

Emotional Table Tennis: Bilateral appraisal analysis of intercultural emotional interaction in a multinational enterprise.

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Abstract: We propose a theoretical mechanism explaining emotional responses during intercultural interaction in the context of international management. We employ appraisal theory bilaterally to explain the emotional impact of cultural differences in international business transactions within the multinational firm. We examine this within the setting of Chinese-owned multinational enterprise where there is a need for close cooperation between headquarters and subsidiaries. Analysing data from interviews with foreign subsidiary staff, and with Chinese headquarters staff, we find that individuals appraise their potential to address intercultural difference interactively and recursively. We argue that intercultural interaction generates “first order” emotions, which are culturally determined and then “second order” emotions as people react emotionally in response to the emotions of others. Our theoretical mechanism explains why it has been difficult to determine the outcomes of intercultural interaction due to the first and second order emotional responses that are generated in the process.

Key words: Emotion; Intercultural interaction; International management; Qualitative research methods

Introduction

In this paper we conduct a bilateral appraisal analysis of emotional intercultural interaction in the context of international management (IM). Our theoretical innovation is to employ appraisal theory (Frijda, 1986; Lazarus, 1991; Strongman, 1996) bilaterally to capture intercultural interaction and to explain the emotional impact of cultural differences in international business (IB) transactions within the multinational firm. We investigate the specific instance of emotions, which are at the root of intercultural interaction and the effects which ensue for the organizations involved (Hassett et al. 2018; Sarala et al. in press). Our core argument is that intercultural interaction generates “first order” emotions, which are culturally determined and then “second order” emotions as people react emotionally in response to the emotions of others. We propose a theoretical mechanism explaining why it has been difficult to determine the outcomes of intercultural interaction because of the first and second order emotional responses it generates. Our overarching research question is: *“What is the mechanism of emotional responses that occur during intercultural interaction?”*

The international management literature associates cultural differences with negative rather than positive outcomes (Stahl & Tung, 2015; Tung & Stahl, 2018) and it finds difficulty in predicting which of these outcomes is going to occur. The standard approach to cultural differences is dominated by the distance and/or the cultural dimensions perspectives (Tung & Stahl, 2018), both of which treat cultural difference as a static concept, and there is limited attention given to intercultural interaction (exceptions include, Brannen & Salk, 2000; Shenkar, et al., 2008) and the dynamic nature of culture (Liu, et al., 2012; Tung & Stahl, 2018). The literature tends to focus on acknowledging the existing differences and their effects and it ignores the sequencing of human processes that take place within intercultural interaction. The intercultural encounter often generates emotions and these emotional experiences have culturally specific meaning which influences what people prefer to feel, think and do in the

intercultural situation (Mesquita & Boiger, 2014). However, the impact of specific emotions experienced by individuals with diverse cultural positions on their intercultural business behaviour has rarely been examined in the literature (Kirkman et al., 2017).

Emotions are an important mechanism to social cooperation (Roseman, 2013; Turner & Stets, 2005), which is necessary for the execution of social tasks. Task interdependence internationally requires intercultural cooperation. In this paper, we take a cross-cultural work situation in order to explore what happens in the domain of international management when two different cultures meet and when they need to work together to discharge the strategy of the multinational enterprise. Our study is a qualitative single case study of one of the largest international information technology (IT) service companies headquartered in China. Based on qualitative data collected from 60 face-to-face interviews, and participant observation during nine months of field work, we examine the production and impact of emotions over the course of intra-MNE knowledge transfer which we treat here instrumentally as one motive for intercultural interaction. In the light of our findings, we put forward two propositions arising from our theoretical development.

Appraisal theory of emotions – A bilateral extension

We draw on appraisal theory (Frijda, 1986; Lazarus, 1991; Strongman, 1996), in order to develop a theoretical mechanism explaining the outcomes of intercultural interaction, as it is relevant to situations where interpretation is important, which is the case within intercultural encounters. The core idea of appraisal theory is that emotion occurs when individuals appraise features of the event in relation to personal concerns (Ellsworth & Scherer, 2003). This, we argue, is the starting point to understand the cultural contingency of emotions in a unilateral

cultural setting. We then extend it to account for the bilateral nature of intercultural encounters in order to provide a more complete explanation of the emotional aspects of social interaction.

Appraisal requires the individual to scan and process information, as an act of cognition. This is intensely ‘meaningful’ because it directs individuals’ attention rapidly to the specific part of an event that they consider most significant and pressing. The notion of a “relevance detector” (Frijda, 1986) implies that appraisal can explain what makes people feel emotional about a specific intercultural business encounter. Appraisal theory also suggests a core set of ‘stimulus evaluation checks’ that determine the types of emotions felt in response to the relevant stimulus (Scherer, 2009, p. 1309).

Typically, primary appraisal starts with basic checks of whether the relevant elicitor is good or bad as well as to what extent it is congruent with one’s well-being. Secondary appraisal involves more complex checks invoking causal attribution of the situation and the individual’s coping potential. The results of these checks are summarized in the individual’s consciousness as a ‘core relational theme’ (Smith & Lazarus, 1993), giving rise to differentiated subjective feelings or to the content of emotional experience (Ellsworth & Scherer, 2003). For instance, the core relational theme for pride is achievement, derived from the gestalt of high pleasantness, goal conduciveness and one’s own credit for that result. This contrasts with core relational theme of sadness as irrevocable loss that combines low pleasantness, other’s responsibility, and weak self-control.

