Hechanova et al. 2003; Bhaskar-Shrinivas et al. 2005). In contrast, some researchers have suggested that the effect between prior international experience and psychological adjustment is non-linear (Takeuchi and Chen 2013). Thus, future

studies may evaluate the stage of international experience and its impact on functioning at work.

Next, PsyCap was broadened due to proficiency in a foreign language, which is used as a functional language. Fluency and proficiency in communication in different languages facilitate intercultural interactions in both professional and private life. This experience is built on the fluency and time duration in which a foreign language was used and trained (Lauring and Selmer 2011; Takeuchi and Chen 2013). This finding can have the practical implication that organizations can support employees in the development of this competence through the arrangement of professional courses and integration events. Eventually, it may result in broadened PsyCap of employees and further strengthen the social capital of an organization.

In congruence with expectations (Avey et al. 2010a, b; Luthans et al. 2007), the PsyCap of employees was not correlated with age. Yet, in contrast to expectations, PsyCap was slightly correlated with their job tenure. Thus, greater job experience was interrelated with a richer PsyCap of the respondents. This may suggest that professional and organizational factors may have a prominent importance.

Following the final result, the level of PsyCap was dependent on job position. In the research group, the supervisors had higher level of PsyCap than the employees. This may indicate that individuals with broadened PsyCap can be more successful in the organization. From the practical point of view, leaders with excellent PsyCap can help employees to grow and develop. These leaders can also stimulate learning and collaboration among co-workers (Rego et al. 2012). Additionally, the supervisors had a higher level of resilience, hope and optimism, but the size of this effect was smaller than the effect for PsyCap. This may indicate that a caravan of resources creates a stronger effect than the effects of a separate resource (Luthans et al. 2007).

Being aware of some shortcomings of the presented study, some practical implications can be outlined. Psychological capital as a caravan of personal resources associates with employees functioning and it stimulates social capital in organizations (Luthans et al. 2007; Walumbwa et al. 2011). Thus, it implies individual and organizational benefits. Organizations can reap benefits from the individual resources of employees, and can play an active role in development of PsyCap as well (Paterson et al. 2014; Vink et al. 2011). Organizations and their supervisors can also create opportunities to strengthen the psychological capital of employees by introducing interventions and systematic training (Luthans et al. 2006, 2008). Organizations can gain from the PsyCap of their employees and can create their competitive advantage in the labor market (Avey et al. 2010a, b; Donaldson and Ko 2010; Rego et al. 2012).

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Thriving in a Multicultural Workplace

Beata A. Basinska

Abstract Thriving at work is defined as the psychological state that links both a sense of vitality and learning. The vitality component of thriving may be seen as positive energy, while learning enhances a sense of competence and efficacy. Thriving sheds new light on individual psychological functioning and the experience of growth in the work context. Thriving at work promotes growth through playing an active role in interaction with other people. In particular, thriving can offer a positive insight into social interactions at work and the subjective well-being of employees in a multicultural work setting.

The aim of the quantitative study was to examine the relationship between thriving (proximal factor) and subjective well-being (distal factor) including its affective and cognitive aspects in the model of intercultural interaction at work. Correlational design was applied.

The results of the studies conducted in a quantitative design indicated that learning is more salient than vitality in a multicultural work setting. The findings suggest that among these two components of thriving, learning is more salient than vitality. Thriving was associated with affective well-being, specifically, vitality was moderately associated with positive and negative emotions while learning was slightly associated with positive emotions. Additionally, the different role of the two components of thriving in the cognitive aspect of subjective well-being was revealed. Organizational satisfaction (overall satisfaction) was dependent on vitality. In contrast, job-related interpersonal satisfaction (satisfaction with work in a multicultural environment) was dependent on both components of thriving, vitality and learning.

To the best of the author's knowledge this is the first study to empirically test thriving in the model of intercultural interaction at work. Specifically it focuses on proximal (vitality and learning) and distal outcomes (subjective well-being).

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1 Introduction

Contemporary organizations need excellent personnel with specialized competencies and superb interpersonal skills. These personnel create social capital and facilitate knowledge capital in an organization. Besides job performance, creativity and innovation allow organizations to develop and grow. However, these competencies and skills are not static. Modern personnel need an appropriate work environment equipped with job resources, which enable broadening of these competencies and skills (Rozkwitalska and Basinska 2015a). In this way, contemporary organizations can build their competitive advantage in the demanding labor market (Baruch et al. 2014; Carmeli et al. 2009).

Additionally, globalization and global mobility cause that more and more people are working in different countries and with individuals from different cultures. This means that competent personnel provide services to clients in different countries and perform their jobs in multicultural teams as well. In this organizational environment, specific job demands are created and employees are required to deal with them. It is particularly important for multinational corporations to hire employees who tolerate novelty and prefer cultural diversity as well as develop their competencies and skills (Rozkwitalska and Basinska 2015a).

The experience of individual growth resulting from the junction of vitality and learning during work is thriving (Spreitzer et al. 2005). Thriving personnel are focused on the success of an organization. Thus, employees can increase their vocational potential, and the organization can develop and flourish as well (Spreitzer et al. 2012). Thriving can allow for an understanding of how the work environment and social context interplay, thus promoting the subjective well-being of employees in multicultural work settings (Carmeli et al. 2009).

The aim of the quantitative study presented in this chapter was to examine the relationship between thriving and subjective well-being, including its affective and cognitive aspect in the model of intercultural interaction at work.

Firstly, the concept of thriving is explained. Secondly, the benefits of thriving for employees on their individual psychological functioning and experience of growth in the work context are presented. Further, the quantitative study is demonstrated. Finally, the findings, including shortcomings, are discussed.

2 Thriving at Work

Thriving is “the psychological state in which individuals experience both sense of vitality and a sense of learning at work” (Spreitzer et al. 2005, p. 538). The vitality component of thriving may be seen as positive energy and feelings of being enthusiastic, whereas learning refers to growing through new knowledge and skills, enhancing the sense of efficacy and competence. These two components are

necessary to thrive (Spreitzer et al. 2012). Separately experiencing vitality or learning is insufficient for development and growth.

Vitality is an energy component of thriving. Additionally, vitality represents an affective dimension of psychological experience. Thus, vitality reflects positive feelings of aliveness, having energy as well as high arousal of job-related positive emotions. Employees are aware of their sense of energy (Spreitzer et al. 2005), thereby they can use their skills and adaptive capacities, and can become agents in shaping their work environment to a greater degree. Consequently, vitality is a pleasurable experience in the work context.

Learning is a cognitive component of thriving. It represents the sense of acquiring knowledge and skills as well as the sense that these knowledge and skills can be applied (Spreitzer et al. 2005). Employees can develop their competencies during work and working with other people. Three distinct ways are available: learning, achieving and helping (Sonenshein et al. 2013). Learning is perceived as a relational process “in the sense of relying on the interactions among people to determine what needs improving and how to do it” (Carmeli et al. 2009, p. 81). Learning facilitates realization of personal potential both as a competent employee and as a human being.

Both components of thriving shed new light on the individual psychological functioning and experience of growth in the work context. Thriving broadens the perspective on individual psychological functioning and development by integrating both the hedonic approach (pleasurable experience) and eudaimonic approach (personal development and growth in the work context). Additionally, thriving at work promotes growth through playing an active role in interaction with other people.

3 Thriving and Other Concepts: Differences and Similarities

The strengths of thriving are a merger between the hedonic and eudaimonic perspectives and social embeddedness in the work context. It shows how thriving is different from other similar concepts related to psychological functioning such as e.g. flourishing, subjective well-being, engagement, self-actualization and job crafting.

Thriving is distinct from flourishing. Human flourishing is optimal functioning in general characterized by goodness (happiness and satisfaction), generativity (e.g. behavioral flexibility), growth (enduring personal and social resources) and resilience (an individual’s capacity for adaptability and deal with adversity) (Fredrickson and Losada 2005). Flourishing is signaled and created by positive emotions (Fredrickson 2001). Thriving is similar to flourishing mainly due to vitality. However vitality reflects energy and high arousal of positive emotions. Thus, some affective states are omitted. Additionally, learning is not the same as

resilience. Employees can learn in both adverse and beneficial circumstances (Spreitzer et al. 2005). Sometimes they can use their skills to acquire new knowledge, which may be an opportunity for growth and development.

Thriving is also distinct from subjective well-being. Subjective well-being comprises an individual's longer-term levels of pleasant affect, lack of unpleasant affect, and life satisfaction (Diener 2009). Thus, subjective well-being links both affective and cognitive evaluations of life (Diener 2000). In contrast, thriving is represented by different affective and cognitive components. Vitality is not the same as emotional balance, just as learning is completely different from job satisfaction. Rozkwitalska and Basinska (2015a) emphasize that thriving is an antecedent of subjective job-related well-being. Vitality can foster affective well-being while learning enhances both job satisfaction and positive experience at work. Thriving can be supported by organizational resources (such as leader style, social support, recognition) and can play indirect role between these resources and job-related well-being.

Thriving is distinct from work engagement, an emerging concept of positive organizational psychology. Work engagement is a positive, fulfilling, affective-motivational state of work-related well-being that is characterized by vigor, dedication, and absorption (Bakker et al. 2008). In particular, vigor is closely related to vitality. Their common element is energy. Vigor, like vitality, is characterized by high levels of energy. Thus, vigor can be a good indicator of vitality. In contrast, work engagement is a broadened concept that includes mental resilience, the willingness to invest effort and persistence while working even in the face of adversity (Bakker et al. 2008).

Finally, thriving can lead to the experience of an individual's self-development and growth in the work context due to the opportunity to learn (Paterson et al. 2014). Linking thriving with self-development and growth expands the perspective beyond the fulfilment of Maslow's needs for growth and self-actualization (Porath et al. 2012). According to Maslow's hierarchy of needs (1987), basic needs (physiological, safety and belonging) should be fulfilled before needs on the higher level (needs of esteem and self-actualization) can direct employees' behavior. Employees can thrive even if their basic needs are not satisfied (Spreitzer et al. 2005). Learning facilitates realization of personal potential both as a competent employee and as a human being.

Thriving helps employees to improve their work environment (Spreitzer and Sutcliffe 2007). Thriving at work is related to individual's active agentic role (Paterson et al. 2014). It facilitates employees to shape their work in a way that promotes their own growth (Spreitzer et al. 2005). In this way, it is closely related to job crafting. Job crafting is defined as the self-initiated changes that employees make in their jobs to enhance or benefit their personal work goals (Tims et al. 2012). In contrast, thriving serves to attain and optimize work goals in more general manner and also is strongly embedded in a social context.

Thriving cannot exist in empty social space. Thriving occurs only in social interactions through working together, observing others and discussing work (Carmeli et al. 2009). This process is the essence of organizational learning.

Moreover, interactions with others enhance vitality (Spreitzer et al. 2005). Therefore, thriving as an approach extends the perspective of an adaptive process in organizations that depends on the work environment and the social context.

4 Thriving in Prior Studies: A Review

Recently, a few empirical quantitative studies on thriving have been published in an organizational context. To our best knowledge there is a lack of quantitative research that has explored thriving and intercultural relationships at work. The literature review presented here emphasizes the advantages and limitations of prior studies, including the suggestions to investigate thriving in a multicultural work setting.

The study conducted by Porath et al. (2012) shows that thriving is positively related to positive affect, a learning goal orientation, a proactive personality and core self-evaluation. Moreover, it revealed that being proactive is a stronger antecedent of thriving than other factors. Additionally, the authors emphasize that thriving was associated more with a positive affect than a negative one. This is consistent with the theoretical framework that thriving is a positive approach. The limitations of this study were its correlational design and specific population including young adults (undergraduate students of a business course) and young professionals in a variety of industries. However, young people may be more willing to work in multinational corporations.

Paterson et al. (2014) verified thriving at work in a sample of dyads (employees and their supervisors) in association with personal variables such as self-development and positive psychological capital, and with organizational resources such as a supportive climate. They also examined its relationship with two agentic work behaviors, i.e. task-focused and heedful relating. Their findings indicate that thriving is related to job performance and is also positively related to the supervisor's evaluation of an employee's growth. Task focus and heedful relating are positively associated with thriving as well as with positive psychological capital and a supportive organizational climate. Moreover, task focus, yet not heedful relating, mediated the relationship between positive psychological capital, a supportive organizational climate and thriving. The novelty of this study was the introduction of positive psychological capital to the model and to examination of the relationships in a longitudinal design. Thriving is related to personal resources (e.g. psychological capital) and is supported by organizational resources (e.g. supportive climate). From the perspective of multinational corporations, competent personnel with stronger positive psychological capital are actually desired.

Wallace et al. (2016) examined the effects of thriving between employee regulatory focus (promotion and prevention) and innovation as well as the moderated effect of a climate of involvement. Application of self-determination theory and the multilevel approach was a novelty in the research on thriving. The findings

demonstrated that thriving fosters innovation. Specifically, thriving played a positive indirect role between promotion focus and innovation and a negative indirect role between prevention focus and innovation. Further, an employee involvement climate enhanced the relationship between promotion focus and thriving, which, in turn, positively related to innovation. It is well-known that employees with a higher promotion focus can generate more alternatives and show more risk-taking in their decision and behaviors. Similar to Paterson et al. (2014), this study shows that personal and organizational resources foster thriving. The results also demonstrate that thriving supports both personal potential and organizational growth.

The study conducted by Baruch et al. (2014) focused on a successful career at work and its connection with thriving. The findings showed that professional vitality was a crucial factor for successful careers in a large group of managers and professionals. This is another study, which shows the indirect role of thriving at work (see also Wallace et al. 2016). The findings also indicate that the relationship between professional vitality and age in the work environment has a curvilinear shape, with a peaking point at ages in the fifties. It was probably the first study in which the non-linear relation of thriving was tested. To sum up, this study also suggests that thriving supports personal growth and development.

The next two studies presented here indicated that thriving is strongly embedded socially. Niessen et al. (2012) in their study revealed a dynamic nature of thriving among employees working in the social services sector. Additionally, the authors' findings showed that employees who can acquire relevant knowledge and experience positive meaning at the beginning of a work day, assess their thriving as better at the end of work day. The daily experience of positive meaning was an important antecedent of both vitality and learning. The relationships between positive meaning, knowledge and thriving were also mediated by agentic work behaviors such as task focus and exploration. These results also supported the socially embedded model of thriving (Spreitzer et al. 2005). The theoretical assumptions and a diary design were the most important strengths of this study.

Carmeli and Russo (2015) in their study proposed to extend the theoretical model of thriving at work by including its relationship with work-home enrichment. They used a novel theoretical approach integrating the literature on micro generative moments, the model of enrichment and the socially embedded model of thriving. The authors particularly focused on different interpersonal relations. The results of the study demonstrated that employees who sense positive regard and recognition from their managers and co-workers as well as from their friends and relatives are likely to experience development, affect and capital gains such as high work-home enrichment, which expands their opportunities for thriving. They concluded that social relationships can allow individuals to experience work-home enrichment and help them to thrive and realize their full potential. Both components of thriving were strengthened. Thus, positive social relations can develop a sense of vitality as well as an enhanced capacity for learning.

The study focused on intercultural interactions was conducted by Rozkwitalska and Basinska (2015b). They examined the antecedents of thriving and cultural diversity in a group of professionals and managers working in various

organizational units of two Polish subsidiaries of multinational corporations. The results of the content analysis revealed the specific requirements of employees in multinational corporations, such as the need to use a functional language due to multilingualism, to manage differences (i.e. cultural diversity) and to adjust to them. Both learning and vitality promoted individual development. Furthermore, the results demonstrated that those respondents who thrive in a multicultural work setting assess their specific job demands more as challenges than as hindrances. Moreover, thriving people activate their personal resources to face the challenges, which in return enhances their learning and personal growth. Nevertheless, the learning component of thriving appeared to be more salient than vitality among employees in multinational corporations. However, this result needs further exploration in a quantitative design. To the best of the author's knowledge, this was the first research study that explored thriving in a multicultural work context within the Positive Organizational Scholarship framework. The limitation of this study was the qualitative methodology it applied.

To conclude, more and more studies examining thriving at work have been conducted in the past few years. Researchers prefer to focus on the antecedents of thriving rather than on its outcomes and more often include personal characteristics rather than organizational factors. The theoretical framework and results of the studies indicate that thriving is associated more with a positive affect than a negative one (Porath et al. 2012). Further, personal and organizational resources foster thriving, and thriving supports both personal potential and organizational growth (Baruch et al. 2014; Paterson et al. 2014; Wallace et al. 2016). Additionally, thriving has a central position (Rozkwitalska and Basinska 2015b) and can be a mediator between these antecedents and outcomes (Baruch et al. 2014; Wallace et al. 2016). There is a gap in the prior works referring to the role of thriving in a multicultural work environment, which needs to be filled.

5 Thriving in Multicultural Work Setting: A Proposed Model

Rozkwitalska and Basinska (2015a) proposed a model of intercultural interaction and job satisfaction in a multicultural work setting (Fig. 1). The central position in this model is occupied by agentic behaviors and thriving. The authors assumed that social intercultural interaction includes reciprocal relations between agentic behaviors and thriving at work. In this paper, thriving and subjective well-being can be viewed as proximal and distal factors. Thriving at work was placed as a proximal factor of well-being at work. Consequently, thriving at work promotes subjective well-being that was considered to be a distal factor. Subjective job-related well-being includes two major components: affective well-being (positive and negative emotions and emotional balance) and cognitive well-being (job satisfaction and its facets). Due to the fact that the proposed model focuses on intercultural interaction

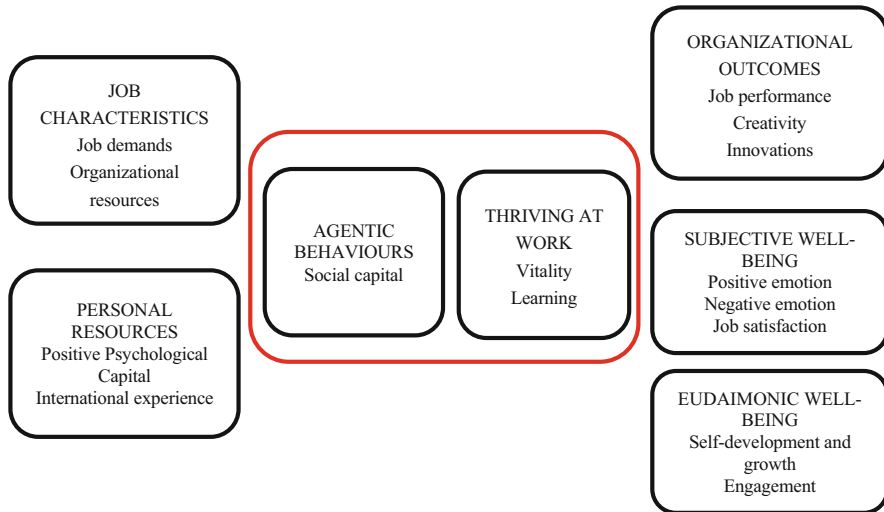


Fig. 1 Model of intercultural interactions at work (adopted from Rozkwitalska and Basinska 2015a, b). *Note.* Proximal factor of well-being: thriving at work. Distal factors are subjective well-being and eudemonic well-being

at work, a specific facet of job satisfaction was implemented, namely job-related interpersonal satisfaction, i.e. satisfaction with work in a multicultural environment. This approach is compatible with Fisher's proposal (2014), which defined well-being at work as including three major components: subjective wellbeing (job satisfaction and similar positive attitudes, positive and negative emotions), eudaimonic well-being (e.g., engagement, growth, intrinsic motivation), and social wellbeing (e.g., quality connections, satisfaction with co-workers and leaders, social support).

Below, the model is described in detail. It was also tested qualitatively in the Polish context. The antecedents in this model are personal features and resources (positive psychological capital, international experience) and job characteristics (job demands and organizational resources). Additionally, other outcomes of intercultural interactions at an organizational level are identified (job performance, creativity, innovations).

6 Thriving in Quantitative Research in a Multicultural Environment: The Polish Experience

6.1 Aim and Propositions

The aim of this quantitative study was to investigate thriving in the model of intercultural interaction at work. Specifically, it examined the relationship between

thriving (proximal factor) and subjective well-being (distal factor) including the affective and cognitive aspects. Based on the findings from the literature review (that the learning component of thriving appeared to be more salient than vitality among employees in multinational corporations (Rozkwitalska and Basinska 2015b); thriving was associated more with a positive affect than a negative one (Porath et al. 2012); and positive social relations can develop a sense of vitality as well as an enhanced capacity for learning (Carmeli and Russo 2015), the following propositions were posed:

Proposition 1: *Among the components of thriving, learning is more salient than vitality in a multicultural work setting.*

Proposition 2: *Vitality as an affective component of thriving is associated with job-related emotions (affective well-being). In contrast, learning as a cognitive component of thriving is less associated with job-related emotions.*

Proposition 3: *Two components of thriving can explain the variance in cognitive well-being defined as two types of job satisfaction: overall job satisfaction (proposition 3a) and satisfaction with work in a multicultural environment (proposition 3b).*

6.2 Group and Methods

The quantitative study was conducted with a correlational design with a sample of 137 individuals who work as managers and specialists in Polish subsidiaries of multinational corporations. They are involved in intercultural interactions both face-to-face and virtual in daily routine.

The respondents filled in a questionnaire. Two components of thriving were evaluated separately. Vigor was an indicator of vitality and was measured by a 3-item subscale of the Utrecht Work Engagement Scale (Schaufeli et al. 2006). Learning was assessed using a 5-item scale (Vande Welle 1997; Sonnentag and Frese 2003). Higher scores indicate a higher level of vigor and a higher level of learning. The shortened 8-item version of the Job-Affective Well-being Scale (Basińska et al. 2014) was used to measure job-related affective well-being including positive and negative states across the past month. Higher scores indicate a higher frequency of positive and negative emotions. Job satisfaction, which represents cognitive well-being, was evaluated in two ways: one question referred to overall job satisfaction in a corporation and one question addressed the evaluation of satisfaction with work in a multicultural environment. Higher scores indicate a higher overall satisfaction and a higher satisfaction with work in a multicultural environment.

To analyze the data, the following statistical methods were used. A Student's t-test for paired samples was applied to calculate the differences between the two components of thriving. The Pearson product-moment correlation coefficient was used to assess the relationship between thriving and affective well-being.

Regression analysis was conducted to estimate the relationship between thriving and the two types of job satisfaction.

7 Results

Employees in multinational corporations experienced thriving at work. Vitality ($M = 3.76$ $SD = 1.18$) and learning ($M = 4.74$ $SD = 0.79$) were moderately correlated ($r = 0.40$ $p < 0.001$). The differences between the two components of thriving indicated that learning was significantly higher than vitality ($t = 10.09$ $df = 135$ $p < 0.001$). Thus, proposition 1 that learning is more salient than vitality in multicultural work setting was supported.

Further, vitality as an affective component of thriving was associated with job-related emotions. Vitality was moderately correlated with positive emotions ($r = 0.69$ $p < 0.001$) and inversely with negative emotions ($r = -0.52$ $p < 0.001$). In contrast, learning was low correlated with positive emotions ($r = 0.33$ $p < 0.001$) but was not related with negative emotions ($r = -0.16$ $p > 0.05$). This means that vitality is more strongly associated with affective well-being, while learning is less associated only with positive emotion. Thus proposition 2 was confirmed.

Finally, the role of two components of thriving in job satisfaction was estimated. Job satisfaction represents cognitive well-being at work. There were two separate evaluations of job satisfaction: overall satisfaction and satisfaction with work in multicultural environment. First, the analysis of regression for overall satisfaction was performed. Vitality and learning explained 28 % of the variance of overall satisfaction ($F_{(2, 132)} = 27.44$ $p < 0.001$). The relationship between vitality and organizational satisfaction was significant ($\beta = 0.54$ $p < 0.001$), while the relationship between learning and organizational satisfaction was insignificant ($\beta = 0.01$ $p > 0.05$). Proposition 3a was partly confirmed. Vitality, though not learning, was related to overall satisfaction. This means that employees who experience higher vitality feel more satisfied with their work in a corporation.

Next, the relation of satisfaction with work in a multicultural environment with the two components of thriving was assessed. The analysis showed that the factors significant for satisfaction with work in a multicultural environment were vitality ($\beta = 0.21$ $p < 0.05$) and learning ($\beta = 0.32$ $p < 0.001$). However, vitality was in a weaker relation than learning to satisfaction with work in a multicultural environment. These variables explained the 18 % of variance of this type of satisfaction ($F_{(2, 132)} = 16.08$ $p < 0.001$). Thus, proposition 3b was confirmed. Satisfaction with intercultural interaction (satisfaction with work in a multicultural environment) is dependent on both components of thriving, vitality and learning.

8 Discussion and Conclusion

To the best of the author's knowledge, this is the first study in which the model of intercultural interactions at work has been verified. The findings of the quantitative study presented here indicate that of the two components of thriving, learning is more salient than vitality in a multicultural work setting. Thriving is associated with affective well-being in that vitality is moderately associated with positive and negative emotions, while learning is slightly associated with positive emotions. The different role of these two components of thriving in cognitive well-being was revealed. Overall satisfaction is dependent on vitality. In contrast, satisfaction with work in a multicultural environment is dependent on both components of thriving, vitality and learning.

Working in multinational corporations and being involved in intercultural social interactions is a natural source of learning. This may be a reason why learning was more salient than vitality in a multicultural work setting. The results are similar to the previous study conducted with a qualitative design (Rozkwitalska and Basinska 2015b).

Next, vitality increases more positive emotions than it decreases negative emotions. This is not surprising because vitality is an affective component of thriving and this was signaled in previous studies (Porath et al. 2012; Niessen et al. 2012; Rozkwitalska and Basinska 2015a). However learning was less associated only with positive emotions. First and foremost, this demonstrates that thriving at work is strongly related to a positive approach (Donaldson and Ko 2010; Stahl et al. 2010).

Further, overall satisfaction was dependent on vitality. This means that employees who experience higher vitality feel more satisfied working in multinational corporations. This may be a reciprocal process. Corporations create demanding work and give access to a variety of organizational resources. They are attractive to individuals who enjoy work in this environment (Rozkwitalska and Basinska 2015b). An additional explanation can be based on the different roles of organizational and personal characteristics in thriving. Vitality may be based less on organizational factors than on the personal resources of employees such as positive psychological capital (Paterson et al. 2014).

Finally, satisfaction with work in a multicultural environment, in contrast to overall satisfaction, was dependent on both components of thriving, vitality and learning. However the relation of satisfaction with work in a multicultural environment and vitality is weaker than its relation with learning. These findings have supported the socially embedded model of thriving (Spreitzer et al. 2005). Social relationships can help individuals to thrive and realize their full potential (Carmeli and Russo 2015). Thus, intercultural relations, both the positive and demanding relations, can develop a sense of vitality and an enhanced capacity for learning. Following the idea by Spreitzer et al. (2005) and Carmeli et al. (2009) interactions with others enhance vitality and intensify learning from working as a team, discussion with others and observing them through work.

The study presented here has some shortcomings such as a cross-sectional design, a snowball method in the sample selection (participants came from different units and different corporations). Despite these limitations, it is probably the first study, which empirically tested thriving in the model of intercultural interaction at work with focus on proximal (vitality and learning) and distal outcomes (subjective well-being). Further studies concerning thriving and intercultural relationships at work are needed.

In conclusion, thriving is deeply rooted in social interactions at work (Carmeli et al. 2009). According to the eudaimonic perspective, thriving reveals why individuals are satisfied with their work as well as how they experience the optimal level of emotional functioning in multicultural work environments (Porath et al. 2012; Paterson et al. 2014). Organizations need competent personnel and should create circumstances for thriving, which in return facilitates the realization of the full potential of employees and supports organizational development and success.

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Job Satisfaction and Subjective Well-Being in the Multicultural Workplace

Małgorzata Rozkwitalska

Abstract Although the interest in job satisfaction among scholars and practitioners is still significant, the subject literature that takes into consideration its links with the multicultural workplace is limited. Moreover, the results of prior research on the effects of cultural differences in the workplace on job satisfaction in multinational corporations (MNCs) are rather inconsistent. Thus, the aim of this chapter is to analyze how intercultural interactions relate to job satisfaction that is seen as an element of work-related subjective well-being.

The research was carried out as qualitative and quantitative studies in subsidiaries of MNCs. The data was collected from managers and specialists working in these companies, whose occupational duties involve intercultural interactions.

The empirical findings indicate that the thriving of those who participate in intercultural interactions was related to their job satisfaction and emotional balance, and as a result to their work-related subjective well-being. Thriving may play a mediating role in the relation between intercultural interactions and job satisfaction as well as in the relation between intercultural interactions and emotional balance.

1 Introduction

Since job satisfaction impacts a company's competitiveness, success (Garrido et al. 2005) and innovation (Niu 2014), and due to the fact that work plays a growing role in human life (Westover 2012), the interest in job satisfaction among scholars and practitioners is still significant. The phenomenon is widely analyzed in organizational sciences (e.g. Garrido et al. 2005; Biswas and Varma 2012), yet there is still insufficient knowledge of what causes job satisfaction, particularly in studies on intercultural management (e.g. Huang 2008; Westover 2012; Andreassi et al. 2014). Moreover, the results of prior research on the effects of cultural differences in the workplace on job satisfaction in multinational corporations (MNCs) are rather inconsistent (e.g. Rodsutti and Swierczek 2002; Froese

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and Peltokorpi 2011; Luring and Selmer 2011; Rozkwitalska and Basinska 2015). Additionally, the literature on job satisfaction in MNCs that takes into consideration the impact of interactions in a multicultural workplace is limited. Thus, the aim of this chapter is to analyze how intercultural interactions relate to job satisfaction that is seen as an element of work-related subjective well-being. In multicultural environments, individuals are faced with cultural barriers (Chen et al. 2005) but also encounter opportunities (Youssef and Luthans 2012); all of these may affect how they perceive their level of job satisfaction (Stahl et al. 2009; Froese and Peltokorpi 2011) and suggest that intercultural interactions at work might be important determinants of job satisfaction.

This chapter starts with a theoretical conceptualization of job satisfaction and then depicts how multicultural settings influence it. A Positive Organizational Scholarship (POS) lens is applied to the analysis, thus work-related subjective well-being, which encompasses job satisfaction and affective reactions to work or, in other words, emotional balance (Bakker and Oerlemans 2012), is also included. The research methods and empirical findings then follow. The chapter ends with recommendations for future research, contributions, limitations and practical implications.

2 Job Satisfaction and Intercultural Interactions in the Workplace

2.1 Job Satisfaction

2.1.1 A Theoretical Conceptualization of Job Satisfaction

Job satisfaction can be seen as the extent to which an employee feels positively or negatively about his/her job (Noordin and Jusoff 2010). It is a “pleasurable emotional state resulting from the appraisal of one’s job” (Locke 1976, p. 1300). Job satisfaction is comprised of affective and cognitive components (Fisher 2000; Brief 1998; Strydom and van Eeden 2013) and reflects a person’s reaction to different aspects of work.

Researchers distinguish between overall job satisfaction and facet-specific measures of job satisfaction. With regard to the former, job satisfaction reflects an affective evaluation of the job and is closely related to the experience of positive emotions in the workplace. It is measured by single-item assessment such as e.g. “In general, how satisfied are you with your job?”. Facet-specific measures of job satisfaction refers to a more cognitive evaluation of being satisfied or not with various facets of the job (Bakker and Oerlemans 2012), i.e. specific features such as e.g. involvement in intercultural interactions. Moreover, in academic literature facet-specific measures of job satisfaction distinguish between intrinsic and extrinsic features of the job (e.g. Noordin and Jusoff 2010; Sartorius et al. 2011). The distinction between overall and facet-specific measures of job satisfaction is important, since the former appears to relate more strongly to job performance than the

latter (Bakker and Oerlemans 2012). Nevertheless, job satisfaction was also found to be associated with other outcomes such as e.g. retention and organizational commitment (Andreassi et al. 2014).

The determinants of job satisfaction have been identified on the basis of many theories (Sartorius et al. 2011), yet the content theories seem to be the most relevant in view of the aim of this chapter. The content theories assume that job satisfaction results from the positive comparison of the current status of employees' needs with the level to which they are fulfilled by the jobs (Strydom and van Eeden 2013). Based on the content theories it can be inferred that being involved in intercultural interactions may satisfy certain needs, e.g. the need for positive growth and development (Rozkwitalska and Basinska 2015). Furthermore, the intrinsic motivation theories (that refer to intrinsic features of the job) predict that employees may experience higher job satisfaction when the jobs they do are intrinsically motivating and challenging (Huang 2008). As intercultural interactions indeed are challenging, their potential for bringing about job satisfaction appears to be substantial.

2.1.2 Job Satisfaction and Intercultural Interactions

Generally, the narrative review of prior research on the effects of cultural differences in the workplace on job satisfaction in MNCs, which was conducted by Rozkwitalska and Basinska (2015), revealed that the empirical findings are rather inconclusive and the literature on job satisfaction in MNCs that takes into consideration the impact of interactions among multicultural workplace is limited. On the one hand, in the problem-oriented studies on cultural differences in organizations, interactions among culturally dissimilar peoples are considered troublesome (Graham 2010; Luring and Klitmøller 2015), which can have detrimental consequences for satisfaction (Stahl et al. 2009). On the other hand, in more positive-oriented studies, it has been deduced that if interactions among diverse group members raise process gains, satisfy the individual needs for growth, variety, and cultural barriers are successfully surmounted, the impact of intercultural interactions on satisfaction may be positive (Stahl et al. 2010). Rozkwitalska and Basinska (2015) identified several links between factors that influence intercultural interactions and job satisfaction in MNCs. First and foremost, the impact of cultural differences on interactions was negatively associated with job satisfaction. Yet, factors that were found to be positively related, i.e. that mitigated the negative effects of cultural diversity, included a multicultural leadership style, adjustment to working in multicultural work settings and higher-level needs fulfillment as a result, for example, of learning in interactions with culturally diverse individuals, while the links between multilingualism and job satisfaction was equivocal. Rozkwitalska and Basinska (2015) posit that the effect of intercultural interactions on job satisfaction may be positively related to the cognitive component of job satisfaction (e.g. needs fulfillment) and negatively associated with the affective one (e.g. negative emotions due to conflicts). Moreover, they claim that "prior studies

indirectly indicate that if intercultural interactions are positive (. . .), they contribute to the job satisfaction of participants” (p. 375). Accordingly, “intercultural relationships play a significant role in job satisfaction, yet cultural barriers may disturb them and adversely affect job satisfaction in multicultural settings” (p. 374).

2.2 Positive Organizational Scholarship Lens and Job Satisfaction in a Multicultural Workplace

2.2.1 Positive Organizational Scholarship and Job Satisfaction: A Research Gap

The POS lens may offer additional new insights into the relationship between intercultural interactions and job satisfaction. Cameron and Spreitzer (2013) explain that POS “is an umbrella concept used to unify a variety of approaches in organizational studies, each of which incorporates the notion of ‘the positive’” (p. 2). Examples of research subjects within POS, to name just a few, incorporate the following (Cameron and Spreitzer 2013): positive individual attributes (e.g. psychological capital), positive emotions (e.g. subjective well-being, vitality), positive relationships (e.g. high-quality connections) or positive organizational processes (e.g. innovation).

Based on a review of the scholarly literature that was published between 2001 and 2009 on positive organizational psychology, including POS studies, Donaldson and Ko (2010) found that only 7 out of 172 papers referred to job satisfaction or happiness at work. Nonetheless, as noted by Rozkwitalska and Basinska (2015), none of the works focused solely on the impact of intercultural interactions on job satisfaction, signaling a significant research gap. As organizations increasingly become more multicultural, it is important to elucidate the phenomenon. Likewise, papers published after 2009 also omitted a POS lens in the analysis of it. To sum up, studies on job satisfaction with a POS lens stress its importance for forging many positive organizational outcomes, involving employees’ needs fulfillment, yet, to the best of the author’s knowledge, by far, they have rather not been concerned with the links between intercultural interactions and job satisfaction, except for the review and conceptual paper of Rozkwitalska and Basinska (2015).

2.2.2 Work-Related Subjective Well-Being

As both components of job satisfaction appear to be of vital importance, i.e. the cognitive and affective ones, the subjective well-being construct may better serve as the umbrella for the cognitive and affective aspects of work. Moreover, it helps to pay more attention to emotional reactions to work and to turn a POS lens on job satisfaction.

The work-related subjective well-being concept is derived from the overall construct of subjective well-being that reflects how people evaluate their lives. The evaluation takes the form of both cognitions and affect (Diener 2012). High work-related subjective well-being is when (1) an employee is satisfied with his/her job, as a result it reflects job satisfaction as a cognitive evaluation of his/her job, (2) and s/he experiences more positive than negative emotions, which mirrors emotional balance, i.e. an affective experience at work (Bakker and Oerlemans 2012). Emotional balance portrays the ratio between positive and negative emotions (Vacharkulksemsuk and Fredrickson 2013). People have an optimal emotional balance if they experience more positive emotions than negative ones, yet not too many. In this case they may be more proactive, are more engaged and satisfied with their work. Research also shows that then they more often forge positive interpersonal relationships and their high levels of job performance contribute to organizational success (Bakker and Oerlemans 2012; Lam et al. 2014). It is worth noting that it is challenging to capture emotional balance in the workplace, because emotions are subject to daily fluctuations, yet for example Job-Related Affective Well-Being Scale can be used (Basinska et al. 2014).

2.2.3 Thriving in Intercultural Interactions

Rozkwitalska and Basinska (2015) claim that the concept of thriving at work can offer additional explanation of needs fulfillment in the multicultural environments of MNCs. Consequently, it was included in the central position in their model on the links between intercultural interactions and job satisfaction with the POS lens.

Thriving broadens the perspective of an adaptive process in organizations as it assumes the interplay between the work environment and the social context, which promotes positive employees' functioning. Thus, thriving is perceived as a self-adaptive process that contributes to people's growth (Paterson et al. 2014). The concept, which encompasses two psychological states, i.e. a sense of vitality and learning, further emphasizes that organizational learning can only occur in multiple forms of social interactions (Spreitzer et al. 2005). Therefore, interacting people from different cultures may discover areas that require changes and how these should be carried out (Carmeli et al. 2009). This exposes the gist of the learning process and it may also fuel vitality (Quinn 2009). As individuals are confronted with challenges in intercultural interactions, learning takes place and people develop their competency. Hence, thriving makes it possible to understand how the adaptation process of employees to multicultural environments is molded and how it may direct their growth and development. Additionally, thriving explains why individuals may experience job satisfaction and the optimal level of emotional balance in a multicultural work setting (Porath et al. 2012; Paterson et al. 2014). It should be also stressed that job satisfaction and emotional balance can be shaped by different levels of thriving, which reflects the affective and cognitive foundation of people growth and needs fulfillment (Diener and Tay 2011; Rozkwitalska and Basinska 2015). To sum up, in view of Rozkwitalska and Basinska (2015),

“thriving presents the mechanism of the relationship between intercultural interactions and subjective well-being” (p. 379).

3 Methods and Empirical Findings

3.1 *Research Methods and Participants*

The research was composed of two stages, a qualitative and a quantitative. With regard to the former, this was an explorative study aimed at identifying the outcomes of intercultural interactions in subsidiaries of MNCs and what conditions them. With regard to the latter, the research was based on a survey preceded by a pilot study directed at verification of the survey instrument.

A case study approach was applied to the qualitative study (Eisenhardt and Graebner 2007). Information was gathered in five Polish subsidiaries of MNCs, which differed in terms of various characteristics, e.g. origin of their capital, sector belongings, degree of internationalization, their subsidiaries' size and role, overall employment, approach to staffing policy, etc. A purposive sampling technique was used to select the sample. The collection of the data started in March and ended in September 2014. Three types of methods were applied to the research to ensure methodological and data triangulation (Maxwell 2005). These were semi-structured, in-depth individual interviews with 70 managers and specialists (63 % and 37 % respectively) working in the subsidiaries and involved in intercultural interactions; observations; and finally, documents and web sources analysis. A grounded theory approach enabled coding and analysis of the information (Glaser and Strauss 1999).

The resulting effect of the first stage was construction of a model of intercultural interactions. This was later applied to the quantitative study and helped in the construction of an instrument, a questionnaire, used during the stage. Some additional scales developed/modified by other researchers, i.e. van Katwyk et al. (2000), Basinska et al. (2014), Luthans et al. (2007), Macke et al. (2010), Vandewalle (1997), Schaufeli and Bakker (2003) were also included in the instrument to measure certain antecedents, moderators and effects of intercultural interactions.

The quantitative study was conducted between January and May 2015. The sample consisted of 137 individuals (both managers and specialists, 43 % and 76 % respectively). These were Poles employed in subsidiaries of MNCs and involved in intercultural interactions. Two sampling techniques helped to select the sample, namely purposive and snowball. In this stage the questionnaire was distributed via various means, i.e. emails, website and face-to-face contacts.

It needs to be highlighted that this chapter presents the results of both stages, yet with regard only to the relationship between intercultural interactions and job satisfaction seen as an element of subjective well-being. Thriving may play a mediating role in the relationship.

3.2 Research Results

3.2.1 Qualitative Study

Constant comparisons of the participants' responses made it possible to identify, among other outcomes, that working in multicultural environments of MNCs contributed to interviewees' learning and vitality as well as built their satisfaction and evoked various emotions. Learning and vitality at work were a result of specific job demands in MNCs, which were perceived by the respondents as challenges rather than barriers:

I personally appreciate the chance to learn from people from different places. It is a peculiar reward to see how others from various places, multiple talents come up with a solution.

This job (. . .) drives my energy, the continuous challenges you meet. I like that. I like diversity and learning. I like cooperation with foreigners.

Moreover, learning was seen as an antecedent of individual growth, which could also bring about satisfaction, because a need for growth was fulfilled, and positive emotions:

I am fascinated with otherness (. . .). Understanding it is very developmental for me. I become more resilient.

Such contacts (. . .) it is a kind of enrichment. (. . .) broaden your horizons. (. . .) you observe how they work and you learn.

Working with other nationalities is a greater challenge. It motivates me to work and develop. It is interesting (. . .), an element of surprise, it is sometimes positive and sometimes negative. I like diversity (. . .). I am really happy. I like my team and my job.

It appears that the respondents could witness overall job satisfaction as well as satisfaction with the specific facet of their job, e.g. intercultural interactions:

Such [intercultural] contacts provide a lot of satisfaction.

An opportunity to work with people from other cultures is the development of a worldview by itself. . . Learning a language, participation in projects with a global scope—this is what you can get from this company. (. . .). Your work is significant (. . .) Access to the latest technology, diffusion of knowledge—these are the benefits of working for a big international company.

The study also revealed that while working in multicultural environments people may experience both positive and negative emotional states, e.g. curiosity, excitement, joy, frustration, anxiety, or stress. However, the positive emotions dominated:

[I feel] anxiety whether we will (. . .) come to an understanding. It is also curiosity (. . .).

I learned a lot due to cooperation with Koreans—from a longer perspective it was a rich experience that I gained in a very stressful environment.

We go there [for the overseas assignment] with curiosity, energy.

Taking into account the empirical findings of the qualitative stage of the research, which revealed that intercultural interactions offer abundant learning opportunities, may drive vitality and result in satisfaction and different emotional

states, as well as including the literature review, the following proposition was tested in the quantitative phase of the study:

Proposition 1: *Thriving, i.e. learning and vitality, of the participants of intercultural interactions is related to their work-related subjective well-being, i.e. job satisfaction (1a) and emotional balance (1b).*

3.2.2 Quantitative Study

To verify the relationship indicated in the above propositions, several measures were used. First, to measure vitality at work, the UWES instrument with respect to vigor (Schaufeli and Bakker 2003) was implemented in the survey. Second, the learning component of thriving was estimated according to the scale developed by Vandewalle (1997). Third, to identify overall job satisfaction with work in a given MNC the respondents had to assess the following statement on the six-point Likert scale: ‘Overall, I am satisfied with work in this organization’; while in order to analyze a facet-specific measure of job satisfaction, i.e. with work in the multicultural environment of MNCs, the respondents assessed the subsequent statement on the six-point Likert scale: ‘Overall, I am intrigued by the work with foreigners’. Finally, it was assumed that work-related subjective well-being comprises job satisfaction and emotional balance. Thus, it can be inferred that if propositions 1a and 1b are positively tested, then the thriving of the participants of intercultural interactions is related to their work-related subjective well-being.

Table 1 shows correlations between satisfaction and thriving.

Analysis of the correlations demonstrates that both satisfaction with work in MNC and satisfaction with work in a multicultural environment are related to thriving. Consequently, proposition 1a is confirmed. Moreover, vitality was more closely correlated with satisfaction with work in MNC than satisfaction with work in a multicultural environment and this difference was statistically significant ($p = 0.033$). In contrast, learning was more related to satisfaction with work in a multicultural environment than satisfaction with work in MNC, yet the difference was not statistically significant ($p = 0.086$).

To test proposition 1b it was assumed that if thriving has a positive association with positive emotions and a negative association with negative emotions, it is consequently positively related to emotional balance. Table 2 presents calculations in this respect.

The results show that the thriving of the participants in intercultural interactions was positively related to positive emotions and emotional balance. Furthermore, vitality was more strongly associated with positive emotions and emotional balance than learning and this difference was statistically significant ($p = 0.002$). Additionally, there was a negative relationship between vitality and negative emotions, yet negative emotions were not interrelated with learning. To sum up, the thriving of the participants of intercultural interactions, more vitality than learning however,

Table 1 Correlations (N = 135)

Satisfaction	Thriving	
	Vitality	Learning
Satisfaction with work in MNC	0.54**	0.21*
Satisfaction with work in a multicultural environment	0.33**	0.40**

Note: Correlations coefficients are significant * $p < 0.05$ ** $p < 0.01$

Table 2 Correlations (N = 135)

Thriving	Emotions		
	Positive emotions	Negative emotions	Emotional balance
Vitality	0.69**	-0.52**	0.66**
Learning	0.33**	-0.16	0.26**

Note: Correlations coefficients are significant ** $p < 0.01$

has a positive relationship with positive emotions and emotional balance. Vitality is negatively related to negative emotions. As a result, proposition 1b is confirmed.

