

What a Feeling:
An empiric study of the nexus of emotion and cultural friction
in the context of intra-MNC knowledge transfer

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The candidate confirms that the work submitted is his own and that appropriate credit has been given where reference has been made to the work of others

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Abstract

The international business (IB) has been gradually redirecting its attention from cultural ‘distance’ (Hofstede, 1980; Kogut and Singh, 1988) to cultural ‘friction’ (Shenkar, 2001) to theorize the complexity of cross-cultural interaction and its significance to the firm’s foreign operation. However, given culture is largely treated as a control variable, our theoretical understanding of cultural friction, and especially an ‘up close view’ of the individual cultural actors in real contact over the trajectory of IB activities (Brannen and Doz, 2010), is still limited. In response, a number of researchers have made both conceptual and methodological endeavours to capture the manager’s cognitive structure in cross-cultural cooperation. However, we still do not fully understand ‘the issue of cultural identity and emotional reactions to other cultural groups in an IB context’ (Leung et al, 2005, p.360). This is a serious shortcoming in the IB research as our personal experience of cross-cultural interactions tends to be highly emotional and empirical evidence cross various academic disciplines has shown that emotions complement or even precede the cognition to shape individual’s perception, decision making and organizational behaviour (LeDoux, 1995; Fineman, 1999). Against this background, this thesis is positioned within the emerging stream of literature on ‘micro-foundation’ of cultural friction, and it extends IB theory by exploring individual emotional states in the process of cross-cultural friction.

The construct of *cultural distance* (CD) has become so prolific in international management (IM) literature that its widespread employment makes it a perfect case of ‘thick citation’ (Salk, 2012). However, the paradoxical findings about the effect of cultural

distance on a wide range of IB phenomena cast doubt upon this much-loved concept (Zaheer et al, 2012). It further reveals that the paradox is fundamentally attributed to theoretical reification of Hofstede's (1980) cultural dimensions and methodological flaws of Kogut and Singh's (1988) aggregate index for culture difference. Together, these limitations form the basis of Shenkar's (2001) most celebrated critique to replace cultural 'distance' with 'friction'.

The emotionality of cultural friction has been discussed in a few IB studies. An important conclusion is that emotion mediates the relationship between individual-level attributes and trajectory of cultural friction, which reflects the nature of human emotion as critical mediator between 'mind' and 'context' (Lazarus, 1991). However, a careful reading of this group of studies reveals three major limitations: 1) the researchers are ambiguous with defining emotions in accordance with the established theories, 2) the discrete emotions and their distinctive motivational and behavioural tendency are neglected and 3) the literature is almost silent on culture-specific meaning of emotions. Consequently, if emotion constitutes an important contextual factor to study cultural friction, the questions are what and how emotions are experienced by individuals with different cultural stance, and how these subjective feelings actually influence their thoughts and cross-cultural behaviour. Therefore, the ultimate aim of this study is to explicate the actual link between emotion and cultural friction in the international business context.

Intra-MNC knowledge transfer is intrinsic to a multinational's overseas operation, and therefore represents a valuable empirical ground in which to theorize the nexus of emotion

and cultural friction. Within the context of MNC where individuals from different countries need to learn from and with each other, culture not only shapes people's preferred way to exchange their knowledge, but also provides a set of 'native categories' to make shared knowledge 'actionable' (Buckley and Chapman, 1997). Meanwhile, cross-cultural interaction is often saturated with cognitive and behavioural dissonance from deeply ingrained values, which in turn triggers different emotional reactions and learning results (Molinsky, 2007). However, to our best knowledge, there is no emotion study explicitly examining intra-MNC knowledge flow—a flow which necessarily requires an asymmetry in knowing and therefore encapsulates the nature of the MNC in creating. In line with the objective of this research, we address following specific questions: 1) What specific emotions are felt by the individuals during the process of intra-MNC knowledge transfer? 2) How do these emotions come out and are shaped by individual cultural background? 3) How do they influence the individual's cross-cultural knowledge transfer behaviour?

We answer these research questions through a qualitative single case study of one largest international I.T. service company headquartered in China. Based on qualitative data collected from 60 face-to-face interviews and 9-month field work, this study systematically explores the source, formation and influence of emotions on cultural friction over the different stages of intra-MNC knowledge transfer. Our qualitative data has revealed that the source of emotionality in cultural friction derives from individuals' situated identity and performance conflicts when they attempt to modify their behaviour in the foreign context. These twin conflicts, evoked by specific disparities along the cultural friction, are felt by individual as general negative affect. Depending on individual culturally mediated

appraisal, these general affects transform into discrete emotional experience, and influence the consequence of cultural friction by shaping individual's belief, motivation and action in the way that is consistent with the adaptive theme of the experienced emotions. Based on these findings, a theoretical framework of emotion and cultural friction in the context of international management is proposed.

This study made three contributions: First, it extends the knowledge on micro-foundation of cultural friction by revealing the individual emotional states in cultural interactions. Second, it advances the psychological study of emotion by examining discrete emotional states in a naturalistic, cross-cultural context. Third, it helps managers to obtain a more accurate reading of emotional states of their foreign counterparts in cross-cultural collaboration.

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Chapter 1: Introduction

1.1 Background of the study

International management is ‘management of distance’ (Zaheer et al, 2012, p. 19). The ability to leverage opportunity as well as challenge in doing business in distant countries is a time-honored explanation of why firms embark on foreign direct investment (FDI) in the first place (Ambos and Hakanson, 2014). While some dimensions of distance such as geographical, temporal or economic gap are relatively apparent, others are more subtle but produce large effect on foreign expansion (Ghemawat, 2001). One such attribute that has attracted most academic attention in international business (IB) research is cultural distance (CD) (Tung and Verbeke, 2010). At the time of writing, the construct of CD has been cited 4543 times on Google Scholar to examine various multinational corporations’ (MNCs) business activities, ranging from foreign market choice and entry mode to design of multinational teams and expatriate selection. As observed by Salk (2012, p. 19), CD represents a perfect case of ‘thick citation’ in IB scholarship.

However, the increasing contradictory results regarding the impact of CD have motivated some IB scholars to reconsider this much-loved construct. For instance, O’Grady and Lane (1996) find that perceived similarity hinders the learning ability of Canadian retailers in US market, challenging the view that firms expand progressively from countries with low CD stand a higher chance of successful internationalization (Johanson and Vahlne, 1977). Focusing on culture as proxy of market uncertainty, Gagnon and Anderson (1988) comment that the dominant transaction cost theory awkwardly accommodates two

conflicting propositions: high CD situation could lead to low controlling stake to utilize local partner or it requires high controlling stake to curb opportunistic behaviour. A meta-analysis conducted by Tihanyi et al (2005) shows no direct relationship at all between CD and entry mode choice, degree of diversification and overseas performance. Not surprisingly, Zaheer et al (2012) and Stahl et al (2010) argue that decade of research provide no clear direction on the net effect of CD on various IB phenomena.

The above-mentioned ambiguity surrounding the CD construct can be attributed to a set of theoretical limitations derived from Hofstede (1980)'s *cultural dimensions* and methodological flaws associated with Kogut and Singh (1988)'s *cultural distance index*. According to Brannen and Doz (2010, p. 239), much of IB studies assume culture as 'something out there' and distance between two cultures, like two physical objects, are always identical, absolute and stable. This positivist view of culture neglects the actual 'cultural positions' of two pairs on the particular dimension (Drogendijk and Holm, 2012) as well as 'whose perspective' are taken into account (Chapman et al, 2008). And despite its statistical convenience, Kogut and Singe (1988)'s CD measurement further boils down Hofstede (1980)'s already simplified representation of culture by lumping four dimensions into one composite index. At such highly aggregate level, the measure of CD does not help the researchers to address the issue of 'how and when culture makes a difference' (Leung et al, 2005, p. 368), which is more relevant to firm's global operation. These limitations form the basis of Shenkar (2001)'s most astute critique of CD illusionary properties of 'symmetry' 'stability' 'linearity' 'causality' and 'discordance'.

To enhance the rigour and value of culture-oriented IB research, Shenkar (2012) argues for switching from ‘distance’ to ‘friction’ as a platform to reassess cultural difference in international management (IM). The Oxford English Dictionary defines friction as ‘the action of chafing or rubbing’ and ‘the jarring or conflict of unlike opinions, temperaments’. Unlike CD with connotation of ‘space between’, cultural friction (CF) captures the grip of international management, namely ‘the contact between specific entities onto their partisan concerns’ (Shenkar et al, 2008, p. 911). From the lens of CF, culture is not an integrated entity but ‘fragmented’, ‘fluid’ in the sense that ‘it is created and recreated by actors embedded in organizational and national identities, possessing divergent resources and interests, and holding asymmetric power and hierarchical position, who are engaged in an ongoing exchange that consists of a chain of responses and counter-responses’ (Shenkar et al, 2008, p. 911). Thus, cultural difference does not have any meaning until two or more cultures are brought into contact. As vividly described by Tsing (2005, p.5) who uses the concept ‘friction’ to theorize globalization, ‘a wheel turns because of encounter with the surface of the road; spinning in the air it goes nowhere’. Moving forward, Luo and Shenkar (2011) further develop a theoretical framework of CF by articulating a set of firm-level antecedents and their measurements that could determine the nature of friction.

1.2. Research Gap

As Shenkar (2012, p. 15) notes that more effort is required if we are to achieve the shifting of metaphors from ‘distance’ to ‘friction’. One important direction is to further clarify the source, process and outcome of CF, with the particular attention on the role of individuals (Luo and Shenkar, 2011; Zaheer et al, 2012; Ambos and Hakanson, 2014). This micro-level focus is quite important because 1) CF is fundamentally unfolded through the

interactions of human actors who carry divergent cultural identity, values and resources (Shenkar et al, 2008), 2) depending on individual attributes, CF might mean creativity for one partner but conflict for the other (Drogendijk and Zander, 2010), and 3) the individual variations to CF can be employed to better theorize endogenous heterogeneity of culture which is often mistreated as ‘a random, uncollated error that has no meaning’ (Caprar et al, 2015, p. 1014).

In response to this call, a number of researchers have recently examined the cognitive features of managers in cross-cultural encounters (Thomas, 2010). From a conceptual perspective, Nebus and Chai (2014) propose a cognitive model to explain how manager’s situated perception, awareness and understanding interact with foreign culture to influence their decision making on entry mode. Similarly, Baack et al (2015) demonstrate manager may over (under)-estimate the cultural difference because cognitive bias assimilates the information confirming the previous belief about cultural difference, but dismiss the information contradictory to existing belief. Both studies complement the general discussion on the role of manager’s cognitive ability such as ‘multicultural personality’ (van der Zee and Van Oudenhoven, 2001), ‘global mind-set’ (Levy et al, 2007) and ‘cultural intelligence’ (Ng and Earley, 2006) in an effective cross-cultural cooperation. On the methodological front, a few cognitive measurements are used to directly assess managerial perception of cultural difference (Bell, 1996; Evans and Mavondon, 2002; Chen et al, 2010). Meta-analysis of cultural consequence suggest that cognitive measure holds more explanatory power when account individual’s cross-cultural behaviours (Zhao et al, 2004; Stahl and Voigt, 2008; Magnusson et al, 2008). However, as stressed by Leung et al

(2005, p. 360), ‘the issues of cultural identity and emotional reactions to other cultural groups in an IB context constitute a significant gap in our research effort in this area.’ This is surprising, given our experience of cross-cultural interactions tends to be highly emotional (Tan et al, 2005) and evidence from a wide range of academic disciplines has shown that emotions complement or even precede the cognition to shape individual’s perception, decision making and organizational behaviour (Frijda et al, 2000; LeDoux, 1995; Fineman, 1999; Huy, 2002). Against this background, this research is positioned within the emerging stream of literature on ‘micro-foundation’ of cultural friction, but it extends cultural distance literature by exploring individual emotional experience in cross-cultural encounter.

1.3 Research question

Cultural friction, as Shenkar et al (2001) emphasize, involves engaging with difference rather than detaching or alienating it. Decades of research on psychology of cross-cultural interactions demonstrate that interacting with difference is not a simply cognitive process such as observing, inquiring and learning the different cultural knowledge (e.g., Levy et al, 2007; Earley and Ang, 2003; Fiske and Taylor, 1991), but also an intensive affective events with emotional connotations including ‘acculturative stress’, ‘culture shock’ and ‘intercultural anxiety’ (Gertsen and Soderberg, 2010; Stajkovic and Luthans, 1998; Berry, et al 1997). This is because individual must produce the behaviours that may be ambiguous or inconsistent with his/her deeply ingrained values, beliefs and norms (Sanchez et al, 2000). The negative feeling evoked by this dissonance can strain a person’s cognitive and motivational resources, making it difficult to translate knowledge into appropriate cross-

cultural behaviours (Maertz et al, 2009). On the other hand, positive feelings derived from the congruence between individual values and new cultural behaviour can increase individual psychological resources, transforming the difference into successful cultural learning (Fredrickson, 2001). The proposed emotional impact on inter-culture exchange echoes the classic finding from the psychology that the general affect triggered by cognitive/behavioural dissonance impels the individual to attempt different methods to manage the discrepancy (Festinger, 1957). If cultural encounter 'is essentially one of the continual resolution of internal stress' (Kim, 1995, p.178), the dispassionate account of CF by the scholars following the cognitive perspective seems quite awkward and inadequate. In fact, as one of the key intellectual sources of Shenkar et al (2008)'s elaboration of CF, Tsing (2005)'s ground-breaking work *Friction: An Ethnography of Global Connection* centres round the distress of South Kalimantan resident whose inhabited rainforests had been torn apart by the aggressive Japanese investors (Tsing, 2005).

The emotionality of cultural friction has been indicated in a very selected number of IB research, specifically in the study of expatriate adjustment (Koveshnikov et al, 2014; Ren et al, 2015), cross-border acquisition (Sinkovics et al, 2011; Gunkel et al, 2015), consumer animosity (Harmeling et al, 2015; Sinkovics and Panz, 2009) and international negotiation (George et al, 1998). An important conclusion from this line of research is that emotion mediates the relationship between individual-level attributes and consequence of cultural friction, which reflects the nature of human emotion as critical mediator between 'mind' and 'context' (Frijda, 1986; Lazarus, 1991). However, a careful reading of this group of studies reveals three major limitations: 1) the findings are still fragmented partially because

the researchers seem to be ambiguous with defining emotions in accordance with the established theory (Gooty et al, 2009), 2) the research tends to overlook the discrete emotions and their distinctive motivational and behavioural tendency (Barsade and Gibson, 2007), 3) the literature is almost silent on culture-specific meaning of emotional experience, the key factor that underlines what people feel, think and do in cross-cultural exchange (Mesquita and Boiger, 2014). Consequently, if emotion constitutes an important contextual factor to explicate cultural friction (Drogendijk and Zander, 2010), the questions are what and how emotions are experienced by individuals with different cultural background, and how these subjective feelings actually influence their thoughts and cross-cultural behaviour. Therefore, the ultimate aim of this study is to prove a more fine-grained theoretical understanding of the key research question: *How individual emotional state is linked with cultural friction in the international business context.*

1.4. Empirical investigation

As the first principle of multinational's overseas operations, intra-MNC knowledge transfer represents a valuable empirical ground to theorize the nexus of emotion and cultural friction. Knowledge transfer is above all a 'point of contact' through which individuals make their own perspective and take other's opinions into considerations (Boland and Tenkasi, 1995). Unlike data or information, knowledge become valuable until it is filtered through individual's value, belief, assumption, which is in turn shaped by his/her unique cultural system (De Long and Fahey, 2000). Within the context of MNC where individuals from

different countries need to coordinate and learn with each other, culture not only shapes people's preferred way to disseminate their knowledge, but also provides a set of 'native categories' to make shared knowledge 'meaningful' and 'actionable' (Buckley and Chapman, 1997; Moore, 2011). As noted by Brannen and Doz et al (2010, p. 242), 'nowhere is the impact of culture on management more apparent than when global firms attempt to transfer competences and know-how'. Holden (2002) further emphasizes that any cross-cultural interaction entails form of knowledge transfer.

Nevertheless, our understanding on role of culture in the individual knowledge behaviour remains quite limited (Easterby-Smith et al, 2008), as MNC knowledge flow has largely been investigated at firm, unit and project level (Michailova and Mustaffa, 2012). For instance, Hong et al (2006), based on qualitative case study of 5 Japanese MNC's factory plants in China, report that Chinese culture, relatively indifferent to initiative taking and collective identification outside the kinship-based family, results in Chinese workers' lower level of trust among colleagues and passive engagement in knowledge sharing activities. Thus foreign investors are suggested to 'Westernize or 'Japanize' the local cultural as soon as they set up subsidiaries in China. In contrast, using the same methodology in four cases of international joint ventures, Buckley et al (2006) find out that 'GuanXi' and 'MianZi', as crucial characteristics of Chinese culture, can be deployed as resources for trust-building at personal, inter-partner and governmental level which in turn facilitate cross-border knowledge transfer. Hence, foreign managers are advised to enhance their cultural awareness when coordinating with the Chinese partners. Likewise, whereas Makela et al (2007) reveal that homophily generated by the similarity of national culture

background increases the tendency of knowledge sharing between two MNC managers, Carr et al (2001) report that ‘reverse resonance’ evoked by relative status of technical knowledge makes Western (culturally dissimilar) expatriate more preferred than East African (culturally similar) expatriates. The ambiguous findings of international knowledge transfer dismiss the standard account of CD with its illusion of ‘symmetry’, ‘discordance’ and ‘neutrality’ (Shenkar, 2001, Chapman et al, 2008). A critical issue is the source of distance developed from the lived experience of both partners during the specific knowledge exchange process (Ambos and Hakanson, 2014; Chapman et al, 2008), which is well encapsulated via Shenkar et al (2008)’s conceptualization of cultural friction. With the objective to examine the nexus of emotions and cultural friction, this thesis will show that a systematic study of individual emotional states offers a more accurate understanding of micro-foundation on MNC knowledge transfer (Foss and Pedersen, 2004).

A few empirical studies in knowledge management literature have investigated emotional influence on individual knowledge behaviour. Andrew and Delahaye (2000) find out that scientists who are comfortable in a wide range of working relationship are more likely to leverage weak tie than those who feel uneasy to initiate new knowledge contacts. Empson (2001) reports that twin fears of exploitation and contamination make business consultants unwilling to share their knowledge with their colleagues from the merged firm. More interestingly, Casciaro and Lobo (2008) reveal that negative interpersonal feelings renders competence of potential knowledge provider inaccessible or virtually irrelevant in the eyes of knowledge seeker. In contrast, positive interpersonal feelings can boost individual’s perception of capability, trustworthiness and approachability of knowledge partner.

Extending this result, Levin et al (2010) conclude that regardless of valence, affect-congruent pairs outperform affect-incongruent pairs in knowledge exchange. However, the emerging study on emotional influence on knowledge behaviour by large has developed in a theoretical vacuum as the researchers are ambiguous with the conceptual and methodological appropriateness of emotion. More importantly, none of relevant studies have been conducted in a naturalist, cross-cultural setting (Gooty et al, 2009). Hence, source, process and outcome of individual emotional states in intra-MNC knowledge transfer remain an uncharted territory. This is significant gap because emotions, as a mediator between 'mind' and 'context' (Frijda, 1986; Lazarus, 1991), provides a more micro-focused reading of how cultural difference is related to the manager's perception, motivation and actions during the knowledge transfer process (Foss and Pedersen, 2004). To fill this gap, this study address following specific questions: 1) what specific emotions are felt by the individuals during the process of intra-MNC knowledge transfer? 2) How these emotions come out and are shaped by individual cultural background? 3) How they influence the individual's cross-cultural knowledge transfer behaviour?

1.5 Findings and Contributions

We answer these research questions through a qualitative single case study of one largest I.T. service company headquartered in China. Based on qualitative data collected from 60 interviews, 9-month field work and various company documents, this study systematically explores the source, formation and influence of emotions on cultural friction over the different stages of intra-MNC knowledge transfer. Specifically, the findings suggest that

the source of emotionality in cultural friction drives from individual identity and performance conflicts when they attempt to modify their behaviour in the foreign context. These twin conflicts, evoked by specific disparities along the process of cultural friction, are felt by individuals as general negative affect. Depending on individual culturally mediated appraisal, these affects transform into discrete emotional experience, and influence the consequence of cultural friction by shaping individual's belief, motivation and action in the way that is consistent with appraisal of the experienced emotions. Drawing the insights from psychology and specifically cultural psychology, a theoretical model of emotion and culture in the context of MNC knowledge transfer is proposed.

This study made three contributions: First, it extends the knowledge on micro-foundation of Shenkar's (2001) paradigm of cultural friction by revealing the individual emotional states in cultural interactions. Second, it offers new theoretical lens, addressing what Leung et al (2005) asserted should be the core question of culture research: 'how and when cultural difference creates barriers or opportunity for international business'. Third, it also advances the psychological study of emotion by examining discrete emotional states in naturalistic, cross-cultural context (Gooty et al, 2009).

1.6. The structure of thesis:

The thesis has 8 chapters to address key research questions. Chapter 2 provides an overview of knowledge transfer, cultural friction and emotion. Then it is followed by the Chapter 3 with a more review on nature of emotional experience and how culture shapes individual

emotions. Chapter 4 moves on to discuss how emotional state influence cross-cultural behaviour through a lens of judgement and decision making. Chapter 5 is the methodology chapter where the philosophical foundation, research design and research method are presented. Empirical findings from the case company, Pactera, are reported in Chapter 6 and Chapter 7 respectively. Bringing together key findings, Chapter 8 presents the theoretical framework on the linkage between emotion and cultural friction, introduces theoretical, methodological, managerial contribution as well as directions for future research.

Chapter 2: Position of the current research

The chapter starts with the definition of knowledge and its implications for firm's existence, performance and sustainable competitive advantage. Then, through the lens of community of practice, it proposes that the individual interactions constitute the micro-foundation of firm's knowledge process, which has been missing in the current research on intra-MNC knowledge transfer. Linking the recent debate on role of culture distance in international business activities, the chapter points out that individual emotional state is the missing link between cultural friction and knowledge transfer behaviour. Then, the source of emotionality in cultural friction and its implication for MNC knowledge transfer behaviour are discussed.

2.1 The concept of knowledge

'The history of philosophy since the classic Greek period can be regarded as a never-ending search for the meaning of knowledge' (Nonaka 1994, p. 15). Depending on the fundamental philosophical stance, the construct of knowledge can range from a positivist notion that assumes knowledge as 'justified true belief' of external reality and subject to empirical falsification, to an extreme relativist notion that all knowledge is shaped by 'a priori intuitions' and thus only reflects the available categories of human comprehension (Spender, 1996, p. 47-48). Interestingly, the very notion of knowledge spectrum bears the stamp of Western discourse on 'objectivism', 'subjectivity' and 'linear reasoning'. For instance, knowledge in many Asian countries is categorized around the principle of Yin and Yang, an ancient Chinese philosophy of 'duality', 'diversity' and 'paradoxical thinking'

(Fang, 2012). For knowledge management researchers, the existence of diverse and contradictory views of knowledge becomes a huge barrier. As observed by Tsoukas and Vladimirou (2001), the common strategy to deal with this highly contentious concept is to avoid a detailed discussion of knowledge. However, a number of researchers have pointed out that lack of sufficient understanding of the notion of 'knowledge' and its relationship with other constructs (e.g., individuals, firms, organizing) have substantially undermined the credibility of knowledge management research (Tsoukas, 1996; Foss, 2005; Hislop 2009).

A good starting point for a more precise definition of knowledge is to differentiate it from data and information (Davenport and Prusak, 1998). Data is an ordered sequence of a given events, while information is viewed as placing data in a certain pattern (Bell, 1999). In contrast, 'knowledge is created by the very flow of information, anchored in the beliefs and commitment of its holder' (Nonaka and Takeuchi, 1995, p. 58-59). What underlies this distinction is that knowledge involves human judgment, and results in an increased capacity for action to achieve specific objectives (Nonaka et al, 2006; Currie and Kerrin, 2004; De Long and Fahey, 2000). For example, names, signs, numbers of a tourist map are raw data since they exist independent from a user. When a visitor selects the data in a specific way, it becomes the information about the destinations. Once the traveller relates this information to his/her interest, current location, time schedule for choosing the best route, the information changes into personal knowledge to implement an itinerary. Following this line thinking, I adopt Tsoukas and Vladimirou's (2001, p. 979) definition of knowledge as 'the individual ability to draw distinctions within a collective domain of action, based on

an appreciation of context or theory, or both.’ This definition is chosen because it accentuates the facts that 1) knowledge cannot be separated from individual agency such as ability, beliefs, intentions and strategy. What counts as knowledge for one person might not be the knowledge for another. 2) Knowledge derives its meaning from the way it has been used and assessed within a particular field, outside of which it has little relevance. In sum, Tsouka and Vladimirou’s (2001) definition well captures the role of human dimension in the knowledge process (Piekkari and Welch, 2010). Instead of simply adding another variable, Nonaka and Toyama (2004) argue that it is the human subjectivity that explains why firm exists, differs and creates knowledge.

2.2. Knowledge within the firm: status, types and coordination

From the management perspective, knowledge is key factor that explains the existence and growth of firm. Given the asymmetry of specialization between knowledge acquisition and its utilization, firms are superior to the external markets to integrate individual knowledge for the requirement of production (Ghoshal and Moran, 1996). Combining Barney’s (1986) resource-based view with Penrose’s (1959) emphasis on ‘services’ generated by firm’s resources, it is further proposed that principle source of competitive advantage lies in the company’s ability to coordinate its knowledge asset (Spender, 1994, 1996; Tsoukas, 1996; Grant, 1996). Specifically, ‘coordinating capability’ is *valuable* as it functions as reservoir to deal with new uncertainty quickly, and stimulates ‘double-loop learning’ (Argiris and Schon, 1978). It is *rare* because it reflects the firm’s unique activity system where individuals heedfully inter-relate their actions for a joint accomplishment (Weick and

Roberts, 1993). And it is hard to *imitate* or *substitute* since much of firm's coordinating ability is embedded in the systemic routines (Nelson and Winter, 1982).

Accordingly, the literature then proceeds to identify classifications of firm-specific knowledge and implication of such distinctions for coordination (Hedlund, 1994; Nonaka, 1994; Hansen, 1999). Two of the most common distinctions are made between tacit and explicit knowledge, and individual and collective knowledge.

2.2.1. Tacit and Explicit

As Polyani (1966, p. 4) notes that 'we know more than we can tell', the tacit/explicit distinction concerns how difficult knowledge can be codified. Explicit knowledge can be easily articulated, stored in the tangible forms and 'transmittable in formal, systematic language' (Nonaka, 1994, p. 6). In contrast, tacit knowledge is difficult to formalize, deeply ingrained in practical experience. Dissemination of tacit knowledge is relatively 'sticky' as it requires great effort, in-depth understanding of context as well as richer communication media (Szulanski, 1996). Instead of valuing one type of knowledge at the expense of another, Nonaka and Takeuchi (1995) argue that firm's knowledge is result of dynamic interactions of the two. And the ability to facilitate high-quality interactions between explicit and tacit knowledge is directly linked with firm's innovation.

2.2.2. Individual and collective

The dichotomy of individual-collective concerns the locus of knowledge. Individual knowledge is owned by an individual and manifests in his/her insights, skills and expertise. The individuals are ‘initial conditions’ of firm’s knowledge because it is individuals, not firm, who make critical decision and take actions (Felin and Hesterly, 2007, p. 204; Grant, 1996). They are the creators and learners in the firm. Collective knowledge, on the other hand, arises after individuals engage in shared activity and exists in firm’s rules, routines procedures and norms. Once institutionalized, collective knowledge provides the ‘take-for-granted’ context where the ability to transform the ‘synergy’ among individuals into ‘Penrose rents’ can be developed effectively (Spender, 1994, p. 360-361; Kogut and Zander, 1992). Again, as stressed by Nonaka and Takeuchi (1995), two levels of knowledge co-exist simultaneously and their dynamic interplay contributes to the evolution of firm’s knowledge asset.

The two basic distinctions of knowledge generate four typical categories of organizational knowledge (see figure 2.1 below). They are embrained knowledge (i.e., conceptual skills through formal education and training course), embodied knowledge (i.e., practical skills acquired by doing specific work), encoded knowledge (i.e., knowledge that is codified in document, blueprint, recipe and code of practice), and embedded knowledge (i.e., firm’s routines, norms and values). Implication of this matrix is that each type of organizational knowledge indicates a contingent mode of coordination (Black, 1995; Spender, 1994). Given the problem of ‘bounded rationality’ (Simon, 1957), coordination of embrained knowledge requires movement of experts across different functions (Grant, 1996). Tacit

nature of embodied knowledge determines its coordination primarily in the forms of direct communication and demonstrations (Nonaka and Takeuchi, 1995). Similarly, while encoded knowledge may be supported by information technology, coordination of embedded knowledge can only be achieved by creating a strong cooperative identity where employees are motivated to internalize and transform organizational routines (Kogut and Zander, 1996).

Figure 2.1. Different type of organizational knowledge and its model of coordination.

	<i>Individual</i>	<i>Collective</i>
<i>Tacit</i>	Embodied { Intensive communication }	Embedded { Strong corporate identity }
<i>Explicit</i>	Embrained { Personnel transfer }	Encoded { Information technology }

Source: Black (1995), Spender (1996), Lam (2000)

Although the literature using typology approach has improved our understanding of firm's knowledge, it is limited by the 'formistic' thinking that assumes the categories such as 'tacit-explicit', 'individual-collective', 'body-mind'. 'situated-abstract' are 'discrete, separate and stable' (Tsoukas, 1996, p. 14). This dualism epistemology results in the literature's contradictory stance on how to manage tacit knowledge (Schultze and Stabell,

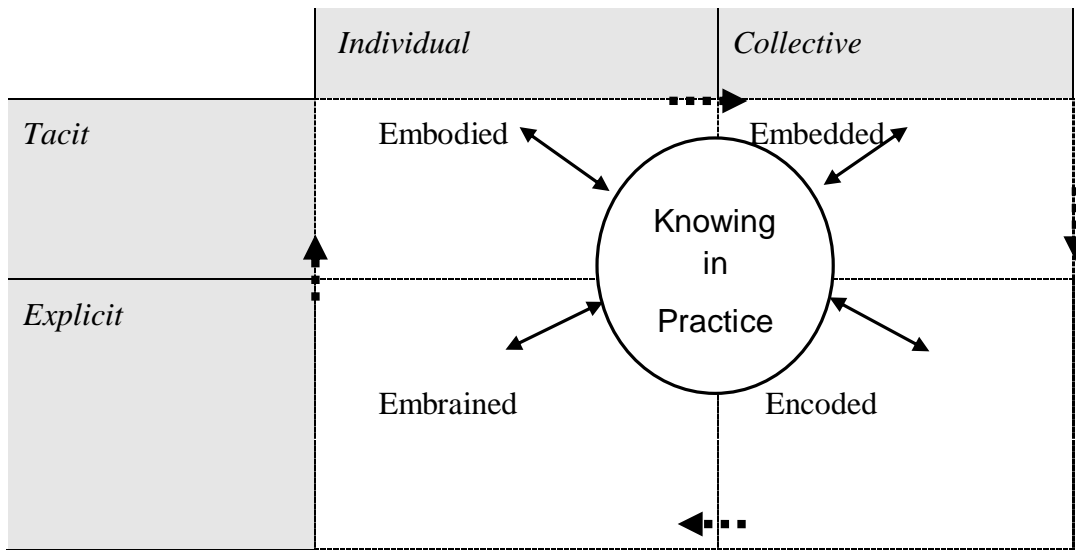
2004). On the one hand, the literature emphasizes that tacit knowledge is the most valuable asset for firm's competitive advantage. But it is 'sticky' to transfer and needs to be converted into explicit knowledge for wider use and development (Hedlund, 1994; Quinn, 1992). On the other hand, the value of knowledge will be lost in the translation from tacit to explicit form (Davenport and Prusak, 1998; Hansen et al, 1999). Furthermore, codified knowledge is more vulnerable to undesirable leakage (Kogut and Zander, 1992). Thus, firm should be better well-off by not choosing to manage tacit knowledge. But such a state of oblivion makes it impossible for firm to clearly identify the source of competitive advantage in the first place, not alone to protect it (Schultze and Stabell, 2004). The literature leaves us the impression that knowledge, as the most valuable for the firm, is also the most impermeable to management. Struggling to make sense of this unavoidable contradiction, Alvesson and Karreman (2001, p. 995) conclude that 'knowledge' and 'management' is inherently an 'odd couple'. While instructive, such perspective is not supported in this thesis as it runs the risk of diverting research attention away from the development of alternatives for what knowledge management could be.

2.3. A practice-based view of firm's knowledge

To overcome the paradox of sticky and leaky knowledge, this thesis adopts practice-based view of organizational knowledge that resists the either/or logic of binary oppositions (Orlikowski, 1992; Hutchins, 1995; Schon, 1983). Specifically, much more in line with Polanyi's (1966) origin thesis, the practice-based view insists that 'tacit and explicit knowledge are mutually constituted...explicit knowledge is always grounded on a tacit component...tacit knowledge is the necessary component of all knowledge' (Tsoukas, 1994,

p. 14). While it is possible to partially convert tacit knowledge into explicit documents, rules or routines, the particulars of context and its requirement for personal judgment make such conversion never complete (Tsoukas, 1996). The dialectic relationship between tacit and explicit knowledge is further explicated through the notion of '*dynamic affordance*' proposed by Cook and Brown (1999). They assert that the knowledge that people explicitly hold is used as a tool to facilitate a meaningful inquiry within a specific context. This process is always a social practice that involves learning what other people have done (Brown and Duguid, 1991), understanding the tacit convention of the tasks (Cook and Yanow, 1996) and revising one's own knowledge through reflection or experiment (Schon, 1983). Thus, knowledge, or 'knowing', is something that people do, rather than something that people possess (Cook and Brown, 1999). Thus, the artificial split of organizational knowledge into explicit/tacit, individual/collective fails to reflect firm's actual activities that 'cross all levels and link all relevant knowing and knowledge' (Gherardi and Nicolini, 2003, p. 50). Figure 2.2 illustrates the concept of knowledge from the practice-based view. Given firm's knowledge is embedded in practice, paradox of sticky or leaky is not attributed to inherent properties of knowledge (i.e., tacit/explicit, individual/collective), but the way that different work activities are structured. 'knowledge leaks in the direction of shared practice, it sticks where practice is not shared' (Brown and Duguid, 2001, p. 207).

Figure 2.2 the practice-based view of firm's knowledge



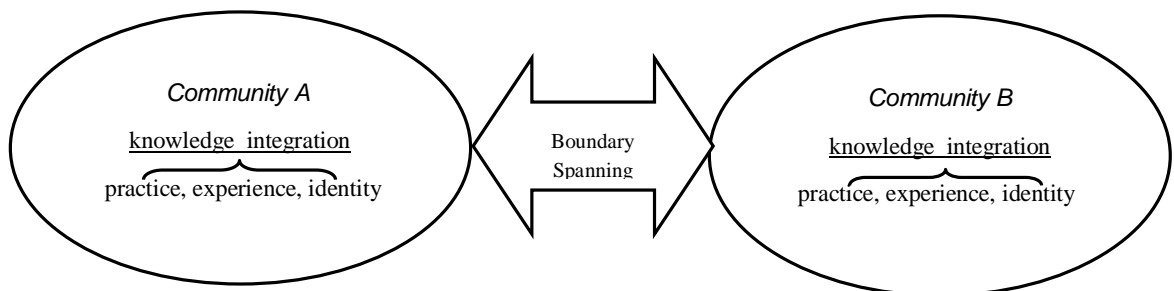
Source: Brown and Duguid (2001)

Accordingly, practice-based view offers alternative way of coordinating firm-specific knowledge through the lens of ‘community of practice’ (Elkjaer, 2003). Lave and Wenger (1991, p. 98) defines a community of practice (CoP) as ‘a system of relationships between people, activities, and the world; developing with time, and in relation to other tangential and overlapping communities of practice’. Within the firm, CoP is typically informal, self-managing, *ad hoc* group of individuals who work closely for a common task. Through their joint practice, members of CoP develop not only a body of valuable operational and technical knowledge or what is known, but also a shared repertoire of language, artifacts, values and attitudes, or how it is known (Wenger, 1998). Over time, they form a strong sense of communal identity regarding who they are, which communities they belong to and how a legitimate community member should behave (Lave and Wenger, 1991). The co-existence of common experience, overlapping thought world and shared identity enhances

motivation and ability for knowledge exchange, making CoP ‘the only mechanism that does not cognitively fail in governing the flow of tacit knowledge’ (Grandori, 2001, p. 392).

Along this line of thought, firm can be conceptualized as a ‘constellation of communities’, each creating a part of overall firm’s knowledge (Gherardi and Nicolini, 2002). While there is some degree of overlapping, much of the knowledge contained within these communities is localized and specialized in nature. What makes an effective coordination is not sophisticated classification of firm’s strategic knowledge ‘from above’, but the alignments of emerging practices from multiple communities (Tsoukas, 1996, p. 11). Given that knowing is inseparable from doing, this requires a shift of research attention from examining the characteristics of knowledge to the actual practice of individuals who navigate as well as negotiate different boundaries of CoPs (Orlikowski 2002; Carlile, 2002, 2004). In sum, practice-based view of knowledge echoes the need for more disciplined attention on role of individual (inter)actions in firm’s knowledge integration. Figure 2. 3 diagrams the coordination of firm’s knowledge through the lens of CoPs.

Figure 2.3: knowledge sharing and creation across communities within the firm.



Source: Hislop (2009)

2.4. Knowledge transfer in multinational corporations

The significance of knowledge transfer is well established in the decades of research on multinational corporations. Beginning with industrial-organizational approach, earlier account of foreign direct investment (FDI) assumes that foreign operation is driven by the desire to take advantage of 'structural' market imperfection and maximize firm's superior knowledge in the home market (Hymer, 1976; Kindleberger, 1969). Later on, as outlined by transaction cost theory of MNC (Buckley and Casson, 1976; Rugman, 1981; Hennert, 1982), because knowledge has properties of public good, imperfection of international market is not structural but 'natural'. Accordingly, internationalization is firm's response to bypass the market failure and exploit knowledge asset under its own administrative fiat.

If knowledge transfer was previously taken as a key factor to explain the rationale of FDI, over recent years it has taken the central position to explain MNC's competitive advantage (Gupta and Govindarajan, 2000; Tallman, 2003; Foss and Pedersen, 2004; Hansen et al, 2005; Phene and Almeida, 2008). Echoing the knowledge-based view (Grant, 1996; Spender, 1996), MNCs are conceptualized as superior organizational form in terms of knowledge transfer across geographically dispersed units (Kogut and Zander, 1993, 1996). Westney (2001) identifies three key advantages: First, the MNC is exposed to a wider 'variety of stimulation' from multiple business environments, customers, suppliers and competitors. Second, the MNC has more options to select the best practice that has proved successful in one market and replicate it in other markets. Third, as a network of differentiated units, the MNC can create synergies by combining various 'pockets of

expertise', which is deemed as critical for firm's sustainable competitive advantage. In sum, by virtue of its multi-nationality, international firms can enjoy the economies of knowledge that is not available for domestic firm.

Alongside the benefits of intra-MNC knowledge transfer, however, is a set of corresponding challenges. On the one hand, the head-quarter (HQ) may find it difficult to appreciate and absorb the context specific knowledge generated at the foreign sites (Forsgren et al, 2000). On the other hand, the subsidiary may exploit the bargain power rendered by knowledge flow to advance its own interests. (Mudambi and Navarra, 2004). It means intra-MNC knowledge flow cannot take place automatically (Persson, 2006). Thence, an ample research has examined a plethora of determinants that affect knowledge flows between HQ and subsidiaries, or among subsidiaries themselves (Michailova and Mustaffa, 2012). The dominant literature can be characterized by two models: 'sender-receiver' model and 'network' model.

2.4.1 Sender-receiver model

The sender-receiver model derives from communication and information processing theory (Gupta and Govindarajan, 2000). The popularity with this model lies in its practical capacity to specify the basic elements of transfers: 'source, channel, message, recipient, and context' (Szulanski, 2000, p. 11). Researchers adapting this model focus on characteristics of knowledge, characteristics of sender, characteristics of receiver, and

characteristics of relationship between sender and receiver (Minbaeva, 2007, Noorderhaven and Harzing, 2009)

. Characteristics of knowledge:

Based on the well-known distinction between explicit-tacit distinction, the bulk of research examines the degree of tacitness of the transferred knowledge. With different measurement of ‘codifiability’ (Hansen, 1999), ‘observability’ (Winter, 1987) or ‘relevance’ (Schulz, 2001), a general conclusion is that tacitness has negative impact on intra-MNC knowledge transfer. For instance, Zander and Kogut (1995) observe that a higher degree of tacitness decreases the speed of transfer since tacit knowledge is hard to codify with a systematic language. Similarly, Hakanson and Nobel (2000) find that if observability of a transferred technology is low, longer development times will be spent in the transfer process. On the other hand, in their study of reverse transfer, Yang et al (2008) note that knowledge relevance can help a parent company to recognize the potential benefits and thus take an active role in absorbing knowledge from the peripheral.

. Characteristics of sender

Regarding to characteristics of senders, the most important determinant is that the sender needs to be relatively well endowed with knowledge. Foss and Pedersen (2002), for example, identify three sources of transferrable knowledge at the subsidiary level: investment in internal knowledge production, knowledge based in direct connection to local players, and knowledge originating from more diffuse linkage within their business

environment. The authors find that the presence of each of the three types of knowledge is positively linked with knowledge outflow. Other scholars look at the sender's motivational disposition (Gupta and Govindarajan, 2000), tendency to protect the knowledge (Simonin, 1999), and the skills to communicate knowledge (Minbaeva and Michailova, 2004).