Once felt, different emotions through the appraisal mechanism activate distinctive goals to modify the individual’s relationship with the situation (Frijda et al., 1989). These goals are informed by the core appraisal theme that underlies the triggered emotions in the first place (Frijda et al., 1989). For instance, whereas anger arising from ‘other-blame’ produces the goal to remove the harm, fear deriving from ‘danger’ is associated with the motive to ‘avoid’. Signalling the most effective coping strategy in the evolution of past experience, emotive goals

translate into dominant behaviour responses that people are inclined to enact. During emotionally charged events, as may arise in the intercultural encounter, the elicited action may become impulsive. Thus, individuals may find themselves 'out of control' (Loewenstein, 1996) and unable to enact the acquired cognitive schema for new cultural behaviours, despite the long-term benefits of doing so (Bird et al., 1999). This emotion-behaviour pathway points to a discrepancy which can be expected between the perception of an intercultural encounter by individuals of two different cultures, so generating distinct emotional responses.

Previous research suggested that emotions are learned from and experienced in social interactions (Thoits, 1989), including organisational social interactions (Sieben & Wettergren, 2010), and that individuals are hard-wired to observe, mimic and attend to the behaviour and emotions of others (Bartel & Saavedra, 2000; Duclos et al., 1989; Huy 2002), particularly basic human emotions (Ekman & Friesen, 1974). From a social functional perspective (Fischer & Manstead, 2008; Keltner & Haidt, 1999), such sensitivity to other's emotion evolved to assist individual to cope with the challenge of 'social survival' (i.e. affiliating with another or distancing from another). Providing powerful signals to receivers about senders' likely belief, intentions and orientations towards the relationship (Van Kleef, 2009), positive emotions are considered to be more likely to generate more positive emotions and negative emotions are considered to trigger a wider variety emotions (Chmiel et al., 2011). In organisational settings this double-interact process leads to 'emotional cycles' combining individual level emotions and social interactions level of emotions (Hareli & Rafaeli, 2008; Sieben & Wettergren, 2010). While these are useful descriptions of positive and/or negative emotions generated in an organisational context a theoretical mechanism is needed to explain what happens after the initial emotional responses occur and at which point they became cyclical in organisational settings. They also do not consider the cross-cultural dimension of emotions and in particular the role of cultural differences in triggering emotions in individuals within intercultural

interactions. This is an important omission as individual's own cultural orientation influences the interpretation, expression and enactment of emotions (Mesquita & Leu, 2007). We discuss this in detail in the subsequent sections.

Cultural diversity of emotional experience.

According to appraisal theory, discrete emotion is universal, but the appraisal of events varies by culture (Mesquita & Ellsworth, 2001). Previous theoretical and empirical evidence has shown how felt emotions are interpreted, expressed and enacted depending on an individual's own cultural orientation (Mesquita & Leu, 2007). This is in line with definition of culture as "a system of meaning and practice shared by members of a community" (Geertz, 1973, pp. 12–13) which underlines that it is natural for individuals from the same cultural group to exhibit the same emotions in the same circumstances. Through socialization and shared experience culture guides individuals to participate in the workplace as much as in social life. Ekman (1992) argues that human emotions evolved to coordinate social interactions.

The sources of different appraisal tendencies associated with culture derive from, and reinforce, two distinctive cultural goals involved in relating: the independent self-system and dependent self-system (Markus & Kitayama, 1991). In many western countries where individuals strive for independent selfhood, the appraisal tendency is habitually primed towards focused attention, personal pleasantness, self-serving attribution, and readiness to influence others (Tsai et al., 2006), thus giving rise to pervasive self-focused emotions with high activation (Kitayama et al., 2006). In contrast, in many Asian countries where "interdependent selfhood" is prevalent, appraisal tendency is predisposed to holistic attention, intersubjective harmony, self-effacing attribution and willingness to adjust to others, leading to a 'hyper-cognized' other-focused emotion with low activation (Kitayama et al., 2006). For example,

Imada and Ellsworth (2011) found that Americans tend to attribute success to their own ability and experience a strong feeling of pride and satisfaction. In contrast, the Japanese attribute success to others or to circumstance, and reported feelings of being “obligated” or “lucky”. Similarly, Kitayama et al. (1997) observed that while, in the USA, feeling good is often highlighted as an outcome of asserting individual ability, personality and opinions, shame is often promoted in Japan to motivate individuals to fit more closely to social standards. Thus, the same discrete emotional response can add some subtle, yet distinctive, content in line with the cultural mode of the self.

Bilateral extension of appraisal theory in intercultural business interaction

While the appraisal theory (Frijda, 1986; Lazarus, 1991; Strongman, 1996) enables us to identify the sources of emotional responses in unilateral cultural settings, a theoretical mechanism is needed to explain what happens after the initial emotional responses occur and at which point they became salient in intercultural interaction. Therefore we employ appraisal theory bilaterally to explain the emotional impact of cultural differences in international management. We argue that in addition to culturally determined emotions, it is also important to examine the social interaction aspects of emotions as playing an important role in shaping emotions (Manstead & Fischer, 2002) because individuals appraise their potential to address intercultural difference interactively and recursively. We therefore propose that intercultural interaction generates first order emotions, which are culturally determined and then second order emotions when people react emotionally in response to the emotions of others. In what follows we discuss our methodology and empirical findings leading to the development of our propositions.