Taking into account these results, namely that thriving relates to job satisfaction and emotional balance, proposition 1 is also positively verified. Thus, it can be inferred that the thriving of participants in intercultural interactions is associated with their work-related subjective well-being.

4 Discussion and Conclusions

4.1 Discussion

The prior empirical findings regarding the impact of cultural differences on job satisfaction were inconsistent. Moreover, the influence of interactions in the multicultural workplace on job satisfaction in MNCs was rather insufficiently documented in the earlier studies. Thus, this chapter was to provide additional explanation of this phenomenon. Furthermore, following recommendations from the POS studies (Bakker and Oerlemans 2012; Rozkwitalska and Basinska 2015), the author incorporated job satisfaction in the broader concept of work-related subjective well-being.

The empirical findings confirmed, in congruence with the content theories of motivations, that fulfillment of the need for growth, due to learning in intercultural interactions, may contribute to job satisfaction. In accordance with indications from previous research (Stahl et al. 2010; Rozkwitalska and Basinska 2015), this study also demonstrates that the fulfillment of higher-level needs in a multicultural environment, which was represented by thriving in intercultural contacts, brings about the cognitive component of work-related subjective well-being, i.e. job satisfaction. Incorporation of thriving in this study as the relational mechanism

between intercultural interactions and work-related subjective well-being made it possible to determine that the vitality of participants in intercultural interactions was negatively associated with negative emotions and positively associated with positive emotions. As a result, this may suggest the relationship with the affective component of work-related subjective well-being, i.e. emotional balance, as posited by Rozkwitalska and Basinska (2015).

The results of the qualitative study can be also interpreted with regard to the intrinsic motivation theories that identify a challenging work environment as an intrinsic factor fostering job satisfaction. Accordingly, the participants frequently referred to their job demands as challenges. Yet, mainly due to learning while in intercultural contacts and the resulting personal development, they found them satisfactory.

4.2 Contributions and Limitations, Directions for Practice and Research

This chapter contributes to the literature on job satisfaction in MNCs and cross-cultural management, particularly with regard to the content theories. Moreover, by including intercultural interactions, it expands facet-specific measures of job satisfaction. It also adds to the research on work-related subjective well-being and thriving, as a result, to the POS studies in that respect. It stresses that the role of thriving in association with work-related subjective well-being is important in the intercultural interactions context.

The author is aware of several limitations of the analysis in this chapter concerning the sample size (small, yet acceptable) and its composition (mainly Poles were included), the non-probabilistic sampling techniques (generalizations are limited), methods of analysis (the grounded theory approach applied to the qualitative study limits generalizations, correlations used in the quantitative phase instead of cause-and-effect analysis do not allow to determine the cause-and-effect relationships between variables) and measures utilized to assess emotional balance (it does not allow for observing daily fluctuations in emotions).

Future research should respond to the above limitations. Moreover, it could be carried out in multicultural workplaces other than MNCs to capture the context-specific features of job that may affect job satisfaction.

The empirical findings point to some directions for practice. First and foremost, the study emphasizes that MNCs should look for employees who want to grow and that the multicultural environments, which they offer, may contribute to their employees' thriving and in turn help them to be satisfied with their job. Additionally, it stresses the role of emotion management in such work settings, which has the potential for efficiently directing conflict that may occur due to risk embedded in cultural differences toward more productive processes (Ayoko and Konrad 2012). Subsequently, there should be more concern in MNCs for employees' affective

states that relate to their vitality. For example Porath et al. (2012) claim that by paying attention to employees' affective states, managers create better opportunities for learning and development. Finally, MNCs need to boost employees' thriving in intercultural interactions, since it appears to be the mechanism associated with work-related subjective well-being.

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Managing Innovation in Multicultural Environments: An Imperative of Responsibility Within Interorganizational Networks

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Abstract The complexity of environmental, societal, economic challenges, etc. and businesses need to address with their innovation strategies and practices calls for new underlying concepts to support sustainable business behaviors within increasingly multicultural business and consumer environments. We address the issue of responsibility and coordinated decision making innovation in multicultural networks, and define critical steps for managing innovation within interorganizational networks via creation of long-term stakeholder engagement on the international scale. The research is based on the case study of R&D intensive innovation development within multicultural interorganizational network in highly vulnerable sector of medical engineering for intensive healthcare units worldwide.

1 Introduction

Innovation as a phenomenon, by nature, is a combination of knowledge from various sources in a new form that creates value for society. Global world and virtual knowledge networks provide firms and communities with a unique opportunity to access knowledge worldwide, and also to innovate across borders. However, it simultaneously increases the complexity of the innovation management task with the need to understand multicultural environments and appropriately manage knowledge and innovation within them. Along with the innovation management task, the diversity of cultural, ethical, and institutional settings emerges as a new context for decision making within the innovation process. Firms cannot rely on a

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single practice or setting, nor can they predefine which of the emerging issues will be of crucial importance. Thus, the innovation management process within innovation networks features both strategic action and the goal driven process of research and development (R&D), and the reflective and stakeholder driven coordinated process of innovation management. Combining the two approaches is a challenging yet achievable task. The responsible innovation management approach offers a conscious way to manage R&D and innovation that is especially suitable for managing innovation within inter-organizational networks, because it relies on trust building as a critical issue for innovation management, while primarily focusing on long-term decision making and wider involvement of society (stakeholders) in decision making on one hand, and building responsible innovation processes within the business on the other hand. The complexity of environmental, societal, economic challenges, etc. and businesses need to address with their innovation strategies and practices calls for new underlying concepts to support sustainable business behaviors within increasingly multicultural business and consumer environments. Based on this problem formulation, this chapter aims to address the issue of responsibility and coordinated decision making innovation in multicultural networks, and define critical steps for managing innovation within inter-organizational networks via creation of long-term stakeholder engagement on the international scale.

The chapter is organized as follows. First, we elaborate on the emerging new concepts in innovation and business, such as innovation networks within open and collaborative innovation settings, the nature of innovation network behavior, and the responsible innovation management model to be used as a core methodology for innovation management within multicultural environments.

Next, we discuss innovation management and responsibility issues as the underpinning concepts within a multicultural innovation network. The case study method was chosen given the complexity and variety of the phenomenon analyzed. The innovation development network was selected from a high complexity environment, i.e. from the international and highly vulnerable (in terms of innovator responsibility) biomedical engineering sector, with an aim to reveal critical underlying concepts, philosophies and visions of businesses that were successfully innovating in vulnerable times, and were able to embrace societal, economic, and environmental responsibility on the whole scale. We aim to reveal underlying factors for smart and responsible decision making (constraints, like industrial standards, societal consciousness, economic conditions, market limitations) that ensure the long-term success of businesses over time.

Finally, we discuss the variety of underpinnings of responsibility and innovation issues and propose a way of thinking and decision making for innovating responsibly within interorganizational open innovation networks.

In this way, the chapter demonstrates ways in which multicultural businesses can build long-term innovation success within open settings via constant, open and responsible engagement in innovation decision making.

2 R&D Driven Open Innovation Within Global Inter-Organizational Networks

Today, high-tech sectors are characterized by rapid scientific and technological developments where knowledge is broadly distributed and no single firm possesses all relevant information for successful innovation internally. This shortcoming of the resource-based view has led to an emphasis on inter-firm linkages that facilitate learning, innovation, and the creation of new knowledge within companies. The choice for a specific form of inter-organizational linkages depends on the knowledge development goals of the innovating company: it can develop relations with universities and research institutions, establish dyadic relationships with other firms, create networks or acquire technology-based start-ups (Vanhaverbeke et al. 2007; van de Vrande et al. 2006).

From a resource point of view, there are three important reasons why firms set up inter-firm linkages. First, companies team up with other companies to monitor and stay in touch with the latest technological developments (Vanhaverbeke 2006; van de Vrande et al. 2006). Second, collaboration enables the transfer and absorption of external knowledge and in that respect acts as an important supplement to the internal innovative activities of organizations. Third, companies are no longer able to exploit and commercialize innovative products on their own. Therefore, inter-organizational linkages help firms to obtain access to complementary resources that are needed to commercialize new products (Vanhaverbeke et al. 2007).

The attention given to inter-organizational networks has grown significantly over the last decades, together with the introduction of the concept of open innovation (Chesbrough 2003) as a new form of organizing innovation across firms. Chesbrough (2003: 43) defines open innovation as “. . . the use of purposive inflows and outflows of knowledge to accelerate internal innovation, and expand the markets for external use of innovation, respectively.” With reference to Chesbrough et al. (2006), the open innovation based business model is grounded by principles, that valuable ideas can be either developed internally or can come from outside. In other words, it is useful to share information, knowledge and ideas with other companies and get feedback, which helps to enrich the organization’s knowledge.

Yet inter-organizational networks are highly dependent on the broader ecosystem in which R&D companies run their activity. Institutions in this case replace market inefficiencies or undeveloped technology markets, which are common in the case of transition countries, but also are approached in the early stages of the technology development. Institutions are defined as “human relationships that structure opportunities via constraints and enablement. A constraint on one person is an opportunity for another. Institutions define the opportunity sets of interdependent transacting parties” (Schmid 2004: 1). So, technological and market opportunities are largely defined by the institutional framework of the economy. In this way, institutions define the type and direction of interactions within national innovation systems. Given the networked character of contemporary technological

innovation, the *network* can be considered as an institution, which defines the type and intensity of technological innovations, as well as their direction and development strategies.

Lundvall (1992) defines institutions as the basic rules according to which production, distribution and consumption is organized. According to Lundvall (1992), institutions guide the activities within certain innovation systems, and in fact define the development of technological trajectories and paradigms, or, according to Freeman (1992), technological trajectories and specialization are not naturally self evolving, but are impacted as a consequence of human decisions and institutions: the technological trajectory is developed within the context of the actors' decisions related to their future expectations. As any other institution, it is supported not by natural development, but the interests of the actors, which are supporting the continuity of technological trajectories within certain systems.

If we recognize the importance of institutions in the development of technological innovations, and moreover, argue that institutions in fact are defined by a group of interrelated actors, then technological innovation is a result of networking and partnerships, and is not a single entrepreneurial act. Consequently, recognition (and development) of opportunities is a collective networked activity, but its exploitation may remain individual but also be collective as well, as the innovative activity by nature is a collective act (Janiunaite et al. 2004), therefore it is also executed in the inter-organizational network. The entire position is strengthened by Rothwells' (1994) fifth generation of innovation, where innovation is considered to be a networked phenomenon, the growth of which is related to the changing strategies of enterprises, and the rising importance of timing, marketing, quality management, lean production methods, and, as a consequence, the development of networks among enterprises and other related actors in order to improve the efficiency and quality of innovative processes in time and space. Networks also serve as a toll for leveraging innovative risks, as in the case of open innovation, the risk of technological innovation is distributed among network members. When acting at the frontiers of technology, common technology strategies and technology foresights are developed within such broad networks of organizations and institutions both of which are tools to minimize the technological risk of a single innovating enterprise within certain time limits. As noted above, the network in this case behaves as an informal institution, which mainly consists of an inter-organizational network.

The challenge in such an inter-organizational network is then to cope with the risks, responsibilities and challenges that organizations face in these vulnerable times of environmental and societal problems. However, the entire set of challenges are faced by the whole network rather a single innovating firm, especially as we address the R&D networks, that act at the technology frontiers, i.e. nanotechnologies, bioengineering, medical engineering technologies, etc. These networks simultaneously aim at both, cutting the edge with technological solutions, and dealing with the uncertainties caused by the unknown future consequences of solutions offered and implemented to market. Indeed, the human factor plays a critical role with regards to the introduction of new risks in technological innovation (Hellström 2003), notably "when the desire to innovate outstrips the

ability to assess and absorb the risks” (Smith 1992: 282). Along with traditional innovation risk management problems, new fundamental questions of human life, choice and privacy (Sutcliffe 2011; Owen et al. 2013) arise. Ulrich Beck (1992) illustrates this dilemma particularly well by asserting that while risk is an inherent component of technological development, the latter raises questions related to choosing “a life worth living” (Beck 1992: 28–29). These questions are thus not of a technological but multicultural ethical nature, and cannot be resolved in a single linear way (Hellström 2003). Especially in R&D intensive sectors, the question of responsibility is inseparable from the context of open innovation, where the amount of innovation output is a shared result of inter-organizational network collaboration. In this case, the responsibility manifests itself as ethics that draw the guidelines for decision-making (Owen et al. 2012; Von Schomberg 2013). According to Stahl (2013), organizations must have their fundamental normative principles by seeking to evaluate if the developing innovation is acceptable and full of prospects. However, entire principles are affected by national business cultures, dominant societal norms and beliefs, that are brought to multicultural networks of organizations. Yet, a consensus needs to be found in order to integrate this diversity and produce innovation with the potential for global impact and acceptance. Responsible innovation (Sutcliffe 2011; Owen et al. 2013; Von Schomberg 2013; Stahl 2013; Stilgoe et al. 2013; Pavie et al. 2014; Pavie et al. 2015) comes as a tool that enables the integration of technological development goals with the societal and multicultural norms via shared ethical decision making practices and stakeholder involvement in various forms.

3 The Responsible Innovation Development Model

Initially prompted to emerge as one of the ensuing concepts of the post 2008 financial crisis (Pavie 2009), responsible innovation continues to attract the attention of both academia and industry as a defining concept of the twenty-first century aiming to provide a strategic management approach for addressing the inherent uncertainty surrounding organizations, and in particular innovation. From the introduction of the concept of ‘wicked problems’ in the early 1970s (Rittel and Webber 1973), referring to unique, untamed problems which are difficult to pin down, notably due to the multitude of stakeholders with diverging motives involved (issues linked to sustainable development are often referred to as being ‘wicked’ (Norton 2005; Raffaele et al. 2010; Brundiers and Wiek 2010), to the Black Swan Theory (Taleb 2001, 2007), representing unplanned, rare events which have disproportionate consequences in history, science, finance and technology, it appears that every aspect of business and society is governed by such uncertain, unpredictable events which have the power to drastically alter the environment within which we operate. Some research and organizations have already begun to explore how to translate—and thus embrace—issues linked to uncertainty into a level of creativity to guide innovation teams through their development process

aiming to achieve performance objectives despite the prevailing risk factor (Che et al. 2010; Meier 2014; Parayre 2014). While most efforts have been geared towards the unpredictable nature of technological innovations in terms of impacts (Moore 1965; Blok and Lemmens 2015), the uncertainty of consequences applies to all types of innovations, including intangible ones: service innovations (Pavie et al. 2015).

It is important at this stage to distinguish between the concept of responsible innovation and that of ‘responsible research and innovation’ (or commonly referred to as RRI, notably in the context of the Horizon 2020 European program). A research context, characterized by its epistemic significance, will certainly raise different issues than those encountered in the context of innovation, where the primary goal is to create value in a competitive environment (Pavie and Carthy 2015). Indeed, the characteristics and complexity of responsible innovation are defined by the fact that innovation only occurs once the new solution has been launched on the market and is attracting enough customers to become significantly profitable (Schumpeter 1939).

This complexity surrounding responsible innovation is heightened in the case of disruptive innovation, which frequently occurs in the technological sector. Indeed, a disruptive innovator is required to cross the ‘chasm’ of the new solution’s adoption curve (Moore 1999). This chasm represents the transition between visionaries (early adopters) and pragmatists (early majority). It is a difficult and unpredictable step to cross since pragmatists are characterized by their lack of trust in new products and services. Early adopters would also not necessarily be enough to convince pragmatists about a new product or service as they value concrete references before making their purchase decision. This unpredictable crossing of the chasm therefore represents a real challenge in terms of foreseeing the development of a disruptive innovation when it comes to market size (Pavie and Egal 2014).

Due to the difficulty in anticipating the successful market penetration of a disruptive innovation, consequences linked to the latter are particularly complex to assess or anticipate. A balance must be reached through the three defining pillars of responsible innovation: growth, performance and responsibility which combine throughout the development process of new products and services. In this case, responsibility is directed at clients and users as well as the wider ecosystem.

Responsibility has been the subject of much research and many business practices, especially in terms of corporate social responsibility in the case of the latter. Thus, there are many definitions of responsibility, since its articulation has varied and been adapted to various situations depending on time and place (Stilgoe et al. 2013). In order to understand responsibility in the context of responsible innovation, it is important to first take a look at its Latin etymology ‘*respondere*’, meaning ‘to answer for’. The English term’s first appearance in 1776 in the *Gentleman’s Magazine*, as well as in Germany’s ‘*Herrenjournal*’ magazine around the same period, illustrates the term’s rising popularity in the language of the press and politics around the end of the eighteenth century (Ward 2005). However, it is not before the second half of the twentieth century, through the rising awareness concerning the extent of the technology’s beneficial and harmful impacts of

technology, that the debates surrounding responsibility have broadened (Jonas 1984; Collingridge 1980). Indeed, as mentioned earlier the progress of science and technology has enabled us to better understand the complexity that surrounds us and develop actions to address arising global challenges of our modern world. However, these developments also imply ethical, social, environmental and economic concerns whose consequences cannot be foreseen (Pavie 2012). This thus places responsibility as the subject of a common agreement. As French philosopher François Ost highlighted, responsibility is shared: “nowadays we are responsible [...] together, for common actions whose development and effects remain unknown; the circle of closeness which made me feel duty-bound only towards the close future and my neighbour is broken, just like the link of simultaneity which made me responsible for the present effects, or the effects directly inferring from the actions I took today” (Ost 1995: 267).

The work of German-born philosopher Hans Jonas, notably on the search for an ethics adapted to the issues that arise in a technological age, are particularly relevant. Indeed, Jonas claims that the new risks brought about by new technological development need to be addressed. However, the existence of such risks should not lead to a halt of progress in scientific and technological research and development. The same principle applies to responsible innovation, aiming to combine performance and growth with a ‘coating’ of responsibility. As such, responsibility in innovation needs to be articulated around Jonas’s Imperative of Responsibility: “Act so that the effects of your action are compatible with the permanence of genuine human life” (Jonas 1984: 11).

This provides the basis for the development of the three axes of responsible innovation, which contribute to better identification of the responsibility issues to be addressed throughout the innovation process (Pavie 2012; Pavie et al. 2014). The first axis involves questioning whether to answer all customer needs. The marketing department is responsible for identifying needs, which have not yet been met. However, does the existence of a customer need automatically justify the development of a new product or service to meet that need? The responsible innovation approach aims to bring into question the answer to certain customer needs, based on various principles including morals, values and ethics. It also aims to place that reflection within the globalized, competitive context of innovation. The second axis concerns the monitoring of the direct impacts of innovation on the user. The innovation may have impacts on the user, which may not be predictable prior to launch. The idea is to monitor the new product or service once it has been launched on the market, in order to detect any potentially negative direct impacts on the user’s health, lifestyle, etc. The third axis concerns the indirect impacts of the innovation. It includes the consideration that the innovation is launched within an ecosystem, which may be indirectly impacted by the new product or service, through social, economic or environmental criteria. These three axes aim at guaranteeing that the innovation is developed in the light of its market performance as well as its impact on its user and the ecosystem as a whole.

In order to guarantee and manage the operational applicability of responsible innovation, the three axes mentioned above need to be integrated throughout the

innovation process. This means that, from the beginning of the idea generation phase right through to market withdrawal of the process, the project is rigorously and methodically analyzed to evaluate impacts and risks, which the new product or service could generate. This analysis is based on pre-selected criteria of social, economic and environmental factors deemed particularly relevant in the case of the particular project being developed. The responsible innovation process is iterative to ensure that the project can be re-integrated into a previous phase of development for alteration and/or adaptation if certain negative impacts are detected. In the case of impacts, which cannot be accurately evaluated prior to market launch, these are represented in the form of hypotheses to be tested once the new product or service has been launched. These tests aim to accurately determine whether some impacts are particularly negative and thus require swift action by the organization.

It is important to note that responsible innovation management requires a top-down commitment to implementing responsible business practices at all levels of the organization. Indeed, responsible innovation does not limit itself to the development of responsible products and services, which would lead to ‘green washing’. Instead, it requires a strategy and corporate culture aimed at steering the organization towards performance and growth through responsible business practices and innovation. This strategy translates into a five-step process deployed throughout the organization as a whole, as illustrated in Fig. 1 (Pavie et al. 2014).

The first stage of the process introduces the basis of any responsible company through legal compliance. The second stage builds on the previous one by adding an anticipation dimension, which should aim at gaining a competitive advantage in a particular sector by acting upon planned legislation. This was illustrated by Hewlett Packard in the 1990s, when they anticipated the introduction of a regulation

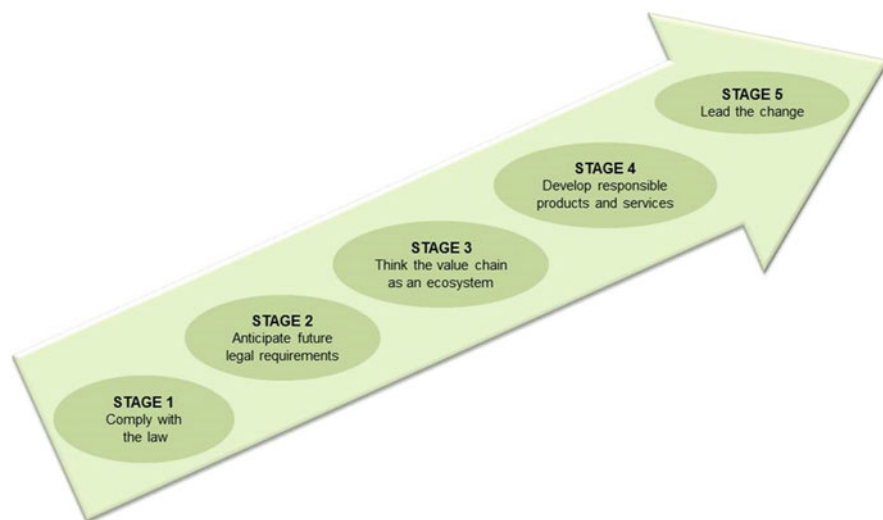


Fig. 1 Five stages for implementing responsible innovation at all levels of the organization (Pavie et al. 2014)

banning a particular material used in its electronic components because of its toxicity. The R&D department dedicated about ten years to developing a substitute to that material. Their efforts were rewarded when a European Directive was issued to this end in 2006 and competitors were forced to adapt. The third stage involves analyzing the value chain in terms of its efficiency and re-designing it as an ecosystem. This also means that all actors (suppliers, collaborators, stakeholders) are familiarized with the organization's responsible innovation strategy and actively involved in the same pursuit. The fourth stage involves developing responsible products and services as previously explained. The final stage concerns the organization's role in educating the whole ecosystem and thus leading the change towards more responsible business practices and innovation. This can be done through educational communication towards employees, customers, suppliers and all actors of the ecosystem. The organization can also set the standard as the leader in its industry, which all actors need to match. The business model should also be analyzed in terms of its responsibility and role in educating all members of the ecosystem.

The application of responsible innovation varies depending on the sector. Indeed, the identification of an organization's specifically critical responsibility issues towards its clients, its own employees and the ecosystem as a whole will largely depend on the types of products or services it produces, the existing culture of the sector and the organization itself, the differing perceptions of collaborators and customers, among many other complex characteristics.

4 Managing R&D Driven Innovation Within Interorganizational Networks: The Vittamed Case Study

In order to demonstrate the co-evolution of R&D driven innovation, inter-organizational networks and responsibility standards, we have chosen the case study method, that is best suited for the analysis of relatively unknown and new phenomena (Tellis 1997; Rahim and Baksh 2003; Kvale 2007). The chosen case study company, *Vittamed* JsC, represents a multicultural networked business and innovation development case study in the medical engineering sector. *Vittamed* is a neurodiagnostics medical device company with offices in Kaunas, Lithuania and Boston, MA, in the United States. The company has developed a suite of ultrasound-based devices to non-invasively measure the absolute value of intracranial pressure (ICP), real-time cerebral blood flow autoregulation (CA), and intracranial volumetric wave monitoring. The non-invasive diagnostic methods have been clinically tested and proven in leading neurological centers in Europe and the United States. The primary focus for *Vittamed* is to closely measure and monitor critical care patients suffering from neurological diseases, post-stroke complications or traumatic brain injuries. ICP and CA are key vital signs in neurological diagnosis and monitoring because of their correlation with treatment algorithms and

outcomes in these patients. Current methods for measuring ICP are invasive and require drilling a hole in the skull to insert a sensor (patients with traumatic brain injury or TBI) or a lumbar puncture (neurological patients). These procedures are both risky and very expensive. The *Vittamed* non-invasive technology provides a safer, more cost effective way to obtain the same clinical information for doctors and is less traumatic for patients. The suite of devices could not only replace the invasive methods in the Intensive Care Unit (ICU) but also could become a standard of care for other patients outside ICU. There are approximately 2M-3M patients in the United States and the EU with these conditions who would benefit from *Vittamed's* non-invasive solutions.

The case study was based on a structured interview and desk research combined, including company business information, references, etc. The broad lines of open interview questions focused on the key issues related to networks and relationship building for R&D and technology knowledge development, i.e. relationships and the variety of partners, knowledge sourcing and knowledge management within networks, clustering incentives, and issues of open innovation management within networks, and later was followed by open discussion about success factors, strategy determinants, and framework conditions for the entire business (total duration—4 h, the interviewee was the founder of the company). Responsibility and ethics emerged as an imperative for success as we will demonstrate later. The case study analysis was organized along the lines of the theoretical model, while revealing the firm's actions in impacting technology and medical industry standards, value driven innovation, business ecosystem setting and leading the change as a consequence of innovation implementation in the marketplace.

4.1 Impacting Industry Standards Via a Global Inter-Organizational Network

Inter-organizational networks are at the core of the *Vittamed* strategy, since without networking none of the company goals are achievable—excellence in R&D, proven testing results, market access and knowledge. However, the problem lies not only in development of the firms' capabilities and access to information and knowledge, but also in development of new ways of customer behavior related to device implementation in the marketplace, i.e. application of new brain monitoring methods in clinical investigation. Thus, in addition to broad exploitation of the networks available, the founder together with research partners formed a network specifically aimed at the firm's interest area—clinical brain monitoring—The Brain-IT (Brain Monitoring with Information Technology) in 1998. The specific problem to be solved by the network was collection of reliable information, and access to hospitals that would test and report the results of the performance of the devices, as well as their applicability in clinical monitoring. The available information at the time was small scale, single center studies, which was unreliable for

business decision-making, thus a wider testing base was needed. In the case of *Vittamed*, the need for the development of its innovative equipment was determined by the worldwide demand for physiological measurement equipment for non-invasive human brain physiological monitoring. Such equipment was not yet available on the market. Both in the United States and the EU, brain injury is the leading cause of death for patients under 45 years of age. The pathophysiological processes in the injured brain proceed rapidly and are life-threatening. The available brain physiological monitoring technologies were exceptionally invasive. They require implementation of disposable sensors into the patient's brain. The invasive technology is relatively costly and potentially hazardous to the patient, since it may cause infection and additional brain injury.

The second problem to be solved was reliability of the monitoring results. Collection of minute-by-minute physiological monitoring is now common in many neuro-intensive care units. However, there were no agreed standards for defining the collection, summary and analysis of monitoring data. Tracking changes in bed tilt (which affects the size of hydrostatic pressure gradients between the head and heart) is also a significant technical issue without defined standards. As a result of these factors, it is often difficult to compare even the most common forms of monitoring when data are presented at meetings. Development of standards and guidelines in this area is an important step for the future design and conduct of trials of new intensive care monitoring and treatment methods.

Thus, the BrainIT collaboration was seen as a way to find a more systematic and efficient approach to health care technology assessment. The work of this group also has implications for the pharmaceutical industry where improved methods for detection of potentially harmful adverse events will improve the infrastructure for carrying out multi-center studies.

4.2 Creating Value Within the Inter-Organizational Network

The partners in clinical testing, hospitals and clinical testing laboratories, are also the target customers of the company, i.e. the multicultural inter-organizational network is both the development partner and the lead customer institution for the company. The medical device is being tested, used, and improved in close cooperation with and integration of customers' knowledge and experience. The market reputation is also built via the entire network, as well as the clinical recommendation base. As the device merges knowledge of different scientific communities, and aims to change the way intracranial pressure is measured, it is very important to ensure its technical, and clinical performance and reliability in technical and medical terms. The failure in market reputation building would also mean failure in market acceptance, therefore constant interaction with customers is among the key success factors of the firm.

As the company is R&D oriented, "embeddedness" in international and local academic networks counts among the key success factors of the firm. Relationships

with local universities, Kaunas University of Technology and Kaunas Medical University in fact provided the initial knowledge base for the experimentation. Later, the results were transferred to the international R&D area in order to receive international validation and acceptance, especially in clinical terms.

The need to develop components for the production of the prototype made the links with local and international suppliers very important. They serve as innovation partners, and the success of the prototype performance depends also on their inputs in the form of components, since not all of these are available on the global electronic supply markets.

Since the company started its operation on the international scale from the very beginning, cooperation with international consultants is very important—in the area of intellectual property rights (IPR) protection and development, access to venture capital funds, and other international R&D business development matters.

However, the most important strategic link for the company is with the customers—hospitals, specializing in brain care and research in Europe and the United States. Product development and implementation in the market would be impossible without customer knowledge about the possibilities and limits of its application. Speaking in marketing terms, current customers are of the innovative type—actively searching for ways of application and related improvements of the device. The group of customers is not only the provider of knowledge about product application, but also serves as a recommendation base for other potential customers. Therefore, the founder of *Vittamed* has made important efforts in the development of effective interactive relationships with customers, described above as the BrainIT initiative.

4.3 Development of a Global Responsible Business Network Around an Innovative Solution

The BrainIT group is built on the open collaboration principle, and the work of the group is project based. Members of the group give their time voluntarily. The BrainIT Group approach to collaboration is to foster and support the formation of autonomous projects groups. The data model used differs from previous collaborative groups working in the field of traumatic brain injury in that data collected as part of individual projects is also donated to a joint database for the benefit of the entire group. A steering group helps to coordinate activities, fund the infrastructure, maintain a project register and ensure the database and publication criteria are adhered to.

With the exception of any fixed contract, project funded, technical or administrative staff, all of the BrainIT steering group, the Technical Advisory Group and data contributing members work voluntarily and do not receive any form of fee or stipend for the support they provide. Data held within the database is owned by the BrainIT group and is accessible only to partner institutions (PI's) from centers

contributing data. Database access to other center contributing members or non-profit research organizations can only be made by special agreement with both the centers PI and the BrainIT Steering Group. External participation is also welcomed by representatives from ‘industry’ (medical device companies, pharmaceutical companies, profit making data analysis organizations), which can collaborate on projects with other members. Today the Brain IT group links 136 members, in 67 cities, in 38 countries, including European hospitals that are most advanced in brain research from Switzerland, Italy, France, the United Kingdom, Greece, Lithuania, and the Czech Republic.

Networks, partnerships and cooperation are at the core of the *Vittamed* strategy. None of the important company developments were made in isolation, including the patented principle of the ICP (intracranial brain pressure) monitoring device. Therefore, the development of and sustaining formal and informal, local and international networks was crucial for the company’s operation and success. Initially, inter-organizational networking ensured that the company was on the leading edge of scientific research, and supported the development of advanced ideas in research into brain monitoring. Such networks were facilitated via US Army medical research programs and EU Framework programs. The international and multicultural R&D networks have provided the chance to develop and test the idea, and in fact to perform the pre-competitive research jointly with British and American partners. Lately, networking and cooperation with international partners—Spencer technologies and the BrainIT group—has led to five more patentable solutions in the field.

4.4 Continued Networking for Leading the Change

Vittamed was applying the networks for the constant development of business, and addressing the technological, institutional and market uncertainties via established networks. The role of the network is changing along with the innovation development stage, and various networks with the changing varieties of actors are used for open and responsible innovation development tasks. Following the model of R&D driven innovation, the first networks to be established were oriented towards idea generation and the performance of R&D tasks. Following the circular model of innovation and the idea of open innovation, it already involved lead customers’ participation in R&D teams, which had valuable knowledge inputs from areas of knowledge different than those of the firms. In the next stage of idea development, the networks were used for R&D and technology development, attracting various actors worldwide contributing with different competencies, allowing complex technology and prototype development tasks to be accomplished. The network quality also plays an important role in attraction of international R&D funds, which in the case of R&D intensive small businesses, are an important source of innovation funding.

As the radical innovations embedded in new technologies impact the radical change in “the way the things are done”, the customer involvement and education becomes critically important for technology acceptance, and also for inventing ways and new opportunities for applying the technology. In the case of *Vittamed*, global inter-organizational networking in the early stages was crucial for the development of new standards and implementation of new practices for the analysis and research of the existing phenomena. From the beginning the company’s networks were featured by the open knowledge co-development culture. The openness of the networks directly impacts the value of knowledge generated within them, and integrated responsibility ensures the quality and acceptance of new technologies not only within the network participants, but also the wider community, which actually allows the commercialization of the new technologies. However, with the market entry phases, the company networks are changing from relatively limited R&D and lead customer communities towards the distribution and marketing networks, which are regulated by traditional business practices, and actually are less important for innovation development.

The co-evolution of R&D driven innovation development, networks and responsibility practices is shown in Fig. 2. It demonstrates the imperative of network embeddedness and responsibility at each innovation development stage. Based on our case study, Stage 1, “Comply with the law” from the theoretical model (see Fig. 1) is outside of our discussion as *Vittamed* created their own network Brain-IT

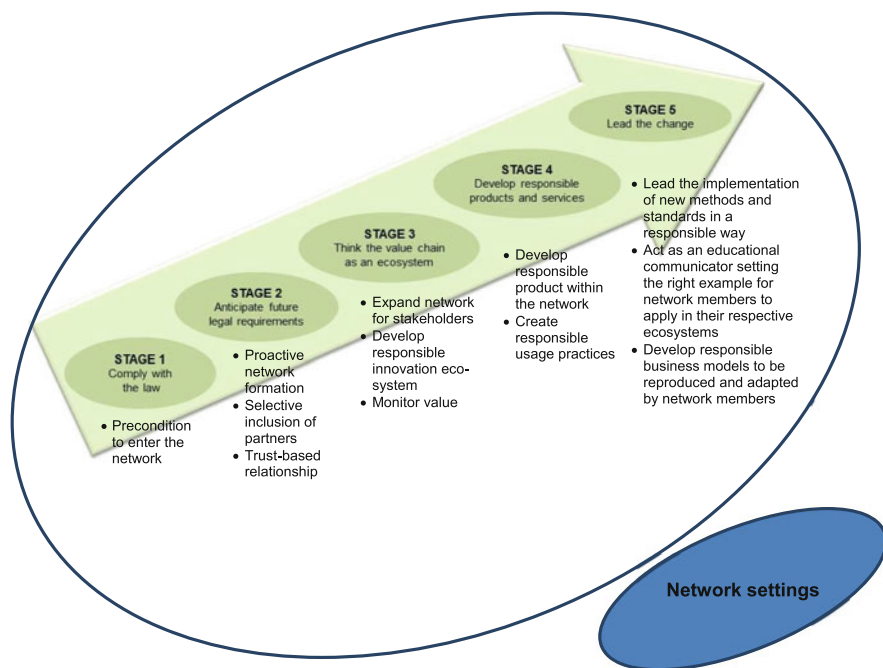


Fig. 2 Implementation of responsible innovation within network settings

to fill in the gap in standards. The absence of law and standards in the niche field of medical engineering, where *Vittamed* aimed at developing a radical innovation, was a starting point for the collaboration with other organizations by creating an inter-organizational network to gather the information needed for the innovation. Therefore, Stage 2, “Anticipate future legal requirements” was accomplished by the formation of the proactive inter-organizational network of Brain-IT in order to meet future goals, both legal requirements, and the developed innovation, by anticipation dimension. As our case study showed, selective inclusion of partners based on trust and shared values were of crucial importance that led to Stage 3, “Think of the value chain as an ecosystem”. Success by creating a global responsible business network was proved by integrating relative partners, willing to collaborate on a long-term innovation strategy, based on value for the benefit of society. Therefore, Stage 3 could be described as a breaking point in the whole process as international partners joined Brain-IT network, thus combining into a value driven ecosystem. Stage 4 and Stage 5 merged in our case study, as the company was setting the standard as the leader in its industry from the very beginning. For this reason, the output itself was a responsible innovation that determined the law and requirements for entering the field, in which the global inter-organizational network Brain-IT operates.

5 Conclusions

The complex setting of R&D driven innovation environments leads organizations towards the creation of global networks as a source of knowledge for innovation. In order to ensure open knowledge transactions within networks, value driven and trust based processes should be established. Moreover, R&D intensive innovation deals with at least three main types of uncertainties, i.e. technological, market and institutional challenges that need to be addressed in a comprehensive and efficient manner. Stakeholder involvement is not a new perspective in innovation theory. What is new, however, is the scale and complexity of stakeholder involvement along the stages of innovation, and the need to understand and accumulate the inputs from the multicultural environments when innovating for the global marketplace.

As the *Vittamed* inter-organizational multicultural network development case study demonstrates, responsible innovation management emerges as an imperative in order to be accepted by the international innovation community, and moreover, to benefit significantly from the intercultural inter-organizational knowledge and market domains. Moreover, inter-organizational multicultural network development becomes a strategic and intended action in order to access valuable R&D and market resources. However, the network itself builds a new form of organizational platform for innovation, that controls its actors via professional and business ethics standards, behavioral norms and specific codes of conduct that emerge from the mix of contributions from the multicultural environment. That is to say, the

network acts not only as a source of knowledge for innovation from the resource based view, but also as an imperative for responsible and reflective behavior within innovation processes, i.e. reciprocal effects occur, where the firm impacts network formation and processes, but the network impacts firms' behavior and decision making in innovation process.

Further, the complexity of interactions and the need to meet innovation development targets require the establishment of innovation management processes that ensure self coordinated knowledge interactions within networks for innovation, and also comply with responsible innovation practices. The importance of networks leads to the search for new models of innovation, whereas the open innovation model dominates, and the global multicultural profile of innovative activity requires application of responsible innovation management techniques that would ensure successful collaborative and sustainable innovative results.

Limitations of the study are driven by R&D intensive setting in highly vulnerable and institutionally regulated sector of medical engineering and health care, that perceives both, institutional and societal pressures on ethical, transparent and rigorous behavior in order to get access and further succeed in the market. The community involved in the innovation development also demonstrates high ethical research and professional standards, that might not be the case in other R&D intensive still less regulated and/ or less society impact in networks dealing with relatively less vulnerable issues than a human health and life risks.

Therefore, future research should focus towards understanding of firms' behaviors in other R&D intensive but less vulnerable sectors (for example, food safety, innovative textiles, and etc.) that still deal with important societal challenges. The quantitative data collection and hypothesis testing on the firm, i.e. network interactions and responsible innovation management practices applications in order to ensure efficient performance within interorganizational networks should also be studied on the larger scale.

In terms of practical implications, the paper demonstrates the model and also behavioral practices, that could accumulate into the higher success of the R&D intensive firm while generating global innovation, and seeking for higher rates of market acceptance along with the institutional risk mitigation at the international scale. As intercultural open networks become a new setting for R&D intensive innovation generation and management, responsible innovation management practices provided in the paper may serve as a best practice case for other companies and R&D intensive network management practices in the field.

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Social Capital, Trust and Intercultural Interactions

Lukasz Sulkowski

Abstract The main aim of this chapter is to introduce readers to the idea of social capital. Then relationships between social capital and trust are analyzed. Finally, both these ideas are placed in the context of multicultural organizations.

The term ‘social capital’ appeared in the 1960s. Social capital is identified as symbolic common goods of a society, which foster the development of social trust and norms of reciprocity, which in turn leads to more effective forms of organization. Social capital is an aggregate of variables determining the nature of secondary relationships. It can also be seen as a skill of interpersonal cooperation within groups and organizations in order to realize common interests.

Interpersonal trust is an important factor determining relationships, both in the family and in the organization. Interpersonal trust is a reflection of a resource of experience and observation of a person, which would allow him or her to predict that confidence in the given person meets expectations.

The chapter draws clear boundaries between trust and social capital, at the same time explaining and exploring implications of these two perspectives on the issue of organizational management in a multicultural context.

1 Introduction

An immanent feature of all groups of people is the establishment of social ties between their members. These ties are based on trust, which is located at a number of levels, can take different forms, and may be of varying levels of intensity, but it is a universal element of interpersonal relationships. When we carry out research into multicultural organizations, we face the issue of understanding how trust relationships are established between people in them. This means referring to a basic concept of the social sciences—“social capital”.

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Thus, we can ask whether multicultural organizations have any distinguishing features in the area of social capital and trust relationships between people. If the answer is positive, then we can ask about the characteristics of the relationships between social capital and trust in multicultural organizations. In fact, this is a question about the unique characteristics of social capital in multicultural organizations, which is the subject of this chapter.

The main aim is to introduce readers to the idea of social capital. It will then analyze the relationships between social capital and trust, indicating the theoretical and empirical closeness of the meaning of these terms. Next, selected limitations to the development of social capital will be presented, mostly from the perspective of Poland. And finally, both ideas will be placed in the context of multicultural organizations.

The chapter describes certain fluid boundaries between trust and social capital, at the same time explaining and exploring implications of these two perspectives on the issue of organizational management in a multicultural context.

2 Social Capital and Its Components

The notion of social capital is not a novelty in the discourse of the social sciences and humanities. The term was first used by Hanifan (1916) in reference to research into rural centers. Over the last decades, issues concerning social capital were mostly studied by political scientists and sociologists. In works by such researchers as Bourdieu (1986), Coleman (1988) and Putnam (1993, 2000), social capital as a construct became a complex representation of human values and interpersonal relationships. The notion was treated as a constructive element of economic prosperity (Fukuyama 1997), regional development (Grootaert and Bastelaer 2002), collective action (Burt 1992) and democratic governance (Putnam 1993, 2000). A number of concepts of social capital have been created to date, and it has to be said that the notion has been most popular among sociologists.

The term “social capital” was popularized in the social sciences and humanities in the 1960s. Social capital is considered equivalent to the symbolic common good of the society, which supports the development of social trust and norms of reciprocity, and in consequence leads to more effective forms of organization. The concepts of social capital can be found in a number of works by such authors as Jacobs, Coleman, Fukuyama and Putman. According to Jacobs (1961), social capital is a set of variables determining the character of secondary relationships. Coleman (1988) describes social capital as the human ability to cooperate within groups and organizations in order to further the common interest.

The notion of social capital achieved worldwide popularity thanks to a popular book by Putnam (2000) *Bowling Alone: The Collapse and Revival of American Community*. The author believes that, despite the fact that Americans became wealthier, their sense of community started to disintegrate. Cities and the suburbs became edge cities and exurbs—vast and anonymous places where human activity is limited to working and sleeping. As people spent more time working,

commuting, and watching TV, they had less time for meeting their local communities, establishing civic organizations, or even meeting their friends and family.

An increase in the popularity of the notion of social capital is also connected with its common use in a number of disciplines. Fukuyama defined and studied social capital on the basis of analyses in political science and sociology, looking for the sources of stability and social prosperity (Fukuyama 1997). Sociologists and educationalists associate the issue of social capital with inequality, morality, openness, inclusiveness, education, social welfare, resocialization, and a number of different social phenomena (Kawachi et al. 1997; Morrow 1999; Dasgupta and Serageldin 2001). In Poland, the issue of social capital is addressed by numerous sociologists, political scientists, cultural anthropologists, and over the last decades also by economists and management specialists (Herbst 2007; Trutkowski and Mandes 2005; Sztudynger and Sztudynger 2005; Theiss 2012; Czapiński 2008; Kostro 2005; Zarycki 2004; Sułkowski 2001).

Two of the greatest difficulties related to using the phenomenon of social capital are the high ambiguity of the term and lack of credible methods for measuring it. Since virtually the moment the term “social capital” was coined, it referred to certain elusive characteristics concerning relationships between individuals. We can quote here the author of the concept, Hanifan: “I do not refer to real estate, or to personal property or to cold cash, but rather to that in life which tends to make these tangible substances count for most in the daily lives of people, namely goodwill, fellowship, mutual sympathy and social intercourse” (Hanifan 1916, p. 130).

The same recurring ideas can be found if we have a look at the most important definitions from the 1970s (Loury 1977), the 1980s (Bourdieu 1986; Coleman 1988), the 1990s (Burt 1997; Fukuyama 1999, 2001; Knack and Keefer 1997; Putnam et al. 1993), and the last decade (Woolcock and Narayan 2000; Dasgupta 2000; Lesser 2000; Fafchamps 2006; Sen 2003). For example, according to Fukuyama “social capital can be defined simply as the existence of a certain set of informal values or norms shared among members of a group that permit cooperation among them” (Fukuyama 2001, p. 169).

Understanding social capital as a kind of “rooting” (Granovetter 1985) is probably the most popular understanding of “social capital”. From this perspective, we acknowledge that it is impossible to understand the behavior of economic units without proper examination of the social structure they are rooted in. A model in this case can be the definition proposed by Bourdieu, who understands this term as actual or potential resources which are linked within a network of more or less institutionalized relationships of mutual acquaintance and recognition, or in other words, membership in social groups (Bourdieu 1986). If we have a look at the aspects indicated as the primary ones, we will not find any systematic approach that would explain what falls into the semantic scope of “social capital”, and what does not.

