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**Intercultural interactions in multinational subsidiaries:  
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intercultural contacts**

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

### Abstract

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

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

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

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

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

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

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

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

**Article Classification:** Research paper

## 1. Introduction

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

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

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

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

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3 Furthermore, the main focus in previous studies has been on the outcomes of intercultural contacts  
4 rather than on how they are perceived by employees involved in them. Researchers should “shed more  
5 light on how people with different nationalities work together” (Shore *et al.*, 2009, p. 125) and the  
6 emphasis on perception of intercultural contacts, as introduced in this study, may help to elucidate  
7 that.  
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10 Additionally, Cooper *et al.* (2007), Shore *et al.* (2009) and Stahl and Tung (2014) call for paying  
11 more attention to the context since it can influence the quality of intercultural interactions. In this  
12 paper, we attempt to respond to the above by showing how the organizational context of MNCs, a  
13 unique type of organizations, is associated with the perception of intercultural contacts by individuals.  
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16 Stahl and Tung (2014) also encourage researchers to conduct qualitative research. Thus, the present  
17 study provides a qualitative lens on intercultural interactions from the employee perspective. It is of  
18 vital significance in the studies on people’s perception, trying to make sense of internal logic of human  
19 actions. As for the qualitative studies, they provide the most exact and detailed observations in that  
20 respect (Brenner, 2009). They also give an opportunity to discover new aspects of the phenomenon  
21 which may have been missed in quantitative studies (Kühlmann and Hutchings, 2010).  
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25 In research based on the intercultural interaction approach, culture is associated with a nation  
26 (Shimoni, 2011). We follow the definition of culture proposed by Hofstede (1983). It states that  
27 culture is “collective mental programming: it is that part of our conditioning that we share with other  
28 members of our nation (...) but not with members of other nations (...)” (p. 76). This concept of  
29 culture in prior studies has led to undue attention to the negative perception of intercultural contacts  
30 (Stahl and Tung, 2014). Yet, our study can illuminate some significant foundations of how individuals  
31 perceive them.  
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36 Even though there is ample literature on multicultural teams, it needs to be stressed that not every  
37 multicultural team functions within MNCs. For instance, such teams may operate at universities or  
38 international construction projects (Lauring and Selmer, 2012; Ochieng and Price, 2010). Moreover,  
39 not every employee involved in intercultural interactions in MNCs is a member of a multicultural team  
40 since such interactions frequently take the form of dyadic relationships based on equality (e.g. peer-  
41 peer) or asymmetry and hierarchy (e.g. client-employee). Thus, we take an employee’s perspective on  
42 intercultural, mainly dyadic contacts. This perspective is important since individual perception  
43 determines attitudes toward intercultural contacts and in turn the quality of them and their outcomes  
44 for MNCs.  
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50 We endeavor to show how individuals perceive the quality of intercultural interactions at work in  
51 multinational subsidiaries. We also address the question of what truly prevails in their accounts, i.e.  
52 ‘the dark side’ or ‘the bright side’. Additionally, we emphasize a subsidiary view on the issue in  
53 contrast to the majority of previous studies on MNCs, which applied the headquarters’ perspective  
54 (Rugman, 2010).  
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3 This research is important for several reasons. First, “globalisation provides a clear demand for  
4 workers who are skilled at interacting across cultures” (Harrison, 2012, p. 226). Therefore, the study is  
5 an initial step toward understanding the dynamics of intercultural contacts. Second, we extend the  
6 research to all the types of intercultural interactions (i.e. face-to-face/virtual, external/internal,  
7 frequent/occasional, etc.) among MNC employees and external stakeholders in the MNC context to  
8 understand the complexity of intercultural contacts better. Third, the local view of the issue is of vital  
9 importance since subsidiaries’ employees are involved in intercultural interactions and encounter  
10 cultural challenges (Blazjewski and Dorow, 2003). Fourth, we conducted a qualitative study that  
11 allows for “a fuller understanding of (...) cross-cultural dynamics” (Stahl and Tung, 2014, p. 19). This  
12 is particularly important as the vast majority of previous research used a quantitative design (Stahl and  
13 Tung, 2014). Fifth, the results of the study may redress the imbalance in prior research and satisfy “the  
14 need for positive cross-cultural scholarship”<sup>2</sup> (Stahl and Tung, 2014, p. 20) by providing evidence that  
15 employees may exhibit more positive than negative attitudes toward intercultural interactions.  
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18 To actualize the paper’s aim, we start with a review of the literature concerning intercultural  
19 interactions from positive and negative views. We also portray theories that substantiate the study.  
20 Afterwards, the methodology and the sample are described and the research findings are presented.  
21 We end the paper with discussion, contributions, implications and limitations of the study. Some  
22 recommendations for future research are also indicated.  
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## 2. Literature review