Our conjecture is that emotional reactions are generated by the cross-cultural transfer of technology. This is round one. These emotional reactions provoke a second order emotional response. We can identify these bilateral emotional responses in our empirical work (see below). We recognize the possibility of further rounds of emotional interaction and we speculate that these will interact in an asymptotic fashion leading to a final outcome that may be greater cooperation or greater resistance. We are therefore positing a recursive process of emotional interactions according to the view point of each protagonists' culture.

Research Design & Setting

We choose international knowledge transfer instrumentally in order to provide a platform for task interdependence. We examine the cooperative settings within a Chinese multinational enterprise operating in advanced ("western") economies in the context of knowledge transfer where the need for cooperation is great. This presents a case of "reverse knowledge transfer" where the individuals involved in effecting the transfer (the "protagonists") are "on their own".

Premised on an interpretative paradigm (Welch et al., 2010), the inductive single case is employed to obtain 1) a more nuanced understanding of discrete emotions in terms of the number of factors studied and the sources of information (i.e., subjective appraisals via interviews, expression and visceral changes through direct observation, archival data for understanding the broad social context that circumscribe how the participants perceive and express emotions), 2) the diverse perspectives of emotional experience from different participants in a cultural interaction (e.g., what triggers these emotions, how they are experienced, and what are their consequences), and 3) a better explanation of a relationship between emotion and cultural interaction in MNE by integrating the situational factors (i.e.,

knowledge transfer and its asymmetries) into the theory-building process (Teagarden et al., 2018).

We employ Fletcher and Plakoyiannaki's (2011) "multilevel approach" to select an appropriate case for theory building. Our choice of China (Level 1) provides suitable scope to study recent intercultural encounters within MNEs from emerging countries. In the absence of fully developed institutional rules in Chinese business practice (Peng & Luo, 2000), cultural factors such as "particularistic relations" (Michailova & Hutchings, 2006), "strong in-group/out-group distinction" (Hong et al., 2006) and "protecting each other's reputation" (Buckley et al., 2006) are more influential in mobilizing knowledge. The Chinese information technology (IT) service industry is an ideal industrial setting (Level 2) in which international knowledge transfer is critical. The industry commonly adopted the "agile principle" in which core components of IT service – building, testing, coding and maintaining software program – were executed simultaneously to strike a balance between customized end-to-end service and concerns for costs. Such work configuration entails the necessity of intercultural coordination for knowledge exchange.

To ensure the salience of international knowledge transfer, the case company must demonstrate a sufficient level of internationalization (Level 3). The information science literature suggests three key factors that may determine IT service suppliers' internationalization: 1) size, 2) operational capability and 3) client base (Su, 2013). Our case company meets these criteria, as it is one of the largest China-based IT service providers, employing more than 23,000 staff in 15 major cities in the world, with over 60 percent of its net revenue coming from foreign markets. It is ranked by the International Association of Outsourcing Professionals (IAOP) among the top 10 global outsourcing companies in 2014, 2015 and 2016. We then chose three regional headquarters in mainland China and six subsidiaries in the US, Europe, and Australia (Level 4, choice of MNE units) given their

embeddedness in the “Confucian cluster” and “Anglo-Saxon cluster” respectively, as this is a more prominent and relevant cultural comparison anchor at the country level (Ronen & Shenkar., 2013). The selection of sources of evidence (Level 5) employed for theorizing on the linkage between emotions and cultural encounter is described in the section addressing data collection.

Data Collection

Our data collection started in July 2013 when one of the co-authors obtained the opportunity to directly participate in the case company’s promotion of global service capability. One important task was to understand the dispersal of the core IT service strengths within the company’s six business units, toward achieving a more matrix-based service organization. Teamed with previous informants from the corporate marketing department in Beijing, we were given valuable access to directly interview the designated project leaders or core team members about their global service delivery. At the end of the corporate interview, the participants were asked to give their permission to join our research. With the endorsement of the corporate marketing team, most of the participants agreed to elaborate on the same topic from their personal point of view at their chosen time and place. In this way, we obtained qualitative data over the six-month period: semi-structured interviews for primary data, and documents as secondary data. Such extensive data collection allows us to corroborate the multiple representations of emotional experience related to cultural interaction. All the interviews were digitally audio-recorded and transcribed, after obtaining prior consent from the participants.

Data analysis.

Despite the inductive nature of the study, we did not adopt a purely inductive analytic approach proposed by Gioia et al. (2013), as our empirical investigation was partially guided by existing literature. Consequently, our coding scheme initially relied heavily on our research questions and on the frame of reference presented in our literature review. Our analysis is characterized by an iterative process of cycling among data, existing literature and emerging constructs until theoretical saturation was reached (Locke, 2001).

In the first step of our analysis, we relied on prior codes developed from the existing typology of basic emotions (Laros & Steenkamp, 2005). We searched for “explicit expression” of emotions, mostly for emotive verbs, as well as “implicit expression” which requires more interpretation (Hassett et al., 2018). Accordingly, emotions referring to the same category were grouped together. Then we further examined the dominant emotions Chinese and western staff experienced and we labelled their experience and expression of those emotions accordingly. In the second round, the coded emotions were examined in detail via underlying appraisal patterns and core relational theme (Lazarus, 1991). This enabled us to explain how these reported emotions occurred by linking the context of cultural interaction to knowledge transfer. The recurring themes were juxtaposed and refined against the existing literature on emotions and cultural interactions, thus proceeding from a data-driven to a theory-guided analysis (Gioia et al., 2013). Finally, we aggregated thematic clusters into a set of conceptual building blocks, and theorized the linkages between them.

Findings: Emotions in intercultural interaction

The context of intercultural interaction between the case company's headquarters and subsidiaries.