Sometimes, social capital is also defined from the angle of so-called cultural capital or relational capital. Understood like this, capital refers to resources that social elites have at their disposal. Generally, four types of capital can be distinguished: political, material, cultural, and social. Material capital, which includes all

financial and material resources owned by household members, is an object of inheritance. Such inherited material capital often determines the fate of children. Cultural capital is a set of competencies, skills, and knowledge acquired by an individual, which is a prerequisite to the gaining of a certain position within the social structure (Wnuk-Lipiński 1996). The cultural capital of parents is transmitted to children as part of the socialization process. Thanks to the process of socialization, education, and upbringing children can acquire this set of key social competencies. Cultural capital is transmitted and assimilated both unconsciously and consciously. Studies conducted by Bernstein indicate that children learning a specific language acquire it as an “elaborated code” or a “restricted code”, which has a significant influence on their future ability to understand and interpret reality (Bernstein 1990). Parents try to consciously direct the child’s intellectual development, assuming that it is necessary to shape certain skills which will be useful for the child’s future professional career. According to Bourdieu, there is semantic parallelism between a social hierarchy arising from economic conditions and a hierarchy of approved cultural content (Bourdieu 1990). Giddens indicates two ways of transforming structural properties entangled in the reproduction of modern industrial capitalism, which are tightly linked to the reproduction of elites (Giddens 2003): private property—money—capital—labor contract—profit; private property—money—educational advantage—occupational position.

Understood like this, economic (material) capital is a determinant of cultural capital. Values and norms instilled within the socialization process form a kind of “symbolic compulsion” (“symbolic violence”), which structuralizes and rationalizes the existing social order. Naturally, this order supports those in power and social elites who have material capital (Bourdieu 1990). Social capital was defined by Edmund Wnuk-Lipiński as “all informal social relationships (colloquially called “contacts”), thanks to which individuals increase the probability of joining the elites or maintaining their position in the elites” (Wnuk-Lipiński 1996, p. 151).

In fact, one could even attempt to divide these ways of understanding social capital into several categories. The first group of definitions associates social capital with a network structure. This perspective highlights the significance of a social structure within which individuals operate. In order to understand the functioning and the effectiveness of the whole network and to derive potential benefits from it, attention is directed to the characteristics of the given network and the position of individuals in its context (Burt 2000; Sciarrone 2002; Sabatini 2006; Lin 2008). The second group of definitions emphasizes a distinctive feature of social ties, i.e. the trust factor. In this case, there is an unspoken assumption that not all networks or relationships are good building blocks of social capital—only the ones with a relatively high level of trust are suitable (Bjørnskov 2003; Beard 2007; Cassar et al. 2007). And finally, the third group of definitions combines the first two proposals into a concept referring to the network aspect and the norms of social trust. Its aim is to capture qualities related to forming groups, social participation, or the level of group solidarity (Knack and Keefer 1997; Narayan and Lant 1999; Putnam 2001; Miguel et al. 2006; Woolcock and Narayan 2000). The last two

approaches offer an analysis at the level of the whole community, even if its elements refer directly to the specific features of individuals.

3 Elements of Social Capital

The concept of social capital, despite there being different definitions, attracts supporters among scholars from many disciplines. Interpersonal relationships and “relational capital” form a large part of these definitions. For the purpose of further discussion, I will define social capital as relationships between individuals and organizations that facilitate operation and create value (Adler and Kwon 2000; Seifert et al. 2003).

As an attribute of a society, social capital can be understood as a specific characteristic of an environment that makes it easier for people to cooperate. In this case, the question of solutions that can be provided by communities in relation to the issue of a superior or common good is of key importance (Durlauf 2005). Social capital makes it possible to reduce the cost of transactions connected with uncertainty or information deficiency. Thus, it can be said that it provides “soft”, non-economic solutions to economic problems (Knack and Keefer 1997; Kawachi et al. 1999).

Matysiak believes that social capital, which is based on the institutional and cultural achievements of a society, provides benefits to all participants in the social distribution of work (Matysiak 1999). Social capital translates into the level of social trust supporting the creation of intentional social groups. A high level of social trust, and so of social capital, means that secondary social groups form relatively easily in a society. Fukuyama believes that a high level of social trust favors the creation of large organizations which go beyond the stage of small enterprises, while a low level of trust limits the possibilities of economic consolidation, favoring the development of the sector of small and medium enterprises and family companies. In the context of the internationalized, and particularly the global economy, larger organizations are often more effective in many sectors than smaller enterprises. Thus, countries where business organizations consolidate more quickly and more easily will offer conditions for the development of more competitive economies and organizations.

Social capital, in its broadest sense, refers to the internal (cultural and social) coherence of a given group, trust, norms, and values controlling interactions between people, networks, or institutions (Parts 2003). Social trust and norms are necessary conditions for the existence of a process; however, it cannot be viewed only from their perspective. Social capital only provides for the possibility of trust arising, but does not guarantee this (Ahn and Ostrom 2008; Dasgupta 2000). Moreover, the use of such terms as “trust” and “social norms” blurs the boundaries between different levels of social interactions. The developing network of social relationships includes norms, values, and obligations, offering people related to it the possibility of development (Haley and Haley 1999; Yli-Renko et al. 2001). For

example, if we treat social capital as common trust (Bjørnskov 2003), we make an unspoken assumption that the accumulation of social capital through building relationships with people within unrelated groups will improve the general trust level. And if we think about the creation of social norms and their role in the shaping of a sense of common purpose (Putnam et al. 1993), we ignore the fact that society can include completely different norms and different groups can make use of them (Warren 2008).

In the literature there is general agreement on the elements of social capital—its components are more or less interrelated. Elements of social interaction can be divided into two categories: structural elements, which facilitate interaction, and cognitive elements, which build aptitude for actions that are advantageous to the group. Structural elements also include social or civic participation, while cognitive elements cover all forms of trust and norms. Although most researchers agree about the significance of cognitive and structural aspects within social capital, it can be assumed that both sides of the coin support each other. For example, informal communication teaches cooperation with strangers in order to achieve a common goal, while norms are essential in order to avoid opportunism (Parts 2003).

Another potential result of involvement in different networks is personal interaction, which generates relatively cheap and reliable information about the solidity of other people, reducing the risk related to trusting someone. On the other hand, previously existing, common and diffused trust indicates a readiness to establish cooperation with strangers. Regarding relationships of this type, one can briefly say that social interaction requires communication skills and trust, which improve in the course of cooperation with people. Thus, different dimensions of social capital should be treated as complementary and related to the same overall concept (Parts 2003).

Indicators of social capital can be divided into two groups, psychological and socio-economic characteristics such as income, education, family, social status, values held, personal experiences—all these elements determine the willingness of individuals to invest in social capital. Contextual and systemic factors at the level of a community or a nation include, for example, the general level of development, the quality of operations of formal institutions, distribution of resources, social polarization, and previously existing mental schemas of trust and cooperation. Current research concentrates on the indicators of the individual level, studied empirically by such researchers as Alesina and Ferrara (2000), Christoforou (2005), Halman and Luijkx (2006), Kaasa and Parts (2008), and others. Despite the fact that the results of empirical studies do not always agree, one can make certain generalizations through references to indicators of different types of social capital.

4 Social Capital in Economics and Management

The notion of social capital entered the discourse of management science thanks to its proximity to economy, organizational sciences, and managerial practices (Cohen and Prusak 2001). For example, Kostro (2005) claims that social capital determines the actual resources, the existence of which is of social significance. Kostro listed the following characteristics of social capital (Kostro 2005; Sierocińska 2011):

1. Production—social capital is created with the use of specific material resources, financial resources, work, and time.
2. Transformation—social capital has the ability to transform certain goods (material resources, financial resources, work, and time) into benefits that cannot be obtained in a different way (e.g. the use of someone else’s knowledge, skills, ensuring privileged treatment, receiving emotional support or support in a difficult situation etc.).
3. Investment process—material resources, financial resources, work, and time are invested in the creation of an atmosphere favoring mutual trust. Stronger ties require larger investments, while weaker ties require smaller investments.
4. Diversity—similarly to material capital, social capital is heterogeneous.
5. Different degrees of stability—duration of relationships depends on their type.
6. Attention to social capital—in order for social capital to maintain its productivity, it needs to be “used” from time to time.
7. Predictability—when one knows the type of relationships (the degree of stability of social capital), one can predict certain situations.
8. Alternative cost—the creation and maintenance of social capital are preceded by the calculation of costs and benefits.
9. Transferability—this characteristic of social capital is present only partially, as it is impossible to resell or hire social capital. Social capital can be transferred or inherited in a certain way (e.g. parents’ friends become also children’s friends).

In academic circles, the already mentioned proximity to the economy and organizational sciences satisfied the need for a theoretical mechanism explaining many issues, which can be applied to subjects developed within the same intellectual movement (Nahapiet and Ghoshal 1998). This was mostly related to the development of a cultural discourse or in fact the issue of the integration of culture, also called the issue of strong organizational cultures (Sułkowski 2012; Sikorski 2008). Values and norms form the basis for interpersonal interactions that are supposed to be the bond of all organizational systems. Also a group of problems related to the concept of organizational identity and identification with the organization was related to this intellectual formation (Whetten 2006). Other concepts mentioned include corporate social responsibility, the way enterprises interact with their environment; the beneficiary model, according to which “property” is something more than economically understood capital; knowledge management. Consideration for the way an enterprise can organize its internal communication separately from its social context (Jones et al. 2001).

5 Trust, Social Integration and Cultural Differences

One of the most discussed elements of social capital is trust. The notion of “trust” is quite commonly used in the social sciences, which is why there are a large number of definitions. Grudzewski et al. (2007) list over 30 definitions in six areas of study: psychology and sociology, management, marketing, organizational behavior, public relations, and information systems.

According to Ratajczak, interpersonal trust is a significant factor determining interpersonal relationships, both in families and organizations (Ratajczak 1983). Deutsche believes that interpersonal trust is a reflection of a certain set of experiences and observations of people, allowing them to predict whether the person they trust will measure up to their expectations (Deutsche 1973). According to Zand, the notion of trust includes (Zand 1972):

- one’s own intention to trust someone,
- actual behavior compatible or incompatible with this intention,
- expectations of others in relation to the fact that they are worthy of trust,
- the fact that people perceive their behavior as trustworthy,
- situational context,
- hypothetical consequences of a low or high level of trust.

In the analysis conducted, intercultural interactions were associated with social capital and interpersonal trust, and evidence of a positive correlation between them was shown.

Generally, trust is based on certain values shared by people, and its development depends to a large extent on the process of primary and secondary socialization at a young age. This means that trust is a stable characteristic, independent of the context, actions of the other person, or previous experiences (Uslaner 2002). This kind of trust is also referred to as “moral trust”. A similar term is “common trust” or “social trust”, which is also connected with the hypothetical trust towards community members. It is inclusive to a similar degree as moral trust, however, there are two aspects that make it different: it depends on the context and it is prone to modeling through individual or group experience (Levi 1996). Common trust indicates the potential readiness of citizens for cooperation and hypothetical readiness for common civic participation (Rothstein and Stolle 2002). At the level of the whole society, common trust is based on certain ethical habits and moral norms concerning reciprocal actions (Fukuyama 2001). Most researchers agree that trust requires a number of elements: considerable personal vulnerability of the person placing trust in someone, uncertainty about the future actions of individuals in whom trust is placed, and a specific object or problem entrusted to the person in whom trust is placed, or a confidant, which may include children, health, or money (Hall et al. 2001). Trust can be considered from different perspectives, depending on the way it is experienced and expressed, the object of trust, and attributes or characteristic features that lead to the development of trust.

Social capital is closely related to economic prosperity, regional development, collective action, and democratic governance (Fukuyama 1997). However, it cannot explain all these social phenomena in and of itself. Thus, one should not ignore the issue of trust when writing about social capital.

There are many contradictory opinions concerning this issue. Is trust a condition for the development of social capital or its effect? Placing these notions in the organizational context is significant for a number of reasons. When searching for the implications of both views on the issue of organizational effectiveness, one should remember not only about relationships but also about maintaining the fundamental division within an analysis into trust and social capital. The literature is dominated by a view of an individual (Baker 2000), a nation (Putnam 1993), and a culture or religion (Fukuyama 1997), rather than an organization. Analysts often perceive organizations as machines producing goods, services, or knowledge, and as enterprises managing resources and coordinating the work of individuals in order to carry out the actions planned. Many of them point to organizations with high social capital, which have not had reflections about the significance of this notion for a long time. This means that organizations often ignore social capital and hardly ever understand or analyze it, or discuss the social networks behind it. Yet, the economic, social, or technological worlds they populate require them to understand this concept far more deeply than ever before (Cohen and Prusak 2001).

Common trust is often juxtaposed with special or institutional trust. These kinds of trust are called “horizontal” and “vertical” respectively. Institutional trust refers to the feelings one has for the social system (Luhmann 1988) and public institutions and their officers (Hardin 1992). Rothstein and Stolle (2003) developed an institutional theory of generalized trust, according to which every citizen distinguishes institutions based on at least two aspects: they expect them to be represented by certain persons related to politics, law, or social institutions, and they expect them to take a neutral, impartial approach. In general, trust towards institutions determines the way citizens experience the sense of security and protection, the way citizens transmit information between public institutions and other citizens, the way citizens watch the behavior of their fellow citizens, and the way they feel discrimination against themselves or their family and friends (Rothstein and Stolle 2002).

6 Limitations to the Development of Social Capital

The literature offers a number of examples of limitations to the development of social capital (Łopaciuk-Gonczaryk 2008; Czapiński 2011). The most important reasons for the weakness of social capital include:

1. Generalized lack of social trust (Batorski 2013).
2. Weakness of civil society (Golinowska and Boni 2006).
3. A low level of openness and inclusiveness in the society (Theiss 2011).

4. The “social void” phenomenon described on the basis of the example of Poland by Nowak (1979).
5. The “amoral familism” syndrome identified in the research conducted by Banfield (Reis 1998; Banfield 1967).

The last case of the reduction of social capital will be discussed as an example, as this is a phenomenon studied in Poland (Sułkowski 2004; Dzwonczyk 2005).

Nowak believed that Poland during partitions, and then under the control of the Soviet Union was a country completely lacking civic institutions, within the culture of which a collective defense mechanism developed in the form of lack of trust towards the oppressive state and its departments, and relying only on family, neighborhood, and church communities. Commercial and public organizations also occupied this “social void”, becoming old-boy networks in opposition to the authorities. However, the strengthening of family and neighborhood ties, in combination with the weakness of civil society, leads to a reduction in social capital.

Banfield emphasizes the negative effects of overly strong family ties compared to social ties, using the term “amoral familism” in his analysis of southern Italy. Studying the functioning of traditional peasant families in Montenegro, Banfield (1953, 1979) pointed to the conservative and anti-modernist influence of strong family ties, which delay economic development. The norms of “amoral familism” come down to the maximization of material benefits of a family at the expense of everyone from outside the family. “Amoral familists” cultivate high-quality social contacts and follow moral rules at a family level, however, they often treat people from outside the family distrustfully and cynically, striving for profits only. Miller (1974) describes familists as people who strive for the prosperity of their family at the expense of non-family social ties. Silverman (1970) notes that Banfield’s analysis is unique to rural communities in the south of Italy, where familism manifests itself in the domination of families within the social structure, the lack of complex, institutionalized social relationships between a family and the broader community, the lack of community leaders, and weak social ties. Putman (1993) combined a thesis about the existence of “amoral familism” with a thesis about the reduction of social capital. Using the example of southern Italy, he observed that familism makes it difficult to establish broader social ties, reinforcing clientelism and corruption in politics as well as conservative tendencies. Putman’s diagnosis was criticized. According to Piselli (2001), Putman adopted an ethnocentric American perspective of civil society to assess rural communities in the south of Italy. Above all, he failed to see that family ties did not concentrate on a nuclear family but on an extended family and, probably most importantly, he did not take into consideration the extensive and complex ties of loyalty and relationships covering groups of neighbors and friends (e.g. between fellow soldiers). Therefore, these non-family social ties were strong, even if they were completely different from the ties present in the industrialized American society. LaBarbera (2001) adds distrust of local politicians and political life to factors fostering “amoral familism”.

Banfield’s thesis about “amoral familism” is disputable. The question arises whether family ties must lead to the weakening of broader social ties. The family

crisis related to the growth of individualism entails the weakening of family ties and disintegration of other social ties. The strength of family ties in a traditional agricultural community can be positively correlated with the strength of ties with neighbors. As Miller (1974) notes, Banfield could have overestimated the significance of the cultural factor leading to “amoral familism”, as care of the family needs could have been simply related to the difficult living conditions of the community in question. At that time, the need to maintain one’s family was elementary, pushing other social ties into the background. Transferring the theses of Banfield from small pre-industrial rural communities directly to the post-industrial mass society should be viewed skeptically. Theses about the harmful effect of the increasing strength of family ties on social capital cannot be accepted based on speculation, but on research only.

I think that correlations between family ties and other social ties are complex because they are exposed to the influence of a number of different variables. The cultural background imposes criteria for the assessment of the value of families and other social groups, and establishes normative rules for their coexistence. Economic factors can support the establishment or limitation of cooperation in social groups extending beyond families. Institutional and legal variables can reinforce or weaken family ties in comparison with other social ties. This is why the familism syndrome needs to be examined in each society separately. A high level of familism does not have to entail a reduction in other social ties (Sułkowski 2003).

However, it is worth considering whether the factors constituting “amoral familism” are now present in the Polish society. Does Poland face:

- Lack of trusted local social leaders?
- General weakness of social ties?
- Growing distrust of political institutions and politicians?
- Increased significance of a family at the expense of other social groups?
- Lack of social and civil structures ranking between a family and the state?

If we assume that these factors are present, then do they contribute to the development of the “amoral familism” syndrome in Poland (Sułkowski 2013)? Studies and analyses described in this work are mostly aimed at the exploration of the specificity and effects of Polish familism, particularly in relation to organizations and the whole economy.

7 Social Capital in a Multicultural Working Environment

Social capital is considered to be one of the main factors increasing economic effectiveness by enhancing cooperation and reducing transaction costs at the level of countries, regions, or multinational enterprises. It has been proven that regions and countries with large social capital achieve a higher level of innovativeness and growth than societies with low indicators of trust and active citizenship (e.g. Knack and Keefer 1997; Rose 1999; Ostrom 2001). Speaking more generally, social

capital is perceived as the main factor determining social networks of people and enterprises. It offers a broad scope of benefits at the level of individuals, organizations, and the whole society.

Ethnically diverse workplaces are interesting locations to study interpersonal relationships and their potential to create social capital along and across ethnic groups. Workplaces reflect social spaces closed to a different extent, where interactions between workers are rather continuous, depending on the tasks performed. Thus, these spaces represent ties, as part of which workers can build up social capital including their colleagues of a different ethnic or social background.

Social capital has become a significant resource for multinational enterprises, as in order to maintain their competitiveness on the global market they need adequate resources: information technology, knowledge, access to distribution networks etc. This is why multinational enterprises need to have the ability to derive benefits from their social capital.

With an adequate level of social capital, it is possible to effectively manage knowledge through ties between network participants (Zhou et al. 2007). Tacit knowledge is particularly valuable from the technical and commercial points of view, mostly due to the fact that it is impossible to replicate and difficult to transfer. Social capital offers access to the deposits of this knowledge, so it has a positive effect on its use and development (Nahapiet and Ghoshal 1998). Each enterprise can increase its knowledge resources not only through its own operations but also through the operations of its network partners and entities from its partners' networks (Johanson and Vahlne 2009).

Social capital is significant for multinational enterprises. The ones operating on global markets hardly ever have all the resources that enable them to be effective, which is why they obtain necessary resources through formal and informal relationships with other enterprises.

Access to information, generated as a result of good relationships within a network, reduces the cost of obtaining information (Zhou et al. 2007). Moreover, such information is usually of higher quality and it is more significant and more valid than information from other sources (Adler and Kwon 2000, p. 29). Zhou et al. (2007) identified three sources of benefits resulting from access to information in a network as part of the internationalization process:

1. access to the knowledge of market opportunities in other countries;
2. the possibility of making use of advice and knowledge gained through the (empirical) experience of other network participants (experiential knowledge);
3. the possibility of receiving recommendations and support from third parties (Zhou et al. 2007, as cited in: Doryń 2010).

It is worth emphasizing that the cultures of Asian countries focus on social relationships to a greater extent than Western cultures. Thus, relational capital based on *guanxi* (China), *kankei* (Japan), or *inmak* (Korea) creates business activity patterns in a number of countries in Asia. As a consequence, the social capital of Asian enterprises provides them with a potential advantage on the global market. Western enterprises need to develop social capital and learn how to manage

networks of relationships in order to achieve similar results. They can learn this from Asian enterprises (Hitt and Lee 2002).

Unfortunately, social capital functioning at the level of organizations has its limitations. Business entities become dependent on their social networks, and so they encounter alternative costs and limitations resulting from the direction of development taken in the past. Moreover, while Asian enterprises have strong network relationships in their home markets, on the global market they have to establish far more links in order to operate effectively. As a consequence, development and management of social capital have become significant challenges to the maintenance of worldwide competitiveness (Hitt and Lee 2002).

Enterprises function in a competitive environment, fighting for markets against complex networks of companies—these networks contrast with the position of individual competitors (Hitt et al. 1998). Companies operating within networks have many more resources allowing them to increase their competitiveness. They would not be able to do this on their own. In order to improve their competitiveness, most enterprises need additional resources, and this is why they seek to form their own networks.

A corporation interacts with a given community at a number of levels. Thus, research requires an approach acknowledging the scale of its operations and its attempts to function in local contexts in order to build up social capital. It is important to emphasize the influence of social capital on the macro, mezzo, and micro levels. Studying social capital as part of existing economic theories about the functioning of organizations leads to the conclusion that it can be understood as their lowest common denominator. In the area of academic economy, the issue of relationships reappears in a number of forms, making the question of social capital an important element of organizational theory. Treating this significant notion like this allows us to define it as a factor of evolutionary change within economic organizational theory. The evolution of organizational theory clearly indicates that the newer the concept, the greater emphasis is placed on social capital and the easier it is to understand, while the latest theories offer an in-depth understanding of these really important issues.

8 Conclusions

As studies suggest, multicultural organizations share certain characteristics in the area of social capital and the level of trust. First of all, multicultural organizations usually have greater cultural capital than monocultural organizations. This results from the pressure on greater openness in multicultural organizations, manifested in:

- a higher degree of internationalization;
- greater potential in relation to intercultural communication connected with the knowledge of foreign languages;

- promotion of internationalization and inclusiveness;
- a smaller number of stereotypes and prejudices in intercultural contacts.

On the other hand, neither the literature nor the studies conducted as part of our project provided clear-cut evidence that greater concentration of social capital at the organizational level in multicultural enterprises is reflected at the levels of enterprise, competitiveness, or effectiveness of organizational activities. Thus, examining the influence of these correlations on the effectiveness, enterprise, and competitiveness of organizations is a far greater problem. Relationships between social capital and intercultural interactions have been the subject of a number of research projects, however, their results are not so obvious. This issue should be the subject of further research.

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A Cultural Perspective on the Emergence of Organizational Trust

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Abstract Cultural factors play an important role in the dynamics of trust within a society, among all its diverse members, both individuals and organizations. Cultural diversity can be both an impediment as well as a catalyst to productive trust-based relationships between social actors. In this chapter, we present the theoretical framework that explains the development of inter-organizational trust in industrial clusters, its main stages, barriers and managerial factors behind trust development. The framework serves as the basis for empirical research that covered 109 professional cluster facilitators from 37 countries. We present the key aspects of the emergence of inter-firm trust by incorporating an analysis of multi-level factors of trust development in three different geographical and cultural contexts: Northwestern Europe, Central and Eastern Europe and Southern Europe/Latin America. This research has revealed the different challenges of trust dynamics depending on such aspects of cultural environment as the approach to authority, rules and group relations. The chapter argues for the need to adopt a non-linear approach to trust development in order to embrace the complexity of the modern organizational environment.

1 Introduction

The phenomenon of trust has long attracted the attention of social scientists. Different levels of trust—interpersonal, inter-organizational, institutional, societal—as well as its types—generalized, particularized, contract, competence, or identity-based trust—are analysed by a wide array of researchers in different social disciplines. Most studies lead to an unambiguous conclusion that trust is a kind of “social glue” that makes the effective functioning of the social and economic environment possible. The absence or decline of trust at the society-level may

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173

result in the degeneration of various intermediate social structures, such as neighborhoods, unions, clubs and charities, the rise of crime, civil litigation, and the overall sense of a loss of shared values (Fukuyama 1995). Trust facilitates economic transactions while reducing the transaction costs (Williamson 2009), promotes collaborative behavior by the system actors (Child and Faulkner 1998), which in turn leads both to increased productivity (Fukuyama 1995) and national economic development (Knack and Keefer 1997). However, there are almost no studies that address the issues of trust development in inter-firm networks in different international contexts. Our paper aims to fill this relative void.

In this chapter, we look at the emergence of trust in organizational networks (more specifically, in industrial clusters) with a particular focus on the cross-cultural aspects. First, we provide an overview of theoretical insights into the relationship between culture and trust. We then proceed with presentation of the main sets of factors behind the emergence of trust, and the permeating role of culture. Finally, we present the general findings of an extensive empirical survey of 109 experts from 37 countries on the factors behind the development of inter-organizational trust in different regional/cultural contexts.

2 Culture and Trust in Organizational Contexts

The relationship between trust and culture has been analyzed in a growing number of studies (e.g. Farris et al. 1973; Elahee et al. 2002; Igarashi et al. 2008; Dietz et al. 2010; Bachmann 2010). It is widely agreed that culture can help in understanding the variations among societies that are at a similar level of development (Fukuyama 1995). In his book *Trust*, Francis Fukuyama argues that the culture of trust (i.e. spontaneous sociability both at the individual and organizational levels) and the industrial structure of a country are interrelated. The author distinguishes between high-trust societies that are able to develop innovative and successful organizations, while at the same time reducing the cost of “doing business”, and relatively low-trust societies, where organizations struggle to reach higher economic performance. In most cases, “high trust” is associated with *generalized* trust (“trust in strangers”), whereas “low trust” is linked to the *particularized* trust (i.e. trust limited to the members of a particular group).

Culture as a social construct is a “Babel of definitions” (Holden 2002). Encyclopedia Britannica defines culture as a “complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society”. Such a broad and almost all-inclusive definition is not terribly practical. Holden (2002) draws a distinction between two key approaches to culture: *culture-as-essence* and *culture as differentiating factor*. The *culture-as-essence* approach is probably best reflected by the classical definition of culture by Kroeber and Kluckhohn (1952), whereby the members of a culture system share a set of ideas, and especially, values; these are transmitted by symbols; culture is produced by the past actions of a group and its members; culture is learned; culture shapes behaviour and influences one’s perception of the

world. The *culture as differentiating factor* approach is reflected by another classical definition by Hofstede (1980). From this perspective, culture is a collective programming of the mind which distinguishes the members of one human group from another. The essentialist concept of culture is embedded in the anthropological tradition and regards culture as an indivisible system of values, beliefs and ideas that evolved as a result of complex social interaction. The culture-as-differentiating-factor concept also takes its roots in the anthropological essentialist tradition, but was adopted by international management studies for the analysis of diverse national, organizational and corporate cultures along the clear-cut cultural parameters/dimensions.

Culture and both its approaches can be linked with the concepts of *particularized* and *generalized* trust. Particularized trust is observed among the members of the in-group who share certain common characteristics (often referred to as the *characteristics-based trust*). In this case, a common cultural background can be a defining feature of the group and an important antecedent of particularized trust. Thus, the culture-as-differentiating-factor approach reflects the type of culture that is behind the emergence of particularized trust. In other words, culture may set different social groups apart and lead to the type trust that is closed to “outsiders”.

Generalized trust, on the other hand, shows the overall predisposition of the members of a social group to trust strangers. In this case, such predisposition (or propensity) also owes much to the culture of spontaneous sociability that is gradually shaped by the interactions of the members of the social group. In this case, the culture-as-essence approach helps to better understand the emergence of generalized trust. A high level of societal trust can emerge thanks to the gradual opening of social interactions, the construction of a legitimate institutional framework that minimizes the potential risk of contacts between strangers. The spontaneous sociability of actors of the social system is a product of culture as a shared system of meanings, values, expectations and beliefs. So, depending on the approach, culture can be the power that both builds and destroys social “walls”.

In this chapter, we take both perspectives on culture in relationship to trust development. On the one hand, we look at the elements of cultural *diversity* as a reflection of the diverse ways trust is built in different societal contexts. This way culture is considered as a differentiating factor.

On the other hand, we look at the emergence of trust in inter-organizational networks (industrial clusters) as a process of continuous cultural interaction, which does not necessarily produce particularized trust (i.e. members trusting each other on the basis of some common cultural characteristics), but can also lead to the emergence of generalized trust (i.e. situation where actors of the network trust each other without prior experience of interaction). So in a way we speak about the emergence of the “culture of trust” that is not limited to the members of a closed in-group.

3 Trust and the Cultural Environment of Cluster

Trust plays a key role in different types of organizational alliances. It enables the rise of the more sophisticated forms of governance, such as networks, associations, communities that empower learning and innovation in the dynamically evolving business environment (Dyer and Chu 2000; Zaheer and Harris 2006; MacDuffie 2011). There is a considerable support among practitioners and researchers for the idea that trust is a key precondition for the emergence of successful industrial clusters. An industrial cluster is “a geographic concentration of interconnected businesses, suppliers, and associated institutions in a particular field” (Porter 1990). It usually consists of organizations that are successful at balancing their individual and collective goals, which implies cooperation based on shared interests, norms of behavior, even values. The ability to create and maintain the culture of trust in such inter-organizational structures is of crucial importance. Lack of trust might cause the failure to reach both the individual goals of organizations and the goals of the cluster.

Numerous authors (e.g. Beugelsdijk and Hospers 2005; Dwivedi et al. 2003; Jimenez and Junquera 2010; Murphy 2006) admit that every industrial cluster is deeply embedded in a specific national and regional cultural environment, which is shaped by the norms, values and shared understandings of the social group. Aside from that, different cultures can be characterized by the prevalence of different types of social capital and trust.

Lewis (2006) distinguishes three major types of national cultures: (a) *linear-active*, (b) *multi-active* and (c) *reactive*. Each cultural type emphasizes a different type of trust. *Linear-active cultures* (mainly the Northwestern societies, e.g. Germany, Switzerland, the United States) build inter-actor trust on the basis of factual information, scientifically supported arguments, performance, consistency and integrity. They also rely on rules, institutions and relatively well functioning bureaucracies that support the emergence of trust. Linear-active cultures have established reliable formal institutional mechanisms that diminish the risk of interaction. They envisage a compensation/deterrence system in case an agent violates the rules or suffers from inappropriate behavior within a cluster. These cultures are characterized by a high-level of institutional trust, which also has positive effects on generalized trust.

Multi-active cultures (many Southern European and Latin American countries) emphasize the *inter-personal* trust, i.e. the importance of direct social ties in business interactions. Trust is built on the basis of achieving personal knowledge of the other party and building an inter-personal understanding. There is no clear distinction between the personal and professional spheres in business life—they are regarded as complementary. The proximity of relationships plays an important role in the decision to trust. In multi-active cultures, trust is often built on revealing one’s weaknesses to the other party and having positive expectations that this party will not take advantage of this vulnerability.

Reactive cultures (mainly the South and East Asian countries) rely on *long-term trust*, which is built through the extended family and professional peer networks (i.e. relatives, old time friendships, school friends, etc.), usually in a highly collectivist environment. In this case, the process of building inter-organizational trust and entering the established reputation- and affiliation-based networks takes longer. In reactive cultures, trust building relies on helping preserve the other partner's "face", mutual respect, politeness and, in some instances, sacrificing one's own interests.

Putnam's (1993) classic distinction between *bridging* and *bonding* social capital also provides valuable insights into the different nature of trust in different social settings. *Bridging social capital* is usually created in social networks that span different communities and shows a positive correlation with economic performance (Beugelsdijk and Smulders 2003). *Bonding social capital* arises from networking within closed communities of family and friends. However, researchers claim that *bonding social capital* does not reduce the opportunistic behavior in the society as a whole and therefore results in worse economic performance. The economically developed Western societies (e.g. Germany, Sweden, Denmark, Switzerland) that possess strong institutional frameworks and civic participation can be characterized by *bridging* social capital, whereas *bonding* social capital is present in most Southern European regions (e.g. Southern Italy or Mediterranean France). One can see clear parallels between the above-mentioned *institutional* trust and *bridging* social capital, as well as between *inter-personal* trust and *bonding* social capital.

Naturally, one can expect that clusters will be embedded in the corresponding cultural environment and their inter-organizational relations will be built on the type of trust that prevails in a given context. Some empirical research supports this case. For example, in Japan, relational contracting is based on "moralised trading relationships of mutual goodwill, specific to the Japanese society" (Dwivedi et al. 2003). In India, caste relations play an important role in providing binding "social glue" to the clusters, but in some successful cases they evolve into the shared identity of the "educated elite" (Gorter 1998, in Dwivedi et al. 2003). In the case of a culturally diverse cluster environment (i.e. the Italian and Jewish establishment and Vietnamese, Lebanese and Syrian newcomers in Lehigh Valley in the United States, specializing in supplying the large fashion garment firms) trust is built not so much through *shared identity*, but through *communication* and *shared understanding*. The studies of the Pakistani surgical instruments cluster (Nadvi and Schmitz 1998) and the Brazilian shoe manufacturing cluster (Bazan and Schmitz 1997) have found that *characteristics-based trust* (i.e. membership in the local community) was very important in the early stages of cluster development, but the nature of trust has evolved together with the growth of the cluster. The *process-based trust* (i.e. trust that comes from experience of interaction) takes on key importance at the later stages of cluster development.

Bazan and Schmitz (1997) provide an example of the Brazilian shoe manufacturing cluster, which developed on the basis of the strong socio-cultural identity of the German émigré community in Brazil and their shared experiences of mutual help (i.e. *characteristics-based trust*). In the initial stages, social control by the local

community prevented fraud and opportunism from happening. However, the social ties that were so important in the beginning have gradually lost their significance as exports began to grow. The growing value of international buyer-supplier relations meant that firms had to invest in bilateral relations with the suppliers that are located *outside* the local industrial system. The authors note that trust has become more selective and was constructed bilaterally, on the basis on mutual experience of interaction (i.e. *process*-based trust). The same trend from characteristics- towards process-based trust has been observed in the case of the Pakistani surgical instruments cluster (Nadvi and Schmitz 1998).

As far as *interpersonal* vs. *institutional* trust in the emergent vs. mature clusters is concerned, there is no definite answer. On the one hand, the presence of institutional trust may prove to be very useful for mobilizing inter-organizational networks and helping build the relations based on inter-personal trust. Bachmann and Inkpen (2011) claim that “substantial parts of the trust literature assume that the development of trust is essentially a micro-level phenomenon based on frequent contacts between individual actors, thus regard trust chiefly as a psychological phenomenon”. However, the argument goes that advanced socio-economic systems can hardly rely on interaction-based forms of trust creation alone (i.e. parties need institutional safeguards before any relationship forms). The creation of clusters depends on the extended trust that often has to be built with the help of institutional leadership. Bachmann and Inkpen (2011) conclude that a specific type of situation (e.g. crisis of trust) may require a specific *dominant mechanism* to effectively produce institutional trust in business relationships.

4 Emergence of Trust in Inter-Organizational Networks: A Multi-Level Perspective

The growing body of research on inter-organizational networks (including industrial clusters) regards *inter-organizational trust* as a multidimensional concept that consists of individual, group- and system-level trust (Shockley-Zalabak et al. 2010; MacDuffie 2011). The emergence of inter-organizational trust depends on the dynamics of relations on all these levels (Jucevičienė and Jucevičius 2015):

- *Individual* level, or dynamics of *interpersonal relations* that depends on individual values, norms, cognitions and behavioral patterns.
- *Organizational* level or systems of collective meanings that are embedded in organizations, their cultures, structures and processes.
- *System-level* or context of organizational activities that encourages or prevents the emergence of trust—both on individual and organizational levels. This can be divided into *macro*-level context (e.g. national/regional culture and institutions, overall historical context) and *meso*-level context (e.g. professional culture, networks and relationships embedded in a specific industrial environment). It can be observed that sometimes strong presence of trust on the meso-level can

compensate for the lack of trust on the macro-level, e.g. the case of high-trust Italian industrial districts in an overall low-trust Italian macro-level environment (i.e. low institutional trust).

The research on inter-organizational trust development rarely considers all three levels of analysis (McEvily and Zaheer 2004). However, the development of trust in organizational networks has to encompass not only the interpersonal aspects of trust (i.e. by focusing on the psychological approach to trust), but also the group and system-level dynamics, i.e. has to be supplemented with sociological and management perspectives. The managerial factors behind trust development reflecting the multi-level dynamics of trust are under-represented in the current research with an exception of a few rather recent studies (e.g. Nguyen and Rose 2009; Gausdal 2012). As mentioned above, the development of inter-organizational trust is a system of managerial actions of trust building, strengthening and maintenance that takes into account the *inter-personal*, *inter-organizational* and *system* level dynamics of trust.

Thus, a high level of trust in inter-organizational networks can be achieved if it is addressed on all three above mentioned levels by taking into account:

- the dynamics of *personal* relations, which are key to any social interaction,
- *organizational* complementarities in terms of their cultures, structures, goals and processes,
- *institutional* support of personal and organizational interactions by increasing their predictability and reducing the uncertainties.

These three levels of trust allow us to distinguish three corresponding sets of factors in trust development: *personal*, *organizational* and *institutional* factors. In addition, there are more aspects that should be taken into consideration when constructing inter-organizational trust in networks. For example, Gausdal (2012), Nguyen and Rose (2008) distinguish four strategies for trust development: (1) reliance on formal institutions, i.e. strengthening of trust through imposition of formal rules; (2) the use of social networks, i.e. trust building through norms of the social network; (3) strengthening of interpersonal relations and (4) sharing of business information and knowledge, i.e. trust development through continuous professional relations.

Some of these strategies can be related to the above-mentioned *individual* and *institutional* factors, the others invoke different sets of factors, such as *professional* (sharing business information) or *social* (use of social networks) factors. Therefore, it makes sense to distinguish the intermediate groups of *professional*, *social* and *educational* factors behind the inter-organizational trust building in networks. All the factors are presented and briefly described in Fig. 1 below.

Our theoretical approach to the emergence of inter-organizational trust in industrial clusters is based on a *three-stage* approach, which is quite common in the literature of network development (Gausdal 2012). In this original theoretical framework, we have established the direct relationship between the evolution of trust and an industrial cluster. The model starts from the position of low inter-actor

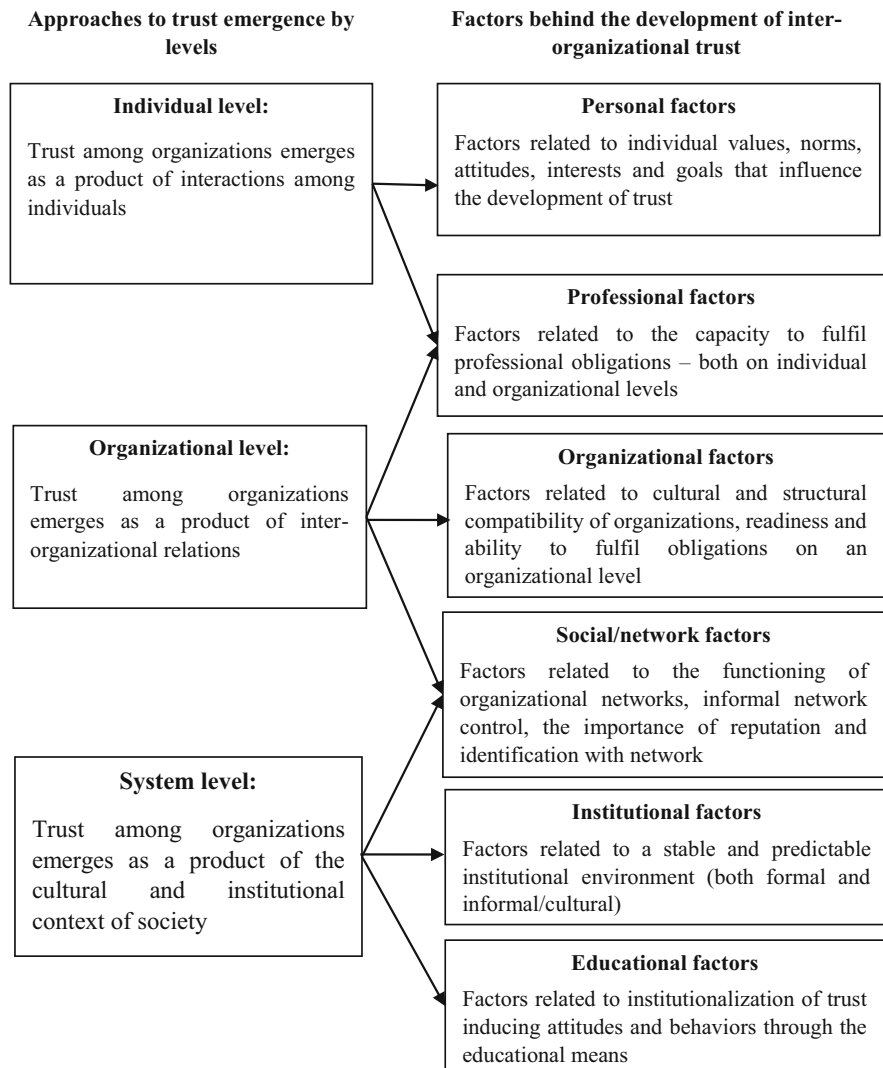


Fig. 1 Level of trust and factors of trust development

trust (stage 1), continues to the emergence of particularized trust (stage 2) and ultimately reaches the spontaneous sociability and high-level generalized trust of system actors (stage 3). At each stage of development, we identify the specific *challenges* to the further emergence of high-level trust (i.e. *barriers* to trust, *uncertainties*), and link them to the above-mentioned *managerial factors* of trust development (i.e. *personal, professional, organizational, social/network, institutional* and *educational*). These help overcome the trust-related challenges and reach a higher stage in inter-organizational trust development. We regard the emergence

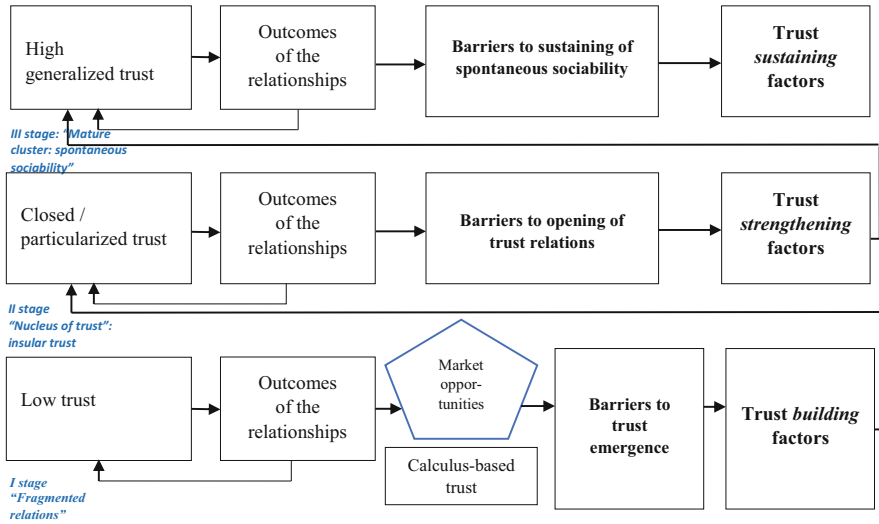


Fig. 2 Conceptual model of trust and cluster development

of systemic trust (i.e. “a culture of trust”) on the level of an industrial cluster as a partly self-organizing, partly manageable process. The research logic is based on the assumption that trust development is a process of *indirect* managerial influence, especially on the level of networks that lies beyond direct managerial control.

The general logic of theoretical framework behind our research is presented in Fig. 2.

The model starts from the first stage, called “*Fragmented relations*”, characterized by low trust across-organizations and a lack of impetus for cooperation. The low level of trust produces such “outcomes” as a focus on competition (instead of cooperation or co-opetition), vertically integrated, bureaucratic and closed organizational structures characterized by weak communication and a low level of productivity. Such experiences and structures do little to promote the emergence of trust, and lead to the potential emergence of negative feedback loop (“vicious cycle”) that needs to be broken with the help of certain managerial factors. In inter-firm networks, it all starts with the identification of market opportunities to be taken through cooperation. It means that firms of the emerging cluster have to reach a basic level of calculus-based trust. However, this road is marked with various stage-specific barriers that can be overcome thanks to a set of trust-*building* factors. If successful, the development of trust can proceed to Stage 2.

The second stage, called “*Nucleus of trust*”, is characterized by the emergence of closed in-group trust among the cooperating firms. We can observe the gradual transition from dyadic to network-level relations, but at this stage trust inside an industrial cluster remains “thick”, particularized, i.e. limited to the closed small network of cooperating firms. This stage is usually characterized by *knowledge-based trust* (i.e. among firms with direct knowledge of each other) that reinforces

the *particularistic* nature of network relations. At this stage, there is a clear dividing line between the insiders and outsiders. Some cultures (e.g. *multi-active* and *reactive* types in Lewis' (2006) classification, or *particularistic* cultures according to Trompenaars (1984, 1993), are embedded in a particularistic type of relations and find it very hard to overcome this stage and trust the "outsiders" (i.e. reaching spontaneous sociability). In business relations, the closed nature of trust can mean the lack of productive diversity, "overembeddedness" and limited opportunities for growth. In our model, we try to identify the main barriers to the opening of trust relations and the key managerial factors that could help create an overall "culture of trust" on Stage 3.