### 2.1. Intercultural interactions

24 Individuals who work with people from different nations in multinational subsidiaries (e.g. peers in  
25 other subsidiaries, expatriates, clients, suppliers, authorities, etc., from other countries) are involved in  
26 intercultural interactions (Shimoni, 2011). They include multiple forms of contacts among culturally  
27 diverse individuals (e.g. giving feedback, negotiating, phone calls, writing emails, working in a team,  
28 etc.) from momentary to enduring and short term to lasting (Molinsky, 2007). Various researchers use  
29 the terms ‘intercultural interactions’ and ‘cross-cultural interactions’, ‘intercultural contacts’,  
30 ‘intercultural relationships’, or ‘intercultural encounters’ interchangeably with the meaning that those  
31 contacts can be applied to interactions between/among individuals from a home country and non-  
32 nationals (Abdul Malek and Budhwar, 2013; Colvin and Volet, 2014; Harrison, 2012). These contacts  
33 can be seen as very complex social interactions that exhibit mutually oriented behaviors of people,  
34 which are interpreted by them through the lens of their respective cultures. They are complex since  
35 they are affected not only by the cultures of the interacting employees, but also by their personalities  
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55 <sup>2</sup> Following Stahl and Tung (2014), the term *positive cross-cultural scholarship* reflects an attempt in the  
56 research to apply a more positive approach to study cultural differences or, in other words, using a Positive  
57 Organizational Scholarship (POS) lens in research on cultural differences. POS is seen as an emergent field of  
58 study in the organizational sciences with a special focus on the positive outcomes and attributes of both  
59 organizations and their members (Cameron and Spreitzer, 2013).  
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3 and professional background, their relationship with one another and the given situational context  
4 (Rozkwitalska, 2014). They embrace various types of contacts in MNCs, i.e. face-to-face and virtual  
5 interactions (e.g. working with an expatriate or in virtual multicultural teams) as well as internal and  
6 external ones (e.g. superior-subordinate relationships or negotiations with suppliers). Cooper *et al.*  
7 (2007) identify several organizational arrangements in MNCs (the degree of internationalization,  
8 integration and staffing policy) that increase the likelihood of cross-national interactions and, as a  
9 result, intercultural contacts among their stakeholders. Therefore, the intensity and frequency of  
10 intercultural contacts in MNCs will vary according to the aforementioned factors as well as the  
11 perception of outcomes of intercultural interactions.  
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16 To sum up, intercultural interactions in MNCs may refer to various forms of contacts among  
17 culturally diverse individuals. They are very complex since cultures and other factors impact on  
18 interactions. Different organizational arrangements in MNCs (see par. 2.3) may additionally increase  
19 the complexity of intercultural contacts, influencing their intensity and frequency as well as the  
20 perception of their outcomes.  
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## 25 2.2. 'The double-edged sword' perspectives

26 Although the research on intercultural interactions is rich and growing, particularly with regard to  
27 cultural diversity within teams, the focus on the 'dark side' rather than the positives has prevailed in  
28 prior studies (Stahl *et al.*, 2009, Stahl and Tung, 2014; Stahl *et al.*, 2010). Such terms as cultural  
29 barriers, cultural clash, cultural friction (Björkman *et al.*, 2007; Brock *et al.*, 2008; Shenkar *et al.*,  
30 2008) reflect the negative view of intercultural interactions and accentuate problems that may occur,  
31 leading to their being perceived negatively by participants. Cultural differences can increase the risk of  
32 inappropriateness of behavior, which is manifested and interpreted by the interacting parties. It means  
33 that individuals observe the discrepancies in the behavior of the other party that contradict their  
34 cultural norms (Cooper *et al.*, 2007). Hence, mainstream literature mainly suggests that cultural  
35 differences among people are rather not desired if the perceived quality of interactions among them are  
36 to be high (Cooper *et al.*, 2007; Stahl *et al.*, 2009, 2010). When cultural differences produce conflicts,  
37 process losses, barriers to social integration and changes, ineffective communication and decision  
38 making, or reduce satisfaction, then people do not perceive them as high-quality contacts (Hernández-  
39 Mogollon *et al.*, 2010; Mannix and Neale, 2005; Stahl *et al.*, 2009).  
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49 The opposite stream in the research has been inspired, among other factors, by a POS lens applied  
50 in various management studies (Stahl *et al.*, 2010). As claimed by Stahl and Tung (2014), current  
51 international business research overemphasizes the problems in intercultural interactions instead of  
52 explaining how to realize the benefits from multiculturalism in the workplace. Consequently, there is a  
53 need to provide more evidence that intercultural interactions in MNCs may be recognized as positive  
54 by individuals and that it is manageable to utilize the potential of multicultural staff.  
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3 The 'bright side' view of intercultural interactions allows for the assumption that interacting  
4 individuals may hold a positive attitude toward the quality of their contacts. The benefits observed in  
5 intercultural contacts are, for example, creativity and innovation, less group-think, broader  
6 perspectives, learning, knowledge sharing, better adaptability, process gains, less prejudice toward  
7 foreigners, more effective communication, satisfaction, social bonds and personal growth (Mannix and  
8 Neale, 2005; Pettigrew and Tropp, 2008; Stahl *et al.*, 2009, 2010; White *et al.*, 2011).