. Characteristics of receiver

Within the literature on the receiver, the absorptive capability is one of the most cited determinants to knowledge transfer process (Lyles and Salk, 1996; Lane et al, 2001; Foss and Pedersen, 2002; Szulanski, 1996, 2003). Cohen and Levinthal (1990, p. 128) define absorptive capability as the 'ability to recognize the value of new external information, assimilate it and apply it to commercial end'. They propose that a firm's absorptive capability tends to develop cumulatively, and thus is path-dependent and closely related to its current knowledge base (Cohen and Levinthal, 1990). Given the subsidiary's knowledge stock is context or even relational specific, it is found that the higher the absorptive capacity of receivers, the higher the potential benefits of knowledge transfer (Szulanski, 1996; Gupta and Govindarajan, 2000; Ambos et al, 2006).

. Characteristics of the relations between sender and receiver.

A communication is rarely a singular event but more often entails iterative process of exchange between sender and receiver (Argote, 1999). Thus, it is argued that the success of intra-MNC knowledge exchange depends on a direct and close inter-unit relationship (Szulanski, 1996). To achieve this objective, there must be communication channel,

possibility for dialogue across units, and condition for social interaction (Argote, 1999; Senge, 1990). Several empirical studies have supported these ideas. Bresman et al (1999) show that existence of inter-unit communication channel, such as liaison personnel, divisional meeting, international committee, is a significant facilitator of cross-border knowledge transfer. Gupta and Govindarajan (2000) add that intensity of communication, in terms of frequency, informality and openness, also influences quality of knowledge inflow/outflow from the units. Yamin and Otta (2004), in their turn, claim that social interactions not only increases the subsidiary's exposure to skills of other units, but also lead to more joint research and co-authored patents.

2.4.2. Network model

The Network model has its intellectual roots in social network theory. The central idea is that social relations within MNCs play an important role in facilitating knowledge exchange and combination (Adler and Kwon, 2002). Through the concept of 'social capital', the network model aims to explain why some units are differentiated in MNC knowledge network (Nahapiet and Ghoshal, 1998). Thus, subsequent research has examined the characteristics of social capital possessed by the focal unit in terms of structural (position), relational (trust), and cognitive (shared vision and mind-set) dimensions. For instance, based on the survey of 60 business units of two MNCs, Tsai (2001) observes that a centralized position enables the unit to access and share more diverse knowledge, and this in turn has positive effective on innovation and performance. Focusing on relational content, Hansen (1999) finds that while weak tie is useful for transfer codified knowledge, strong tie characterized by a high level of trust develops 'relationship-specific

heuristic' for transferring tacit knowledge. Finally, Buckley et al (2005) examine the cognitive dimension through their qualitative case study of diffusing managerial skills in Beijing Jeep in China. They propose that international knowledge transfer is facilitated by a shared mind-set which allows individuals or groups to interpret, understand and predict behaviour of others. On the whole, a general conclusion is that social capital is an important determinant of a focal unit's opportunity, motivation and ability in knowledge transfer

2.5. Role of culture in MNC knowledge transfer

While researchers have presented more theoretical arguments and empirical evidence supporting innovative effect of intra-MNC knowledge transfer (Kotabe et al, 2007), the literature is almost silent on cultural dimensions of cross-border knowledge integration. As observed by Holden (2002, p. 81), 'one of the problems in the knowledge management literature is that authors give the impression that knowledge management operates in a kind of unitary vacuum, in which cultural diversity is compressed into one giant independent variable, which does not allow for the cultural influences to be taken as variables in understanding knowledge sharing behaviour'. This tendency is attributed to the perceptions of culture used in the international management research, which will be further elaborated in the following sections.

2.5.1 Current research on culture and knowledge transfer

Culture is defined as 'the collective programming of the mind which distinguishes the members of one group or category of people from others' (Hofstede and Hofstede, 2005,

p. 4). Based on the shared values acquired in people's early lives, culture influences individual perceptions and behaviour by evoking a set of learned sense-making process (Triandis 1989). Accordingly, people of different nations tend to possess attitudes, values and norms that reflect their distinctive cultural heritages. The cultural variations, in turn, will be reflected in different knowledge-related behaviour (Ardichvili et al, 2006). For example, previous studies notice that Japanese managers are particular good in sharing tacit knowledge due to Japanese cultural values such as high tolerance for uncertainty (Nonaka and Takeuchi, 1995), strong group identity (Hong et al, 2006) and personal loyalty towards the company (Glisby and Holden, 2003). In contrast, Western managers are more effective in coordinating explicit knowledge because Western culture appreciates clear rules and procedures (Wikesmann et al, 2009), individual expertise (Teece, 2003) and personal ownership of the assigned tasks (Lam, 1997). The incompatibility between Japanese and Western cultural system has been cited as main reason for the failure of introducing Japanese practice including 'quality circle', 'just-in-time' or 'ba' to US/European companies (Saka, 2003; Holden, 2002; Sharpe, 1997). In the light of these observations, De Long and Fahey (2000) conclude that culture shapes assumption about what type of knowledge is worth transferring, determines who is expected to control knowledge, influence how knowledge exchange should be carried out, and stipulates the process by which new knowledge could be created. Without proper management, knowledge sharing among actors from dissimilar cultural context will be particularly challenging (Bhagat et al, 2002; Lucas, 2006). Holden (2002, p. 99) goes further to argue that 'culture is variety of common knowledge' and that any cross-cultural interaction involves both opportunity and challenges of knowledge transfer.

Despite the general recognition that cultural awareness is pivotal to transfer performance in MNC, past research findings have been mixed. For example, Hakanson and Nobel (2001) note that culture difference will require the subsidiaries to take a long time to establish strong internal ties, thus having a negative impact on knowledge flow. In contrast, Frost and Zhou (2005), observe that subsidiaries operating in different culture context are more capable of introducing new knowledge which is perceived to be an importance source of innovation. The relevant discussion is further complicated by the evidence that firms experience more transfer failure due to the misleading perception of cultural similarity (O'Grady and Lane, 1996). The lack of insistency has triggered IB scholars to re-consider the concept of CD.

2.5.2. The concept of cultural distance in IB

According to Zaheer (2012), the main task of multinational firms is to manage various forms of distance across countries. Some distances such as geographic, political and economic attributes are easily understood and predicted. Others are much more subtle but have huge impact on firm's overseas performance. One such distance that has received most academic attention in international business research is cultural distance (CD). Almodovar (2009, p. 38) defines CD as the 'factor which encompasses cultural differences between the home country and the host one, in relation to doing business and all the contingences of the host country which hinder good understanding and the development of business transactions and agreement.' The research subjects that use CD as independent or

moderating factor range from entry mode to alliance performance and from expatriate deployment to work-related attitudes (Kirkman et al, 2006). As noted by Shenkar et al (2008, p. 905), ‘few constructs have gained broader acceptance in international management than culture distance’.

The most influential work that brings CD to the centre stage of international management literature is Hofstede monumental study of national values (Tung and Verbeke, 2010). Hofstede (1980) collected survey data on work-related attitudes and behaviors between 1967 and 1973 from more than 117,000 IBM employees working in 40 different countries. Through clustering and factor analysis, he identified four ‘value’ dimensions that significantly explain inter-country variation, and ranked each country on them ranging from 0 to 100. Specifically, the first dimension is ‘*individualism and collectivism*’ indicating the degree to which a society emphasizes the role of individual as opposed to that of the group. ‘*Power distance*’ measures the extent to which inequality of power distribution is acceptable or unacceptable. ‘*Uncertainty avoidance*’ implies the extent people are threatened by unknown situations. Finally, ‘*masculinity and femininity*’ refers to the extent to which a society endorse masculine values such as ambition, assertiveness, acquisition of money and things, as opposed to feminine ones such as caring, negation, putting relations with people before money. Later, Hofstede and Bond (1988) developed fifth dimension by working with managers in China and named it long-term and short-term orientation. Longer-term orientation reflects future-focused values including persistence and thrift, whereas short-term orientation refers to present-focused values including speedy achievement of success and openness to radical changes. Much of the following national

value research can be perceived as confirmation of overall validity of Hofstede's model (Sondegaard, 1994; Triandis, 2004) or elaboration of five value dimensions (Schwartz, 1995; Trompenaars and Hampden-Turner, 1998; House et al, 2004). In assessing Hofstede's contribution, scholars agree that Hofstede's cultural dimensions for the first time provide researchers a concrete language to describe the soft, squishy concept of culture, and moreover a scientific tool to index the impact of CD on management issues (Chapman et al, 2008; Kirkman et al, 2006; Taras et al, 2011). Table 2.4 below presents the summary of key cross-cultural studies in international business and management.

Table 2.4: Summary of four key cross-cultural studies in international management—Hofstede (1980); Shwarz (1994); House et al (2004); Trompenaars and Hampden-Turner (1998)

Project	Sample	Cultural distance dimensions	Evaluation
Hofstede (1980, 1991, 2001)	117,000 IBM employees in 40 countries	<ul style="list-style-type: none"> . individualism v.s collectivism . power distance . uncertainty avoidance . masculinity v.s femininity . long-term v.s. short term 	<ul style="list-style-type: none"> . a pioneering work to use concrete language to introduce the concept of culture in management context . providing the scores to measure how much cultures might differ . the standard to validate following works on cultural difference
Shwartz (1992, 1994)	School teachers and students from 67 countries	<ul style="list-style-type: none"> . conservatism . intellectual autonomy . affective autonomy . hierarchy . egalitarian commitment . mastery . harmony 	<ul style="list-style-type: none"> . including more countries . adding additional value dimensions to Hofstede . index of cultural difference is based on equivalent meanings across counties

<p>Trompenaars and Hampden-Turner (1998)</p>	<p>15,000 managers in 28 countries</p>	<ul style="list-style-type: none"> . universalism v.s. particularism . individualism v.s communitarianism . specific v.s diffuse . affectivity v.s. neutrality . inner directed v.s. outer directed . achieved statues v.s. ascribed status . sequential time v.s. synchronic time 	<ul style="list-style-type: none"> . a wider, less homogeneous data .holistic approach to study culture, synthesizing quantitative data with previous writings of various sources .Extension and triangulation of Hofstede's work
<p>GLOBE (House et al, 2004)</p>	<p>17,000 managers from 951 organizations in 62 countries</p>	<ul style="list-style-type: none"> . Performance orientation . Assertiveness orientation . Future orientation . Human orientation . Institutional collectivism . Family collectivism . Gender egalitarianism . Power distance . Uncertain avoidance 	<ul style="list-style-type: none"> .Relatively up-to-date data .Differentiating value from practice .More elaborated typology of the Hofstede's dimensions

Although Hofstede's work has become the standard of talking CD in the management, there has been ongoing debate about CD from the outside including organization studies (Martin and Frost, 1997), cultural studies (Hall, 1997), anthropology (Hannerz, 1996) and psychology (Oysterman et al, 2002). In fact, 'Hofstede, in self-criticism, has been there first' to challenge and revise his own assumptions behind cultural dimensions (Chapman, 1997, p. 18). Unfortunately, similar reflexivity is an exception rather than a rule in international management, the field that has built-in capability to stimulate and embrace different paradigmatic interplay (Jack et al, 2008; Brannen and Doz, 2010). Instead, the construct of CD has been subject to 'reification' as the consequence of Kogut and Sign's (1988) rather simplistic aggregation of Hofstede's dimensions into one single index. Coupled with the dominance of transaction cost theory in 1980s, the index of CD provides a perfect proxy for environmental uncertainty that could be computed in a regression equation with other hard data (Shenkar et al, 2008). Since then, CD becomes 'a much-loved construct' that many IB researchers find difficult it to dispel (Zaheer et al, 2012, p. 18). Although suggestions have been made to enhance the measurement of CD (e.g., Tihanyi et al, 2005; Drogendijk and Slangen, 2006; Hakanson and Ambos, 2010), a more fundamental question still remains: Does the CD construction truly explains what it claims to explain in international business?

2.5.3. from cultural distance to cultural friction

In light of the view that organization theory is shaped by metaphors (Morgan, 1980), Shenkar et al (2008) point out that ‘distance’ is driving metaphor, where ‘culture’ is the adjective. Intuitively associated with ‘geographic distance’, CD denotes ‘space between’ and ‘remoteness’ theme, giving a rise of ‘culture is distance’ interpretation (Shenkar et al 2008, p. 908). However, this simplistic perspective does not sit well with recent advent of a ‘multi-layer, multi-level, contextual and systems view of culture’ (Leung et al, 2005, p.374). Specifically, a) culture is multi-layer construct consisting of most external layer of visible artifacts or rituals, the deeper layer of norm which is testable by social consensus, and the deepest layer of basic value, which is invisible and taken for granted (Schein, 1992). While observable behaviours are important, it is the shared, tacit values that truly differentiate one cultural group from another (Taras et al, 2011). b) Culture is located in different level including global, nation, organization, group and individual. A related issue is level-of-analysis appropriateness (Klein et al, 2000). Since CD is constructed as an aggregate of perceived individual values in most studies, such measures may not be suitable for all levels of levels. c) Instead of an abstract construct, culture is a set of symbols, meanings and practice that are enacted and negotiated by a group of people in a specific social context (Geertz, 1973; Ong, 1978). Rather than examining whether or not CD affects knowledge transfer, it will be more instructive to address the issue of when and how it affects the transfer process (Leung et al, 2005). 4) From system view of culture, using individual’s nationality to explain knowledge sharing behaviour (e.g., passport approach) may generate inconsistent results as employees in MNC are typically working and learning in multiple culture settings (Tung, 1997).

In line with this dynamic perspective of culture, Shenkar (2001) and Chapman et al (2008) have made the most astute critique about CD under a number of headings with ‘illusions’:

. illusion of symmetry: the challenges and opportunity of crossing two cultural boundaries are identical from either side.

. illusion of stability: perception of CD is implicitly assumed to be constant.

. illusion of linearity: the higher the distance between cultures, the more disruptive foreign operation will be.

. illusion of causality: culture is the only determinant of distance with relevance to FDI

.illusion of discordance: disparities in cultures generates an obstacle to firm’s overseas investment and performance

. illusion of neutrality: cultural distance have similar effects upon behaviors of individuals who have experienced it.

Together, these illusions obscures the process or outcome of cultural encounters by ignoring who the participants are, how they deal with CD the specific context, and what is the history of their relationship (Hinds et al, 2011). Such operationalization of CD belies the fact that difference between cultures do not automatically yield any meaningful effect, negative or positive, until the two parties engage in a cross-border exchange (Shenkar, 2001). Therefore, Shenkar et al (2008) propose substituting ‘friction’ for ‘distance’ to capture the situation-specific impacts of CD where two or more entities are brought into

actual or anticipated contacts over the course of business interactions. ‘With the friction lens, culture is viewed as being created and recreated by actions in organizational and national identities, possessing divergent resource and interests, and holding asymmetric power and hierarchical position, who are engaging in an ongoing exchange that consists of a chain of responses and counter-responses (Shenkar et al, 2008, p. 911). As a result, the consequence of CD will be emergent, complex and cannot be determined by a prior, compound index. Informed by the friction theory (Persson, 2000), Lou and Shenkar (2011) further specify a number of ‘drag’ parameters (e.g., entry mode, speed of foreign expansion and stage of FDI), ‘ambient’ conditions (e.g., cultural distance, social or political conditions) and ‘lubricants’ (e.g., communication, acculturation, socialization and staffing) that could determine the outcome of ‘friction’ in international management. Whereas Lou and Shenkar (2011) theorize ‘cultural friction’ and its antecedents primarily at organizational level, this thesis extends their work by exploring ‘cultural friction’ at the individual level with specific focus on emotional states.

2.6. Culture friction and emotion in the context MNC knowledge transfer

Although the illusions of ‘system’, ‘discordance’ and ‘neutrality’ have been decoded by mapping managerial perceptions (Chapman et al, 2008; Drogendijk and Holm, 2012), the impact of emotional state on individual’s cross-cultural knowledge sharing behaviour has not been given adequate attention. This is significant gap because culture as a mental program is most strongly related to emotions, following by attitude and perception (Taras et al, 2011). Evidence from psychology shows that emotional states can directly lead to affect-driven behaviour with greater speed and automaticity over cognitively mediated

effect by ‘attitude’ or ‘interpretation’ (LeDoux, 1996). The primacy of emotions in individual thinking is well summarized by Zajonc (1980)’s argument that preferences need no inference. While there is debate on exact reasons for such rapid and crude emotional responses, psychologists generally agree that emotional reactions can occur with minimal or possibly no mediation by higher level cognitive process (Loewenstein et al, 2001). In parallel, accumulating evidence from cross-cultural psychology supports the idea that both emotion and cognition mediate the influence of cultural value on individual behaviour (Kitayama and Markus, 1994; Mesquita et al, 1997; Tsai et al, 2006; Shweder et al, 2008; Kitayama et al, 2009). Against this backdrop, a key question remains: how emotion is linked with the process and outcome of cultural friction in international business?

2.6.1. Emotion and knowledge transfer

Knowledge transfer provides an ideal context to examine the emotions. As it will be further elaborated in the Chapter 3, emotion arises from subjective appraisal of person-related events or situations (Frijda et al, 1991; Lazarus, 1991). It is accompanied by physical expressions and leads to specific emotion-driven behaviours, depending on the personal meaning attached to the appraisal process (Bagozzi et al, 1999). Different from data or information, knowledge is saturated with personal values beliefs and meanings (Nonaka, 1994). Accepting or surrendering knowledge often involves a sense of threat to individual’s competence and self-image (Fineman, 1997). This threat—even if only anticipated—tends to trigger negative feelings that significantly affect how people think and act in knowledge transfer process (Spender, 2003). For example, Argyris (1990) observes that feeling of embarrassment leads to manager’s ‘learned incompetence’ to consider a colleague’s

valuable advice for work improvement. Andrews and Delahayes (2000) find that medical scientists feel too intimidated to ask for help from a professional senior, thus limiting their tendency to access weak ties. Empson (2001) proposes that the professional's fear of contamination by being associated with a colleague from downmarket acquired firm undermines their motivation to share client knowledge. More importantly, consistent with Schere and Tran (2001)'s argument, some of these reported knowledge behaviours are not based on 'cold' cognitive analysis of knowledge itself, they are a purely subjective, even conditioned emotional reactions to certain people (e.g., experts), situation (e.g., asking for help) or concerns (e.g., personal image). Together, these studies highlight the emotion as an important factor to explain the micro-foundation of knowledge transfer process (van den Hoff et al, 2011).

2.6.2. Critical review of existing literature on emotion and knowledge transfer

Although there is a growing attention upon the role of emotion in knowledge process, the relevant literature is still in need of more theoretical and empirical input to move beyond a simple juxtaposition of 'emotion' and 'knowledge' (Fineman, 2003; Simpson and Marshall, 2010). First, following Freudian psychoanalytic approach, the majority of research on interaction between emotion and knowledge process are mainly focusing on 'anxiety' in particular (e.g., Antonacopoulou and Gabriel, 2001; Argyris and Schon, 1974) and negative emotions in general (e.g., Vince, 2001; Empson, 2001). Common experience suggests that knowledge sharing is also associated with the feeling of 'pride', 'empathy', 'excitement' and 'happiness'. While these positive emotions do find a place in a few research, they are

often overshadowed by more established constructs such as ‘trust’ (Levin and Cross, 2004), ‘strong tie’ (Hansen, 1999) and ‘care’ (von Krogh, 2003).

Second, researchers are not clear or consistent with their definition of emotion. For instance, in their experimental study of MBA students’ intention to absorb and act on new information, Levin et al (2010) defines emotions as intense positive/negative affective states without sufficient justification of excluding low-arousal affective states. In fact, compared to those triggered by organizational change (e.g., Huy, 2002) or M&A (e.g., Sinkovics et al, 2011), emotions felt by individuals in knowledge transfer process tends to be subtle but acting as ‘psychological filter’ that shapes individual’s decision on whose knowledge is credible, who is approachable, and with whom valuable knowledge is safe to share (Fineman, 2003; Andrews and Delahaye, 2000). Likewise, while Barnard and Pendock (2013) argue that a diaspora’s emotional reaction towards the homeland may influence his/her willingness to share knowledge with compatriots still living in the homeland, their self-report survey is designed to tap into the more general mood of the diaspora. According to Gooty et al (2009), failure to define emotion consistently may explain why the current inquiry about emotion and knowledge process tends to be description rather explanation.

Finally, rather than a simple generic stimulus-response (e.g., Ekman, 1992), emotional reaction arises from subjective appraisal of specific social context (Smith and Kirby, 2009). In other words, emotions mediate the relationship between individual mind and surround environment. Thus, emotion research needs to take into account the context wherein

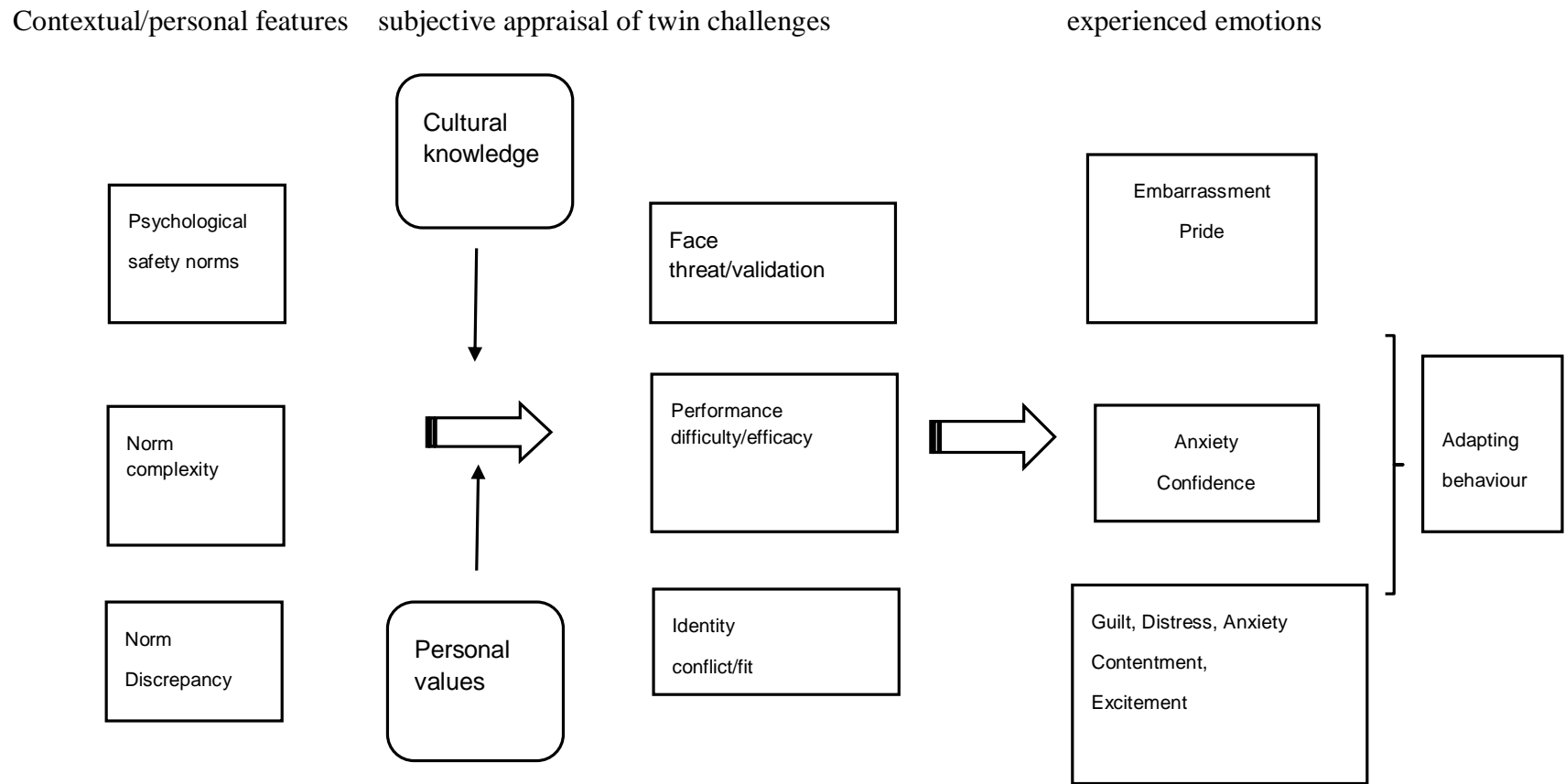
emotions occur as well as individual attributes (Lazarus, 1995). So far, no empirical emotion studies have examined knowledge sharing behaviour in the naturalistic cross-cultural context. This is significant gap given cross-cultural interaction itself is saturated with subjective meanings, different kinds of learning and emotional experience (Holden, 2002; Leung et al, 2005). In this sense, ‘cultural friction’ involved in intra-MNC knowledge flow provides the perfect context to explore this important subject.

2.6.3. The theoretical lens for this study

To systematically explore the emotional dimension of cultural friction in MNC knowledge transfer, Molinsky (2007)’s theory of psychological challenges entailed in cross-cultural interaction offers a good starting point (see figure 2.5). Borrowing the concept from sociolinguistics, he conceptualizes cultural adaptations in business context as ‘code-switching’: the act of purposefully modifying one’s behaviour in an interaction in a foreign setting in order to accommodate different cultural norms for appropriate behaviour (Molinsky, 2007, p. 624). When attempting a cross-cultural code switch, individuals often face twin challenges: 1) performance challenge entails in producing a novel set of behaviours in front of an evaluative audience native to the new culture (Earley and Peterson, 2004), 2) identity challenge of behaving in manner is potentially in conflict with internalized values (Berry, 1997). Depending on contextual and personal features, the emotions generated by subjective appraisal of the twin challenges influence how an individual translates the knowledge of CD into appropriate behavior (Molinsky, 2007, 2013). Specifically, negative emotions including anxiety, embarrassment and guilty derived from experienced skill deficiency, face threat and value conflicts increase

psychological toll the person will endure when attempting a cross-cultural switch (Hobfoll, 2002). In contrast, positive emotions such as confidence, pride and excitement derived from performance efficacy, face validation and value fit arguments a person's psychological resources to deal with code-switching effectively (Fredrickson et al, 2003). Therefore, cross-cultural adaptation involves more than cultural intelligence, global mind-set and learning new behaviour. It requires a capacity to manage the feelings of being incompetent or inauthentic that arises from cognitive dissonance between one's behaviours, executed or condoned in order to accommodate new culture (Maertz et al, 2009).

Figure 2.5: the emotionality of cross-cultural code-switching, adapted from Molinsky (2007)



Focusing on micro-process of human intercultural behaviour, Molinsky (2007)'s cross-cultural code-switching framework complements the dominant cognitive behaviour approach by highlighting the emotional dynamics of cultural encounter. This contribution is important given the evidence from cross-cultural psychology suggests that individuals unable to cope with emotions may still fall back old behaviour pattern even they possess high-level cognitive ability for cultural awareness or adaption (Selmer, 2001; Sanchez et al, 2000). Furthermore, from the practice-based view of knowledge sharing (Brown and Duguid, 2001), the twin challenges of cross-cultural code-switching that trigger emotional reactions dovetail the 'knowledge challenge' and 'identity challenge' of individual boundary spanning across CoPs. In this sense, Molinsky (2007)'s framework provides a useful blueprint to map the emotional states emerged from MNC knowledge transfer. However, it is important to stress that the model of cross-cultural code switching has not been empirically tested in the context of knowledge transfer process. And as Molinsky (2007) himself acknowledges that the model needs to be refined by exploring the ways that individual differ in their tendency/pattern to make sense of twin challenges and associated emotional response. This refinement is particularly relevant to unravel the fundamental emotional mechanism for diverse pattern and outcomes of 'cultural friction', which has been overlooked by the management scholars following Shenkar (2001)'s footsteps. Therefore, this thesis applies Molinsky (2007)'s conceptual work as theoretic framework to examine 1) what kind of emotions are experienced by the managers and employees in the intra-MNC knowledge transfer process, 2) to what extent culture variation mediates individual propensity to experience certain emotions, 3) how these emotions influence their

knowledge transfer behaviour. This question will be addressed in a qualitative case study of a Chinese multinational corporation in IT service industry.

Chinese multinational provides suitable and interesting context. On the one hand, the strategic needs push Chinese firms to be engaged in knowledge-seeking FDI in order to compete with the global giants internationally as well as defend their position in the domestic markets (Deng, 2004). A growing number of empirical studies have reported that Chinese firms invest in developed countries to acquire technologies, brand names and management practice typically via aggressive acquisitions of firms in the host countries (van Hoesel, 1999; Makino et al, 2002). Lou and Tung (2007) propose that the behaviour of Chinese firms 'going international' should be better explained from a springboard perspective rather than from pure economic terms given its institutional fabrics. [It implies that when firms from developed countries are struggling with notion of learning from others, the Chinese firms, particular those investing in developed countries offer a rich source of knowledge acquisition. Nevertheless, due to the distant philosophy and managerial practice, these invaluable learning experiences has not been fully recognized and translated for the Western audience. On the other hands, like their western counterparts, Chinese multinational also needs to overcome the cultural distance in order to access, evaluate and assimilate the knowledge from and to the foreign market (Johanson and Vahlne, 1977). Thus, it is timely and interesting to examine how managers inside the Chinese MNC perceive and deal with this intercultural challenge of knowledge exchange.

Chapter 3: Emotion and Culture

In this chapter, I first define the concept of emotion and systematically review four major emotion theories in psychology. Then I move on the current debate on relationship between culture and emotion, and justify the choice of appraisal theory as the most suitable framework based on the consistency between specific emotion domain under current study and the conceptualization of cultural variation in four emotion theories. Finally, drawing the insights from cultural psychology, I propose the cultural model of appraisal framework to examine individual predisposition to certain emotional states in the process of intra-MNC knowledge transfer.

3.1. Defining emotion:

A major problem in emotion research is the diversity of opinion on how emotion should be defined (Frijda, 2007). In 1884, William James attempted to give an authoritative answer, but only generated more terminological debate for the next half century of emotion study (Ellsworth, 1994). Kleinginna and Kleinginna (1981) listed 92 definitions and 9 skeptical statements under 11 different conceptual categories in the emotion literature. Frustrated with counting the number of emotional concepts, some scholars even suggest that analysis of emotional phenomena does not require a precise definition at all (e.g. Averill, 2004; Russell, 2003; Griffiths, 1997). However, it is widely accepted that a minimal consensus about concept of emotion helps to delimit the research topic under the domain of ‘emotion’ (Niedenthal, 2006), facilitate the dialogue among emotion researchers from diverse disciplines (Sherer, 2005), and provide a pragmatic tool in the search for new theoretical

insights (Frijda, 2007).

To achieve this object, a good starting point is to differentiate emotions from other types of affective phenomena (Keltner and Lerner, 2010). *Affect* can be perceived as an umbrella term including a broad range of mental processes such as trait, mood, emotion and possibly attitude (Bagozzi, 1999). *Trait* is a largely genetically encoded, affective tendency that persists across context and time, and may be best to study under the heading of personality such as extroversion and neuroticism (Niedenthal et al, 2006). *Mood* refers to global pleasant or unpleasant affective state that could last from a few hours up to days. Mood tends to be diffuse in the sense that it does not have clear cause or behavioral consequence (Frijda, 2000). Examples are being gloomy, cheerful, down and irritable. In contrast, emotion is more brief and context-specific, triggered by a particular event or object. Also, emotion produces a more intense sensory experience, obvious motor expression and explicit action tendency (Ekman, 1992; Frijda, 2008). For instance, fear is elicited by the presence of a threat, accompanied by cold skin temperature, widely open eyes, rapid speech rate and an urge to run away (Ohman, 1986). Finally, attitude represents relatively stable evaluative judgment with an affective component (Breckler, 1984). Given attitude does not necessarily depend on a specific elicitor, it often induces a general positive/negative subjective experience (Scherer, 2005). From this perspective, ‘love’ should be regarded as positive attitude because interaction with a loved person can bring out all kinds of emotions in different circumstance (De Sousa, 2007). Inclusion of ‘job satisfaction’ to the category of attitude is based on the same reasoning (Weiss, 2002).

In the light of this basic feature of emotion, most researchers agree that emotions are adoptive response to the ongoing events with multiple psychological and behavioral manifestations (Larazus, 1991; Frijda and Mesquita, 1994; Tooby and Cosmides, 1990; Ekman, 1992). Thus, the current research adopts Scherer (2005, p. 697)'s component process definition of emotion as 'an episode of interrelated, synchronized changes in the states of all or most of the five organismic subsystems in response to the evaluation of an external or internal stimulus event as relevant to major concerns of the organism'. According to this definition, a typical emotional episode includes a) cognitive appraisal, b) physiological reaction, c) facial and vocal expression, d) states of action readiness and e) subjective feeling. Table 3.1 lists the components, their corresponding functions and organismic subsystems within an emotional episode. Although these components are not developed uniquely for emotions (Barrett, 2006), the coherence of subsystems with 'control precedence' is what gives the whole process emotional quality (Frijda, 2007, p. 438). And the change of inter-component synchrony is in response to stimulus events that are significant to an individual's well-being (Scherer, 2004). The advantage of this definition is that it has the potential to capture the richness and dynamics of emotional experience. In addition, it highlights that the principle function of emotions is to mediate transactions between the individual's inner mind-set and outer world, a black box that has not been fully explored by the psychologists (Oatley, et al, 2006).

Table 3.1: Relationship between organismic subsystems and the functions and components of emotion

Emotion function	Organismic subsystem and major substrata	Emotion component
Evaluation of objects	Information processing (CNS)	Cognitive component and events (appraisal)
System regulation	Support (CNS,NES,ANS)	Neurophysiological component (bodily symptoms)
Preparation and direction of action	Executive (CNS)	Motivational component (action tendency)
Communication of reaction and behavioral intension	Action (SNS)	Motor expression component (facial and vocal expression)
Monitoring of internal state and organism- environment interaction	Monitor (CNS)	Subjective feeling component (emotional experience)

CNS= central nervous system; NES= neuro-endocrine system; ANS= automatic nervous system
 SNS= somatic nervous system
 Source: Scherer (2005)

Within the component process model, emotion theorists differ from the content, sequence and relative weight of components that they include in an emotional episode. In a broad sense, there are four important psychological theories of emotion: evolutionary theory, psycho-physiological theory, appraisal theory and psychological constructionist theory. Depending on which theoretical approach is adopted, the process by which emotional states are elicited and differentiated, the specific method to study emotions, and the intended

application of the research result will be different (Niedenthal et al, 2006; Moors, 2009).

Table 3.2 summarizes those four approach of studying emotion in psychological literature.

Table 3.2, Overview of 4 major psychological theories of emotion

<i>Theory</i>	<i>Elicitation</i>	<i>Differentiation</i>	<i>Indicators</i>	<i>Methods</i>
Evolutionary theory	Biological affect program	5 or 6 basic emotions	. Facial display .Vocal expression . Bodily gestures	. Facial coding system .Electromyography . Observer judgment
Psychophysiological theory	Bodily sensations	Pattern of brain and body activity	. ANS . CNS	. Electrodermal . EEG . Neuro-imgaing
Constructionist theory	Core affect	Concept acts	Emotion words	. Lexical analysis . Sematic analysis . Cluster analysis
Appraisal theory	Appraisal	Appraisal dimensions	Verbal report	. Recall prior events . Vignettes . Emotion-evoking event

3.2. Appraisal Theories

3.2.1. Central theoretical arguments on emotion causation

This thesis adopts appraisal theory. Appraisal theories were proposed (Arnold, 1960) and developed (Lazarus, 1966) to explain the differences in emotional reaction across individuals, situation and time. The basic premise of appraisal theory is that emotion is evoked as a function of an individualized meaning analysis or ‘appraisal’ in which the person evaluates the significance of the environment for personal well-being (Ellsworth and Scherer, 2003). It follows that appraisal is inherently ‘relational’: it is always about an interaction between a person’s specific configuration of needs, goals, abilities and his/her immediate, imagined or remembered circumstance (Smith and Kirby, 2009). Hence, for many appraisal theorists, ‘emotional experience is experience of situation’ interpreted by the appraiser (Frijda, 1986, p. 193; Lazarus, 1991; Clore and Ortony, 2013). Different appraisal pattern drives different changes in action tendency, somatic responses and motor behavior. Aspects of all these changes emerge into consciousness and constitute the content of subjective feelings or experience. This experience can, but does not have to be categorized with a specific emotion name (Moors, 2014).

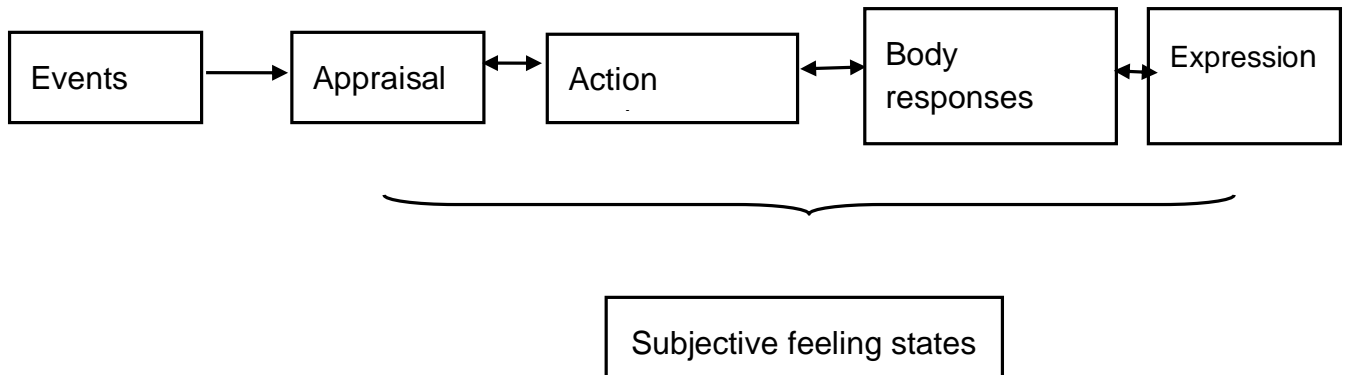
Like psychological constructionist theory, appraisal theories include appraisal or interpretation of situation as a central component in emotional experience. However appraisal theories take a step further and specify a set of appraisal variables that describe what people commonly feel in the emotional state and distinguish one emotional experience from another (Ellsworth, 2013). Although the number and nature of these variables depend on the theorist’s choice of parsimony or being exhaustive, substantial

agreement exists about some core appraisal dimensions including novelty, intrinsic pleasantness, goal significance, power, coping potential and compatibility with social or personal standards (Ellsworth and Scherer, 2003). For instance, anger is associated with the appraisal of an event as high in novelty and deserving of more attention, something obstructive to the appraiser's goal, and a strong sense of power to cope or even correct the behaviours that violate of the perceived norms of 'fairness'. But it does not mean that person feels nothing at all until the full complement of appraisal is in place. According to Scherer (2001), appraisal occurs sequentially and that once primary appraisal 'novelty' is processed, a person is in the state of 'emotionality' with a simple orienting response, lowered heart rate, widened eyes or a turn of the head. As the appraisal process goes further, more complex appraisals such as 'power' and 'social norms' are added, interceptive feedback about changes in physiological and behaviour response may inform the ongoing appraisal process and be integrated into re-appraisal. Thus, there are as many different emotions as there are distinguishably different profiles of appraisal with corresponding response patterning (Scherer, 2005, p. 707). For example, within a modal emotion of anger, there can be many nuances of anger experience. If someone else causes something negative, but not very negative, feeling of irritation might be experienced. If a person has strong sense of control and believes someone's behaviour has broken an acceptable norm, a pleasant righteous indignation is induced. However, when such feeling is so intense that the individual is losing control, what he or she might describe is a state of desperate rage (Ellsworth and Scherer, 2003).

Appraisal theories specify not only the content of appraisal but also the process of appraisal

in terms of the underlying mechanisms and the nature of the representations on which these mechanism operation (Moors et al, 2013). Most appraisal theorists propose a dual-mode model distinguishing a rule-based mechanism from an associated mechanism (Smith and Neumann, 2005). The former consists of on-line computation of appraisal values and combine them to select the appropriate emotion. The later involves the retrieval of previously computed and stored appraisal patterns. Leventhal and Scherer (1987) add sensory-motor mechanism to explain people's innate emotional reactions to a limit set of stimuli (e.g., face, louse noise and sudden loss of support). They further propose that 1) rule-based mechanism are often non-automatic and tend to operate on propositional codes, b) the associative mechanism is often automatic and typically operate an perceptual codes, and c) the sensory-motor mechanism is automatic and operates on sensory code. All variable can be processed with all mechanism. For instance, the appraisal of pleasantness of an encountered object may occur at the motor-sensory level based on innate preference or aversion (e.g., towards a sweet or bitter taste), at the associated level based on learned preference or aversion (e.g., after an acquired taste aversion due to food poisoning), or at the conceptual level involving evaluation based on propositional knowledge (e.g., after reading a restaurant review). Given the idea that appraisal can be processed at different levels, the criticism that appraisal process is too slow, rigid and cognitive to generate emotions does not hold any water (Ellsworth and Scherer, 2003). Figure 3.3 diagrams the key ideas of appraisal theories

Figure 3.3, the illustration of appraisal theories of emotion



Source: Moore (2009)

3.2.2. *The methods to identify and measure emotion*

Given appraisal involves the personal meaning that determines the quality and intensity of any emotion, self-report is regarded as the most direct way to measure appraisal variables, particularly those without recognizable non-verbal correlates (e.g., responsibility, social norms). A commonly used method is to ask the participants to provide retrospective memories about how they thought, felt, and acted in real-life emotional event. Then the subjects rate their emotional experiences on the items designed to measure a set of core appraisal variables. For instance, ‘pleasantness’ can be assessed through the question such as ‘how pleasant or unpleasant was it to be in this situation (Smith and Ellsworth, 1985). Similarly, accountability, an important component of ‘agency’, can be measured by asking participants ‘to what extent do you consider yourself responsible for this situation?’ (Smith and Lazarus, 1993). Via statistical techniques, the appraisal pattern generated by the

participants is used as indicator of a specific emotion. The drawback of self-report is that such fix-formulated questions tell the participants what the investigator cares about and encourage socially desirable answers (Schwarz et al, 1998). Meanwhile, due to the time lag, there is always the danger of unintentional retrospective falsification (Owens et al, 1979). This might happen if people did not remember or know why they felt a particular emotion (Nisbett and Wilson, 1977), or if they used general knowledge to sort out which appraisal pattern links to a particular emotion (Roseman et al, 1996). However, it will be extreme to argue that retrospective self-report are totally unreliable. Given that all verbal measures are subject to some degree of re-constructions and most physiological or behaviour measures are still too crude to understand personal interpretation, self-report, particularly of salient and recent encounters, can provide a valuable or perhaps the richest source of data on appraisal and emotion (Ellsworth and Smith, 1987). According to Ellsworth (1994, p. 214), the real challenge is to improve self-report method by inventing new ways of asking questions and new kinds of questions to ask. To achieve this aim, deeper, more finely textured longitudinal accounts are sorely needed (Ellsworth, 1994, p. 215).