Successful application of different combinations of managerial factors allows transition to the third stage that we describe as "***Mature cluster: spontaneous sociability***". This stage is characterized by the increasing opening up of trust relations, the emergence of generalized trust where actors trust each other without an experience of prior interaction ("strength of weak ties" by Granovetter 1973). Trust becomes institutionalized on the system level in shared understanding of rules, behavioral routines; even *identification-based trust* can be achieved. Actors begin to identify themselves as part of a larger network (not a local community of direct, but limited social relations). At the most advanced stage, the social system can be characterized as having the "*culture of trust*", where trust is granted in advance, there is no need to earn it and no actor is eliminated from the "use" of such systemic trust as a public good. At this stage, credible and legitimate institutions need to be built that would support the spontaneous interactions of strangers. It is likely that the above-mentioned *linear-active* (Lewis 2006) or *universalist* (Trompenaars 1984, 1993) cultures find it easier to build and sustain spontaneous sociability. In our framework (and research), we also try to look at potential threats to sustaining the spontaneous sociability and trust sustaining managerial factors.

The empirical research enabled us to distinguish the main *barriers* to inter-organizational trust and combinations of *managerial factors* at the different *stages* of cluster development in different *international* settings. In the research study, we identified both general and regional trends. The latter are closely linked to different cultural traditions.

5 Trust Development in Industrial Clusters: Findings from an International Survey

5.1 Sample

The survey of experts represents the quantitative part of the research and included 109 experts in cluster development of the global TCI network (*Global practitioners' network for competitiveness, cluster and innovation*). The TCI network is a community bringing together more than 9000 experts from 111 countries (Europe,

North and South America, Asia, Africa, Australia and Oceania). The questionnaire was sent to 812 TCI network experts from around the world. Such a scope of potential respondents allowed us to collect unique results characterized by a wide variety and a high level of expertise. 109 experts from 37 countries completed the questionnaires. The empirical study focused on a narrow sample of carefully selected professionals, rather than on general or probability sampling. In this research, experts are experienced cluster facilitators. The application of statistical analysis is justified in the narrow sample of specifically targeted respondents. Over 90 % of respondents have more than 3 years of experience in the field of cluster development (as facilitators of the cluster/networks) and more than 40 % of respondents have over 10 years of experience in the field. Thus, these experts have the experience necessary to describe the dynamics of trust on the level of networks. The majority of respondents are “boundary spanners” and actively involved in developing inter-organizational trust.

We have grouped the respondents by the geographical region they represent as well as by the level of economic development (based on the index listed by Global Competitiveness Report (GCR), 2012) yielding the following blocks of the countries (see Table 1):

- **Northwestern Europe/Anglo-Saxon (NWE):** Finland, Sweden, Norway, Germany, Switzerland, Netherlands, United Kingdom, Denmark, Austria, United States, Belgium, Australia, France, Ireland, Iceland (**36 experts**);
- **Southern Europe/Latin America (SE/LA):** Chile, Spain, Italy, Turkey, Brazil, Portugal, Mexico, Columbia, Argentina, Greece (**36 experts**);
- **Central and Eastern Europe (CEE):** Estonia, Poland, Lithuania, Latvia, Hungary, Russia, Macedonia, Serbia (**23 experts**);
- **Other countries:** India, Egypt, Nigeria, Uganda.

Table 1 The surveyed experts by the country

GCR, No.	Country (number of experts)	GCR, No.	Country (number of experts)	GCR, No.	Country (number of experts)
1	Switzerland (1)	27	Ireland (2)	59	India (2)
3	Finland (4)	30	Island (1)	60	Hungary (4)
4	Sweden (6)	33	Chile (2)	67	Russia (5)
5	The Netherlands (1)	34	Estonia (1)	69	Columbia (8)
6	Germany (4)	36	Spain (6)	80	Macedonia (1)
7	United States (1)	41	Poland (2)	94	Argentina (1)
8	United Kingdom (1)	42	Italy (4)	95	Serbia (1)
12	Denmark (3)	43	Turkey (1)	96	Greece (1)
15	Norway (3)	45	Lithuania (4)	107	Egypt (3)
16	Austria (3)	48	Brazil (3)	115	Nigeria (2)
17	Belgium (1)	49	Portugal (1)	123	Uganda (1)
20	Australia (2)	53	Mexico (5)		
21	France (1)	55	Latvia (4)		

5.2 Findings

The empirical survey has produced both general and region-specific findings.

First, we observed that different regions are not in equal starting positions as far as trust development is concerned. We distinguished the environments of low- and high- generalized trust on the basis of question whether “the partner is trusted until he proves otherwise” or “partner must earn trust”. The answers of cluster facilitators from the Northwestern European (NWE) countries supported the trends of *high level of generalized trust*, whereas those in Central and Eastern European (CEE) countries declared *low generalized trust*. Southern European and Latin American (SE/LA) countries took the position between the two extremes.

The empirical research of international network facilitators revealed that certain groups of factors are more important for the development of inter-organizational trust than others.

Some general trends have been observed, accompanied with regional deviations.

In the *first stage of “fragmented relations”*, the main barriers to trust concern *unclear coordination structures* and uncertainties regarding the *partner’s organization*. The main factors for building trust are largely *personal* (supporting personal contacts) and *social* (engaging partners into ongoing business relations, supporting their gradual opening to partners).

However, already at this stage we can observe some considerable deviations between the CEE and NWE countries. They differ in approach to key uncertainties and factors behind trust building. In the developed Western societies, the key uncertainties to trust concern the *professional* aspects of business relationships (partner’s business strategy, goals, organization culture, differences in power and size, unclear rules and coordination routines). As far as trust building is concerned, they emphasize the importance of encouraging inter-personal interaction. In other words, actors in NWE cultures believe in the potential to resolve the professional uncertainties of the self-organized emergence of trust through open personal communication. Uncertainties regarding the partner’s professional aspects can be resolved via personal contacts.

In most post-Soviet CEE countries, the key uncertainties to trust are related to *personal* and *institutional* aspects, such as the partner’s personality, moral qualities, business ethics, unclear institutional environment for coordination. Although experts from CEE countries also stress the overwhelming importance of *interpersonal communication* (a general trend at this stage), they also put forward other trust-building factors. They emphasize the importance of *including powerful cooperative partners (firms)* that could serve as the key coordinating unit for network and trust development. Such partners are expected to solve the potential uncertainties stemming from the fragmented institutional environment. Many of the post-Soviet societies suffer from low institutional trust (Sztompka 1999). It can be argued that placing the big actors at the very center of network/cluster relationships

reflects the general expectations that a large company would solve the existing coordination problems.

A similar trend was observed in the case of SE/LA experts, who also stress the *top-bottom* pattern in trust building: convincing more powerful partners in the emerging network to take the trust-building initiative (CEE) and providing institutional and economic incentives for cooperation. The “Southern” experts attach a greater role to government institutions in inter-firm trust building than experts from other regions. This tendency towards institutional intervention in trust building is even more pronounced in the subsequent stages of trust and cluster development.

In the second stage, “*Nucleus of trust*”, as the core of cooperating firms has emerged, the universally mentioned threats to inter-organizational trust are of a *personal* and *social* nature: *lack of openness in communication*, *emergence of closed in-groups*, *selfishness in sharing resources* and *inter-personal disagreements*. The common managerial factors behind strengthening and opening trust relations reflect the nature of threats. All experts stress the importance of encouraging the interpersonal communication (the *personal* factor), strengthening the network identity and internationalization, promoting the interactive sharing of experiences and openness to new members (*social* and *organizational* factors).

The same as in the first stage, Northwestern European countries face fewer threats to trust than other regions. The only threat that NWE experts highlight is associated with the “lack of openness in communication”. It implies that particularist trust is not an issue of special concern in cultures characterized by bonding social capital (Putnam 1993) and universalist tendencies (Trompenaars 1984, 1993).

As far as the regional variations are concerned in this stage, the SE/LA region stands out. The “Southern” experts especially emphasize the threat of *growing power/size differences of partners due to their different rates of growth* and *problems of institutional coordination*. They also mention differences in organizational cultures, the incompatibility of partners’ strategies and the closeness of trust among the in-group members. The experts from other regions (NWE and CEE) reflect the general trends in the aspect of threats.

This special position of Southern European and Latin American cluster facilitators may have a cultural explanation. The second stage of cluster development is about the emergence of the particularist type of relations in the closed group of trusting parties. The existing cultural research shows that the absolute majority of Southern European and Latin American cultures score high on *particularism* (Trompenaars 1984, 1993), *power distance* and *uncertainty avoidance* (Hofstede 1980), they tend to be characterized by *bonding* rather *bridging* social capital (Putnam 1993) that arises from networking within closed communities of family and friends. So it is not surprising that such an overall *particularist* cultural environment produces many threats to the emergence of generalized trust (i.e. at the second stage, which implies transition from *particularized* towards *generalized* trust).

As far as the *managerial factors* are concerned at this stage, no particular regional variations were found. Probably the only exception was the CEE experts’

strong emphasis on the factor of interpersonal communication and the very weak emphasis of NWE experts on the educational and ethical aspects of trust development (i.e. they were regarded as not important).

The third stage “*Mature cluster: spontaneous sociability*” is for understandable reasons less often mentioned by the surveyed experts, because not all clusters achieve this most advanced level of (trust) development. This stage concerns the emergence of systemic, institutionalized trust, so quite naturally, the role of *social* factors starts to outweigh the role of *personal* interactions. The universally mentioned threats to generalized trust are associated with power differences, competing identities, failure to follow the rules of network, as well as problems of interpersonal relations. Probably the key threat to trust, mentioned by the experts at this stage, is the clash between the individual interests of fast growing firms and the collective interests of the cluster.

The main universally emphasized managerial factors at this stage are also primarily of a *social* nature: strengthening of cluster identity and common values, balancing openness, as well as ensuring collective interactive learning. Although the *interpersonal* dynamics always plays its role in trust relations, it is less pronounced (both as a potential threat and as a managerial factor) at the more advanced stages of development.

The regional differences in this stage do not fall into particular patterns. As is the case in other stages, the threats to trust development are least mentioned by the cluster facilitators of the advanced Northwestern European countries. It is telling that uncertainties related to maintaining trust are less pronounced than the uncertainties that surround the building of trust. In fact, the same trend is observed in other regions as well. The most pronounced threats to sustaining trust are again in the Southern European/Latin American countries due to the conflicting individual-collective interests, incompatible growth strategies and failures of institutional coordination. The threats to third-level trust in the Central Eastern European countries are less distinctive, but this may be due to the fact that very few clusters in this region have reached the advanced stage of development.

6 Conclusions

The international empirical research on the dynamics of inter-organizational trust in industrial clusters has revealed the general and region-specific aspects of trust development. Due to the methodological complexities, it is not particularly easy to distinguish the “cultural” element in international comparative research. However, the comparison of three distinct geographical (and cultural) regions has shown the distinctive features that are in line with the key cultural profiles established by the cross-cultural research.

Research findings show that it is more complicated to achieve high level generalized trust in the cultural environments that are closer to the “particularist” cultural profile. The hierarchical cultures tend to adopt a more top-bottom approach

to the development of inter-firm trust. However, they may differ concerning the trust-coordinating authority, which in certain instances can be government institutions, in other cases large cooperative firms (as the key coordinating actor in industrial cluster).

Further studies should be conducted by going more deeply into the specific cultural context. Our survey attempted to provide a structured theoretical framework and broad international overview, which is both an advantage and limitation. We encourage other researchers to develop a more non-linear approach to trust development in order to embrace the complexity of the modern organizational environment.

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Fostering Internationalization Through Networks: An Inter-organizational Psychic Distance Perspective

Jurgita Sekliuckiene and Rimante Morkertaite

Abstract Because of the growth of international business integration, internationalization of firms has become necessary in order to try to remain and develop the business regardless the size of firm, managed resources, and type of the activity. Multinational companies seek to accelerate their internationalization because of the extremely rapidly changing environment, as well as in order to reach companies' long-term goals. Especially small and medium size enterprises (SMEs), which are one of the most important market players, are seeking to internationalize their business activities quickly in that small businesses lack the financial, time and other resources. Involvement in networks becomes the main precondition for the rapid internationalization of SMEs. Due to the lack of resources, SMEs need to accumulate and acquire knowledge through networks and the prior experience of the founding or management team. The nature of SMEs conditions the internationalization pattern in foreign countries. Mostly in order to reach critical profit margins this kind of company competes in niche markets in a large number of different countries. This behavior of SMEs implies that psychic distance (PD) is likely to have a greater impact on SME's internationalization through networking. Therefore, this chapter aims is to create a theoretical construct aimed at developing a greater understanding of fostering internationalization through networks by focusing on psychic distance at the inter-organizational relationship level of small and medium enterprises and their foreign partners. The study contributes to conceptualization of these constructs, by providing a conceptual framework from an inter-organizational perspective.

1 Introduction

Globalization of markets has conditioned the significant growth of firms that search for development opportunities beyond their home market. The process of internationalization for small and medium size firms in most cases is bound with

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uncertainty and the unknown. Therefore, entering into foreign markets has become a prevalent topic in the scientific literature. Previous research has confirmed that when firms decide to enter foreign markets, they face the challenges of adjustment to a foreign national culture and differences such as language, cultural standards, consumer preferences, purchasing power, and lifestyles in general (Hakanson and Ambos 2010; Evans and Mavondo 2002; Sousa and Bradley 2006; Newman 2012). These challenges are particularly relevant for small and medium-sized enterprises (SMEs), which are internationalizing their activities quickly, and often penetrating into a number of geographically dispersed, as well as culturally and institutionally different markets at the same time. Such SMEs start their international activities from inception; even though these companies have limited resources, they have a clear strategic vision and are innovative (Keupp and Gassmann 2009). In the international business literature these firms are called international new ventures or born on global companies. The early internationalization of such firms is stimulated by a strong innovation culture and an interest in pursuing international markets (Zijdemans and Tanev 2014). According to Oviatt and McDougall (2005) essential key sources of rapid internationalization are sourcing of knowledge and acting in international networks. Gilchrist (2009) states that a network is a movement and sharing of ideas and information about foreign markets, knowledge, practice and experience, as well as exchanges among members aiming at the common interest of creating added value in a particular field. Consequently, inter-organizational relationships have become a key success factor, and the creation of a partnership often leads to strategic motivation concerning the choice of markets for a company's development. SMEs seem to be inclined toward market strategies which give them incentives to make multiple market entries worldwide early on in their development, regardless of psychic distance (Knight et al. 2004; Nordman and Tolstoy 2014). Researchers investigating this topic have highlighted that psychic distance (PD) impedes the monitoring of distributors in foreign country as well as the flow of information between two distant parties and inhibits the establishment of behavioral norms between them (Johanson and Vahlne 1990; Bello et al. 2003).

In this study, we will focus on the significance of psychic distance impact on SMEs which try to create inter-organizational relationships, usually through networks, in order to select a target market and mode of entry for rapid internationalization. Performance in formal and informal inter-organizational networks and the strength of relationships between firms in different markets act as bridges facilitating foreign market entry (Chetty and Blankenburg Holm 2000), but there is still a gap in literature about how the PD effect manifests itself in inter-organizational relationships. Based on these initial indications, in this chapter, we focus on the following research question: what is the role of psychic distance in the internationalization of firms from an inter-organizational relationship perspective?

The aim of this chapter is to create a theoretical construct aimed at developing a greater understanding of fostering internationalization through networks by focusing on psychic distance at the inter-organizational relationship level of small and medium enterprises and their foreign partners.

This study is grounded in a literature review of approximately 60 theoretical and empirically based scientific research studies ranging from internationalization, networks, psychic distance, and inter-organizational relationships. The Emerald, Web of Science and Science Direct databases were used as search engines. The majority of analyzed literature has the highest impact on the field. By providing a conceptual framework this chapter enhances the contextual understanding of psychic distance from an inter-organizational relationship perspective in the internationalization process. As Katsikeas et al. (2009) argue, there is a study needs about the role of interfirm psychic distance in the development and management of cross-border business partnership; we are contributing by choosing a networks and PD approach and its applications on different inter-organizational cross-border boundaries.

The chapter is organized as follows: first, the significance of networking to quick internationalization of SMEs is justified; next the systematic literature on the structural and relationship characteristics of inter-organizational networks is presented. In the third section the role of PD in the internationalization and inter-organizational relationships SMEs, which implies the decision making of internationalization at the foreign market level, is substantiated.

2 Network Significance in the Internationalization of SMEs

International business scholars have highlighted that internationalization is an important growth strategy that follows a trajectory through different stages for entrepreneurial firms around the world (Johanson and Vahlne 1977; Oviatt and McDougall 1994, 2005; Coviello and Munro 1995, 1997; Knight et al. 2004). Others shed light on the dynamism of the concept by defining it as a process “of increasing involvement in international operations” (Welch and Luostarinen 1988, p. 36) and by emphasizing the aspect of the adaptation of firms (strategy, structure, resources, etc.) to international environments (Calof and Beamish 1995). The process of internationalization can be defined by three dimensions (Jones and Coviello 2005): (1) time; (2) foreign market selection; (3) entry mode (strategy).

The process of internationalization has traditionally been studied using the Uppsala model, which explains internationalization as gradual process (Johanson and Mattsson 1988; Johanson and Vahlne 1977). However, this model is not suited to seeking to explain the expansion of entrepreneurial SMEs. Researchers (Madsen and Servais 1997) have argued that SMEs have been successful in becoming international from their inception without going through traditional development stages, and that these firms rely more heavily on other firms in the network for supplementary competences they are deficient in (Madsen and Servais 1997).

Johanson and Vahlne (2009) claimed that firms are connected with each other in complex and invisible patterns through markets, because markets, according to the authors, essentially are networks of relationships. SMEs’ participation in inter-organizational networks is a vital component of new venture internationalization

as these can provide access to resources (Oviatt and McDougall 1994). SMEs may mobilize resources through external relationships to pursue their goals (Chetty and Wilson 2003). Firms are situated in a network of existing relations and those still to be formed with important upstream (suppliers, parent company), downstream (distributors, customers) and horizontal actors (competitors, alliances, universities). The network of firms is comprised of relations between firms and external members (such as customers, suppliers, business agents, competitors, universities, and other players), who could have an ability to propose something in exchange for something with other members of the network (Hite and Hesterly 2001; Zhou et al. 2007). The firm relying on an aggressive and sometimes large-scale strategy in entering foreign markets (Oviatt and McDougall 1994) depends on resources that are controlled by other firms in the network, but which can be acquired via its network position (Johanson and Mattsson 1988). Through the use of networks, firms obtain resources which they would otherwise have to develop themselves (Gulati et al. 2000). Chetty and Wilson (2003) claim that resources gained from networks can subsequently lead to higher levels of international growth and performance for SMEs. Thus, an underlying assumption of the network approach is that by forming and expanding a firm's position in an existing network, or by establishing new ties, a firm can compensate for its limited resources (Johanson and Mattsson 1988).

Furthermore, the reliance on networks can accelerate SMEs' growth in foreign markets by providing opportunities. The uniqueness of each network creates a certain horizon of opportunities for SMEs and only those firms that belong to the network have an advantage in terms of finding new opportunities compared to those that are outside the network (Johanson and Vahlne 2003, 2009; Coviello and Munro 1995, 1997). Empirical evidence has shown that the majority of firms indicated that their choice of an initial foreign market and mode of entry were triggered by opportunities presented by network contacts, rather than by their own proactive identification process (Coviello and Munro 1995, 1997; Johanson and Vahlne 2003).

3 Network Characteristics

Networks encompass a firm's set of relationships, both horizontal and vertical, with other organizations, including relationships across industries and countries; these strategic networks are composed of inter-organizational ties that are enduring and are of strategic significance for the firms entering these networks (Gulati et al. 2000; Coviello and Munro 1995, 1997). The research on networking can be divided in two main streams: (1) the nature of the relationships, and (2) the relational characteristics of networks. These two research streams will be discussed in more detail below.

3.1 The Nature of Networks' Relations

One stream of research concentrates on the natural characteristics of network relations. Common interest and mutual benefits are the main motives to maintain network ties (Johanson and Mattsson 1988; Johanson and Vahlne 2003). All members in a network are related with inward linkages and mostly involved in business activities with each other in order to earn profits (Johanson and Mattsson 1988). These inward linkages can easily lead to outward linkages and the process is like a never ending cycle of inward–outward linkages, because of the restructuring of SME organizations following periods of rapid expansion (Freeman et al. 2006). Johanson and Vahlne (2003) distinguish the significance of relationship experience, which can be used in the establishment of new formal or informal relationships. Relationship experience is all the acquired skills and knowledge through preexisting networks about how to get in touch with new partners.

Network ties in most studies are divided into formal ties and informal ties (Coviello and Munro 1995, 1997; Harris and Wheeler 2005; Rialp et al. 2005). Additionally, Ojala (2009), Chetty and Blankenburg Holm (2000) and Oviatt and McDougall (2005) emphasized the role of intermediary networks (see Table 1).

In describing formal ties, scholars highlighted the existing ties by which business partners seek to barter or sell their goods or services for financial (monetary) benefits (Coviello and Munro 1997; Adler and Kwon 2000; Ojala 2009). Although these relations generally are business ties, at the same time, some scholars maintain that they are essentially social (Adler and Kwon 2000). Informal ties are mostly related to social relationships (Coviello and Cox 2006; Larson and Starr 1993). Relations with family and friends or colleagues can be described as informal ties.

Table 1 Nature characteristics of networks' relationship

	Informal	Formal	Intermediary
Essence	Based upon mutual expectations, and without explicit and detailed contracts	Related to business activities between two or more actors in the network	Third party that connects the buyer and the seller
Forms	Social	Business	Institutional
Actors	Family, friends, colleagues, employees and other acquaintances	Customers, suppliers, competitors, business partners, distributors and other stakeholders	Government agencies, R&D centers, NGOs, business incubators, universities, etc
Influence on performance	Creating and developing social capital and business know how	Business deal, sustain or acquire resources, advantage, know-how	Support functions and the institutional—based environment
Authors	Nooteboom (2000), Coviello and Cox (2006), Larson and Starr (1993), Ojala (2009) and Oparaocha (2015)	Adler and Kwon (2000) Coviello and Munro (1997), Ojala (2009) and Oparaocha (2015)	Chetty and Blankenburg Holm (2000), Oviatt and McDougall (2005), Ojala (2009) and Oparaocha (2015)

These two network ties are interrelated with each other, thus there is a possibility of conversion as formal ties become informal and informal ties became formal (Larson and Starr 1993). The third type of relations is intermediary ties. According to Ojala (2009), this type of ties is a facilitator for the establishment of network ties between a seller and a buyer. Intermediary ties can be called institutional ties such as relations with chambers of commerce, research institutions, trade promotion councils, internationalization assistance organizations etc. (Oparaocha 2015). The main difference as compared with formal and informal ties is that in intermediary ties there are no existing business transactions between the seller and the buyer (Ojala 2009). Additionally, Oparaocha (2015) has emphasized the impact of networks on internationalization performance considering the differences in forms of networking.

3.2 *The Relational Characteristics of Networks*

Another stream of research concentrates on the role of the strength of network relations. These studies explain relationship strength (either strong or weak) and emphasize the benefits that active use of a network relationship entails (see Table 2). Different authors describe the features of ties, including frequency of use (Marsden and Campbell 1984), trust (Morgan and Hunt 1994; Singh 2000; Jack 2005; Elg 2008), closeness (Marsden and Campbell 1984), mutual respect (Jack 2005), duration (Marsden and Campbell 1984), and commitment (Morgan and Hunt 1994).

The creation of strong relationships involves the establishment of a set of coordination and integration mechanisms that support the processes of information flows and repeated interaction between actors that allow the accomplishment of specific knowledge goals (Nooteboom 2004). A strong tie is defined as one which is close, and which is based on trust, mutual respect, and commitment (Soderqvist and Chetty 2009). A weak tie has the opposite characteristics; the parties do not know each other very well, the relations are not based as much on closeness or high trust (Soderqvist and Chetty 2009, p. 9).

Table 2 The relational characteristics of networks

Features of ties	Strong tie	Weak tie	Authors
Closeness	High	Low	Soderqvist and Chetty (2009),
Use of frequency	Regularly	Seldom	Marsden and Campbell (1984),
Trust	High	Low	Elg (2008), Jack (2005),
Duration	Long	Short	Morgan and Hunt (1994),
Commitment	High	Low	Singh (2000); Hite (2003),
Mutual respect	Very important	Less important	Blomstermo and Sharma (2003)

Soderqvist and Chetty (2009) found no dependency of the strength of ties on the natural characteristics of network relationships, i.e. both strong and weak ties can be found among formal, informal or intermediary ties. This presupposes that each network tie is unique: informal ties are not necessarily strong, nor are formal ties only weak (Ojala 2009). The main aspect is that strong ties require maintenance costs (time, financial, human resources, etc.) and this is the reason why the number of strong ties is limited in each person/firm's network (Singh 2000). It is the opposite situation with weak ties. As these ties do not require as much effort and cost to maintain, the number of weak ties is usually much higher than strong ties. According to Sharma and Blomstermo (2003), companies with a large number of weak ties have an advantage over those that have the same number of strong ties.

Strong ties are created with greater confidence and free communication among network participants; this affects the content of transmitted/received information and simplifies the transfer of sophisticated knowledge or increases the willingness to offer advice. At the same time, weak ties are not suitable for the complex transfer of knowledge (Blomstermo and Sharma 2003), but these relations accelerate the acquisition of diverse, straightforward, and unique information that is not available through strong ties (Singh 2000; Granovetter 1973).

4 Psychic Distance at the Relationship Level in Networks During Internationalization

International business theories (Johanson and Vahlne 1977) have discussed the existence of psychic distance in the internationalization process between home and foreign markets. However, the interrelatedness of PD and network relations during the internationalization of SMEs remains unexamined. Thus, in this section, the links between these constructs will be analyzed.

4.1 Psychic Distance and the Internationalization of SMEs

Psychic distance can be defined as the level of uncertainty or familiarity with regard to a foreign country, preventing the flow of information between the firm and the market (Brewer 2007). It expresses the extent to which we feel close or similar to foreign nations and their people, it measures how different we are from other countries or how different we perceive ourselves to be (Sousa and Bradley 2006; Hakanson and Ambos 2010). It is the distance between the home market and a foreign market resulting from the perception of both cultural and business differences (Sousa and Bradley 2006). Furthermore, Hakanson and Ambos (2010) define psychic distance as "sum of factors (cultural or language differences, geographical distance, etc.) that affect the flow and interpretation of information to and from a

foreign country” (p. 201). Psychic distance at an organizational level usually predicts the number of solutions for the entrance to the market (Newman 2012).

Sousa and Bradley (2006) argue that cultural distance is especially important for an individual’s perceived psychic distance. Therefore, the greater the cultural distance (differences in language, cultural values, education level, etc.) between the countries, the less knowledge about a new environment we have. This means some difficulties in perceiving a foreign country. Companies eager to collect information about the psychically distant countries must take into account the fact that the ability to use this information correctly in a business environment is as essential as the amount and the content of the information itself (Hakanson and ambos 2010). According to Evans and Mavondo (2002), business distance consists of political and legal obstacles, market structure, economic environment, business practices and language. Referring to perceived cross-national differences or difficulties in inter-organizational relations, Prime et al. (2009) argue that “perceived PD is an internal unobservable phenomenon resulting from the firm’s perceived cultural issues, and problems in the business environment and practices” (p. 196). Psychic distance makes it difficult or problematic for a firm to understand a market and operate there. The importance of information flows and perception of the information obtained about supply and demand conditions in foreign markets influence the strategic decisions of firms (Hakanson and Dow 2012).

There are several streams of argumentation regarding PD. One group of authors relate PD to differences on the country level as interfering factors that vary in depending on the creators/givers and receivers of information flow (Hakanson and Ambos 2010; Nordström and Vahlne 1994). The main focus is on inter-organizational relations, as information flows among various players at the firm- and the country level such as firms, partners, markets, suppliers, and customers. Another group defines psychic distance as an individual’s perception of national differences and the expected difficulties arising from these (Sousa and Bradley 2006; Evans et al. 2000). The authors argue that differences between the home and foreign markets make difficulties or problems for a firm in formulating and implementing international business strategies. According to Bello et al. (2003) the main differences are (1) the culture of the country, (2) language, (3) the customs and values of people, (4) foreign business practices. A third group of authors refers to various individual psychological aspects such as cognitive and affective concepts (e.g. prior personal experiences in the market), instead of focusing on the perception of national differences (Smith et al. 2011). This stream is supported by research by Nebus and Chai (2013), in which psychic distance as a cognitive construct is comprised of three dimensions: individual awareness, perception and understanding of a foreign environment. It can be assumed that when there is a perception of the proximity and familiarity of foreign markets at the inter-organizational and individual levels, less psychic distance is perceived.

The ties between networks can influence the most important decisions in the process of internationalization, thus some IB scholars argue that internationalization more and more often depends on the specificity of networks than on markets and countries (Johanson and Vahlne 2009; Nordman and Tolstoy 2014). PD at

relationship level also has an important impact on the internationalization of SMEs, because psychologically distant trading partners are influenced by differences in language and culture, attitudinal and behavioral disparities etc. in each interaction (Katsikeas et al. 2009). Despite that, in contrast to the process model of internationalization (Johanson and Vahlne 1977), Nordman and Tolstoy (2014) have found that PD at the relationship level triggers proactive behavior which produces learning opportunities for SMEs. This was explained by the authors, suggesting that the internationalization patterns of SMEs (the strategy to act in a wide scope of niche markets) encourage them to overcome all kinds of knowledge gaps. By trying to do so, SMEs are able to extend their knowledge basis; as a result, the competitive advantage over other players in the international context is reinforced (Nordman and Tolstoy 2014). In contrast, psychically close markets can lead to an overestimation of similarities and failure rates can be dramatically high (O'Grady and Lane 1996).

4.2 Psychic Distance and the Inter-organizational Relations

A network can be called a system of joint learning and distribution of necessary information regarding entrance and competition abroad (Sharma and Blomstermo 2003). Such information usually considers the psychic distance related information about customers, suppliers, competitors, etc. based in a foreign country, issues related to the legal environment (i.e. government, rules, norms, and etc.) or specifications of the internationalization process (i.e. necessary resources, the capability to enter the foreign market, etc.) (Sharma and Blomstermo 2003). The distribution of information contributes to a firm's knowledge base, which accelerates the internal development of a firm (Chetty and Blankenburg Holm 2000).

Hakansson and Snehota (1995) argue that networks are a structure of relative stability and predictability. The lack of legitimacy and market unfamiliarity that entail cost and risk increase for the internationalization of new SMEs are the main reasons of perceived uncertainty. Ojala (2015) argues that "networks primarily influence psychic distance, but choosing the right network may be the prime source of firm uncertainty when moving toward internationalization" (p. 831). Thus, network relationships help SMEs to cope with these problems by offsetting the lack of a proven track record and the limited legitimacy associated with being new (Fernhaber and McDougall 2005). Moreover, Ghauri et al. (2003) found that smaller firms need a willingness to work together to develop solidarity and commitment and to initiate foreign market activities.

Recently Ojala (2015) argued that formal and informal networks of small ventures may reduce or 'bridge' psychic distance, overcoming fairly stable cultural distances and help SME managers to enter countries with a constant and great geographical distance. As psychic distance is associated with substantial communication and collaboration challenges, the question regarding how SMEs respond to these challenges can be raised. There have been a few attempts to answer this

question. Evans and Mavondo (2002) and Pedersen and Petersen (2004) found that firms, seeking to reduce the negative effect of uncertainty, devote more time in research and planning about anticipating challenges in psychically distant markets. Additionally, Child et al. (2009) highlighted the development of trust-based relationships with local counterparts, because this process requires an exceptional amount of additional effort.

Furthermore, the rapidly changing environment has forced a rethink of the way firms network. As the global market and the demand for technological inventions have sped up the formation of more complex networks, the new forms of relationships have arisen in place of only straightforward buyer–seller relations. Thus, the interactions and atmosphere in the network has become more sophisticated (Freeman et al. 2006). Freeman et al. (2006) suggested that SMEs should move away from a predetermined stage model of network development. Based on these arguments, it can be proposed that companies seeking to develop relations and integrate into a network in psychically distant markets will respond to these challenges with added effort, i.e. commitment of greater resources. As was argued before, the greater the commitment of resources is, the stronger the relationships between the actors in a network are.

By committing more resources and developing stronger ties, SMEs become integrated and avoid the problem of being on the ‘outside’ of a network (Freeman et al. 2006). The liability of ‘outsidership’ refers to the situation when a firm lacks knowledge about other business actors and their relatedness in a foreign network (Johanson and Vahlne 2009). Thus, in order to be regarded as an ‘insider’, a firm needs to get involved with at least one channel member or government etc. Consequently, the status of ‘insider’ enables a firm to obtain important information about the business climate and other actors in a foreign environment (Johanson and Vahlne 2009) and accelerates the development of a firm’s position in an existing network (see Fig. 1).

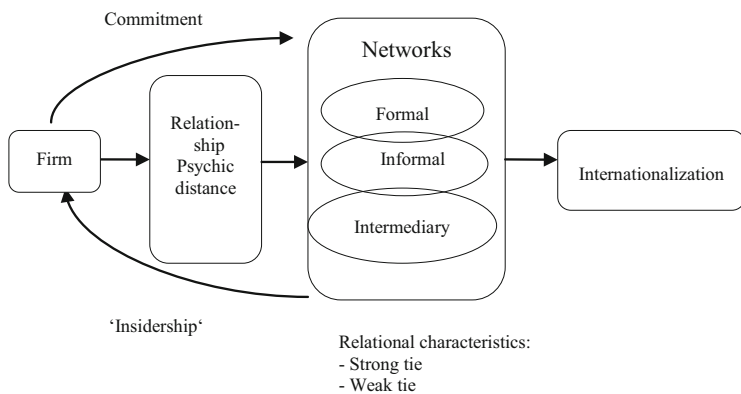


Fig. 1 Networks, internationalization and PD: inter-organizational level

5 Conclusions

Recently established practice shows that SMEs seeking entry into the global market do not follow the steps highlighted by the stage model of internationalization. In order to succeed in entering a number of niche markets in different countries, SMEs try to establish contacts with active actors. A number of authors highlighted the importance of network relations to SMEs' development of foreign business activities because of the existing distances that separate buyers, sellers, and partners in the global market (Oviatt and McDougall 1994; Hite and Hesterly 2001). Thus, it is argued that the network approach can be usefully employed for better understanding the rapid internationalization of SMEs (Coviello and Munro 1995, 1997; Johanson and Vahlne 2003; Oviatt and McDougall 2005).

Even though trade is expected to be more common with psychically close partners that have been gradually and personally contacted, more and more frequently SMEs try to establish foreign networks worldwide. Such international ties with foreign networks in many cases are affected by psychic distance. PD can be defined as all the perceived factors inhibiting information flows and reflecting all the dissimilarities in interpretation of information obtained due to differences in language, culture, business approaches, etc. between foreign actors (Nordström and Vahlne 1994; Hakanson and Dow 2012; Nebus and Chai 2013).

To overcome the PD effect at the market level, analogously to the level of relations, SMEs have to commit more effort and resources (Evans and Mavondo 2002; Pedersen and Petersen 2004) to become integrated in a particular network and increase mutual understanding among actors in it by creating closeness, trust and mutual respect at the same time. These are essential components for the development of strong formal or informal network ties among actors. Stronger ties increase recognition as an "insider" of a network among other parties, and consequently the PD effect decreases and the SME internationalization process becomes easier. According to Johanson and Vahlne (2009), 'insidership' accelerates access to market information and knowledge, and enables successful development of foreign business.

Our study differs from other studies of this nature, as it integrates the concepts of networks and internationalization of SMEs through the focus on psychic distance at an inter-organizational relations level. This chapter answers the call of Nordman and Tolstoy (2014) and Ojala (2015) for deeper inquiry on how SMEs through networking 'bridge' psychic distance and how network relationship and PD are interrelated, due to the fact that this is a theoretically and empirically less developed topic.

Future research should include empirical quantitative or qualitative research to test the conceptual framework developed here. Other research should include the effect of PD on performance in SME internationalization. Moreover, further research analyzing the empirical manifestation of the role of PD at the inter-organizational level among firms and foreign partners is needed. Finally, there is also a need for measurements assessing the role of PD in network relations.

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Part III
Individuals and Interactions in
Multicultural Environments: The
Expanded Perspective

Workaholism and Individual Work Performance in Lithuanian and German Financial Sector Multinational Corporations: Differences Between Generations X and Y

Raimonda Alonderienė, Juliane Fuchs, Miglė Pilkaitė,
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Abstract This chapter aims to clarify the differences between generations X and Y regarding workaholism and to compare the impact of workaholism on the task proficiency component of individual work performance in financial sector multinationals in Lithuania and German-speaking countries.

The work cultures often lionize hard work, so the impact of workaholism gets a high degree of attention. The discussion on the nature of workaholism, its causes and effects, its addiction like nature and typology is still being emphasized by both academia and practitioners. However, there is a lack of research on intergenerational differences in multinationals and their attitude towards workaholism.

The quantitative empirical research method was chosen. The questionnaire was formed using the validated workaholism questionnaire created by Spence and Robbins and the task proficiency questionnaire by Griffin et al. The workaholism type is defined by variations on employee work involvement, work enjoyment and feeling driven.

The data was collected from a self-reported on-line survey. 198 respondents from Lithuania-based and 99 respondents from Germany and Switzerland-based financial sector multinationals participated.

The research reveals differences between generations X and Y and between Lithuania and German-speaking financial sector multinationals. The findings show equal distribution of workaholics (70 %) and non-workaholics (30 %) in Lithuania and German-speaking countries. Regarding the intergenerational differences, the

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tendencies are the same. Both X and Y financial sector employees more often tend to be workaholics than non-workaholics. On the other hand, individual work performance differs by country (more highly evaluated by the Lithuanian sample), but not by generation or workaholism/non-workaholism attitudes. The findings suggest that high individual work performance is achieved by both generations X and Y as well as by workaholics and non-workaholics equally. However, individual work performance is positively related to work enjoyment.

The financial sector multinationals should focus on the dimension of work enjoyment instead of emphasizing intergenerational differences in the workplace.

1 Introduction

The amount of attention paid to human resource management is rising constantly as organizations are realizing the importance of employees to overall organizational success (Fisher et al. 2006). To manage human resources successfully, human resource managers have to understand the changes in the workforce, including generations. Research on generations started with the term the “Generation Gap” in the 1960s. Today, Generation Y is entering the workforce and replacing baby boomers in organizations. Thus, generations X and Y are making up a major part of the workforce. These differences are challenging human resource managers to effectively manage and motivate their organization’s workforce (Osif 2008). There are many studies discussing the differences among these generations, how employees of different generations view the work-free time balance and their commitment to work, also their willingness to quit. Looking more deeply into each generation’s attitudes, researchers seek to understand if they have more passion towards their job and organization than other generations. Some people are more addicted to work and committed to an organization than others. Does the attitude toward work and requirements for an employer differ between generations X and Y? Still, there is a great variety of definitions of workaholism and, moreover, a number of opinions about its harm and benefits (Osif 2008; Levy 2015). Some sources (e.g. Spence and Robbins 1992) suggest that non-workaholics perform better than workaholics. However, there is a gap in the research concerning intergenerational differences in terms of workaholism. The aim of this study is to clarify the differences between generations X and Y towards workaholism and to compare the impact of workaholism on the task proficiency component of individual work performance in financial sector multinationals in Lithuania and German-speaking countries. It would suggest the implications, by which management could find the way to promote, reward and sustain preferred work behaviors. Such implications can be focused in a particular work group, functional unit or an entire organization. For this reason, such questions as *how do workaholism types differ between Generations X and Y and how different workaholism types impact the task proficiency component of individual work performance in terms of different generations* have to be answered.

Studies on workaholism typology, but also on individual work performance, have indicated that there are differences among these issues in different economic sectors, especially multinational corporations in banking and insurance (Buelens and Poelmans 2004; Göbel and Zwick 2011). Therefore, financial sector multinationals in Lithuania and German-speaking regions have been chosen for further study.

2 Literature Review

2.1 *Individual Work Performance*

The long-term success of an organization depends on its ability to ensure employee performance (Rotundo and Sackett 2002). The importance of individual work performance and its assessment is reflected in a range of literature (Borman and Motowidlo 1993; Campbell 1990; Viswesvaran 2011). Campbell (1983) indicated that individual work performance is the degree to which an employee essentially contributes to reaching an organization's goals. The focus is on behaviors that affect an organization's goals and are under the control of the individual (Campbell 1990; Motowidlo et al. 1997). Researchers considered job performance to be equal to task performance or proficiency (Griffin et al. 2007; Dalal et al. 2009). Job performance could be described by broad performance components (Griffin et al. 2007; Koopmans et al. 2012):

- Task Performance or proficiency;
- Organizational Citizenship Behavior or Contextual performance;
- Adaptive performance;
- Proactivity or Counterproductive Work Behavior.

According to Griffin et al. (2007) an individual's behavior has an influence not only on his or her own work effectiveness, but also on the efficiency of an organization's other employees, including team members, and, moreover, the organization as a whole. Griffin et al. (2007) improved the performance model and distinguished three cross-classified levels at which individual behavior can contribute to an organization's performance: (1) individual, (2) team member, (3) organization member.

Scholars are currently seeking to identify what individual characteristics are influencing differences on individual work performance (Guion 1998). The personality and attitudes of each employee influence job outcomes including individual work performance. One aspect of attitudes towards work is workaholism.

2.2 *Workaholism*

2.2.1 Definitions of Workaholism

Oates (1971) was the first who used the term workaholism. He described a workaholic as “a person whose need for work has become so excessive that it creates noticeable disturbance or interference with his bodily health, personal happiness, and interpersonal relations, and with his smooth social functioning” (p. 4). The research on workaholism produced a great variety of scientific data calling for rigor in the concept of workaholism and its evaluation methodology (Harpaz and Snir 2003; Snir et al. 2006). There is still little consensus about what workaholism is (Harpaz and Snir 2003; Burke 2001) and understanding of workaholism remains limited (McMillan et al. 2003; Taris et al. 2005). Burke (2001) remarks that “much of the writing has not been guided by a clear definition of the concept or by well-developed measures”. Moreover, opinions about workaholism vary among authors and are conflicting. It is still not agreed whether workaholism has negative (Cherrington 1980; Spruell 1987; Porter 1996; Schaufeli et al. 2009) or positive (Cantarow 1979; Machlowitz 1980; Gorgievski et al. 2014) consequences in organizations (Machlowitz 1980; Killinger 1991; Taris et al. 2005). Below, we shall follow Robinson’s definition of workaholism as a disorder that manifests itself through self-imposed demands, an inability to regulate work habits, and an overindulgence in work to the exclusion of most other life activities (Robinson 2007).

2.2.2 Typologies of Workaholism

Different types of workaholic behavior patterns exist. Each workaholic type has unique antecedents, work and life outcomes, and associations with work performance (Spence and Robbins 1992; Scott et al. 1997). Buelens and Poelmans (2004) noted that some authors as Robinson (2000) just classify workaholics’ typologies, while other typologies such as Spence and Robbins (1992) contrast types of workaholics with non-workaholics.

Typologies of workaholism show different views regarding the dimensions of how to measure the type and level of workaholism. Naughton (1987) presented a workaholism typology, which was based on the dimensions of career commitment and on obsessive–compulsive tendencies. According to these dimensions, two types of workaholics were introduced: the job-involved workaholic and the compulsive workaholic. Scott et al. (1997) argued that the earlier definition of workaholism should also include more constant behavior and defined three types of workaholism:

- Compulsive-dependent;
- Perfectionist;
- Achievement oriented.

Spence and Robbins (1992) came up with a typology based on three components: work involvement, feeling driven, and work enjoyment, from which six types of attitudes towards work emerge.

All six of these attitudes (*Enthusiastic workaholic*, *Workaholic*, *Work enthusiasts*, *Relaxed worker*, *Disenchanted worker*, *Unengaged worker*) seem to show different behavior patterns. Each type of workaholic has unique antecedents and outcomes, and is characterized by different levels of job stress, job involvement, perfectionism, non-delegation of responsibility, time commitment to job. Spence and Robbins's typology is one of the most widely used to identify workaholics.

Buelens and Poelmans (2004) investigated Spence and Robbins' workaholic triad. They have identified two more types of workaholism patterns and added them to Spence and Robbins' typology, namely, reluctant hard workers (high on work involvement, low on feeling driven and work enjoyment) and average workers (low on work involvement and high on both feeling driven and work enjoyment). Thus, eight types of different patterns towards work were validated.

Moreover, Buelens and Poelmans' (2004) insights have added the cross-cultural applicability of the developed components and have enriched the construct with more motivational and organizational data describing the six workaholism types and helping to better understand Spence and Robbins' typology. Spence and Robbins' workaholism typology, as enriched by Buelens and Poelmans (2004) is used in this paper, namely

Workaholics:

Enthusiastic workaholic;
Workaholic;
Work enthusiast;
Reluctant hard worker;

Non-workaholics:

Average worker;
Relaxed worker;
Disenchanted worker;
Unengaged worker.

2.3 Impact of Workaholism on Individual Work Performance

Different types of workaholic behavior patterns have unique associations with job performance (Scott et al. 1997). Different workaholism types differ in work performance. According to Spence and Robbins (1992), workaholism is associated with poorer performance than work enthusiasm.

Buelens and Poelmans (2004) indicated that the most important findings of their research came from the sectors in which respondents work. It was shown that

certain types of workaholics are more prevalent in certain economic sectors. For example, the reluctant worker is typically found in education, public administrators are more likely to be disenchanted workers, and the (unenthusiastic) workaholic is over-represented in banking and insurance. Additionally, Göbel and Zwick (2011) have established that employees' productivity might differ depending on their age. This dependence differs between economic sectors due to specific production or service processes and professions. The authors emphasize that bank or commercial clerks are age-neutral occupations, as individual output in the banking and insurance industries are associated with a high degree of social interaction and communication skills. This suggests that a deeper view and analysis of different economic sectors should be taken.