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

### 24 25 26 27 28 29 30 31 32 33 34 *2.3. The theoretical background*

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

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

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

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

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40 A complimentary view of the role of nationality as a basis for categorization can be deduced from  
41 SICT, which is primarily applied to large organizations and multiple individual identities. In such  
42 organizations, social structures are complex, which also influences the categorization and social  
43 identity processes (Freeman and Lindsay, 2012). Individuals may spark their categorization processes  
44 based on various dimensions such as, e.g. nationality, profession, membership in a particular  
45 organization, department or team, foreign language proficiency, choice of communication media, etc.  
46 (Klitmøller *et al.*, 2015). Some identities can be more pervasive than others (Hogg and Terry, 2000).  
47 As people are members of various groups (e.g. professional, organizational, national), especially with  
48 regard to MNCs, it is not obvious which of the identities will be the most salient in shaping their  
49 behaviors. High social identity complexity indicates that a person acknowledges differentiation and  
50 difference among ingroup categories. In previous research, it has been positively associated with  
51 tolerance for outgroups. When an outgroup member in one dimension (e.g. foreigners) is seen as an  
52 ingroup member in another (e.g. IT specialists in multicultural teams), it reduces the importance of any  
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3 social identity and predicts more favorable attitudes toward multiculturalism (Brewer and Pierce,  
4 2005). Hence, the overlapping multiple social identities of individuals may foster positive reactions to  
5 intercultural interactions.  
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8 Concerning various employee identities in MNCs, multicultural identity is especially seen as a  
9 facilitator of positive attitudes toward intercultural contacts (Fitzsimmons, 2013). Such multicultural  
10 identity is usually adopted by individuals with a high exposure to other cultures. Since it involves an  
11 increased number of a person's cultural identities, it becomes increasingly difficult for him/her to  
12 differentiate between ingroup and outgroup members. As a result, the effect of outgroup bias can be  
13 suppressed (Fitzsimmons, 2013) and s/he may perceive intercultural interactions in a more favorable  
14 manner. Some scholars also refer to the idea of common ingroup identity as a facilitator in intergroup  
15 contacts. This means that a salient, attractive superordinate category is created, replacing negative  
16 attitudes to others in favor of identification at the superordinate level (Brewer and Pierce 2005). In the  
17 case of MNCs, this may indicate the need to establish a common organizational identity or the identity  
18 of being a member of an exceptional diverse team or belonging to a brand new class of labor force.  
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21 To summarize, the idea of Cooper *et al.*, which refers to SIT-SCT, allows for predictions when  
22 different organizational arrangements foster positive or negative reactions toward intercultural  
23 contacts. However, it is impossible to directly anticipate how these arrangements affect various  
24 intercultural interactions' outcomes. A higher degree of MNC internationalization, geocentric staffing  
25 policy and stronger internal integration may lead to the pervasive role of nationality in the self-  
26 categorization process and the perception of interactions with foreigners in a negative manner. The  
27 overlapping multiple social identities of individuals in MNCs, as implied in SICT, multicultural  
28 identity or common ingroup identity may foster positive reactions to intercultural interactions.  
29 Consequently, the perception of intercultural interactions depends on which identities are adopted by  
30 people. Thus, the quality of intercultural contacts at work may be perceived negatively or positively.  
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### 41 **3. Methodology and sample**