The distinct customer bases served by the case company's China HQ and its foreign subsidiary units constitute one aspect of the contextual differences attaching to the interacting business entities. The HQ's main clients are Chinese state-owned enterprises in the banking and financial sectors. The primary reason for the clients' outsourcing of IT activities to the Chinese case company is to leverage the company's accumulated technical expertise (unavailable in house within the clients' own IT departments). Thus, the outsourced projects typically involve full-scale IT services, from software testing, business process support, marketing/sales solutions and strategic consulting. For most Chinese firms, their version of a "vendor management system" (Respondent #18, Chinese) remains embryonic, and was so for the case company at the time of the research. Thus, the governance of the contracted work tended to be unstructured, ad-hoc and subject to change. The HQ respondents, located at different levels in the company and occupying different roles, agreed that "*The Chinese clients often care about the end results without too much knowledge or interest in IT service processes*" (Respondent #2, Chinese). In the absence of a systematic approach, "guanxi", or strong personal relations, took on great importance in vendor selection, contract negotiation, monitoring processes and outcomes. In Chinese, "*Guanxi means literally a 'relationship' between objects, forces or persons. When it is used to refer to relationships between people, not only can it be applied to husband-wife, kinship and friend-ship relationships, it can also have the sense of 'social connections', dyadic relationships that are based implicitly (rather than explicitly) on mutual interest and benefits. Once guanxi is established between two people, each can ask favor of the other with the expectation that debt incurred will be repaid sometime in the future*" (Yang, 1994, pp. 1-2). Internal case company documents show that the strong personal relationships existing with Chinese government officials had ensured a continuous and substantial forty percent annual sales increase with the banking sector, from 2012 to 2014.

Thus, the use of guanxi is the cultural norm and the basis for all aspects of business for individuals in the HQ.

In marked contrast, the clients of the company's foreign subsidiaries were large western MNEs. Here, the primary objective of outsourcing was cost saving, followed by the need to improve management efficiency and to access highly skilled IT professionals. In the West, the scope of assigned projects can range from low-end software testing to high-end business consulting, depending on how the clients systematically evaluate the case firm's (i.e., the vendor's) capabilities. One senior manager in Australia told us that, to secure a bid from one important local client, his team had to address "*130 questions covering the number of qualified staff, the procedure for project management, data security measurement, expected time and cost*" (Respondent #3, Australian). Western firms had already developed a mature outsourcing governance protocol, following their experience of Indian vendors, and aimed to replicate these "best practices" (Respondent #3, Australian) in dealing with China-based vendors. Reflecting on these clients' meticulous assessments of the delivery process, the Chief Project Operation Officer testified that this level of scrutiny was a frequent occurrence "*Even if our project managers have been working side by side with the client's representatives, the final payment could still be discounted or rejected until the correct report is submitted*" (Respondent #16, American). The outsourcing relationship of western clients with the company's foreign units was characteristically instrumental, strategic and task-specific, consistent with advanced economy firms' institutionalized managerial practices (Xu & Shenkar, 2002).

First order individual appraisal

Interviewees experienced a range of distinct emotions, as a function of appraisal of their individual ability to participate in various aspects of cooperation between the case company's HQ and subsidiaries. Our data show that the generation of emotions from first order appraisal

was widespread, and it was experienced approximately uniformly in both the foreign subsidiaries and the Chinese HQ. The generation of emotions from first order appraisal was, as expected on the basis of the existing literature, the appraisal by the individual of an event. Within the intercultural setting of the international workplace, our interest is to discern whether there is a cultural basis to this appraisal and, therefore, to the generation of the type of emotion. That is, to go beyond looking for evidence of a universal emotional reaction to, for example, a computer failure, to a reaction whose meaning is socially constructed by culture.

The analysis of our qualitative data suggests that basic frustration was felt on both sides at the incompatibility of the two forms of knowledge storage:

“At this moment, I can’t explore the company’s solution or consultant service because I have not find out the relevant information. Instead, I have to focus on ‘testing’ where some materials are available and relevant delivery teams can be identified. It is frustrating that I can’t really use what I am good at in my work” (Quote 3.1, Respondent #14, American).

Here, the American respondent experienced frustration because he had to reproduce the work that should have been done in the Chinese HQ. And an emotional reaction of a Chinese individual to the locking-in of the HQ to low-end activity:

“There is perception among the foreign units that our delivery team is only capable of supplying cheap labour for low-end ‘testing’. It is a stigma. What is more disappointing is we don’t have adequate skills to put what we have done well in testing or other services into tangible evidence” (Quote 3.2, Respondent #8, Chinese). While this is evidence of appraisal, it does not, of itself, suggest any cultural dimension. The form of the knowledge base is culturally determined, but the mutual reaction of frustration to the differences in knowledge base is not clear evidence of a cultural provocation.

However, the cultural basis of the way the foreign subsidiaries and the HQ are organized was evident in the responses. Negative mutual intercultural appraisals of the form of the knowledge bases was ubiquitous. This is likely to be because these forms reflected the social organization associated with the cultures, and thus mutually unfamiliar and seemingly illogical between cultures. In the advanced markets, knowledge was encoded and readily available to all individuals pre-authorized to access the information, while in the Chinese culture knowledge was embodied in people, accessible only on a request basis. The Chinese practice extended to a reluctance to pre-define even basic characteristics, such as the scope or the process of the HQ's testing capability, so creating a source of frustration for overseas subsidiary staff.