Overall, research about types of workaholism patterns shows that there are differences between different types of workaholics towards individual work performance. Moreover, there are some indications that age might have an impact on individual work performance. However, there is a lack of empirical research on the differences in attitudes toward workaholism between generations.

2.4 *Generational Differences*

2.4.1 **Definition of Generation**

Over the years, numerous definitions of the term “generation” have been discussed in a range of research. Mannheim (1953, cited in Zopiatis et al. 2012) defined a generation as “a group of people born and raised in the same general chronological, social and historical context”. Kupperschmidt (2000) defined a generation as a particular group of people who share birth years, location, and experience. Both the birth rate and significant life events are two common elements distinguishing a generation (Kupperschmidt 2000; Sayers 2007; Westerman and Yamamura 2007; Crumpacker and Crumpacker 2007). The beginning of a new generation is signified by an increase and stabilization of the birth rate. The decline of the birth rate in a newly formed generation signals the end of this generation (Crumpacker and Crumpacker 2007). Crumpacker and Crumpacker (2007) also add that the same experiences of life events or at least awareness of them are shared by each generation. Overall, generation labels are based on the perception that people are of similar ages and experiences, which results in a common view of the world that influences thinking throughout their lives (Schoch 2012).

Looking into the mix of generations, today five generations are recognized internationally by many authors (Smola and Sutton 2002; Weingarten 2009; Cennamo and Gardner 2008; Sayers 2007; Crumpacker and Crumpacker 2007; Neil 2010; Schoch 2012; Zopiatis et al. 2012):

- Veteran/Traditionalist who were born 1929–1945,
- Baby Boomers, born 1946–1964,

Table 1 Work values and beliefs of generations X and Y

Views on occupational factors	Generation X	Generation Y
Authority	Have no problem questioning authority; Skeptical and unimpressed with authority in Anglo-Saxon countries. Vice versa in Lithuania	Question authority; Rules are made to be broken; Challenge workplace norms
Attitude towards motivation	External motivation looks like manipulation and has a de-motivating factor; Avoid selective award system; Self motivated	Are motivated when a manager connects their actions to their personal and career goals; Not motivated by feeling of duty
Recognition	View rewards and recognition in terms of demands; Expect recognition through title and promotion; Seek advancement opportunities	Expect rapid promotion and development; Not good at taking criticism; Like public respect, acknowledgement and frequent recognition
Loyalty	Lack loyalty to a particular organization; If they do not get what they want they have no problem to look for a new job; Loyal to the employer if there are different opportunities within the organization	Skeptical about corporate loyalty and more 'me' oriented; Expect to change jobs often during their life; Can demonstrate loyalty and dedication as long as they are achieving their personal goals; Loyal to peers, managers, coworkers, not organizations; Partition themselves away from organizations as understand that lifetime employment at one organization is very unlikely
Work-life balance	Work to live; Personal values and goals are more important than work-related goals	Prefer family and friends to work; Value non-work time while they want to enjoy work; Work is not the most important thing in life; Aspires to a work—free time balance; Try to achieve professional satisfaction and personal freedom
Individualist or team players	Self-reliant, self-sufficient, not into teams and meetings; Sense of individualism over collectivism; Prefer to work alone	Great collaboration and value team work; Expect diversity; Self-reliant
Lazy vs. hard working	Willing to work but work demands are different; Need to know that working hard for the organization will bring direct results for their families	Slackers; Have unrealistic expectations about what it means to work
Supervision and guidance	Expect managers to be direct with them; Prefer to work independently with minimal supervision; Expect specific constructive feedback on their performance; Focus quickly to get results and thrive on opportunities to grow	Expect personal attention and approval to be given; Desire immediate and constant feedback about performance; Want managers who empower them and who are open and positive; Need clear directions and management assistance for tasks, but at the same time expect freedom to get the job done via empowerment

(continued)

Table 1 (continued)

Views on occupational factors	Generation X	Generation Y
Work schedules	Prefer and value flexible work schedules	Want flexible work schedules as they are not willing to give up their personal activities due to work
Career	Do not believe in job security; Seniority is not important, they respond to instant gratification; Change careers more often than previous generations	Distrust job security; View jobs as primarily the means to build a career resume; Committed to work they believe will impact the world and make a difference; Proactively plan their professional development; are focused on their careers; Find a way to build professional and personal lives
Reliability	Not very reliable; Less trusting	If treated professionally they are likely to act professionally; Get the task done but in own way and pace; Results oriented
Learning ability	Seek jobs that provide training	Lifelong learners; Learn best by collaborating; Seeking learning opportunities and challenges; Expect on-the-job training

Sources: Crumpacker and Crumpacker (2007), Gursoy et al. (2008), Neil (2010), Liotta (2012) and Espinoza et al. (2010)

- Generation X, born 1965–1979,
- Generation Y, born 1980–1999, and
- the new Generation Z, born since 2000.

2.4.2 Differences Between Generations X and Y

Over the last decade, there has been widespread discussion about age-based demographics in the light of the differences of the multigenerational workplace. Literature exploring generations emphasizes that the preferences of generations exist and have an impact on the workplace (Crumpacker and Crumpacker 2007; Laird et al. 2015). Table 1 presents summarized the work values and beliefs of Generations X and Y.

Looking overall at the two generations' characteristics, it can be seen that there is not only a difference in the age but also that they have different perspectives and views to work and the workplace. Generation X understands that a career has to be earned working hard, most likely working in a rarely changing organization. While Generation Y seeks rapid career advancement and salary increases, they want to be heard, feel important and feel that a manager is not an authority; they have no obligations and commitments to the organization. Another important feature is sophistication in technology and willingness to socialize with other people. Work

and free time balance is crucial for Generation Y, while Generation X thinks that if they want to have a good vacation and entertainment, they have to earn it by working hard.

Overall, managers should pay attention to differences in the workforce concerning their attitudes towards professional needs and expectations.

3 Methodology of the Empirical Research

The aim of this study is to clarify the differences between Generations X and Y towards workaholism and to identify the impact of workaholism on the task proficiency component of individual work performance in financial sector multinationals in Lithuania and German-speaking countries, namely Germany and the German part of Switzerland. In terms of culture, Lithuania and Germany are rather similar except for Germany being a masculine and Lithuania being a feminine country (geert-hofstede.com). However, countries differ according to financial sector traditions. Germany and especially Switzerland are well-known in their financial sector history, while independent financial sector traditions in Lithuania began only after the independence of the country in 1990. Additionally, the financial sector is well-known for its long working hours and negative consequences like the death of a young bank intern “after working 72 h straight” (Reuters 2013).

The research in cross-country comparison on workaholism is seen in the surveys of Burke et al. (2006) and Burke et al. (2008); however neither Germany nor Lithuania was investigated.

As was revealed in the literature review, Generation Y is seeking more to have work—free time balance and is not so committed to work, and Generation X seeks good and qualitative job outcomes (Crumpacker and Crumpacker 2007; Neil 2010; Liotta 2012; Espinoza et al. 2010). Regarding other differences towards work, it is assumed that Generation X is more prone to be workaholics than Generation Y. Moreover, Robinson (1999) has stated that workaholism is distinct from historical trends and cultural whims. That also implies that there should be differences among Generation X and Y towards workaholism.

Thus, the first differences in workaholism among Generations X and Y are tested by raising the following hypotheses (Fig. 1):

H1: Generation X is more prone to be a workaholic than a non-workaholic type.

H2: Generation Y is more prone to be a non-workaholic than a workaholic type.

H3: Generation X is more prone to be a workaholic type than Generation Y.

Another hypothesis is related to the impact of the workaholism type on the task proficiency component of individual work performance. Various authors observe that different workaholic types differ in level of performance (Naughton 1987; Scott et al. 1997; Robinson 2007). Moreover, considering Spence and Robbins’ (1992) research work, involvement is the key aspect of workaholism typology.

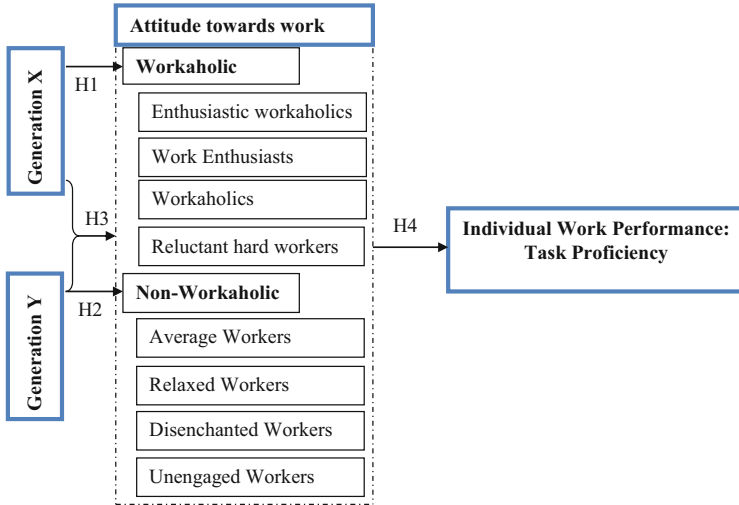


Fig. 1 Research model and hypotheses

Also, work enjoyment and feeling driven to work cause the difference between workaholic and non-workaholic types. It is assumed that high involvement and low enjoyment ratios may negatively impact individual work performance (Spence and Robbins 1992), thus non-workaholic types perform better than workaholic types. Thus, the following hypothesis is tested:

H4: Workaholics' task proficiency is lower than non-workaholics' task proficiency.

The survey was conducted in 2013 in Lithuania and was followed by Germany and the German part of Switzerland in 2014. The quantitative empirical research method was chosen using a self-administered questionnaire. The questionnaire in Lithuanian and German for the respective countries was placed on survey platforms in each country. Invitations to participate and a link were sent to personal and work e-mails or were distributed by the HR departments of multinationals. Only one answer per computer was allowed.

The questionnaire was developed to represent each variable of the research model (Fig. 1). The independent variable influencing individual work performance is the type of workaholism. A number of measures of workaholism have been created, including Machlowitz (1980), who listed ten characteristics, Clark's (1993) Schedule for Non-adaptive and Adaptive Personality-Workaholism (SNAP-Work), Haymon (1993), who developed the Workaholic Adjective Checklist (WAC), and Senholzi's (2008) Work Attitudes and Behaviors Inventory (WABI) (cited in Patel et al. 2012). On the other hand, not all workaholism measures are widely used. Another two, Spence and Robbins' (1992) Workaholism Battery (WorkBat), and Robinson's (1999) Work Addiction Risk Test (WART) have received the most empirical attention. In this study Spence and Robins' workaholism typology is used as it was the first research-based typology, and number of studies have been

conducted to validate it (Burke 2000; Patel et al. 2012). It has a Cronbach’s alpha of 0.85, therefore it is reliable and valid. Also, two additional types enriched by Buelens and Poelmans (2004) are added, yielding overall eight different attitudes towards work. Therefore, four workaholic patterns based on the *workaholism triad* concept consisting of three factors, work involvement, work enjoyment and feeling driven about work because of inner needs (Galperin and Burke 2006), is used. This produces a typology of workaholism with four types of workaholics (enthusiastic workaholics, work enthusiasts, workaholics, and reluctant hard workers) and four types of non-workaholics (average workers, relaxed workers, disenchanted workers and unengaged workers).

Another set of variables is Generation X and Y. Generation X is understood here as a person who was born in between 1965 and 1979, whereas a member of Generation Y was born between 1980 and 1999.

The dependent variable is self-perceived task proficiency considering the individual, team and organizational levels. Task proficiency comes as a component of individual work performance. The questionnaire created by Griffin et al. (2007) was chosen. It includes (1) individual, (2) team member, and (3) organization member aspects of task proficiency. Results of items confirmatory of this questionnaire varied from 0.75 to 0.92, therefore it is concerned to be valid and reliable (Table 2).

A Likert scale of 7 is used in the majority of the questions, where the meaning of 7 is strongly agree, and the meaning of 1 is strongly disagree with a statement.

The target population of the research is representatives of financial sector multinationals. To be more specific, the research involves Generation X and Y employees in financial sector multinationals operating in Lithuania, Germany and the German part of Switzerland. Convenience sampling is applied. After removing unsuitable questionnaires (some respondents did not belong to Gen X or Y; some did not indicate that they work in financial sector multinationals) a total number of 297 surveys is presented. 198 respondents from Lithuanian and 99 respondents from German multinationals have participated.

Table 2 Questionnaire structure

Variable	Source	Number of questions
Workaholism typology	Spence and Robbins (1992) and Buelens and Poelmans (2004)	25
– Work involvement		8
– Work enjoyment		10
– Drive to work		7
Individual work performance— task proficiency	Griffin et al. (2007)	9
– Individual		3
– Team		3
– Organizational		3
Generation descriptions	Authors	1
Demographics	Authors	5

Table 3 Inner scale reliability (n = 297)

Scale	Reliability (Cronbach's alpha)	Number of statements	Mean	SD
<i>Workaholism</i>	0.856	25		
Work involvement	0.651	8	3.90	0.87
Work enjoyment	0.885	10	4.29	1.01
Driven to work	0.847	7	3.88	1.27
<i>Task proficiency</i>	0.811	9		
Individual	0.777	3	6.08	0.86
Team member	0.707	3	5.95	0.88
Organization member	0.863	3	5.63	1.22

4 Findings of the Research

The inner scale reliability, and the mean and standard deviation of each scale are presented in Table 3. According to Vaitkevičius and Saudargienė (2006), the smallest value of the Cronbach alpha should be not less than 0.7; however, if the scale is used for statistical analysis the value of the Cronbach alpha has to be at least 0.5. All the scales for this questionnaire meet the requirement of $\alpha > 0.50$ and are subsequently analyzed in detail. The only scale of work involvement ($\alpha = 0.651$ in this survey) actually has the lowest reliability in the original Spence and Robbins questionnaire ($\alpha = 0.68$) as well.

Socio-demographic characteristics reveal that the respondents are relatively similar in both regions (Table 4): more Gen Y than Gen X representatives responded, and more specialists than managers participated. The exception is gender distribution: the majority of respondents are women in Lithuania and men in German-speaking countries.

After the socio-demographic profile is reviewed, workaholism typology results can be analyzed further. First of all, each respondent was classified into one of workaholism types depending on a low (less than 3.5 out of 7) or high (3.5 and more out of 7) level of attitude towards work involvement, work enjoyment and feeling driven. Overall, eight workaholism types are statistically analyzed according to Spence and Robbins (1992) and Buelens and Poelmans (2004) as in Figs. 1 and 2.

Figure 2 reveals the distribution of workaholism types among the countries. The majority of the respondents are workaholics in general—around 70% in each region. Mostly enthusiastic workaholics and work enthusiasts are represented: respectively 40.9% and 16.7% in Lithuania and 37.4% and 19.2% in German-speaking countries. There are around 30% non-workaholics in both regions. The greatest number of non-workaholics are average workers (10.6% in LT and 10.1% in DE) and relaxed workers (7.6% in LT and 15.2 in DE).

The survey requires examination of the workaholism differences by generation as well. Figure 3 reveals how respondents are distributed by generation and workaholism. Both members of Generations X and Y are more prone to be

Table 4 Demographic profile of the respondents (n = 297)

	Valid percentage	
	Lithuanian sample	German sample
Gender		
Male	31.8	61.6
Female	68.2	38.4
Generation		
Gen X	28.3	21.2
Gen Y	71.7	78.8
Level of employment		
Management	25.7	39.3
Specialist/officer	62.6	48.5
Trainee	5.6	11.1
Other	6.0	1.0

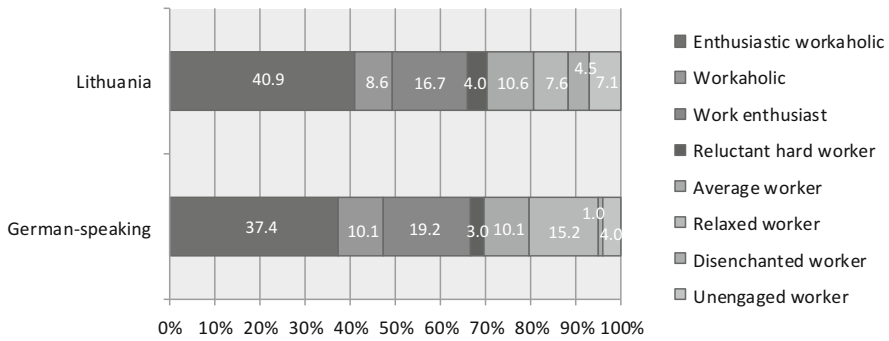


Fig. 2 Overall workaholism types in the financial sector

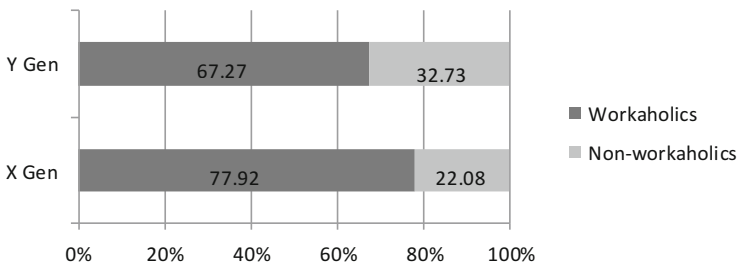


Fig. 3 Workaholism types by generations in the financial sector

workaholics than non-workaholics in financial sector multinationals. The differences between workaholics and non-workaholics in both generations are statistically significant. Hypothesis *H1*: Generation X is more prone to be a workaholic than a non-workaholic type is accepted while hypothesis *H2*: Generation Y is more prone to be a non-workaholic than a workaholic type is rejected.

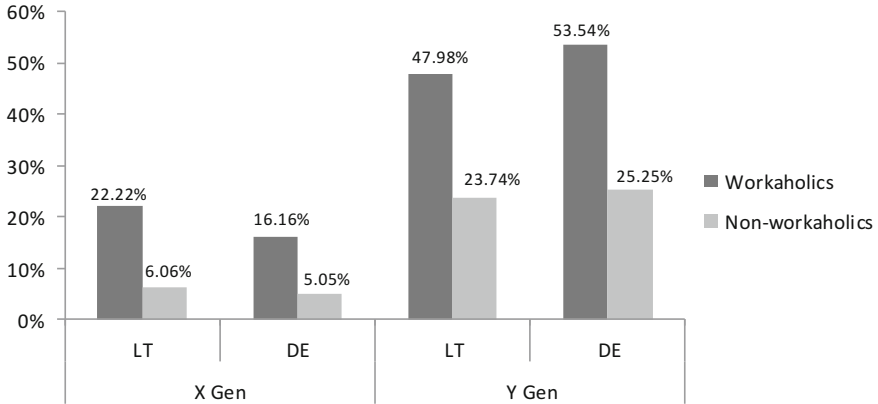


Fig. 4 Workaholism types by generations and by regions in the financial sector

Table 5 Workaholism between generation X and Y

Attitude towards work	Generation X (%)	Generation Y (%)	Difference between generations (X ≠ Y)
Enthusiast workaholic	46.75	37.27	More
Workaholic	6.49	10.00	Less
Work Enthusiast	19.48	16.82	More
Reluctant hard worker	5.19	3.18	More
<i>Total workaholics</i>	<i>77.92</i>	<i>67.27</i>	<i>More</i>
Average worker	5.19	12.27	Less
Relaxed worker	10.39	10.00	More
Disenchanted worker	1.30	4.09	Less
Unengaged worker	5.19	6.36	Less
<i>Total non-workaholics</i>	<i>22.08</i>	<i>32.73</i>	<i>Less</i>

Analysis by generations and countries is shown in Fig. 4. Slightly more Gen X workaholics are found in the Lithuanian sample (22.22 % vs. 16.16 %) and slightly more Gen Y workaholics in the German-speaking sample (53.54 % vs. 47.98 %).

Table 5 reveals whether there are more workaholics among members of Gen X than Gen Y as hypothesis H3 states. There are slightly fewer “workaholics” (6.49 % vs. 10.00 %) and slightly more “relaxed workers” (10.39 % vs. 10.00 %) in Gen X than Gen Y. Also, both generations are prone to be workaholics over non-workaholics in financial sector multinationals. However, in general there are more Gen X workaholics than Gen Y (77.92 % over 67.27 %). Therefore, hypothesis H3: *Generation X is more prone to be a workaholic type than Generation Y* cannot be rejected.

Comparing Lithuania and the German-speaking region, a similar tendency is visible (Table 6): there are more workaholics in total in Gen X (78.57 % in LT and 76.19 % in DE) than Gen Y (66.90 % in LT and 67.95 % in DE). Also, fewer Gen X-ers are non-workaholics (21.46 % in LT and 23.81 % in DE) compared to Gen Y-ers (33.10 % in LT and 32.05 % in DE).

As it turned out, members of both Gen X and Y are more prone to be workaholics in this survey. The other question is whether and how workaholism is related to task proficiency as a component of individual work performance. Figure 5 shows how task proficiency differs among different workaholism types. In general, the task proficiency of workaholics is evaluated at 5.92 (out of 7) and of non-workaholics at 5.80 (out of 7). Independent sample t-test analysis shows no statistically significant difference between workaholics and non-workaholics according to their task proficiency (Sig. = 0.779). Therefore, *H4: Workaholics' task proficiency is lower than non-workaholics' task proficiency* is rejected. The same can be noted when exploring how the work proficiency of Gen X-ers and Y-ers differ. There is no statistically significant difference (Sig = 0.267) between Generations X and Y in their task proficiency.

A country comparison shows interesting results. In both Lithuania and the German-speaking regions there is no statistically significant difference between workaholics and non-workaholics in their job performance in the form of task proficiency (Fig. 6). However, there is a statistically significant difference between Lithuania and the German-speaking regions in overall evaluation of perceived task

Table 6 Workaholism between generations X and Y in Lithuania and the German-speaking region

	Lithuania			German-speaking regions		
	Generation X (%)	Generation Y (%)	Difference between generations (X ≠ Y)	Generation X (%)	Generation Y (%)	Difference between generations (X ≠ Y)
Attitude towards work						
Enthusiast workaholic	51.79	36.62	More	33.33	38.46	Less
Workaholic	5.36	9.86	Less	9.52	10.26	Less
Work Enthusiast	16.07	16.90	Less	28.57	16.67	More
Reluctant hard worker	5.36	3.52	More	4.76	2.56	More
<i>Total workaholics</i>	<i>78.57</i>	<i>66.90</i>	<i>More</i>	<i>76.19</i>	<i>67.95</i>	<i>More</i>
Average worker	5.36	12.68	Less	4.76	11.54	Less
Relaxed worker	8.93	7.04	More	14.29	15.38	Less
Disenchanted worker	1.79	5.63	Less	0.00	1.28	Less
Unengaged worker	5.36	7.75	Less	4.76	3.85	More
<i>Total non-workaholics</i>	<i>21.43</i>	<i>33.10</i>	<i>Less</i>	<i>23.81</i>	<i>32.05</i>	<i>Less</i>

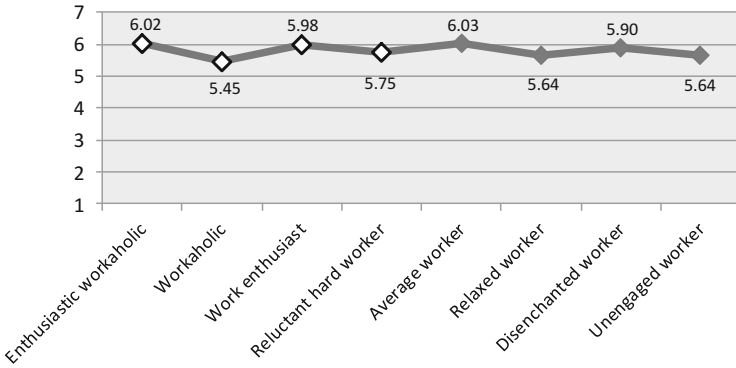


Fig. 5 Task proficiency among workaholism types

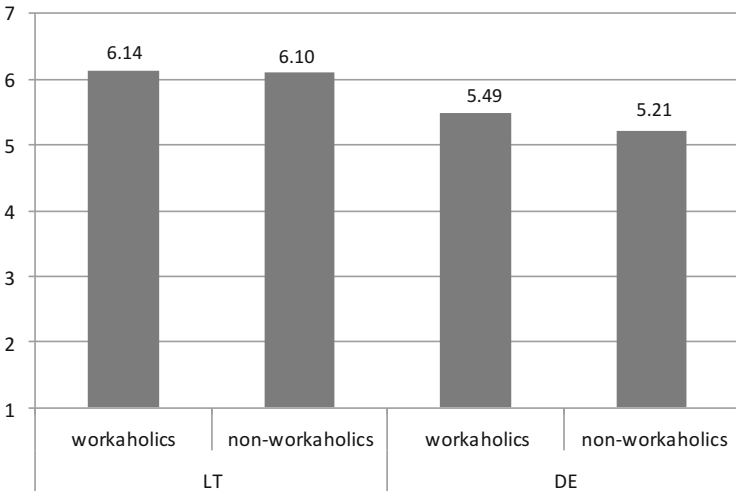


Fig. 6 Task proficiency among workaholism types in Lithuania and the German-speaking regions

proficiency (Sig = 0.38): Lithuanians evaluate their task proficiency at 6.13 (out of 7), and the German-speaking regions at 5.41 (out of 7).

As the survey shows, both workaholics and non-workaholics are statistically equal at their task proficiency. However, task proficiency evaluation differs between particular types of (non-workaholics) (Fig. 5). Further correlation analysis (Spearman’s coefficient) indicates what might have caused the difference. Table 7 shows that overall task proficiency in financial sector multinationals relates to work enjoyment (0.291**) just as the separate parts of the construct do as well: individual (0.154**), team (0.157**) and organizational (0.333**) task proficiency. The latter also correlates with work involvement (0.122*) and feeling driven at work (0.168**).

Table 7 Correlation between workaholism and task proficiency components

	1	2	3	4	5	6
1. Work involvement	1.000					
2. Work enjoyment	0.325**					
3. Feeling driven	0.319**	0.183**				
4. Individual task proficiency	0.062	0.154**	0.024			
5. Team task proficiency	0.034	0.157**	0.062	0.446**		
6. Organizational task proficiency	0.122*	0.333**	0.168**	0.355**	0.449**	
7. Overall task proficiency	0.093	0.291**	0.114	0.683**	0.764**	0.839**

**Correlation is significant at the 0.01 level (2-tailed)

*Correlation is significant at the 0.05 level (2-tailed)

It appears that not workaholism as such but the work enjoyment dimension of workaholism is mostly related to overall task proficiency. Employees in financial sector multinationals achieve higher task proficiency when their job is interesting, pleasant, fun, and enjoyable; when they like it.

5 Discussion

The purpose of this research was to clarify the differences between Generations X and Y towards workaholism and to identify the impact of workaholism on the task proficiency component of individual work performance in financial sector multinationals in Lithuania and German-speaking regions.

This chapter represents all eight types of workaholics and non-workaholics according to the typology of Spence and Robbins (1992) and Buelens and Poelmans (2004). Buelens and Poelmans (2004) found that (unenthusiastic) workaholics are over-represented in banking and insurance, however this survey reveals that in fact the enthusiastic workaholic is the most common type in both Lithuania (40.9%) and German-speaking (37.4%) financial sector multinationals.

Moreover, empirical research confirms that workaholism types vary among different levels of employment, showing that middle managers are twice as likely to be workaholic types than specialists. In addition, there are differences in workaholism types between Generations X and Y males and females. The research shows that men are more likely to be workaholics than women, but also a large part of them are unengaged workers. These findings support existing studies (Burke 1999; Buelens and Poelmans 2004; Taris et al. 2005) and contribute to Lithuanian literature about gender and job position differences.

According to many authors (Crumpacker and Crumpacker 2007; Gursoy et al. 2008; Liotta 2012; Espinoza et al. 2010), differences between generations exist in terms of their attitude towards work. Therefore, it was assumed that different generations should be differently related to workaholism. For example, Gen Y values non-work time and the work-free time balance, while Gen X is supposed

to work hard in expectation to achieve job-related goals (Crumpacker and Crumpacker 2007; Neil 2010; Liotta 2012). Although there is a lack of information about the impact of generation on workaholism, in the available studies the assumption is that Gen X-ers should be more likely to be workaholics, while Gen Y-ers more likely non-workaholics. However this study shows contradictory results: both Gen X-ers and Y-ers are prone to be workaholics in financial sector multinationals: there are 77.92 % total workaholics in Generation X and 67.27 % in Generation Y.

Further, the impact of workaholism on task proficiency was studied. Authors (Naughton 1987; Spence and Robbins 1992; Scott et al. 1997; Robinson 2007) indicate that different workaholic types differ in their behavior and have unique associations with work performance. Spence and Robbins (1992) made an assumption that workaholism is associated with poorer performance compared to work enthusiasm based on the idea that perfectionism, non-delegation, and job stress of workaholics might have harmful effect. This assumption is rejected by this research. The analysis reveals that there is no statistically significant difference between the task proficiency of workaholics and non-workaholics in financial sector multinationals, although task proficiency is significantly higher in Lithuanian multinationals compared with German ones. However, task proficiency is related to the work enjoyment dimension of workaholism. Employees who enjoy and like their job perform better. This finding confirms the research of (Spence and Robbins 1992; Clark et al. 2014).

6 Conclusions, Limitations and Implications

This chapter reveals the impact of workaholism on individual work performance and clarifies the differences between Generations X and Y in Lithuanian and German-speaking financial sector multinationals. The study enriched current theory by revealing what impacts individual work performance. This study shows that members of both Gen X and Gen Y in financial sector multinationals in Lithuania and German-speaking regions are almost equally prone to be workaholics; which contradicts some previous assumptions about the generations (e.g. Crumpacker and Crumpacker 2007). Workaholism as such was not found to have an impact on task proficiency; however, the dimension of work enjoyment is positively related to task proficiency.

Several *limitations* of the research can be pointed out. Firstly, there is danger posed by unequal samples by generation (26 % Gen Y and 74 % Gen X) and by country (67 % from Lithuania and 33 % from the German-speaking region). Thus, there is a possibility that the sample used in this research is sensitive and may be distorted. Moreover, respondents were classified into generations based only on their age differences, as there is no common instrument to indicate generations across different countries. There could have been individuals whose attitude towards work could not be assigned to one or another generation because of cultural

differences, as the differences of generations are described more in Anglo-Saxon countries. Another limitation is the willingness to complete the questionnaire especially by workaholics who, as expected, have no free time. The fact that this was a self-reported questionnaire could have an impact on the quite high scores of individual work performance. What is more, only one component of individual work performance—task proficiency is surveyed.

The overview of limitations suggests *directions* for further research. First of all, the focus of this study remained on the impact of workaholism on task proficiency. Future studies may expand this research and other components of individual work performance such as adaptivity or citizenship behavior. Additionally, objective evaluation of task proficiency could be done through evaluation of each employee's performance by his/her supervisor or manager.

Moreover, there is a lack of research on intergenerational differences in Lithuania especially. Do Generations X or Y in Anglo-Saxon countries have the same attitudes towards work as the same ones in Lithuania?

Also, country comparison on intergenerational differences and attitudes towards work is still rare. Therefore, future research in culturally and regionally different countries as well as different sectors is possible.

Finally, working overtime belongs to the daily business in many sectors, especially in the financial industry. The global finance business runs almost 24/7. Taking medications supports the maintenance of high productivity. This might result in displeasing side effects like breaking out in sweats, palpitations, gastric ulcers, sleep disorders, burnout or even severe heart attacks. Consequently, many corporations have introduced provisions and try to shift the focus to better handle, for instance, long working hours, rapidly changing tasks/responsibility and requirements in an unstable environment. Since this survey shows that not workaholism but work enjoyment has a more significant relationship with work performance, practical implications suggest placing an emphasis on joy and fun at work. Multinationals are able to take actions which prevent workaholism and contribute to an overall motivated and healthy workforce, e.g. limiting overtime hours, paid holidays, teleworking, flexible working hours, the possibility to work part-time, sabbaticals, mental and physical compensation programs e.g. yoga, Tai-chi, autogenous training. It is wise to consider these, especially knowing how much work-life balance is valued by Generation Y which in a few years will make up the dominant part of the workforce around the world.

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Expatriate vs. Self-initiated Expatriate in the Multicultural Workplace of MNCs

Sylwia Przytuła

Abstract The purpose of this theoretical chapter is to enhance the conceptual coherence of the notions of assigned expatriate (AE) and self-initiated expatriate (SIE). The proposed definitions are based on a set of conceptual criteria, which differentiates these types of international movers. In this chapter, the terminology and definitions of AEs and SIEs are ordered; the chapter also presents the advantages and disadvantages of hiring AE and SIE, and shows the dissimilarities in selected areas of the expatriate management (socio-cultural adaptation, career development, motivation and compensation).

1 Introduction

From time immemorial the movement of people between regions and between countries has influenced the shape of countries, economies and societies. The first case of human migration was the expulsion of Adam and Eve from the Garden of Eden. Their migration was punishment for eating an apple from the tree of knowledge of good and evil. The consequence of such forced migration was the awareness of good and evil, which is one of the reasons for the development of human personality (Selmer 1995).

Migration or spatial mobility is a permanent change of the place of residence, which is being made in geographical space (Kawczyńska-Butrym 2009). It is also defined as physical movement from one geographical point to another, crossing national borders (Agozino 2000; Boyle et al. 1998). Migration is not a new social issue, but a strategy by which people have always tried to solve difficult situations and threats accompanying their lives (Kawczyńska-Butrym 2009), which has currently been demonstrated by the escalated wave of migrants coming from the countries of the Middle East to Europe.

In recent years, a new quality of those migrations results from its global scale (Castles et al. 2013; Berry and Bell 2012). For the period 2010–2050, the number of

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individuals moving from developing to more developed countries is expected to be 96 million (Al Ariss and Crowley-Henry 2013). No one knows the exact number of international migrants, but the data given by the OECD (2015) states that their number is equal to about 3 % of 6.5 billion people throughout the world. The mass movement of people changes as a function of social, political, and economic conditions. But never before in history have so many people moved from place to place in search of education, sanctuary and work, as well as a better and healthier lifestyle (Carr 2010).

Open borders and the increased movement of employees is an element of the new reality, in which the employee will have an increasing influence on where and how he or she works, and enterprises will expand the scope of their seeking candidates outside of their regions, and in the territories in which they operate [so called *globalization of human capital* (Khadira 2001)].

The demand for skilled talented employees by global and multinational organisations for their foreign operations and by foreign countries for their economic development continues to grow at a rapid pace (Beaverstock 2005; Brookfield Global Relocation Trends 2015; Vaiman et al. 2012; Silvanto and Ryan 2014). This ‘talent flow’ is the worldwide circulation of professionals and managers who expatriate to take advantage of the attractive opportunities on offer (Coates and Carr 2005; Cerdin and Brewster 2014). As the global landscape is becoming more complex, the range of variations in the categories of globally mobile individuals expands and they are differently termed, e.g. boundary spanners (Beechler et al. 2004), international business travelers (Fish and Wood 1996), sojourners (Church 1982), or globetrotters (Allard 1996).

At present, flexibility (Przytuła 2013b) and the motivation to move are key qualifications held by workers operating in the international environment. Psychologists regard flexibility as a feature, which is part of the permanent and inborn “equipment” of an individual. It is even suggested that there is a flexible personality (Mayrhofer et al. 2004). In the context of the flexibility of human resources, it is worthwhile to mention the so-called adaptability concept based on the idea of “proper place for human possibilities”. In this concept, a person is not only a rigid and permanent structure and a blend of psychological and physical features, but a human being able to display flexibility, adaptability, metamorphosis, and accommodation to new requirements and situations.

A number of studies have indicated that some individuals have a strong sense of attachment to a particular region or area and are reluctant to move to another location, regardless of how bad their situation there may become (Frieze et al. 2006; Frieze and Li 2010). Some people appear to simply desire change and have been found to be likely to make major moves more than once in their lives (Jennings 1970; Jokela et al. 2008). Others are dissatisfied with their situation and seek opportunities to leave, even when others are content to stay. This latter group has been described as having a “migrant personality” (Boneva and Frieze 2001). As others (Tartakovsky and Schwartz 2001) have noted, deficiency models that argue it is the most desperate individuals who leave for another region have not found strong empirical support. Geographically mobile individuals are often found to have higher levels of skills or education than those who have decided not to leave,

even when conditions are quite poor in their home region (Boneva and Frieze 2001; Tartakovsky and Schwartz 2001).

There are some psychological theories explaining people's motivations to migrate. Super's life stage theory (Super et al. 1996) indicates that professionals may be in an exploring stage from their late teens to their mid-20s. At this time, adventure and leisure, personal and professional development, and perhaps study dominate. Their personal identity is central and they are motivated to expatriate by a desire for adventure and personal growth (Inkson and Myers 2003). Personal agency theory also characterizes a career identity that is associated with expatriation (Tharenou 2003).

The development of one's own professional career on the international labor market, may be realized in the form of traditional expatriation (assigned expatriation-AE), in which a plan of a foreign mission for the recruited employees is prepared by the organization (Banai and Harry 2004; Brewster 1991; Selmer 1995) or as a result of self-initiated expatriation (self-initiation expatriation-SIE) (Tharenou and Caulfield 2010; Doherty et al. 2013; Al Ariss and Crowley-Henry 2013).

The purpose of this theoretical chapter is to enhance the conceptual coherence of the notions of assigned expatriate (AE) and self-initiated expatriate (SIE). The proposed definitions are based on a set of conceptual criteria, which differentiates these types of international movers. In this chapter, the terminology and definitions of AEs and SIEs are ordered, the chapter also presents the advantages and disadvantages of hiring AE and SIE, and shows the dissimilarities in selected areas of the expatriate management (socio-cultural adaptation, career development, motivation and compensation).

2 Assigned Expatriate: From Etymology to Definition

The evolution of the connotations of the word 'expatriate' has been a long process. The practice of benefiting from services of what are today called expatriate managers dates back to ancient times. The rulers of conquered empires assigned the functions of administrators of distant provinces or countries to trusted subordinates (Selmer 1995).

The first known use of the word "expatriate" was in 1812 according to Webster's Dictionary (Merriam-Webster Dictionary 2015). According to Green, after the adoption of the Expatriation Act in the United States in 1868, the word 'expatriate' was "a disturbing noun denoting a suspicious citizen", and in 1920, the issue of expatriation was expanded from the category of "citizenship" to the category of "a citizen travelling or staying abroad". In contrast to the sense of "outcast" and "lost citizenship" used in the past, the modern status of that term is privileged (Green 2009).

At this point, it may be useful to mention that the growing interest in the issue of expatriation (Werner 2002) has been noticeable for the last 40 years, which results

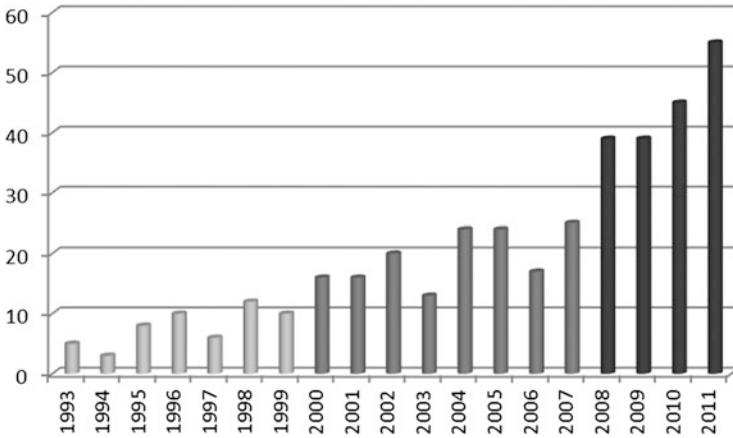


Fig. 1 The number of articles on expatriation published annually

from the analysis of the annual number of articles concerning that topic published in the papers from the ISI-Web of Science base (Dabicab et al. 2013) (see Fig. 1).

The 1990s witnessed the first wave of interest in the issue of expatriation. According to researchers, it was influenced by the political and economic events of the 1980s and the 1990s: the oil crisis caused by the Gulf War and Black Monday on the financial markets in October 1987. Such circumstances influenced the increase in the interest in “going global”. The second wave of interest in expatriation occurred in the years 2000–2007. There were 19–20 articles concerning this issue per year on average. The third wave of interest in the issues of foreign transfers was the outcome of the financial crisis of 2008. The average number of articles was about 44–45 per year (Dabicab et al. 2013).

But still in research studies there is a common understanding of an expatriate rather than clear definitions and it appears to be a problem in the clarity of the definition of assigned to expatriates or self-initiated expatriates, and it determines the choice of respondents to a survey. According to Tharenou, in about a third (35 %) of the empirical studies of assigned expatriates (AE) no definition was given, while a meager statement was offered in about two-fifths (39 %), such as “sent or assigned by their employer on an international assignment”. That is why there is a search for rigorous methodological approaches (Tharenou 2015).

The word ‘expatriate’ comes from the Latin *expatriātus* where *ex* means ‘out of’ and *patriā* means ‘fatherland’. Thus, the origin of the word ‘expatriate (expat)’ means a person leaving their homeland to live outside it.

Generally, the “assigned expatriate” refers to the employee assigned by the international corporation to work abroad to differentiate them from those who are locally employed (and may also be foreigners). However, according to Aycan et al. (2000), an expatriate may be an employee of a business or government organisation sent to a country other than their homeland to implement the goals of the organisation (Messmer-Magnus and Viswesvaran 2008). According to such a

definition, politicians (members of the European Parliament-MEP) may also be defined as expatriates, because they work in the European Parliament as the representatives of their parties.

It should be noted that the differentiation found in common usage usually comes down to socio-economic factors, so skilled professionals working in another country are described as ‘expatriates’, whereas manual labourers who have moved to another country to earn more money might be labelled ‘immigrants’. Moreover, the term ‘immigrant’ is used when it comes to the professional experience of non-qualified employees, poorly educated and coming from underdeveloped countries (Al Ariss and Crowley-Henry 2013). There are no rational and methodological grounds to justify such differences in terminology. Instead, these conceptual differences maintain, and even strengthen the stereotypical image of migrants, who are ‘less privileged’ in these determinations in terms of country of origin and ethnic origin (Al Ariss and Crowley-Henry 2013).

Although less often, the assigned expatriate has also been termed the following: company-assigned (CAE) or company-sent or company-backed expatriate, conventional expatriates (CE) (Alshahrani and Morley 2015), organisational expatriate (OE), global manager, professional on international assignment, internationally assigned expatriate manager, expatriate with global careers and parent country national (PCN), resulting in a confusing array of terms for practitioners and policy makers (Tharenou 2015).

There are other terms applied interchangeably to an expatriate such as inpatriate, transpatriate and interpatriate. Yet, it should be noted that these do not have identical meanings and the criterion for their differentiation is the direction of relocations of such international employees (see Fig. 2).

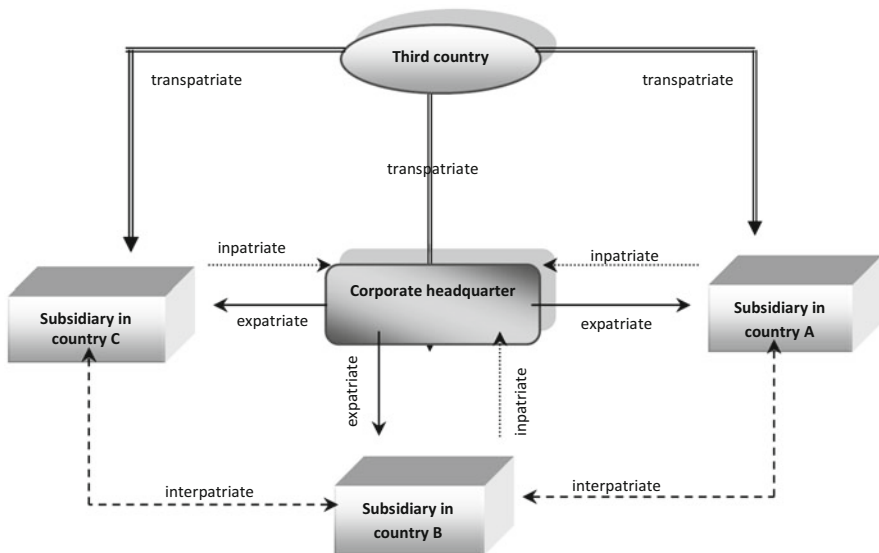


Fig. 2 Typology of international managers with respect to direction of transfer

An inpatriate is a person who has been relocated from a subsidiary host country to company headquarters (Latin *in-patria*-to homeland) to acquire some specified skills, to learn about the strategy and organisational culture, to understand the values and desired behaviours promoted in the company that should be then implemented in subsidiaries. According to Tarique and Selmer (Tarique and Selmer 2008), the dynamic development of investment in such countries as China, India, and Eastern European states caused that the source of acquiring managers for such countries and regions has changed and focused on inpatriates who are required to know the language and the specificity of operation in such markets. A transpatriate means a person sent to a foreign subsidiary of the corporation coming from a third country and not from the host country or home country of the corporation. An interpatriate is a person relocating between the subsidiaries of a given corporation.

In the literature it is therefore proposed a definition of an expatriate *sensu largo* and *sensu stricto* (Przytuła 2013). An expatriate *sensu largo* is a person who has left their homeland; lives and/or works in a country other than their country of origin. An expatriate *sensu stricto* is an employee of an international company, usually a top-ranking specialist or manager who is sent from corporate headquarters to foreign units (namely a subsidiary, branch office, or another legal form of cooperation). An assigned expatriate may come from the home country of the corporate headquarters or be of a different nationality than the home country of the corporation. The length of time of working abroad may be long-, mid-, or short-term, taking into account different (alternative) forms.