#### 42 *3.1. Research method*

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44 We report the results of an explorative, qualitative study aimed at analyzing the perception of  
45 intercultural interactions in multinational subsidiaries. We investigated: 1) the character (i.e. type and  
46 frequency) of intercultural interactions in a subsidiary (see also par. 3.2), 2) the individuals' perception  
47 of intercultural interactions, and 3) the contextual factors in each subsidiary, i.e. the degree of  
48 internationalization and staffing policy of its MNC and the degree of internal integration with its MNC  
49 (see also par. 3.2).  
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54 We stated the research questions: 1) How do the individuals perceive the quality of intercultural  
55 interactions at work?; 2) What prevails in their accounts of intercultural interactions, i.e. 'the dark  
56 side' or 'the bright side'? As for the theoretical underpinnings of our study (par. 2.3), we predict that  
57 the organizational arrangement in MNCs, i.e. a higher degree of MNC internationalization, geocentric  
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3 staffing policy and stronger internal integration, will increase the frequency of intercultural  
4 interactions and be associated with how they are perceived. Moreover, we posit that various  
5 intercultural interactions' outcomes will not directly relate to the organizational arrangement identified  
6 in the analyzed MNCs. We also assume that the negative accounts of intercultural interactions are  
7 associated with nationality used by the participants in the self-categorization process, while the  
8 positive accounts are associated with adoption of multicultural identity or common ingroup identity.  
9 The prevalence of negative or positive accounts may indicate which identity dominates in the  
10 ingroup/outgroup categorization. Yet, we did not directly measure the ingroup/outgroup categorization  
11 nor how it relates to the perception of intercultural interactions.

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16 We conducted semi-structured, in-depth individual interviews with people employed in MNC  
17 subsidiaries located in Poland and involved in intercultural interactions. We acknowledged in-depth  
18 interviews as the most accurate method due to their open-ended and flexible character and more  
19 detailed and exact observations (Brenner, 2009). The questions in the interview were divided into four  
20 sections, i.e. 1) the characteristics of the participant's job position and his/her intercultural contacts, 2)  
21 his/her evaluations of the positives and negatives of intercultural interactions, 3) facilitators of  
22 intercultural interactions, 4) the interviewee's particulars. Overall, we conducted about 62 hours of  
23 interviews in the companies' offices in the first half of 2014; the average length of each interview was  
24 55 minutes.

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

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

### 42 43 44 45 46 *3.2. Analytic procedure*

47 We transcribed, manually coded and analyzed the interviews. The process was supported by Excel  
48 software, which is seen as a reliable and useful tool for qualitative data analysis (Meyer and Avery,  
49 2008).

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52 We followed the procedure of a conventional qualitative content analysis (Hsieh and Shannon,  
53 2005). As for the coding schemes applied to the analysis, we delimited them inductively from the data  
54 during a process of constant comparison of each interview and each emerging theme (Glaser and  
55 Strauss, 1999). Individual themes "expressed in single words, a phrase, a sentence, a paragraph"  
56 (Zhang and Wildemuth, 2009, p. 310) or the entire interview were the unit of the analysis. We noted  
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3 whether or not an interviewee referred to a particular theme. Thus, the number of indications (counts)  
4 could not exceed the number of interviewees. Subsequently, the indications were expressed as a  
5 percentage of the total to arrive at the frequencies reported in Appendix 3. For example, 12 people in  
6 subsidiary C mentioned learning and knowledge sharing, which accounted for 100% of all the  
7 interviewees in this subsidiary. In general, 61 participants commented on the theme, which constituted  
8 90% of the total sample, i.e. 68 individuals.