The cost of knowledge search arising from accessing this Chinese knowledge for the foreign subsidiary, however, was a source of emotion, and it is an interesting aspect of our knowledge transfer context as it directly generates more task interdependence between individuals of different cultures, within the international workplace. The cultural basis of this asymmetric cost of knowledge search is indicated by the two quotes from a European respondent, and a Chinese respondent:

"It really gets on my nerves because you think it is so easy to respond an email that just may take a couple of seconds. Then you do not have the response at all. It drives me furious particularly when we are under a time pressure to obtain that small piece of knowledge" (Quote 4.1, Respondent #20, European).

"If I contact a foreign colleague without a notice or approval from my appointed supervisor. It will not bring me any good but only risks of troubles from my manager" (Quote 4.2, Respondent #6, Chinese).

This evidence suggests that the Chinese inability to respond quickly to requests from the subsidiary was due to the need to seek approval from a superior for whatever was written. The retarding effect of the social organization of work according to Chinese custom created delay in action, in our particular case context, action to access and transfer knowledge. The basis of the reluctance of Chinese staff to contact individuals in the foreign subsidiaries has its origin in the absence of social knowledge which is normally a prerequisite for contact within Chinese culture. This, situation again, creates an emotional response (fear):

“I was only given a name of one American account manager from my line managers. No other details. And none of my colleagues ever contacted that person before. I felt panic because I did not know how to approach that manager and explain my request clearly. Then next day, my boss blamed me for not sending the information request on time” (Quote 4.5, Respondent #14, Chinese).

In the following quote *“I have explained to my Chinese colleagues that I prefer them to bring questions or issues directly up to my attention. And I will do the same thing to them when I have problems. However, despite my willingness to help, they still like to keep the problems to themselves”* (Quote 4.6, Respondent #20, European) we can discern the first signs that culturally influenced appraisal was taking place by individuals that were interacting intimately across national and cultural boundaries. Here, the foreign subsidiary respondent has emphasized to his Chinese colleagues that he welcomed their enquiries, to remove the barriers to effective cooperation. Culturally conditioned Chinese reticence, however, dominated suggesting a reluctance to enquire on the Chinese side with its roots in Chinese culture and associated emotional response, giving rise to frustration for the individual and the foreign subsidiary.

Similarly as in relation to costs of knowledge search, differences in language usage also involve individuals in situations of intimate task interdependence. There was, therefore, a ready generation of emotions from the first order appraisal of events, for example *“In the middle of tele-conference, I did not catch up two long sentences spoken by an American sale. I was little bit embarrassed of asking for clarity. Because of this mistake, I messed up the rest of meeting. I felt so humiliated in front of my boss who trusted me to do the translation”* (Quote 5.1, Respondent #36, Chinese), which is a quote from a Chinese respondent who, for reasons of cultural norms, was unable to seek clarification during a trans-Pacific teleconference, resulting in frustration from embarrassment. Emotions, experienced by foreign subsidiary and Chinese individuals alike, but with distinct cultural roots, from first order appraisal were found in the following quotations:

“In the U.S. we believe ‘less is more’. People use simple, small words to frame their questions or statement in the workplace. Based on my observation, our Chinese colleagues like to write long emails with big words. Reading these emails is mentally exhausting and quite often very boring” (Quote 5.2, Respondent #15, American).

“In the school, we were told by the teachers to learn correct grammar first in order to write or to speak proper English. It is the same in the office where you are expected to speak or to write perfect English when communicating with the native speakers. Otherwise, you will become the laughing stock or ridiculed by other colleagues for ‘not knowing what a shame is for speaking rubbish English” (Quote 5.3, Respondent #25, Chinese). In the light of above findings, we propose:

Proposition 1: The bilateral impact of intercultural interaction on emotions is determined by each individual’s appraisal according to their cultural predisposition.

Second order individual appraisal

The analysis of our qualitative data reveals the profundity of the cultural origins of individual behaviour, and points to emotions felt on both sides as a result of bilateral appraisal. The necessity to observe the rules of guanxi within Chinese culture was imprinted within each individual and was applied in all cooperative situations. This imprinting, and therefore the importance, necessity and meaning of guanxi was not shared outside of China in the foreign affiliates. This socially embedded nature of knowledge was a remarkably powerful with regard to the cost of seeking knowledge, as demonstrated in the following quote:

“I contacted Ana for a case study on machine translation. She was very nice that I expected and provided me the relevant material very quickly. One month later, she kindly helped me with another case study. However, just a few weeks ago, I needed some materials from her team again. I really felt very uncomfortable to bother her again as I have not helped her in any situations. I felt I owned too much debt to her” (Quote 4.7, Respondent #10, Chinese).

Here the structures of guanxi provoked an emotional response acting as a block on effective intercultural cooperation. Thus, the Chinese respondent felt frustration from the discomfort of being in the position of asking for too many favours, without reciprocating. This created a ‘ratchet effect’, whereby knowledge was unable to flow continuously and effectively from the foreign subsidiary side to the Chinese HQ but, were the knowledge asymmetry to be reversed, there would be no such barrier detected, and knowledge would be able to flow from the HQ to the foreign subsidiary. Thus, the polarity of the situational asymmetry may be important for the incidence of problems of task interdependence across cultures. The following quote,

“I am afraid this feeling [indebtedness] will make the information seeking a very personal thing. Ultimately what I care is an effective problem solving and collaboration with our Chinese colleagues” (Quote 4.8, Respondent #10, American), shows insight into the precise

cause of the problem – as well as a commensurate frustration – that knowledge sharing in Chinese culture is personalized, and not a depersonalized commercial imperative. This can be exemplified further with the following quotation:

“Even when you have got ‘thick skin’ you would feel embarrassed to ask for a favour. Why would they continuously help you if you can’t offer them any help?” (Quote 4.9, Respondent #4, Chinese).