Increasingly, the assigned expatriate (AE) is being replaced by other forms of expatriation, encompassing foreign assignments which are shorter, less costly, and more oriented to the completion of a specific project (Selmer and Lauring 2011; Beaverstock 2005; Bozionelos 2009; Tharenou and Caulfield 2010; Doherty et al. 2013). Regarding self-initiated expatriates (SIE), these are professionals who choose to expatriate and who are not transferred by their employer (Harrison et al. 2004) and relocate to a country of their choice to seek a job or to try an entrepreneurial venture (Jokinen et al. 2008; Saxenian 2005). Recent surveys show that a major percentage (50–70 %) of the expatriate population can be classified as self-initiated expatriates (Froese and Peltokorpi 2013).

3 Self-initiated Expatriates

In contrast to AEs, SIEs are more often well-defined, although as for AEs, a confusing problem of nomenclature has arisen for SIEs. There are again various terms used in research studies describing this population of international employees: independent internationally mobile professional, self-directed expatriate, self-initiated foreign experience or employee, international itinerant, highly skilled expatriate, foreign executive in a local organization, (professional) foreign worker, self-initiated repatriate, sojourners and international academic. These are

all constructs whose meanings themselves differ and whose incorrect assignment would confuse others, including end-users (Tharenou 2015).

Inkson and others (Inkson et al. 1997) introduced to the subject literature the concept of “self initiated foreign work experience-SFE”, which subsequently has been developed and expanded by Suutari and Brewster (2000). Over the following years the terms “self-designed apprenticeship” (Arthur et al. 1999), “self-selecting expatriates” (Richardson and McKenna 2003), “free travelers” (Myers and Pringle 2005), “self-initiated movers” (Thorn 2009) appeared, however currently the above terminology is not applied, and in the publications the term of self-initiated expatriate has been commonly accepted (SIE) (Al Ariss and Crowley-Henry 2013; Cerdin and Selmer 2014).

In the common understanding, self-initiated expatriation means that the initiative concerning the move abroad is taken individually by the person who independently (without the organizational support), looks for a place to work on the global market.

Self-initiated expatriates are professionals who choose to expatriate and finance their own journey to a country of their choice for an indefinite period to develop their career (Harrison et al. 2004; Tharenou 2009), as well as for cultural and personal experiences. More often, they expatriate and look for a job once they are abroad; to a lesser degree they find a job prior to expatriation (Bozionelos 2009; Suutari and Brewster 2000; Napier and Taylor 2002; Vance 2005) or seek entrepreneurial ventures abroad (Saxenian 2005). There are more self-initiated than company-assigned expatriates (Doherty et al. 2007). Self-initiated expatriates report that employment and career opportunities, income, economic opportunities, and working conditions abroad most often prevent them from repatriating (Tharenou 2010).

At this point, I may present some metaphors related to an SIE (Selmer and Lauring 2012):

- refugee—starts working abroad because it is a form of escape from the existing situation, experience or persons from their professional or private lives. The motive for such people’s decision to go abroad may be e.g. unemployment or personal problems,
- architect—is focused on building their own career and increasing their employability that they may achieve thanks to their work abroad. They carefully plan their career and get involved in the projects, which strengthen the prospects for their future career.
- explorer—this type of expatriate is driven the most by positive and new experience connected more with a contract than by material and financial issues. The decision to go abroad is influenced mainly by the cultural assets of a given country.
- mercenary—accepts an offer of working abroad when it is better in financial terms. They can accept a temporary lack of opportunities for development, gaining knowledge and learning something new as the prevailing motive for making the decision is a financial one.

Although so far, worldwide there has been only one conference strictly devoted to the issues of self-initiated expatriation (First Conference on Self-Initiated Expatriation, 29–30 May 2015, Toulouse Business School), it will surely become a permanent fixture in the calendar of international scientific events. For some years now the issues of self-initiated expatriation have been becoming very popular (Howe-Walsh and Schyns 2010; Bonache et al. 2010; Berry and Bell 2012). Self-initiated expatriates are currently not only the most frequently employed employees by international entities, but they also constitute an “alternative model of international careers” (Myers and Pringle 2005). Other researchers (Jokinen et al. 2008) indicate that self-initiated expatriates are perceived as a “hidden aspect of international labour market”, which illustrates how there is little knowledge and not much information about them in academic publications and official statistics on a global scale.

To date, about 80 articles have been published and are available in the journals databases EBSCO, Scopus, and Emerald Insight, in which there were 86 definitions of self-initiated expatriate (including among others managers, specialists in non-technical professions, such as for instance clerics and missionaries, scientists, artists, officers and army experts) (Salt 2009; Selmer 1995) which shows that the matter still remains *in statu nascendi* and requires arrangement, clarification, explicit demarcations from such concepts as traditional expatriate.

4 Differences Between AEs and SIEs

Research conducted to date (Doherty 2013) leads to the conclusion that self-initiated expatriation does not result from external circumstances (e.g. organizational affiliation), but is derived from such motivational drivers as a desire for adventure, desire for self-development and cognitive curiosity of the SIEs. Thus, the criterion of “individual initiative” and the internal motivation of SIE to move internationally is the one that distinguishes self-initiated expatriation from assigned expatriation (Andresen et al. 2013).

Moreover, self-initiated expatriates are to a much greater degree willing to start future foreign missions (Jokinen et al. 2008), they show better organizational mobility in their career path, have a greater propensity to change organizations which employ them (Biemann and Andresen 2010) in comparison to traditional expatriates dependant on a parent organization (for instance a corporation’s main office). Unlike self-initiated expatriates, assigned expatriates are deployed by their employer to a country of the organization’s choice for a definite period, and are often repatriated by an intra-company transfer. Self-initiated expatriates move across different organizations, and traditional expats move within the boundaries of one organization (Andresen et al. 2013).

In contrast to AEs, SIEs have to rely mainly on personal resources and support to arrange the transition and cope with adjustment difficulties at work and in everyday life (Howe-Walsh and Schyns 2010). The group of self-initiated expatriates

includes a comparatively greater variety of individuals than organizational expatriates (Selmer and Lauring 2012).

A demographic profile of expatriates arising from longitudinal studies by Brookfield shows that 80 % are men aged from 30 to 49 who have families. The studies show that SIEs are younger—up to 39, the majority of them are women—single or with spouses who also work abroad (Suutari and Brewster 2000).

What is common to these types of expatriates is the belief that working abroad is developing their competencies, career capital and increasing their employability (Jokinen et al. 2008). In the subject literature, the prevalent opinion is that expatriates follow a traditional career model, while self-initiated expatriates prefer a boundary career model (boundary career) (Inkson and Myers 2003; Jokinen et al. 2008; Biemann and Andresen 2010). Traditional expatriates maintain a relationship with the parent country after beginning to work abroad, due to planned repatriation. Meanwhile self-initiated expatriates when entering into foreign contract do not plan immediate repatriation to the parent country (Biemann and Andresen 2010). In this context, it is worth considering which developmental aims and what individual career model are implemented by the self-initiated expatriates, while from the point of view of the organization whether in the company a planning and career development system exists for self-initiated expatriates and what the local and global circumstances connected with their careers are.

Initial literature studies indicate a few criteria differentiating these two groups of international employees (see Table 1), but because the demarcation lines between a AE and SIE are not always so explicit in reality as it is presented in theoretical models, it is advisable to define additional and more detailed criteria to differentiate these three terms (Doherty et al. 2011; Selmer and Lauring 2011; Sargent 2002; Biemann and Andresen 2010; Ariss 2010; Castles and Miller 2011; Przytuła 2015).

One of the key differences that determine the types of international employees is the level of autonomy and dependence on an organization. An expatriate is ‘a man of the organization’ and usually comes from the country where the headquarters are established—the country of destination and the duration of assignment are usually determined by a corporation. According to the research by Brookfield (Brookfield Global Relocation Trends 2015, p. 36), 57 % of assigned expatriates are the employees of corporate headquarters. AEs exhibit higher work-related mobility than SIEs (Alshahrani and Morley 2015). In the case of SIEs, the foreign assignment, its duration and place of destination are selected by themselves. Self-initiated expatriation is connected more closely with the profession pursued than with the affiliation to an organization.

Another distinguishing criterion is the organization of foreign assignments and financial support. Expatriates may rely on support from their sending and host organizations (preparations, stay for an expat and their family and return, as well as on-going assistance with issues which are not related to professional work are provided by a corporation or its subsidiary). SIEs organize their mission on their own (usually without the participation of their family members) and use private financial means for relocation.

Table 1 Differences between assigned expatriate and self-initiated expatriate

	Differentiating criteria	Assigned expatriate	Self-initiated expatriate
1	Organizational affiliation	<ul style="list-style-type: none"> – Employed by one corporation – Is obliged to take assignment suggested by the corporation 	<ul style="list-style-type: none"> – Is not permanently associated with any organization – Can also work with several organizations
2	Organization of foreign mission and financial support	<ul style="list-style-type: none"> – A high level of support from the sending and the receiving unit (preparation, staying for expat and his/her family, return and support on matters not related to their professional work is ensured by the corporation and a subsidiary) – Costs related to relocation covers the sending and/or receiving organization 	<ul style="list-style-type: none"> – Independently organizing the trip (usually without the involvement of family members) – No support from the host organization on matters unrelated to work – Private funds for relocation
3	Motives for going abroad	<ul style="list-style-type: none"> – Organizational motives are predominant (filling staffing gaps in the local market; control and coordination of the activities of subsidiaries abroad) – Economic (improvement of living standard, financial situation); in comparison with migrants, expatriates do not perceive their job in categories of “sacrifice” and “earning their living” as much as migrants – Non-economic (related to internal development)—the expats derive satisfaction from their work abroad and consider it an important stage in their personal development – Family issues 	<ul style="list-style-type: none"> – Individual and personal motives are predominant (travel, adventure, lifestyle change, escape from the problems) – Work abroad is a voluntary choice – Building their own career paths (<i>boundaryless career</i>) – Increasing his/her market value and employability as a result of the acquired unique knowledge, experience, and interpersonal relations (<i>networking</i>)
4	Intended period of staying abroad	<ul style="list-style-type: none"> – Limited-working for a subsidiary corporation for the time specified in the contract – Usually they are, once or repeatedly trips lasting from 1 to 5 years 	<ul style="list-style-type: none"> – Unlimited length of stay abroad depends on the duration of the project or task, but also on individual plans and decisions of SIE – Missions are frequent, but brief
5	Direction of transfer	<ul style="list-style-type: none"> – Crossing national but not organizational boundaries – The prevailing direction is from developed countries (where headquarters are usually located) to emerging markets (prospective, yet problematic destinations) 	<ul style="list-style-type: none"> – Crossing national and organizational boundaries – SIEs display higher than expatriates organizational mobility and intention to change organizations

(continued)

Table 1 (continued)

	Differentiating criteria	Assigned expatriate	Self-initiated expatriate
6	Citizenship/national identity	<ul style="list-style-type: none"> – Expatriates have the citizenship of the country of their origin (often identical with the HQ country of origin), although they work and live abroad – The country of origin and its political life are major object of interest 	<ul style="list-style-type: none"> – SIEs change countries and the organizations in which they work, but they remain citizens of their own country of origin
7	Socio-cultural adaptation and perception in host countries	<ul style="list-style-type: none"> – Adaptation program (intercultural training, language courses for expat and family members) is organized by sending and continued by receiving unit – Life in expats' enclaves, poor integration with the local staff and inhabitants due to the feeling of "temporariness" – Rather positive perception 	<ul style="list-style-type: none"> – Greater than in AEs case the ability to integrate with the local community – Better understanding of local culture and easier adaptation – Preparation to live and work in a foreign country and culture on his/her own – Rather positive perception
8	Level of assurance, safety and job satisfaction	<ul style="list-style-type: none"> – Job security during the term of the contract – No organizational solutions for repatriates in terms of jobs and place in the corporate structure makes them leave the organization – Wide range of financial incentives, various forms of economic support for families, high level of satisfaction from work 	<ul style="list-style-type: none"> – Reliability and job safety depend on the SIE-alone decides about having a job or finished contract – Job satisfaction very high

One of the significant criteria that define whether a person is an AE or SIE is the motive for working abroad. In the case of expatriates, the prevailing motives are organizational (to fill in the vacancies in the local market; to control and coordinate the business activities of a foreign subsidiary), and also the motives related to self-development—expats derive satisfaction from working abroad and consider it to be an important stage in their own development, the possibility of gaining intercultural experience, and greater chances of promotion in corporate structure. They are also driven by economic motives.

In regard to SIEs, research findings (Doherty and Dickmann 2013) have shown that motivational drivers were topped by the desire for adventure, the individual's perceived confidence in their ability to work/live abroad and the desire to see the world. Mission abroad is a voluntary choice or "voluntary displacement" (Furnham 2010), SIE are influenced by factors which are often outside the gift of institutional or organizational influence. Such motives were also identified in other studies:

- SIE wants to improve his/her lifestyle and quality of living rather than move for economic reasons (Richardson and McKenna 2003),
- SIE are driven by subjective inner sense of adventure, a desire to travel and to see the world, to meet career goals, escape from current circumstances (Doherty et al. 2011; Carr et al. 2005) for SIEs foreign missions mean growth of cross-cultural experience, career prospects, excitement, meeting new and different people (Tharenou 2003),
- SIEs want to learn about different cultural settings and establish new international contacts (Myers and Pringle 2005).

Opportunities to SI expatriate arose by chance rather than as a result of specific plan and when considering the option to move, desire for adventure, life change and benefit to the family were primary incentives to work abroad (Doherty and Dickmann 2013).

Given the intention of stay abroad, the expatriates' stay is limited—they work in a subsidiary abroad for a term determined in the assignment and there may be one or several stays lasting from 1 year to 5 years. For SIEs, the length of their stay abroad is unlimited and it depends on the duration of a project or task but also on the expatriate's individual plans and decisions. They go abroad frequently but for a short time.

Direction of relocation—assigned expatriates cross-national but not organizational boundaries. The prevailing direction for them is from developed countries (where the headquarters are usually based) to emerging and developing markets. SIEs cross national and organizational boundaries, moreover they display higher organizational mobility than company expatriates and intentions to change organization (Biemann and Andresen 2010).

In the scope of issues related to citizenship and national identity, expatriates are still the nationals of the country of their origin (which is also the country where the headquarters are located) although they work and live abroad for a long time, that is up to 5 years. SIEs often change countries and organizations they work for but they remain the nationals of their country of origin.

Another important criterion is social and economic adaptation in a host country. Preparations for adaptation (intercultural trainings, language courses for expats and their family members) are provided by sending and host companies (56 % of companies offers such preparations to the expat's whole family, and 35 % for an expat and their spouse/partner) (Brookfield Global Relocation Trends 2015). Self-initiated expatriates report also greater cultural adjustment, ability to adapt to the host country and confidence in their capacity to live and work abroad than assigned expatriates (Peltokorpi and Froese 2009). SIEs had better interaction adjustment than EAs due to higher language proficiency and length of time in the host culture. Such socialization with HCNs facilitates knowledge exchange about the organizational history, the organizational environment, organizational values, working relationships and performance goals (Kristof 1996; Peltokorpi and Froese 2013; Sargent 2002).

SIEs highly appreciate interpersonal relations (Bozionelos 2009) which are more important for them than culture-related preparations of a formal nature (e.g. participation in intercultural trainings). Interacting with a wide range of people from diverse cultural, social and professional backgrounds SIEs expect to provide informative and emotional support, accumulate career capital and thereby, benefit SIEs' future career. The career network of home country nationals in the host country constitutes a unique social resource for SIEs (Cao et al. 2014). As the decision about the country of relocation is based on their own initiative, they are driven by e.g. the knowledge of its culture, they know the local language, which significantly facilitates their adaptation and speeds up cultural immersion. Moreover, SIE had a higher degree of non-work-related mobility than AEs, as SIEs have developed higher receptivity to international mobility during childhood and young adulthood, so they tend to change their employers more frequently and to have greater opportunities to access wider and more varied labor markets without having to deal with organizational restrictions governing company backed assignments (Alshahrani and Morley 2015).

Given the level of certainty, security and satisfaction from work, assigned expatriates have the guarantee of employment, advantageous financial conditions during their assignment and after its completion. Yet, the lack of satisfactory organizational solutions for repatriates in the scope of positions in the corporate structure causes that 26 % of them decide to leave the corporation within 2 years of their return from assignment and 86 % of the companies studied have no formal repatriation strategy linked to career management and retention (Brookfield Global Relocation Trends 2015). During the term of the assignment, AEs are offered a wide array of financial incentives also for their families. This results in high level of general satisfaction and satisfaction from work. In the case of SIEs, the certainty and guarantee of work depend on themselves. SIEs are the ones who decide if they work or terminate their employment.

This benchmarking seems to be superficial and requires deepening, when it comes to the amount of distinguishing criteria concerning both concepts, their conjunction/co-dependency or decouplability (for instance whether all criteria have to be fulfilled at the same time in order to qualify given person as self-initiated expatriate, in the specific time).

5 Advantages and Disadvantages of Hiring AEs and SIEs

It is worth mentioning that the issues of self-initiated expatriation aspire to the status of new sub-discipline in HRM (Andresen et al. 2013; Howe-Walsh and Schyns 2010; Suutari and Brewster 2000), due to growing interest on the part of international entities towards this specific group of employees and differences concerning their management.

Given the otherness and difficulties in managing such population of employees (Froese 2013) it is possible to specify the advantages and disadvantages of

employing AEs and SIEs in relation to each area of human resources management. Different motives for undertaking a foreign assignment, attitude to work, and professional and non-professional aspirations determine the management style related to such employees, and require the application of different methods and tools for their recruitment, selection, placement, motivation, compensation and development. Below there are advantages and disadvantages of hiring AEs and SIEs presented from an organizational point of view.

5.1 Advantages for Using AEs

Several scholars have identified advantages of using AEs: improving control and accountability, technical skills, knowledge of products and the opportunity to develop key personnel by giving them international exposure-that support their continued use (Petison and Johri 2008).

5.1.1 Employment and Placement

The placement of AEs does not require organisational involvement as the candidates are the ‘men of the corporation’, that is they know organisational structure, strategic assumptions, industry. AE crosses national but not organizational boundaries.

5.1.2 Introducing Corporate Values and Culture on Foreign Assignments

The use of assigned expatriates is justified when it is important to shape the organisational culture of a subsidiary, the values and attitudes of employees in a manner following those in the headquarters, and when the transfer of knowledge and experience is the main organizational motive (Myloni et al. 2004; Cerdin 2007).

5.1.3 Managerial Development

For many AEs, foreign assignment is a stepping stone to higher positions in corporate structures, a step in their further organisational career. Thus, going to work abroad enriches not only a given expatriate (increases their employability) as the knowledge they gain during the assignment also contributes to corporate intellectual capital. One of the main motives for foreign assignments from the organization’s point of view is managerial development (Edstöröm and Galbright 1977). Also the studies carried out by CIPD (CIPD 2015) in 64 international

organisations proved that the prevailing motive for expatriation was managerial development (95.3 %).

5.1.4 The Ethnocentric Approach to Management of Foreign Subsidiaries and Specificity of the Industry

It is reasonable to use the AEs when the corporation adopts an ethnocentric approach to managing foreign business units or when they deal with the initial stage of development of a subsidiary in a host market. In the case of a greenfield investment, the headquarters may have some difficulties with attracting local managerial staff that is adequately qualified and reliable, that is why it is worth using the organization's own managerial staff.

5.1.5 Motive of Control and Coordination of Activities in Host Markets

Another argument in favor of AEs is the control and coordination of activities that are consistent with the assumptions of headquarters. The research by Harzing (2004) shows that a high percent of expats in managerial positions is observable in subsidiaries of corporations that run business activity in banking and financial services, advertising, computers, electronics and foodstuffs. The peculiarities of those businesses requires considerable control over the standards of work and the quality of services offered throughout the world; thus, preference is given rather to expats who are to supervise the uniform management standards developed by headquarters (see: a "bear" role of expatriates (Reiche and Harzing 2010).

5.2 Disadvantages for Hiring AEs

5.2.1 High Costs of Relocation and Maintenance of AEs and Their Family Members

Relocation of an expat requires large financial and organizational involvement on the part of the sending and host companies. Such high costs consist mainly of the expat's compensation and numerous financial allowances and bonuses. Corporations use systemic compensation solutions within their foreign structures, and the approach used the most often is the BSA (balance sheet approach). Furthermore, aside from base pay, an expatriate receives many bonuses and allowances, e.g. COLA-cost of living allowances, relocation allowance, mobility premium, completion bonus, and hardship allowance (Przytuła 2013a).

The majority of companies (63 %) offer total reimbursement of relocation costs, and the corporation also finances the expat's family members who receive e.g. an education bonus to cover the costs of children's education, and a spousal allowance

that is paid in different forms, e.g. a separation allowance paid to a spouse that stays in the country, a bonus equal to lost income of a spouse accompanying an expat during their assignment, employment of a spouse in the same subsidiary or in other local business entities (Pocztowski 2002). According to the studies by Brookfield, about 80 % of assigned expatriates take their spouses with them on assignments. In addition, the administration of a compensation system for expats is a very difficult and complex process for corporations and it takes about 50 % of time of specialists from HR departments (Dowling et al. 2008).

5.2.2 The Necessity to Achieve the Organization's Objectives Reduces the Efficiency of an Expatriate

Expatriates are pushed by organizations to fulfill the organization's goals on foreign assignments, and a mission abroad may be perceived by an AE as a "punishment" when being sent to dangerous and less developed country, which in turn leads to low efficiency or failure of foreign assignment (Harzing 2004).

5.2.3 No Use of Expats' Knowledge Potential by Organisations

According to Altman and Baruch, expatriation should provide an "added value" to various types of human capital: scholastic capital (development of tacit and explicit knowledge base), social capital (development of networks and personal contacts), cultural capital (development of role of reputation), internal capital (development of self-confidence, self-awareness and self-efficacy) and external capital (development of market value) (Altman and Baruch 2012).

Meanwhile, there is little use of repatriates' experience and their unique knowledge of specificity of host markets. Only 66 % of companies studied make little or very little use of the knowledge and know-how resulting from the new experience, and—frequently—unique solutions applied abroad by the expats. We may speak here about losses in terms of the organization's tacit knowledge (Lazarova and Tarique 2005) and so called underemployment. Perceived underemployment is defined as an individual's perception that he is working in an inferior, lesser, or lower quality of type of employment (Feldman 1996) or a situation where an individual feels that their skills and abilities are not fully utilized (Khan and Morrow 1991). The devaluation of experience gained abroad is noticeable, which may limit the development and the ability to keep the competitive advantage by the corporation in the long run.

5.2.4 Repatriation

The studies by Brookfield (Brookfield Global Relocation Trends 2015) prove that about 80 % of corporations do not combine a formal strategy of repatriation with

other areas of personnel functions such as career development or retaining key employees in the company, which causes their loss. Within the first 2 years of returning from foreign contracts, around 25 % of expats leave their jobs. The cost of a repatriate resigning their position is estimated to be USD 1.2 million (Stroh et al. 1998), which means that the organization eventually covers not only the costs related to ‘serving the expatriation’ but also weakens its own development opportunities and competitive advantage in the long run.

Research by Pattie and White (2010) reveals that—from the organization’s point of view—the main reasons for the repatriates’ resignation from their posts is the lack of an available post that can be offered to them after their return from abroad (19 %) and poor assessment of their work during their foreign assignment (12 %). While from the point of view of repatriates, the main reasons for their leaving the organization included the feeling that their knowledge and experience had not been used by their corporation (43 %), more restricted decision making possibilities than in a foreign subsidiary (31 %), no offer of a permanent job after their return (29 %), and the feeling of exclusion from corporate culture (29 %).

Explorations by other researchers reveal that only 11 % of American, 10 % of Japanese and 25 % of Finnish managers are promoted after their return from abroad in their home businesses, while 77 % of American, 43 % of Japanese and 54 % of Finnish managers are given lower-ranking posts after their return than those they held as expatriates (Stroh et al. 2005). Similar results can be found in other studies which show that almost half of repatriates are given posts which are less satisfactory for them than those they held when working abroad (Linehan 2006).

5.2.5 Effectiveness of AEs’ Assignments

Given the high cost of expatriate contracts and a high proportion of failures of foreign assignments, companies try to manage the expatriation process in a way to ensure its high effectiveness. In recent years, we have been observing a growing interest in the issue of studying the effectiveness of foreign assignments, return on investments in the scope of foreign assignments (Mc Nulty and Tharenou 2006; Mc Nulty et al. 2009), and attempts to quantify the benefits and losses arising from foreign assignments for an organization and an expatriate (Hemmasi et al. 2010).

The studies by Brookfield show that only about 10 % of corporations measure the ROI in relation to expatriate contracts (Brookfield Global Relocation Trends 2015). According to the research by KPMG, only 30 % of companies assesses the effectiveness of expatriation as ‘good’ or ‘very good’. The remaining 70 % of studied entities defined the ROI as ‘average’ or ‘low’ (at a low level), which meant rather low effectiveness of such a type of contract for a corporation (KPMG Report 2015).

5.3 *Advantages for Hiring SIEs*

5.3.1 Recruitment of Candidates for Foreign Mission

Recruitment, as the first step of the staffing process for a foreign assignment, is initiated by an SIE. In contrast to AEs, the self-initiated expatriates choose the organization. Thus, the side of the company does not require extensive, proactive recruitment in order to reach potential applicants for foreign mission. The role of HR is rather to develop their organization as an employer of choice (Howe-Walsh and Schyns 2010).

5.3.2 Cultural and Social Adjustment

SIEs are culturally better adjusted than AEs because they choose to live in a foreign country, want to experience the host culture and live in the community rather than in expatriate enclaves (Tharenou and Caulfield 2010). SIE do not require special introduction and cross-cultural trainings from the host organization, but only preparation from the job related aspects of their move. Nevertheless, the host organization should take care of successful job-related adjustment of a new ‘external’ employee, who has no ties and ‘corporate history’ in that organization. Successful adjustment can reduce the uncertainties the SIE has about working and living in the host culture and also has been linked to positive work outcomes, such as a decreased intention to quit. Therefore, SIEs who understand and identify with the values, accepted behaviors and social knowledge required within an organization are more likely to participate in their work role and as an organization member (Nolana and Morley 2014). If, however, a SIE does not perceive any support in adjustment efforts, he/she may feel that it is not worth putting effort into adjustment him/herself and consequently, will rather tend to look for a position in a different organization or even different country (Howe-Walsh and Schyns 2010).

5.3.3 Unique and Specialist Knowledge

SIEs are often top-ranking specialists in narrow segments with unique knowledge about a given market, country, industry, who know foreign languages. When an organization decides to carry out foreign activities and its knowledge about the host market is restricted, or the cost and time of acquiring such knowledge by employed employees are too high and long (e.g. learning a local language, learning about the religion, customs, social and cultural rituals), then the employment of SIEs seems to be advantageous.

5.3.4 Low Costs of Compensation

SIEs do not require a systemic approach in terms of compensation. They also do not receive any bonuses or allowances additional to their base pay as in the case of AEs.

5.3.5 No Costs Connected with Relocation and Adaptation

The cost of an SIE's relocation to a host country is covered individually as they are not usually accompanied by their families and have no or little support from the employer. Research shows that 81 % of SIEs had no mentor in their destination country (Doherty and Dickmann 2013). On their own, the SIEs prepare the assignment, acquire the knowledge about the host country and learn the foreign language.

The assignments are usually excluded from HR administration; the coordination and organization is the responsibility of SIE.

5.4 Disadvantages for Hiring SIEs

5.4.1 Costs and Time Related to SIE Employment

For the organization that employs an SIE (being an outsider, a person not related to the corporation), the lack of history of a new employee requires the application of a higher number of selection tools in order to best identify their competence and to find the right person for a given post. It requires the time and commitment of many people in the staffing process.

5.4.2 Poorly Developed Retention Mechanisms of SIE and Avoiding of Underemployment by the Host Organization

SIEs represent an important resource for many organizations operating globally. Over the past 20 years, SIEs have been increasingly sought after by organizations to solve staffing shortages, to exert control in overseas subsidiaries, and to develop management talent (Shahid et al. 2001). However, many organizations rarely, if ever, place emphasis in finding ways these foreign employees with international knowledge and skills can be better tapped and applied (Szulanski 1996) so that retention and underemployment and its negative consequences can be reduced. The study by Lee suggests that SIEs who enjoy autonomy on their job assignments feel more responsible for their work, thus, leading them to have positive affective and behavioral reactions to their work and are less likely to experience underemployment (Lee 2005).

Furthermore, organizations employing SIEs have generally not considered compatibility in abilities and skills between foreign employees and jobs to be a problem.

Lack of suitability in job with regard to skills will result in the perception of underemployment, because SIEs may feel frustrated about their inability or lack of opportunity to advance in their jobs, therefore attitudes towards their career will decline (Bolino and Feldman 2001). Underemployment may result in SIEs exhibiting negative work attitudes and behaviors which are detrimental to organizational effectiveness.

6 Conclusions

The increase in globalization has led to an increase in expatriate assignments. In recent years an important distinction has entered the literature between assigned expatriates and self-initiated expatriates.

Different motives, attitudes towards work, preparation for going abroad and qualifications of these two groups of international employees cause that HRM faces many challenges in such areas as staffing expatriates (recruitment and selection), socio-cultural adaptation, motivating expatriates, building organizational culture, career development, performance and repatriation. From the organization's point of view, it also has to do with gathering, managing and using of knowledge and experience of repatriates because know-how gathered on the foreign markets determines a competitive advantage of globally operating company and it can be a strategic asset.

In this chapter, the advantages and disadvantages of employing AEs and SIEs from an organizations' perspective were presented. However, it would be worth undertaking further research to identify advantages and disadvantages of taking foreign assignment from the expatriates' (AEs' and SIEs') point of view.

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How to Educate Multicultural Managers? The Example of Luxembourg

Ursula Schinzel

Abstract This paper is the result of three different studies. The purpose of this study is to determine if the Luxembourgish trilingual education system prepares tricultural managers and in particular if it really educates the multicultural managers the country needs—considering the special cultural pattern following Hofstede et al. (Cultures and organizations. Software of the mind. Intercultural cooperation and its importance for survival. McGraw Hill, 2010) and Schein (Organizational culture and leadership. Wiley, 2010). First, 154 questionnaires were collected to identify Hofstede’s cultural dimensions. Second, 36 interviews were conducted to determine whether the multilingual education is a success story or a failure system. Third, a total of 46 interviews were conducted among four different categories of interviewees, namely: (1) Lux.Nat. (Luxembourgers with Luxembourgish Nationality), (2) Lux.Foreigner (foreigners who reside in Luxembourg), (3) cross-borderers (people who come to work in Luxembourg every day from Germany, France, and Belgium), and (4) the rest of the world (World). The following results were found: Lux.Nat. fervently defend trilingualism, in contrast to respondents of other nationalities, who are more critical about the trilingual education system’s effectiveness. Yet, the main subjects mentioned are ‘integration not separation of the population’, ‘high failure rate’, ‘insufficient command of English’ and ‘lack of talent’. Despite the contradictory results about the transmission of culture via language, respondents are in favor of the multilingual and multicultural approach, where all three official languages find their justification: Luxembourgish, French, and German. Some interviews are reprinted; discussion, conclusion, and future research follow.

1 Introduction

The language situation in the Grand Duchy of Luxembourg is deeply rooted in Luxembourg’s history in the heart of Europe. While its size of only 2586 km² is particularly small (82 km long at its longest point and 57 km wide at its widest

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251

point), it shares borders with Germany (138 km), France (73 km), and Belgium (148 km) (The World Factbook). As of January 1, 2015 the resident population was of a total of 563,000 (statec 2015). Of these, 304,300 are Luxembourgers and 258,700 foreigners. The foreigners origins are as follows: 92,100 from Portugal, 39,400 from France, 19,500 from Italy, 18,800 from Belgium, 12,800 from Germany, 6000 from Britain, 4000 from the Netherlands, 29,600 from other EU countries, and 36,500 from other countries, resulting in a total of 45.9 % foreigners (statec 2015). Domestic employment was 395,200. Typical for Luxembourg's labor situation are the cross-borderers: a total of 164,900 wage-earners come for work from France (81,300), from Belgium (41,900) and from Germany (41,700) every day, and also go to work in the three neighboring countries (total number of resident borderers = 11,600).

The constitution declares the coexistence of three official languages, where Luxembourgish (Lëtzebuergesch), is the national language, and French, German, and Luxembourgish are administrative languages (statec 2015). A requirement for receiving Luxembourgish citizenship is to be able to speak Luxembourgish (Spizzo 1995). This fact shows that language defines the in-group (Briley et al. 2005) and the out-group: those who speak Luxembourgish are part of the in-group and those who do not speak the language are part of the out-group. In this context, you have to genuinely understand the meaning of '*Mir wëlle bleiwe, wat mir sin*' [*We want to remain what we are*] (Berg 1993; Berg and Weis 2005).

Taking into account Luxembourg's language situation, the research conducted in this chapter appears to be important. The purpose of this study is to determine if the Luxembourgish trilingual education system prepares tricultural managers and in particular if it really educates the multicultural managers the country needs. This research is relevant because, to the best of the author's knowledge, its question has never been asked before. The author's contribution to knowledge is to fill this gap. It is a long-term research project, spanning a time frame of 5 years and is the common result of three different studies conducted by the author between 2010 and 2015.

This paper is structured as follows: the literature review allows first an insight into a summary of Hofstede's and Schein's studies on culture in nations and culture in organizations, then an explanation of the tri-lingual Luxembourg public education system for those readers who might not be familiar with its peculiarities. The author then formulates two hypotheses, followed by Sect. 3 on methods and instruments. In Sect. 4, the results from all three studies are presented. In the first study, conducted mainly in 2010/2011, the author replicated Hofstede's study in Luxembourg, given the fact that Hofstede holds no data for Luxembourg but only estimates. 154 questionnaires were collected to identify Hofstede's cultural dimensions in Luxembourg. Results are presented here. In the second study, performed in 2013/2015, 36 interviews were conducted to determine whether the multilingual public education system in Luxembourg is a system of failure or a system of success. Lastly, in the third study, conducted mainly in 2014/2015, a total of 46 interviews were conducted to determine if the Luxembourg trilingual public education system prepares tricultural managers and in particular if it really educates

the multicultural managers the country needs. The results were split into four different categories. Section 5 is devoted to conclusions, discussion, implications and possibilities for future research and closes this chapter.

2 Literature Review

2.1 Hofstede and Schein

Hofstede et al. (2010), the GLOBE (House et al. 2004) and Trompenaars and Hampden-Turner (2010) have confirmed the link between language and culture. Hofstede (2001) defines culture as the “collective programming of the mind which distinguishes the members of one human group from another”. The Chamber of Commerce of Luxembourg (2014) conducted a study about ‘cultural intelligence in 2014, in line with Schein’s (2010, p. 387) statement “one approach to solving multicultural issues of this sort is to educate each member about the norms and assumptions of each of the cultures involved.” Following Schein (2010, p. 2), there are (1) Macrocultures: Nations, ethnic and religious groups, occupations that exist globally; (2) Organizational cultures: Private, public, nonprofit, government organizations; (3) Subcultures: Occupational groups within organizations; and (4) Microcultures: Microsystems within or outside organizations.

According to Hofstede et al. (2010, p. 43), “organizational and national culture are very different phenomena and cannot even be measured with the same questions.” Schein (2010, p. 387) states: “The basic problem in multicultural situations is that the members of each macro-culture may have opinions and biases about “the others,” or may even have some level of understanding of the “the others” but operate by the premise that their own culture is the one that is “right.” Getting multicultural organizations, projects, and teams to work together, therefore, poses a much larger cultural challenge than how to evolve or manage cultural change within a single macroculture”. Schein further emphasizes that “it implies for multicultural teams to work together that certain individual characteristics have to be present to enable cross-cultural learning” (Schein 2010, pp. 387–388). ‘Cultural intelligence’ signifies empathy and understanding for ‘the other’, notably: (1) actual knowledge of some of the essentials of the other cultures involved, (2) cultural sensitivity or mindfulness about culture, (3) motivation to learn about other cultures, and (4) behavioral skills and flexibility to learn new ways of doing things (Earley and Ang 2003; Thomas and Inkson 2003). Cultural intelligence moderates senior expatriates’ visionary-transformational leadership influence on the rate of innovation adoption (Elenkov 2009).

Table 1 (Schinzel 2012) shows Hofstede’s cultural dimensions of Lux.Nat., and Lux.All., Hofstede’s estimates on Luxembourg, his data for France, Germany, the UK, Belgium FR, Belgium NL, Italy, the Netherlands, China, the USA, and Japan, where the cultural differences become clear.

Table 1 Cultural Comparisons: The author's Luxembourg, Lux.Nat. in comparison with Hofstede's UK—Belgium FR—Belgium NL—Italy—Japan—the Netherlands NL—China—USA—Japan (on a scale from 1 to 100, 1 being the lowest and 100 the highest score)

	The author's Lux.Nat.	The author's Lux.All.	Hofstede's estimates on Luxbg	Hofstede's France	Hofstede's Germany	UK	Belgium FR	Belgium NL	Italy	NL	China	USA	Japan
PDI	29	36	40	68	35	35	68	61	50	38	80	40	54
UAI	95	97	70	86	65	35	93	97	75	53	30	46	92
IDV	34	51.5	60	71	67	89	71	78	76	80	20	91	46
MAS	54	47	50	43	66	66	60	43	70	14	66	62	95
LTO	65	69	64	63	83	51	82	82	61	67	87	26	88
IVR	55	53.5	56	48	40	69	57	57	30	68	24	68	42
MON	24	10	—	16.5	9.9	35.4	—	—	35.2	11.9	0	57.2	4.0

PDI Power Distance, *UAI* Uncertainty Avoidance, *IDV* Individualism versus Collectivism, *MAS* Masculinity, *LTO* Long-term Orientation, *IVR* Indulgence versus Restraint, *MON* Monumentalism

2.2 *The Tri-lingual Luxembourgish Public Education System*

Since 1984 Luxembourgish, French and German are the official languages. The tri-lingual public education system foresees that Luxembourgish is the language of instruction in pre-school (age 3–6), despite the growing number of foreign children. In primary school (age 6–12), the language of instruction will then be German, and finally in secondary school (age 12–19), French will be language of instruction (Kurschat 2014a, b; Christmann and Sunnen 2007). There are several reform systems under discussion and in trial, however nothing mainly different from the main underlying idea: Luxembourg needs to create an integrative education system and a language policy that prevents the loss in multilingualism (Fehlen 2009; Houtsch 2010). However, Fehlen (1998) and Fehlen et al. (1998) explains, Luxembourgish is mostly used as a spoken language, and its use as written language is limited, with the result that German is mostly used as a written language. Following Fehlen, the instruction in French in secondary school is responsible for the high failure rate of pupils (Fehlen 2009).

The Chamber of Commerce (2014) with its research from 2014 found that 16 % of the total population is Portuguese. It has to be stressed, that despite the fact that Luxembourgish is the instruction language in pre-school/kindergarten, 60.2 % of the school children do not speak Luxembourgish as first language at home, especially because 24.1 % speak Portuguese as first language at home and 26.1 % any other language.

The objective of the tri-lingual public education system is to integrate all pupils into professional and social life with particular stress on the social, cultural and linguistic specificities in Luxembourg's society (Schinzel 2014a). Given the attractive labor market this society is growing fast, attracting more people with children to the country. This high immigration rate is subject to discussions about keeping the tri-lingual public education system or reforming it, but how? Given the high failure rate of pupils especially in mathematics, biology, physics, history, these discussions continue as fervently as the discussion about the education of teachers in Luxembourg, who all have to be able to teach their matters in Luxembourgish, German and French. Additionally, the high costs of this tri-lingual system represents a point of discussion, particularly in times of crisis.

2.3 *Hypothesis*

Following the above literature review, the author formulates two hypotheses, given the fact that issues with the trilingual public education system are manifold (Schinzel 2014b)

Hypothesis 1: Lux.Nat. will defend trilingualism in education following the objective of educating tricultural managers.

Hypothesis 2: Lux.Foreigners, cross-borderers, and the rest of the world will be more critical, contesting the transmission of the three cultures and the education of appropriate managers.

3 Methods and Instruments

In the first study, Hofstede's study was replicated in summer 2011 using the VSM2008 in English, French and German, there being no VSM2008 in Luxembourgish. The method used can be found at www.geerthofstede.nl, specifically at <http://www.geerthofstede.nl/vsm-08>. This research was mainly conducted in 2010 and 2011. The VSM2008 was administered to employees in one company—Lindab in Luxembourg, France and Germany—providing 134 completed questionnaires with the objective to measure cultural dimensions. The age categories were: 20–24 (6), 25–29 (6), 30–34 (12), 35–39 (21), 40–49 (59), 50–59 (30). 90% of respondents were male. Nationalities were: 23 French, 28 Germans, 34 Luxembourgers, 41 Belgians, 3 Italians, 2 Americans, 1 Pole, 1 Russian, 1 Canadian.

In the second study, 36 semi-structured interviews were conducted over the course of 2014 in Luxembourgish, German, French, English, Italian, and Spanish and lasted 15–120 min. Respondents were from the three categories: Lux.Nat. (6), Lux.All. (22), World (8). The interview questions were developed by the author in English and translated by native speakers into German and French. They were in person, by phone or by Skype. Verifications were asked via email, phone or in person. For confidentiality reasons, interviews were not taped, recorded or filmed. In-depth notes were taken during the interviews. After the interviews, the respondents were presented a summary of the interview and their consent was requested. Interviews in Luxembourgish, French, German, Italian or Spanish were translated into English.

The main questions were: (1) What are the advantages/disadvantages of this trilingual public education system (the current education system)? (2) What would be the advantages/disadvantages of this bilingual public education system? [the proposed but contested reform-system discussed: In Kindergarten the language of education would remain Luxembourgish, but then the child would have the choice between a full education (primary and secondary) with German as the language of instruction, or in French]? (3) What is your personal opinion? Which system would you prefer?

In the third study, 46 semi-structured interviews were conducted in Luxembourgish, German, French, English, Italian, and Spanish and lasted 15–120 min. They were in person, by phone or by Skype. Verifications were asked via email, phone or in person. 20 respondents were male and 26 were female. The age categories were: 0–19 (1), 20–24 (1), 25–29 (5), 30–34 (5), 35–39 (4),

40–49 (14), 50–59 (13), over 60 (3). The job distribution shows 31 managers, 3 researchers and 10 assistants. Job sectors were: sports (2), medicine (7), petrol (2), education (7), economy (2), state (6), banking/finance (6), import/export (2), law (1), journalism/print (2), HR (4), tourism (1), IT (1), church (1). Education levels were: no A-level (2), Bac + 1 (7), Bac + 2 (7), Bac + 3 (4), Bac + 4 (12), Bac + 5 (6), Doctorate (6).

The interview questions were developed by the author in English and translated by native speakers into German and French. The questions were: (1) Did you get your education from the trilingual Luxembourg system? (2) If you didn't get your education from Luxembourg, how was the education system where you come from? (3) What do you think about the Luxembourg education system? Especially the language situation with its trilinguality? (4) Does the trilingual Luxembourg education system prepare for tri(multi)cultural managers? (5) Does the trilingual Luxembourg education system educate the future managers the country really needs? (6) Does this system transmit the three different cultures (L + F + D) or only the languages? (7) Would a person have disadvantages in Luxembourg if s/he only later came to Luxembourg? (8) Does the ability to communicate in three languages represent a real advantage or is it only a practical advantage in the life of a manager?

4 Results

4.1 Results of the First Study

Table 1 above showed the results from the replication of Hofstede's study in Luxembourg in comparison to other countries of the world, while Table 2 below shows the data the author found for Lux.Nat. and Lux.All., in comparison to Hofstede's estimates (Schinzel 2015).

Mainly, Hofstede's estimates for Luxembourg correspond to the author's data for MAS, LTO, IVR. Data for PDI, UAI, IDV were different and there were no data

Table 2 Cultural Comparisons: The author's Lux.Nat. and Luxembourg, in comparison to Hofstede's estimates for Luxembourg (on a scale from 1 to 100, 1 being the lowest and 100 the highest score)

	The author's Lux.Nat.	The author's Lux.All.	Hofstede's estimates for Luxembourg
PDI	29	36	40
UAI	95	97	70
IDV	34	51.5	60
MAS	54	47	50
LTO	65	69	64
IVR	55	53.5	56
MON	24	10	–

yet for MON. Hofstede excluded civil servants from his research, as did the author, and he didn't separate into different nationalities, which the author did. The author's PDI for Lux.Nat. is 29, instead of Hofstede's 40, UAI is 95 instead of Hofstede's 70, IDV for the Lux.Nat. is 34, instead of Hofstede's 60. MAS for Lux.Nat. is 54 more or less the same as Hofstede's 50, just like LTO for the Lux.Nat. is 65, Hofstede's 64, and LVR for Lux.Nat. is 55, Hofstede's 56. The author's MON for the Lux.Nat. is 24, Hofstede did not estimate MON (Monumentalism) for Luxembourg. Lux.Nat. have less power distance than estimated. In fact, they have a quite low power distance index with 29. Lux.Nat. have an extremely high UAI (uncertainty avoidance index) with 95. Lux.Nat. are afraid of any uncertainty, everything must be planned, organised, regulated, restricted and foreseen so that nothing is left to surprise. They prefer that every day is the same, and every year brings the same events, always with the same people at the same place and the same procedure. Lux.Nat. are collective people, they have many friends, many occupations in clubs, in sports, in events in evenings, weekends and vacations. They participate in many sports events and fairs, meetings, events, and seminars. Lux. Nat. have 65 LTO (Long-term Orientation). They plan for the future, plan in advance, their characteristic is to watch what their neighbouring countries do, and observe their experiences, and only then implement new things; they are traditional and cautious. In IVR (Indulgence versus Restraint), Lux.Nat. are happy people, even if you cannot see it at first glance, as their faces often are dark and closed. They are mostly happy, and despite having nearly everything, they are tempted to get even more and are not happy when not getting it. The score on MON (Monumentalism) is high. Lux.Nat. are proud and show it. The national holiday and other national days are celebrated with big celebrations, the towns are full of attractions and people enjoying themselves with fireworks. Famous celebrations are the Schouberfouer, National Holiday, Christmas, Maerktchen, and Octave (Schinzel 2013a, b).