3.3 Culture and Emotion

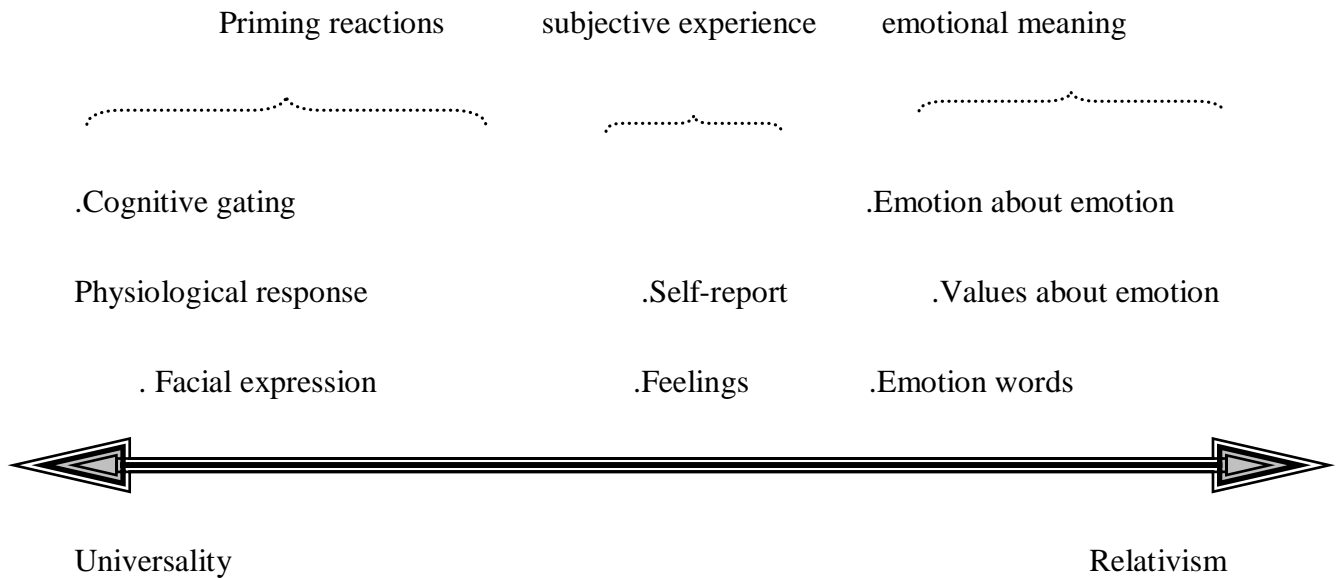
The study of emotion across cultures has a long history and has generated many powerful findings, passionate debates as well as intriguing questions (Keltner and Lerner, 2013). At the beginning, Darwin (1872/1998) proposes that emotions and their expression are biologically innate and thus universal in the human species. In the late 1960s, the pioneering research of Ekman and Izard provide the first empiric evidence that spontaneous

facial display of emotions such as happiness, fear and anger is same across cultures (Ekman, 1972; Izard, 1971). Subsequent research demonstrates cross-cultural similarities in vocal expression (Scherer, 1991), physiological response (Levenson et al, 1992) and brain activities (Panksepp, 1998). However, the idea about the universality of emotion is not well accepted by other researchers. Early anthropologists, such as Mead, Bateson, claimed the emotion expressions are far from universal. Since 1970s, research by cultural psychologists has offered some compelling data, suggesting that both the expression and the experience of emotions are culturally specific practice, values and narratives (Averill, 1980). The classic examples include absence of anger expression in the Inuit (Briggs, 1970), different bodily response of sadness in the Tahitians (Levy, 1973), and culturally unique emotion of *liget* in the Ilongot (Rosaldo, 1980). Given these two seemingly incompatible data or arguments, literature on culture and emotion became polarized by mutual exclusivity of the universal and culturally relativist views. Two sides were further divided by the incommensurability between standardized quantitative method and idiosyncratic qualitative method (Manstead and Fischer, 2002).

In line with component process model of emotion (Scherer, 1984; 2005), new evidence shows that emotion can simultaneously similar in some components and different in others (Mesquita and Frijda, 1992). For example, Mesquita et al (1997) differentiated *the potential for emotions*---the emotional response that people are capable of having in principle--from *emotional practices*--the actual emotions the people experience and express. As emotions unfold, people select and activate outputs from the emotional potential to meet the context requirement. The combined outputs form the emotional practice or experience (Mesquita,

2001). From this perspective, advocates of cultural universality mainly focus on the potential for emotion such as biologically endowed ability to feel and recognize emotions, whereas supporters of cultural relativist tend to concentrate on symbolic meaning that underlies emotional reactions in a given culture (Mesquita and Walker, 2003). Similarly, Matsumoto and Hwang (2012) distinguish three domains that emotions have been examined from the cross-cultural perspective. They are 1) priming reactions, representing physiological response, expressive behaviour and cognitive gating, all of which can happen automatically and even unconsciously, 2) subjective experience that involves description of what is actually felt in an emotional state and subjective awareness of such feelings. 3) emotional meanings which include attitudes, beliefs, concerns and even emotions about emotions and requires higher order cognition. Depending on the specific domain being assessed, the relative impacts of biological and cultural factors will differ (Matsumoto and Hwang, 2012). Thus, the questions about whether or not there is cultural variation in emotions should be replaced by the questions of at what realm and to what degree such cultural variation exists (Mesquita and Frijda, 1992). By extension, to answer these questions, it is crucial to develop a theoretical model with a focused emotional domain that matches what the researcher is dealing with (Matsumoto and Hwang, 2012), and has potential to explain the differences through similarities or *vice versa* (Mesquita and Ellsworth, 2002). In line with this idea, the emotional domain in this study is clarified and use of appraisal theory is justified (see Figure 3.4).

Figure 3.4 the position of emotional domain on the continuum of cultural variation



Source: adapted from Matsumoto and Hwang (2012); Mesquita et al (1997)

3.3.1. The emotional domain in this study

Following Matsumoto and Hwang (2012)’s discussion of three emotional domains, the researcher chooses to examine the subjective experience. The choice is made on the basis of three reasons. First, in psychology, there is an increasing consensus that subjective experience or feeling is core phenomenological feature of emotion (Lambie and Marcel, 2002), and represents an integral part of what emotion researchers mean or ought to mean by ‘emotion’ (Wierzbicka, 2009). As described by Scherer (2005, p. 699), feeling reflects ‘the total pattern of cognitive appraisal as well as motivational and somatic response that underlies the subjective experience of an emotional episode. As a system-level property of human brain, experience of emotion cannot be exclusively equated with any single element of neural or physiological activity (Barrett et al, 2007). In fact, a sufficient account of what

people felt is the first step for a better understanding of how brain and other automatic system impact emotions (Barrett et al, 2007). Second, in line with the multi-component definition of emotion, this research aims to explore what individuals think, feel and act when they are involved in intra-MNC knowledge transfer. This objective is fitting well with the nature of subjective feelings as central integration of all components experienced by a conscious agent (Scherer, 2005; 2009). Neither priming actions nor emotion meanings can offer such comprehensive account from a first-person point of view. Third, while priming reactions are important part of emotional experience, they often occur within seconds of an emotion-eliciting event and require precise measurement with quick time resolution. It is not viable to study and measure such reactions in a field work. Similarly, by definition, emotion meanings mainly represent what people are supposed to feel (Hochschild, 1983; Eid and Diener, 2001) or what they ideally want to feel (Tsai, 2007; Vastfjall et al, 2001). It may not tell too much about individual's actual feeling states when they need to seek or share the knowledge within the MNC, and more importantly how such feelings arise at the first place.

3.3.2. Cross-cultural emotion studies from appraisal approach

Appraisal theories contend that emotional experience is constituted by the individual's appraisal of the eliciting events (Scherer et al, 2001). Different from other emotion approaches, they further specify the phenomenological content of emotion along a set of appraisal variables and emphasize that what people actually feel can, but does not have to be named with an emotion word (Moors et al, 2014). Following that, appraisal theorists investigate cultural variation in terms of different appraisal of situation and generate 'the

hypothesis of universal contingencies' (Mesquita and Ellsworth, 2001). According to the universal contingency hypothesis, there are number of important appraisal dimensions that are culturally general such as novelty, valence, agency, and people in different cultures will experience similar emotions to the extent that they appraise the situation in same ways. If they experience different emotions, it is because they have appraised the situation differently. Thus, what is universal is the link between core appraisal patterns and emotions, whereas what is culturally specific is the content of emotional experience as the use of some appraisal dimensions can vary substantially across cultures (Ellsworth and Scherer, 2003).

The universal contingency hypothesis has received supports from a number of cross-cultural studies. In one pioneering study, Matsumoto et al (1988) measured 7 emotional experiences along 9 appraisal dimensions in a comparative study with students in American and Japan. In most appraisal dimensions, variations that were due to emotion were more significant than those that were due to country. The cultural difference was found in the different belief of appraisals including self-esteem, responsibility and coping. For instance, Japanese found it difficult to attribute the responsibility of sadness-eliciting emotion to other agents while American had little trouble identifying possible agents. Similar results were obtained by Mauro et al (1992), who asked participants from 4 countries to describe events related to 16 emotions and to rate these episodes along 10 appraisal dimensions. They found no significant cultural difference in most appraisal dimensions. The only complex appraisals --anticipated effort, control and responsibility--reported cultural divergence. For example, compared with Americans, the Chinese are more likely to take

pride in events that are beyond anyone's control and attribute other people for the cause of their sadness. In another large-scale cross-culture study in which 2921 participants in 37 countries were asked to report their recent emotion experience, Scherer (1997) found a strong similarity between core appraisal profile and emotion experience. Across culture, joy is induced by events that are interpreted as highly expected, conducive to one's goal, compatible with external and internal standards. Sadness is provoked by events that are characterized as low goal conduciveness, difficult to cope with, and caused by other persons or impersonal agency. The situation that produces guilt is conceived of as self-attribution of the responsibility for an action and strong discrepancy between this action and one's internal standards. Scherer (1997) also found some cultural difference with respect to the relative emphasis on the appraisal dimensions. Compared to other cultural groups, participants from African countries tend to assess the situations that lead to negative emotions as more immoral, unfair and externally caused, whereas those from Latin American generally associate negative emotions with lower ratings of immorality. Taken together, these studies demonstrate that equivalent emotions in different cultures share a core appraisal profile but appraisal tendencies are subject to cultural differences (Ellsworth and Scherer, 2003; Mesquita and Frijda, 1992).

This study adopts appraisal theory as a general framework to explore cultural variation in emotion experience for two reasons. In terms of emotional domain, appraisal theory mainly focuses on what emotion will be experienced in response to an event, which is consistent with the overall research focus. In addition, different from other concepts such as 'display rules', 'emotion script', 'dispositional affect', appraisal is a bridging concept that closely

links 'the environment with the individual mind in any emotion provoking transaction' (Lazarus, 1995, p. 258). Thus, with a set of appraisal dimensions, the researcher can firmly locate and specify the content of subjective emotion experience induced by concrete events such as information seeking and knowledge sharing within the MNC context. Furthermore, rather than a theory of emotion labelling, the model can also capture what individuals have actually experienced but are unable to describe with specific emotion label. Regarding to explanatory power, the universal contingency hypothesis provides a more reliable standard of comparison which makes cultural difference in emotion experience interpretable. As Mesquita and Frijda (1992) point out, the majority of cross-cultural emotion research relies on emotion words as the basis of comparing similarity or difference in the emotional phenomena themselves. Despite the fact that emotion words represent experiential prototypes about particular emotion (Oatley and Johnson-Laird, 1987), the standards on how different emotion terms should be translated across languages and which parts of emotional meanings should be compared are conspicuously lacking. Against a number empirically tested appraisal dimensions, comparison of emotion words or statements denoted by different languages becomes more systematic and understandable (Scherer, 2005).

3.4. beyond appraisal approach: culture models of self

Although appraisal theories provide a model to account for both similarity and cultural specificity of emotion experience, they have not yet explained the exact source of culture variation. As stated by Ellsworth and Scherer (2003, p. 575), 'such explanations must come from collaboration with culture experts'. Following this instruction, the researcher turns to

the literature of culture psychology and culture models of self in particular (Markus and Kitayama, 1991; Mesquita and Walker, 2003; Kitayama et al, 2007).

3.4.1. Cultural psychology: key assumption, objective and approaches

The re-emergence of cultural psychology reflects a growing realization that many of psychology's signature theories does not travel well across cultural, historical and institutional boundaries (Cole, 1996, 2006; Norenzayan and Heine, 2005; Heine, 2010). The attempt to articulate the universals of psychology functioning is further constrained by the field's narrow focus on American subjects who only consist of 5% of the world's total population (Arnett, 2008). As a border psychology at the interface of anthropology, psychology and linguistics, cultural psychology aims to document the diversity of human mentality without a blanket denial of universal mind (Shweder et al, 1998). To achieve this objective, cultural psychologists start with the observation that being a human—thinking, feeling, acting--is fundamentally a social-cultural transaction (Cross and Markus, 1999). Specifically, endowed with well-developed theory of brain (e.g., Tomasello, 1999) and superior linguistic ability (e.g., Pinker, 1994), human beings are the only species that can learn the goals of other's behaviours with high accuracy (Heine, 2010). In addition, unlike other species that inhabit a physical environment as blank states, human beings inherit a cultural world featured by a distinctive patterns of meanings, practices and artifacts accumulated over time (Geertz, 1973). Through socialization, the particular cultural system differentially shapes human mind that is universally given at birth (Shweder 1990). Meanwhile, as people engage in a specific setting, they also make, reflect and transform the meanings of the cultural system by building them into everyday practice and product

(Bruner, 1990). In the words of Markus and Hamedani (2007, p. 7), people are ‘socio-culturally shaped *shapers* of themselves and their worlds.’ From this perspective, the psyche and the culture are mutually constituted (Shweder, 1990). And a complete understanding of psychological phenomena such as motivation, cognition and emotion requires a careful analysis of how they are afforded by cultural-specific meanings (Kitayama, 2002). This requirement is deemed as particularly important when the research sample includes more than the Americans, which is the case in the current study.

The mutual constitution between the psychological and the cultural has been studied through different approaches. Despite some degree of overlapping, they distinguish from each other on the fundamental assumption of what exactly counts as ‘the cultural’, ‘the psychological’ and ‘the nature of relationship linking two together’. Table 3.5 summaries the positions, goals, mechanism that underlies the inter-relationship and limitation of current approaches.

Table 3.5: Current approaches in psychology to studying mutual constitution between the cultural and the psychological

<u>Approach</u>	<u>Empirical Goal</u>	<u>Mechanism of constitution</u>	<u>Example</u>	<u>Assessment</u>
Dimensional	Specify the dimensions of culture that explain differences in attitudes, beliefs, values and behaviours	Worldviews, beliefs, values, attitudes translate the sociocultural into psychology	.Horizontal-vertical .Relationship dimensions	.Culture as static entity with a set of experience-distant dimensions .Lack of process focus on mutual constitution
Models	Specify models that organize the links between the sociocultural and self systems	Psychological tendencies, meanings, practice, and products reflect, foster and sustain one another	Influencing-adjusting models of agency	. need more empirical investigations on the link between socio-cultural context and the psychological systems
Cognitive Toolkit	Specify how cultural meanings and practices can influence basic cognitive tendency	Attention and perception are guided by cognitive tools or sets of interpretive tools	Holistic-analytic cognition	. culture interacts with psyche via cognitive system only . psycho-cultural functions mainly locates inside the head of the person

<u>Approach</u>	<u>Empirical Goal</u>	<u>Mechanism of Constitution</u>	<u>Example</u>	<u>Assessment</u>
Ecoculture	Specify how ecological and sociopolitical factors influence psychological adaption to a context	Cultural adaption and transmission shape the development and display of basic human character	Variations in cognitive competence	. Culture is static, independent variable that determines human psyche
Dynamic Constructivist	Specify the situational factors and boundary conditions that govern cultural influence	Particular knowledge structure/implicit theories are activated by situational cues in a given situation	Bicultural frame switching	. Lack of focus on the process by which the culture and the psyche constitute one another. . Psyche is connected to the context only when the social-cognitive conditions are ripe . Psycho resides in a 'basic human mind' rather than a 'socioculturally contingent mind'

Source: Adapted from Markus and Hamedani (2007)

This thesis uses *cultural models* approach because 1) it regards the culture as often-implicit ‘pattern of meanings’ brought on-line by people in the particular context (e.g., Geertz, 1973), rather than a set of ‘brutal social facts’ (e.g., Durkheim, 1964) exemplified by *dimensional* and *eco-cultural* approaches. The perception of culture as patterns fits in well with the dynamic view of culture illustrated in Chapter 2, 2) In contrast with *cognitive toolkit* and *dynamic constructivist*, it recognizes many psychological process as integrated system of cognition, motivation, affect and behaviour, which is consistent with the component process definition of emotion used in the thesis. 3) With a clear focus the constitution process itself, it avoids the bias to draw the causal direction either to ‘mind’ or to the ‘culture’.

3.4.2. *Independence and interdependence as cultural mode of self*

The notion of self has been central for psychologists who take cultural model approach. This centrality derives from the time-honored idea that self is only made possible through social interactions (Mead, 1934; Allport, 1948), resulting in a set of habits to regulate his/her actions in attunement with the response of social others (Bourdieu, 1977; Geertz, 1973). Recently, Kitayam et al (2007) specify three core components in self-regulation process: a) the way individuals perceive and construe the meanings of immediate situation (i.e., interpretation); b) the method they present themselves and relate with relevant others (i.e., self-other relationship); c) the strategy they employ to organize their behaviour accordingly (i.e., action style). These components often correlate each other to perform various cultural tasks (Kitayama et, 2009), and constitutes individual’s *mode of being*—his or her generalized pattern of thought, feeling, and action or standard operating procedures’ (Kitayama et al, 2007, p. 137).

Different culture promotes different meanings and ways of social interactions. For example, Fiske (1992) identifies four basic patterns of social relations as ‘communal sharing’, ‘equality matching’, ‘authority ranking’ and ‘market pricing’. In a similar vein, Shweder et al (1997) argues for ‘autonomy’, ‘community’ and ‘divinity’ as moral code of social (inter)action. These typologies more or less reflect relative significance of ‘instrumentality’ or ‘connectedness’ shared by participating individuals. Given that, there should be a substantial cross-cultural difference on principles of self-regulation and associated model of being (Kitayama et al, 2007). This reasoning is supported by the decade of research in cultural psychology (Shweder, 2008). In many western cultures where social interaction is structured by ‘instrumentality’, individual’s self-mode is characterized by *the independent construal* (Markus and Kitayama, 1991). The essential aspect of this construal involves a perception of self as an autonomous, goal-directed person. The individual is motivated to promote one’s own goals, convince others of his/her unique internal attribute, and looks for explicit rules of social phenomena in order to influence or change it. Of course, building relationship with others is important but it is mainly evaluated in terms of the contribution to one’s pursuit of personal achievement and independence. As vividly illustrated by Lebra (1976), the nightmare for people with the independent construal is the failure of separating from others when they go noticed, or do not stand up for what they believes, or when they are unduly influenced by others. In short, system of independent self is associated with analytic thinking (Nisbett et al, 2001), self-enhancement in self-other relationship (Kitayama et al, 1997) and action of influence (Morling et al, 2002).

On the other hand, in many eastern cultures where social interaction is organized by ‘connectedness’, individual’s self-mode is characterized by *the interdependent construal* (Markus and Kitayama, 1991). The essence of this mode is that people define themselves by their relations with others in specific contexts. The dominant goal of self is to fit in with

significant others, engage in appropriate actions to meet relational expectation, and pay attention to often-implicit social cues for adaption or conformity. The interdependent self also possesses and expresses a set of internal attributes including ability, power and preferences. However, these attributes are more elusive on their own and are afforded primary value through the maintenance of relational harmony. Thus, the nightmare for inter-dependent selfhood, according to Labra (1976), is the failure of losing connections with significant others (Lebra, 1976). In sum, the system of inter-dependent self is associated with holistic thinking (Nisbett et al, 2001), self-criticism in self-other relationship (Kitayam et al, 1997) and action of adjustment (Morling et al, 2002).

It is important to stress that cultural model of self (e.g., independent and interdependent construal) is qualitatively different from Hofstede (1980)'s individualism-collectivism. From a conceptual perspective, individualism-collectivism is a national-level construct to qualify the effects of interaction between culture and psyche, whereas independent and interdependent construal is an individual-level construct that describes very process of mutual constitution itself (Kitayama et al, 2007). On the methodological ground, individualism-collectivism is often measured via attitudinal scales by directly asking subjects what they claim to be or 'espoused theory' (Argyris and Schon (1978). Exacerbated by factors including response style (Peng et al, 2004), reference-group effect (Heine et al, 2002), limited conscious awareness (Kitayama, 2002), explicit value statement can be extremely misleading. (Oyserman et al, 2002). In contrast, independent and dependent construal captures person's spontaneous psycho-cultural response or 'theory in use' (Argyris and Schon, 1978). With appropriate methods such as 'situation sampling' (Kitayama et al, 1997), 'experimental method' (Leung et al, 2005), 'cultural task analysis' (Kitayama et al 2009), cross-cultural variations that are associated with mode of self are more reliable and systematic (Uchida et al, 2008). Finally,

since individualism-collectivism are presented as opposite poles of one dimension, the source of cultural variation tends to be attributed to stereotype of particular people or groups (i.e., all Chinese are motivated to 'save face' or the Americans only care about self-interests'). Mode of self, on the other hand, is modus operandi for particular context and tasks. So individual can be 'primed' into either independent or interdependent mode, contingent on situational cues, individual's learning history, and level of engagement with specific tasks (Oyserman et al, 2007). In this sense, the source of cultural diversity is how self is afforded or constrained by social resources for handling many universal issues such as problem solving, decision making, and negotiation (Kitayam, 2002). For example, Independent selfhood when practiced in Japan is a privilege granted to the selected persons whose deviance from the norm of interdependence is implicitly sanctioned by the rest of society. In US, to have independent lifestyle is regarded as basic human right (Marcus and Kitayama, 1991). The analysis of cultural model of self is entirely consistent with the enormous flexibility and variability of human mind (Kitayama et al, 2007).

3.4.3. Cultural psychology of emotion

If emotion experience is fundamentally driven by the individual's appraisal of the eliciting event, this appraisal always takes place in the context of self-construal (Markus and Kitayama, 1991; Mesquita, 2000; Mesquita and Ellsworth, 2001). Cross-cultural emotion literature suggests three ways in which the appraisal activity may differ with cultural model of self and relating.

First, the perceptions of certain appraisals vary markedly according to the extent to which they derive from an independent or an interdependent selfhood. For example, although pleasantness

is a central appraisal dimension of emotion experience, the meaning of pleasantness depends on the nature of self-construal. In a survey of 913 Japanese and American college students who were asked to rate the valence of their daily emotion experience, Kitayama et al (2000) found that general positive feelings were most closely associated with interpersonally disengaged positive emotions (e.g., pride, superior) in US, but with interpersonally engaged positive emotions (e.g., friendly, respect) in Japan. In addition, the correlations between positive and negative emotions were largely negative for American students, whereas for Japanese students, the correlations are positive. In a similar vein, Mesquita and Karasawa (2002), based on a large experience-sampling data, noticed that American students rated their emotional lives as more pleasant than did the Japanese students. And while being a unique person contributed to a subjective well-being in US, a relational closeness underlied pleasant feeling in Japan. These findings can be better understood with the culture models of self and relating. With an independent selfhood (in US), a pleasant feeling serves the function of asserting internal attributes such as abilities, personality opinions (Suh et al, 1998). Thus, Americans tend to display a ‘self-enhancement bias’ that they try to highlight positive feeling while avoid negative feelings (Kitayama et al, 1997). With an interdependent selfhood (in Japan), the subjective feelings are less consequential than relational harmony. Hence, both good and bad feelings are accepted as they are (Fiske et al, 1998), or they need to be constantly scrutinized to fit perfectly into social standard, which gives rise to a ‘self-criticism bias’ in Japanese emotional live (Kitayama et al, 1997). Using culture model of self and relating, other studies have revealed the different conception of appraisal dimensions including ‘attention’ (Chentsova-Dutton and Tsain, 2010), ‘legitimacy’ (Bedford and Hwang, 2003), ‘goal/need conduciveness’ (Boiger et al, 2013), and ‘coping with adversity’ (Uchida and Kitayama, 2009).

Second, cultural models of self also render some appraisal dimensions more accessible or

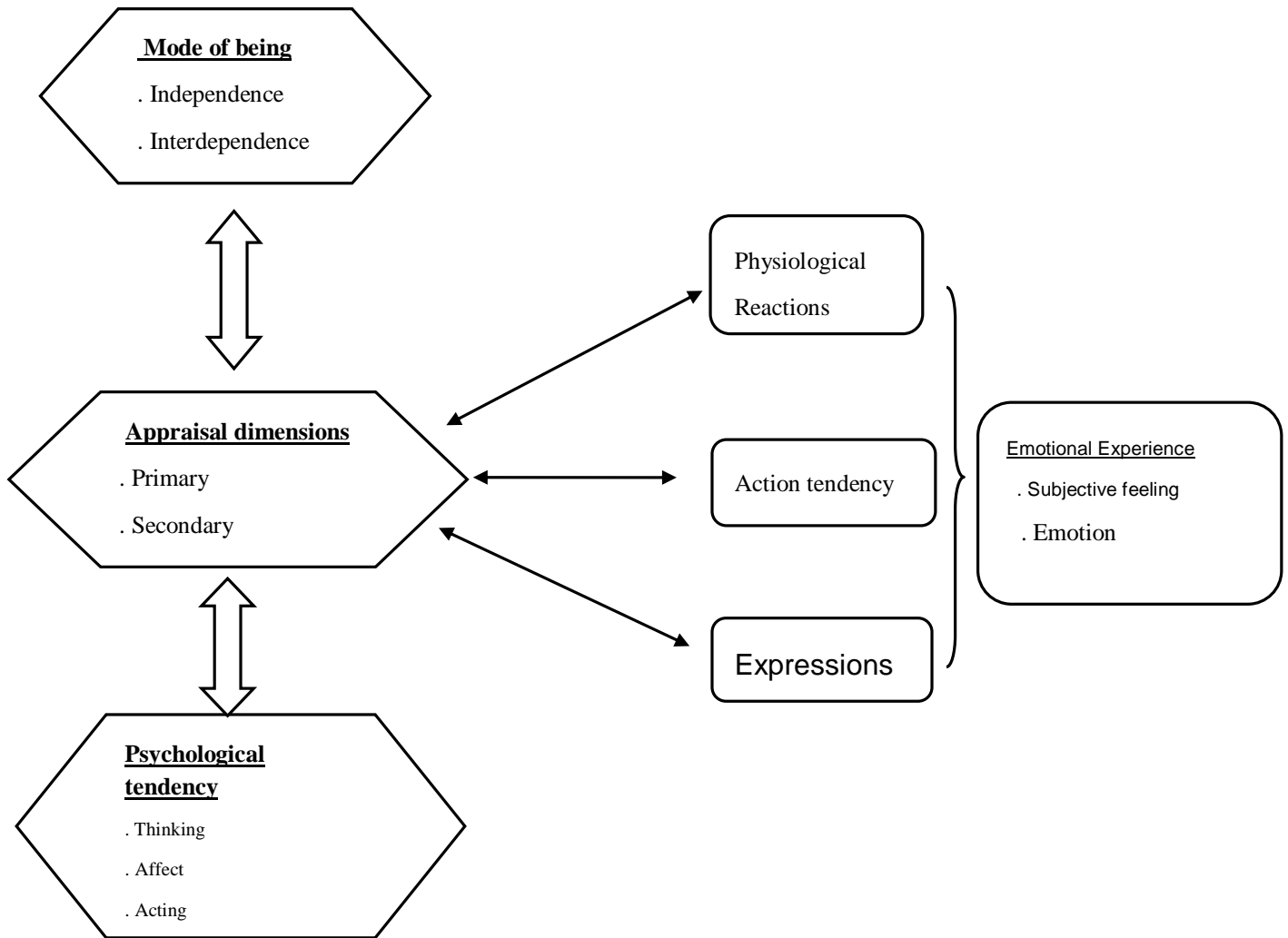
desirable while making others less likely and valued. This point is well illustrated by the different focus on appraisals of agency. Agency involves an assessment on the degree to which individual believes that the self, someone else, or circumstance should hold responsibility for and control over the emotion-provoking events (Ellsworth and Scherer, 2003). It is one of the most important appraisals that differentiate emotion experiences, particularly negative emotions (Ellsworth and Smith, 1988). Modes of self and relating provide a direct self-reflexive schema that specifies the source of agency attribution. According to the view of an independent self, an individual should be accountable for his/her own emotional well-being and have the power to influence the course of events in a positive way. Thus, agency is perceived as self-expression of positive attributes, separated from actions of others or individual's social background (Markus et al, 2006). In contrast, inter-dependent selfhood believes that situation is not subject to personal control and an individual should accept or control both positive and negative emotions for a good adjustment to the situation (Nisbett et al, 2001; Heine et al, 1999). As a result, agency is constructed as conjoint with personal attributes (positive and negative), others and social experience (Markus et al, 2006). Consistent with this reasoning, Roseman et al (1995) found that Indian college students perceived emotional experience as less relevant to their personal goals than American students. Hence, in an unpleasant event, other- or situation-attributed emotions such as anger or sadness are felt with lower intensity in Indian than in US. This finding was later extended in the positive situation by Imada and Ellsworth (2011) who found that Americans attributed success to their own ability and experienced a strong feeling of proud and satisfied. In contrast, Japanese attributed their achievements to others or circumstance and, as a result, reported the feeling of obligated and lucky. In addition, once Japanese and Americans were instructed to make agency appraisal according to the same mode of self, cultural differences in emotional experience of success were significantly reduced.

Finally, cultural model of self and relating can also reveal some appraisal dimensions that are not sufficiently accounted by Western appraisal theorists or most salient to non-western emotion experience (Shweder et al, 2008). For example, in line with interdependent view of the self in Japan, Kitayama and Markus (1990) found that ‘presence of others’ was a frequent theme in Japanese emotional experience. Then they propose an appraisal dimension of social orientation which refers to the extent to which the person has engaged in or disengage from an interpersonal relationship (Kitayama and Markus, 1992, p. 238). At one end, there are socially engaging emotions such as shame, respected that create and foster interdependent self. On the other end are socially disengaging emotions such as pride and anger that aim to affirm independent self. The subsequent studies have shown that Japanese displayed a pervasive tendency to experience engaging emotions more strongly than the disengaging emotions, but Americans displayed a reverse tendency (Kitayama and Mesquita, 2006; Kitayama et al, 2000; Kitayama et al, 1997). While dimension of social orientation has been indicated within the appraisal of ‘control’, it becomes more experientially closer to the perspective of the appraiser with distinctive selfhood, not the researcher’s projections (Barrett et al, 2007; Kitayama and Mesquita, 2006). Similarly, Mesquita (2001) supplements the standard appraisal of ‘self-esteem’ with ‘esteem by other’ (e.g., honor and respectability) and maintains that it is an important subjective experience of emotion reported by the participants from collective culture, but not by those from individualist culture.

Taken together, appraisal theory offers a systematic approach to map the process that underlies the emotional experience across cultures. However, how people appraise cannot be separated from what they are appraising. The cultural model of self reflects the meanings and practice that afford what is appropriate, important and preferable for appraisal (Kitayama, 2002). Furthermore, like the nature of appraisal itself, self-construals are manifested through ‘acts of

meaning' that link social reality and individual's psychological process (Shweder et al, 2008, p. 410), not necessarily through what people explicitly claim themselves to be (Kitayama et al, 2009). Thus, contextualizing appraisal activity in the cultural model of self can explain culture variation of emotion experience in a coherent and valid way (Heine et al, 2002). Based on the foregoing discussions, the researcher proposes a cultural model of appraisal framework (Figure 3/6) and uses it to examine how culture shapes the individual pre-disposition to emotional experience in intra-MNC knowledge transfer. Figure 3.6, cultural model of appraisal framework:

Figure 3.6. Cultural model of appraisal theme



Source: Kitayama et al, 2009; Ellsworth and Scherer, 2003; Kitayama and Markus, 1992

Chapter 4: The role of emotion in judgement and decision making.

This chapter will examine the emotional influence on knowledge transfer behaviour through the lens of decision making. In contrast to existing literature that is mainly framed by rational choice paradigm, this chapter examines the role of emotion in individual's behaviour strategy in knowledge transfer process. Based on a systematic review on the relevant literature, Han et al (2007)'s appraisal tendency framework or ATF was used to study the emotional experience in knowledge transfer behaviour. Linking the cultural model of appraisal proposed in Chapter 2, the chapter extends ATF and employs it to map the individual cultural pre-disposition for certain emotional experience in intra-MNC knowledge transfer process

4.1. Individual knowledge behaviour

Acknowledging importance of knowledge transfer tells us little about how it is unfold through individual actions and interactions. For instance, the critical issue of who contacts with whom in the first place has received little attention in the literature (Makela et al, 2007: 15). The micro-foundation of knowledge transfer can be better understood in terms of problem solving behaviour (Stevenson and Gilly, 1991; Borgatti and Cross, 2003; Nebus, 2006). As described by March (1991), employees initiate knowledge transfer when facing a complex task or opportunity. To solve the problem, individual looks for appropriate source, develops action plan to contact them and discusses applicability of the obtained advice. In parallel, he or she starts to build, retain and evaluate the contacts (Cross et al, 2001). The result of these overlapping processes is the emergence of ego-centric advice network that fundamentally drives knowledge exchange at the organizational level (Nebus, 2006; Makela et al, 2012). Using knowledge search perspective therefore can unravel the micro-foundation of MNC

knowledge flow by revealing the detail of individual's actions and most importantly the judgement and deciding making in the process. Next section will focus on role of affect in decision making.

4.2 The role of affect in judgement and decision making

Decision making often takes place when outcomes of two or more courses of action are either uncertain or delayed in time (Loewenstein, 1992). Given executing a proper decision represents one of the most exalted human ability, theorists have been articulating various models that guide a good decision process (Naqvi, 2005). In the light of von Neuman and Morgenstern (1947)'s pioneer work on axiom of expected utility (EU), most decision-making models assert that people choose between options by assessing the desirability of each option's potential outcome (*utility*) and weighting this outcome by its frequency of occurring (*probability*). The decision maker is thought of possessing complete knowledge to calculate expectancies of each alternative, and is thus able to select the one that maximizes expected value (Kahneman, 1994). From this perspective, decision behaviour is fundamentally a material, deliberative and logic activity, albeit its rationality could be bounded by cognitive limitations (Pham, 2007). However, an increasingly number of scholars has warmed up this cold cognitive model of decision making by incorporating the role of affective states (Blanchette and Richards, 2010). Relevant studies have revealed that 1) momentary emotions, even unrelated to the decision target at hand, can exert a clear, stable and quite systematic influence on decision behavior (Zeelenberg et al, 2008), 2) inadequate emotional reactivity may leads to poor decision making performance (Seo and Barrett, 2007), 3) consideration of individual's actual feelings significantly improves the predictive power of EU-related models (Connolly and Butler, 2006). As noted by Peters et al (2006, p. 79), these instructive findings have made affect and decision making a 'hot' topic.

4.3. Affective mechanism of judgement and decision making

To fully unpack the underlying affective mechanisms involved in judgment and decision making, literature suggests two analytic approaches: valence-based framework and appraisal tendency framework.

4.3.1 Valence-based approach

The task to understand how and when emotions will impact decision began in early 1990s. It was stimulated by the robust finding that the presence of a positive/negative mood or dispositional affect increases the probability of similarly optimistic/pessimistic judgment (Johnson and Tversky, 1983; Abramson et al, 1989; Isen et al, 1987). As a result, the relevant research has been mainly guided by valence-based approach in which the global valence of affective experience assumes ‘overriding importance’ (Lerner and Keltner, 2000). Specifically, three key affective mechanisms have been proposed.

First, the content of people’s judgment is framed in the direction of a prevailing mood state. It is well recognized that under positive mood, people’s perception, judgment, thoughts are biased towards greater positivity--a phenomenon known as mood congruency effect (e.g. Carson and Adams, 1980; Mayer et al, 1992). One explanation of this effect comes from the ‘affect-priming model’ which emphasizes the accessibility of mood-congruent concepts within the structure of associative memory (Forgas, 1995). Specifically, the model asserts that human memory system consists of interconnected nodes in a network structure. And those nodes not only represent the cognitive concepts encoding the events from one’s life, but also the associated affective experience (semantically or episodically). Once a person enters a certain mood, the affect triggers the mood congruent node and spreads to related concepts. Those concepts, in turn,

prime the retrieval from the memory of specific information relevant to the judgments (Bower, 1981, 1991). In contrast, thinking about mood-incongruent material requires effortful changing one's focus, which is cognitively taxing and emotionally unpleasant (Isen, 1978). Happy people, therefore, tend to pay closer attention to positive information, spend more time learning such material, make more positive interpretation of ambiguous evidence and have a better recall for such details later. The reverse should be true for sad people (Forgas and Bower, 1987). This proposition has been empirically confirmed through the analysis of judgment latency, exposure time and memory data (Baron, 1987; Salovey et al, 1991; Petty, 1993; Bohner et al, 1994). For instance, asking the people to evaluate their interactional behaviours videotaped a day before the experiment, Forgas et al (1984) found that happy subjects focused more skilled, successful and fewer unskilled, awkward actions both in themselves and in their partners. In contrast, sad participants were relatively more critical of their own rather than of their partners' behaviour. This self-other difference is consistent with selective priming of self-deprecatory and other enhancing comparison strategy in dysphoria, a pattern repeatedly found in both clinical and normal population (Blaney, 1986; Roth and Rehm, 1980).

A different account of mood congruency effect is summarized in the feeling-as-information model (Schwarz, 1990, Clore, 1992). It is proposed that instead of forming a judgment on the basis of affect-laden concepts, people essentially ask themselves 'how do I feel about it?' and in doing so, they directly use their current feelings as a reaction to the situation (Schwarz, 1990, p. 529). The telephone survey conducted by Schwarz and Clore (1983) is perhaps one of the most cited supporting evidence. The authors noted that although participants reported higher life-satisfaction when they were recalled on sunny than on the rainy days, the difference disappeared when the interviewer, who pretended to call from out of town, first inquired about the weather at respondent's place of live. This finding illustrates that when people attribute

their feelings to something else rather than the target being judged, the impact of affect will be attenuated. Conversely, such impact should be accentuated as people perceive their experienced feelings particularly informative despite opposing forces. Thus, the observed discounting and argumentation effects highlights the function of people's momentary feeling as fast heuristic device for executing judgment (Schwarz, 2010). Later studies also suggest that this informational value of feeling applies to other types of feelings, including non-affective feelings, like felt ease of information recall (Schwarz et al, 1991), certainty with new material (Clore and Parrott, 1994) and various bodily sensations (Stepper and Strack, 1993).

According to Forgas and George (2001), two models represent complementary rather than conflicting explanations of affect infusion, depending on the specific judgment context. The feel-as-information principle tends to operate when target of judgment is global, personal relevance is low, other information is lacking, and situation does not require elaboration (i.e. Forgas and Moylan, 1987; Clore et al, 1994; Hornik, 1992). Under this condition, people seek to produce a response with the minimal effort, relying on whatever shortcuts are readily available. Unless it is questioned, feeling of 'good' or 'bad' represents the most direct, simple cue to execute a decision (Schwarz, 2010). Once the judgment involves a complex target, high personal relevance and great social pressure for accuracy, people have to go beyond the information at hand by creating solutions from the combination of prior experience with new material (i.e. Forgas et al, 1994; Salovey et al, 1991; Forgas et al, 1984). This thinking approach increases the likelihood that affect may prime the memory-based concepts in decision making (Forgas and George, 2001).

Second, the affect also influence the process through which people form the judgment. There

is strong evidence that positive moods promote a more internally driven, top-down, loose processing style, while negative moods facilitate a more externally oriented, bottom-up and systematic processing style (Fiedler, 2000). In one illustrative study of persuasion, Bless et al (1990) observed that happy individuals were moderately and equally influenced by strong as well as weak argument. However, sad individuals were influenced only by strong arguments. This result is consistent with Petty and Cacioppo (1986)'s duo-process paradigm of cognition, stating that strong message are more persuasive when recipients engage in systematic information processing, whereas argument strength exerts little influence when they do not. In a similar vein, Bodenhausen et al (1993)'s experimental study of social judgment revealed that people under negative mood formed the impression of others by attending to their specific behaviors. In contrast, people under positive mood did so by drawing on previous knowledge about the target person's social category.

One primary explanation is affective state represents an automatic evaluation of individual's relationship to external environment (Lazarus, 1991; Frijda, 1988). Good mood signals that all is going well and existing knowledge structure is adequate, thus allowing for more playfulness. Bad mood, on the other hand, denotes that the situation is problematic and usual practice may not work, thus calling for more focus on the details at hand (Schwarz, 1990; 2002). By implication, which processing strategy impedes or enhances judgment performance depends on the specific task. To illustrate, in one concentration test that requires assessing a tape-recorded restaurant story based on a pre-given script, happy participants outperformed sad ones due to their recall and reliance on large amount of script-consistent material (Bless et al, 1996). However, in another task concerning the adequacy of creative effort, positive mood produced suboptimal performance because people misread good mood as indicating that they have done enough; negative mood signals that additional effort is needed, thus leading to better

performance (George and Zhou, 2001).