We found further evidence of second order appraisal provoking the emotion of frustration in the Chinese HQ respondent. This respondent was involved in accessing the information required in the foreign subsidiary to enable them to sell effectively to clients:

“When I was told the material we supplied was not good enough to demonstrate our testing capability, I feel upset because most of Chinese staff, including myself, do not have that skills or habit to clearly list project experience. However, as the project lead, I have no other choice but push those already irritated team members to reconsider and resupply the material for the Australian team” (Quote 3.6, Respondent #23, Chinese).

Here the Chinese project lead was obliged to require yet more details from a workforce already angry at having to undertake the documentation of products that they were customarily not required to document.

Notwithstanding the difficulties related to the cost of knowledge search discussed in relation to the first order emotions in the previous section, there was an instance of happiness as an emotional response by an American management sales director *“The feelings of contacting Christiana have been very pleasant. With that, I am as courteous, timely and informative in my responses to her”* (Quote 4.10, Respondent #15, American) to pleasantness conveyed by his Chinese correspondent, which is indicative of a bilateral positive appraisal. This response, however, might have been dominated by the characters of the individuals

concerned, rather than by prior socially imprinted behaviour. This possibility is suggested by the testimony in the following quote *“Chen Yu is always quick to respond to my request, and become my reliable contact who shares same passion around the latest information technology. It makes work more fun when you can contact someone with similar interest or hobby”* (Quote 4.11, Respondent #11, American), in which the American informant was responding emotionally to the emotional response of his headquarters Chinese correspondent, which was created by their common interest, leading to effective socialization of these two individuals across cultural boundaries, and a more rapid and effective exploitation of task interdependence. A very similar experience, which diminishes the role of cultural boundaries is seen in the following quote *“With the times goes on, we talked about work as well as things outside work. Naturally, I feel quite relaxed to contact Kevin for any issues as if I have spoken to my best friend”* (Quote 4.12, Respondent #9, Chinese), but from the perspective of an individual in the Chinese HQ. The resulting bond was likened to that of ‘best friends’.

Differences in the use of English as a working language discussed with regard to the first order emotional responses also generated second order emotions, as exemplified by the statements below:

“As we tried to reframe a few technical terms in Chinese. One American sales managers suddenly told us ‘I had enough with your Chinese’ and terminate the conference call. It feels that we had been slapped on our face” (Quote 5.4, Respondent #36, Chinese).

“I sat in one project meeting that in the beginning was conducted in English. Then a few Chinese words popped up and the meeting suddenly turned into an entire Chinese conversation. When I insisted on an explanation, I was only given less than 5 or 6 sentences to cover their 30-min talk. That was very rude as they clearly knew the English was the language of that meeting” (Quote 5.5, Respondent #16, American).

The official use of English in the multinational was naturally an advantage for native English speakers, and those proficient in English. Chinese individuals were particularly disposed towards feeling shame caused by their incapacity in English (Quote 5.3, Respondent #25, Chinese). It is notable that in Quote 5.4 (Respondent #36, Chinese) the American respondent felt anger at a situation where he was excluded from the unmandated use of Chinese, rather than shame that he was unable to speak Chinese. The incidence and intensity of emotions arising from such situations then created a platform upon which emotions arising from second-order appraisal were more likely. This is shown in the quote from a Chinese respondent (Quote 5.1, Respondent #36, Chinese). In this quote the respondent invoked a justification for the Chinese staff resorting to their native language, which precipitated an outburst of anger from an American sales manager, which then provoked anger in the Chinese respondent. Thus, the emotion expressed following the first order appraisal (by the American protagonist) constituted an event which was in turn appraised (second-order appraisal) by the Chinese protagonist, resulting also in anger.

In contrast, the interaction between a foreign subsidiary staff member (“Alba”) and the Chinese respondent resulted in an emotional response of interest for the Chinese protagonist. Here, it is evident that the foreign subsidiary protagonist has either been trained, or has the personal predisposition, to simplify English language use to communicate with her Chinese correspondent. This, in turn was appreciated, and built upon, by the Chinese respondent, who was keen to improve his English *“Initially I am expectant but I would not say that I am not confident. I approach them by email, introducing myself and my department and specifying my requirements. Alba is really good with using simple English to describe a complicated issue in a nice but professional way, you feel relaxed and willing to listen to her suggestions or ideas. So every time I got her email, I will copy some of her words or style in my own English. Now,*

I feel more confident to express my views firmly but friendly with foreign colleagues” (Quote 5.6, Respondent #7, Chinese). We therefore propose:

Proposition 2: The reaction to the emotion of others and the continued interaction creates further emotional responses.

While our data provides evidence for first order emotions which are culturally contingent and second order emotions which arise from our reaction to the emotions of others, we can predict that further emotional responses will occur in a situation of intercultural interaction. This is because intercultural interaction is bilateral in nature – i.e., protagonists react to others’ reactions to protagonists’ culturally predisposed behaviour and this process is recursive.