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

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

### 3.3. Companies and participants

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

Table 1

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

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

## 4. Empirical findings

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

### 4.1. The 'dark side' view

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

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

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3 foreigners?; What kind of difficulties do you observe due to your cooperation with foreigners at  
4 work?; some of the interviewees (39.7% of the total) referred to cultural differences indicating them as  
5 an inherent characteristic of their workplace. Cultural differences, although sometimes problematic  
6 (25% of the total indications), in view of the accounts, have to be faced as challenges, which drive  
7 one's energy or create opportunities. Moreover, the interviewees frequently explained problems in  
8 intercultural contacts in terms of the other side's personality (47.1% of total indications) or other  
9 factors, e.g., language proficiency, cross-cultural knowledge, attitudes, etc. rather than his/her  
10 nationality (11.8% of all the indications, Appendix 4).  
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22 *Communication barriers* were indicated by the interviewees as the problem that, for the majority  
23 (61.8%) of them, appeared to dominate in their intercultural interactions (Table 2 and Appendix 3).  
24 For example, the illustrative quotations from the interviews point out the lack of or an insufficient  
25 level of the interlocutors' language skills and problems with certain accents. The other communication  
26 barriers that were mentioned included nonverbal communication affected by cultural differences as  
27 well as not using the corporate language in the meetings.  
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31 The analysis also revealed that the respondents referred to certain problems more frequently than to  
32 others. For instance, in subsidiary A, the participants portrayed *problems with social adaptation* of  
33 workers sent for overseas contracts and, as a result, more immersed into foreign surroundings than the  
34 employees working at home, whose intercultural contacts were less frequent. In subsidiary B, which is  
35 highly integrated with the MNC, operates as a shared service center and interacts virtually with the  
36 MNC's other employees worldwide, *working in different time zones* was a thorny issue. It was seen as  
37 an impediment from both the organizational and personal perspectives. The interviewees from  
38 subsidiary C, whose degree of internal integration with the MNCs is very high, noticed *barriers to*  
39 *social integration* of expatriates and multicultural teams. Those in subsidiary D encountered *cultural*  
40 *barriers* that were manifested in the lack of understanding a cultural context by foreigners. Finally, the  
41 respondents in subsidiaries E and A highlighted *procedural barriers*, i.e. a lower level of formalization  
42 and compliance with the rules by the Polish staff if compared to the non-nationals. Another negative  
43 aspect of the intercultural interactions stressed during the interviews concerned *process losses* such as  
44 delayed task realization or impediments to their completion. The participants from subsidiaries B and  
45 E commented on this issue. Basing on the results, it can be posited that the process losses may be  
46 experienced in virtual teams, as the above examples of subsidiaries B and E suggest. In subsidiaries A  
47 and D, where the clients are usually served by the locals, the process losses probably do not occur.  
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3 Subsidiary C also relies on virtual teams, yet the intercultural interactions appear more intense here,  
4 employing a higher share of diverse nationalities.  
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#### 7 8 4.2. The 'bright side' view

9 The analysis demonstrates that some positives of the intercultural contacts were identified in each  
10 subsidiary, e.g. learning and knowledge sharing as well as personal growth (Appendix 3). This may  
11 suggest that all intercultural contacts, regardless of their type, magnitude and context, introduce  
12 individuals to a somewhat new situation that offers at least minimal knowledge gain and affects their  
13 behaviors. It was also revealed in the findings that such contacts may produce personal (e.g. becoming  
14 more flexible), professional (e.g. personal development) and organizational gains (e.g. knowledge  
15 sharing in international projects).  
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19 *Learning and knowledge sharing* was the most noticeable positive aspect of the intercultural  
20 interactions reported in the employee accounts (89.7% of the total indication, Appendix 3) especially  
21 in subsidiaries B, C and E, where intercultural contacts were more intense and frequent. Some  
22 participants indicated that they learnt in intercultural interactions because facing cultural differences  
23 broadens one's horizons. Furthermore, they gain a chance of observing others who think and act  
24 differently. That may also result in more creativity, new solutions or ideas, as indicated in the  
25 quotations from the interviews (Table 2).  
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29 *Personal growth* as a positive aspect of intercultural interactions has been directly reported in a  
30 limited number of prior studies (Rozkwitalska, 2014; Suutari and Mäkelä, 2007). Nevertheless,  
31 learning and knowledge sharing as well as other benefits observed in intercultural interactions (e.g.  
32 reduction of prejudice, improved self-efficacy or becoming more open, versatile, flexible, etc.)  
33 contribute to both organizational and individual development. Referring to the findings, the  
34 respondents (79.4%) explicitly mentioned personal growth as their individual and professional gain,  
35 which may also foster the competitive advantage of their MNCs. Furthermore, learning languages, as  
36 evidence of personal development, was emphasized and appreciated by the respondents (Table 2 and  
37 Appendix 3).  
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41 The research also revealed that working in the multicultural settings may be *satisfactory*. As the  
42 case of subsidiary C suggests, where the task variety and the staff national diversity are relatively  
43 higher than in the other affiliates in the sample, it may partially relate to the fact that the need for a  
44 variety and adventure in intercultural contacts is fulfilled (Appendix 3). Intercultural interactions may  
45 also be associated with satisfaction when challenges are successfully managed, which was mainly  
46 observed in subsidiary B. In both companies, respect and appreciation for diversity were strongly  
47 emphasized by the respondents as the core value of their organizations' culture. Nevertheless, the  
48 workplace of MNCs (e.g. participation in global projects or organizational resources) can be an  
49 additional factor which is positively related to satisfaction due to the opportunities it offers, as reported  
50 by the majority of the respondents from subsidiary A and a few ones from B (Appendix 3). In some  
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cases, the fact of being a part of an MNC, which allows access to resources, market expansion and profits, can be associated with the positive perception of intercultural interactions, as the study of subsidiary A suggests (see also Table 2).