Third, affective states also carry motivational goals that may guide individual decision making outcome (Erber and Erber, 1994). Human motivation is goal directed and setting a goal implies within-person choice among multiple behavioural options (Locke and Latham, 1990). As a fundamental experience of affective state, feeling pleasure or pain serves as a 'common currency' to rank the priorities of the goals and ensure the most urgent goal has first access to the behavioural final common path (Cabanac, 2002, p. 74). Thus, one pervasive motivational tendency is that people attempt to prolong good moods while trying to reduce bad moods (Isen, 1984; Taylor, 1991). The observed 'mood incongruent judgment' under the sadness provides empirical support for such proposition (Weary et al, 1994). For instance, compared to people in neutral mood, sad people are found more likely to help others because engaging pro-social activity can make them feel better (Schaller and Ciadini, 1990). Similarly, when choosing partners for various problem-solving tasks, sad people exhibit preference for partners with good interpersonal skills over those with task-relevant skills. In this situation, obtaining emotional comfort is primed as more immediate goal for sad people to search for those 'friendly' partner. (Forgas, 1991). However, rather than simply following the hedonic principle of motivation (i.e., always approaching positive mood, avoiding negative mood), later research reveal that people may actively assess the feeling implications of their decision in a given situation (Pham, 1998). Guided by a heuristic of 'how would I feel better if...', positive evaluation arises when the individual's feeling is consistent with what would be expected if the options have obtained this objective, whereas negative evaluation arises when individual's feeling fails to match the expected affective state (Martin et al, 1997). This role-fulfilling view seems to offer a better explanation of why happy people gives a lower rating of heart-wrenching story and sad people judge themselves less positively in terms of empathy after reading a funny comedy (Martin et

al, 1997). Given this active self-monitoring process, the mood-induced motivational goal is more pronounced when decision-makers are aware of the mood state, when they are held accountable for the outcome, or in tasks requiring effortful information processing (Raghunathan and Pham, 1999; Erber and Erber, 2001; Berkowitz et al, 2000).

4.3.2 Limitations of valence-based approach

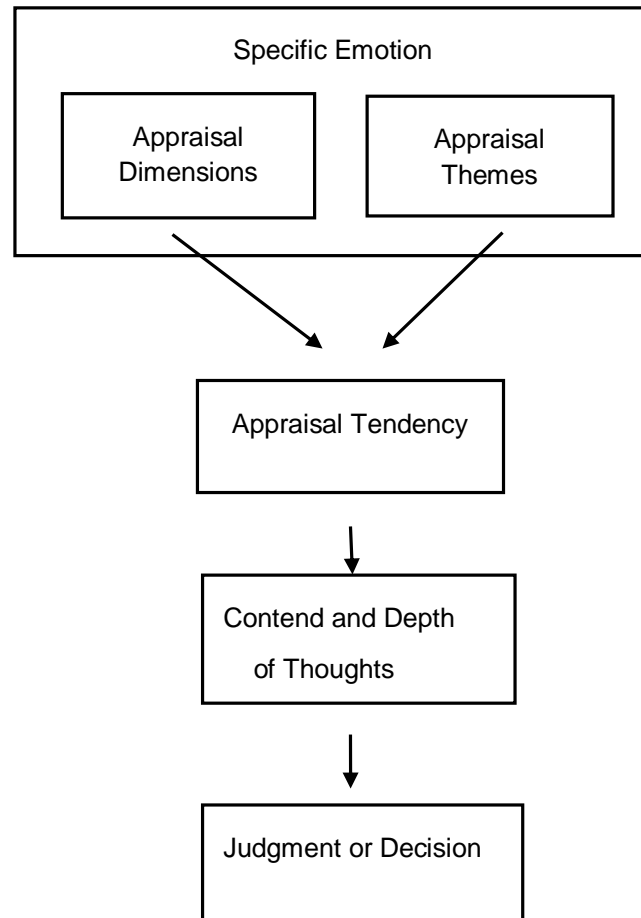
Despite its contributions, valence-based approach has been limited to examining the general emotional state and its cognitive consequence (DeSteno et al, 2000; van der Pligt et al, 1998). On the emotional side, the terms such as ‘moods’ ‘feelings’ and ‘preferences’ are typically used to describe the positive-negative feature of affective response (Russell, 1980). However, a growing view espoused by psychologists is that emotional phenomena go beyond simple positive-negative experience (Scherer, 2005; Niedenthal et al, 2006; Fontaine et al, 2007). Solomon and Stone (2002, p. 431) even argued that ‘analysis of emotions in terms of valence serves no purpose but confusion and perpetrates the worst old stereotypes about emotion. That these are simple phenomena unworthy of serious research and analysis.’ On the cognitive side, most of the affective influence are broadly characterized by loose/tight information processing style for a biased optimistic/pessimistic judgment. Little attention has been paid to the specific feature of judgment cues an emotion-induced cognition entails as well as how decision makers make use of them (Schwarz, 1990). As a result, valence-based approach assumes that different emotions of the same valence, such as fear, sadness, anger, should have similar judgment patterns and goal-directed behaviours. Yet this general prediction has been challenged by an increasingly number of empirical research. In one study (Keltner et al, 1993), participants were asked to make the judgment about the likelihood and causality of future events. While sad people perceive situationally caused events were more likely and situational forces were responsible, angry people regarded similar events caused by humans as more likely and other

people as more responsible. Another study reported that in the assessment of a persuasive appeal, angry participants made greater use of simple cues such as the source's expertise or trustworthiness. In contrast, sad people were more attuned to the quality of presented arguments, regardless of the status of the author (Bodenhausen et al, 1994). Again, a study concerning failed service encounter found that consumers in the regret condition opted for switching to vent their dissatisfaction, whereas consumers in disappointment expressed their discontent through direct complaining to service providers (Zeelenberg and Pieters, 2004). Taken together, this stream of research has implied that emotions with same valence are not equal in terms of their impacts on content, process and motivation of behavioural decision (Pham, 2004). In this sense, valence-based approach may sacrifice specificity in the service of parsimony (Lerner and Keltner, 2000, p. 476)

4.3.3. Approach tendency framework

To obtain a richer insight of emotional influence on judgment and decision making, more scholars emphasize the need to look beyond valence, and investigate the specific effect of discrete emotions (Angie et al, 2011, Zeelenberg et al, 2008). Of the different theoretical accounts, appraisal-tendency framework (ATF) represents the most influential model (Shiv, 2007). Developed by Lerner and Keltner (2000, 2001) and their colleagues (Keltner and Haidt, 2003; Lerner and Tiedens, 2006; Han et al, 2007, Garg and Lerner, 2013), ATF proposes that specific emotion activates an implicit conceptual lens for interpreting the events in line with central appraisal patterns. This emotional-related process guides subsequent decision making behavior and outcome in a goal-directed way (Figure 4.1). Specifically, ATF stipulates five principles to explore emotion-specific influence on judgment and decision making (Han et al, 2007).

Figure 4.1 the constructs and process of the Appraisal Tendency Framework



Source: Han et al (2007)

. Incidental and integral emotions

ATF identifies two different types of emotional input. The first, incidental emotions, refers to feelings that are not directly related to the decision at hand. Although they may be induced by reading sad story, watching a movie or experiencing good weather, their influence on judgment are more subtle and insidious. This is because such carryover effect is usually out of people's awareness or explicitly denied by decision makers even when the evidence suggests otherwise (Han and Lerner, 2006; Lerner et al, 2004). The second, integral emotions, refers to feeling that

are normatively related to the decision at hand. For example, anxiety is commonly reported states when people think of personal consequence of making or not making an investment (Loewenstein and Lerner, 2003). Given their high relevance to the target, integral emotions could exert more pronounced impact than incidental emotions (Dunegan et al, 1992). However, a robust result about the psychology of human affects is that people are more sensitive to their experienced emotions than to where these emotions come from (Schwarz, 2010). They generally assume that any feeling they have, and its subsequent thoughts are ‘integral response’ to whatever object in focus, particularly when the concern for feelings is intrinsic feature of that object (e.g., art, music). Hence, ATF asserts that emotional responses, although tailored to help the individual respond to the event, can persist beyond the eliciting situation and become an implicit perceptual lens for interpreting other situations (Lerner and Keltner, 2000, 2001). Using a nationally representative sample and a multimethod approach, Lerner et al (2003) found that anger towards September 11th influenced not only the Americans’ risk perception of terrorist attack but also their perceptions about routine events such as getting a flu. In addition, people who was initially angry 9 to 23 days after September 11th displayed similar judgment pattern when they were interviewed 6 to 10 weeks later. More strikingly, Keltner et al (1993) observed that simply posing facial or bodily expression of anger was adequate to colour decision maker’s perception of future career and general life circumstance. Because of its pernicious spill-over effect across a continuum of more closely related decisions to less closely related decisions, incidental emotions has attracted more interests from both academic and lay community (Cavanaugh et al, 2007).

Beyond valence

In line with recent development in emotion research, ATF contends that emotions differ in their facial expression, central nervous system and behavioural tendency with cognitive appraisal as

key organizing mechanism. Reflecting the core meaning of a given affect-eliciting event, such appraisal consists of more cognitive dimensions than merely positive and negative (Scherer, 1982; Roseman, 1984). Through empirical examination of all dimensions discussed in the previous literature, Smith and Ellsworth (1985) identify six cognitive dimensions that best represent the underlying appraisal structure of most emotions: certainty, pleasantness, attentional activity, control, anticipated effort and responsibility. At a micro-level, each emotion can be defined through their relative position along these dimensions. For example, pride corresponds to an intense pleasure arising from a predictable event with belief that self is responsible for that event. Once that pleasant feeling is associated with an unpredicted event caused by a situational force, lucky is the emotion people tend to feel (Ellsworth et al, 2007). At the macro-level, discrete emotional experience and effect can be differentiated by core appraisal theme. Proposed by Lazarus (1991), appraisal themes provides a convenient summary of specific harms or benefits that arise in individual's ongoing interaction with the social environment. Emotion-specific core appraisal themes, in turn, help individuals meet external challenges by activating goal-driven action tendencies (Frijda, 1986; LeDoux, 1996). For instance, anxiety is characterized by appraisal of facing uncertain existential threats and thus accompanies the action tendencies to reduce uncertainties. Sadness, on the other hand, is characterized by appraisals of experiencing irrevocable loss and thus accompanies the action tendency to change circumstance, perhaps by seeking rewards (Han et al, 2007).

. Appraisal tendencies

According to ATF, emotions not only can arise from but activates an implicit cognitive predisposition for interpreting subsequent events in line with the core appraisal themes. Consistent with previous literature of global mood effects (Isen, 2001), this lingering effect of appraisal tendency is driven by interrelated mechanisms involving a) affective associative

networks, b) reliance on affect to maintain a sense of coherence in information processing, c) motivation to regulate emotional states (Yates, 2007). More importantly, a number of these appraisals dimensions involve subjects that have been central in research on decision making such as perception of likelihood that certain event will occur, the degree to which the surrounding is within the individual control and how much effort is required (Lerner and Tiedens, 2006). Thus, with its elaboration of appraisal tendencies, ATF can map discrete emotional influence on both outcome and process of decision making.

Outcome effects

In a pioneering study to diverge from the valence-based paradigm, Lerner and Keltner (2000) apply AFT to compare the impacts of anger and fear on risk assessment. According to the appraisal theme (Smith and Ellsworth, 1985), anger is defined by high certainty and personal control in a new situation. Fear, in contrast, is defined by low certainty and situational control. And certainty and control, in turn, map directly onto the two cognitive meta-factors of risk perception: ‘unknown risk’ (hazards judged to be uncertain) and ‘dread risk’ (hazards judged to be out of individual control; McDaniels et al, 1997; Slovic, 1987). It stands to reason, therefore, that fear and anger should exert different influence on risk perception. The result of their study is consistent with ATF: fearful people make more pessimistic assessment of 12 events that cause high causality in the United States (i.e., brain cancer, strokes and floods), whereas angry people made optimistic assessment (Lerner and Keltner, 2000). In another set of experiments, Lerner et al (2004) examine the affective influence on more ‘rational’ economic decision. Participants were either endowed with an object and were asked to sell it back (sell condition), or endowed with nothing and asked whether they would prefer to receive a specific cash amount for an object (choice condition). It was found that disgust eliminates, whereas sadness reversed the well-known endowment effect (i.e., individuals endowed with an

object tend to overvalue it; Kahneman et al, 1991). This result is in line with ATF prediction: disgust, arising from the appraisal of being too close to an indigestible object, evokes action tendency to expel the commodity by reducing both selling and choice price. Sadness, associated with the goal of changing one's situation, motivates people to reduce selling price (i.e., getting rid of what one has) but to increase choice price (i.e., acquiring new goods for change). Similar result extends in late study of real consumer transactions where sad people spent more money to purchase new items than they were in neutral state, a phenomenon that has been labelled the 'misery is not miserly effect' (Cryber et al, 2008).

Process effects

Prior literature have shown that emotions of similar valence may have different impacts on depth of information processing (e.g., Bodenhausen et al, 1994; Forgas, 1998; Tiedens, 2001) without providing sufficient explanation. In accord with ATF, Tiedens and Linton (2001) propose that processing effect of emotional states can be better accounted with the appraisal patterns attached to those emotions. Specifically, they reveal that appraisal of certainty, not dimension of pleasantness, determines the emotion-induced thinking style. In a series of 4 experiments, they provided the evidence that emotions like anger, happiness associated with high certainty of future events result in a greater reliance on heuristic cue in judgment tasks. In contrast, emotions like sadness, hope accompanied by low certainty of what is happening to the individual, leads to a more systematic processing. This is consistent with the notion that feeling certainty is related to the effort of information process (Eagly and Chaiken, 1993). Moreover, after manipulating the certainty appraisal of sadness in a persuasion task, they observed that sad participants with low certainty tended to buy the camcorder presented in a strong argument. However, argument strength did not show any impact for those in sad with high certainty condition. This result lends further credits to the argument that appraisal of

certainty, not valence, plays a causal role in determining whether people engage in heuristic or systemic processing (Tiedens, 2001).

Desteno and his colleagues (DeSteno et al, 2000; 2004a, b) have revealed a separate process by which discrete emotions shape individual's thinking style differentially. Participant in an experiment were induced either anger or sadness by reading news article. In an ostensibly second study, participants were presented with an appeal for tax increase in their home city. The result suggested the experience of sadness led to more positive attitude towards sadness-framed proposal (i.e., the tax will help low-income elderly to cope with coldness in winter). Anger, by contrast, led greater support in favour of anger-framed proposal (i.e., the tax will prevent fraudulent claims for medical care). More importantly, increased sadness was not associated with attitude change towards sadness-framed proposal by making the events more saddening. Instead, alternations in emotion-related expectancies attached to the messages account for the present effect (i.e., the more sad the people feel, more likely they believe the suffering of senior people in cold winter is on the rise, consequently, more agreement with a tax proposal to address this issue). In keeping with the ATF, they argue that discrete emotion triggers a biased interpretation of expectancies in a specific manner (DeSteno et al, 2000) and this perception make the argument matching emotional state of the audience more convincing and believable (DeSteno et al, 2004).

Matching constraint

The ATF proposes domain specificity effect on emotion and judgment. That is. Emotional impact remains and lingers only through core appraisal theme that is semantically consistent to salient cognitive dimensions of a judgment and choice at hand (Han et al, 2007). For example,

anger, but not fear or disgust, should influence judgment of ‘fairness’ and ‘punishment’.

Early evidence of domain specificity effect is found in the research on emotional influence on blame (Weiner, 1980; Schmidt and Weiner). Participants who were induced to feel sympathy (i.e., situational force is held responsible) displayed more positive response to pleas for help. The opposite occurred when participants were induced to feel anger (i.e., target is responsible for his/her misfortune). New research on emotion and intergroup attitudes offers more convincing supports. Desteno et al (2004b) found that angry people were slower to associate positive attributes than negative attribute with an unknown outgroup, resulting in prejudice from thin air. No such effects were observed in people in sad state. In line with the ATF, appraisal pattern of anger is more relevant to intergroup conflicts and competition, whereas sadness is less applicable to intergroup relations. Such result replicates and extends to real groups about which people have prior knowledge. Dasgupta et al (2009) have found that disgust only exacerbates implicit bias against homosexuals because it is more associated with gay stereotype (i.e., moral contamination and impurity). To the extent that aggression is core component of Arab stereotype, anger more than any other emotions increases bias against Arabs. Related, Ovis et al (2010) asked the American young adults to rate how similar they were to a wide range of social groups after the emotion manipulation. The result showed that compassion, emerged as care-taking for those who are in need, promoted feeling of connection to weaker groups such as homeless people, orphaned children. In contrast, pride, elicited as rank-elevating in social status, increased a sense of similarity only to those in strong position such as corporate lawyers, professional athletes. Taken together, these studies have demonstrated that the influence of emotion is constrained by the matching between domains of judgment and the emotion-specific appraisal theme.

.Deactivating conditions

The ATF also illustrates two conditions that will deactivate the emotional diffusion on judgment and decision: goal attainment and cognitive awareness hypothesis (Han et al, 2007).

In the light of the idea that emotions trigger a set of responses (physiology, behaviour, communication) that enable the individual to deal quickly with environmental challenge (Frijda, 1986; Keltner and Gross, 1999), the goal-attainment hypothesis asserts that the appraisal tendencies will be deactivated when an emotion-eliciting problem is solved, even if the emotion persists experientially (Lerner and Keltner, 2000, 2001). In support of this prediction, prior studies showed that feeling of anger amplified the punitive attributions to a defendant in a series of unrelated tort cases unless the perpetrator of the original anger-inducing crime remained unpunished. When the people was informed that the perpetrator was brought to the justice, that is, the goal of anger served, angry experience no longer seeped into subsequent judgments (Lerner et al, 1998; Goldberg et al, 1999). Similarly, a recent experiment of emotion and consumption reported that sad participants ate less comfort food when they were offered free choice to engage in other consumption alternatives. This occurs because having a choice fulfils the goal of individual control that attenuates the sense of helplessness associated with sadness (Garg and Lerner, 2013).

Drawing the insights from mood management literature (Martin et al, 1990; Ottati and Isbell, 1996; Wegener and Petty, 1997), Cognitive awareness hypothesis asserts that the appraisal tendencies will be discounted or corrected when decision makers carefully monitor their own judgment and choice process (Lerner and Keltner, 2000, 2001). For example, Srull (1984) found that evaluation of a car made by experts, but not by novices, are less emotionally colored.

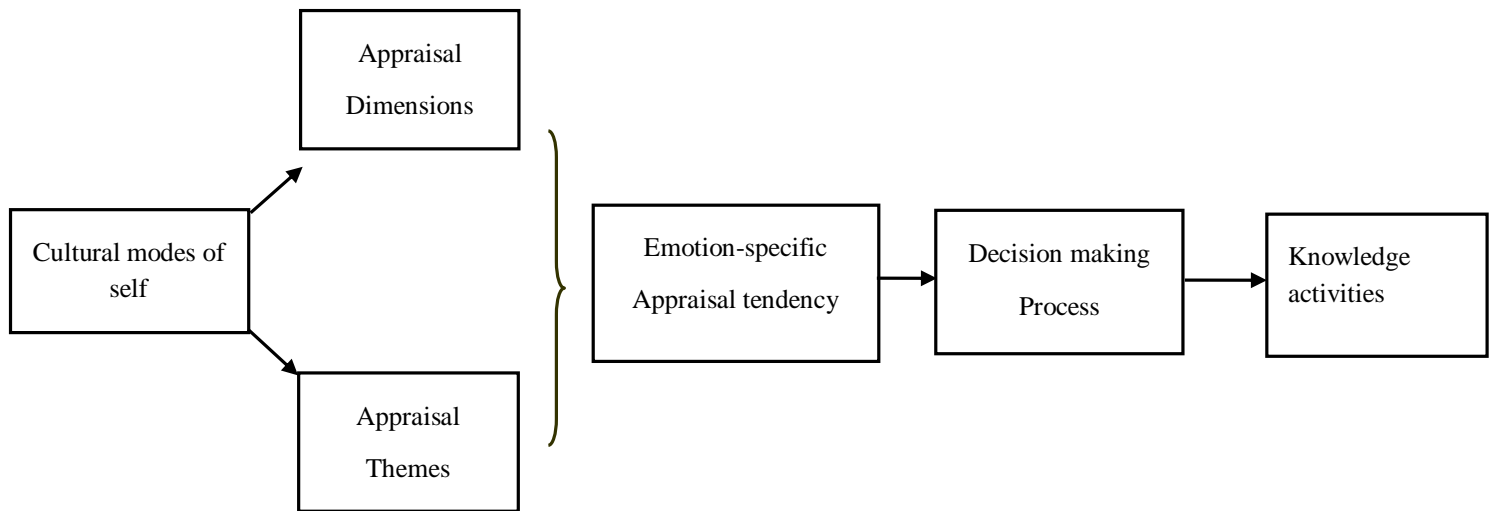
In such case, the presence of a highly accessible knowledge in the domain of judgment either precludes the reliance on emotional input (DeSteno and Braverman, 2002) or facilitates the assessment of the information value of one's feeling (Schwarz, 2010). More importantly, emotional bias can be corrected or even over-corrected (i.e., the emotion-incongruent judgment) when individuals are aware of potential emotion-related bias and motivated to put requisite cognitive effort to compensate for it (Lerner and Tiedens, 2006). For example, DeSteno et al (2000) found that when participants who chronically exert high cognitive effort on judgment tasks were reminded of the importance for accuracy and required to check their emotions before making likelihood decision, sad (angry) people judge the sad (angering) event as less likely to happen. Similar result has been obtained in Cohen and Andrade (2004)'s study where happy people were trying to feel worse prior to a task requiring careful, analytic thinking.

To recap, the ATF represents 'a paradigm shift in mood literature' by showing affective experience of same valence can exert very different effects on judgment and choice (Shiv, 2007: 174). Specifically, with delineation of five key principles, the ATF provides the most systematic account of how and when discrete emotion may influence decision making outcome as well as process (Lerner and Keltner, 2000, 2001). Moreover, give its elaboration on appraisal tendency, ATF shares and refines many of existing models identified by the valence-based approach including 'mood-congruent effect' (Mayer et al, 1992), mood correction model (Martin et al, 1997) and 'feeling-as-information' (Schwarz, 1990). Thus, it is proposed that the ATF offers the promises to exploring the new ares of emotion and decision-making research including of positive emotions (Cavanaugh et al, 2007), affect regulation (Andrade, 2005) and the neural activity (Shiv, 2007)

4.3.4 Extending the ATF

Despite the ATF provides a useful set of principles, its concepts and proposition are framed in highly abstract terms. As a result, it limits the application of the framework. For instance, ‘it is unclear what exactly is being appraised when the framework speaks of appraisal tendency in real decision life’ (Yates, 2007, p. 179). To make the ATF more suitable for this study, the researcher incorporate the cultural models of self into the ATF. This extension is deemed necessary because 1) one of key research questions is how culture moderates the emotional state to differentially influence individual knowledge seeking behaviour. Prior work using the ATF typically examine the affective influence in a single cultural context. Difference in emotional impact on decision making is simply reduced to personality or trait affect (e.g., Lerner and Keltner, 2001), 2) as it was discussed in Chapter 2, cultural models of self specify the meaning of appraisal dimension, determine the accessibility of certain appraisal themes and generate culture-specific appraisal elements. In this sense, notion of self-construal helps to concretize the aspect of appraisals that directly bears decision maker’s thoughts, feelings and actions towards choice in question (Yates, 2007). 3), such integration is also consistent with recent conceptualization of psychological or cultural distance in IB literature that is concentrated on manager’s perception of the international context and its manifestations on managerial decision behavior (Nebus and Chai, 2014). In the light of above discussion, Figure 4.2 presents the application of the ATF to investigate the emotional impact on individual knowledge search behavior in this study.

Figure 4.2, the framework of knowledge transfer behaviour, decision making and emotion.



Chapter 5: Methodology

The aim of this chapter is to develop and justify the ways to address research questions in the form of research design and methods. The chapter begins with a section of philosophical underpinnings of two major research strategies: quantitative and qualitative. Given both have been used to guide IB research, it is more important to clarify which inquiry paradigm is more relevant to address the questions in hand (Bryman and Bell, 2003). This section provides philosophical background of why the research question is formulated, how it will be addressed and what are the strength and weakness associated with the chosen method. As Alvesson and Skoldberge (2000) note that researchers not only need to look for the answers to questions, but also need reflexivity on the process of finding out things. Otherwise, methodology may constrain the degree of originality in the knowledge produced. Hence, proceeding from this section, the rationale of dominate research methods of MNC knowledge transfer are scrutinized. The limitations of quantitative research strategies motivate the researcher to adopt qualitative case study. In the light of recent theoretical and methodological debates of case study in IB (Piekkari and Welch, 2011), interpretative approach is chosen as the most appropriate for this study. Then specific procedures of this research design in terms of sampling decision, data collection and analysis, the role of the researcher, validity and reliability are presented. Finally, the Chapter concluded with an analytic discussion of the researcher's theorizing process.

5.1 The philosophy of research design in general social science

In social science, the two major and most popular forms of research are quantitative and qualitative research. According to Morgan and Smircich (1980), the choice and adequacy of a certain research strategy, whether quantitative or qualitative, cannot be considered as abstract but always grounded in a set of basic beliefs on matter of 'being' and 'knowing' that guides the

subsequent inquiry.

Regarding on the nature of social world or 'ontology', quantitative research is mainly derived from objectivism, believing that social reality has an objective existence that transcends individual's perception and affect people's behavior in predictable and determinate way. With strict dichotomy of objective and subjective realm, it follows that social reality is only manifested through the concrete attributes of human behavior (i.e., variables), and relationships among them (i.e., hypothesis) are essentially tangible and measurable (Benton and Craib, 2001). Statistics, the mathematical method to organize numerical data, becomes the only legitimate way for social researchers to describe the 'truth'. As a sign of 'hard science', numbers can be employed to quantify the different levels of measurement including nominal, ordinal and interval variables. With path, regression, or log-linear analysis, the hypothesis about nature of social reality can be verified by degree of statistical significance in the most convenient and self-evident mathematic terms (i.e. $p < 0.05$). By implication, any study of human consciousness including metaphysics, psychology, or culture that does not lead itself to quantification is at best subject to individual bias or strictly rejected as 'pseudo-sciences' (Polkinghorne, 1989). Social world by definition is as external, fixed and observable as the nature world.

In contrast, qualitative research embodies an alternative ontological position known as social constructionism (Burr, 2003; Guba and Lincoln, 2005). The central idea is that 'reality' is not solid and stable existing out there, but is the result of an ongoing process of construction, representation and transformation by individuals through social interactions (Berger and Luckman, 1966). Social entities are not produced through the observable action per se but the meaning behind these social practices in the specific context (Schutz, 1962). That is why we

can tell the difference between a wink and a twitch (Geertz, 1973). Thus language, as primary symbolic system to convey, categorize and make sense of the social events, becomes one of the most important elements in this process. In Wittgenstein (1958)'s words, language not only provides rules or criteria that make the social interactions meaningful for its participants but also develops into 'form of life' such as culture, institution and social structure that influences human actions in a real and tangible way. However, the language is not as rigid as the statistics is, but open to negotiation and change through individuals' interpretation and practice (Bourdieu, 1990). Therefore, the social reality is embedded in symbolically mediated (inter)-actions rather than external factors, and always subject to change in the light of situation and directions of human actions (Easterby-Smith et al, 2002). In this study, the core subjects—cultural friction and emotion—are viewed as being (re)-created by individual's ongoing social activities in the context of intra-MNC knowledge transfer. Instead of relying on the abstract numbers, they are mainly produced and communicated through actors' discursive practices such as the way the managers spoke to their overseas colleagues over the tele-call, reaction to a specific tool for project assessment, and the language they use in email. The social constructionism is particularly appropriate when the phenomena under investigation essentially arise from human action, interactions and symbolic language. In the case of empirical realism, the culture and emotion in the form of managers' lived experienced have to be aggregated into a set of measurable variables often imposed by the researcher (Geertz, 1973). The data may be statistically significant but are often humanly insignificant.

As for way of knowing or 'epistemology', the difference between quantitative and qualitative researchers derives from the belief about the implication of social reality on the ways we investigate it. For quantitative researchers, social science like nature science can and should be guided by positivist deductive model of reasoning. Through scientific methods including large-

scale survey, controlled experiments and cross-sectional data, the objective form of knowledge free from human values can be obtained (Durkheim, 1982). The purpose of social research is to explain universal laws allowing society to predict events and ultimately control their occurrence and outcomes (Mason, 2002). For qualitative researchers, social research, different from nature science where the world does not ‘mean’ anything to molecules, atoms and electrons, should be guided by logic of interpretivist inductive approach with emphasis on understanding the insider’s view (Denzin, 1971). Traditionally, extended participation observation, learning a native’s language, extensive description of the research context and building a rapport with the research subject have been the major methods of qualitative research (Sanday, 1979). The aim of social inquiry is to understand or interpret, first, the people’s purpose for social actions, second, the process they construct their lives and the meaning attached to them, and third, their own definition of a situation or event (Holstein and Gubrium, 2003). The ultimate goal of this study is to explicate how culture friction and emotions are related in the context of MNC knowledge transfer. This requires detailed understanding of managers’ own interpretations of intra-MNC knowledge transfer, particularly their purposes, expectations, concerns and feelings about cultural encounters (Shwandt, 1998). These subjective interpretations or ‘meanings’ are normally shaped by the cultural schemas the managers are socialized and are often implicit (Strauss and Quinn, 1997). The need to capture human dimension of knowledge transfer fits in well with an interpretive approach, as interpretivism is geared to describe how actors create, negotiate and modify the meanings through ‘thick description’ (Geertz, 1973). In contrast, pressed for a value-free explanation, positivist approach tends to treat human subjectivity as a confounding variable that does not need interpretation on its own (Shwandt, 1998).

Despite the growing convergence between the two broad camps (i.e. quantitative and qualitative), particularly at the level of methods (Willmot, 1993), it is generally agreed that the form, focus and process of research are ultimately determined by the researcher's philosophical stance (Van Maane, 1979). For example, the interview method employed by quantitative researchers is to excavate the 'objective' facts from the interviewees through highly-structured questionnaire with minimal social interactions. But in hands of qualitative researchers, same technique is used to explore the subjective understanding of respondents through open-ended questions and the knowledge generated from the interview is held as an active construction between interviewer and interviewees (Silverman, 2000). Same observation can be made by looking at how researchers with different assumptions actually analyze and present their data. Taken together, the purpose of philosophical examination is to maintain some degree of methodological consistency (Guba and Lincoln, 2003), clarify the proposed research design (Easterby-Smith, 2002) and assess the strength as well as constraint of the chosen methodology (Mason, 2002). The following sections elaborate the process of my qualitative research design aligned with constructivist and interpretative stances.

5.2 Research design in mainstream intra-MNC knowledge transfer research

International business essentially deals with complex, dynamic and emerging business phenomena (Doz, 2011). Operating in a variety of institutional, culture and economic environments, MNC constantly confronts with novel business issues that go beyond firm's previous experience. Even the commonplace business concept such as 'performance', 'cost' and 'control' has different ways of expressing itself in foreign subsidiaries (Burgelman, 2011). This multi-dimensional, cross-cultural nature of IB demands a broad range of research designs. Among them, qualitative methodology represents a good choice given its emphasis on

‘meaning behind the number’ and ‘holistic view of context’ (Sinkovics et al, 2008, p. 690). In fact, Westney and Maanen (2011) remind us that some of the most influential IB theories are crafted from qualitative research design (i.e., Aharoni, 1966; Johanson and Vahlne, 1977; Bartlett and Ghoshal, 1989). However, the field’s anxiety for recognition has driven IB scholarship towards a single quantitative, positivist methodology that focuses on theory borrowing and testing (Doz, 2011). Although this strategy enhances the impact of IB research, the borrowed theories often have their own focuses which constraints their strength to fully capture the distinctiveness of IB phenomena. For example, although an increasing a number of studies employ social capital theory to examine MNC innovation (e.g., Tsai and Ghoshal, 1998), the key idea that social capital is formed through strong social closure does not sit well with the MNC context where employees are separated by tangible and intangible boundaries (Roth and Kostova, 2003). In the words of Feldman (1997, p.450), IB researchers seem to lost the opportunity to theorize the ‘international-ness’ of the subject under the investigation. And the IB field as a whole turns into the storage rather than source of new knowledge (Birkinshaw et al, 2011). The pre-dominance of quantitative methodology in IB and its potential costs are well reflected in intra-MNC knowledge transfer research, the empirical foundation of this thesis.

MNC knowledge transfer has been examined from different perspectives with various units of analysis. However, Roos and von Krogh (1996: 334) contend that knowledge management is fundamentally an ‘epistemological issue’ as the choice of knowledge concept strongly influences overall the research design. As a consequence of the dominate positivism assumption of knowledge, literature on knowledge transfer in MNCs is by large following quantitative methodology (Becker-Ritterspach, 2006; Hong et al, 2006). A quite recent survey shows that of 92 articles on MNC knowledge flow in 15 top-tier management journals between the years 1996-2009, 80% employ quantitative method (Michailova and Mustaffa, 2014).

Although these quantitative studies have identified major determinates of transfer process and test their significance through statistical analysis, they display a number of conceptual as well as methodological weaknesses that may impede the continuous accumulation of knowledge about this topic.

First, with its preference on what is concrete and measurable, the quantitative research design tends to focus on explicit knowledge—codified and explicit in the form of technology, product introduction or patent citation, leaving tacit knowledge such as marketing know-how, management system and individual practice largely neglected (Simonin, 1999). This imbalanced view on organizational knowledge is not supported by the argument that foreign operation relies on learning and transferring the whole knowledge system which is substantially human embodied (Hall, 1993). In light of practice-based view that highlights the coexistence of explicit and tacit dimensions of knowledge, quantitative method constraints the analytic scope to explore the coordination of tacit, implicit and systemic knowledge which is believed to the *sine qua non* of the multinationals (Kogut and Zander, 1993).

Second, the constructs to measure the knowledge and other key transfer variables are far from being reliable and objective as quantitative researchers assume. For instance, attributes of the transferred knowledge have been described by researcher's idiosyncratic framework such as Winter (1987)'s complexity, Reed and DeFillippi (1990)'s specificity, Bresman et al (1999)'s articulability. While some researchers justify the construct validity with emphasis on 'perceived view' (e.g. Kogut and Zander, 1993), using pre-designed questionnaire with limited opportunities to allow the interviewees express their own point of view makes such claim highly problematic. Not surprisingly, the empirical findings on how knowledge characteristics

impact transfer process have been controversial (Michailova and Mustaffa, 2014). Same can be said of the operationalization of other variables including ‘absorb capability’, ‘subsidiary mandate’, ‘inter-unit integration’. As observed by Foss and Pedersen (2004), knowledge transfer has been reduced to the dialogue among several ill-defined concepts without paying attentions to how these terms are perceived and enacted by individuals. The inconsistency of measurement may be further exacerbated by the issue of equivalence and comparability as MNC knowledge flow often involves managers from more than one country (Sinkovics et al, 2008). In pursuit of correlation among pre-defined transfer variables at high aggregate level, quantitative survey or questionnaire falls short in elaborating individual’s own perceptions that constitute the micro-foundation of those variables.

Third, the uniqueness of MNC context in which the knowledge transfer is embedded has been downplayed by quantitative inquiry, mostly notably the cultural diversity (Holden, 2002). Compared to business units in domestic firm, synergy of organizational knowledge resources becomes more challenging in the case of foreign subsidiaries due to intangible but influential cultural variation (Gupta and Govindarajan, 1991). Rather than a set of universally applicable principles, knowledge in MNCs is locally embedded in the technical and social environment (Hsiao et al, 2006). Once transferred to and applied in new cultural context, knowledge is often subject to ‘re-contextualization’ which leads to qualitative changes in meaning and practice (Brannen, 2004). To some extent, even ‘hard’ technologies cannot be completely exempted from this process as their developments are grounded in a certain facility and innovation systems (Orr, 1996; Porter, 1990). However, in the pursuit of generalization that holds over diverse transfer situations, the quantitative researchers appear to be either lack of cultural awareness (Buckley, 2006) or uncritically borrowing Hofstede (1980)’s cultural distance paradigm (Tung and Verbeke, 2010). As a result, the empirical evidence of cultural

consequence on MNC knowledge transfer becomes quite ambiguous (van Wijk et al, 2008). More importantly, quantitative researchers miss the opportunity afforded by intra-MNC knowledge flow where people with different cultural perceptions need to learn from each other (Birkinshaw et al, 2011), and use it to create *a theory of MNC culture* (Caprar, 2011).

5.3 Justification of the proposed research method

Bearing these issues in mind, I consider qualitative single case study that is premised on interpretive/constructionist paradigm as most appropriate research design for this research. In the light of Zalan and Lewis (2004)'s insights on formulating qualitative method in IB, I justify the chosen approach from four interrelated aspects: (1) the philosophical commitment, (2) the objective of this study, (3) the nature of research question and (4) the theoretical framework that informs this study. Each of these will be discussed in turn.

5.3.1 The philosophical commitment

As one of the most popular qualitative research methods in IB research, case study has been extensively discussed in terms of its design, techniques and potentials to advance theoretical insights (e.g. Eisenhardt, 1989; Yin, 2003; Miles and Huberman, 1994; Pettigrew, 1990). What is missing is the sufficient examination of the researchers' perceptions of case and their subsequent judgments on how case studies should be conducted and evaluated (Ragin, 1992). As a result, IB scholars tend to assume that exploratory, inductive theory building with multiple case designs articulated by Eisenhardt (1989)'s seminal paper is the only scientific way to do case study (Piekkari et al, 2009). Quite recently, Welch et al (2010) challenge this entrenched belief and contend that Eisenhardt's model is actually weak of generating contextualized theory and causal explanation, the key features of case study method. Specifically, while the model emphasizes the contextual description, such idiosyncratic detail is implicitly devalued in the

process of finding law-like proposition. On the other hand, preoccupied with identifying empirically testable associations among events, the model downplays the need to provide direct reasons of 'why or why not' particular relationships existing between them (Welch et al, 2010). With strong positivist philosophical orientation, Eisenhardt's model constricts the theorizing potential of case studies offered by other inquiry paradigms. Hence, to truly realize the case study's explanatory power and contribution for contextualization, IB researchers are urged to enhance methodological self-awareness and develop a pluralistic approach for case study inquiry (Piekkari et al, 2009). Following this advice, I position my case study as 'interpretative sensemaking' to maintain a necessary methodological consistency yet at same time sensitively combine the insights from 'contextualized explanation' theorizing method in my actual practice of case study (Welch et al, 2010).

Interpretative case study embraces the rich tradition of social constructionism and sees the human action is meaningful. It maintains that case researcher should seek to understand people's intentionality for an action rather than explain an action through exogenous cause and effect factors (Stake, 1995). Given meanings are socially constructed within a community of persons with similar life experiences, thick description is a critical interpretative approach to describe how meaning, practice and social context are interpenetrated and feeding off each other (Van Maanen, 1979). In contrast to positivistic researchers who tend to 'nullify context' for grand explanation, researcher following interpretive approach believes that the pattern discovered from ideographic descriptions of meaning and action in a particular case entails a most naturally understood causal explanation (Stake, 1995, p.39-40; Kakkuri-Knuutila et al, 2008). In light of the recent methodological perspective which considers the nature of causality as 'multiple conjunctural' via configuration of various variables under different circumstance (Mahoney and Goertz, 2006), what is often viewed as particularization, counter-productive for

generalization, becomes one of the necessities for a powerful casual explanation (Welch et al, 2010). The philosophical underpinnings of interpretative case study are compatible with my conceptualization of individual emotional reactions, the key unit of analysis in this study.

My own understanding of emotions is in line with psychological constructionism that explains why individual can know their own and other people's feelings while a century of scientific research fails to support the existence of 'basic emotions' (i.e., anger, happiness) with universally recognizable physiological and behavioral tendency (Russell, 2003; Barrett, 2006). Rather than a priori observable phenomenon, emotions emerge from individual interpretations of the significance of the event in relation to his or her own well-beings (Ellsworth and Scherer, 2003). This interpretation is not abstract but always shaped by culture values and situated in specific social relations (Mesquita and Boiger, 2014). This view is supported by the data from the field. For example, when not getting any response from overseas colleagues after a few days anxious waiting, American employees are more likely to report angry feelings and escalate the issue to senior managers. In contrast, Chinese employees appear to be calm and prefer doing nothing to change the situation. Relying on the frequency count of angry-related word (i.e., a typical practice of positivist case study), my initial observation was that Chinese managers did not feel 'angry' towards delay. However, after conducting more in-depth interviews about their experience of delay in knowledge sharing, I found out that Chinese managers feel angry about themselves for not putting adequate effort in learning English at school or lack of personal power to choose a different type of work. Their interpretation of being angry reflects the traditional values on relational harmony and self-criticism. Meanwhile, their angry feelings tend to be more intense when not getting for a response from an unknown overseas colleague. Interestingly, European managers openly express their annoyance about their Chinese colleagues' not sticking to the pre-set agenda of audio-conference meeting even they had a

pleasant dinner before. Hence, a full explanation of people's on-line emotional experience in knowledge transfer cannot be separated from meanings, relationship and interaction context, which are the defining characteristics of interpretive case study approach (Welch et al, 2010)

5.3.2 The objective of this study

This thesis aims to explore the relevance of individual emotional experience in intra-MNC knowledge flow and develop a holistic conceptualization of 'cultural friction' at the micro-level. Literature review has shown that priori studies in IB center around highly emotion-charged events including cross-border M&A (Sinkovics et al, 2011), expatriation on oversea project (Wechtler et al, 2014), cross-cultural negotiations (George, 1998). Moreover, the participants are managers or employees from the established MNCs in the West. There is little secondary-data about the process by which emotional experience impacts individual cross-cultural knowledge transfer behavior within an emerging MNC. Interpretative case study represents a good choice for exploring this novel phenomenon, as it allows the researcher to interpret the participants' native category of an event (Buckley and Chapman, 1996). Meanwhile, given that it is individual who ultimately decides what kind of knowledge needs to be shared, with whom and how (Cabrera et al, 2006; Makela et al, 2007), emotions emerged from transfer process are more grounded in the actor's identity, personal interests and power, and response and counter-response from ongoing exchange, which are exactly the features of cultural friction (Shenkar et al, 2008). However, Lou and Shenkar (2011)'s subsequent conceptual paper locates the antecedents of friction at the firm level with a set of parsimonious quantitative measurements, implicitly weakening its original argument for 'subjective and socially construed' view of actual cultural encounter (Shenkar et al, 2008, p.914). As a result, there are no specific propositions for me to test cultural friction at the micro-level. This mandates a qualitative research design for theory building. Interpretive case study is

particularly appropriate to serve this purpose because it allows the research identify the themes and patterns that emerge from thick description (Stake, 1995), provides a source of new hypothesis and constructs beyond existing theory (Cooper and Schindler, 2008), and generates theoretical explanation closely grounded in the event being observed (Glaser and Strauss, 1967).