Discussion

Our findings suggest that task interdependence can reveal a situation in which national cultural differences generate emotions arising from second-order appraisal, that are deleterious to effective intercultural working. This may provide a deeper theoretical basis for explanations in which individuals may find themselves “out of control” (Loewenstein, 1996) and severely reduce the effectiveness of intercultural work (Bird et al., 1999). When interaction is at its most intense, the task interdependence analysed in our study can produce emotionally charged events. This emotional charging, or even super-charging resulting from prior emotional exposure, we reason, may be best understood as second order appraisal, in which the intensity of the emotional response becomes intensified.

The baseline between cultures is that there exists some systematic difference, inducing divergences in the cultural mode of the self (e.g., Bagozzi et al., 2003). Our evidence regarding first order appraisal agrees that cultural mode differences may be an outcome of distinct cultural goals in relating, i.e., independent self-system and dependent self-system (Markus &

Kitayama, 1991). We find that our respondents systematically attributed blame differently. However, our main purpose is to demonstrate that intercultural interaction lifts this difference in cultural mode of the self to an importance that goes beyond mere observation of the existence of such differences between cultures. The basic manifestation of such differences in cultural mode of the self can be found in the use of extended emails by the Chinese protagonists, seeking to demonstrate their respect through their personal sacrifice of time, but which inevitably fail to stimulate the intended response in their western recipient (Quote 5.2).

The organization of work in the intercultural workplace according to national culture is particularly liable to create tension. Our findings suggest that the social organization of intra-firm cooperation is characteristically distinct as between China and our selected western economies. The Chinese use of *guanxi* as the basis for work relations transpires to be a strong source of cultural differences (as exemplified in Quote 4.7). These differences may be unknown, or known (Quote 4.8) but even so not fully understood in the western subsidiaries. It may then be a source of bewilderment but, in an intercultural work situation, it is liable to become a source of emotional response deleterious to effective cooperation, productivity and business performance. In the case of Chinese culture knowledge is tacit and embedded in a diversity of individuals (Quote 3.6). We find evidence that this tension is heightened when there is task interdependence, that is, the need for cooperation between individuals – individuals who have no practical alternative other than to fall back on their own cultural norms to guide their behaviour. The context of knowledge transfer, which we use in this study, generates the need for cooperation, and therefore the necessity of individuals to work closely with each other. We have found evidence that suggests that the more intense is the task interdependence, for example, in the cost of knowledge search (Quotes 4.1 and 4.2) as compared with structural differences in the knowledge base (Quote 3.5), then the more pressure

this places upon individuals, and the more they must rely on their cultural norms, producing emotional intensification.

With regard to differences in English language use, we find that the attribution of blame clearly follows cultural lines. The natural inclination of a western respondent was toward a public anger response (Quote 5.5), while that of the Chinese was to feel shame from such a rebuke (Quote 5.4). Such interactions are deleterious to intercultural working, and no managerial resolution to them was suggested within our data. This may reflect the lack of management capability and experience, specifically in the intercultural domain, on the part of Chinese managers. If the polarity of the asymmetry in language usage were to be reversed, that is, the Chinese multinational were to standardize on the use of Chinese throughout the firm internationally, then it is not evident that the foreign subsidiary staff would feel symmetrical emotions to those experienced by the Chinese in the case study. This is because the social evaluative stress of “losing face” that is a normal part of the social organization of work in China was not prevalent in the countries of the foreign subsidiaries. In such instances, an anger response might become more likely.

No intercultural training was evident, nor was there any training program indicated. This is an important aspect of our study as it enables us to examine intercultural interaction in the raw. However, the possibility of intercultural socialization as an effective antidote to cultural differences is indicated in two of our respondents’ quotations. In these instances, socialization occurred organically, that is, it was not engineered by management. The experiences of two respondents, one American respondent and one Chinese (Quotes 4.11 and 4.12), are a case in point of the role of socialization between cultures to create more effective intercultural working. This indicates some possible limits to intercultural boundaries, and to a role for intervention to promote socialization. The power of this socialization, outside of a context in which only the task in hand can be discussed owing to time constraints, emerged

strongly. It is worth noting that this socialization arose organically, not because of any managerially-designed intercultural team bonding. That it emerged between individuals from cultures every bit as different as those that which generated negative emotion from first and second order appraisal points to the scope for creating an environment that is more conducive to improved intercultural interaction and working.

Conclusions

In this paper we have analysed how and why emotions generated within the international workplace diverge between individuals for reasons of national culture. Our study provides an explanation for the IM literature difficulty in predicting whether intercultural interaction will result in positive or negative outcomes. We argue that this difficulty arises from the fact that the literature uses fixed cultural coefficients which are expected to result in a knowable outcome of intercultural interaction. We find that individuals appraise their potential to address cross-cultural difference interactively and recursively. Our research shows that the emotions generated are unevenly distributed among the cultural protagonists in terms of their intensity and nature. This emotional discrepancy generates new emotional perspective on intercultural interaction that current conceptualizations of culture have largely neglected.

We propose a theoretical mechanism explaining why is it difficult to determine the outcomes of intercultural interaction due to the first and second order emotional responses it generates. This means that static measures of culture, predominant in the literature, are not able to fully capture the interaction aspects due to different levels and sequencing of emotional responses. We argue that these different emotional levels and the order in which they take place makes the difference to the outcome. Theoretical significance of this paper is that a cultural impact of emotion as a coping mechanism may be ineffective, not only because of cultural

differences which generate these emotions (first order) but also because of the existence of the second order of emotions (and indeed higher orders) arising from the bilateral nature of intercultural interaction (i.e., your reaction to others reactions to your culturally disposed behaviour). This may help explain why small intercultural differences may be so important, indeed more generally, which has been identified as a paradox in the literature (e.g., Fenwick, Edwards, & Buckley, 2003; Fang, Fridh & Schultzberg, 2004).