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

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

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

“Benefits, problems may be overcome.” (interviewee B6)

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

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

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

## 5. Conclusions

### 5.1. Discussion

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

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3 of intercultural contacts over the negative ones, as demonstrated in our research. When considering a  
4 few individuals who had lived abroad for an extended period of time and/or had a close relative from  
5 other country, multicultural identity could also be related to their positive attitude toward their  
6 intercultural contacts.  
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9 Comparing the results among the subsidiaries from the perspective of the negatives and positives of  
10 intercultural interactions, we noticed some differences concerning which of the aspects above or how  
11 frequently it was mentioned during the interviews. For example, we noticed that despite subsidiary C  
12 relies on virtual teams, the participants did not complain about process losses, which in two other  
13 subsidiaries in the sample (B and E) using also virtual teams did occur. As subsidiary C has a higher  
14 share of diverse nationalities as well as more intense intercultural interactions, these factors may  
15 compel the individuals to refer more to the deep-level attributes of diversity (while nationality is a  
16 surface-level attribute) that contribute to higher creativity and innovation (Stahl *et al.*, 2009), as  
17 observed in the subsidiary (Table 2 and Appendix 3).  
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20 Furthermore, the employees' accounts of various negative aspects encountered in their intercultural  
21 interactions may suggest in which case the ingroup-outgroup categorization could refer to nationality  
22 and in which case not. It appears that such negatives as barriers to social adaptation/integration and  
23 cultural barriers (identified in subsidiaries A, C and D) might be related to the discussed phenomenon  
24 since they show that people use nationality in their categorization process (Stahl *et al.*, 2009).  
25 However, working in virtual teams can reduce the salience of nationality (par. 2.3). In such a case the  
26 reasons for problems, e.g. process losses (observed in subsidiaries B and E), may be located in other  
27 factors, e.g. different time zones (as in subsidiary B).  
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30 In prior studies, intercultural interactions have been identified as a natural source of learning, yet  
31 knowledge sharing in MNCs has been rather perceived as a process of facing obstacles due to ingroup-  
32 outgroup categorization (Mäkelä *et al.*, 2012). As the participants in our research indicated learning  
33 and knowledge sharing in their intercultural interactions, it may suggest that the salience of nationality  
34 in the ingroup-outgroup categorization was probably less important than other social identities, namely  
35 common ingroup identity or complex social identity.  
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38 The interviewees' notion that working in multicultural environments may be related to satisfaction  
39 is significant. Employees' satisfaction impacts on a company's competitiveness and success (Niu,  
40 2014). Previous research on satisfaction in multicultural work settings is rather rare and its results are  
41 inconclusive (for overview see Rozkwitalska and Basinska, 2015), while this study implies that  
42 intercultural interactions at work are associated with satisfaction. This observation appears to  
43 contradict the assumptions of SIT-SCT, which provide corroborations that identity similarity  
44 contributes to satisfaction (Stahl *et al.*, 2010). Furthermore, it shows associations with SICT.  
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47 Concluding, our empirical findings demonstrate only partial associations with the proposition of  
48 Cooper's *et al.* (2007). Indeed, the frequency and magnitude of intercultural interactions have been  
49 related to the context of subsidiaries/MNCs. Nevertheless, the organizational arrangements have not  
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3 been associated with the prevalence of certain attitudes toward interactions with foreigners. Trying to  
4 interpret our data, we have demonstrated that in the case of barriers to social adaptation/integration  
5 and cultural barriers, the ingroup-outgroup categorization could be referred to nationality, while time  
6 zones, procedural barriers, learning and knowledge sharing have appeared to be less related to  
7 ingroup-outgroup categorization based on nationality. Our study also shows that some intercultural  
8 interaction outcomes are more common than others. For instance, communication barriers, learning  
9 and knowledge sharing as well as personal growth were observed in the accounts from all the  
10 subsidiaries.