5.3.3 The nature of research questions

The research questions of this study are: 1) what kinds of emotion are felt by managers in intra-MNC knowledge transfer process and how? 2) To how culture shapes the individuals experience certain emotional experience in the transfer process? 3) How these emotional experiences in turn influence individual knowledge transfer behavior? Taken together, they are addressing ‘why’ and ‘how’ emotions interact with cultural friction in the context MNC knowledge transfer. Given that, case study is chosen for this research from the outset. As stated by Yin (1994: 1) , ‘case study design is preferred when ‘how’ or ‘why’ questions are being posed, when the investigator has little control over events and when the focus is on a contemporary phenomenon within some real-life context’. Relating to my first research question, the domain of emotion under study is individual’s actual emotional states when they search or share knowledge within the MNC. Rather than examining psycho-physiological reactions or ideal emotions (Matsumoto and Hwang, 2012), I cannot and in fact do not want to control what managers feel, think and regulate their spontaneous emotional reactions triggered by often informal, unplanned and even inadvertent knowledge exchange event (Welch and Welch, 2008). In fact, my initial round of interview demonstrates the limitations of studying manager’s emotions in a controlled manner. When asked about their general feelings when speaking to the foreign colleagues, some participants felt quite odd to answer this question or produced quite superficial response by assuming I was conducting a psychometric test. Moving forwards, my second research question is not primarily addressing whether or how often

Chinese or Western managers tend to experience certain emotions, which could be better achieved with a positivist case study design such as comparing sufficient cases for generalization (Eisenhardt, 1989) or using semi-experimental approach to test a presumed hypothesis (Yin, 2009). Instead, it is geared to elaborate how and under what circumstance cultural variation of emotional experience gets manifested in MNC knowledge transfer process. The details about the participants' immediate work situations, social relations with other organizational members, personal background are essential to address this question. Thus, the depth of analysis makes me to choose single over multiple-case design because it can obtain a holistic understanding of a research subject, both in terms of the number of factors studied and sources of information obtained (Patton, 1980). Consistent with emotion theories, the contextual descriptions are not just an external feature of knowledge transfer event, but weaved into the managers' online feelings through subjective appraisal. As further explored via my third research question, these naturally occurred emotions in turn influence managers' beliefs motivations and action tendencies for cross-cultural knowledge transfer. The emphasis on 'context', 'perception' and 'subjective appraisal' in emotional experience neatly accommodates interpretive case study. As noted by Welch et al (2011, p.753), such approach will allow researcher 'not only understand participants' meaning, but also how these meanings are constructed'.

5.3.4 The theoretical framework

Even though this study aims to advance theoretical understanding of 'cultural friction', it is difficult to conceive that any research can be completely theory-free from the beginning. Indeed, many classic IB theories were inspired by previous theoretical insights. For example, Buckley and Casson (1976)'s transaction cost theory partially derives from literature on market imperfections (Hymer, 1960). Johanson and Vahlne, (1977)'s internationalization model is

explicitly built on foreign investor's decision-making process developed by Aharoni (1966). For many interpretive case study researchers, theory building is better conceived as a 'mixture of both inductive and deductive methods' (Noon et al, 2000: 504). It is further suggested that the fundamental issue is not about which one, data or theory, comes first but whether the underlying theoretical framework is compatible with the chosen methodology (Zalan and Lewis, 2004). This research is informed by cultural psychology in general (Kitayama and Cohen, 2007) and psychological toll of cross-cultural code switching in particular (Molinsky, 2007). Using psychological theories is consistent with my research focus on role of individuals in cross-cultural knowledge transfer. As stressed by Michailova and Mustaffa (2014, p. 390), 'if we are to take individuals in the MNC seriously, and to properly understand and examine individual motivations, intentions and actual behavior associated with knowledge flow, it is difficult not to utilize psychology theories'. Interpretative case study with its strengthen to create a deeper and more contextualized account of individual's thinking, feeling and acting fits in well with the emerging psychological approach to study MNC (i.e., Buckley et al, 2007; Makela et al, 2007; Sinkovics et al, 2011; Hinds et al, 2014).

5.4. Research method

5.4.1 Choice of the case company

When it comes to case selection, one defining feature of qualitative case study is purposeful sampling (Coyne, 1997). Rather than randomly selecting cases for being statistically representative, purposeful sampling is concerned with identifying information-rich cases in which the phenomena under investigation is relevant and research ideas can be further confirmed, developed or challenged (Ragin, 1994). Reflecting the exploratory nature of case

study, it entails ‘an open-ended, incremental process’ based on researcher’s informed decision on ‘appropriateness, purpose, and access to good information’ (Fletcher and Plakoyiannaki, 2011, p. 177-181). The results generated from purposeful sampling are generalizable to theoretical proposition, not to large populations as in quantitative methodology (Yin, 1984). In this study, I employ Fletcher and Plakoyiannaki (2011)’s ‘multilevel approach’ because it offers a systematic method to narrow down sample choices for studying an embedded business phenomena such as individual emotions evoked by interpersonal knowledge exchange in the cross-cultural context.

Level 1 describes the selection of country. The international expansion of emerging marketing MNCs (EM MNCs) becomes an important research subject in IB for three related reasons: first, the share of FDI from EM MNCs in world economic has significantly risen, from a negligible amount in the early 1980s to 39 percent (UNCTAD, 2014). Second, a significant part of their FDI is motivated by acquiring strategic assets such as technology, know-how, R&D, human capitals (Deng, 2012). Third, while developed country MNCs are struggling with notion of learning organization (Senge, 1990), EM MNC provides a rich source for theoretical development in transnational capability where the ability to simultaneously leverage knowledge at home and abroad in an integrated fashion is inseparable from their viability (Luo and Tung, 2007). Among emerging markets, FDI from China remains the largest over the last 10 years (MOFCOM, 2013). According to the latest OECD report, 2014, China with USD 73 billion was the third largest source of outward FDI in 2013 after the United States (USD 360 billion) and Japan (USD 136 Billion). In addition, different from other EM MNCs, MNCs from China have been especially active in adopting the role of sub-contractors for foreign firms (Child and Rodrigues, 2005). Arguably, such inter-firm linkage can provide Chinese firms with a more direct channel to leverage external and internal knowledge, thus enable learning to move

up global value chain (Matthews, 2006). In absence of a fully developed regulatory environment in China, cultural influence takes on greater importance in individual knowledge sharing behavior (Michailova and Hutchings, 2006). Level 2 discusses the selection of industrial sectors. This study focuses on China's software and I.T. service industry. It has been argued that the emergence of I.T. promotes the rapid internationalization of firms given its ability to overcome both psychic and psychical barriers to commerce (Sinkovics and Penz, 2006). This is particularly true for the small and mediate size enterprises in software sector because their products are primarily encapsulated in electronic forms (Niosi and Tschang, 2009). The I.T. service industry is also knowledge intensive by nature (Starbuck, 1992; Alvesson, 1993). The need to acquire various knowledge including latest software product, market trend, and client's information motivates firms in software industry to venture into overseas operations (Su, 2013). The emphasis on knowledge creation in China's software industry is further confirmed by recent government policies, stating that 'to promote the growth of China's international I.T. service industry' is now a 'key part of the country' development strategy from a manufacturing economy to a service-driven economies' (People's Daily, 2006; Ministry of Commerce, 2012; 2013).

Level 3 refers to selection of MNCs. Since this study investigates intra-MNC knowledge flow, the case company must demonstrate a sufficient level of internationalization. The information science literature suggests three key factors that may shape I.T. service suppliers' internationalization process: 1) size, 2) operation capability and 3) client base, particularly for those Indian and Chinese vendors (Su, 2013; Sarawati, 2013; McManus, 2011). Accordingly, my selection of case company, Pactera, is based on these three criteria: *first*, size of software firm in term of billable I.T. professionals pre-determines its economy of scale and ability to compete head-on with the global players such as IBM and Accenture. However, 70% of top 20 Chinese

IT vendors have employees not exceeding 2,500 while Indian firm at the bottom of Top 20 has staff over 3,000 (China Outsourcing, 2007). That partially explains why the increasing rate of China's overall revenue of international outsourcing service is decreased by 21.8% year on year (Ministry of Industry and Information, 2012). By far, Pacteria is the largest China-based I.T. service provider with 23,270 employees, including 19,971 billable professional (Ken, 2015). In line with its strong international focus, the company believes that a culturally diverse staff is conducive to open-ended innovation, engagement with foreign clients and local legitimacy. In Pacteria, 4 top cooperative executives are born in the West, and 95% of US and European office are locally hired (Kim et al, 2013). *Second*, operational ability refers to firm's technical, systemic as well as strategic knowledge, and it indicates the stage of internationalization (McManus, 2011). A widely accepted industrial standard for operational ability is Capability Maturity Model (CMM) which was first released in 1994 by Software Engineering Institution (SEI). Later, it evolves into an integration framework that prescribes 5 progressing maturity level of IT service delivery: Initial, Managed, Defined, Quantitatively Managed, Optimizing (SEI, 2010). While most Chinese IT vendors are still struggling for CMM-3 (Niosi and Tschang, 2009), Pacteria is the first company to have achieved company-wide CMM-5 in 2003. Unlike few vendors with CMM-5, Pacteria offers a unique 'right shore' delivery mode which aims to provide its global clients with end-to-end service in the most cost-effective way. This mode often requires close coordination and frequent knowledge exchange between Pacteria's domestic staff (offshore) and their overseas colleagues (onshore, near-shore). *Third*, client base refers to a set of characteristics of clients the supplier has contractual agreement (Su, 2013). Since 1995, Pacteria has mainly serviced the leading Fortune 500 companies including Microsoft, IBM, Tibco, Sony, Nokia, which were the first major clients. By 2013, over 60% its net revenue comes from US (38%), Europe (9.4%) Japan (7.1%) and APEC (5.0%) despite the economic slow-down in developed counties (Pacteria, 2013). The

company's status as 'the most internationally-oriented china-based IT vendors' has been confirmed by recent IAOP report, ranking Pacteria as top 10 global outsourcing companies together with 'Accenture' 'Capgemini' (IAOP, 2014). In contrast, no other Chinese vendors have entered into the Top 10 list mainly due to their limited global diversification or growth (IAOP, 2014). It is important to note that the success of Pacteria does not make it as an unique or extreme case (Yin, 1994), because Pacteria also faces the similar challenges of global operation as the other Chinese vendor do such as cultural/language barriers, lack of own high-end software product, insufficient global management experience (Saraswati, 2013). Several software service conferences I attended during the field work often reminds the audience that in term of global competitiveness, even the giant Chinese vendors can suddenly become dwarf when standing alongside its Indian counterparts, not alone those Western heavyweights. Neither can Pacteria be regarded as revelatory case (Yin, 1994), as the knowledge management in I.T. outsourcing company has become an established research topic in information science literature (Oshri et al, 2015). Thus, Pacteria is used as an instrumental case to extend the theoretical and practical understanding of intra-MNC knowledge flow (Stake, 1995).

Level 4 indicates the selection of MNC subsidiaries. In terms of global layout, Pacteria has established 15 branches in the US (4), Europe (5), Japan (2) and APEC (4) according to its public report. However, as the field progresses, I realize that some foreign offices are registered for non-business purpose or purely administrative function. Therefore, only those units that undertake value-adding activities such as sales/marketing or global IT service delivery are selected to ensure the actual occurrence of knowledge flow from or to HQ in China (Buckley et al, 2006; Luo and Tung, 2007). Furthermore, cultural friction tends to be more intense when MNC knowledge transfer involves dissimilar cultural contexts (Luo and Shenkar, 2009; Bhagat et al, 2002). Following the theoretical sampling, I choose 2 subsidiaries in US, 2 subsidiaries

in Europe, 2 subsidiaries in Australia as key units because they are culturally distant from Pacteria China (Hosftede, 1980). However, I also include subsidiaries in Japan, Malaysia and Singapore. Data generated from those sites provide some invaluable information that the employees in key units might not be aware of or refuse to disclose, either intentionally or unintentionally. For example, one Japanese interviewee mentioned that Chinese I.T. engineers in HQs did not like to accept the mistakes they had made during the project, which confirmed the view of subsidiary staff in US. In the whole, the selection of foreign subsidiaries is in line with the most recent and rigorously tested map of world cultures proposed by Ronen and Shenkar (2013). According to the authors, USA, UK and Australia belong to a highly cohesive ‘Anglo cluster’ due to the shared language and legacy of British colony. They stand in the sharpest contrast to a less unified ‘Confucian cluster’ where China is more culturally similar with Singapore and Taiwan than with Japan and South Korea. Anglo and Confucian clusters represent the dominant comparison anchor for IB research (Ronen and Shenkar, 2013, p. 884). Finally, Level 5 refers to selection of the sources of evidence. Multiple sources of data (e.g., interview, observation, documents) are employed for this research, which is described in detail in data collection.

5.4.2 Data Collection

Once the case company was identified, I started the data collection in two phases. Phase I (March, 2012-Sep, 2012) mainly addressed the issue of access, negotiation with the key contact person, and correct focus of study. Phase 2 (July, 2013-Dec, 2013) consisted of identifying primary participants, gathering multiple sources of data, and ensuring the quality of collected data (Zalan and Lewis, 2004).

Phase I

After Pactera was selected, I contacted the company's HQ in Beijing over phone and was advised to send an official research request to the personnel in 'media inquiry'. Despite I spent a couple of days in carefully wording my research objective, methods and impact both in Chinese and English, there was no response at all after entirely one-month anxious waiting. This disappointing result challenged the assumption that those non-state-owned Chinese MNCs are much easier to get research access given their espoused ambition for 'becoming international'. With some valuable inputs from my supervisors, I revised the letter by removing any unnecessary academic jargons, and framed the research from the company's own perspective and language. For instead, instead of saying 'intra-MNC knowledge flow is the driving force for EN MNC internationalization process', the letter stressed that 'effective cross-cultural communication among offshore and onshore staff is critical aspect of delivering a high-quality, seamless IT solution for our global clients'. Moreover, I sent the request letter to the cooperate sales/marketing department, the other official contact point because the letter was more likely in the hands of people who judge my research proposal by business values rather than a political activity (Shenkar, 1994). Meanwhile, given that personal contacts or *guanxi* can make or break the case research within Chinese companies (Xin and Pearce, 1996), I asked for advice from my primary supervisor who has extensive research experience and connections with Chinese MMCs. It happened that he was approached by Mr John Barton, Pactera's business director of European market in one Sino-British business event around one month ago. For the first time, my prospective of getting access to the case study became more hopeful after a month of agony. With generous helps from my supervisor, I was able to meet John and explained my research in detail. Eventually, John recommended my research to the vice president of Pactera corporate marketing, who was assessing my research request at that

moment. John's personal endorsement complimented the official procedures I had followed by removing some concerns about my motivation, data protection and interruption caused by the study. After final round of online interview with marketing in May, 2013, I was permitted to conduct the field work in the form of market internship in Pactera's China HQ. Overall, my experience of negotiating access supports Tan and Nojonen (2011)'s 'twin-track' strategy for the access of doing qualitative case study in Chinese companies.

My first round data collection began from the mid of June, 2012 till early of Sep, 2012. The overall objective was to develop a realistic understanding about knowledge transfer in Pactera. During the 3-month internship, a significant amount of time was spent in building relationship with the employees in the corporate market, observing their daily work, taking part in their social events, and attending cooperative training. My job as marketing intern also enabled me to acquire some information about the firm's oversea sales performance, client bases, internal newsletter, and latest industrial report. At the end of my internship, I managed to conduct several unstructured interviews with 4 project managers for Microsoft software application, I cooperate HR managers and 1 marketing managers in Australia. And my occasional online communication with Mr John Barton in UK also helped me to understand the company's internationalization process. Some points that emerged from the initial field work are particularly valuable for my subsequent research. First, the term 'knowledge transfer' was seldom mentioned by the marketing staff during their daily interactions with both domestic and foreign colleagues. Instead, they often used the words such as 'FenXiang' ('sharing'), JiaoLiu ('communication'), GouTong ('building connection'), or BangZhu ('asking for help') to emphasize individual (inter)action in transfer process. When explicitly asked about the meaning or example of 'knowledge transfer', they reported that it happened only when a new online sales platform or document needs to be disseminated to overseas subsidiaries mandated

by top managers. In a similar vein, the HR manager linked ‘knowledge transfer’ with ‘IT technology’ and dismissed the concept as ‘costly, unrealistic and unsuitable for Pactera where most staff values face-to-face, heart-to-heart communication’. These findings helped me to frame the interview questions grounded in the participant’s ‘native category’ (Buckley and Chapman, 1997), confirming the importance of the micro-foundation for MNC knowledge transfer (Foss and Pedersen, 2004). Second, despite the company’s ambition to create a strong global organizational culture including ‘passion to win’ ‘client value’ ‘employee development’ ‘trust and respect’ (Pactera, 2015), there was no clear process to share or articulate these values across the company’s global operation. For instance, the Australian sale manager reported that his entire life and work was driven by his ‘passion to win’, but he was not sure how this value was translated into Pactera’s sales and marketing strategy in Australia. In addition, radical changes in the business environment, intense competition, organizational re-structuring distracted top managers from building a strong global culture. Most marketing staff believed that everyday business activities in HQ were still influenced by traditional Chinese cultural values. Thus, the possibility of strange organizational culture as an alternative explanation for intra-MNC knowledge flow suggested by a few studies was excluded (e.g., Mushtaq and Bokhari, 2011; Fjellstrom, 2011). Instead, the observation from the field work is more consistent with the view that deep-seated managerial assumptions appear quite insensitive to more transient culture or organizations (Laurent, 1986), and the integration process for strong global culture still remains a rocky road for most MNCs (Levy et al, 2010). Last but the most important observation is that emotion emerged as the new theme which was not part of my original research focus. Once a good rapport was built, the participants told me how shameful they could not speak English in an important cross-functional meeting, and how a rude foreign colleague had made them avoid the interactions with the entire subsidiary the offender worked for. Based on existing IB literature, there is no empirical research on impact of individual

emotional states on intra-MNC knowledge flow. I began to consult the literature on international management, psychology of emotions, organizational behavior and cultural psychology to make sense of my observation. Through an iterative process between theory and data, the link between emotions, cultural friction and knowledge transfer behavior emerged as an interesting research focus.

Phase II

Following Phase I, I went back to desk research and virtually re-started my literature review, research questions, theoretical framework and case study design. By end of April, 2013, intrigued by the new research theme, I decided to re-negotiate the access with the key gatekeepers. Meanwhile, 3 month after my departure, Pactera developed into the biggest China-based IT service company through ‘merge of equals’ between two leading Chinese IT vendors with similar internationalization strategy. After this significant event, more subsidiaries were added into Pactera’s global operation, which provided me more sources of evidence to address the research questions. Based on the good relationship I had built, I directly spoke to vice president of cooperate marketing, Mr Ken Schulz, and got his approval 3 days after. In addition, impressed by my research and communication skills, Ken assigned me an intern work to collect and promote Pactera’s global service capability, a task fitting in so well with my research agenda. And on top of that, the leader of this marketing campaign, Mr Lu Xin, obtained his MBA in University of Bradford which has strong connections with our research institution (CIBUL). The personal similarity helped me to gain his trust, understanding and generous support with my data collection (Makela et al, 2007). For instance, his assistance to get Pactera internal email account under my name significantly reduced the suspicions of the interviewees, which was the biggest issue in my phase I field work.

The data collecting began in July 2013 alongside the marketing campaign on Pactera's global IT service capability. My objective was to collect multiple sources of evidence: interview as primary data, direct observation and documents as secondary data (Yin, 1994). Such extensive data collection allows the researcher to capture a wide range of subjective concerns in cross-cultural knowledge sharing process. However, the most important advantage of collecting multiple sources is to corroborate the multiple components of emotional experience triggered by cultural friction (i.e., appraisals of situation, physical and facial expressions, action readiness), establish a retrievable case database and develop a chain of evidence for the later formal analysis, thereby increasing the overall validity and reliability of the case research (Yin, 1994; Patton, 1980).

a) Interview

This research explores individual emotional experience during cross-cultural knowledge transfer process. Qualitative semi-structured interview is more suitable, as it provides the researcher the access to informants' 'inner events' including cognitions such as thoughts, beliefs or decisions and emotions such as feelings, strivings or impulses (Weiss, 1994, p.75). Rather than simply collecting the answers, qualitative interview is an ongoing process covering initial contacts with the interviewees, selection of suitable participants, interviewing and data verification (Marschan, 1996). The initial contacts with the participants were made by Lu Xin who introduced me to Joey Zhu, the vice president of Business Group 3 (BG3). As a hub of overseas business, BG3 offered IT solution and outsourcing service for Pactera's biggest clients in the US markets. Through cross-selling it also distributes some business to other units. For instance, the language-related service for IBM was passed to the subsidiary in Spain. Cloud computing infrastructure for Microsoft was partially maintained by the experts in Australia. Thus, through Mrs Joey Zhu's recommendation, I obtained a list of key contacts of the BGs

that had international teams. As the study progressed, the potential interviewees were directly approached by the researcher in order to ensure confidentiality.

Together, 57 interviews were conducted from July 2013 to Nov 2013 (Appendix A). The criteria for participation in the study were that 1) potential interviewees were full-time Pactera staff working in HQ and foreign subsidiaries in US, Europe and Australia, and 2) they were in frequent contact with overseas colleagues. Meanwhile, I made sure a sufficient diversity was created with respect to participant's work position, tenure, education and cultural background. Such an approach was important to capture a range of unique experiences and yet allowed for identifying of common themes transcending these differences and particularities (Caprar, 2011). The 'snowball' strategy was employed to recruit more interviewees as it was particularly useful to understand the perspectives of both parties involved in the knowledge exchange process (Patton, 1990).

An interview protocol with open-end questions was designed in accordance with the literature review, phase I field work, and my own experience of working in Pactera cooperate marketing. This is supported by Miles (1983) who advocates for a rough working frame at the beginning of the field work. Once a potential interviewee was identified, an invitation was sent through my Pactera email account, briefly describing the study, objectives, what he/she can contribute and ethical approval. When the consent was granted, an email or phone call was followed to ask for the interviewee's preferred the time, place and ways to conduct an interview. All the interviews with staff in HQ were face-to-face. However, due to the finical and time constraints, most interviews with participants in foreign subsidiaries had to be carried out via one-to-one tele-conference. While I was initially worried about the quality of an interview without a face-to-face meeting, it turned out that foreign staff were quite comfortable with this way of

conversation. Interestingly, my own experience seems to confirm the different communication preference between people from high- and low-context cultures (Hall, 1976).

Following Gajewska (2001), I started the interview with a few ‘grand-tour’ questions about the interviewee’s tenure in the firm, current and previous job and cultural background, which are relatively easy and unobtrusive. Then the participants were asked with the questions based on the interview protocol. I deliberately left any questions about their emotional states at the end of each knowledge transfer process, by which time the participants were able to describe their feelings more spontaneously. However, in many situations, I had to adjust the sequence of interview questions to follow the insights of the interviewees. For example, some western staff became quite ‘emotional’ when telling me about their personal experience regarding knowledge search. In that situation, it did not make any sense for me to say ‘to hold on a minute and describe your emotions on question No.6’. Since the research aims to explore the cultural friction at the individual level, I used a lot of probing question such as ‘how do *you* see culture difference’, ‘what does that mean to *you* in your daily work?’, ‘can you please tell me a little bit more about *why you feel in that way?*’. However, in some circumstances, I had to direct the conversation especially when I noticed some inconsistency between what the participants were telling me and what I observed in the field. For instance, some interviewees told me Pactera was not a typical Chinese company, and they were recruited partially because of their knowledge about Western culture. At same time, in the weekly meeting, I noticed that when it came to group discussion, Chinese staff tended to be shy, less directive or remained silent. In the situations of this sort, I would bring my observation to interviewees’ attention and ask them how they would explain it. Realizing that this kind of question might sound ‘unfriendly’ or ‘irritating’, I often complemented it with a sentence like ‘you will definitely make my day if you can help me answer such question’. This strategy proved to be very useful to understand

emotion as a missing link between cultural intelligence and successful cross-cultural interaction. For example, one interviewee told me her love of watching American Soap and thought phrase such as ‘this is none of your business’ is so normative in these programs. However, she felt difficult to digest these once American sales addressed her with same words in an email. This helped me to understand the individual *internal standard* might not be consistent with an externally perceived appropriate behavior.

All the interviews were tape-recorded, after obtaining prior consent from the interviewees. Interview had been continuing until last few ones provided little new information (Glaser and Strauss, 1967). It generated a total of approximately 65 hours of recording, with average interview length being 1 hour. For positivist researcher, qualitative interview is more or less a practice of data ‘excavation’ with the assumption that researchers are able to minimize their bias and objectively ‘report’ the understanding of interviewees as long as questions are properly worded and interview rule correctly followed (Holstein and Gubrium, 1995). In contrast, interpretive researchers see the knowledge generated from the interview is an active construction between interviewer and interviewee bounded by the specific settings where it takes place (Silverman, 2000). From this perspective, qualitative researchers cannot and should not separate themselves from the interview process (Mason, 2002). As Chapman et al (2008: 221) further point out that ‘who and what you are as qualitative researcher matters to what are readily to discover and understand’. Therefore, a sense of reflexivity is required on how situational factors work in interview process so that researchers can better use the ‘context’ to make sense and capture the ‘substantive concerns’ of the people they are researching (Fontana and Frey, 2000). Among all the factors, the role of language use has attracted most attentions from qualitative researchers because a) interview is fundamentally a ‘linguistic event’ that

meaning of questions and response are contextually grounded and jointly constructed through interviewer and interviewee's language use (Schwant, 1997: 79); b) the relevance of researcher's identity including their nationality, gender and class to some extent depending on what kind of language they use to present his/herself c) if gaining trust is essential for conducting a good qualitative interview, understanding the language of the respondents is of paramount important (Tsang, 1998), d) For IB researchers who often have to do cross-border interview, language choices has more implications on 'data accuracy and authenticity, rapport building and construction of shared understanding (Welch and Piekkari, 2006: 417). In the current study, the interview language was selected based on the interviewee's mother tongue. As native of speaker of the Chinese who is also fluent in English, I had no problems to conduct interview in most interviewee's first language. Although most staff in Spanish subsidiary is third-country nationals from Europe, most of them were quite fluent in English because their work centers round language translation.

While being a Chinese and speaking mandarin undoubtedly gives me the advantages of 'insider' that facilitated access to the main research site (Chapman, et al, 2004), it also raises a new set of challenges highlighted by the literature of auto-ethnography. Van Maanen (1995: 9) defines auto-ethnography as a specialized form of ethnography where culture of the writer's own group is textualized. Even this study primarily adopt case study research design, it shares an important aspect of auto-ethnography, that is, the researcher has to see through his/her own culture and translate for the audience of others (Hall, 1959; Reed-Danahay, 1997). Quite often, what is perceived as the researcher's cultural and linguistic strength in the field work is the exact the source of the weakness. Building on previous literature and the context of this research, two main challenges are expected. 1) Going native. Studying one's own native categories leads to romanticization or naïve nativism, making it difficult for researcher to 'properly interpret the

emic etically' (Jackson, 2004: 34; Denzin, 1990). For instance, the researcher may overlook some important words, gestures and facial expressions simply because they are so 'obvious' and 'quotidian' for Chinese people. Alternatively, some topics that interviewees talk about may seem too over-salient for the researcher to look for other story-lines because they may strike the similar cultural chords. To address these issues, I often ask my colleagues and supervisors to comment the data collection and analysis from a critical outsider's perspective. 2) Role conflicts. Different from foreign researcher who has to bring their identity and construct a membership in the research setting, auto-ethnographer has to be dissociated with preexisting social relationships for their research role to emerge. This can be 'difficult, awkward and unnatural' (Adler and Adler, 1987: 69-70). Referring to this research, the interviewees may not elaborate their cultural experience because they assume the researcher must know that already. Other scenario would be that the serious question posed by the researcher may be answered in a light-hearted way due to informal relation built over the time. While there are no specific solutions given that the issue of authorship is the central debate in ethnography (Clifford and Marcus, 1986), it is suggested maintaining a balanced position between insider and outsider would potentially minimize the negative consequence of role conflicts. The researcher's own cross-cultural experience and communication skills are quite helpful in this respective.

b) Documents

As forms of 'material culture', documents should not be accepted as records of relevant events that have taken place. Instead, it is through production, exchange and consumption of these documents that social reality is constructed and reconstructed (Miller, 1997). Consistent with interpretative epistemology, there is no 'original' or 'true' meaning of documents outside the specific context where they are used (Tilley, 2001). Document needs to be 'read' (literal), interpreted (cultural) and contextualized (historical). In the present study, a wide range of

documentary information were collected including annual report, internal newsletter, new employee orientation, cooperate training and promotion criteria. For instance, a chain of business correspondences between a Chinese staff in corporate marketing and his American colleagues provided me an extra evidence of cultural difference in asking for advice. Similarly, one training manual for the Chinese employees talked about how to be assertive about their views in the cross-cultural project team.

c) Observation

Research shows that knowledge exchange in MNC is often informal and unplanned, as the result of ongoing social interactions among individuals (Marschan et al, 1999; Barner-Rasmussen, 2003; Makela, 2007). Knowledge sharing usually happened when employees were having a tea together during the break or attending a dinner organized by the company. Therefore, observation is particularly useful because it can capture the ‘natural’ or subtle aspects of knowledge transfer which may not be re-countable in the interview. This is consistent with the view that rationale of observation is to study a given phenomenon in the ‘natural’ setting and to know what the experience of that setting feels like from the perspectives of all participants and actors involved (Mason, 2002).

Observation was conducted during my 6-month internship. Given the fact that it is impossible for the researcher to produce a completely full and neutral account of a set of interactions based on observation, an observation guideline was prepared to ensure the researcher are in the right place at the right time to collect the data. Following Werner and Schoepfle (1987), I first conducted a ‘descriptive observation’ which includes company’s location, internal decoration, cafeteria and notice board. It aimed to develop a rather broad understanding of the research setting. It was followed by ‘focused observation’ in which certain things are defined as more

relevant when the insights gleaned from the interviews are taken into consideration. For example, the observation on formal and informal staff meeting was more directed to the themes emerged from the interview including language use, relationship building and cultural adjustments. Finally there is 'selective observation' which concentrates on the attributes of different types of activities. In this study, I paid special attentions to the employee's emotional reactions such as facial expression, speaking tones, bodily gestures when they spoke to their foreign colleagues.

5.4.3 Data Analysis

For interpretive case researchers, data analysis is an iterative process with a constant shift between theory and data. It implies that qualitative data collection and its analysis proceed simultaneously (Stake, 1995). Unlike statistical data analysis, there are few well-formulated procedures and commonly accepted criteria to conduct and evaluate qualitative data analysis (Miles and Huberman, 1994). Given this, the researcher adopts Glaser and Strauss (1967)'s grounded theory as the general guideline with the following justification: 1) the objective of grounded theory is geared for 'the discovery of theory from data' rather than with the testing or verification of existing theory (Glaser and Strauss, 1967: 1), 2) As an interpretive method, grounded theory emphasizes that narratives, gestures and actions are primary to the lived experiences of the social actors (Charmaz, 1995). However, not all the feelings, thoughts and actions can be well articulated by the individuals. Instead of solely relying on descriptive accounts (e.g. phenomenology), grounded theory can capture the subjective experiences through a wider range of evidence and lift the raw data to a theoretical level (Locke, 1996), 3) Grounded theory describes a systematic way to conduct the data analysis and interpretation, which has been well established in key management and methodological literature (Suddaby, 2006). Nevertheless, following Glaser (1978)'s suggestion, the researcher will not replicate

grounded theory in a rigid way. For instance, researchers taking grounded theory as orthodoxy tend to believe that the genuine qualitative study should follow what the site has to tell us and slowly evolve a coherent framework rather than ‘imposing’ one from the outside. However, this approach is often in risk of producing ‘an incoherent, bulky, irrelevant, meaningless’ set of observations that neither researcher nor actors in the field can make sense of it (Miles, 1979: 119). To overcome this problem, the researcher employs Molinsky (2007)’s model of cross-cultural code switching as a rough working frame in the beginning of data analysis and revises it repeatedly over the life of case project. As stated by Yin (1994: 103), the strength of using theoretical proposition as a general analytic strategy is to ‘treat the evidence fairly, to produce compelling analytic conclusions, and to rule out alternative interpretations.’

Specifically speaking, right after the initial field work including a couple of interviews, document collection and personal visits, a site summary was produced. It consisted of both straight-forward report that was sent back to the site as a part of data verification and preliminary data interpretation that integrated the researchers’ impressions and references from the theories. To provide some assurance against self-delusion, I constantly revised case summary through the discussions with key informants in the field, the researcher’s supervisors and colleagues. According to Miles and Huberman (1994), the site summary is seen as an effective way of ‘data reduction’ that help researchers to refine the emerging theory, suggest new leads for further data collection and make data more available for systematic analysis in a later stage. After finishing data collection and transcribing the taped interviews, a more formal procedure of data analysis begins with the assistance of qualitative data processing software Nvivo 10. To ‘make manageable’ seemingly unmanageable qualitative data (Mile, 1979), the researcher first selected a set of interview transcripts representing people from different functions to develop the codes. The initial coding scheme came from the theoretical

propositions, interview guide, field notes and site summaries. For example, the interviewee's narrative account was openly coded under the name of transferred knowledge, communication skills (language fluency, communication skills), perception of self and foreign colleagues, positive/negative emotions, knowledge search behaviors (time, media choice, with whom, when). Given half of the data were collected in Chinese which is the researcher's native language, I did not rely on the translated version for the analysis in order to preserve the originality of the data. Instead, I only used English words to name the code, pinpoint its source, and elaborate the content by directly citing the words from the Chinese transcripts (Easterby-Smith et al, 2002). Only later were specific quotations translated into English for the purpose of presenting them in this study.

As the analysis progressed, it became necessary to add new codes and revise the old ones. This involves a move from open to axial and selective coding practice, that is, the relating codes with different groups (Strauss and Corbin, 1998). For instance, in examination of emotional experience, the researcher looks for interpretation patterns under the code of cognitive appraisal (See Appendix B). By examining difference and similarity of staff with different cultural background, the researcher further developed and refined this code in perception of 'uncertainty', 'agency', 'power', 'self and social norms' 'action tendency'. It is argued that the exploitation of a single code represents 'logic elaboration' which could stifle the researcher's effort to generate codes by artificially exceeding the bounds of data (Glaser, 1978: 40-41). However, as Turner (1981) contends that this exercise free the researchers from the concrete instance and enable them to look for similar clusters of properties which are initially regarded as different or non-comparable. When similarity or difference between codes could be explained by another concept (i.e., socially engaged/disengaged emotions), this new conceptual codes becomes a category at a higher level of abstraction. Though this non-linear process

(Locke, 1996), the number of codes is reduced, but their explanatory power is increased. Obviously, constant comparisons between data and theory, comprehensive data treatment, and deviant-case analysis are important techniques in this process (Silverman, 2005). When codes are furthered organized, clustered and reduced, the themes are expected to emerge and weave the empirical data into a more holistic and integrated model. With the help of ‘member checking’, the interpretations of the case are solidified into a set of theoretical formulations through ‘analytic generalization’ (Yin, 1994: 31; Stake, 1995; Strauss and Corbin, 1990). To increase credence in the interpretation and demonstrate commonality of an explanation, Denzin (1984)’s triangulation protocol is adopted as a general principle for theory construction. At the level of data triangulation, the descriptive and interpretive statements, particularly those the researcher perceive as contestable, critical and essential, is complimented and supported with different sources of evidence such as verbatim response of the interviewees, extracts from the documents, and give readers the chances to draw their own triangulations (Stake, 1995). Regarding the theoretical triangulation, a particular observation is explained through different theoretical lenses and bodies of literature. Although the full triangulation is impossible at this level (Stake, 1995), the validity of the theoretical proposition is greatly enhanced through the comparison with both conflicting and similar theories in previous study and in different context (Yin, 1994). Finally, the methodological triangulation is realized by using different methods and their distinctive analytic strategies. For instance, the tentative typologies of variables will be built up from the interpretations of data based on different analytic methods. By drawing the connections, the ‘multiple conjunctural’ conditions to establish the causal relations between variables and results are more sufficiently spell out (Mahoney and Goertz, 2006; Ragin, 2000). In sum, triangulation is both epistemological position that seeks to represent multiple realities and research technique that provides a valid explanation of why and how these realities come into being.

5.5 Validity and Reliability

Although it is suggested that the rigor of qualitative case study ‘lies in the eye of the beholder’ and even needs to be constructed in a persuasive manner (Weick, 2007; Siggelkow, 2007), there is no reason that qualitative case researcher should forgo the notion of validity and reliability. As Stake (1995: 108-109) reminds us, ‘it is true that we deal with many complex phenomena and issues for which no consensus can be found as to what really exists—yet we have ethical obligations to minimize misrepresentation and misunderstanding’. Given this, the researcher uses Yin (1994: 33)’s criteria, that is, construct validity, internal validity, external validity and reliability, to ensure the quality of the case design. The selection of Yin’s evaluation is justified given the recent methodological studies show that these constructs traditionally associated with positivism are actually embraced by interpretative researchers’ concrete research actions (Pratt, 2008; Gibbert and Ruigrok, 2010). Within the present work, the researcher employs multiple methods to collect the data, specify the logic and process for data production and invite key members to review the draft case report. These three strategies are supposed to strengthen the construct validity (Yin, 1994). Regarding internal validity, ideas and concepts are constantly cross-tabulated at different levels (e.g. data, theoretical and methodological triangulation), and rival explanations are incorporated in data analysis. This approach will lead to more rigorous conclusions about the causal relationships between variables and results. Given the nature of single case study, external validity is not the top priority. As Gibbert and Ruigrok (2010: 727) argue that rigor of case study does not involve simply ‘ticking off’ certain criteria individually but comes from ‘prioritization of internal and construct over external validity’. This is in line with the notion of ‘naturalistic generalization’ which stress that the valid description of particularization is the logic prerequisite for strong generalization (Stake, 1995; Flyvbjerg, 2001). In addition to validity, reliability is enhanced by creating a presentable case study

database that explicates the steps to conduct the research, so that reader could directly retrieve them for inspection and not limited to the final case reports. And the reliability is further ensured by the constant data verification from the members in site and the researcher's supervisors.

5.6. The description of the theorizing process in this research

Synthesizing the abovementioned research activities, this section presents a more explicit description of my theorizing process. Engaging in such reflexivity is crucial for more mindfulness with regard to tacit practice and precision in theory development (Weick, 1999; Alvesson and Karrenman, 2000; Gephart, 2004).

In contrast to 'theory' as a set of thoughts frozen in print, theorizing is a dynamic process through which the researchers 'concentrate on a phenomenon and stay with it, trying in this way to understand it' (Heidegger, 1977, p.163). The distinction between 'theory' and 'theorizing' can be better understood in the light of Swedberg's (2012, p. 6) metaphor of a law case: the former refers to the situation where you have to prove your case in court, latter is the process where you have to figure out who the murder is.

Due to the publication norm, much of the researcher's theorizing process is kept in black hole. When it is occasionally reported in text, scholars tend to discuss the theorizing with an objective, pre-determined and emotionally sterile genre (Michailova et al 2014). Typically, the discussion starts with a gap in the existing literature, research questions or hypothesis, then moves to research design and data analysis, and ends with a set of results and conclusion (Van Maanen

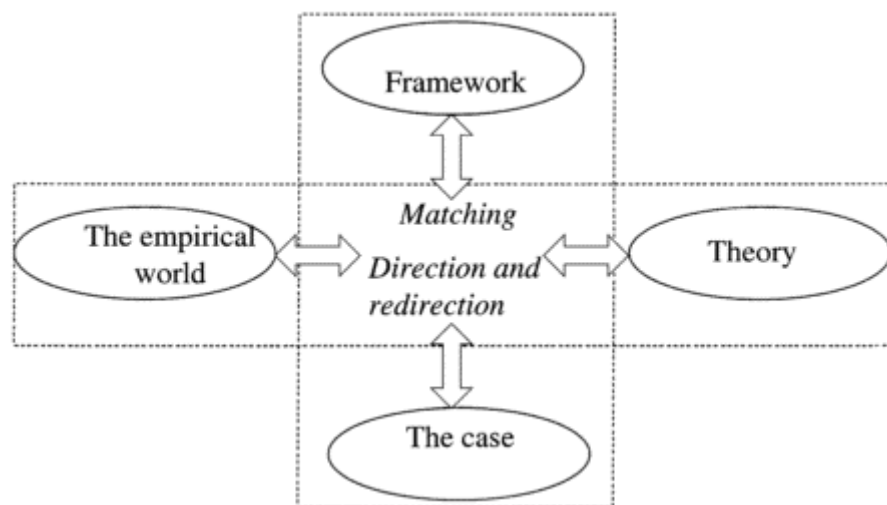
et al, 2007). Following the logic of ‘justification’, the purpose of theorizing is to create ‘verifiable’ or ‘falsifiable’ references via rigorous empirical test. Thus, theorizing process is often interpreted as an execution of methodological sharpness on the fit between the objective data and theoretical reasoning (Swedberg, 2012).