Limitations and future research

The measurement and explanation of emotional experience is a challenging research endeavour. Although the case study method used in our study enables better matching between the core appraisal dimensions of emotion and the interviewee's narrative account, multiple ways to measure emotion such as decoding of facial/vocal expressions, physiological measurement of bodily change and even neuro-imaging of brain activity might be considered. This could significantly enhance the internal validity of empirical research on emotion in international management.

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Table 1: Profile of Subsidiary Interviewees

Interview Number	Nationality	Job Title	Level	Tenure (Year/Month)	Business Unit	Previous work
1	Australian	Marketing Manager	Middle	1.5	BG6	Project Manager
2	Australian	HR Director	Top	1.5	BG6	Chief Operating Officer
3	Australian	Associate Vice President	Top	3.7	BG6	Senior Manager
4	Australian	Sales representative	Operating	1	BG6	Managing Director
5	Australian	Developer	Operating	0.9	BG6	Data Integration specialist
6	Australian	Account Manager	Middle	1	BG6	Technical Lead

7	Australian	Senior Vice President	Top	3	BG6	Chief Executive Officer
8	American	Testing Manager	Operating	1	BG3	Principle Testing Manager
9	American	Delivery Manager	Operating	1	BG3	Project Manager
10	American	UX Manager	Middle	4.5	BG3	Market analysts
11	American	Sales director	Middle	1	BG2	Business Director
12	American	Chief officer of POM	Top	4	BG3	Project Manager
13	American	Marketing Analyst	Operating	1.9	Marketing	Internship in PR
14	American	IT manager	Middle	3.5	BG1	Technology coordinator
15	American	Sales director	Middle	1.8	BG1	Marketing director
16	American	Senior delivery director	Top	2.2	BG4	IT consult
17	European	Sale representative	Operating	1.2	BG2	Account Manager
18	European	Head of Vendor Manager	Middle	2.5	PGS	Vendor Manager
19	European	Director of translation	Middle	2.5	PGS	Delivery manager
20	European	Associated vice president	Top	3	PGS	Senior director of PGS
21	European	Sales Representative	Operating	2	PGD	Sales
22	European	General Manager in Europe	Top	2	SBU	Chief executive officer
23	European	Sales	Operating	1	SBU	Sales assistant

Table 2: Profile of HQ Interviewees.

Interview Number	Nationality	Job Title	Level	Tenure (Year/Month)	Business Unit	Previous work
1	Chinese	Project Management	Middle	7	PGS	Freelance Translator
2	Chinese	Translation Production Lead	Middle	6	PGS	Translator
3	Chinese	Team Manager	Middle	5	PGS	Translation Lead
4	Chinese	Vendor Management	Middle	5	PGS	Vendor Management
5	Chinese	Project Lead	Operating	1	PGS	Translator
6	Chinese	Project Lead	Operating	3	PGS	Project Assistant

7	Chinese	Vendor Management	Operating	3.5	PGS	I.T. and Management
8	Chinese	Associate VP of Business solutions	Top	2	BG2	Firmware Architect
9	Chinese	Manager of Business Solution	Middle	6	BG2	Delivery Manager
10	Chinese	Presales	Middle	4	BG2	QA Lead
11	Chinese	Account Manager	Middle	5	BG2	Software Architect
12	Chinese	Presales	Operating	5	BG2	IT Testing Engineer
13	Chinese	UX Designer	Operating	1	BG2	Website designer
14	Chinese	Market assistant	Operating	1.2	Marketing	Marketing
15	Chinese	Market analyst	Operating	2	Marketing	Market assistant
16	Chinese	Market Director	Middle	2	Marketing	Marketing Manager
17	Chinese	Associate VP	Top	3	Marketing	Market analyst
18	Chinese	Senior VP of Business development	Top	3	BG3	Co-founder of an I.T. firm
19	Chinese	VP of strategic client	Top	3	BG3	Co-founder of an I.T. firm
20	Chinese	Associate VP of Business	Top	4	BG3	R&D Lead

Interview Number	Nationality	Job Title	Level	Tenure (Year/Month)	Business Unit	Previous work
21	Chinese	Associate VP of Business Operation	Top	7	BG3	Business Operation
22	Chinese	Associate VP of Business Operation	Top	10	BG3	Owner of private firm
23	Chinese	Business Operation	Middle	7	BG3	Project Lead
24	Chinese	Strategic Alliance	Middle	5	BG3	Pre-sales
25	Chinese	Presales	Operating	3.5	BG3	Project assistant

26	Chinese	Business Operation	Operating	1	BG3	Customer engagement
27	Chinese	VP	Top	16	BG5	Software Engineer
28	Chinese	Senior Project Manager	Middle	3	BG6	Project Manager
29	Chinese	Technical Lead	Operating	1	BG6	I.T. Engineer
30	Malaysian/Chinese	Business Operation	Middle	4	BG6	HR
31	Malaysian/Chinese	Business Operation	Middle	5	BG6	Account Manager
32	Singaporean/Chinese	HR manager	Middle	3	BG6	Project Manager
33	Chinese	Associate VP	Top	12	BG7	Business Operation
34	Chinese	Sales	Middle	3	BG7	Project Manager
35	Chinese	Sales	Operating	1	BG7	Accountant
36	Chinese	Market analyst	Operating	0.8	SBU	Market Intern
37	Chinese	Marketing manager	Middle	2	SBU	Marketing