4.2 Results of the Second Study

Results from the second study are as follows:

- As main 'advantages categories' of a **trilingual** public education system were mainly seen: the integration of all children into the multicultural, multilingual, multinational environment in Luxembourg, the fact that children learn 3 languages (L + F + G) and are prepared to face the multicultural reality in Luxembourg.
- As main 'disadvantages categories' of a **trilingual** public education system were mainly named: (1) The high failure rate, as pupils do not understand the language of education and therefore cannot follow the content especially in biology, mathematics, chemistry, history, etc. (2) Loss of identity in terms of culture. (3) Language is not only a method of communication but also

determines my cultural identity: who am I?! (4) Should we learn Portuguese to be able to communicate with the 24 % of pupils speaking Portuguese?. Lastly: (5) Insufficient command of English.

- As main 'advantages categories' of a **bilingual** public education system could be seen: reduce the failure rate, pupil could better concentrate on the content, less on the language of instruction, they would be better motivated and could spend more time learning English.
- The main 'disadvantages categories' of a **bilingual** public education system could be named: This reform system would separate the population into those who speak German and those who speak French. Children would not be prepared for the everyday multilingual reality in Luxembourg. The biggest administrative problem would be the need to duplicate all classes, and consequently to duplicate school rooms, teachers, etc.

The question, **What is your personal opinion? Which education system would you prefer?** was answered as follows:

84 % of the "Lux.Nat." respondents prefer the trilingual public education system, with only 16 % against it. For example, one of the respondents said:

I followed the Luxembourgish school system and today I am very happy to have done it (as my origins are Portuguese). I must admit that it was very hard: German lessons and some matters (biology/geography) were given in German. I felt alone as nobody (my parents) could support me on a day to day basis with my homework. My child is in the Luxembourgish school system. I speak Luxembourgish, Portuguese and French with my own child. . .

Regarding the bilingual reform system, only 16 % of the "Lux.Nat." were for it, while 84 % were against it. Other schools were considered negatively by 64 % of the "Lux.Nat.", but positively by 36 %.

69 % of the "Lux.All." are for the current trilingual public education system, 21 % are against it. For example one of the respondents said:

. . . We have to keep trilingualism at all costs. When I started going to school, I spoke only Italian as my parents only spoke Italian with me. I rapidly learned Luxembourgish, French and German and later English. But mathematics is a matter I just don't understand, in whatever language . . . It's fantastic, with my language knowledge, I can travel everywhere in the world . . . We have to continue to have our children develop in a multilingual society . . . (Respondent: Italian living in Luxembourg).

The bilingual system is preferred by 24 % of the "Lux.All.", and rejected by 66 %. Other schools are preferred by 37 % of the "Lux.All." with 63 % against them.

52 % of the "Rest of the world" are for the current trilingual public education system. For example one of the respondents said:

I think a trilingual system best prepares a child for the realities of Luxembourg and Europe. However, as a teacher, I would certainly think there would be issues switching from one language in primary to a second language in secondary. It would be better to study in German and French all the way through. My husband and I are both bilingual English and Spanish, however, we tend to speak mostly in English out of habit . . . (Respondent from Canada).

48 % of the “Rest of the world” are against it. For example, two of the respondents said:

I think the current system is too complicated to be followed by a Chinese family, because we were taught English in China, so it is very difficult to learn three new languages, not only for the child but also for the parents. I just feel this is too complicated (Respondent from China)

Language is a highly contested subject in Québec in general and particularly in Montréal. I always refused that my children learn English at low age, because it is important that they master their mother tongue first (Respondent from Quebec, Canada)

The bilingual system would be preferred by 45 % of the “Rest of the world”, and rejected by 55 %. Other schools are preferred by 34 % with 63 % against them.

4.3 Results of the Third Study

The 46 interviews provided the following results. The question, Does the trilingual Luxembourgish education system prepare tri(multi)cultural managers? was answered as follows (Table 3).

50 % of Lux.Nat. agree about the ability of the trilingual Luxembourgish education system to prepare tri(multi)cultural managers, as do 55 % of Lux.Foreigners and 41 % of Cross-Borderers, and still 22 % of the World. The World does not know anything about the practices in the trilingual public education system (56 %). For example, one Lux.Nat. respondent who is for the trilingual system said:

A Manager has to be able to speak at least the three languages of the country. This is essential. He has to be able to communicate with the employees, the clients and all the other contact people.

One Lux.Foreigner who is against the system said:

I think that we cannot talk about tri-lingual-cultural managers, as all national cultures are in danger. This is the particularity of small countries. Because they use the tri-lingual concept, the idea exists that the Luxembourgish system holds a particularity. Nevertheless, I doubt the system’s capacities to be able to keep the cultural origins and also to transmit them.

Management happens in English, not in French, German or even Luxembourgish.

Table 3 Does the trilingual Luxembourg education system prepare for tri(multi)cultural managers?

Question	Answer	All N = 46		Lux.Nat. N = 14		Lux. Frng. N = 11		Cross- Borderers N = 12		World N = 9	
1. Does the trilingual Luxembourg education system prepare tri (multi)cultural managers?	Yes	43 %	20	50 %	7	55 %	6	41 %	5	22 %	2
	No	37 %	17	45 %	5	36 %	4	50 %	6	22 %	2
	Y + N	9 %	4	5 %	2	9 %	1	9 %	1	0	0
	N/A	11 %	5		0		0		0	56 %	5

One of the cross-borderer respondents who is for the trilingual education system said:

My personal experience is that Luxembourgers (like my niece) assimilate all languages, but none well. She speaks like a Luxembourger, this means she speaks all the languages, but all with errors, none correctly. I am Belgian; my mother tongue is French. I do not speak all these languages, but I hold the competences necessary for my job. The competences I hold are better than most other people, who maybe speak the languages but lack competences. In Luxembourg, most people get their education (their competences) outside of the country, in France, or in Germany, or in Belgium, or elsewhere in the world, because Luxembourg doesn't provide the necessary competences, just the languages. This is the reason why Luxembourgers call for cross borderers to come to work, because we—the cross borderers—hold the competences they need in Luxembourg and they don't have [them] themselves. They need us for our competences, and even if we don't speak the languages, they make us come every day. The fact is, that we are qualified for the jobs. Luxembourgers only speak the languages but don't have the qualifications, the competences.

Here is what three “World” respondents who are against the trilingual Luxembourgish education system said:

The knowledge of a language facilitates the access to a culture, but does not include automatically the cultural sensitivity for this other culture. I came to a foreign country 25 years ago when I was 16, but I will never integrate completely, nor understand entirely this new culture. They surprise me too much by their behaviors. It will never be possible for me to adapt completely to this new culture.

In my view, the three language system teaches people how to speak three languages. However, it does not prepare a person to be tri-cultural. To be truly multicultural, one has to have cultural knowledge, identify, internalize and be committed to all three cultures. Speaking a language does not mean one is competent in that culture.

Generally yes, but not all pupils are talented for learning languages and need extra lessons. Many are overstrained, especially when learning mathematics in French.

Mainly Luxembourg has to acquire its talents in neighboring countries, especially as Lux.Nats. prefer State jobs (more pay, less work).

Table 4 presents the results with regard to the question “Does the trilingual Luxembourgish education system educate the future managers the country really needs?”

44 % of Lux.Nat. support the capability of the trilingual Luxembourgish education system to educate the managers the country needs, as do 18 % of Lux.

Table 4 Does the trilingual Luxembourgish education system educate the future managers the country really needs?

Question	Answer	All N = 46	Lux.Nat. N = 14	Lux. Frgn. N = 11	Cross- Borderers N = 12	World N = 9					
2. Does the trilingual Luxembourg education system educate the future managers the country really needs?	Yes	28 %	13	44 %	6	18 %	2	33 %	4	22 %	2
	No	40 %	18	28 %	4	64 %	7	50 %	6	44 %	4
	Y + N	17 %	8	28 %	4	18 %	2	17 %	2	33 %	0
	N/A	15 %	7		0		0		0		3

Table 5 Does this system transmit the three different cultures (L + F + D) (or only the languages)?

Question	Answer	All N = 46		Lux.Nat. N = 14		Lux. Frngn. N = 11		Cross- Borderers N = 12		World N = 9	
3. Does this system transmit the three different cultures (L + F + D) (– or only the language)?	Yes	26 %	12	36 %	5	27 %	3	17 %	2	22 %	2
	No	59 %	27	57 %	8	73 %	8	58 %	7	44 %	4
	Y + N	9 %	4	7 %	1		0	25 %	3		0
	N/A	6 %	3		0		0		0	33 %	3

Table 6 Would a person have disadvantages in Luxembourg, if he/she only came later to Luxembourg?

Question	Answer	All N = 46		Lux.Nat. N = 14		Lux. Frngn. N = 11		Cross- Borderers N = 12		World N = 9	
4. Would a person have disadvantages in Luxembourg, if he/she only came later to Luxembourg?	Yes	35 %	16	50 %	7	27 %	3	25 %	3	33 %	3
	No	63 %	29	43 %	6	73 %	8	75 %	9	67 %	6
	Y + N	2 %	1	7 %	1		0		0		0
	N/A		0		0		0		0		0

Foreigners, 33 % of Cross-Borderers, and 22 % of World. The answer “No” to the above question was given by 28 % of Lux.Nat., 64 % of Lux.Foreigners, 50 % of Cross-Borderers, and 44 % of World.

The following Table 5 presents the results with regard to the question “Does this system transmit the three different cultures (L + F + D) (or only the languages)?”

The answers were as follows: “Yes”: 36 % of Lux.Nat. say the system transmits the three different cultures, 27 % of Lux.Foreigners, 33 % of Cross-Borderers, and 22 % of World; “No”: 57 % of Lux.Nat. say the system does not transmit the three different cultures but only the three languages, 73 % of Lux.Foreigners, 58 % of Cross-Borderers, and 44 % of World.

In Table 6, the author shows the results with regard to the question “Would a person have disadvantages in Luxembourg, if he/she only came later to Luxembourg?”

The answers were as follows: “Yes”: 50 % of Lux.Nat. say a person who came later to Luxembourg would have disadvantages there, 27 % of Lux.Foreigners, 25 % of Cross-Borderers, and 33 % of World; “No”: 43 % of Lux.Nat. say such a person would NOT have disadvantages, 73 % of Lux.Foreigners, 75 % of Cross-Borderers, and 67 % of World.

The last Table 7 gathers the results concerning the question “Does the ability to communicate in three languages represent a real advantage (or is it only a practical advantage in the life of a manager)?”

85 % of Lux.Nat., 91 % of Lux.Foreigners, 100 % of Cross-Borderers, and 89 % of World believe that the ability to communicate in three languages represents a real advantage and not only a practical advantage in the life of a manager.

Table 7 Does the fact to be able to communicate in three languages represent a real advantage (or is it only a practical advantage in the life of a manager)?

Question	Answer	All N = 46		Lux.Nat. N = 14		Lux.Frgn. N = 11		Cross- Borderers N = 12		World N=9	
		5. Does the ability to communicate in three languages represent a real advantage?	Yes	91 %	42	85 %	12	91 %	10	100 %	12
No	9 %		4	5 %	2	9 %	1		0	11 %	1
Y + N			0		0		0		0		0
N/A			0		0		0		0		0

5 Conclusion, Discussion, Implication and Future Research

The purpose of this study was to determine if the Luxembourgish trilingual education system prepares tricultural managers and to find an answer to the question, “How to educate multicultural managers?” The current trilingual public education system is the solution in place. The author tries to find an answer to the question, if this solution is accepted or not following the four categories of respondents. As a single researcher, the author limitations in the time and extent of the research. Practical implications are the fact that the results confirm the validity of the current system.

Hofstede et al. (2010) and Schein (2010) were the basis for this research, and finally the result of three different studies. Thanks to the many respondents, deep insights were possible into the cultural dimensions, 154 questionnaires were collected to identify Hofstede’s cultural dimensions. In a second and a third study, 36 and 46 interviews respectively were performed, and thanks to the respondents from the four categories Lux.Nat., Lux.Foreigners, Cross-Borderers and the rest of the world, interesting statements could be compared. These statements were sometimes similar, sometimes contradictory. When cultures meet, the “multi-culture problem” arises automatically (Schein 2009, p. 189–213). “Getting cross-cultural organizations, projects. . . to work together . . . poses a much larger cultural challenge”, writes Edgar Schein. He claims: “A further problem in these multicultural enterprises is that culture is typically not considered in their initial formation” (Schein 2009, p. 190). The Luxembourg tri-lingual public education system follows the aim of transmitting ‘cultural intelligence’, together with tolerance for the other, integration of the different, open-mindedness to diversity in culture, language, color, music, meals, clothing, the typical artifacts of culture (Hofstede 2001; Schein 2009, 2010).

The results of the three studies were as follows: Only Lux.Nat. are in favour of their own trilingual system, in contrast to respondents of other nationalities, who are more critical about the trilingual education system’s efficacy.

Trilingualism is part of the Luxembourg constitution, namely Luxembourgish, French and German are the three official languages of the country. It is the

characteristics of the country, it is its culture, its collective programming of their mind (Hofstede et al. 2010).

Respondents from the category ‘World’ judge the system without knowing it. However, the main subjects mentioned within all four categories were ‘integration not separation of the population’, ‘high failure rate’, ‘insufficient command of English’ and ‘lack of talent’.

Schein’s model of ‘cultural intelligence’, tolerance for diversity, seems to get lost in a world threatened by immigration, growing racism and nationalism.

Despite the contradictory results about the transmission of culture via language, respondents are in favour of the multilingual and multicultural approach, where all three official languages find their justification: Luxembourgish, French, and German.

Further research could focus on a comparison between Luxembourg and Canada, Alsace, Belgium, and Switzerland. However, multilingualism in these countries is different, as the spoken language depends on the region, while in Luxembourg every single citizen is supposed to speak all the languages, an ideal worth fighting for, in the eyes of the author. This, together with the improvement of the teachers’ own education, combined with an improvement in English, and the concrete search for talent worldwide could represent a solution to some of the issues mentioned in this paper.

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Intra-organizational Negotiations as Cross-Cultural Interactions

Michał Chmielecki

Abstract Today's economy is producing a competitive business landscape that is growing increasingly complex, dynamic and ambiguous for organizations operating across borders. As a result, negotiations within and between organizations become more and more challenging. Growing cultural diversity calls for abilities to adapt to the unfamiliar environment and to learn how to communicate and negotiate with people from different cultural backgrounds.

This chapter presents the unique results of in-depth semi-structured interviews with expatriate managers from the United States working in Poland. It contributes to the ongoing debates on intra-organizational negotiation between expatriates and local managers. While there is a large body of research that compares national negotiation styles, Poland's presence in it is still rather scarce. Since Poland is rapidly becoming an important place where many expatriate managers perform daily operations, there is a strong need for that type of research. As the author's research discovered, intra-organizational negotiation difficulties between expatriates and local managers in Poland were often influenced by the following factors: hierarchy, formality and context of communication, an approach to planning and improvisation, a division between personal and professional life, and many others. The research also stresses that since diverse cultures may lead to differences in cognition as well as understanding and evaluation, a single approach to negotiations cannot be applied everywhere.

1 Introduction

The global business environment requires managers to work with people who have different behavioral norms, values, and ways of thinking and perceiving reality. It demands a high level of professional expertise and understanding of cultural diversity (Chmielecki 2011). International assignments in global corporations have increased immensely over the last few decades. More and more firms are

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exporting not only goods but work to countries across the globe. Physical distance or time differences are no longer barriers to foreign investment (McEvoy and Buller 2013; Benson et al. 2009).

Negotiation styles and approaches vary with culture. Negotiators experience not only differences in language or dress code, but also in different perceptions of the definition of business goals and motivation. Each culture has its own negotiation standards, and one behavior that has a certain meaning in one culture could be interpreted differently in another (Chmielecki 2008).

When managers negotiate with culturally limited perspectives, the result is deficient performance, frail relationships, poor teamwork and missed opportunities. In contrast, those managers who are culturally competent are able to perform well in varied and unfamiliar cultural contexts. While negotiating, they successfully engage diverse perspectives, learn new processes and foster effective collaboration.

Maximizing the chances of a manager's success in a foreign location has always been a critical business priority. If any executive or manager is sent abroad and fails to either settle into the new culture or work effectively with his/her colleagues representing different cultural norms and values, the whole venture will be a waste of valuable time and money. Thus, it is necessary to prevent failures, e.g. through effective conflict management. However, cross-cultural differences account for or impact many areas of conflict resolutions, including negotiations (Chmielecki et al. 2014).

Usually, achieving success is not easy because the diversity of international negotiations makes communication and relationship building difficult. Nonetheless, the diversity in international negotiations can also produce new ideas and new perspectives on those ideas that can be exploited for mutual benefit by managers on both sides of the table. A lack of cross-cultural skills limit management's ability to resolve conflicts and negotiate effectively both in intra- and inter-organizational conflicts.

Therefore, the goals of this chapter are to identify intra-organizational negotiation difficulties among American expatriates and local managers in Poland, enhance understanding of negotiations conducted within organizations and propose a model of cross-cultural intra-organizational negotiations. The chapter begins with the role of negotiations within organizations, then describes internal negotiations as cross-cultural interactions and finally presents the research methodology and results.

2 The Role of Negotiations Within Organizations

2.1 Defining Negotiation

Over the last three decades, scholars have greatly advanced our understanding of psychological processes in negotiation, such as cognition, emotion, motivation, communication, power, and influence as well as the effects of the negotiation

context, such as teams, third parties, and technology (Chmielecki 2013). In its basic form, negotiating can be understood as coordination in an environment of diverse interests and conflicts. It can be portrayed as a management process of the interrelationship among interests, rights, and power between or among parties. Negotiation refers to a process in which individuals work together to formulate agreements about issues in dispute. This process assumes that the parties are willing to communicate and to generate offers and counter-offers. Thus, the notion of negotiations refers to a process, in which individuals work in together to formulate agreements about issues in dispute. This process assumes that negotiating parties are willing to communicate as well as to generate offers as well as counter-offers. Then, an agreement occurs if, and only if, the offers made are accepted by all the parties involved.

Numerous scholars date research in the field of negotiation back to von Neumann and Morgenstern’s (1947) seminal work on games and economic behavior. Since 1947, many various definitions and approaches have been coined (Table 1).

Regardless of the specific definition, negotiations involve several key components, including two or more parties, their interests, their alternatives, the process and the negotiated outcomes (Chmielecki 2013).

For the purpose of this chapter, I will assume that negotiation is a process whereby two parties strive to reach agreement on issues where there is some degree of difference in interest, goals, values or beliefs (cf. Harris 2016; Liu et al. 2016).

Companies and people have certain needs and in order to fulfill those needs managers have to negotiate daily at multiple levels and contexts, i.e. within and between departments, business units, organizations, and industries. What is worth stressing is the fact that the exchange of information, ideas and resources starts not with a company’s policies or directives but with those who interact to solve the problems and differences that emerge. Managers must break down numerous barriers including the cross-cultural barriers that impede the flow of information from person to person, department to department, unit to unit etc.

Table 1 Selected negotiation definitions

Definition	Approach	Authors
Negotiation is back-and-forth communication designed to reach agreement when you and the other side have some interests that are shared and others that are opposed	Communication process	Fisher et al. (1991)
The degree to which the interests of the parties are aligned can facilitate the range and type of outcomes available for resolution	Degree to which interests are aligned	Lewicki et al. (2005)
A process in which two or more parties exchange goods and services and attempt to agree upon the exchange rate for them	Process of exchanging goods or services	Robbins and Judge (2009)
Negotiating can be viewed as coordination in an environment of diverse interests and conflicts	Process of coordination	Ahdieh (2006)

The continued existence and development of any organization, operating in every possible sector, in any location is predicated on the socially-legitimated right of one or a group of individuals to control the activities and decision making of others. Although organizations are fundamentally systems of authority, relations cooperative management and participatory problem solving are growing more and more common across different types of organizations. It leads those team-based, decentralized business organizations to focus on providing their employees with solid negotiation skills. Furthermore, any organizational culture that includes conflict as creative tension but not as a destructive force is a foundation of successful team-based organizations (Boni and Weingart 2012).

Dealing with conflicts has always been a great challenge to management (Adomi and Anie 2005). Conflict is an imminent part of life of any organization. Different company stakeholders have goals, which are quite often incompatible (Jones et al. 2000). What is more, conflict was, is and will be an ever-present process in human relations. Conflict is a fact of organizational life. Employees are usually organized into manageable groups, formed in order to achieve common goals, which is why the probability of conflicts arising is high. Conflicts will occur as long as people compete for money, power, resources, recognition and security. Conflicts have both negative and positive outcomes for both employees and the organization at large. Because of that, numerous organizations should change their approach from conflict avoidance to effective conflict management.

The role of negotiation in business must evolve from conflict resolution to integrated conflict management. Today, organizations of any shape and sizes are increasingly moving from traditional authoritative, hierarchical structures to cooperative, team-based structures. These new team-based models of organizations are dependent upon effective cooperation and well-functioning work relationships. Due to this fact, high-level knowledge of negotiation skills is required (Boni and Weingart 2012).

2.2 Intra-organizational Negotiations

Negotiations can take place on various levels. The two main levels are inter- and intra- organizational. Negotiations are of great importance both in intra- and in inter-organizational situations to accomplish the increasing necessity of coordination within and between organizations, business units and individuals. Hence, an optimal negotiations management process is of crucial importance for the efficiency and effectiveness of organizations and their business activities (Herbst et al. 1980).

In this section, I will present and explain intra-organizational dynamics, which will serve as a basis for developing a model of cross-cultural intra-organizational negotiations that will be presented at the end of theoretical section of this chapter.

Intra-organizational negotiations take place mainly when there is a need to allocate internal resources, assign responsibilities and clarify division of functions. Negotiations inside organizations can be conducted between individuals, teams or individuals and teams. In contrast to intra-organizational negotiations, inter-

organizational negotiations are conducted whenever an organization approaches its partners in the value chain. The reason for this is that that industrial goods, services and information are often not distributed at a fixed price and quality, but rather on a cost and volume basis ratio, which lies at the heart of inter-organizational negotiations.

Intra-organizational bargaining may involve elements from all of the aforementioned approaches. Regardless of whether negotiations are conducted within a company or with its external environment, negotiations represent interdependent decision-making processes in which two or more parties can either win or lose through cooperation but in which different interests exist with regard to the actual decision (Thompson 2005; Lewicki et al. 2003).

Each negotiation party is comprised of various organizational actors (i.e. employees, units, groups, departments etc.), each with different interests to satisfy and ways of achieving them. Different interests often derive from differences in actors' duties, jobs, terms and conditions of employment etc. It is natural that each party wants its negotiator(s) to give its special interests and concerns priority over the parochial interests of the other side.

3 Internal Negotiations as Cross-Cultural Interactions

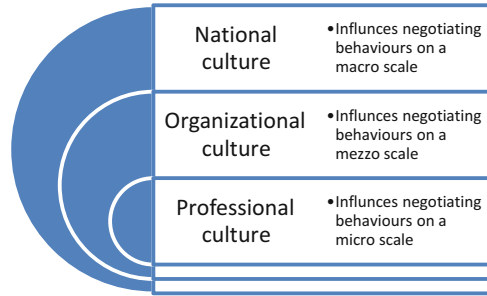
3.1 Culture in Negotiation

The role of culture in the world of business has been the subject of various studies for at least 25 years. Researchers have studied the influence or the impact of national cultures on organizational behavior and the way managers from different cultural backgrounds interact with one another (e.g. Adler 2002; Hofstede 1980, 1991; Trompenaars and Hampden-Turner 1997; Earley and Erez 1997).

Most of these researchers use culture to refer to the quite stable characteristics of a group that differentiates it from other groups. More than half a century ago, Kroeber and Kluckhohn (1952, p. 181) presented a definition of culture that is still widely cited today: "patterns, explicit and implicit of and for behavior, acquired and transmitted by symbols [...]. The essential core of culture consists of tradition, ideas and especially their attached values; culture systems may, on the one hand, be considered as products of action, on the other hand, as conditioning elements of future action".

One of the most commonly used definitions of culture, not being a complex one at the same time, in the literature on culture, negotiations and business in general has been provided by Hofstede, who was the author of the first major empirical multi-country study of consequences that culture has for the field of management (Chmielecki 2012). Hofstede (1980, p. 25) defines culture as "the collective programming of the mind which distinguishes the members of one human group from another." Most recently, project GLOBE - the Global Leadership and

Fig. 1 3C (three cultures)—negotiation context



Organizational Behavior Effectiveness - has defined culture as “shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of members of collectives that are transmitted across generations” (House et al. 2004, p. 15). All of presented definitions suggest that common experiences and shared meaning constitute a cultural group.

It is obvious that different cultural systems produce different negotiating styles (see e.g. Chmielecki 2013), which are shaped by each nation’s culture, history and other factors. Therefore, negotiators in a cross-cultural environment experience not only differences in language or dress code, but first and foremost, in the perception of the world and the definition of business goals and motivation. Although globalized trade, communications, and marketing have made the world smaller in numerous ways, deep cross-cultural differences between employees in multicultural organizations still remain, causing them to approach negotiation in a way heavily conditioned by the combination of their national, organizational and professional cultures (e.g. Salacuse 2005; Hofstede 2005) (see Fig. 1). Yet, due to the scope of this chapter the author will not discuss this issue in more details.

Organizations struggle to facilitate cross-cultural interactions among employees from different national and cultural backgrounds. Research has shown that culturally inappropriate behaviors often lead to conflict (Bailey 2000; Sano and Di Martino 2003) and create barriers in achieving organizational goals (Lindsley and Braithwaite 1996). In international negotiations, visible differences in style can contribute to misperceptions and misunderstandings. However, cultural misunderstandings occur not only when a difference is noticed and misinterpreted, but very often when a surface similarity (e.g. in etiquette) obscures a significant difference that exists at the deep level. All in all, it emerges that treating each negotiation process as a unique one is the key to success.

3.2 *Negotiation Research*

The increase in connections within and among organizations all over the world has inspired numerous researchers to scrutinize the impact of culture on negotiations (Requejo and Graham 2008). As a result, many studies have documented cultural differences in negotiations (see e.g. Adair and Brett 2005; Adair et al. 2007).

Cross-cultural context is a common trend in negotiation research. Numerous studies investigating cultural factors that impact cross-cultural negotiations seem to be quite complex and their development in the academic field is dynamic. Research suggests that there are plenty of conceptual negotiation models and frameworks (Brett 2001; Ghauri and Usunier 1996; Salacuse 2005).

Most research on negotiations across cultures consists of studies on negotiations in or negotiations from individual cultures, often with the aim to provide practical recommendations regarding how to conduct negotiations in particular cultures as well as to point to difficulties in negotiations relating to a given culture. Another stream of research focuses on comparing negotiation styles among different cultures. Many studies analyze interactions among negotiators from two or more cultures, while another stream in the research looks at cross-cultural negotiations as such (see Agdnal 2007). However, there is a lack of literature concerning cross-cultural intra-organizational negotiations as well as literature defining cross-cultural intra-organizational negotiations as cross-cultural interactions.

3.3 Cross-Cultural Intra-organizational Negotiations as Cross-Cultural Interactions

To service multinational accounts, organizations increasingly need seamless collaboration not only across geographic boundaries but also across culturally diverse employees and organizational units.

Culture influences negotiation in many ways. It influences conflict sources, negotiation parties and the negotiation process. Firstly, through its effects on communications and through their conceptualizations of the process, then through the goals negotiators aim at, the means they use, and the expectations they hold of the other side's behavior. Moreover, culture affects the range of strategies and tactics that negotiators develop. Adding that to the negotiation dynamics described in the previous section, I can propose a model of cross-cultural intra-organizational negotiations (Fig. 2).

In intra-organizational cross-cultural negotiations, it is necessary to analyze “the dynamics of interaction among the members of different national cultural groups” (Bülow 2011, p. 350). Cross-cultural interactions “imply how members of various cultures affect one another, behave in a particular situation” (Rozkwitalska 2013, p. 101). In cross-cultural interactions, individuals represent diverse patterns of behaviors and unique cognitive blueprints that help them to read and understand their environment (Webb and Wright 1996). Regardless of the specific context of an organization, cross-cultural interactions can be referred to all the types of relationships among individuals, in every unit, such as e.g. within or among their foreign subsidiaries involving contacts between the local staff and expatriates. Taking into account overlapping cultures, which all affect interpersonal relationships, establishing effective cross-cultural interactions (Chmielecki et al. 2014),

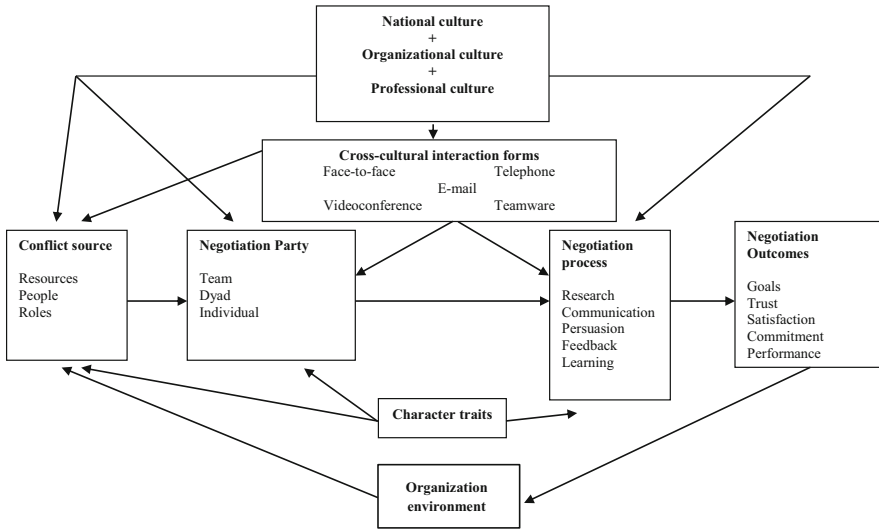


Fig. 2 Model of cross-cultural intra-organizational negotiations

i.e. “interactions that result in a mutual cooperation aimed at goals achievement” (Rozkwitalska 2013, p. 101), faces a serious challenge.

Negotiations constitute an inherent element of all the forms of social interactions (Bülow 2011), because differences in cultural orientations often result in different perceptions of appropriate behavior, negatively impacting relationships within organizations.

Cross-cultural management research should focus on the understanding of the influence of individual differences on people’s communication ability. Interacting with individuals from diverse cultural backgrounds can sometimes be challenging, since individuals mostly grow up in a single culture. In negotiations understood as cross-cultural interactions, situations in which the behavior of others is inappropriately or incorrectly classified due to cues that are unfamiliar leads to numerous communication errors. These errors cause erroneous expectations, and cause a decrease in adaptability and problem solving ability. A better understanding can be obtained through knowledge of how information is thought to be meaningfully structured in the human mind.

Organizational working life is based on exchange and dependency relationships between often culturally diverse individuals as well as groups (see Fig. 2). Numerous conflicting interests, interdependencies and divided responsibilities in companies create conflict sources and are reasons for intra-organizational negotiations (Lax and Sebenius 1986). Because of that, intra-organizational negotiations serve perfectly as an important coordination and integration instrument for management.

One of the most frequent sources of intra-organizational conflict and reasons for negotiations exists in dealing with a shortage of resources. This is due to the fact that most organizations are confronted with a certain degree of resource scarcity. In

the area of HR management, managers must negotiate with both their own supervisors as well as subordinates. The cross-cultural intra-organizational negotiations model reveals that conflict occurrence is strongly linked with the management of resources, people and their roles, cross-cultural interaction forms and cultural values. Specific processes and outcomes of intra-organizational negotiations are on the one hand caused by and on the other hand influenced by organizational environment.

As negotiation practices vary with each of the aforementioned cultures (national, organizational and professional), culture-specific practices may become a barrier to effective negotiation. Culture or cultural incompatibility thus serves as a common explanation of internal negotiation failures.

As competitive pressures continually force companies to find new and creative ways to do more with less, only a handful of managers have the luxury of relying on their own, trusted dedicated staffs to accomplish all their objectives. Instead, most must work with and through people across the organization, many of whom have different priorities, incentives, and ways of doing things. Cross-cultural negotiations are an essential element of their daily reality. Furthermore, negotiation outcomes have a tremendous influence on organizational operations. Thus, the negotiation process and its results are crucial for company development and its competitive advantage.

3.4 Cross-Cultural Intra-organizational Negotiation Skills

Conducting intra-organizational negotiations right promises great benefits to an organization such as fast internal decision-making or presenting a unified face to customers, reduced costs through shared resources etc. Every now and again management teams employ certain development and training programs to enhance the quality of cross-cultural interactions within their organization (Weiss and Hughes 2005).

While valuable, the typical diversity training or cultural etiquette training, which usually consists of finding out about customs and facts of a specific cultural group, falls short in preparing employees who need to interact effectively with fellow employees from a wide variety of cultural groups and sub-cultures on a daily basis. When designing such initiatives, it is crucial to take into consideration cross-cultural internal negotiation skills (see Table 2).

If managers want to be successful negotiators, sensitivity and attention to the others' behavior is not enough. The understanding of the causes of particular actions and behaviors of the others is essential. That is why it is crucial to know the components of our own and our counterparty's culture. It shows respect and provides a way to build trust and credibility as well as an advantage that can help us to choose the right strategies and set of tactics during negotiation. Making cross-cultural assumptions creates distrust between both sides. Instead of stereotyping or generalizing, making an effort to find the other side's values and beliefs,

Table 2 8 C's cross-cultural intra-organizational negotiation skills

Skill	Cultural context
1. Cultural immersion	Ability to acculturate to a new environment with different cultural values, beliefs and behaviors
2. Cross-cultural code switching	Ability to interact effectively with people from different cultures
3. Cultural biases avoidance	Ability to interpret and judge other cultures by avoiding standards inherent to one's own culture
4. Cultural sensitivity	Ability to understand that cultural differences as well as similarities exist, without assigning values
5. Cultural awareness	Ability to develop sensitivity and understanding of another cultural (ethnic) group
6. Conflict context	Ability to understand and well-define context for a specific conflict situation
7. Conflict dynamics	Understanding how particular behaviors of actors engaged in conflict situation will influence its outcome
8. Cross-cultural negotiation contrasting	Ability to compare and contrast culturally-attuned negotiating behaviors

independently of the values and beliefs characteristic to the party's own culture, produces mutual benefits.

In order to effectively manage cross-cultural intra-organizational conflicts, organizations should:

- acknowledge the range of attitudes and norms about cultural differences and their effect on the organization
- encourage employees to examine their own cross-cultural interactions for misinterpretation, ethnocentrism, prejudice, or racism
- provide employees with cultural competence training;
- support and guide employees on the implementation of cultural competency programs and policies;
- evaluate employees on their cultural competence skills.
- adopt a policy for resolution of disputes involving cultural differences and a plan for reviewing complaints.

The effect of technological and communication changes has eliminated the once large barrier of geographic distance that existed between individuals, cultures, companies and nations. We are forced, because it is not a matter of choice, to adapt higher levels of intercultural sensitivity in cross-cultural exchanges if we want to avoid conflict and self-destructive tendencies in daily organizational operations.

4 Research

The purpose of the research was to identify how the negotiation style of Polish managers is perceived by American expatriate managers working in Poland. The research was conducted between April and June 2015 and had a qualitative character. This chapter presents the results of 23 in-depth semi-structured interviews with representatives of eight companies from four sectors.

The sampling was based on convenience; data was open coded. Tables 3 and 4 describe the group of the participants.

The 23 participants were mainly mid-level and high-level managers experienced in cooperating with Poles. The sample was selected via non-probabilistic methods, i.e. purposive and snowball sampling techniques. The participants came from eight majority foreign capital MNCs. Each interview lasted about 15–20 min.

Although there are some universal negotiation dynamics and approaches, culture, as stated earlier, plays an important role in shaping interactions among organization employees. If foreigners working in Poland want to increase their efficiency, they need to understand how to communicate with Poles in order to fulfill the organization’s mission and build value for stakeholders. The study revealed several important issues concerning an approach to negotiations, understanding negotiations, the role of hierarchy, decision-making, preparations, trust, privacy and language.

With regard to an **approach to negotiations**, American managers working in Polish subsidiaries observe that Poles often avoid negotiations:

I don’t think they like to negotiate [S1R3]

They tend to avoid negotiations [S3R2]

This is perhaps because of the fact that Polish culture is more relationship oriented than American.

Respondents mentioned also that:

They’ll do what they can to avoid interpersonal confrontation [S4R1]

They don’t feel comfortable negotiating, especially individually [S5R3]

Table 3 Subsidiaries and sectors researched

Subsidiaries	Number of participants	Sector
Subsidiary 1—S1	3	IT
Subsidiary 2—S2	3	IT
Subsidiary 3—S3	2	FMCG
Subsidiary 4—S4	3	FMCG
Subsidiary 5—S5	3	Banking
Subsidiary 6—S6	2	Banking
Subsidiary 7—S	3	Consulting
Subsidiary 8—S8	2	Consulting

Table 4 Participants' characteristics

Respondents' gender	Female 9	Male 14
The average age	33 years old	38 years old
Higher education	9	14
Average time of previous cooperation with Poles	3 years	5 years
Dominant language of interactions		
Polish	1	2
English	8	12

Another area, which potentially may cause frictions, is **understanding the negotiation process**. American respondents observed that when negotiation begins, Poles treat the process in terms of a zero-sum game. As one of the respondents said:

Well, I would say that they tend to look at the process as if it was a win-lose scenario, they tend to forget that there can also be a win-win outcome [S8R2]

Differences in negotiation style refer also to **hierarchy**. In the eyes of American respondents, Poland is a quite hierarchical society. This is naturally reflected both in organizational life and intra-organizational negotiations. Respondents advise:

Expect a lot of behaviors connected with organizational hierarchy [S6R1]

Negotiations with Poles are often characterized by superiors, who are by the way not present during the talks, interfering the process. [S4R3]

Some of the respondents initially even believed that Poles use hierarchy as a negotiation tactic:

At the beginning, I thought that limited decision power was a tactic employed on purpose. But I guess it's a matter of hierarchy in Polish society [S3R1]

Respondents often mentioned a slow **decision making** process and a tendency to scatter responsibility:

The biggest problem for me is this Polish decision making process. It looks like nobody wants to be solely responsible for the decision he/she is making. There are always other people to be involved in the decision. [S5R3]

Time plays an important role in every organization. However, both because of hierarchy and the aforementioned tendency for group responsibility, decisions take quite a lot of time:

Decision making process takes a lot of time. [S3R2]

However, the biggest obstacle for the respondents was **preparation** and planning. As one of the respondents said:

I don't find Poles well prepared for a negotiating session. They're doing a lot of work on the spot, discussing things among themselves. [S3R1]

They often don't plan the negotiation process, and don't clearly determine their goals. [S7R1]

The tendency to improvise was emphasized several times:

They like to improvise, to put it mildly, if you know what I mean. But to tell you the truth, they are quite good at it. [3SR3]

I get the feeling that Poles quite often improvise during the talks. [S3R2]

Trust also played a major role in intra-organizational negotiations between Americans and Poles. Naturally, it heavily affects openness and information sharing.

I would say they are very distrustful. [S4R2]

They automatically assume you'll behave unethically. [S1R2]

Respondents emphasized that building trust is a very long process that requires quite a lot of patience and perseverance:

It takes a very long time until they'll start to trust you. The best way is to gain their trust in a step by step process starting from some minor issues and gradually moving to more complex situations. [S5R1]

For most of the respondents, the professional and **private domains** are separate. In Poland they often merge. This causes a lot of misunderstandings and uncomfortable situations at work.

As one of the respondents said:

They have a problem with separation of professional and private contexts. Personal relationships equal commitments in professional life. [S3R2]

I think they have a big problem with division between personal and private life and expect a lot from you if they know you. What I mean by that is that you will be treated differently if you are in their circle. [S5R2]

Much was also said that, a lot of negotiating takes place "outside" the formal negotiation process.

A lot of negotiation is taking place outside the conference room. [S1R1]

Language was another factor mentioned by the respondents. One of the factors that in the eyes of American respondents negatively influences negotiations is a strong tendency of Poles to speak in their native language, ignoring the presence of a person who does not speak the language.

At the beginning it was a little bit frustrating for me because they often used to talk in Polish among themselves. I often thought it was about me. As I found out later it wasn't. [S3R2]

Another factor is connected with higher context of Polish communication style:

They tend to use quite a lot of metaphorical expressions and understatement. Sometimes it's hard to grasp what they mean. [S5R1]

High context is also partly responsible for natural tendency to digress and broadening the scope of the talks:

They like to digress. [S1R2]

Poles tend to broaden the subject matter, which initially was to be the subject of the talks. [S1R3]

5 Conclusions

Nowadays managers work in an increasingly multicultural environment. As such, intra-organizational negotiations will increasingly be affected by culture. Inside organizations, people share a common organizational identity, although they may not be collocated and may come from different cultures (e.g. transnational teams).

In cross-cultural intra-organizational negotiations, people bring to the negotiating table their beliefs, values and expectations. Very often they are unconscious of them. According to these values they interpret, present, judge and communicate. If they understand how culture shapes their way of thinking and communicating, they are then better equipped to more consciously analyze and remedy situations where internal negotiations take place. By engaging in critical thinking about cross-cultural differences and being open and flexible to new ways of thinking, people add new cognitive schemas in their minds to represent the world.

The framework presented in this chapter provides an insight on issues at play in intra-organizational negotiations understood as cross-cultural interactions. It enables individuals taking part in cross-cultural interactions to interact more effectively with those who are different from themselves by understanding and overcoming the often unexpected but strong emotions they encounter in themselves. This is possible by being more precise and accurate in their interpretations of others' behavior.

The research contributions and limitations are as follows. This paper contributes to the research on cross-cultural negotiations among expats and local employees. With regard to the research limitation, it must be highlighted that it was an introductory study and the results cannot be generalized. The empirical findings serve as a starting point for further in-depth research in this area. It is recommended that in order to gain a complete picture of the issues underlying the results, both qualitative and quantitative research on a larger sample should be undertaken. The research findings can provide a context for considering the nature of internal negotiations in organizations, teach professionals the theory and application of cross-cultural issues of workplace negotiation and cross-cultural conflict behaviors.

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Knowledge Sharing in MNCs

Michał Chmielecki

Abstract The success of economies in the future shall be based on how multinational companies or organizations acquire, use, and leverage knowledge effectively. Management in recent decades has seen knowledge sharing become a key tool for the success of a variety of institutions. Many international companies and other organizations have developed knowledge management programs as a key to their future development strategies. Yet despite its growing popularity, knowledge sharing in MNCs remains a complex and challenging task.

While there is a large body of research that analyzes knowledge sharing in MNCs, Poland's presence in it is still rather scarce. Since Poland is rapidly becoming an important place where many of foreign companies invest, there is a strong need for this type of research.

This chapter seeks to answer the question how employees perceive knowledge sharing barriers. The primary data was collected by conducting 26 individual in-depth interviews with the employees of three MNCs operating in the Lodz region in Poland.

The chapter begins with a literature review on knowledge sharing, including barriers to knowledge sharing. Then follows an analysis of the role of culture in knowledge sharing. The final part is devoted to the research and discussion of the results.

1 Introduction

The success of multinational corporations (MNCs) strongly depends on how quickly they can transfer and share knowledge, effectively deal with enormous volumes of data and thus innovate. It influences how they engage with and impact their customers. This makes it clear that there is a need to establish information sharing processes inside organizations.

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Many MNCs have developed knowledge management and sharing programs as a key to their future development strategies. Yet despite its growing popularity, knowledge sharing remains a complex and challenging task.

Management in recent decades has seen knowledge sharing become a key tool for the success of a variety of institutions. Jain et al. (2007) believe that the success of a knowledge-based economy is clearly supported by the ways in which companies effectively acquire, use, and leverage knowledge. "One question that has received fairly limited research attention is that how cross-cultural issues relate to knowledge management", write Ford and Chan (2003, p. 12). Dibbern et al. (2006) noted that in our present world, extra efforts are required to tackle cross-cultural issues in this context. According to Ardichvili et al. (2006), more research is needed on cultural dimensions and its impact on knowledge sharing.

In this chapter, the role culture is analyzed and examined particularly when it comes to knowledge sharing among MNC employees. The aim of this chapter is to identify barriers to knowledge-sharing in MNCs operating in Poland.

The chapter begins with a literature review on knowledge sharing and barriers to knowledge sharing. Then an analysis of the role of culture in knowledge sharing is provided. The final part is devoted to the research and discussion of the results.

2 Knowledge Sharing

Knowledge is the most valuable asset and the only source of sustainable competitive advantage. Increasingly, what organizations know determines the degree of their business success. One of the most significant challenges to understanding knowledge management is the difficulty in comprehension of the concept of knowledge. A common approach to this subject is to posit a hierarchical relationship between data, information, and knowledge. This approach suggests that data holds the most basic status. When processed for practical applications, data is raised to the level of information. Information, in turn, is applied by individuals to create knowledge. "Knowledge is information possessed in the mind of individuals: it is personalized information (which may or may not be new, unique, useful, or accurate) related to facts, procedures, concepts, interpretations, ideas, observations, and judgments" (Alavi and Leidner 2001, p. 109).

Knowledge management has emerged over the last decades as a result of many intellectual, societal and business forces. Knowledge management has become a valuable business tool. However it is a complex one and will still be under development for a long time to come. Significant changes in the workplace have already taken place, but the changes to come are expected to be greater.