However, the conventional description of theorizing in management literature belies the fact that the actual research process often involves ‘almost as many steps backward as forward’ (Edmondson and McManus, 2007, p.1173). This non-linear, often chaotic, character of theorizing reflects the built-in tension among theory, research subjectivity and empirical material. Following the logics of ‘discovery’, the purpose of theorizing is to utilize the friction between theory and empirical material to problematize the established thinking (Alvesson and Karrenman, 2007), and ultimately suggest a more interesting way to resolve that tension (Davis, 1971). Thus, theorizing should be better framed as an abductive process where data ultimately drives the theorization by generating a space for imagination grounded in the core ideas of a specific discipline (Weick, 1989; Swedberg, 2012).

The theorizing process of case studies has been more explicitly discussed through Dubois and Gadde’s (2002) ‘systematic combining’. The main characteristic of this process is a continuous interplay between the empirical world and theory to develop the existing theory in a coherent manner (Dubois and Gadde, 2002). More specifically, systematic combining is prompted by a non-linear ‘matching’ process between theory and reality. Going back and forth between data and concepts entails a ‘direction and redirection’ of the ongoing research process. These two intertwined processes shape, and are shaped by the systematic combining of the empirical material, theory, framework and the case (Dubois and Gadde, 2002). Figure 5.1 below

illustrates the basic components in systematic combining. Despite the further efforts to make tacit practice of theorizing more visible (Dubois and Gadde, 2014), the authors were not clear of how to implement ‘systematic combining’ in actual case studies, particular those conducted in cross-cultural business context. The following section fills this gap with my own theorization of emotion and cultural friction in a single case study of MNC knowledge transfer.

Figure 5.1. Systematic combining



Source: Dubois and Gadde (2002)

Matching

In systematic combining, matching is about ‘going back and forth’ between theory and the empirical world. The tension arising from the contradictory evidence often propels the researchers to reframe perceptions into a new gestalt (Eisenhardt, 1989, p.546). In my own case study, the original objective of this research was to examine the role of language in intra-MNC knowledge transfer. In the light of the basic communication theory, Welch and Welch’s (2008) language model of international knowledge transfer offered a general initial framework. Specifically, the model illustrates the relationship between language and seven most important

influencing factors in MNC knowledge transfer. It proposes the concept of language 'as a reconfiguration agent' exerting a long-term systematic effect on cross-cultural knowledge transfer (Welch and Welch, 2008 p.355). Thus, the theoretic insights from the Welch and Welch's (2008) article provided 'pre-conditions' for starting my fieldwork. During my data collection, particularly a few days before existing the field, the evidence from my observation had showed that emotion represents an important contextual factor that Welch and Welch's (2008) model has failed to predict. For instance, some Chinese staff with limited English proficiency but positive emotions actually performed better in cross-border business communication than their peers with better English proficiency. Also emotions could be elicited by other events in MNC knowledge transfer more than language alone. The conflict between Welch and Welch's (2008) model and empirical data generated a search for more suitable theories. Through preliminary interpretation of the data, literature review, discussion with my supervisors and research participant, Shenkar's (2001) concept of 'cultural friction' in international business activities emerged as a better analytic lens. Compared to Welch and Welch's (2008) language model, 'cultural friction' is more holistic to explain the potential influencing factor in MNC knowledge transfer (Luo and Shenkar, 2011), and more grounded in the dynamics of 'perspective taking and perspective making' as the first principle in knowledge exchange (Boland and Tenkasi, 1995). As a complement, Molinsky's (2007) cross-cultural code-switching framework provides 'tight and evolving framework' to explore emotional experience. The model is tight because the author provides theoretical constructs such as 'norm discrepancy' 'personal value' and 'psychological tolls' to describe emotional reactions when individual attempt to modify their behaviour in a foreign setting. It can also evolve as the model has not yet been explored in MNC knowledge transfer as a typical form of cultural friction.

During the process of matching, pre-existent concepts or categories constantly interacted with empirical data. For instance, I used existing names/definitions in the literature such as ‘tacit/explicit knowledge’ (Polanyi, 1962) to add more relevant contributions to the existing literature. Meanwhile, I zoomed in on the different meaning of those terms from the field to expand Polany’s concept of ‘tacitness’ in a wider social, cultural, business and function context. Similarly, I focused on what specific ‘performance/identity challenges’ in Molinsky’s (2007) model when Chinese/Western employees were looking for the knowledge. ‘Taking advantage of both the systematic character of empirical world and that of theoretical models’ (Dubois and Gadde, 2002, p. 556), I developed a number of central concepts that became the building blocks for a more holistic, dynamic model of emotion and cultural fiction nexus in MNC knowledge transfer.

Direction and redirection

Matching is often achieved through direction and redirection. In systematic combining, multiple empirical materials can contribute to finding out new dimension of the research problem, thus directing the search for specific data in line with the current framework (Dubois and Gadde, 2002). In the beginning of the fields, I adopted a sort of ‘anything goes’ attitude to prevent my preconceptions from hijacking the empirical data. Based on the observation, I increasingly sensed the emotional signals through their facial expression, vocal bursts, bodily gesture and narrative style. For instance, one Australian sale manager spoke of not having an English version of the company’s service product before an important client meeting with ‘high vocal pitch’, ‘assertive expression style’ and ‘strong language’. Similarly, an experienced Chinese project managers suddenly ‘turned down his voice’, ‘casted the eyesight downwards’ and ‘slightly moved back his body’ when commenting on English skills of his team. My

conjectures about the role of emotion in MNC knowledge transfer were consolidated by the research participants a few days before the end of first phase field work. Some confirmed that they could act differently, depending on their momentary feelings towards their foreign colleagues such as 'dislike' 'comfortable' or 'empathic'. Some even helped me to reformulate my interview questions, clarify the difference between emotional experiences they expected and those they actually felt, and recommend potential contacts or units that I might find useful to explore this issue. This revelatory finding through exiting directed my second round data collection on individual emotional reactions during cross-border knowledge transfer (Michailova et al, 2014).

The second round fieldwork started on April, 2013 with a new focus on the linkage between emotion and cultural friction. Accordingly, 1) Qualitative interviews were conducted with the managers and employees currently involved in global service project, 2) documents, particularly the email correspondences between domestic staff and their foreign counterparts, were collected, and 3) more observations were made on the regular cross-site video/audio conference. Most data collection was oriented to identify emotional reactions arising from the cultural encounter with Molinsky's (2007) model as a reference. However, the ongoing data collection generated more unexpected findings. For instance, when not getting a timely response, managers in the US subsidiaries tended to confront with the delivery site in China HQs. In contrast, Chinese staff preferred to solve the communication breakdown by consulting with their own group members. The different emotional reactions were also observed within the unit embedded in the same cultural cluster. Whereas senior managers tended to express high-arousal emotions such as 'anger', 'excitement', 'pride', front-line employees were more likely to display low-arousal feelings including 'sadness', 'isolation', 'hope'. These observations conflict with Molinsky's (2007) prediction of emotions subjectively experienced

as homogenous ‘psychological toll’. This observation generated a new research question about individual cultural predisposition towards certain emotional experience. Following this new research focus, my fieldwork was more geared to collecting the data on what individuals actually feel, think and act in the discrete emotional states. For instance, I used more probing questions such as ‘what do *you* feel in that specific situation?’, ‘why do *you* feel or act in that way?’ in the interview. Similarly, when observing cross-site interaction, more attention was paid to the participants facial expression, vocal changes and bodily gestures. Whenever possible, at least one Chinese and one Western staff who had participated in the events were contacted and asked about their experience. In words of Dubois and Gadde (2002, p. 557), more active data were collected along with new discoveries emerging from the empirical world.

The boundaries in empirical world

The way boundaries are set directly determines what will be found. Thus, the main issue is to select the multitude of interconnected dimensions to make the most out of the case (Dubois and Gadde, 2002, p.557). In line with this view, I used single case study of one last Chinese I.T. service company. This selection is justified by the research questions on how and under what circumstances discrete emotional experiences get manifested in MNC knowledge transfer. The details about the research participants’ immediate work units, social relationships with other organizational members, personal background are essential to reveal the meaning of emotions arising from cultural encounters. In contrast, multiple case study design with its focus on breadth over depth is unable to capture the embedded nature of individual emotions (Shweder et al, 1997). As described in 5.4.1, I further employed Fletcher and Plakoyiannaki’s (2011) ‘multilevel approach’ to limit the boundary of empirical work within Pactera’s China HQs and its subsidiaries in US, Europe and Australia. One of the reasons for this sampling strategy is because the ‘Anglo cultural clusters v.s. Confucian cultural clusters’ represents the dominant

comparison anchor in IB research (Ronen and Shenkar, 2013). The purpose is to better examine dynamic emotional states at the individual level against the static cultural structures at the macro level. The emotionality of cultural friction would be better explained as it is studied in a same setting of Pactera's global service delivery.

The framework

In theory building, the analytic frameworks should be taken as a general guideline when entering the empirical world. The function is to facilitate the researchers to identify and make sense of the unanticipated findings (Alvesson and Kärreman, 2007). Thus, the evolving framework is a cornerstone in systematic combining and the researcher needs to be open to the multitude of meanings that a certain concept can give rise to (Dubois and Gadde, 2002, p.558). My first round fieldwork was initiated in the light of Welch and Welch's (2008) language framework of MNC knowledge transfer. Parallel to the data collection, I noticed that definitions of the key concepts in the model did not fully match those assigned by the research participants. For example, whereas Western employees in subsidiaries often talked about 'information', 'transfer', 'system' in cross-border collaboration, Chinese employees in HQ preferred the words of 'experience', 'sharing' and 'personal interaction'. This finding motivated my inquiry of the different meanings of knowledge activities in Pactera and why this semantic variation had come into being. To solve this issue, I turned to a practice-based view of knowledge that emphasized the local embeddedness of knowledge in Pactera's different units. Moving knowledge across boundaries necessarily required the staff to deviate from the norms governing knowledge integration, which in turn generated stress, tension or anxiety. When the Welch and Welch's (2008) framework evolved into a more complementary Molinsky's (2007) code-switching mode for those emotions, the key concept 'psychological toll' became

questionable as the interviewees reported various emotional experience with distinctive motivational and behavioural tendency. This again directed my attention toward individual's cultural stance, general openness to cross-cultural interaction and power in the organization. Figuring out the interplay among these three factors brought in cultural psychology of emotion as an additional theoretical framework.

The case

The case in systemic combining is regarded as a tool to figure out the pattern of the empirical data. In the beginning, I used Pacter to understand international knowledge transfer from a linguistic perspective. Through observation, I gradually got a better grip on the research participants, their daily activities and organizational context. In the second round of fieldwork, the link between emotion and cultural friction emerged as a new research phenomenon worth of investigation. Following Swedberg's (2010)'s advice, I employed 'metaphor' and 'typology' as key heuristics to provide a more meaningful explanation. According to Lakoff and Johnson (1980, p.5), 'the essence of metaphor is understanding and experience one things in terms of another'. It elicit new reasoning, generate creative insights and open new directions in theorizing (Morgan, 1983). For instance, linking 'asymmetries of knowledge' with 'cultural friction', I used the metaphor of 'points of cultural friction' to illustrate specific triggers for the emotional reactions in cross-cultural interaction. This metaphor also generated the metaphors of 'emotionality of cultural friction' as its antecedents, and 'emotional impact on cultural friction' as its consequence. Following Weber's (1949) concept of 'ideal type', a 2×2 matric was used to map types of emotions emerged over the cultural friction process. Again, the matric offered guidance to organize different emotional episode (Smith and Ellsworth, 1985), and sensitized the deviations from the prototype that facilitated my discovery of underlying

mechanism for the dynamics between the psychological system and cultural system (Markus and Hamedani, 2007). In this sense, knowledge transfer in Pacteria evolved into an empirical tool for me to theorize the nexus between emotion and cultural friction in international business context.

The theory

Given the objective of systematic combining is to develop theory, the researcher should not be constrained by having to follow too much developed theory (Strauss and Corbin, 1990). Consistent with my own ontological and epistemological position, I followed the perspective that the link between empirical world and established theories is not objective, but always embedded in a theorist's preferred paradigm and goal (Denzin, 1994). For instance, pressing for the need to take language out of 'culture box', Welch and Welch's (2008) model does not fully spell out the actual discursive strategies employed by the individuals in translating knowledge across different socio-cultural context (Tietze, 2010). Similarly, influenced by mainstream psychological theories, Molinsky's (2007) model neglects the special cross-cultural business context where emotions occurred. The social constructed nature of the selected theories made me more sensitive to the other new variables and relationship from the field. As mentioned earlier, I have used social learning theory to articulate the norm that governs the knowledge activities when research participant used different terms to describe knowledge (Lave and Wenger, 1991), cross-cultural psychology of emotion to better understand the role of the interviewee's cultural stance in emotional experience (Markus and Kitayama, 1991), and appraisal tendency theory to explain the distinctive motivational and behavioural impact triggered by different emotions (Lerner and Keltner, 2001). As described by Dubois and Gadde (2002, p.559), the 'need' for theory is created in the process of discovery.

In sum, I have used my own theorizing process to shed more lights how ‘systematic combining’ actually performs in international business research. Meanwhile, According to Michailova et al (2014, p. 153-154), an ‘analytic discussion’ of theorizing process also makes a researcher’s cautionary tale of fieldwork ‘more believable and, hence also more authoritative’. The following Chapter 6 and Chapter 7 will present the empirical findings that drive my theorizing process.

Chapter 6: Empirical illustration of individual emotional experiences in intra-MNC knowledge transfer -- the finding from Pactera US, Europe and Australia.

The aim of this chapter is to provide empirical evidence of emotional experience and its influence on knowledge transfer behaviour in cross-cultural context. The chapter begins with an introduction of case company Pactera, service line and global delivery mode. With this background, it is followed by an overview of Pactera HQs in China and 7 foreign subsidiaries. Among them, the chapter specifically focuses on the knowledge flow between Pactera China HQs and subsidiaries in U.S., Europe and Australia because it creates a base condition to examine nexus of cultural friction and emotion (Luo and Shenkar, 2009). On the basis of 21 qualitative interviews with American, European and Australian personnel, the chapter identifies the source and formation of emotional states emerged from four interrelated MNC knowledge transfer stages: evaluating organizational knowledge base, seeking relevant information, sharing knowledge with HQ staff and applying the transferred knowledge to improve the performance. Along this process, the chapter also presents the evidence of emotional influence on knowledge behaviour by managers and frontline employees from the culture of Anglo-cluster countries (Ronen and Shenkar, 2013).

6.1. Research Context: Pactera and global I.T. service

6.1.1 History

Headquartered in Beijing, Pactera was formed through a merger of equals between two leading companies in China's IT outsourcing industry: VanceInfo Technologies Inc. and HiSoft International Ltd. Since 1995, the company had been providing IT consulting, solution and outsourcing service to top international firms through a global network of delivery sites in the

US, Europe, Japan, Australian, Malaysia, Singapore and China. By the end of 2013, Pactera reported net revenues of \$670.0 million with 19,971 billable I.T. workers and 2,097 full-time administrative/sales staff (Pactera Annual Report, 2013), ranking No.1 among all China-based IT service vendors in terms of profits, size and market scope (IDC, 2013).

Historically, the firm was founded by Chris Chen with 25 employees by helping IBM to translate and test its OS/2 operating system in China. Leveraging the relationship with IBM, the company quickly secured the bid to undertake testing work for Microsoft in 1997. Today, Microsoft and IBM were still among top 5 clients as both had forged strategic partnership with Pactera to promote their IT product in the Chinese market. Although Pactera did approach some domestic clients in its early days, the result was not as promising as it was predicted. As David Chen, co-founder of Pactera, recalled that, *'we spent a lot of money and time preaching the concept of IT outsourcing to Chinese companies...profits were terrible...I think at that time we were too ambitious and too stretched, and that was a hard lesson to learn.'* (Pactera internal archive, 2009). Afterwards, top management team decided to target large global MNCs, especially Fortune Global 500 companies, which had significant business stake in China. By December 2013, the company's 38% net revenue came from US-based customers, 9.4% from Europe, 7.1% from Japan and 5.0% from Asia South (Annual Report, 2013). In a quite recent interview, Ken Schulz, vice president of Pactera cooperate marketing, confirmed that *'Pactera is currently heavily reliant on overseas client base with nearly 40% of its revenue from coming from USA-based customers and another 20% from Europe and oversea Asian-Pacific-based clients'* (Oshri et al, 2015). To some extent, Pactera shared some of the attributes of 'global start-ups' which seek to derive competitive advantage through proactive internationalization strategy shortly after inception (Oviatt and McDougall, 2005). Arguably, 'global start-ups' are also the most difficult form of new international ventures to manage because they requires

skills at both geographical and activity coordination level (Oviatt and McDougall, 2005, p. 38). This point is well reflected in Chris Chen's own words *'our biggest challenge is that the company is growing very fast and we're not sure that our systems can withstand such growth'* (Pactear Internal archive, 2009).

6.1.2. Pactera's service line

Internally, the service line of Pactera was defined either by vertical market segment or by horizontal I.T. capability. On the vertical line, the distribution of market share was High Tech (53.0%), Banking/Financial Services/Insurance (32.3%), Manufacturing (12.1%) and Others (2.6%). Clearly, over 80% of Pactera's concentrated on knowledge-intensive industries (Annual Report, 2013). On the horizontals, the types of IT products were arranged along 'operational capability continuum' with outsourcing and consulting at two ends and solutions in the middle. Based on IT service value chain (Kotabe and Mudambi, 2009), outsourcing refers to providing specific IT testing and developing service on a project basis. For instance, Pactera's China Development Centre (CDC) for TIBICO, the American software provider, involved more than 2,000 IT engineers and had its own independent building to meet the client's data security requirement. The profit margins mainly originated from the number of billable engineers or 'head-count'. In contrast, solution and high-end consulting service involves using IT technology to advice the clients of potential business opportunity, streamline management process and achieve operational or financial targets. With multi-year contract and vendor's own intellectual property (IP), sometimes worth hundreds of millions of dollars, solution and consulting are high-margin or 'mind-count'. One example came from Pactera's Cloud solution for Australian telecommunication firm, Telstra, which only had 65 professionals but generated 22 million Australian dollars at end of 2013. However, barriers to entry for those high-end services are higher as vendors need to demonstrate strong domain-

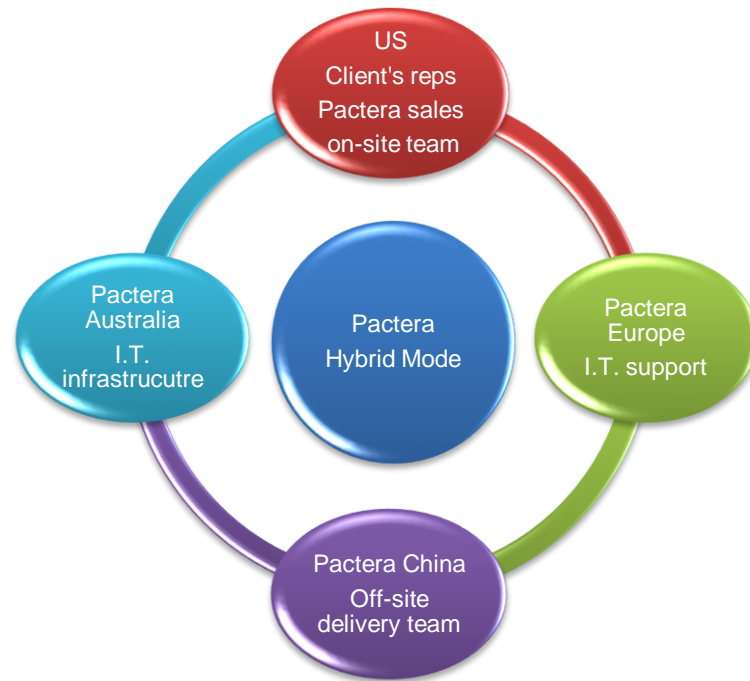
specific knowledge, up-to-date IT technology, good track record and a supportive organizational knowledge platform (Garud et al, 2006). Pressed by the factors including appreciation of Chinese currency, rising salary and talent crunch, Pactera increasingly realized the importance of scaling up in order to compete with both domestic and foreign vendors. The company had being committed to expansion of consulting and solution, resulting in an increase of 25.1% net profits compared to the year of 2012 (Annual Report, 2013). In 2013, the company officially appointed Mr Rui Xiang Ling as Chief Technology Officer (CTO) to implement company's long-term innovation strategy. One ambitious plan initiated by Mr Rui was 'smart enterprise' that integrated Pactera's services and statistics into a core knowledge platform through his 20-year expertise in S.A.P. programme (Pactera CRS Report, 2012). Meanwhile, the objective of moving up value chain was explicitly highlighted by a key message of various corporate market initiatives the researcher had participated: *'Pactera is not a traditional Chinese IT outsourcing vendor, it is a global IT solution and consulting service provider'*. Appendix 1 summarizes the company's service lines distribution, revenue and positions on value chain.

6.1.3. Global delivery model.

Accompanied by the ambition to become 'a trusted consulting and technology services partner' was the gradual refinement of service delivery model (Pactera, 2015). Earlier, a typical project was executed through 'waterfall model' where each section of IT task—designing, building, testing and maintaining software –carried on in a pre-defined, relay-race fashion. Since Pactera obtained the Capability Maturity Model (CMM) Level-5 certification in 2003, software development became more in line with 'agile model' that all the aspects of task were organized into overlapping modules, executing in parallel. The agile principle can enable frequent interaction with end-users, flexibility of constant changes preferred by the clients, and faster

time to market, which are basic methodological features of IT solution and consulting projects (Boehm, 2002). To further integrate agile methodology with global delivery units, Pactera offered a unique 'hybrid mode' where on-shore, off-shore and near-shore staff were working closely with each other through daily 'scrum meetings', 'pair-programming' or 'team rotation'. This flexible delivery model aimed to strike a balance between the client's expectation of a customized end-to-end IT service and concerns for cost or IP security (Pactera CRS report, 2012). An example of Pactera's 'hybrid delivery model' was the cloud computing project to boost the accessibility of product and service by a leading American software company (Pactera case study, 2014). The project team involved 2 technical/industry consultants working on client's HQ in US, 2 cloud infrastructure consultants in Australian, 20 developing and testing engineers in China, and plus 5 language translators/user experience (UX) designers in Spain. Through various communication methods, the on-site consultants, off-site software developers, near-shore IT supporters and representatives from the client side were constantly briefing each other about projects status, technical issues and further action plan. Figure 6.1 describes the work flows of Pactera's hybrid delivery mode. However, it remained an intriguing question whether those well-trained IT professionals possess similar level of skills, resources or motivations to deal with cross-cultural, cross-functional challenge of global service delivery mode Pactera expects.

Figure 6.1: illustration of Pactera's hybrid mode of global delivery.



6.2 Pactera's headquarter and subsidiaries represented by the interviewees.

As explained in the methodology section, the empirical data of Pactera were collected from the company's HQs in China and subsidiaries in US, Australia, Europe, Japan, Malaysia and Singapore. Consistent with nature of qualitative single case study (Lervik, 2011), the following overview of these units provides some description of specific context where knowledge exchange naturally occurs via Pactera's hybrid delivery mode.

6.2.1. Pactera, China

With Beijing as Headquarter and Shanghai, Dalian and Chengdu as regional HQs, Pactera,

China had 22,084 employees, accounting 95% of total Pactera workforce. In terms of position, less than 10% percent of them were senior, 30% middle managers and 60% at operating level. The majority of the staff was Chinese nationality recruited either from local university/college or from other domestic competitors (Pactera internal archive, 2009). While Pactera tried to attract more non-Chinese or overseas Chinese managers working in HQ, the issues such as attrition and retention, management support, talent poaching, visa and family concerns made this plan both expensive and risky. As a result, only managers at or above the level of executive vice president were non-Chinese or Chinese repatriates. For example, Pactera corporate marketing, in charge of global sales and marketing, only had one Caucasian American director in Beijing. And even fewer foreign managers actually worked in China on daily basis. During my site visit to BG3, Beijing site, one interviewee said to me that *'Oh, that is the office of Jeff, our boss and my direct reporting manager, but it remains empty most of time as he spent half of year in US and almost rest of time in visiting other sites or industrial conferences'*.

<Operative Manager Chinese No.26 Silin>

Although domestic staff administratively belonged to Pactera's 7 individual BGs, their skills, knowledge and assessment were closely tied to the specific projects. There were two types of project allocated to the staff in Pactera China. The first was outsourcing project for global MNCs which had their operational units in China. It included testing services, product localization and globalization service, offshore R&D centre, and application development and maintenance. Typical clients were American software or telecommunication firms that outsourced their labour intensive IT-based operations to the Chinese market for cost reasons (Buckley, 2009; Mudambi, 2007). Examples were Microsoft product testing and development centre in Beijing and Shanghai, TIBCO CDC in Beijing and Shenzheng, and Expedia call centre in Dalian. As described previously, The company built its success through outsourcing

service which still accounted for 77.4% net revenue in 2012, 71.7% in 2013 (Annual report, 2012, 2013). The second type of work was business process outsourcing (BPO) for Chinese clients, particularly stated-owned enterprises (SOEs) in banking and financial sectors. This is because the listed Chinese banks need to implement better IT system/process to meet the challenge of their global counterparts. Being a largest Chinese IT service company plus a track record of working with global MNCs made Pactera more attractive than foreign vendors in terms of cost, cultural and language similarity. From 2012 to 2014, Pactera's market share in Chinese banking and financial sector had witnessed 40% annual increase (Pactera press release, 2014). In a report by IDC (2014), Pactera was ranking No.1 IT service provider in call centre and customer relationship management (CRM), and No.2 in business intelligence (BI) for Chinese banking industry. However, the interview data revealed that 'Guanxi' or personal relationship with government officials of SOEs was quite important for the whole project. And given Chinese clients were relatively new to notion of IT solution, they mainly cared about the end results without any interests in actual software development process. Of course, in line with Pactera's strategy to moving up value chain, staff in Pactera China was increasingly assigned with value-added I.T. solution or consulting projects for the global clients, which required close marketing and technological coordination at the global scale.

6.2.2 Pactera U.S.

The U.S. was Pactera's first overseas market largely due to IBM and Microsoft, the company's top two and first two clients. In 1999, Pactera set up a subsidiary and now the regional headquarter in Redmond, US, home to Microsoft. The main purpose was to follow their key strategic clients, bridge the gap between the clients and the delivery team in China, and penetrate the US I.T. consulting market. In 2003, Pactera established delivery centre in Atlanta

Georgia and relocated it in Charlotte after acquiring local I.T consulting firm. Then two sales offices were added in New York and Santa Clara quite recently. At the time of my field work, there were 398 full-time US employees, out of which 95% were locally hired (i.e., American, American-born Chinese/Indian, Chinese who have studied or worked in US). Such high level of staff localization was consistent with Pactera's strategy to move up the value chain as most of them were pre-sales, sales or consultants who possessed both technical and business knowledge of global clients. As one cooperative HR commented that *'Pactera US not only provides state-of-art IT consulting service like Big Data, or cloud computing to our American clients, it also acts the front-end to bring the higher-end IT projects for the delivery team in China.'* In spite of tremendous opportunities, US market, according to my interview with the presales, was highly 'tough', 'competitive' and 'volatile'. They constantly found themselves competing head-to-head with more well-known firms such as IBM, Accenture, Deloitte or KPMG. To stand out, they really had to work harder to convince American clients of Pactera's 'in-depth industry knowledge', 'well-articulated business proposal', 'robust method for software development', 'effective customer engagement and IP protection'.

6.2.3. *Pactera Australia*

Pactera entered the Australian market through acquisitions of IT testing department of Telstra, an Australian leading telecommunication company and BearingPoint Australia, a global business consulting firm. With two units in Melbourne and Sydney, there were 121 full-time employees in 2012, and 90% were former employees of two acquired firms (Pactera CRS Report, 2012). Like Pactera US, most of staff was native or third country nationals in Australia and mainly focused on solution and consulting service, particularly cloud computing for telecommunication. For example, in Oct 2013, Australian consults, together with delivery team

in Dalian, had created the world's first global delivery centre to support the client to configure, bundle and price telecommunications service via virtual network operations (Pactera press release, 2014). Thanks to the fact that the Australian IT consulting market was not as saturated as US, consultants and managers mainly focused on 3 key business accounts in Australia: Telstra, iiNet and iTelecom Wholesale. However, those 'Big Three' also allocated part of I.T. function to other vendors in South Asia such as Accenture, Infosys, and Wipro. The customer engagement represented the most demanding part for Pactera, Australia. For instance, the delivery centre for Telstra was located in Shanghai mainly because of geographical closeness to Telstra's Chinese HQ although tier-2 or tier-3 cities would be ideal choice from an economical perspective. As one senior manager commented that *'our team has to meet and exceed the client's expectations, no matter how small or ridiculous they may sound simply because the stake of losing these big accounts are too high'*. < [Top Manager, Australian, No.3 Ben](#)>

6.2.4. Pactera Europe: Spain and UK.

At the time of my field work, Pactera was operating in Europe through the unit of product globalization service (PGS) in Barcelona, Spain and strategic business unit (SBU) in London, UK. The former was established in Feb, 2012 by acquiring a Spanish firm Logoscript, providing software localization, technical translation and user experience. The latter was set up in 2009 with the appointment of John Barton who had served executive president of several European telecom enterprises. Although Spain in theory belongs to 'Latin Europe' cultural cluster (Ronen and Shenkar, 2013), Pactera Spain was more aligned to 'Anglo cluster' because 1) the subsidiary was still managed by the original founder who was born and educated in US, 2) the biggest accounts for Pactera Spain were American clients (i.e., IBM and Microsoft) as

the Spanish market for PGS grew quite slowly, 3) the work practice such as project management system, translation toolkit, and even type of internet server followed American standard. One American UX manager confirmed this point by reporting that *'when I set up a meeting with my Spanish colleagues, we can get through all the points quickly, half an hour. But if with Chinese staff, the same meeting often takes one hour or more. It is not just because of language, but also the shared concepts and ways of doing our job.'* <Middle Manager American No.10 Stracy>

There were 23 full-time employees in Pactera Europe. Except one Chinese employee, all of them were European by origin and spoke more than one European language due to their professional qualification. Given the fragmentary nature of European market and limited number of staff, revenues of Pactera's Europe mainly derived from existing clients who had operating units in Europe. For example, translation services for Microsoft were allocated to PGS team through cross-selling by BG3. Similarly, MSN News for iPad app was co-developed by Pactera's SBU in London, BG's 3 delivery team in China and Microsoft's MSN UK division. Compared to US and Australia, Pactera's motivation to invest in Europe was to consolidate brand recognition before other Chinese I.T. vendors moved into European market.

6.2.5. Pactera Japan

Compared to other I.T. service markets in advanced economies, Japanese market is very difficult to penetrate. This is because a significant amount of work from Japanese companies are outsourced through the 'mediated off-shore development model' (Jarvenpaa and Mao, 2008). In this model, end users first outsources IT project to Japan-based suppliers. Then these suppliers sub-contracted part of the work to Chinese IT vendors (Su, 2013). Accordingly,

Pactera adopted tried-and-tested method. It first acquired two domestic firms: Shanghai Solutions and MegaInfo, both of which had Japanese suppliers. After achieving some positive market feedback, Pactera opened its offices in Tokyo in 2001 and became a direct I.T. service provider for Fuji Xerox. According to Pactera CRS Report (2013), 161 full-time employees were working in Pactera Japan and most of them were Japanese. Except executive level managers, few of Japanese staff can speak English or Chinese, which made the unit *'the most mysterious bit of Pactera'* for both cooperate marketing and overseas units. My access to Japanese site was quite limited due to the language barriers. Lucky, I managed to conduct two interviews with Japanese colleagues in sales and marketing who are relatively fluent with English. According to them, *'Japanese clients are quite fuzzy about each part of project process even most of work is coding and testing job, a bit like US customers'*. <Operative Japanese No.35 Kozua> On the other hand, *'Once they trust you, they are willing to work together with you to develop I.T. operational capability in their industry...Unlike US clients, they will not easily switch to other vendors just because of some short-term benefits'* <Middle Management Japanese No.34 Nonaka>

6.2.6. Pactera Malaysia and Singapore

Despite the geographical proximity, Pactera Malaysia had 15 employees while Pactera Singapore got 468 employees (Pactera CRS Report, 2012). The imbalance of workforce was due to different function of these two units. Pactera Singapore represented near-shore delivery centre for I.T. projects in APEC including Australia, New Zealand as well as Japan. This is because Singapore has unique geographical location, world-class I.T. infrastructure, and larger talent pool of top IT professionals. However, given the higher cost of labour force in Singapore, Pactera Malaysia functioned as regional HR office which was responsible for recruiting software developer through its coordination with corporative HR in Beijing. Thus, most of staff

in Singapore came from mainland Chinese with 6-month working visa processed by Pactera Malaysia. This intricate relationship justified my categorization of Pactera Singapore and Malaysia as ‘one subsidiary with two separate national units’, another business example of Chinese philosophy to deal with the paradox (Tony, 2005).

Taken together, Pactera expanded internationally through M&A, which is consistent with existing observation that Chinese MNCs prefer M&A because ‘they are the shortest route to international markets, they eliminate a competitor, and they bestow the instant gratification of a known brand and an established distribution system’ (Shenkar, 2009, p.159). Pactera’s fondness for M&A was further intensified by its ambition to move up value chain. Such affection, however, might turn into a ‘tainted love’ because ‘50% to 80% of M&A failed to convert the opportunity for knowledge acquisition into a reality due to psychological, cultural and people issues’ (Sinkovics et al, 2011, p.27). Apparently, the foreign subsidiaries created by Pactera M&A form a heterogeneous group of units, in which interviewees came from different cultural background, interacted with different clients and formed unique way of ‘knowing in practice’ (Brown and Duguid, 2001). This provides a perfect context to investigate exactly how human dimensions such as emotion and cultural friction impact firm’s international operation in general and cross-border knowledge transfer in particular.

6.3. Knowledge transfer from Pactera HQ--perceptions of employees in US, Europe and Australia

As described earlier, Pactera foreign subsidiaries were facing the business environment with fierce competition (US), pressing customer engagement (Australia) and high-level of uncertainty (Europe). Such external environments are typical for high-tech firms operating in

the advanced market and necessitate concomitantly high level of communication, cooperation and learning among individuals (Sicotte and Langley, 2000). One implication for staff in Pactera's foreign units was that they must understand and combine existing organizational knowledge to develop Pactera-specific capability in their hosting countries (Spender, 1996; Teece et al, 1997). Meanwhile, it is proposed that when the units are either young or local organizational resources are stretched to keep pace with rapidly changing external conditions, the dependency of subsidiary on the headquarters makes knowledge transfer more important (Ghoshal and Nohria, 1989). The comments given by informants across Pactera's six subsidiaries supported this view. Specially, Top managers were looking for clear strategy, global leadership and firm's potential for business expansion:

We are not expecting the HQ to tell us what we need to do on daily basis. However, (what) we are looking for is about the idea where the HQ is trying to take the company. Once we know that direction, we can better run our business to help the company to meet the needs. <Top Manager American No. 12 Russ>

I had the discussions with a couple of executives already. One of things is that we need global leaders in each of the industry and solutions that Pactera is going to bring the market <Top Manager Australian No.7. Bob>

The more I learn about exactly what we can do and how well we can do from the centre, the more we can try to sell it to our existing and prospective clients. <Top manager American No.16 Fabin>

At middle levels, the managers were in need of knowledge about company's internal operating system so that they can better collaborate with the delivery team in China:

The knowledge I look for are more or less project-related. For example, my current project involves recruiting translators, project management, legal procedures and payment. So I have to contact cooperate HR, Delivery Team, Legal team, Finance. To accomplish a project, I need to know how they are working on daily basis. <Middle Manager European No.19 Ana>

I want more information to better understand Pactera's internal processes; also for the improvement of the vendor database; in legal issues related to supplier management. A good knowledge about these units is essential to ensure a timely and global delivery <Middle Management European No.18 Alba>

For front line employees, particularly the company's sales force, knowledge from HQ seems to have more direct implications on their ongoing work and overall performance. Here is what two sales representatives said:

To be honest, since my role is in sales, I can only focus on the thing that I have most access to. For example, I might not focus on our competence on Microsoft technology because so far I have not got the access to that information <Operative Australian No.4 Matt>

And I need to understand 12 and 15 capabilities Pactera currently has so that I can position the Pactera properly into Intel Account. Obviously, you do not want to over- or under-sell Pactera to the client <Operative European No.17 Patria>

Then, two technical leads added that:

We do the architecture and design work here. Software developing work was allocated to team China. So I really rely on our Chinese team to deliver. If they fail, we are in trouble with the clients. I have to make sure everything they are doing is correct ... we will have to get across the boundary and understand more about the team such as rules, office cultures, and their working style. <Operative Australian No.5 Ankur>

I engage in building application, demo and protocol for the off-shore team. Therefore, I need to keep the process consistent by understanding how our colleagues in China work on it so that we can move the work forward. In other words, we need to know about and share each other's work. <Operative American No.9 Steve>

The above quotations were illustrative of the fact that personnel interviewed at all organizational levels wanted to be informed about Pactera's strategy, capability and operation system that resided in HQ. Furthermore, descending from the top managers, knowledge flow became more critical in the sense that how much the subsidiary employees learned about HQ often determined type, pace and outcome of project they were currently doing. Such strong workflow interdependence increases 'the level of tightness of two opposing objects' in cultural friction (Luo and Shenkar, 2011, p.5). The middle managers and operating staff were more aware of or prone to intense emotions triggered by cross-cultural knowledge transfer than senior managers (Hinds et al, 2014). Indeed, during the interview, the middle manager and front-line

staff often displayed more salient facial or vocal expressions of emotions when recalling their interaction with China HQs. As it will be shown in the following sections, the subsidiary staff experience various emotional experience over the four interrelated stages of MNC knowledge transfer, which in turn influence their perception, motivation and behaviour for cross-cultural interaction. Such finding echoes argument that ‘capturing the human dimension by including middle managers and employees can explain why knowledge is not easily transferred within MNC’ (Piekkari and Welch, 2010, p.468).

6.4 Evaluating Pactera’s knowledge base

Simply considering the amount of knowledge the interviewees expected from HQ, as most quantitative studies do, was inadequate to fully reveal the human emotions or the micro-foundation of intra-MNC knowledge transfer (Becker-Ritterspach, 2006; Foss and Pedersen, 2004). As emphasized in Chapter 1, knowledge is inseparable from human belief, value and capability for action. Individuals develop different assumptions about which type of knowledge is perceived as important, relevant or valid. Synthesizing prior research, De Long and Fahey (2000) suggest three distinctive types of knowledge: human knowledge, social knowledge and structured knowledge. Below are some typical statements reflecting these three types of knowledge:

As new colleagues join the firm, we are still finding out what expertise each of us has. <Middle manager American No.14 Dana> Human knowledge

It would be great if the more information is available ...and create more cases study we have done and included key contacts of those people. The contact may be phone number, email address, organization position and language they can communicate. <Top Manager, Australian, No.3 Ben> Social knowledge

It would be good to have a centralized organizational chart that can be updated when something has changed, everything knows where to go to find it. <Top Manager European No. 20 Jonas> Structured knowledg

Table 6.2 below provides the summary of the attributes of each type of knowledge and corresponding evidence from the interview data.

Type of knowledge	Description	Corresponding evidence
Human knowledge	<p>It constitutes what individuals know or know how to do.</p> <p>The knowledge is manifested in expertise, usually in both tacit and explicit forms</p>	<p>.Experts in I.T solution and consulting</p> <p>.Experienced software developer</p> <p>.Key project leads</p> <p>.Market analysts/ case study writers</p> <p>.Translators with I.T. or legal background</p>
Social knowledge	<p>This form of knowledge exists only in relationships between individuals or within groups.</p> <p>It is largely tacit and represents an ability to collaborate effectively</p>	<p>.Office culture</p> <p>.Demographic attributes of delivery team</p> <p>.Working style, attitude and preference</p> <p>.way of ‘interaction’ & ‘communication’</p> <p>. particular view of ‘innovation’</p>
Structured knowledge	<p>Knowledge embedded in a firm’s systems, processes, tools and routines.</p> <p>It is explicit and rule-based. A significant part of knowledge can be codified.</p>	<p>.Distribution of service capability</p> <p>.Centralized organizational chart</p> <p>.Standard format for project execution</p> <p>.White paper, case study, presentations</p> <p>.Manual handbook for data processing</p>

Grounded in the manager’s ‘native category’ (Buckley and Chapman, 1996), closer analysis of qualitative data revealed that structured knowledge was categorized as the most useful

resources (15 references with 18.7% transcript coverage), explicit human knowledge as second (10 references 10.57%), and social knowledge came as third (9 references 7.7%). Interestingly, almost half of statements on social knowledge implied a preference for a more explicit form. For example, reflecting on how Pactera can better develop transactional relationships, two managers commented:

I think at least the company should increase its visibility, maybe not at the management level if it might lead our competitors to target them. But at least some visibility across what the key business units are doing and who are the key decision-makers or contact persons. <[Middle Manager Australian No.6 Matt](#)>

It is little bit informal and I recently made suggestions that we should have more structured and more frequent way for connecting each other. We had first globalization meeting. I think we should have similar event at least once a year <[Top Manager European No.21 John](#)>

In the support of more accessible social knowledge, another Australian manager further mentioned about a solution based on his previous experience in IBM. Here is his advice:

In IBM, we have global buddy system, for native English speaking managers, we have buddy in non-English speaking countries. We have to communicate with them in the weekly basis. We can definitely use this cost-effective method in Pactera to promote social interaction across borders <[Middle Manager Australian No.1. Ian](#)>

According to Minbaeva (2007), the notion of tacit/explicit knowledge distinction is well established in the literature and is often operationalized at the organizational level (i.e., the degree of *codifiability* or *articulability* of collective knowledge stock). The interview data, however, indicated that this distinction was more endogenous to individual perception and action. Regardless of its built-in attribute for codification, the knowledge in explicit form was perceived to be more useful or relevant by staff in Pactera US, Australia and Europe. This finding is consistent with Bhagat et al (2002)'s proposition that employees in individualist cultures put relatively high emphasis on explicit, self-describing knowledge than tacit,

contextualized knowledge. It is further proposed that significance of explicit knowledge fits in well with individualist cultural value of self as independent from the environment (Bhagat et al, 2002) and concomitant propensity for analytic mode of thinking (Nisbett et al, 2001). Hence, even the innately tacit social knowledge, from the perspective of the Western managers in Pactera, could be managed explicitly.