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

### 26 27 *5.2. Contributions*

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

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

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

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3 new basis for categorization and build the identity of being a member of an exceptional diverse team  
4 or organization and belonging to a brand new class of labor force as the phenomenon of social identity  
5 complexity suggests. In such a setting, diversity appears to be more attractive than similarity,  
6 contradicting SAT. Furthermore, referring to diversity as an organizational value in MNCs, it may  
7 help to construct common ingroup identity that surmounts problems created by the social  
8 categorization process.  
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### 11 12 13 *5.3. Practical and social implications*

14 We attempted to demonstrate that the perception of some aspects of intercultural interactions may be  
15 associated with nationality used in the categorization process. Therefore, managers in MNCs can  
16 shape the context, i.e. increase the degree of MNCs' internationalization, use geocentric staffing policy  
17 and improve internal integration of their companies to influence the dynamics of intercultural  
18 interactions and how they are seen. Additionally, managers in MNCs, by emphasizing professional,  
19 group or organizational identities or by referring to common ingroup identity, can help their  
20 employees to adopt more favorable attitudes toward intercultural interactions at work. Furthermore,  
21 managers in MNCs could also look for individuals with multicultural identity who also present more  
22 positive approaches to foreigners.  
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25 The study has revealed that communication barriers are crucial. Therefore, MNCs should place  
26 emphasis on recruiting individuals who are fluent in the organization's functional language and offer  
27 language training to improve the staff's skills. Furthermore, the research demonstrates that the  
28 workplace in MNCs is abundant in learning opportunities. As a result, managers of MNCs should hire  
29 employees with significant needs for growth and development, who will recognize more opportunities  
30 in intercultural contacts. Since learning may be so salient in MNCs, their work environment can also  
31 boost employees' thriving (Basinska, 2017).  
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34 As today's societies are becoming increasingly multicultural, there is a need to increase public  
35 awareness of how people perceive cultural diversity at work. Our research demonstrates that the  
36 multicultural work context of MNCs may be recognized by employees as activating the positive  
37 potential of the individuals and organizations that make up a society.  
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### 40 41 42 *5.4. Limitations and future research*

43 The qualitative and explorative nature of the research as well as the sampling techniques do not allow  
44 for a broader generalization of our results. The participants were appointed by the companies, which  
45 poses the risk that those individuals had special qualities essential for working in multicultural  
46 settings. Since the majority of the interviewees were Poles, the empirical findings may be obscured by  
47 the lens of their national culture. Furthermore, we collected the data about the participants' particulars,  
48 yet we did not analyze the answers with regard to gender, type and level of job position of individuals,  
49 their organizational unit, etc. Our intention was to compare the results gathered in the subsidiaries and  
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3 to portray our sample in terms of the organizational arrangements as proposed by Cooper *et al.* (2007).  
4 Taking into account the aforementioned limitations, we recommend in future research a quantitative  
5 study based on data obtained from a larger pool of multinational subsidiaries from various countries.  
6 Further research could also extend interpretation of the perception of intercultural contacts based on  
7 gender of participants of intercultural interactions or their role in the organizational hierarchy, since  
8 these characteristics may also be related to exhibited attitudes.  
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12 Moreover, any research which touches on sensitive behaviors carries the risk of social desirability  
13 bias, i.e. a tendency to present oneself in a socially desirable manner to others (Collins *et al.*, 2015).  
14 We attempted to address this issue by ensuring the participants' confidentiality (Hassan *et al.*, 2010).  
15 Accordingly, we tried to not influence the answers by ensuring a proper design of our interviews and  
16 stating open-ended questions. The participants were first asked about their job duties, type and  
17 frequency of their intercultural contacts, and whether in the past they had intercultural contacts. Then  
18 we asked about the first associations the participants had when they think about their contacts with  
19 foreigners at present work. Our deepening questions concerned the positives and negatives in such  
20 interactions, where the interviewees see positive and negative aspects, how this impact on them and  
21 organizations, what facilitates and impedes their intercultural contacts and what can be improved.  
22 Future studies, however, could include measures of social desirability bias to respond to this problem.  
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27 The research showed that an individual may perceive stressful situations (i.e. facing cultural  
28 differences) either as threats or challenges. This observation could be explained in future research on  
29 the basis of cognitive appraisal theory (Lazarus, 1993). It assumes that cognitive appraisal of  
30 something as a threat anticipates future losses, whereas appraisal of the same thing as a challenge  
31 includes the belief that not only losses but also benefits can be achieved. Future research could verify  
32 whether the perception of intercultural interactions depends on the cognitive appraisal.  
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37 On the one hand, we identified communication barriers, which is in line with the subject literature  
38 that perceives language diversity in multicultural organizations as being primarily problematic  
39 (Lauring and Selmer, 2011). On the other hand, we revealed that what the participants appreciate in  
40 intercultural interactions is the chance to learn and use languages. This may suggest that the previous  
41 research is somewhat biased and calls for positive cross-cultural scholarship in future studies on  
42 language diversity.  
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47 To the best of our knowledge, this is one of the first studies that empirically analyzed the role of  
48 context in MNCs in the perception of intercultural contacts. As our findings have demonstrated only  
49 partial relations to the propositions of Cooper *et al.* (2007), future research could continue this avenue  
50 of study. Moreover, we did not measure the ingroup/outgroup categorization nor how it impacts on  
51 intercultural interactions. We applied the theoretical framework described in this paper (par. 2.3)  
52 twofold. First, to form our predictions (par. 3.1), second, we used the theoretical background to  
53 discuss the findings, namely to look for possible explanations of what we have found in the analyzed  
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3 subsidiaries. As employees' categorization process in general and in MNCs in particular appears to be  
4 very complex, further research should investigate the phenomenon in more depth.  
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Table 1. A profile of the subsidiaries in the sample