The study of knowledge sharing has emerged as a key research area for a broad and deep field of study on technology transfer and innovation and, more recently, for the field of strategic management. Increasingly, knowledge-sharing research has moved to an organizational learning perspective (Cummings 2003).

Knowledge sharing is regarded as a fundamental means through which organizational competitive advantage can be reached (Jackson et al. 2006). The way knowledge is shared within the organization is essential and central not only to the success of the organization where it takes place but also among those who share it, since those who take part in the knowledge sharing process also benefit from it.

Knowledge sharing is mainly described as an activity during which information or other important contents are shared (Möller and Svahn 2004; Li 2010). The approach presented by Bartol and Srivastava (2002) includes information as an element of knowledge sharing and defines it as the action in which relevant information are diffused by employees to others across the organization. Möller and Svahn (2004, p. 220) stress that knowledge sharing is “sharing not only codified information, such as production and product specifications, delivery and logistics information, but also management beliefs, images, experiences, and contextualized practices such as business-process development”. Li (2010, p. 40) defines knowledge sharing as an activity “in which participants are involved in the joint process of contributing, negotiating and utilizing knowledge”. Knowledge sharing, understood as the process by which an employee imparts his or her expertise, insight, or understanding to another employee so that the he or she may potentially acquire and use the knowledge to perform his or her task(s) better, is an essential part of effective knowledge management (Wasko and Faraj 2005).

Knowledge is one of the major strategic assets of MNCs. MNC employees are the link which guarantees the creation and maintenance of knowledge. Due to the fact that knowledge is not only explicit, coded, but to a large degree tacit, it is necessary for companies to construct structures and mechanisms facilitating employee interactions and knowledge sharing.

3 Barriers to Knowledge Sharing Processes Within MNCs

Many examples can be found where well-designed knowledge management tools and processes failed because people believed they were already sharing well enough, or that senior managers did not really support them. Ford and Chan (2003), for instance, believe that knowledge sharing is one of the most challenging processes for a knowledge-based enterprise to address.

3.1 Barriers to Knowledge Sharing

Knowledge transfer within MNCs is seldom unproblematic. MNCs vary considerably in how efficiently they handle the knowledge sharing processes. Huysman and Wulf (2006) noted for instance that employees do not share their knowledge under all circumstances and that they may not be willing to share as much as organizations would like them to.

Usually, knowledge sharing constraints concern human factors, competition for resources or ethical dilemmas and cultural barriers.

The literature identifies five primary contexts that can affect successful knowledge-sharing implementations:

- the relationship between the source and the recipient,
- the form and location of the knowledge,
- the recipient's learning predisposition, the source's knowledge-sharing capability, and the broader environment in which the sharing occurs (Chmielecki 2013)

A synthesis of this research suggests three types of knowledge-sharing activities to be evaluated:

- analyses of the form and the location of the knowledge (it is important because each can affect the types of sharing processes that will be necessary as well as how challenging these processes might be),
- the types of agreements (rules of engagement and managerial practices adopted by the parties are important to evaluate in that they can shape both the flows of resources and knowledge between the parties and the actions taken to overcome and accommodate significant relational differences between the parties),
- the specific knowledge-sharing activities used (important in that they are the means through which the parties seek to facilitate knowledge sharing) (Chmielecki 2013).

Recent research on knowledge sharing has suggested that there are numerous barriers to effective knowledge sharing (Kankanhalli et al. 2005). Husted and Michailova (2002), for instance, analyzed how employees' hostility towards knowledge sharing can be overcome. They listed several knowledge sharing barriers: (1) loss of knowledge power; (2) reluctance to spend time on knowledge sharing; (3) fear of free riding; (4) avoidance of exposure because of insufficient confidence in the knowledge; (5) strategy against uncertainty which means knowledge contributors worry about the misuse of the knowledge they share; (6) high respect for hierarchy and formal power.

Some companies might be tempted to reward knowledge sharing behavior in order to strengthen successful collaboration and teaming. Nevertheless, studies provide inconsistent findings with respect to rewards and knowledge sharing. Albert and Picq (2004) asserted that most companies do not provide individual rewards based solely on the ability to learn or to share knowledge. Hutchings and Michailova (2004) recommended that the group, rather than the individual, should be rewarded. Bock and Kim (2002) found no relationship between the use of rewards and knowledge sharing. Instead, they concluded that promoting a positive attitude towards knowledge sharing caused a positive intention to share knowledge. For instance, research results by Ma et al. (2014) show that incentives are very important in an individual's decision to share knowledge in project teams, even in a collectivist culture like China, and both intrinsically and extrinsically motivated individuals tend to share more knowledge with their team members. Individuals with high altruism are also found to be more likely to share knowledge with others.

Moreover, a trusting environment and explicit knowledge will facilitate knowledge sharing for better retention.

As knowledge sharing is a challenging process, much research has been directed at knowledge sharing barriers (e.g. Foss and Pedersen 2002; Kostova and Roth 2003). The findings indicate that the success of inter-unit knowledge sharing within MNCs is determined to an significant extent by the characteristics of social interactions and the relationship formed between employees or units.

3.2 Cultural Barriers in Knowledge Sharing

Although the study of knowledge sharing has its roots in the literature on technology transfer and innovation (cf. Bruton et al. 2007), it can be observed that different nations’ successes or failures in fostering economic growth through technological development can be partially explained by the role of culture.

Cultural barriers play an important role in the success of a knowledge management effort. Numerous studies have been launched to investigate the impacts of culture on knowledge (see Table 1). The authors have asserted that culture, through some of its dimensions, may serve as a barrier to the knowledge sharing processes within an organization.

Sułkowski (2002, 2009) observes that the notion of a culture is complex and it is characterized by a great variety of definitions functioning both in theory and in practice, so a given definition may express only one, selected aspect of a culture. In other words, the complexity of culture makes it impossible to create one, proper definition. Culture according to Levin et al. (2004) encompasses the values, beliefs, attitudes and behavior of an organization. Brache (2002) claims that culture can be defined as the values, rules, practices, rituals and norms through which an

Table 1 Summary of research on the impact of culture on knowledge

Study	Research scope
McDermott and O’Dell (2001)	Overcoming cultural barriers to sharing knowledge
Sharrat and Usoro (2003)	Cultural components of knowledge sharing
Janz and Prasarnphanich (2003) and Lin (2007)	Antecedents of knowledge sharing culture
Bock et al. (2005)	Roles of extrinsic motivators, social-psychological forces and organizational climate
Al-Alawi et al. (2007)	Components of culture influencing knowledge sharing
Loraas and Wolfe (2008)	Effects of incentives, environment and person on knowledge sharing
Vazquez et al. (2009)	Cultural barriers that set back knowledge production and sharing in organizations
Mueller (2012)	Cultural antecedents of knowledge sharing in project teams
Berry (2014)	Collaborative and combinative knowledge generation within MNCs

organization conducts business. Regardless of the various definitions provided, the description most often used of any culture in any organization is ‘the way we do things around here’ and ‘the way we treat one another around here’ (McKinlay and Williamson 2010). Schein (1995) believes that culture concerns organizational individuals as well as units; it comprises deeply rooted beliefs, norms, values, and artifacts held by employees across an organization. Naturally, cultural distance, in the sense of difference in common values, norms, language, plays a major role in knowledge sharing processes.

Knowledge sharing efforts often are seen to encounter difficulties from culture (DeLong and Fahey 2000). There are four major reasons why culture is believed to be the foundation for knowledge sharing processes (DeLong and Fahey 2000; Karlsen and Gottschalk 2004):

1. Culture shapes people’s assumptions about what knowledge is important and worth sharing.
2. Culture defines and determines the relationship between levels of knowledge, i.e. what knowledge belongs to the organization and what to an individual.
3. Culture creates a context for social interaction about knowledge, e.g. what is sensitive, how much interactions or collaboration is desirable, which actions and behaviors will be rewarded and punished.
4. Culture shapes the processes of knowledge creation, adoption, validation and dissemination.

Culture affects the level of collaboration within an organization and it is collaboration that is the key to successful knowledge sharing (see Fig. 1).

The impact of culture on knowledge sharing can be also seen in cross-cultural differences in knowledge sharing patterns. For example, Ardichvili et al. (2006) discussed cross-cultural differences in knowledge sharing patterns which were based on three criteria: individualism versus collectivism, in-group versus out-group orientation, and fear of losing face. Individualism is the tendency of people to place their personal goals ahead of the goals of the organization, while individuals from collectivist cultures tend to give priority to the goals of the larger

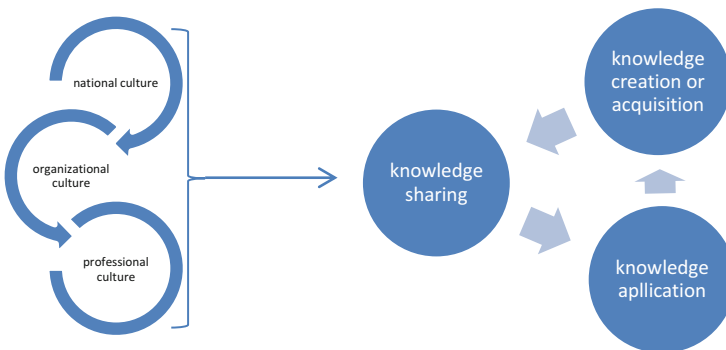


Fig. 1 Influence of culture on knowledge sharing in organizations

collective, group or company to which they belong. Collectivists tend to distinguish sharply between in-group and out-group members. Chow et al. (2000) researched factors influencing knowledge sharing behaviors and found that e.g. Chinese nationals were much more reluctant to share with an out-group member than employees in the United States were. Hwang et al. (2003) found that individualists were more concerned with gaining face (i.e. impressing colleagues) than collectivists. They also found that individuals who want to gain face were more likely to use formal communication channels to show their knowledge and ability, while those who feared losing face preferred more informal communication channels.

Sveiby and Simons (2002) believe that the collaborative climate was one of the major factors influencing the effectiveness of knowledge programs as it improved knowledge sharing and organizational effectiveness. It was suggested that a culture audit should take place to determine the extent to which organizational culture exhibited the cultural values of collaboration, empowerment, action taking and informality (Albert and Picq 2004).

4 Research Findings

4.1 Research Method and Results

The research sought answers to the question concerning employees’ perceived knowledge sharing barriers. The primary data was collected by conducting in-depth interviews with Polish employees—team leaders and mid-level managers of three MNCs operating in a central region of Poland. A total of 26 interviews were conducted lasting from 15 to 30 min. The sampling was based on convenience; data was open coded. Data collection for this study began in June, 2015, and ended in early September, 2015. The respondents’ demographics are presented in Table 2.

Table 3 shows how the respondents perceived barriers to knowledge sharing in MNCs.

Table 2 Respondents’ demographic profile

Respondents’ profile	Classification	Number of respondents
Gender	Male	12
	Female	24
	Total	26
Age	20–30	22
	31–40	4
	41–50	0
	Above 50	0
	Total	26

Table 3 Perceived barriers to knowledge sharing

Barrier	Examples	Frequency of indications
lack of trust between employees	<p>“I don’t know anybody in this company whom I can completely trust”</p> <p>“I believe the biggest problem is a problem with trust”</p> <p>“I don’t want others to use my knowledge as theirs”</p> <p>“I’m afraid of unjust credit being taken for it”</p> <p>“People are generally distrustful here, that’s the problem”</p>	25
excessive centralization, formalization and extensive hierarchy	<p>“I would say that because of the quite hierarchical culture, knowledge and information travel rather slowly”</p> <p>“The more formal the culture, the less information is shared, but that’s my observation”</p> <p>“I used to work for [name of the company] and the people there were generally less formal than here [Poland] and I would say more equal or maybe more egalitarian. That served knowledge sharing better”</p>	20
insecurity and fear of losing job, position or prestige	<p>“Knowledge gives me power and power means security”</p> <p>“My position is closely related to what I know and whom I know, I don’t want to risk it”</p> <p>“Information secures my position”</p>	20
knowledge sharing is very rarely rewarded	<p>“I don’t think I can personally gain anything if I engage in knowledge sharing”</p> <p>“I was never rewarded for providing some extra information or knowledge, I mean above the level I was expected to”</p>	18
reluctance to lose exclusivity in the possession of special knowledge	<p>“Knowledge gets me, let’s call it some sort competitive advantage”</p> <p>“If I possess certain, let’s call it ‘exclusive’ knowledge, it means I’m needed. If I give it to somebody else, it might be I’m not needed anymore”</p>	11
lack of interdepartmental teams established to carry out specific processes or projects	<p>“I think the good option would be to create some sort of unit, which will be able to operate between departments and units and gather essential knowledge”</p> <p>“Very often I don’t know the things I should know”</p>	11

(continued)

Table 3 (continued)

Barrier	Examples	Frequency of indications
	“Some people are doing the same job. It’s a total waste of money there should be some coordination here”	
lack of accountability of managers and employees for upskilling younger or less experienced employees	“Nobody is held responsible for providing other employees with additional information. They get what they need to get. Nobody will be given anything for that extra time and work”	9

As the research findings show, one of the factors critical to the process of knowledge sharing, apart from technical factors, is trust and formality and hierarchy, which may be influenced by culture. Accepted norms and values create space for the behaviors of people in an organization, influencing the effectiveness of the action taken. The respondents pointed to trust, formalization and hierarchy that hinder sharing of knowledge in their organization.

4.2 Discussion

The research showed that although employees understand the value of knowledge sharing, they tend to keep their knowledge to themselves and rarely share with others. This problem is illustrated by Collison and Parcell (2004), who claim that people are afraid of allowing others to know what they know because competitive advantages may be decreased if others also share the same knowledge as theirs. Dalkir (2005) believes that employees are reluctant to share their experiences with fellow colleagues because they regard their own knowledge as assets. People are generally not willing to circulate their explicit materials and tacit knowledge.

Differences between companies in terms of knowledge sharing may represent differences in their ability to create social capital. As cultural distance increases, the formation of these facets of cognitive social capital becomes increasingly challenging. The cultural dimension of social capital refers to such facets of personal relationships as trust, respect, solidarity and even friendship, which together increase the motivation to engage in the knowledge sharing process.

The most significant cultural barrier to knowledge sharing identified in the research was the lack of trust. Trust determines the efficiency of knowledge transfer, because it may discourage or encourages cooperative behavior. This finding is similar to Holste and Fields (2010), who found that the level of trust influences the extent to which staff members are willing to share and use tacit knowledge. The lack of personal relationships between employees makes it very difficult for either party to trust in the knowledge and abilities of the others. Hansen

and Lovas (2004) support the notion that good informal relations are of critical importance for knowledge sharing processes.

Another barrier that was revealed in the research was excessive centralization, formalization and extensive hierarchy. A similar observation was made by Michailova and Husted (2003), who found that Russian organizations exert a significant level of restriction to information sharing among employees due to the need to cope with uncertainty in economic changes and the traditionally high respect for hierarchy and power. Therefore, countries characterized by unstable or rapidly changing economic conditions, hierarchies, and power distance, limit knowledge sharing within organizations. The level of holding back information differs from country to country. In countries with more a hierarchical, formal culture, top managers control information flow and restrict lower-level employees from accessing valuable information—this could lead to significant barriers to knowledge sharing.

5 Conclusions

Through the discussion in this chapter we could observe the importance culture in knowledge sharing at MNCs. Theorizing about the determinants of knowledge sharing within MNCs has frequently focused on the aspect of cross-cultural interactions. Many organizational factors, such as hierarchy, power, available resources, support, reward systems and, ultimately, culture e.g. trust could either impede or promote knowledge sharing behaviors. This study has demonstrated that there are myriad barriers to knowledge sharing, some of which may concern culture. They can often prevent effective knowledge sharing. It is therefore necessary to identify and try to understand them in order to eliminate their influence. It is possible to remove the influence of some of them, while some of them will still remain.

This chapter contributes to the research on barriers to knowledge sharing in the specific context of Poland. Yet, it was an introductory study and it is impossible to generalize the results. Thus, the empirical findings can be a starting point for further research in this area. Both qualitative and quantitative research on a larger sample is recommended.

The research findings can provide a context for considering the nature of knowledge sharing barriers in organizations, teach professionals the theory and application of cross-cultural issues of knowledge sharing, help professionals gain increased knowledge and skills to be effective at shaping knowledge sharing processes.

Knowledge sharing at MNC's constitutes an important source of competitive advantage. Most organizations, if they want to stay ahead of their competition, must be able to convert individual knowledge into organizational knowledge. In order to do so, employees must consciously undertake the task of sharing their knowledge. Therefore, an understanding of barriers to knowledge sharing will help

organizations build a knowledge sharing climate and encourage knowledge sharing behavior.

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Cultural Factors Influencing the Knowing of a Multinational Company

Palmira Juceviciene and Vyda Mozuriuniene

Abstract The aim of the chapter is to discuss the role of cultural factors in creating an organization's knowing. This has been done trying to obtain answers to two main questions: what cultural factors influence the creation of an organization's knowing in a multinational company (MNC)? Does the influence of cultural factors depend on the management efforts of the MNC, or is it predetermined by the national culture?

Both the theoretical and empirical approaches are applied in the research. A literature analysis is used to reveal and discuss the cultural factors influencing the knowing of an MNC. The methodology of empirical research is based on the application of case study strategy.

This chapter has three parts. In the first part, the conceptual approaches to a MNC and its management from the perspective of its interaction with the environment are presented. In the second part of the chapter, the peculiarities of knowing of a MNC are discussed. In the third part, the influence of cultural factors on the creation of knowing of a MNC are discussed using the data from theoretical and empirical research.

The research made it possible to find and explain the role of particular cultural factors in creation of an organization's knowing. It also allowed some findings and generalizations to be made that could be important for researchers and practitioners in the field of knowledge and culture management. This is especially the case for those who are focusing on issues related to MNCs.

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1 Introduction

The creation of an organization's knowing¹ is especially significant for multinational companies (MNCs), the multiculturalism of which may help to create the added value of the organization's knowing, but, on the other hand, it may impede knowledge creation and become a barrier to communication. Knowledge is essentially related to human actions (Nonaka and Takeuchi 1995), and the different types of business activities acquire a certain form and deeply reflect cultural meaning and the knowledge structure (Czarniawska 2007).

In terms of knowledge management in MNCs, researchers (Awad and Ghaziri 2004) draw primary attention to analyzing the system of knowledge management. Some authors (e.g., Walczak 2005) explore MNCs and focus on the construction and usage of their organizational knowledge that is perceived by an organization as important and regulated by different norms, rules, technological descriptions, etc.

Little attention, however, is paid to the analysis of relationship between the multinational parent company and its subsidiary companies. The problems of subsidiaries, as conditionally independent structures, which in large part depend on the knowledge of headquarters, have not been sufficiently investigated, either. This could be partly explained by the fact that research in MNCs is complicated, since their enterprises are geographically distributed among various countries. Second, the knowledge management research in itself is rather sophisticated and characterized by a number of extremely fresh problematic areas. This is also a specific feature of the factors influencing the creation of an organization's knowing, notably cultural factors.

Certainly, there are some studies on cultural problems, but not related to the aspects of knowledge management. Hofstede (2001), with the cultural approach and concepts, explains that the nature of the prevailing organizing form of economic activity in different countries is influenced by the society's cultural values. Jucevicius (2004) supports the idea that the existing organizing forms of economic activity in a concrete social-economic system may be precisely explained by its values. Hofstede (2001), Laurent (1983) and Hofstede and Hofstede (2005) emphasize the historically-based value systems in a society. Santoro and Gopalakrishnan (2000) look at structure and culture as two interrelated variables that are the most necessary for successful knowledge management.

However, more systematic research on the influence of cultural factors on the creation of an organization's knowing in MNCs has not been carried out. Therefore, in this chapter we attempt to find the answer to the questions *what cultural factors influence the creation of an organization's knowing in a multinational company? Does the influence of cultural factors relate to the management efforts of the*

¹In knowledge management field the terms 'knowledge' and 'knowing' have one essential difference: tacit knowledge is included into the meaning of the term 'knowing'; the term 'knowledge', as usually, refers to explicit knowledge.

multinational company, or is it predetermined by the national cultural characteristics?

Our research is based on the approach that a multinational company is an organization the interests of which transcend the borders of states and that business creation transcends the boundaries of national culture, but at the same time the organization is influenced by different cultural factors of a national character (Funakawa 1997).

The literature analysis is used to reveal the cultural factors, which influence the knowing of MNCs. The methodology of empirical research is based on the case study strategy that is being carried out by combining qualitative and quantitative research methods. Since the research on MNCs is complicated and requires many resources, the creation of an organization's knowing and the influence of the cultural factors is investigated with the focus on the creation of an organization's knowing in subsidiary companies. Seeking to reveal the ways employees create knowledge and the factors that influence the knowledge increase, *the survey method* was applied. The company chosen for the research is presented by employing the methods of *document analysis, observation and interview* with the managers of the company.

The chapter is structured as follows. First, the conceptual approaches to a MNC and its management are presented from the perspective of its interaction with the environment. Then, the peculiarities of knowing of MNC are discussed. Finally, the cultural factors that cause the difference in knowing of MNC are discussed.

2 Conceptual Approaches to a Multinational Company and Its Management in Relation to the Environment

This chapter analyzes a *multinational company* as an organization operating in different countries, going deeper into cultural factors that determine development of an organization's knowing. Macharzina et al. (2001) suggest that the management diversity and complexity of MNC spread geographically is much wider and requires a different quality of an organization's knowing than management of national market operations.

Attempts to transfer procedures of the headquarters and management experience to subsidiaries abroad, i.e., from one cultural environment to another, brings positive results when management philosophy and structure correspond to the value system of the subdivision, or if the company adapts to the existing national culture. Macharzina et al. (2001) claim that international business depends on transfer of "fair" management practice and successful adjustment to structures determined by culture.

MNCs, developing their businesses internationally, act in a multicultural environment. They can develop by choosing one of two philosophical positions and strategies that correspond to them:

1. to develop a unified culture of the multinational organization. According to Cox (1991), ongoing processes should be regularly observed by paying attention to whether a company subdivision located in a specific country selects new managers from all regions where the MNC operates and not necessarily from the country of the subsidiary.
2. to adapt to countries' social values where a MNC performs its business operations (Schermerhorn et al. 1994). This means that the culture and business manner of each subsidiary operating in a different country will be slightly different compared to the headquarters or from subsidiary to the other. This makes management of a MNC much more complicated, however subsidiaries abroad feel better and fewer controversies arise between them and the environment of a specific country. Reiche et al. (2008), having conducted an empirical study, determined that in MNCs that pay more heed to the peculiarities of the subsidiaries, employee retention practices are more successful. They also noted that freedom has an influence on creativity and this has a positive effect on all business operations of the MNC.

However, not all scholars recommend such completely different strategies. Funakawa (1997) suggests that the development of multinational companies goes through four stages.

Stage one—*international ethnocentric cooperation*. During this stage of development of a MNC, a *type of company focused on management* is being formed. This cooperation is based on knowing that managers—"locals"—are more reliable. Therefore, locals that have been hired in the country of the headquarters are sent to be managers of subsidiaries in other countries. Having arrived at the country where a subsidiary is being incorporated, this general manager—a foreign national—hires local employees and a subsidiary starts its business operations. During this development stage of a MNC, the applied strategy is similar to the model of a multicultural organization recommended by Cox (1991).

Stage two—*multinational polycentric cooperation*. Organizations, having learned from difficult lessons during the first stage of their development, take another step—"local origin" professionals are hired for the position of subsidiary general managers of a MNC, since "locals always know better what is the best in their country" and use branch and professional contacts and relations better, and easily integrate into the national intellectual and innovation structures (Funakawa 1997). The result of this is that subdivisions of a MNC are focused on the local market, while the headquarters maintains the minimum control over these subdivisions and reports delivered by them. After such a change in subsidiary management, most CEOs of the headquarters think that they have lost control over the subdivisions abroad during this stage. However, MNCs

become more flexible in decision-making, get involved in the activities of branch associations more easily, become fast developing, promptly react to the market changes and adjust to the social environment easily. Employees accept and understand the culture of the company, while retaining their national identity.

Stage three—*multiregional “region-centric” cooperation*. Region-centralism is based on the thesis “The population of the region know what their neighbors want”. In this case, regional managers are given autonomy and responsibility. The regional manager is chosen from top managers or department managers of the headquarters. He/she is responsible for subsidiaries in several countries that form a region. This is a difficult mission, since he/she has to be an expert in both culture and business.

Stage four—*global geocentric cooperation*. This stage requires the close cooperation of subsidiaries with the headquarters in the development of universal standards and acceptable local variations. For instance, strategic planning of centralized information systems is accepted even by subsidiaries that emphasize their independence, however the same subsidiaries may wish to apply a different knowledge management system, since they solve different knowledge tasks (Hahn and Wang 2009).

A MNC simultaneously functions in several different environments. In a foreign environment, it faces problems in understanding existing conditions and adjusting to them. Unlike companies functioning solely in the context of their own country, MNCs have to implement additional information processes in their business operations, simultaneously with the learning processes of the organization.

3 Peculiarities of a Multinational Company’s Knowing

First, we will identify the peculiarities of a MNC through the peculiarities of its business activities, and later we will go deeper into the structural peculiarities of knowing in such a company.

3.1 *Peculiarities of Knowing Defined by the Business Activities of a Multinational Company*

Macharzina et al. (2001) describe a MNC as an instrument able to pursue individual and/or collective goals through efficient development and application of knowledge for international operations. This process covers the use of available internal knowing abroad in order to create new international knowledge in the entire MNC.

On the other hand, multinationality adds some additional complications when tasks are formulated and performed, when knowledge is gathered, created, shared and applied. Actually, knowing is connected with human actions (Nonaka and Takeuchi 1995) and all types of business activities have a certain shape and deeply reflect the structure of cultural knowledge.

According to Dunning (1993), transfer of international/organizational knowledge in most cases is carried out through direct foreign investment. However, it is quite a long way from the headquarters to subsidiaries. This is particularly observed in newly incorporating companies: they need a lot of information when they launch a new business abroad. Trying to perform operations abroad, they face the following obstacles (Macharzina et al. 2001):

- differences in national language and culture;
- costs for acquisition of information on culture and legislation;
- lack of complete information on local conditions, thus management costs abroad are more complex and expensive than in the native country.

Management of MNCs has to create an atmosphere in which people can consider themselves to be participants in decisions so that the company can use the advantages offered by international operations, benefit from the synergy of foreign subdivisions; knowledge and the enhanced organizational learning.

Although according to Walczak (2005), there is no knowledge management process that has been designated specifically for decision-making, at the moment of the decision-making an individual focuses all knowing (explicit and tacit), that covers transfer, creation and application of knowledge. An organization, wishing to help its employees to make efficient decisions, should take care of the creation of the purposeful knowing of the organization. Therefore, the understanding of how the knowing of the organization is formed in different structural levels becomes important.

3.2 Peculiarities of Multinational Company Knowing and Its Development with Respect to the Levels and Stages of the Organization's Knowing

Scholars take different approaches to knowing. Most disagreements arise about what type of knowledge—tacit or a combination of tacit and explicit—make up knowing. For some researchers (e.g., Polanyj 1962), it is knowledge that is tacit. Others (e.g., Nonaka 1994) think that tacit and explicit knowledge are in constant interrelation—this is how knowing is interpreted.

There is also a disagreement whether just collective knowing is important for performance of the organization or if individual knowing is, too. Some scholars (Nonaka and Takeuchi 1995; Choo and Bontis 2002) argue that only collective knowing is important for the organization and this is not just a metaphor but refers

to the actual knowing. Others (e.g., Poikela 2004) criticize this attitude, first of all because they assign knowledge to people, even in cases when knowledge is not just individual, but also collective.

Other discussions are related to the definition of *organizational knowing* and of an *organization's knowing*. Some authors (e.g., Spender 1996) use them simultaneously. Others identify substantial differences. Firstly, they agree that organizational knowing is the knowing that the organization perceives as *important* for its performance (Nonaka and Takeuchi 1995). Meanwhile, there are several opinions regarding organization's knowing. The theory of organization's knowing substantiated by Choo (2001) has been known globally. It emphasizes the meaning of the organization's knowing through sense-making, knowledge creation, and decision making. Other scholars (Stankeviciūtė 2002) define an organization's knowing as dynamic relations between the level of knowledge of the individual, groups and the entire organization. The interpretation of the third group of scholars (Lawson et al. 2009) make it possible to look at the organization's knowing as consisting of formal knowing (officially recognized by the organization as important and developed in all senses; this is organizational knowing) and non-formal knowing. The latter is seen as knowing that currently seems unimportant to the organization, thus this knowing is not formally recognized, it is of no interest and no efforts are demonstrated for developing it.

The authors of this chapter in their paper (Juceviciene and Mozuriuniene 2009), having explored the writings of the above authors, uphold the following construction of the organization's knowing. *Knowing* is a state of the human mind and body, which is reached dynamically by the permanent interaction of the explicit and tacit knowledge; the *organization's knowing* embraces *the whole* of knowing which is created by the interaction of all knowing constructed on three levels: (1) of all individuals, who make up an organization, (2) all groups in an organization and (3) all knowing of the organization as an entity. At the same time, an organization's knowing is recognized as having two parts: (1) knowing recognized by the organization itself as important knowing for the organization's performance (so called formal knowing or organizational knowing) and (2) knowing, which at present is not recognized by the organization as important for its performance (so called non-formal knowing).

The organization pays attention to development of the organizational knowing. This process has been analyzed by Nonaka and Takeuchi (1995), who have demonstrated four transformations: *socialization*, *externalization*, *combination* and *internalization*. This is the so-called SECI model. In the *socialization* phase, individuals (members of the organization) transfer part of their tacit knowledge to each other through their joint activities and experience and direct communication, thus the tacit knowledge varies and expands. During the *externalization* phase, employees, acting in a group, create collective (group) explicit knowledge from their tacit knowledge. During the *combination* phase, the collective knowledge of an entire organization is created from the knowledge of several groups. In the following manner new rules, procedures, standards are created. During the *internalization* phase, the explicit knowledge of the entire organization's level is

transformed through learning and business activities into tacit knowledge of the individuals and groups. These four phases form the cycle of the SECI model. The SECI model is a spiral process, in which one cycle is followed by another and so on when the organizational knowing is growing.

In this chapter, as in our previous papers on the creation of the organization's knowing (Juceviciene and Mozuriuniene 2009, 2014), we supplement the SECI model with Johnson's (2007) idea that learning on the individual level may appear in each phase.

4 Cultural Factors Capable of Making Difference in Knowing of a Multinational Company

When analysing the creation of the organization's knowing in a MNC, it is important to follow a traditional approach to culture as a factor, differentiating countries or organizations (Hofstede 2001). However, it is not easy, but rather almost impossible to define *all* the possible factors inside a given culture that determine the creation of an organization's knowing of such a company. According to Jucevicius (2004), culture is a complex and deep phenomenon that can hardly be characterized by objective criteria. Culture embraces internal values, attitudes, ideas and external symbols that reflect these ideas, rituals and structures as the ways of problem solving that have been embedded in a specific human community over years.

4.1 Cultural Factors Inside and Outside a Multinational Company

According to Hofstede (2001), a variety of national cultures exist in the multinational company that manifest themselves in different employment values of employees.

Values of the national level are mostly formed in the family and school, while organizational practices, as well as knowledge, are formed in the course of socialization in the workplace when the basic values of employees have already been formed (Jucevicius 2004). As a result of this, national cultural characteristics may have influence on the creation of the organization's knowing such as *factors* of the organization's level.

The peculiarities of the national culture have an influence on organizational culture as a context, too. A study conducted by Laurent (1983) has shown that top managers of subsidiaries, working in one MNC that has a strong organizational culture, had more different beliefs on issues related to work organization than top managers who work in different companies in the same country. According to Adler

(1997), a strong organization culture of the MNC can reduce the influence of the national culture but cannot eliminate it. Thus, the national culture is the environment of values in which the organization's culture of the country is being formed (Jucevicius 2004). National culture determines the most significant work values, beliefs and philosophy.

According to Hofstede (2001), the cultural dimensions of a country have an influence on the organization's culture and results of business activities. This is especially important, according to Jucevicius (2004), in the case of young economies, when the business efficiency of subsidiaries mostly depends on successful adaptation of the "importer's" management and structure of the organization.

4.2 Influence of Cultural Values Described by Hofstede on the Organization's Knowing

Consistent with Hofstede's (2001) approach to culture as a factor differentiating countries or organizations, we try to determine whether the cultural dimensions he described (*power distance, uncertainty avoidance, individualism and collectivism proportion, masculinity and femininity proportion*) may be considered as informative cultural factors that have an influence on the creation of an organization's knowing of a MNC. We will analyze these cultural characteristics in a manner that can help its employees to create an organization's knowing by manifesting themselves in the organizations' culture of the subsidiary.

We have chosen the approach of empirical research to gain a deeper insight into the ways the cultural values described by Hofstede have an influence on the creation of a multinational subsidiary's knowing. The strategy of this research was a case study. A MNC has been chosen, whose headquarters is located in Finland and its subsidiaries in eight countries (around 1400 employees in total), among them three Baltic States. Almost 300 employees work in the subsidiaries in the Baltics.

This MNC has been selected not randomly: (a) this is the organization that is using and creating knowledge and devotes precise attention to development and training of its employees; (b) the company headquarters, located in Finland, upholds development of Scandinavian high technologies and innovation culture; (c) the company has defined knowledge management as one of its functions.

During the study, the company entered the third development stage of the MNC—multiregional and regional cooperation.

Employees of the subsidiaries in Lithuania, Latvia and Estonia were surveyed, numbering 29, 32 and 32 persons respectively. The managers of all three subsidiaries were surveyed by using a semi-structured interview. The detailed methodology of the empirical research and results of this study are presented and discussed in one of our previous papers (Mozuriuniene et al. 2013). In the discussion of the influence of cultural values in this chapter, we will use the empirical findings of the paper mentioned above.

Table 1 Cultural dimensions of countries and their indices

Cultural dimensions at country level, external (by Hofstede)	Indices for countries			
	Finland (Hofstede and Hofstede 2005)	Estonia (Hofstede and Hofstede 2005)	Latvia (Huettinger 2008)	Lithuania (Huettinger 2008)
Power distance	Low	Moderate-low	Moderate-low	Moderate-low
Uncertainty avoidance	Moderate	Moderate	Moderate	Moderate
Individualism	Moderate	Moderate	Moderate-high	Moderate
Femininity	High	High	Very high	Very high

4.2.1 The Context of Cultural Values

The cultural dimensions of countries where the organizations studied (the headquarters and subsidiaries) are situated are presented in Table 1.

It can be seen that the indices of each cultural dimension of all four countries are similar. Thus, such a context will not enable determination of which—the headquarters or subsidiary—cultural dimensions of the country have a greater influence on the knowing of a MNC. However, this should not interfere with the answer to the question: What cultural factors had an influence on the acquisition of the organization's knowing? Are they similar to the cultural dimensions of the countries?

In Sects. 4.2.2–4.2.5 below, we explain cultural dimensions, defined by Hofstede (2001). We follow Hofstede's (ibid) ideas when introducing the dimensions and discuss them from the perspective of the organization's knowing.

4.2.2 The Influence of Power Distance

Power distance reveals to what degree the society tolerates the fact that power is distributed among its members unequally. In this way, a society's attitude towards the hierarchy, power and power relations is revealed.

In high power distance cultures top managers and subordinates do not consider themselves equal. It is admitted that hierarchy is a natural inequality. Power is more centralized and subordinates are expected to obey their instructions. Instructions are not discussed; top managers are not easily accessible, employees avoid saying their opinion freely, show disagreement and there is lack of mutual trust. Under such circumstances, previously determined and accepted (formalized) rules are usually used. Thus, these cultures are focused on recognized knowledge, i.e. explicit organizational knowledge and not on an organization's knowing, where tacit individual and collective knowledge is emphasized.

In low power distance cultures, top managers and subordinates are more or less equal. There is a tendency toward decentralization and reduction of the managing staff and horizontal relations prevail in organizations. Top managers are quite easily accessible and employees' solidarity is noticeable. Human resources are

important in organizations of this culture—employee relations are formally defined by rules, but also not predetermined, and this has a particular influence on formation of tacit knowledge. The culture of low power distance enables attainment of a higher level of the organization's knowing.

4.2.3 Influence of Uncertainty Avoidance

Parameters of *uncertainty avoidance* measure how future problems related to uncertainty are solved, to what extent people feel the risk of unclear situations and try to avoid them. This dimension reflects to what degree particular groups tolerate uncertainty.

In countries with *high uncertainty avoidance*, the need for rules and instructions, detailed advance agreements, search for absolute truths and values are appreciated. Top managers do not prefer risky decisions and responsibilities and are more focused on details. In these cultures, the same as in those that are focused on high power distance, explicit knowledge prevails. In that way, an organization sets the boundaries for its competence development and fails to appreciate the tacit knowledge both on the individual and collective levels.

In countries with *low uncertainty avoidance*, rules and procedures are less emphasized and flexible competency is more trusted. Top managers tend to focus on strategic issues and are ready to make risky decisions and are not afraid of responsibilities. In such cultures, creativity is welcomed and an organization's knowing, related to both explicit and tacit knowledge, is expected.

4.2.4 The Influence of Individualism/Collectivism

The individualism and collectivism proportion describes the dominance of one over the other.

The dimension of *individualism* describes to what extent priority is given to individual interests in respect to the group interests. In this way, the relation of individuals towards other people is assessed. This dimension shows to what extent his/her own personality is important for the member of society compared to the group he/she belongs to.

In countries with a high level of individualism, the emphasis is placed on the individual and family. Independence and autonomy are highly appreciated. The emphasis is placed on individual knowledge (explicit and tacit).

In countries with a low level of individualism, collectivism is highly appreciated. Personal identity is based on group membership. Collective society requires higher emotional dependence of the person on the organization and, accordingly, higher responsibility of the organization. A high level of collectivism will likely make it possible for collective knowledge (explicit and tacit) to be manifested and developed.

Table 2 Cultural factors having an influence inside the organization on the subsidiaries' knowing of the multinational company

Cultural factors (internal)	Influence on organization's knowing of subsidiary situated in		
	Estonia	Latvia	Lithuania
Low power distance	Yes, moderate-high	Yes, moderate-high	Yes, moderate-high
Low uncertainty avoidance	Yes, moderate	Yes, moderate-low	Yes, moderate
Collectivism	Yes, moderate	Yes, moderate-low	Yes, moderate
Femininity	Yes, moderate high	Yes, moderate	Yes, moderate-high

4.2.5 The Influence of Masculinity/Femininity

The *masculinity/femininity proportion* demonstrates what origin of the organization's behavior prevails. Masculinity, from the organization's point of view, places an emphasis on *ego* in the aspect of employment and promotes the role associated with "life for work", i.e. focusing on the achievement of goals. In these cultures, similar to cultures of individualism, focus on explicit and tacit knowledge available at an individual level is prevalent.

Femininity means social *ego* and is associated with "work for life", i.e. focusing on fulfillment of the task working in a team. The emphasis is placed on relations in a work group. Thus, it is very probable that available explicit and tacit knowledge will be used and created at a collective level.

4.2.6 Cultural Factors: What Determines Knowing of the Multinational Company?

The analysis of an organization's knowing in the Finnish headquarters and three subsidiaries under the influence of cultural factors revealed the following finding: knowing is influenced by both the cultural dimensions of the country (see Table 1) and cultural factors developed inside the organization (see Table 2).

As we can see from Table 2, the knowing of all three subsidiaries of the MNC is influenced from the inside by low power distance, femininity, low uncertainty avoidance and collectivism. This fully supports these dependencies, pointed out theoretically.

A particular emphasis is placed on the influence of these two cultural factors: low power distance and femininity. They coincide with the cultural dimensions of the countries of subsidiaries and also the cultural dimensions of the headquarters' country. This situation is particularly favorable for the MNC studied, since the cultural environment levels of both countries, of the headquarters and the subsidiary countries, naturally encourage development of the organization's knowing.

A slightly different situation is the case with uncertainty avoidance. Moderate uncertainty avoidance, as a country level cultural dimension, is typical for all the mentioned countries (see Table 1). Theoretically, it has been shown that the creation of organization's knowing should be promoted by low uncertainty

avoidance. The empirical research established that the level of low uncertainty avoidance has been reached inside of each subsidiary (see Table 2). However, at the same time the moderate or moderate-low influence of this cultural factor on the development of the organisation's knowing has been observed in the company studied. This implies the following assumptions: although the company creates comfortable psychological conditions inside the organization, the environment of the country where moderate (not low) uncertainty avoidance is typical, has a greater and less positive influence on employees' psychological wellbeing. According to Maslow's theory (Maslow 1943), such a situation most probably, reduces the sense of safety of the employees. Because of the wholeness of the personality, the employees are more cautious in their organization even if they acknowledge the low uncertainty avoidance climate inside the organization. This creates barriers to the creation of the organization's knowing. According to Jucevicius (2004), this is highly likely in countries that have undergone or are in the process of radical changes and, therefore, people and organizations are unsure about their future. Such a feeling can be typical to all three subsidiaries under study operating in the countries that re-established their independence just a quarter-century ago. But how can we explain the case of Finland? Moderate uncertainty avoidance is also typical for this country. Most probably, moderate uncertainty avoidance is a natural cultural state of this country (it would be interesting to explore the reasons), which also has an influence on management of headquarters located there.

The company, in one way or another, has no power to overcome this problematic external dimension (country level) and directs its efforts towards other cultural factors. This can be seen in the analysis of the next cultural factor.

Moderate or moderate-high individualism is typical for all four countries studied (see Table 1). At the same time, employees of two subsidiaries (Estonian and Lithuanian) admit that not individualism, but collectivism has a moderate (moderate-low in the case of Latvia) influence from inside their organizations (see Table 2) on the development of the organization's knowing. As we know, collective knowledge is emphasized in the structure of an organization's knowing. The results of the interviews with CEOs suggest that headquarters, implementing knowledge management for the organization, had made significant efforts to develop collectivism as a value of the organization. These efforts have produced results: although individualism manifests itself more than collectivism in the environment of all four countries (of course, the prevailing of individualism on the country level does not create insecurity as it is in the context of the moderate or high uncertainty avoidance) collectivism is prevailing in the MNC itself. This enables the development of the organization's knowing.

Actually, a MNC has to put in the most effort for development of the organization's culture in the opposite direction of the culture of the environment. Presumably, CEOs of the MNC studied made a similar effort for all three Baltic States. Higher individualism, however, is more typical for Latvia than for Estonia and Lithuania. Therefore, obviously, the Latvian subsidiary has not been so affected by management efforts by the headquarters to develop collectivism. This is evident from the results of the research: the Latvian subsidiary stands out for the moderate-

low influence of its available collectivism on creation of the organization's knowing.

Before presenting the conclusions of this research, some limitations should be taken into account.

When comparing the cultural factors of each subsidiary with the cultural dimensions of the subsidiary's country, the indices of these dimensions for Latvia and Lithuania set by Huettinger (2008) were applied (the quantitative values of all cultural dimensions' indices were transformed into qualitative values). However, Huettinger (*ibid*) had noted the limitation of his research: these values were identified in a sample of students, i.e. young people. The sample of our research included also older persons. Therefore, considering the political and socio-cultural transformations in the Baltic States under study, the assumption becomes probable that these countries are influenced by several "sets" (at least two) of cultural dimensions described by Hofstede (2001). One of these sets is characteristic for people who lived under the conditions of the long Soviet occupation (which lasted half a century). The second set is characteristic for young persons who lived quite briefly in this Soviet period or were born after the independence of the Baltics had been restored. This mismatch of cultural dimensions was also observed by Jucevicius (2004). Consequently, the future research could focus on the indices of cultural dimensions with respect to groups with different socio-cultural experiences. In this way, the other processes and phenomena determined by cultural dimensions could be revealed.

It is worth noting that approximately 30 employees in each subsidiary were surveyed. Obviously, we chose the respondents whose work was related to knowledge sharing and creation. However, we could not deny that other employees are not absolutely related to knowledge creation. A larger sample of employees in future studies would ensure the greater validity of data.

The subsidiaries under study are similar in terms of the historical, social, economic and political situations in their countries. Therefore, they are characterized by similar cultural dimensions. The approach applied in this research exposed some inconsistencies among the cultural dimensions in the country and some cultural factors inside the organization. Perhaps additional peculiarities would be identified if the subsidiaries were located in quite different countries. This implication could guide future investigations.

5 Conclusions

The development of the knowing of a MNC, at the level of collective knowledge in particular, is influenced by the cultural factors of low power distance, low uncertainty avoidance, collectivism and femininity. A MNC does not have to make significant efforts in order to stimulate these factors (named cultural dimensions, as described by Hofstede), if they prevail in the environment of countries of the headquarters and subsidiaries.

If some of these factors do not manifest themselves in the environment of the organization's country as its cultural dimensions, a great deal of management effort and other resources will be required for nurturing these factors inside the MNC.

However, the impact of these efforts could be twofold. Even if the company achieves the desirable manifestation of the internal cultural factor, the impact of this factor on the creation of the organization's knowing may be weaker than expected. This empirical research supports this assumption in the case of uncertainty avoidance. The most probable reason could be the circumstances on the national level that foster the sense of insecurity, and the latter, accordingly, influences the performance of employees inside the organization. Therefore, the efforts of a company to maintain the relevant internal cultural factor for promoting the organization's knowing are hardly effective.

A company may achieve good results when it maintains inside the cultural factor influencing the organization's knowing (e.g. collectivism), but not matching with the prevailing external (country level) cultural dimension (e.g. individualism). However, the manifestation of this cultural factor on country's level should not be related to the increase of employees' sense of insecurity.

Headquarters may decide to develop the cultural factor that has an influence on the creation of the organization's knowing even when this cultural factor is not cultural dimension of the headquarters country at the national level. Headquarters, aiming to develop a specific cultural factor inside a MNC, has to strategize differentiated approaches for each subsidiary in a different country.

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