Nevertheless, there was a discrepancy between the type of knowledge expected by subsidiary managers and the existing form of knowledge base in HQ. In particular, operatives and middle managers found it difficult to obtain organizational chart, 'know who' information, service capability as well as training documents. Consider the following quotations as evidence of it.

The company should have provided guidelines on how to work together so it will be faster for cross-border team to become efficient more quickly. We discovered we had to try and amend our project process a few times before finding the optimal levels. <Operative Australian No.5 Ankur>

In terms of discipline, let us say who is responsible for managing business intelligence or analytics, which are my focuses, I do not think there is a very clear way to expose that information. <Operative American No.9 Steve>

To tell you the truth, we have new requirements and systems that come from the above, we never have any formal training, we never had introductions, it has just sort of showing up. <Middle Manager American No.10 Stracy>

Sometimes we do not fully understand what the capabilities are of all the different BGs and what are the different solutions and services within the BG.<Middle Manager Australian No.1 Ian>

There is a clear lack of document to define the process and ownership in some areas such as quality management or tool development. <Middle Management European No.18 Alba>

It could be argued that the middle managers and frontline employees were not given full access to Pactera's knowledge base for security reasons. However, neither were top managers satisfied with the knowledge they obtained from the HQ. As one top manager, representing BG3 in Redmond US, explained that:

Well, I was given the chart of BG3. When it comes to cross-BG collaboration, the challenge is there is no way to get, for example, BG2's key capability. I do not have a sort of knowledge map telling me who is in BG2 and what they are doing. <Top Manager American No.12 Russ>

Similarly, other top managers lamented that the materials on the service they were trying to promote was often incomplete, rudimentary or outdated. Consider following quotes:

We are looking to bring 'testing discipline' to Australia but apart from that we have not found it easy to discover good documentation for any other disciplines despite trying in the case of offshore development for example.<Top Manager Australian No.7 Bob>

Usually we receive a PowerPoint presentation that is put together to describe the project/capability. There are case studies as well. But what we don't have is who are the project managers, how to contact them and the reason why clients buy this service/practice <Top manager American No.16 Fabin>

The material has not been packaged for the marketing very well, so we have to spend lots of time literally in re-creating the presales information. There is some information there, but we have to make it *all* current, relevant, and suitable in the form suitable for sales. <Top Manager European No.21 John>

The above comments were further verified by the documentary data. The organizational chart presented by one top subsidiary manager only displayed the names of 7 BG heads without any information about their emails, strategic accounts or reporting line below them. Similarly, As the important pre-sales tool, the electronic compilation of 117 case studies created by the cooperative marketing was lack of accurate descriptions about project type, technical highlights or rigorous methodology. The marketing colleagues told me in private that this work had never been done in a systematic way and none of the composers had I.T. background. In parallel, when commenting on role of cooperative marketing in knowledge codification, one top manager said:

I think cooperate marketing is great as that is the area where we can have high-level view around what is going on inside Pactera. But I do not think it is corporate market role to be the centre of the organization that pulls people or capability together < Top Manager, Australian, No.3 Ben>

In sum, the knowledge base in the HQ were not systematically codified, organized or updated in the way the foreign staff had expected. For them, a substantial amount of knowledge had been kept implicit although some of them can and should be articulated. However, given the relatively high resource dependency, the subsidiary personnel had no other option but adapt to knowledge created in Pactera. It entailed a deviating from their ideal or normative way to make sense of collective knowledge. To illustrate this, one middle manager and one operative, who both joined Pactera a year ago after their work in some MNCs, remarked that:

In Intel, you can find the employee's position, expertise, reporting line up to the CEO. And I have learned a lot of companies have that. That is a simple tool to navigate the information about the company...However, it is surprising to find out Pactera does not have a systematic information searching tool such as Alias and Yammer. Because I do not have that tool, I have to rely on ChenYu for that information <Middle Manager American No.11 Kevin>

Many large companies are creating matrix structure like IBM. It does not necessarily mean they are more successful, but in those companies, I find much easier regarding to the access to the information and finding the people you can talk to at the global basis.<Operative Australian No.4 Mike>

Also, one middle manager who had been working in Pactera Spain since the unit was set up expressed similar view:

Since I do not have the information ready, I have to ask my manager and his manager in China all the time. That is not the way it should be. The information should be available for everyone. What you need to do is to double-check the information <Middle Manager European No.19 Ana>

Interestingly, the top managers also found it difficult to make decision or execute business plan with current form of Pactera's knowledge. Consider the following the quotes as the evidence:

Sometimes I get the email from someone in Pactera, asking for some information or possibility for collaboration. But I have no ideas of who they are. I do not know if it is appropriate to give the information to a person I do not know. I could talk with a complete stranger. As there is no place where I can check who they are, which department they are working for and who they are reporting to <Top Manager American No.12 Russ>

Because we do not have complete information of Pactera's capabilities, we then waste time

trying to sell the new but not well developed solution. (The shortage of information) really takes away our ability to develop a good local sales strategy for those existing but more established service. <Top Manager American No.16 Fabin>

Clearly, the above comments are illustrative of the fact that the interviewees with different organizational levels, tenues and working experience had to '*live with the reality that knowledge is not available at their fingertips*'. < Top Manager, Australian, No.3 Ben>

. *Emotional reactions toward Pactera's knowledge base*

According to prior literature in psychology, perceiving an event that is discrepant from one's values, beliefs or normative behaviour repertories leads to internal dissonance (Harmon-Jones, 2000). Depending on the appraisal of contextual and personal factors, the dissonance in the form of general negative affect and arousal transforms into discrete emotions (Lazarus, 1999; Frijda, 1993). Consistent with these insights, the data showed that the felt disparity between expected and real type of knowledge base in Pactera triggered different emotion, each of which has distinctive attitudinal and behavioural consequence. Below are the descriptions of these identified emotions.

. *Frustration*

Frustration is a very unpleasant emotional state in which the individuals need to expend extreme effort. It is associated with a fairly unpredictable situation and a strong desire to attend the situation. Frustration is accompanied by an appraisal that someone or something is held responsible for the event, and outcome of event is more influenced by the situational agency (Smith and Ellsworth, 1985). And the core relational theme of frustration involves a failure at something for which success is expected. But the exact cause for the failure is less clear (Smith and Ellsworth, 1985). Frustration was often expressed by the managers who believed Pactera

got technical capability and manpower to compete in the hosting countries. However, the unstructured knowledge basis created uncertainties, delays and interruptions to translate firm's potential into tangible values. One sale manager spoke of his frustration when he was attempting to sell BPO for one client.

When customers are talking to us about large opportunities where we think Pactera should be able to help, we then advise the client that we will pull all of the parts together. Sometimes executing the plan is not that easy as we are not well informed about what the capabilities are among all the different BGs and what are the different solutions and services within the BGs. This can be frustrating, and what we call BPO in Australia might be different to what we do BPO in China We have missed the sales because we wasted lot of time to work this out. <Middle Manager Australian No.6 Matt>

Another Top Australian manager in charge of business development shared similar feeling but described his frustration in a metaphorical way. It is important to note that this top manager only joined Pactera a year ago.

In Australian, you know, people like to go fishing as a hobby. Pactera is like a big pond, you throw your fancy fishing rod, but what you catch, 'nothing'. <Top Manager, Australian, No.7 Bob>

According to the appraisal tendency framework (Han et al, 2007; Lerner and Keltner, 2001), an emotion, once evoked, can activate a cognitive predisposition to judge following events in line with the central appraisal dimensions that triggered the emotion. Such appraisals become an implicit perceptual lens for interpreting subsequent situations (Lerner et al, 2015, p.805). Given the central appraisal theme of frustration is 'a failure at something for which success is expected' and answer for failure is unknown (Smith and Ellsworth, 1985, p.833), the feeling of frustration often stirs up unnecessary doubt on value of the subsidiary staff's prior experience, effort and competence. Consider what one business development manager and one sale representative said:

Every time there is new engagement, or new customer, we have to spend a lot of effort in finding the right information to start, *not even sell*, the capability. What you feel is the sales opportunity virtually slips away in front of your naked eyes but you can do not do anything. <Middle Manager Australian No.6 Matt>

I might not focus on our competence on Microsoft technology because so far I have not got the access to that information...while I have to focus on testing where lots of materials are available and relevant teams can be identified. Sometimes I am not quite sure the thing I look at is the best thing for me to explore in my area. <Operative Australian No.4 Matt>

It is important to notice that the middle manager was in his late 40s and had almost 20-year working experience in I.T. consulting industry. The sales representative had spent 3 years in Microsoft BI solution team in US. It seems that the frustration, if not managed correctly, could block realization of local knowledge that Pactera aims to utilize for foreign expansion.

. *Anger*

While anger and frustration are often taken as similar emotions (i.e., Laros and Steenkamp, 2005), the distinguishing feature of anger is that the appraisal pattern involves a fair degree of certainty about the situation, a strong attribution of someone responsible and high self-agency to influence the course of the event (Smith and Ellsworth, 1985). Thus, the core relational theme of anger is a perceived wrongdoing where blame goes to others and the focal individual has the potential to correct the situation (Lerner and Keltner, 2000, Lerner and Tiedens, 2006). Anger is inferred from one middle manager in Spain who spoke of following words with a fast, rising and forceful tone.

The organization from the top does not formulate any strategy to manage Pactera's knowledge. Whatever we do with knowledge or communication, it happens from the bottom. We decide that we are going to create an organization chart where we understand who is who. <Middle Manager European No.19 Ana>

The quotation shows that the manager was pretty sure that most of Pactera's knowledge was created from the staff below the top executives. However, she was not satisfied with current knowledge system because top managers in HQ did not fulfil their responsibility to articulate cooperative knowledge, which was the precondition for understanding, testing, and sharing

transferred knowledge (Buckley et al, 2005). Out of frustration, she decided to pull local resources to overcome the obstacle of inadequate 'know-who' information.

Although anger motivated this manager to remove some of the challenge she faced, this extremely unpleasant 'other-critical' emotion obviously influenced her perception of top managers in HQ as well as knowledge they manage. She went on saying:

One common disadvantage in the multinationals I used to work is half of the people do not what the other half is doing. This is part of rule of the game. But in Pacter, it is a big chaos. Nobody in the centre took the trouble to make the information available for everyone and to make it easier for communication...The knowledge in there is not very organized around solution or service line <Middle Manager European No.19 Ana>

In the literature, there is an agreement on value of tacit knowledge for MNC's sustainable competitive advantage (Kogut and Zander, 1993; Gupta and Govindarajan, 2000). The result suggests that anger mediates the value of tacit knowledge by influencing subsidiary manager's perception of knowledge holders. With its extremely unpleasantness and other-responsibility, anger fuels subsidiary staff's belief of tacit knowledge in HQ as 'messy' and people who were managing them as 'lazy'.

. *Challenge*

The interview data also identified some relatively positive emotions toward current knowledge in HQ. Challenge was one of them. As a fairly pleasant feeling, challenge is associated with certainty about the situation and strong desire to attend to it. With moderately strong attributions of self-agency and self-responsibility, the individual feel confident that they could achieve a desirable goal but know it would require a great deal of effort (Smith and Ellsworth, 1985, p.832). Reflecting their experience on exploring knowledge system, one associated VP in Spain and one top HR managers in Australia expressed the feeling of challenge.

Early on when I joined Pactera, the big difficulty for me was to understand who was in charge of what aspect of the company. I kept on asking the colleagues in China and most of them I have reacted were quite helpful. Through the process, I became more aware of the difference in doing business between Spain and China. Now I pretty much know who and how I talk to. It is challenging as not all Western managers are comfortable to do that. <Top Manager European No. 20 Jonas>

I can't think of any situations in which I have problem in accessing the knowledge personally. But it is challenging for EVERYONE to get useful information through our current Intranet. It seems that lots of work needs to be done in the company and among different business groups. But I do not see it as unsolvable problem. By collaborating of CTO (Chief Technology Officer), we can develop a knowledge management system suitable for Pactera. Do not forget, we have good track record of doing BI (Business Intelligence) for the clients. < Top Manager, Australian, No.2 Geoffery>

The above statements showed lack of well-codified knowledge base did not impose too much difficulty for some top managers. However, they believed that a great effort from both senior managers and staff below them was required to improve Pactera's knowledge base. Such objective was achievable given their knowledge about the company, personal network, and the potential resources afforded by the seniority. They felt they could deal with or even revise Pactera's knowledge form. This is further supported by one top manager in US who had organized the training for the new employees:

In fact, one colleague and I organized a training session a year ago, and I am currently preparing a new one with plenty of examples based on my additional experience of accessing, searching and making use of Pactera's knowledge. <Top Manager American No. 12 Russ>

As an emotion providing necessary drive to overcome the obstacle and foster exploration, challenge motivated the managers to invest more energy in figuring out the HQ's knowledge base. Consider the quotes of one top manager who flied to Beijing in person for the potential of one cross-BG collaboration on Cloud solution.

Of course, I can learn about BG2's Cloud team or service through documents. But I believe the best way to really understand them is to come here. Come to China and talk to the people, walk

around the floor and have a look at the offices, having an open and informal discussion. Then, I can share this knowledge confidently with my team back in Australia. That is why I am making this trip to Beijing. < [Top Manager, Australian, No.3 Ben](#)>

In sum, for the above managers, tacitness of Pactera's knowledge base was not framed as problematic but challenging. In turn, the feeling of challenge directs their attention to different skill sets in HQ and boosts the energy to acquire them. This result holds the potential to further theorize the concept of 'stickiness' of intra-MNC knowledge transfer (Szulanski, 1996). While stickiness mainly refers to cognitive barriers to understand and absorb source's knowledge (Jensen and Szulanski, 2004), a positive, high arousal emotional state such as 'challenge' arguments the manager's motivation to overcome the perceived difficulty of transferring knowledge.

. *Hope*

Like challenge, hope is relatively pleasant emotion that draws individual's attention and some efforts. However, compared to challenge, hope is accompanied with high degree of uncertainty, some individual effort and situation control. One important feature of hope is that subject feels that 'it is possible, but not certain, that they will get what they want' (Smith and Ellsworth, 1985, p.832). Hope were felt by middle manager and operative who were relatively comfortable with Pactera's knowledge reservoir but expecting the possibility of improvement.

Consider the following quotations as examples:

When we create one big Pactera, it is really difficult for those newly required or small unit to know about each other very well. As a management consultant, I see this scenario many times. I used to work for IBM. Actually it has the similar problems < [Middle Manager Australian No.1 Ian](#)>

Somehow I am fine with the current situation. I think it is really depending on individual's effort to know about the company. However, it would be better if Pactera can have a more clear structure regarding the information source, it will make my work easier <[Operative European No.17 Patria](#)>

In line with the feature of hope, the staff were every keen to improve Pactera's knowledge system with ideas such as 'installing intra-net on existing Microsoft server', 'adding searching feature on Outlook email system' and 'creating cooperative social network such as Yammer'. However, very few of them provided specific example of how they acted on their ideas. Consider the following statements from the same operative:

Like Nokia, we can have an internal phone book via which you can find out staff in the organization, even the organizational staff. You can locate right person by simply typing into the role, department or title then you can find out that person's contact detail. <Operative European No.17 Patria>

What have you suggested or implemented this idea? <Interviewer >

Well, I've not thought of it as I am quite new to the company. But I do see that kind of possibility in Pactera <Operative European No.17 Patria>

Similarly, when asked about the implementation 'global buddy system', the middle manager who advocated for a formal approach to manage social knowledge indicated the defining role of Chief Technology Officer.

Well, I have the discussion with a couple of executives with this idea, particular our new appointed Chief Technology Officer. He was very supportive with this idea <Middle Manager Australian No.1 Ian>

How is this idea going now? <Interviewer >

It is still under the review. <Middle Manager Australian No.1 Ian>

In sum, employees who expressed hope were acceptable with existing Pactera knowledge base. At same time, they had a lot of interesting ideas to improve knowledge management system. However, given their limited resources, they might not be able to implement, or even feel the possibility of turning their great ideas into reality. Thus, the company might create some conditions for those hopeful employees to express, share and even try their innovative ideas

before their hope faded away.

6.5. Seeking relevant knowledge

The dominant form of organizational knowledge often determines the method to acquire it. As discussed in previous section, most of Pactera knowledge, including those articulable knowledge (i.e., organization chart, standard operation procedures, data record), were kept tacit. Accordingly, contacting other people became the widely used way to acquire valuable knowledge. The interview data revealed that staff in foreign subsidiary recognized four kinds of benefits when consulting colleagues in HQ: 1) obtaining right solution, 2) expanding personal contacts, 3) speedy access to key decision makers and 4) reframing the questions.

Consider following statements as examples:

Usually we receive a PowerPoint presentation that is well put together to describe the one capability. But what we don't also have is the reason why clients buy this service/practice, how we can present it effectively to the client...So I contact Evan, the sale lead in ShengZheng, China, and he can explain in detail about the project, team, and client engagement in the documents. <Top manager American No.16 Fabin> (1)

We got some material about the Dalian Team in terms of what they are doing. To further explore the cooperation, we contacted Mr Xu who is currently working in Singapore and has some experience of working with Dalian <Middle Manager Australian No.6 Matt> (1)

The personal relationship changes everything. I met several Chinese colleagues in our first annual management meeting in Beijing. I was introduced to other via them. Once people know who you are and know who they are dealing with, they are more open to share information with you. It is like a snowball effects.<Top Manager European No.21 John> (2)

It can speed up the process. Therefore, it is quite important to know who are key decision makers or drivers of the program. Right now I use Yu Chen as my guidance to identify the key stake-holder. This has a 100% hit rate as he has been working in Pactera for 7 years <Middle Manager American No.11 Kevin> (3)

Kason and other colleagues who understand me and of course, I understand them, and they can help me to express my ideas to other business groups in China through their own language<Operative European No.17 Patria> (4)

Interestingly, as the benefit moved from ‘getting the solution’ to ‘reframing the questions’, the stronger was interviewee’s relationship with his/her contact in China. For example, the operative mentioned above had been the colleagues of Kason in Nokia for 5 years before they joined Pactera. This finding supports the argument that relational characteristics influence the type of knowledge the individual is searching (Borgatti and Cross, 2003; Cross et al, 2001).

Despite the search benefits afforded by consulting others, literature in social network (Hansen, 1999) and feedback seeking (Ashford and Cummings, 1983) also identified some potential costs such as ‘redundant information’ (Burt, 1992), ‘time and effort in accessing the source’ (Borgatti and Cross, 2003), ‘social obligation’ (Uzzi, 1997) and ‘damage on personal image’ (Lee, 1997). What is less clear is the subjective configuration of costs or what Nebus (2006, p.626) called ‘heuristics’ in advice seeking. These heuristics are more likely to influence search behaviour when a) knowledge seeker does not possess sufficient information about potential contacts or b) nature of the task is vaguely specified (Nebus, 2006). This is particularly relevant for the subsidiary staff in Pactera who often needed to ask the colleagues outside personal network or look for some knowledge that might not be fully understood in advance. To illustrate, one American middle manager who had just finished a 3-year overseas assignment in HQ described her knowledge searching experience:

All the information I need have to be done through personal contacts. But the company has more than 23,000 employees. I meet the persons during the training, that person in the meeting, and the other in the party. So I just keep reaching out to who I have ever met before. You know what I have to make sure I keep my business card all the time even inside Pactera. < [Manager American No.10 Stracy](#)>

On the difficulty of specifying knowledge request, consider the quote from one top American

manager who had almost 20-year experience in I.T. consulting business.

Sometimes we are not clear enough in our request or it might not be described in a way that is easily understood for our Chinese colleagues... Sometimes the information we are looking for does not exist in the manner that we desire <Top manager American No.16 Fabin>

To further uncover informants' heuristics of search, Ashford and Cummings (1983)'s typology of costs in feedback-seeking behaviour (FSB) is used as a backdrop for interpreting the data. It specifies three types of cost: 1) effort costs: the costs incurred in obtaining relevant information, 2) inference costs: the cost incurred in interpreting this information and 3) face loss costs: the evaluative effects of others on the individual for seeking (Ashford and Cummings, 1983). Compared to other measurements derived from network theory at organizational level (i.e., Hansen, 1999; Uzzi, 1997), this assessment is more geared to knowledge search at the micro-level (Nebus, 2006; Borgatti and Cross, 2003) and has been previously deployed in MNC context (Barner-Rasmussen, 2003; Gupta et al, 1999). Embedded in interviewee's 'lived experience' (Geertz, 1973), qualitative data showed that perception of effort costs came first, inference cost second and only 2 interviewees mentioned about face costs. Following statements are typical examples of risk factors in knowledge seeking:

It is not efficient as you spend or waste your time talking to people all the way through the process, looking through the reporting structures you do not need to because you may deal with wrong persons. <Top Manager Australian No.2 Geoffrey> Effort costs

To search for the right person we have to copy numerous employees on an email until the correct resource is found, but it creates more delays in a response due to the US vs. China timeframe being 12 hours different <Middle manager American No.14 Dana> Effort costs

Another limitation is that it is not 100% reliable. In other words, they might give me a name and I contact that person. He/she might move out. So the information they give me might be outdated due to the personnel change. <Top Manager American No.12 Russ> Inference Cost

When you go through the formal channels, it does look like a ‘senior engagement’. Sometimes you just want to have informal discussion about what you doing. It is quite difficult for our team to really understand very well about our Chinese counterparts are doing. <Top Manager, Australian, No.3 Ben> Inference Cost

If I am really unsure who to contact, then I have to invest time to try to narrow the search so that I will not look stupid by putting all the contacts in CC lists. <Top manager American No.16 Fabin> Face cost

It would be nice to know which colleagues we should contact for certain situations so I am not bothering the wrong people. <Operative American No.13 Natalie> Face Cost

Table 6.3 summary the type of risks in knowledge searching and corresponding themes from the interview data

Type of risks	Description	Themes from the interview data
Effort Cost	.the costs incurred in obtaining relevant information	.Time delay caused by time zone/ holiday/annual leave . Energy to find the contacts . Large number of people involved . Escalation to senior or top managers

Inference Cost	.the cost incurred in interpreting this information	<ul style="list-style-type: none"> . Obtained information is outdated . Source has limited knowledge than expected . Information offered by source is not reliable or superficial.
Face Cost	the evaluative effects of others on the individual for seeking	<ul style="list-style-type: none"> . feel stupid by sending requests to unnecessary people . Interrupting the other people's work

Prior FBS literature suggests that cultural characteristics mediate the perception of risk in individual information seeking behaviour (Ashford and Tsui, 1991; Morrison, 1993). It is suggested that feedback seeking behaviour by individuals shaped by a specific-oriented culture is more likely to be influenced by effort and inference costs (Sully de Luque and Sommer, 2000). The empirical result supports this proposition. The personnel from Pacteria US, Europe and Australia were more task-focused, even 'looking stupid' was perceived as not fully understanding task itself. Given 'business is business', they would not expect information seeking bring too much face cost for the parties as those from a diffuse-culture such as China (Sully de Luque and Sommer, 2000, p.835). Thus, foreign managers perceive seeking knowledge from HQs as more time consuming, unfocused and exhausting.

Despite its face value, such explanation seems inadequate as most interviewees recognized that a) the value of building personal contact went beyond task achievement, b) both effort and inference cost existed in any MNCs and c) the majority of Chinese employees were quite helpful. Consider following quotations as evidence:

Everybody that I have reached out in China has been courteous and helpful, so worry less about what your colleagues think and more about what your client thinks. <Top manager American No.16 Fabin>

But in my experience, everyone does their best to respond to questions as soon as possible. Many of us also work around the clock to help compensate for the time zone difference. <Middle manager American No.15 Brock>

You do waste time in knowledge searching. It is very understandable. The business and size of Pactera has been expanding rapidly. And two different companies are also merged. So to create a common understanding or platform among people with different background is not easy. As a management consultant, I see this scenario many times <Top Manager Australian No.2 Geoffrey>

A close inspection of the interviews discovers that a substantial amount of knowledge was in the hands of middle or top managers in HQ. To illustrate, two American staff, who used to work in Pactera China, recalled:

It seems that the manager is holding too much information of who is doing what in the business unit or project. I remember one project manager in BI had left last year, all the knowledge about that specific service, project and client information disappeared as well. Here is no attempt to keep that kind of information. <Operative American No.9 Steve>

Half way of the year, two of my bosses have left. And their management style is strategic something. Just telling us what we need to do. When they left, nobody knew anything. <Middle Manager American No.10 Stracy>

In support of above, two top managers commented:

I have to go to somebody like Jeff Wang, Brain Zhou, even up to Jeff Wu, I have to go to executive president level, to get the information on who I can talk to for the collaboration. <Top Manager American No.12 Russ>

And although lots of companies are getting flatter now in terms of structure, the information pretty much flows from the top to the bottom. There is less exchange of information the other way in Pactera. <Top Manager European No.21 John>

Clearly, there is a shared perception that managers in HQ were holding too much knowledge

that could possibly be articulated. Coupled with frequent staff turn-over, reliance on middle- or top managers as single source made cost of search higher than the normative baseline (London, 1997). Specifically, knowledge including basic information given by HQ managers tends to be 'inadequate' or 'outdated', contributing to rise of reference costs. On top of that, escalating to senior management and going through intricate lines of authority significantly increase effort costs to identify the right contacts. Thus, subsidiary personnel find doubly complicated to obtain knowledge from HQ. Consider the follow quotes as example:

The whole searching process gives me impression that we are here to make friends with different bunch of unnecessary people...but ultimately what I want to know is real experts, capability and service we have in Pactera. <Middle Manager Australian No.1 Ian>

Lots of things can be done between the people with same purpose and focus, just talk and do it. There is no necessity to involve all the managers, waiting until they all agree.<Operative American No.9 Steve>

I feel the process is not the most effective way, and these should be alternative way of how we can collaborate without making it such a personal thing. <Middle Manager American No.10 Stracy>

The internally felt dissonance with the expected cost, depending on subjective appraisal, triggered distinctive emotional states.

. *Emotional experience of knowledge seeking*

. *Anger/Contempt*

Anger and contempt are very similar emotions in terms of appraisal pattern: a fair degree of certainty about the situation, a strong attribution of other responsibility and high self-agency to influence the course of the event. The difference is that contempt involves a 'vertical dimension of social evaluation' where individual feel more superior to members of certain group (Rozin et al, 1999, p.575). Thus, contempt tends to be more associated with interpersonal relationship

(Smith and Ellsworth, 1985). In addition, contempt indicates a subtle but coldest form of hostility among all 'other-blame' emotions (Izard, 1977). Anger and contempt were often felt by managers who could not get the timely response to their request for the go-to person.

Consider following quotes as example:

It really gets my nerve because you think it is so easy to respond an email that just may take a couple second. *Then you do not have the response at all.* It drives me furious particularly when we are under a time crunch to obtain that *small piece of knowledge.* <Top Manager European No. 20 Jonas>

That is not the way it should be. What you need to do is to double-check the information. But in Pacteria, especially in HQ, Managers seem to like to be asked, like to give the information that otherwise should be available for the employees. And managers should be there for planning strategy rather than telling people who they should contact. <Middle Manager European No.19 Ana>

The manager in the first quotation believed the act of answering an email, regardless the quality of response, was a basic work ethics in MNC. Neglecting a foreign colleague's plea for help, especially when they were in crush time, was both professionally blameful and morally unacceptable (Haidt et al, 1993). In contrast, the middle manager directly blamed HQ managers for withholding 'trivial information' and incompetent in creating 'real knowledge'.

Consistent with strong attribution of 'self-agency', both anger and contempt motivated the managers to marshal all the resources to get the information. On top of that, contempt tends to stir up prejudice as it entails 'perception of superiority'. Consider following statements from the same managers quoted above:

What did you do or think in that situation? (Interviewer)

I often address that situation by using different methods in communication. I try to reach them via skype or phone them whenever necessary. If it is really important and has a strict deadline, I escalate the issue to my direct manger or their immediate supervisors. <Top Manager

European No. 20 Jonas>

When it comes to working with Chinese BGs, they seem ‘messy’ in the sense their deadline is not real, time is not specific, they do not get things done on time and always on the last minutes. I prefer working with someone who is more organized, they focus on preventing troubles. With people who are less organized, they always spend time in fixing problems. <Middle Manager European No.19 Ana>

Although both expressed negative feelings, the top manager did not explicitly show a negative view of the Chinese colleagues in general. In fact, he was highly praised for his effective cross-cultural communication skills by the Chinese colleagues I interviewed later. This inconsistent finding actually supports the nature and function of anger in social interaction. As noted by Lerner and Tiedens (2006), once the source of anger is correctly addressed, anger can restore an impaired relationship. It seems that this manager’s high organizational level and cultural knowledge enabled him to rectify a business malpractice, thus leading to a general positive perception of Chinese employee. In contrast, while the middle manager had a PhD degree and years of experience in machine translation, her power to modify the situation in Pactera HQ was relatively limited. Accordingly, a sense of ‘other-blame’ transformed into the prejudice that resulted in the middle manager’s persisting contempt towards Chinese manager’s capability.

. *Resentment*

Similar to anger, resentment is a negative emotion in which the individual perceives the event as unpleasant, other-responsible and unfair. A distinctive feature of resentment is that the individual have to engage with particular situation or behaviour because of no other choices. Furthermore, resentment is often not expressed as aggressively or as openly as anger but have long-term negative effect on social interaction. Thus, resentment is often described as a

repressed but coldest form of anger (Feather and Sherman, 2002; Molinsky, 2013). The statement of one middle manager exemplifies this emotion:

Every time I need information, I have to bother somebody, ask for favour. Well, some Chinese colleagues suggest that I need a 'thick skin'. Yes, it helps partially. But sometimes they do not understand I am not Chinese and why I have to put Chinese 'skin' or 'face' or whatever. <Middle Manager American No.10 Stracy>

It appears from this quote that the manager believed it unfair for her to accept a different cultural value when asking for the information otherwise unavailable for her. However, she had no other option but to adapt new cultural behaviour required by her job characteristic. This interviewee was User Experience (UX) manager who was in charge of 20 members in Shanghai. Given UX often represents non-essential part of I.T. service product, this manager had to contact and spoke to different business units to generate the work for the UX team. This resource dependency might explain why this American manager felt resentful, not angry with knowledge seeking through personal contacts. Confidence of this explanation was further consolidated by the statement of one American sales manager who expressed similar feeling. This manager joined Pactera less than one year and often travelled alone for the field sales.

As I am new, I rely on others on both Chinese and US team for guidance on things that I'm not aware of – it's difficult because you can't get the information that should be ready for you. Instead, you have to ask favour and wait for someone to give you that information. It put you in the position of submission. < Middle Manager American No.11 Kevin>

It can be inferred from the statement that short-tenure and physical disconnection from the office made this manager more rely on the HQ. Thus, he had to bottle up his anger in order to get the information he desperately needed.

Given that resentment is an 'other-responsible' emotion with low attribution of self-agency, it instigated the manager's doubt on source's competence and genuine intention to provide useful

knowledge. As an illustration, the UX manager quoted above recounted what she said was a frequent occurrence:

I ask Chinese managers which goes like ‘do you know this kind of stuff? They say “No, we do not”. But they might not be 100% sure if I am asking about their department are there or not, they just say ‘No’. Probably the information is available but they just do not bother to look for me.<Middle Manager American No.10 Stracy>

Moreover, due to the limited bargain power, the UX manager did not confront with the Chinese managers about her dissatisfaction. Thus, instead of ‘a healthy selfishness’ check argued by Andrews and Delahaye (2000, p.804), the doubt evoked by resentment might be unfounded and have lingering negative effect on knowledge search.

. *Gratitude*

Gratitude is a positive emotion that happens after an individual has been offered a help. The help is perceived as highly valuable, involving help-giver’s great effort and sincere desire to assist the receipt (Wood et al, 2008). Interview data suggested that gratitude was more strongly felt by the subsidiary personnel who had relative short tenure or carried their work independently. Consider the following statement of one Finnish I.T. consultant who was staying in Finland alone to engage with Nokia:

I am the only person in Finland and mostly I have to deal with the client on my own. If I send the request to China, that means I have no other options and I can not make an informed decision on my own... If I ask something, it is a valid question in the sense I have nobody to consult around <Operative European No.17 Patria>

When explaining the way to get the information from HQ, he spoke of the following words affectionately.

I speak with Kason and his team in China. Honestly, Kason’s team is very helpful and whenever I got problem, they always try best to help me out. They are not trying to leave me alone,

instead they make efforts to figure out with me to overcome problems. <Operative European No.17 Patria>

For this engineer and other sales managers who were physically dis-connected from Pactera office, gratitude represented a self-motivated, thankful appreciation for those Chinese colleagues who genuinely attended to their requests and situation. Below is the statement from an American sales manager:

Christina is always quick to respond to my questions and requests. Usually we discuss different opportunities for Pactera. I have found a number of promising opportunities for our company and she has attended them in person over in China and Hong Kong. Not all employees are as quick or keen to reply to your request <Middle manager American No.15 Brock>

With a positive benefit appraisal, gratitude is regarded as moral barometer, motivator and reinforcer in the service of reciprocity (McCullough et al, 2001). A few experimental studies confirm that gratitude is strongly associated with prosocial thought and action tendency to approach, adore and yielding towards help-giver (Watkins et al, 2006; Bartlett and Desteno, 2006; Tsang, 2006). Providing the additional support from the real setting, the data suggested that grateful managers were more likely to reciprocate the favour by addressing the request of a helping colleague with detailed information, greater attention and pleasant expectation for future interaction. Consider following quotes as evidence:

The colleagues I am contacting with are very, very good at responding almost 24/7. In turn, I try to do the same and respond no matter what time I receive a question. <Operative European No.17 Patria>

The feelings of contacting Christiana have been very pleasant. With that, I am as courteous, timely and informative in my responses to her <Middle manager American No.15 Brock>

I am very happy to help Chen Yu who once spent whole afternoon to explain Pactera's service line and strength in banking and finance sector. I respect his knowledge and dedication to my request. And I am expecting more opportunity to work with him in the future <Operative Manager American No.8 Marquis>

Interestingly, the knowledge offered by grateful managers went beyond task-related purpose. It also included latest updates of their subsidiary, personnel change and even career advice. As an example, one middle manager commented:

In China I feel very comfortable requesting or exchanging information with Sheri Wu or Victor Wang. They are the ones helping me out when I need advice on how local locate people. And our relationship is getting stronger with time goes on. Now they are my *eyes* in China which is very helpful with that. And I become their eyes in Spain<[Middle Management European No.18 Alba](#)>.

Similar, one American I.T. developer said:

Leo in Shanghai always provides quick responses and takes ownership of the things I am interested. We develop a very good relationship that I know I can ask him any question. And after he told me he wanted to work in US, I also share with him some opportunities both inside and outside Pactera US <[Operative Manager American No.8 Marquis](#)>

The above statements support the argument that gratitude is linked with a more broad range of pro-social responses, which distinguish itself from an emotion of purely economic exchange (McCullough et al, 2001; Emmons and Crumpler, 2002).

Happiness/Excitement:

Happiness is a pleasant state where the individual is quite certain about the situation and does not need to assert too much effort to achieve a goal (Smith and Ellsworth, 1985). The interviewees who displayed the happiness were managers who were satisfied with knowledge search via their contacts. They often described their colleagues in China as ‘responsible’, ‘courteous’, ‘knowledgeable’, making the otherwise irritating search process ‘more smooth and pleasant’. Like grateful managers, they expressed similar appreciation about the value, dedication and genuine helpfulness of their contacts in HQ. One striking characteristic of happy

managers is that they were former employees of the acquired subsidiary or had long tenure within Pactera. Thus, they were relatively well-connected to their focal subsidiary or HQ. Except few occasions, the purpose of knowledge searching was more geared to exploring potential synergy between HQ and the focal unit rather than addressing an impending problem. To illustrate, a top American manager of IT consulting service commented:

If I need help or advise I will usually turn to the co-workers in the Charlotte office. It is easier to communicate with people in your time zone rather than wait for a few days for an answer from someone in China. If I do have to contact HQ, I know a few colleagues in our finance team who can help me to locate the right person in China. That saves me lot of time. <Top manager American No.16 Fabian>

Similarly, one sales manager in Australia explained his purpose of knowledge searching.

I like to understand what solutions are available and who the go-to person is. It does not matter what kind of solution, either industrial or technical. That will help both-ways if we are also clear on what we are best capable to do and support the other parts of Pactera as well. <Middle Manager Australian No.1 Ian>

The above quotations show that the above managers are in a relatively safe situation to explore the knowledge within Pactera, which is a distinctive feature of happiness (Ellsworth and Smith, 1988). According to some emotion theorists, the sense of 'safety' brought by happiness produces the perception that all is going well and no extra-effort is needed (Schwarz, 2000; Ekman et al, 1982). However, the interview data suggested that happy managers displayed a strong enthusiasm and use different ways to develop and utilize their contacts. As an example, one American middle manager described an exciting project with her contacts in China. It is important to note that this manager has strong expertise in information system management.

Zhan Xiao and Philip Liu in Shanghai, Ivan Zhang and Xu Ke in Beijing are my reliable contacts. These are my colleagues who also have same passion around technology and ensuring our employees have the proper tools and systems to get the job done. Recently, we have devised a system to track all licensing for our software application via email exchanges and now an asset tracking system which is being put in place at this moment. <Middle manager American

No.14 Dana>

Another top Australian manager deliberately set aside 10 minutes in the weekly meeting to appoint one manager to share his/her experience of identifying contact. Below is his statement:

I am lucky to know and meet a number of intelligent, hardworking, and dedicated people in Beijing due to my seniority. We need to encourage everyone to ask people who to connect with. But I realize that some of my managers both Australian and Chinese are not comfortable to do that. So in our weekly meeting, I often spare 5 minutes to let one manager to share his/her experience of building contacts, no matter it is good or bad. It really promotes a mutual understand between the Chinese and Australian team < [Top Manager Australian No.7 Bob](#)>

Prior cross-cultural study of emotion suggests the way people feel and express their happiness is qualitatively different (Shweder, 2003). It appears from the data that happiness felt by the Western managers in a powerful position was mixed with excitement, leading to strong action tendency to explore and learn. This result is line with the proposition that individuals who are higher in influence are more active in happiness, displaying a high-arousal emotion such as excitement (Tsai et al, 2007). The detailed process of emotional blending of happiness and excitement could be better explicated by longitudinal qualitative data, which makes current study inadequate to address this topic directly. However, it is more obvious from the data that happiness and excitement enhanced the perceived value of the established contacts. This is in striking contrast with contempt or resentment that could render the knowledge provided by the contacts insignificant. Consider the following quote:

I talk more frequently with Lin although there is no direct reporting line. We share business issues as well as family, kids and life. I feel it makes more fun in the way to work when you have someone to exchange personal feelings. This positive feeling gives you a kind of drive to overcome business challenge together, even we do not have solution available at hand. <[Middle manager American No.14 Dana](#)>

With the time goes on, I begin to indulging of using WeiWei and Fushan as my contacts because I should have knew other by now. But I enjoy working with both of them, even though I never met neither of them face-to-face <[Middle Manager Australian No.1 Ian](#)>.

In sum, the results lend support to a well-established argument in psychology that people tend to maintain and reinforce the positive feelings (Gray, 1994; Davison et al, 1990). Accordingly, happiness and excitement as a result of previous contacts prime the manager's selection of partner to maintain those high-arousal positive feeling for knowledge exploration. Despite potential inertia, these pleasant feelings set the stage for building a strong interpersonal relationship in the subsequent knowledge sharing.