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

Note: EMEA – Europe, the Middle East and Africa

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

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

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



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| contacts | <i>support... This is the foundation for good relationships.” (A1)</i> | <i>expect the unexpected, be ready for unconventional approaches to problems, and be open.” (B5)</i> | <i>has parents from different cultures, etc.” (C4)</i> | <i>nationality or the background.” (D3)</i> | <i>depends on the staff’s personality and organizational culture.” (E8)</i> |
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Note: A,B,C,D, E states for subsidiary A, B, C, D, E, respectively, while 1, 2...n denotes a particular interviewee.

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## Appendix

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

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

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

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

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

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

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

| themes                                      | subsidary | A        | B         | C         | D        | E         | Total    |
|---|-----------|----------|-----------|-----------|----------|-----------|----------|
| communication barriers                      |           | 14(73.7) | 12(66.7)  | 5(41.7)   | 3(42.9)  | 8(66.7)   | 42(61.8) |
| cultural differences as barriers            |           | 3(15.8)  | 7(38.9)   | 1(8.3)    | 4(57.1)  | 2(16.7)   | 17(25.0) |
| problems with social integration/adaptation |           | 7(36.8)  | 2(11.1)   | 4(33.3)   | 0        | 4(33.3)   | 17(25.0) |
| process losses                              |           | 1(5.3)   | 6(33.3)   | 0         | 0        | 4(33.3)   | 11(16.2) |
| cultural differences as challenges          |           | 3(15.8)  | 5(27.8)   | 1(8.3)    | 0        | 1(8.3)    | 10(14.7) |
| procedural barriers                         |           | 5(26.3)  | 0         | 0         | 0        | 5(41.7)   | 10(14.7) |
| time zones                                  |           | 0        | 7(38.9)   | 0         | 1(14.3)  | 0         | 8(11.8)  |
| problems in decision making                 |           | 1(5.3)   | 1(5.6)    | 1(8.3)    | 1(14.3)  | 3(25.0)   | 7(10.3)  |
| learning and knowledge sharing              |           | 13(68.4) | 18(100.0) | 12(100.0) | 6(85.7)  | 12(100.0) | 61(89.7) |
| personal growth                             |           | 16(84.2) | 10(55.6)  | 12(100.0) | 7(100.0) | 9(75.0)   | 54(79.4) |
| satisfaction                                |           | 3(15.8)  | 11(61.1)  | 12(100.0) | 0        | 0         | 26(38.2) |
| needs fulfillment (adventure, variety)      |           | 7(36.8)  | 1(5.6)    | 12(100.0) | 1(14.3)  | 3(25.0)   | 24(35.3) |
| financial effects and access to resources   |           | 12(63.2) | 4(22.2)   | 0         | 0        | 2(16.7)   | 18(30.9) |
| creativity and innovation                   |           | 1(5.3)   | 4(22.2)   | 12(100.0) | 0        | 0         | 17(25.0) |
| tolerance, openness, reduction of prejudice |           | 1(5.3)   | 1(5.6)    | 9(75.0)   | 0        | 5(41.7)   | 16(23.5) |
| self-efficacy                               |           | 4(21.1)  | 2(11.1)   | 0         | 0        | 0         | 6(8.8)   |

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

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

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

\* Number of interviewees (percentage of indications in brackets)

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