6.6 Sharing knowledge with the colleagues in Pactera China.

Following the knowledge search via contact identification, the subsidiary employees needed to develop quality relationships with the identified colleagues in HQ. Such relationship is often described as 'close', 'reliable', 'strong' personal connection based on 'mutual trust'. In line with the literature (Minbaeva, 2007), interviewees across all organizational levels reported that trust increased the willingness to disclose knowledge, the effort to re-contextualize the transferred knowledge and alleviated concerns about how knowledge would be used. Consider following quotes as examples:

The information does not flow easily within Pactera, but personal relationship changes everything, when Chinese colleagues know who I am and I get involved with them too. They are more open to share information with you. <Top Manager European No.21 John>

Yes. It is helpful to get to know people better, to develop a personal relationship, which makes it easier to have fully open, honest dialog about any subject. <Top manager American No.16 Fabin>

When you build trust, you start to share more, not just what is documented. But it is more about what is within it, why it has been done....you got deeper in that sharing, you do that when you build trust. < Middle Manager American No.11 Kevin>

Through my frequent discussion with my colleagues in Dalian, I have a deeper understanding of the Cloud services Pacter can offer. Also, I have increasing understanding of how to present solution opportunities to our customers in Australia and of the quality of our delivery teams involved <Middle Manager Australian No.6 Matt>

When you build trust, you do not really care what the person will do with it <Operative Australian No. 4 Mike>

Although the importance of trust was unanimously acknowledged, subsidiary staff talked about several barriers of trust formation among which language was most salient and decisive factor. Two thematic blocks that emerged from the data help illustrate the perceived language barriers in knowledge sharing and trust building: language proficiency (i.e., what to say) and communication style (i.e. how to say). Table 6.4 summarizes the key results of perceived language barriers from the interview data

Table 6.4 Summary of perceived language barriers from the perspective of the subsidiary employees and managers

		Subsidiary	Headquarter
Language Proficiency	English Fluency	. Native or Professional level . Simple, small, short word	. Basic or limited Level . Big, fancy and long words
	Technical Terms	. Full explanations in English . Well accepted and implemented	. No or few Chinese equivalent . Difficult to practice
Communication style	Vertical Interactions	. Managers are approachable . Open to the topic . Relaxing atmosphere	. Managers are distant . Sensitive to the topic . Tense
	Horizontal Interactions	. Direct with views and request . Open with project statuses . Expressive and emotional . Heated debate	. Ambiguous response . dodgy with work problem . Reserved and emotional neutral. . Quiet in meeting

. Language proficiency

Level of English proficiency plays a pivotal role in the assessment of I.T. outsourcing company. For example, in addition to competitive labour cost, the preference for Indian vendor is the professional fluency in English display by its workforce. Accordingly, Pactera had tried to promote English as the second corporate language since its business operation in 1995. For example, the new recruits were expected to demonstrate a sufficient English ability to join the company and attend 3 formal English training sessions in the first year. Furthermore, whenever a project involved foreign colleagues and client representatives, the company stipulated that English should be the working language (Pactera CRS report, 2012). The mandate of English as the lingua franca at the project level is in line with Pactera's global delivery mode. As the company is moving toward I.T. consulting service in overseas market, English-speaking engineers become more indispensable.

Most of subsidiary personnel in Pactera US, Europe and Australia were native English speakers. English by default was a daily language spoken at and outside work. Europe-based employees were bilingual or multilingual in English as they were professionals in language service or machine translation. However, none of the Western staff interviewed could speak or understand Mandarin Chinese—the language spoken in Pactera HQs. Thus communication between HQ and subsidiary involved crossing different speech community, which set the stage for the emotional turmoil discussed later (Hinds et al, 2014; Tenzet et al, 2014).

Although English was the working language for subsidiary-HQ coordination, most interviewees agreed that the overall English proficiency in Pactera China called for improvement. Consider the following the quotes:

The thing I found it that although the company is trying to push as much as English uses because we try to be a global company, I realize that people in HQ do not speak too much English and lots of thing can only be done if you speak Chinese. <[Top Manager American No.12 Russ](#)>

In Pacteria China, we have very very few English-speaking Westerners. The majority of the people I talk to can only speak Chinese. They response to my email in Chinese even I write to them in English. <[Middle Manager American No.10 Stracy](#)>

I hope my Chinese colleagues speak a form of English I can understand or somebody there can really help me to understand their English.<[Operative Manager American No.8 Marquis](#)>

In particular, the problem of limited English skills was more salient among the Chinese staff within the BGs focusing on domestic business or administrative departments such as finance and accounting.

When I talk with people in Finance or business operation team, they do not have too much experience in talking or speaking English, in those occasions it could be very difficult. This impacts the communication with me personally but mostly with clients and suppliers <[Top Manager European No. 20 Jonas](#)>

The lack of English skills is an issue with some of my colleagues outside our business unit. The more junior the role, the worse are the English skills. <[Middle Management European No.18 Alba](#)>

The interview with cooperative HR director confirmed that English skills were not essential criteria for staff recruitment or assessment in domestic BGs or administrative functions. However, it did not sit well with the fact that nature of I.T. consulting project requires wider cross-functional cooperation than conventional outsourcing service. In addition, current Pacteria's language policy may even exacerbate disparity of language skills between international and domestic teams or between technical and administrative workers within HQ itself. The result implies that language asymmetry in international operation can also occur at the intra-unit level.

The different level of English fluency became the main barrier for subsidiary personnel to share knowledge and build relationship with their Chinese counterparts. Consider following statements as examples:

Most of their English is not in the professional level. You do not know what they are saying after 1-hour meeting. That is the big barrier for communication. <Middle Manager European No.19 Ana>

If I set up meeting and talk to the American or someone who can speak English, including the Spanish, we can get through all the points quickly, half an hour. But if with Chinese, it may take one hour or more.< Middle Manager American No.10 Stracy>

I do the design work and the project manage is on the client's side. And I have talked with that manager about what my team will do with this project. Then they come back us and say 'we tell the clients you can do it in a week', but I have clearly told him 'that is 3 week job at least.' It really affected our following collaboration with Chinese team. <Middle Manager Australian No.6 Matt>

What is usually the case is that Chinese colleagues do not know what task I need their input or help because they do not fully understand the English. <Operative American No.13 Natalie>

While Chinese staff, including those at operative level, did demonstrate some ability to write and speak English, the way they use their English was perceived as 'completely different' from what the foreign managers would expect. One American middle manager explained this difference vividly

In US, we believe 'less is more'. People will use simple, small words to frame their questions or statements. You know the English correspondence can be very boring once you use lots of words. Based on my observation, the Chinese like to use big and long words. Reading their email is like 'eating Chinese noodles'. <Middle manager American No.15 Brock>

The use of fancy English words may reflect the Chinese staff's intention to show their respects to the foreign counterparts. However, if not structured well, excessive verbosity became the cognitively taxing to get the message across, particularly for those foreign colleagues whose mother tongue was not English (Grice, 1975). Consider following two statements as example:

It takes me quite long time to figure out what is the meaning of that email even it is not really long. <Middle Manager American No.11 Kevin>

We are communicating each other for the business reasons. After all, we are not writing emails for literature purposes. And I am not native English speakers, using simple words and keeping it short will help me to read. <Operative European No.17 Patria>

Some Chinese middle managers had reasonable fluency with general English, the technical terms or buzzwords which mainly came from the US became the obstacles for the smooth communication. To illustrate, one American top manager recalled one tele-conference with the Chinese delivery team.

Most of team member can speak English quite well and we discussed lots of things. However, when topic went deeper and involved technical jargons which did not have English words to cover that. I had to stop the original agenda and explain every single technical term in English. As soon as I finished that difficult meeting, I instantly got 5 or 6 emails asking about the technical terms I had explained before. <Top Manager American No.12 Russ>

Even some of technical terms were well understood, subsidiary managers found it difficult for the Chinese team to internalize these words. This was exemplified by one American middle manager who tried to raise legal consciousness of IP for her design team in Shanghai.

Another example is that we have copy right laws and intellectual property. It is very standardized and everybody knows, say 20%-rule which means you need to change 80% of the image to use. If I tell Chinese person saying you need to change as it is too similar, they will do it again. Independently what they did is still looking as a copy. They could be sued by the clients by using their logo without official approval. You try to explain something that it is very normal in the industry. But in China, everything is copy even the software I used for Photoshop was copy. It is just so normal for the Chinese colleagues to think why they can not copy like others do. <Middle Manager American No.10 Stracy>

The above statement confirms previous literature that intra-MNC knowledge sharing is possible only when a good interpersonal relationship is established (Minbaeva, 2007). In this process, language acts as ‘a reconfiguration agent’ that mediates how information is decoded and recoded, if it is shared and how individual perceive the quality of cross-cultural interactions

(Welch and Welch, 2008; Harzing et al, 2011; Piekkari et al, 2013)

. *Communication Style*

Following Norton (1987, p.99), the interview data suggested that the second barrier was communication style which refers to ‘the way one verbally and para-verbally interacts to signal how literal meaning should be interpreted’. The obstacles caused by different communication style were manifested in two knowledge-sharing situations: vertical interactions and horizontal interactions.

In vertical interactions, subsidiary staff with supervisors one hierarchy level above themselves in China perceived their Chinese managers less approachable or open to sharing information. For instance, one American employee found it much approachable and relaxing to communicate with his managers in US:

In US, I can seek help from my direct managers. It does not mean I have to talk to them every time. But they will give me specific answers to the problem I asked... The time I communicate with my Chinese boss is when I need to submit a project report within a certain days or I got a problem with the work I’ve done. <Operative American No.8 Marquis>

This view was also echoed by staff in Pacteria Australia and Europe. Consider following quotes as evidence:

In our culture, people tend to express their views even in front of their boss. On the other way around, the manager can express their opinions by saying ‘you did not do you work properly, you need to improve this or that’. It is more or less a two-way communication toward each other...I have not got similar feedback from my Chinese managers even I have made explicit requests...This is something I think needs to be improved in Pacteria. <Operative European No.17 Patria>

In Australian, culture is very questioning of senior people, I can have voice. I can speak and suggest my boss without fear. I do not see similar environment in Pacteria China because people do not speak up there. <Middle Manager Australian No.1 Ian>

When asked about reasons for such variation, one top American manager gave an interesting account:

In US, we have a saying ‘squeaky wheels get oil’. When you speak out your issues, then you can help to solve. But I remember a saying shared by my Chinese colleagues, ‘the shot hits the bird that pokes its head out’. In China, you might get more troubles, if you speak out in front of your boss. <Top Manager American No.12 Russ>

Such interpretation was also supported by another top European manager who tried to encourage his Chinese project managers to speak up.

When they have problem, they do not like to bring it up to me. They do not want to ask for my opinion on that problem. They do not want to escalate that. I try to explain to them that I prefer them bring problem up to my attention rather than trying to solve the difficulty on their own. If I did not push, they still like to keep the problem to their own <Top Manager European No. 20 Jonas>

And another middle manager even found difficult to build relationship with his Chinese team outside the workplace. He highlighted one occasion where he and his boss tried to organize a social event for Chinese engineers who came to Australian site for one project:

We had an interesting situation. Matt and I want to take our Chinese team to have some drinking in a local bar. So that is funny. Then we walked down to the floor, saying everyone is invited for the social. Then after work, while Matt was waiting outside, I went down to the office and found out they had gone home. Later, I realize we should have sent them emails, saying ‘they are personally invited’. It will make them feel more comfortable <Middle Manager Australian No.6 Matt>

The above finding supports the literature on cross-cultural management that in Anglo cluster cultures, both leaders and followers expect to be equal and information is shared frequently (Ronen and Shenkar, 2013). At the same time, their interaction is more informal, direct and participative (Hofstede et al, 2001). In contrast, in Confucian cluster, both leaders and follower

accept inequalities in their interaction (Hofstede et al, 2001). Managers are more distanced from the employees, thus knowledge exchange with a subordinate is often perceived as unnecessary or even inappropriate (Michailova and Hutchings, 2006; Bhagat et al, 2002).

As for horizontal interactions, the western employees found Chinese colleagues were ‘hiding behind their words’. The disparity in the level of directness provoked some misunderstandings in knowledge exchange and relationship building. For example, one top European thought Chinese colleagues were quite ambiguous with their response:

When we have a request, we often get a vague response which I cannot tell is ‘YES’ or ‘No’. That I might interpret as ‘YES’ if we agree on the time line to do the project. Sometimes it happened that Chinese may not follow that timeline because they interpreted the time schedule in a totally different way... It leads to delay which we are not properly informed until the project deadline. <Top Manager European No. 20 Jonas>

Another top American added that Chinese managers were reluctant to communicate problems directly. He recounted one solution project that involved the coordination between American on-site team and Chinese delivery team.

In the delivery team, there were few bugs in the system, and they did not let the onsite-team or customer representative knew the issue, otherwise we could have fixed it earlier and finished the project with 3 or 4 weeks. Then 3 days before the delivery date and they realized they could not sort out the problem, they approached us and say ‘we get the problem’. So we had no choice but re-run the testing system and revise the program. Although the project was done at the end, nobody was happy. And our project manager told me directly he did not want to work with that delivery team any more <Top Manager American No.12 Russ>

For middle managers and operatives, Chinese colleagues were too quiet in the meeting or discussion. One Australian I.T. developer described what he said was a frequent occurrence:

In Australia, project meeting has more frequent discussions, when I say something, somebody will add something. All the points are getting cross each other. When it comes to weekly conference call with our Chinese colleagues, only one or two project managers do the talking and rest of China team are just listening. Maybe they are not confident about their English or not bothered to speak their mind <Operative Australian No.5 Ankur>

Two middle managers recognized that the Western style communication may unintentionally upset the Chinese colleagues:

If we have some issue with the delivery team in China, we will discuss it overly and quickly. Yes, some colleagues in here may express their frustration or anger as well, which Chinese staff find sometimes too direct and even aggressive. But it is just way of speaking our mind and telling the truth. <Middle Management European No.18 Alba>

We are used to a more expressive culture. We don't mind heated discussions which may sound not friendly or too disruptive for our Chinese team. But being silent or quiet in a discussion means you are not telling everyone what you should say. <Middle Manager American No. 14 Dana>

Irrespective of different speculations on cause of 'silence', subsidiary employees thought this behaviour generated negative impacts on knowledge sharing and trust building. Consider following quotes as evidence:

In some conference calls where our potential clients are involved, we are promoting team with best effort. But our Chinese project managers did not speak too much when questioned by the client. We even do not know if they are still with us or on the phone at all. That could be a real problem. <Middle Manager Australian No.6 Matt>

I do not see any point of bi-weekly meeting if most of our Chinese employees just keep silent, it wastes our time.<Operative Manager American No.8 Marquis>

Overall, the above findings are line in with the view language should not be separated from the cultural context in studying cross-border knowledge transfer (Buckley et al, 2006). People may use different way to communicate and interpret same message based on the style from their own cultural background (Brannen, 2004). Following Hall and Hall (1990), data confirms managers from low-context cultures (i.e. US, UK, Europe) tend to communicate their knowledge in a direct, open and expressive way. In contrast, managers from high-context cultures (i.e. China) share their knowledge in an indirect, protective and reserved manner. The disparity of communication style are often obscured by the English as lingua franca but generate misunderstanding (Harzing, 2011) and spark various emotional reactions (Hinds et al,

2014).

. Emotional experience of knowledge sharing

From a sociolinguistic perspective, individual from one language community often expect certain language and speech form as appropriate (Henderson, 2005). When their expectations are not met in communication across language barriers, such deviation often triggers both cognitive and emotional reactions (Holden, 2002). With few exceptions (i.e., Hinds et al, 2014; Tenzer et al, 2014), there is no study to investigate discrete emotions evoked by language disparity and their implication for intra-MNC knowledge transfer. This section will fill this gap by providing some empirical evidence.

The interview data suggested that when subsidiary managers switched from a native English-speaking context to ‘international English’ context (Henderson, 2005), they had to modify their habitual way of speaking English and understanding English spoken by their Chinese colleagues. It consists of changing their ‘vocabulary’, ‘pace of speech’ and ‘accent’, and much deeper level of change such as ‘expressive style’ and ‘mind set’. Consistent with psychological dissonance theory (Festinger, 1957) and sociolinguistic theory (Scollon and Scollon, 1995), such discursive change often lead to a general feeling perceived as ‘uncomfortable’, ‘awkward’ and ‘unnatural’. Consider following quotes:

Sometime I do feel unnatural to use different accent, speed and style of speaking English in the teleconference. You feel you are speaking against yourself. It is particular awkward of doing that alongside the American colleagues or clients who know you very well <Operative Manager American No.8 Marquis>.

It is hard for a native English-speaker to be aware of and then overcome language difference as we all communicate in English in Pactera. It is quite weird to think I need improve English, my mother tongue, to work better in a company where English is the working language. Would

our Chinese counterpart often speak to themselves that they need to improve their Chinese in Pacteria China? <Middle Manager Australian No.1. Ian>

I used to work in Accenture. The culture I experienced there is that if you want to go up to CEO and want to chat about something, you can do that. You can directly introduce yourself and say this is what I am doing. To have a meeting with executive-level managers in Pacteria, I have to get his assistant's approval first on the topic I want to talk. And the conversation is very formal which you do not feel very comfortable to express myself. <Middle Manager, Australian, No.6, Matt>

In deciphering and explaining discrete emotions and their impact on intra-MNC knowledge sharing, closer analysis of qualitative data reveal two emotionally charged events that were associated with language barriers: language code switching and communicative style conflict.

. Language code switching

According to Hazing and Feely (2011, p.283), code switching is present when second language users revert to talking between themselves in their native language. The intention is pragmatic in the sense that second-language users try to reduce cognitive overload by reverting to their mother tongue (Tenzer et al, 2014). The code switch occurred primarily among the Chinese side during the conference call as the complexity of the task and technical jargons often drove them to discuss some topics in Chinese. Once started, code switching can last long as off-site delivery team in China often over-numbered on-site solution team. In addition, this practice was driven by natural impulses to ease language-related anxiety so that if not managed well, Chinese can replace English as the first language towards the end of meeting. All the subsidiary personnel interviewed can vividly recall one or two incidents that they became the 'victim of rampant code-switching'. Treating it as 'Pandora's box', they were hyper-conscious of the Chinese code-switching behaviour and concomitantly negative emotions for themselves or their colleagues.

Anger

The core relational theme of anger is that a perceived wrongdoing where blames goes to other and focal individual has the potential to influence the situation (Lerner and Tiedens, 2006).

One top American manager described his anger when the Chinese managers switched to their language without warning:

I sat in one project meeting and I was only white English person there. The meeting was conducted in English. Then few Chinese words popped up at the middle of meeting. Without any explanation in English or asking me any question, the meeting suddenly changed into a prolonged Chinese conversation. When I insisted an explanation, I was only given less than 5 or 6 sentences to cover their 30-min discussion. That was very rude as they can speak English and knew the English was the language for the meeting. <Top Manager American No.16 Fabin>

Similarly, another middle manager recounted her fury when she could not get any response in English.

I wrote to one Chinese project managers in English at first. The email was short with plain, simple English words. Then the email was forwarded to another Chinese project manager and it later became chain of Chinese correspondence back and forth. Nobody is bothered to ask my view or translate the content for me < Middle Manager American No.14 Dana >

Consistent with strong ‘self-agency’ and ‘other-blame’, the above top manager demanded full meeting report in English after each conference call and appointed one English-speaking middle manager to send the agenda in English two days before the weekly meeting. However, the interview with the Chinese team this top manager was referring to confirmed that his initiative was imposed from the above. In contrast, the American middle manager directly cut the working relations with the Chinese contacts who could not write an email in English. When asked for the reason, she said:

Well, it is not about their English skills alone. English in business communication expects to be simple, short and concise. But if they do not bother to write an email with few simple English words, I figure they might not care about so much about the work thing or have issues with the company. I was told Chinese employees change their job almost once a year in IT sector. I do

not want to work with someone who could leave the project unfinished simply because of a better offer <Middle Manager American No.14 Dana >

Prior emotion research suggests that given its high attribution of high-certainty, angry increases greater reliance on heuristic cues in social judgement and decision making (Tiedens and Linton, 2001). Clearly, the above managers provoked by anger stereotypically attributed a pragmatic language practice to the Chinese colleagues' problematic work attitudes.

Isolation

Isolation is a result of inability to establish a satisfying interpersonal relationship (Dill and Anderson, 1999). It triggers social pain of loneliness, directing individual attention towards presence of social threats (Cacioppo et al 2008). One American sale managers highlighted the feeling of isolation through an incident he still remembered vividly.

One Chinese sales and I were doing a sale pitch for an American client. We realized that there were some Chinese sitting on the client side. The Chinese sales manager said to me 'let me deal with the negation, I will deal with in Chinese way'. Then he spoke with them in Chinese that I could not understand at all. We were supposed to do it together but I was excluded from the most exciting part of the task. While we made the deal, I was not happy at all and I felt I was diminished <Middle Manager American No.11 Kevin>

Although isolation motivates individual to reconnect, the intense and prolonged isolation is linked with a heightened accessibility of negative social information. Thus, people who felt isolated tend to perceive pleasant social interaction as less pleasant than do people who fell well connected (Cacioppo et al, 2008). Such pessimistic view caused by language disparity is well reflected by the statements of two European managers. And both of them were working independently in their hosting countries.

Sometimes my nationality hurts because I am culturally different, no matter how good their spoken English, it is not their native language. They are more comfortable to speak in Chinese. There are still some people who I can not really talk to. They are in the senior position but they

prefer speaking in Chinese. That is definitely hurting. <Top Manager European No.21 John>

I find quite hard to connect other Chinese colleagues outside my existing contacts: Kason and his team. They understand me, I know them as well. I can not speak Chinese and I am not native English speaker neither. I feel doubly bounded to get connected with HQ. <Operative European No.17 Patria>

It can be argued that feeling of isolation caused by language distance exacerbates the geographical remoteness felt by the subsidiary managers via a psychological preoccupation with the threat from their HQ partners.

Compassion:

Compassion is the feeling that ‘arises in witnessing another’s suffering and that motivates a subsequent desire to help (Lerner et al, 2010, p.351). Thus, compassion is often described as a ‘care-taking’ emotion (Oveis et al, 2010). Compassion can be inferred from the statement of one top American manager:

When I set up conference call with the managers and engineers in delivery team, I got the feeling they were struggling to express themselves in English. I would say ok, you can speak Chinese. I was not offended. But once you talk in Chinese, let me know your discussion as much as you can. < Top Manager American No.12 Russ>

Clearly, the manager tried to diffuse the negative tension caused by potential code switching. In line with a concern to alleviate the suffering of another individual, compassion promoted the subsidiary manager’s motivation to care about their Chinese counterparts and decision to help. Consider following quotations as example:

We just had a project meeting before this phone call. There was one lady and her English is ok, but the pronunciation is not quite good. So I tried to helped her by asking her speak slowly or helping her to clarify some words. The meeting did take much longer time than usual. But I looked at it as the way to help her English skills. < Middle Manager, Australian, No.6 Matt>

When they began to talk each other in Chinese over the phone, I would say ‘I do not understand,

Can you help me?'. I do not try to make them as problem, I make me as problem, I do not say 'you can not speak Chinese in this meeting'. I would say 'I had the hard time for understanding'.
< Top Manager, Australian, No.3 Ben >

Communication style conflicts:

As discussed before, there is disparity in terms of communication style between subsidiary staff and their counterparts in HQ. Thus, both vertical and horizontal cross-border interactions involve potential communication style conflicts that derived from 'diverse expressive and interpretive mechanisms' (Henderson, 2005, p. 75). As these mechanisms are grounded in an individual's system of values from his or her native cultural setting (Gudykunst, 1996), inconsistency between different communication styles provoked more strongly felt emotional states for the subsidiary managers.

. Anger

To illustrate anger fuelled by communication style disparity, consider the following statement by one middle European manager with a doctorate degree and 20-year expertise in I.T. language commented on her experience:

And I find the communication in China, particularly with those managers often goes like these. They send you an email with one line, saying 'we need you for tomorrow.' No Hi, No results and that is it. I find this quite rude. You are not telling me how to do it. There is no dialogue at all. That is an order. <Middle Manager European No.19 Ana >

The above statements clearly showed this manager was extremely uncomfortable with the way

the Chinese managers approach foreign colleagues. Although the sender may try to emphasize the urgency of the task or just a short notice due to the time pressure, this 5-word email did not fit the shared norm of business communication in the West: an open, interactive and courteous process of information sharing between the two equal individuals (Gudykunst, 1996). On top of that, she felt offended because she was required to do a project without being given any sufficient information. Such behaviour signalled she was not trusted by her Chinese counterparts despite her respectable professional standings. Offended by the communication style, this anger manager judge the Chinese managers in HQ as rude, oppressing and lack of real leadership skills:

A manager should tell the people what they feel panic. It depends on the context such as dealing with a crisis and it is not always necessary. However, I find Chinese managers feel panic if they do not order or dictate what the employees need to do. <[Middle Manager European No.19 Ana](#)>

Resentment

A distinctive feature of resentment is the individual have to adapt to a particular behaviour because of no other options. One American marketing analytic highlighted this feeling when she communicated his Chinese supervisors.

Every time when I send the report to my boss in China, I have to use lots of words to show my due respects at first, then provide him loads of information about our potential client's history, personal background of key decision maker, anyone who knew them well. Yes, that type of information does help, but what is important is how those stuff are related to our marketing plan. And I do not think I was appreciated by offering what I believe a good market report. Sometimes I was wondering why I was doing a report which I think is not a right one <[Operative American No.13 Natalie](#)>

On the issue of the approachability, the statement by one American employee quoted before was also soaked with resentment:

In US, I can seek help from my direct managers. It does not mean I have to talk to them every time. But they will give me specific answers to the problem I asked... The time I communicate with my Chinese boss is when I need to submit a project report within a certain days or there was a problem with the work I've done. < [Operative American No.8 Marquis](#)>

Since resentment is an 'other-responsible' emotion with low attribution of 'self-agency', it bred suspicion and distrust toward the HQ supervisors. The above interviewees gave the following accounts:

For me, if I do not feel my boss is working hard, I do not respect him. I will feel my boss is lazy, not able to give me thing I need or reasonable for me, I lost my respect, trust. If you do not care me, neither do I care about him.< [Operative American No.8 Marquis](#)>

I see some people in delivery site failed to accomplish a task at the required standard. You do not get the thing like 'you failed, or your work is below the standards'. I do not know if the people in China are trying protecting each other from bad performance. < [Operative American No.13 Natalie](#)>

Challenge

Some interviewees' emotional reactions towards communication style discrepancy were more positive. Challenge was one of them. As it mentioned previously, a distinctive feature of challenge is individual feel confident that they could achieve a goal but know it would need a great of effort (Smith and Ellsworth, 1985). Describing her interacting with middle or top Chinese managers, one European manager highlighted this feeling:

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. At the meeting, I am trying to ask for asking for their opinion and consent, presenting the benefits of proposed changes, etc Chinese managers normally react well to the criticism if communicated constructively. Off the meeting, I talked about my family, my kids and my experience of Chinese food and Chinese language. < [Middle Management European No.18 Alba](#)>

Another two middle managers shared this experience about interacting with their Chinese peers and frontline employees:

Chinese respect 'hierarchy' and 'seniority', we try not to ask complicated questions to make people 'embarrassed', Be respectful, patient and consideration. In public, be quiet. Bring some sensitive issues such as 'low performance' in private, use very different style of language, not attacking each other <Middle Manager Australian No.1. Ian>

We try to respect more on their achievement, not following a typical western style way 'who is the winner or loser', appreciate their achievement, no matter how small it is, then support and let them take the full responsibility < Middle Manager Australian No.6 Matt>

The above quotations show that the managers were aware of the potential conflicts due to different communication style. By accepting cultural difference, they more or less adopted a Chinese way to avoid direct conflicts with HQ staff.

Interest

Compare to challenge, interest is more pleasant state and the individual is fairly certain about the event. The distinctive feature of interest is strong desire to attend to the situation, thus motivating the individual to explore as well as adopt to a novel situation. When asked about the experience of working with the Chinese colleagues, one top European manager highlighted this emotion:

Generally speaking, I am relatively curious. I think it is quite interesting to talk with people from different countries with difference background. I do not see working with Chinese managers as problem instead an opportunity to get to know different cultures. <Top Manager European No. 20 Jonas>

With a great interest, this top manager had read many books about of Chinese history and also did one-year part-time course on Chinese management. Based on that, he described how he combined Western and Chinese ways of communication to implement an agreed deadline.

What I have learned from the first year is that we had agreed on the deadline, but Chinese staff did to stick to. After a few bad experiences, I realize I need to be more aggressive or forceful in communication of the time to make sure everyone understands it is an important topic. Then push or check several times with the progress rather than waiting for them to give me the feedback <Top Manager European No. 20 Jonas>

Another top manager echoed this view and called his communication style ‘situated’

When interacting with my Chinese colleagues, I am quite pretty diplomatic most of times, I try to bring up different opinions and list pros and cons. this is not the case that Chinese have to change their mind, nor do I. Most of time, we are reaching a compromise and general conclusion. But when it comes to core issue such as agreed deadline, project blueprint and basic quality standard, I am clear, specific and straightforward....My communication style is not rigid but more situated with the nature of task. <Top Manager American No.12 Russ>

6.7. Applying the transferred knowledge:

The objective of knowledge transfer is not just about sharing ideas, but the application of the transferred knowledge to enhance unit or organization performance (Argote and Ingram, 2000). Thus, both subsidiary and HQ staff were expected to apply the ideas created in their interactions ‘in the form of solution to specific problems’ (Foss and Pedersen, 2002 p.54). However, there is a perceived discrepancy between the subsidiary and the HQ on the capability in the stage of knowledge application. Table 6 provides a summary of the findings which is elaborated in the following sections

Disseminative capability of subsidiary staff

The data suggested that the opportunity to utilize their expertise was an important reason for the subsidiary staff at all levels to join the Pactera. Consider the following quotes as evidence:

I have a strategic reason to join the company. After MOE (Merge of Equals), Pactera is going to do some transformations. In this period of time, if you have a skill or a right idea, then you could have more opportunity to do more, to prove your ability faster. <Operative American No.9 Steve>

I just finished my work at Wind River from 2004 to 2012. Covering Intel was my major account. In between the jobs, I was looking for career opportunity, then Pactera was looking for someone with extensive Intel background knowledge which I do. So it was a right place at right time.<Middle Manager American No.11 Kevin>

In terms of I.T. language service, Pactera is a more veteran company than Accenture or IBM. So I like and am willing to work for Pactera which is quite strong in my specific area of 'localization & globalization'. <Top Manager European No. 20 Jonas>

Table: 6.5 summary of perceived disseminative and absorptive capability

	Subsidiary/disseminative capability	Headquarter/ absorptive capability
Employee Ability	<ul style="list-style-type: none"> . strong belief on value of their knowledge . sufficient IT service experience . higher education level: . strong work-related skills acquired from leading IT companies 	<ul style="list-style-type: none"> . lack of authority to execute new project . front-line employee, inexperienced . college or undergraduate level . lack of documents, principle or guidance from more experienced managers
Employee Motivation	<ul style="list-style-type: none"> . ambition to make positive change . career driven . professional development 	<ul style="list-style-type: none"> . ambiguous attitude toward new ideas . reluctant to extend effort or time . lack of ownership
Mind-set	<ul style="list-style-type: none"> . solution and consulting mode . self-directed 	<ul style="list-style-type: none"> . Outsourcing mode . dependent on order from the above

Clearly, the foreign employees and managers believed their personal knowledge had greater potential to be translated into tangible values such as quick internal promotion, better career perspective or personal development. Indeed, the external data from LinkedIn confirmed that except one marketing analyst who joined the company as a recent graduate, all the operative-level employees had minimal 2-year working experience in the leading I.T. software companies such as HP, Intel and Microsoft. The middle and top managers often obtained master degree in education or had served the important roles in the top-tier I.T. consulting companies (i.e., Accenture, IBM, Deloitte). This result is in line with the argument that Chinese companies in technology-intensive industries are more likely to conduct knowledge-seeking FDI in order to attract human capital (Luo and Tung, 2007; Lu et al, 2010).

Coupled with belief in value of their knowledge, subsidiary personnel also displayed a strong motivation to make positive impact through knowledge application. And this motive is combination of both intrinsic as well as extrinsic factors. To illustrate, one top European manager explained his motivation to work for Pactera although he was previously a founder of an I.T. firm.

My motivation was I have done many things in my career. But I never worked in a Chinese company, particular those firms growing fast like Pactera. So for me that was opportunity for me to get involved. I hope my input and guidance is useful to help company to grow not just in Europe but a truly successful company. <Top Manager European No.21 John>

Similarly, another top Australian manager, who used to work for Accenture, spoke of his decision to join Pactera excitedly.

My decision is based on the potential of development. I like to work in a challenging environment. As we had witnessed the great success of Indian outsourcing company, I probably can see the similar future of Pactera. For me, Pactera has 23,000 employees working in China, saying all these human power, how can I get my hands on it, how do I get it working in Australia or in South east Asia. Again, if you look at the Pactera's client base or partner, IBM, Cisco, all these fantastic firms, how I can get my hands on their needs, capabilities, and delivery it into Australian market. <Top Manager, Australian, No.3 Ben>

Different from the top managers' ambitious drive or vision, motivations of middle-middle and operative employees were more grounded in career perspective and professional development.

Below are typical responses:

In American companies, career ladder is very structured. If someone will not leave, there is no way for you to move up. In Pactera, you can get promoted quickly and I think the structure is relatively clear with different levels, from D to E, 5 or 6 levels. <Operative American No.9 Steve>

If you are working in a big company, the organizations have well established and it is hard for you to make a real impact. In other words, it is hard to teach elephant to dance. But in here,

you feel you have lots of thing you can do. <Middle Manager American No.11 Kevin>

I see more or more companies in the US are coming from Asia and China in particularly. Right now in my career I am trying to gain as much experience and skills as possible of working in these companies. And getting to know Chinese culture, business practice and personal connections is itself quite interesting and valuable.<Middle Manager Australian No.6 Matt>

The above statements suggested that subsidiary personnel were quite motivated to contribute and utilize their knowledge, which is contrary to dominant view that subsidiary managers are unwilling to lose 'hard-won' knowledge (e.g., Gupta and Govindarajan, 2000). Instead, through individual self-selection, foreign managers may see knowledge transfer as a way to *gain* visibility and influence in Chinese MNCs.

Taken together, subsidiary staff believed their professional training, expertise and working experience were of value for Pacter HQ. Meanwhile, their willingness to contribute their knowledge was driven by both intrinsic and extrinsic factors. Following Minbaeva (2007), disseminative capability of subsidiary personnel was relatively high, which was expected to lead a higher degree of knowledge transfer.

Perceived absorb capability of HQ employees

As explained before, knowledge application is a joint effort between subsidiary and HQ staff in order to increase capability for specific operational performance (Foss and Pedersen, 2002). By implication, the HQ employees need to demonstrate a '*relative absorb capability*' to materialize the final utilization (Lane and Lubatkin, 1998; Lane et al, 2001). As further argued

by Minbaeva et al (2004, p. 589), the absorptive capability in the context of intra-MNC knowledge transfer should be a dyad-level concept, reflecting the receiver's prior knowledge bases and intensity efforts relative to sender's. Following this line of argument, the qualitative interview data were well suited to reveal the subsidiary staff's subjective perception of absorptive capability in China HQs.

First, subsidiary personnel reported that the ability to execute an agreed plan or proposal was relatively low because the front-line employees were 'inexperienced', 'young' and 'lack of skills to implement'. In addition, there was no well-specified principle or trainer available for the team to enforce the task. Thus, time and quality of the project was often below the expected standard. As an illustration, one European middle manager re-counted her experience of revising the 'vendor management database' in PGS team.

I also requested to develop some important features in the database and had to wait for 9 months until that was implemented properly. This was because the team never provided a roadmap for us to check or monitor. And when the engineering team started to implement the changes we requested no-one guided them and they had to redo things 3 times (and us test it and report bugs 3 times too) until getting it done right. <Middle Management European No.18 Alba>

A similar view was echoed by one top manager in Australia when he described overall innovative capability of delivery team in HQ.

In term of absorbing new knowledge, I don't think this is something we do well as a company. Target disciplines need to be better defined and documented. Key team leaders and trainers need to be identified to support the ongoing development of these capabilities across Pactera, I found team member do not know where to start when looking at transferred skills or knowledge. <Top Manager Australian No.7 Bob>

When asked about main reason for the frontline employees' inability to execute, interviewees believed that middle/senior managers did not participate in the process of knowledge application. Consider following quotes as evidence.

My impression is that there is a general lack of management and coaching on teams, managers in Pactera China tend to forward tasks and then check the results but in many cases the executing teams do not have the experience, the skills or the knowledge to do it and they fail <Middle Management European No.18 Alba>

I feel that we keep having many discussions on various topics (new tools, code and platform) but things do not materialize. At the end of day, it is really up to PM in China to think and implement the new way of doing things. Since there is no clear ownership and leadership, delivery members often work following their own methods and creates extra work for us to correct the errors. <Operative Australian No.5 Ankur>

One top European manager summarized Chinese manager's participation in application stage with his favourite game—football.

They throw the ball on the product floor and expect people to have a match of football. That is not going to happen. You need a coach to drive all the time and someone had the idea to lead the team.<Top Manager European No. 20 Jonas>

This result confirms the view that in vertical collective culture knowledge is more likely to flow through a top-down rather than an interactive process (Bhagat et al, 2002). The distinction between manager as 'thinker' and employee as 'labour' tends to be more salient in Chinese firms

Second, the motivation of HQ staff to absorb new ideas was perceived not high either. One American middle manager who had finished her 3-year overseas assignment in Pactera HQ illustrated different attitudes towards new ideas between Western and Chinese colleagues:

If I ask an American developer, 'can we do this?' he/she will say 'yes, we can, or no we can not because of A, B, C or D. But if C would be the easiest to change and cost some money, we

can do it, we will take it in 4 weeks. In all of the questions right away they will give me the response and full answers. <Middle Manager American No.10 Stracy>

How the Chinese colleagues response in the similar situation? (Interviewer)

More or less like ‘can we do it’, they will say ‘No’...then why not? They will say ‘Well...it is difficult...’ and they give me lots of answers which I do not think as real answers. If you say difficult, I do not know why it is difficult. Is it actually impossible just because of being difficult? Or it is difficult because we do not have resources right now or difficult because you are not trained to do the job? <Middle Manager American No.10 Stracy>

This view was substantiated by several examples provided by the staff in other subsidiaries.

Consider the following quotes:

I propose using online recruitment manage system which will speed up our current recruiting process. I said to HR managers in China ‘do you want us to engage the developer to improve it for you?’ No response. I even sent the name of the developer, they never contacted that person. Nobody is driving the initiative. For me, that is the key to innovation. <Middle Manager European No.19 Ana>.

A good example is the corporate expense policy regarding business travel. Most of them are about train travel including the class, seats and service of train, which is not relevant to business travel in Australia. I have proposed a revision but it does not get any response, yes or no. <Top Manager Australian No.2 Geoffrey>

One thing I am thinking about and propose to the manager is that we can have something like town hall meeting. it has not yet been implemented. < Top Manager European No. 20 Jonas>

Above statements suggested that HQ staff were seen as reluctant to expend effort to implement ‘hard’ technology as well as ‘soft’ managerial initiatives. And one conventional explanation is external knowledge tends to be rejected due to the in-group/out-group bias or ‘Not-Invested-Here’ (NIH) syndrome (Katz and Allen, 1982). The NIH syndrome was often evoked to explain the limited absorptive capability in Chinese or Russian firms given their cultural orientation for strong group affiliation (Hofstede, 2001; Bhagat et al, 2002; Michailova and Hutchings, 2006; Buckley et al 2006). However, such explanation cannot justify the fact that Pacters was using M&A as the means to acquire knowledge from the developed counties. In addition, the company had explicitly implemented the strategy of ‘open-ended innovation’ by appointing a

chief technology officer, building SAP platform to mobilize services, setting up internal venture capital as well as specific HR policy to promote innovation (Pactera CRS Report, 2012). The close analysis of data revealed that it was the traditional ‘outsourcing mind-set’ that blocked the application of new ideas in Pactera rather than a broad concept of ‘in-group/out-group division’. Consider following statements from the subsidiary staff across different levels:

The presence of a factory model for software delivery and support and maintenance is a disadvantage against our competitors who can move much more quickly than us to catch offshore opportunities.<Top Manager Australian No.7 Bob>

At the moment, we are doing everyone, we do SAP, then CRM, then Cloud...The message for me is that in order to move into a solution-based model, you need someone who is the subject expert and can sit down with the client and have that kind of conversation. <Middle manager American No.14 Dana>

The company should improve the delivery capability by switching from a Test & Management mentality to Managed Service way of thinking...It can generate more move by investing in the correct solutions today and gaining customer satisfaction (partnership and future business) than obtaining short-term benefits, but will not make money tomorrow.<Operative Manager American No.8 Marquis>

The above comments show that Pactera’s motivation to apply subsidiary knowledge was still shaped by outsourcing mentality. This mentality implicitly determined what type of technological and managerial knowledge would be introduced in the business operation. Specifically, the company believed that ‘technical innovation as the driving force’ to ‘create added value for clients’ and became the ‘leading China-based global IT service provider by 2015’ (Pactera CRS Report, 2012, p.14-26). On the other side, subsidiary staff presumes that the switching from an outsourcing vendor to service company was not just about a technical innovation but a cultural change. One top Australian manager explained this point through an incident occurred on one project.

An example is that we had delivery team in Shanghai to do the routine maintenance work for Telstra. One day we need one instant updates about the project because Telstra requires. And

we simply can not get the update quickly enough. Because the team working on that particular service did not think updates is important. Because every day they know, they just come in the office and finish their work then they leave, they do not think update is quite important <Top Manager, Australian, No.3 Ben>

When asked about the current technology updating, training and HR policy in support of innovation, the above manager mentioned about culture more explicitly.

I do not think it is all about training, but more about mind-set. If you look at one employee from Microsoft, he understands the client-supply relationship even though he is not as experienced technically. He knows that when the client says something, he needs to react more quickly and accurately than your competitors. The competitive advantage is not all about how advanced your technique is, it is also about addressing client requests which critically relies on good coordination among on-site and off-shore team. In traditional, hierarchical system, unless the boss directly tells staff to do something, maybe they do not need to put the efforts. <Top Manager, Australian, No.3 Ben>

Another European middle manager echoed the similar view and argued that Pactera's strong hierarchical arrangement distorted what she claimed a right approach for innovation and knowledge application:

Of course, I do believe the company wants to be innovative. But they put the cart in front of the horse. The innovation comes from the people who genuinely love the ideas, not from an order...the company should get rid of the hierarchical structure. The mind-set caused by hierarchy is if my manager does not approve it, it does not make sense to put my efforts. <Middle Manager European No.19 Ana>

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In sum, the data show there was a perceived disparity between subsidiary's disseminative capacity and HQ's absorptive capability. Such disparity often leads to a) longer project development time than originally agreed, b) inconsistency with the process and quality of new work between the two sides and c) different belief about source of knowledge or skills to implement

Emotional experience of knowledge application:

Given the disparity on relative absorptive capability, subsidiary staff must enforce new knowledge in a way that is inconsistent with their accustomed standards, beliefs and behavioural routine. The anticipating or perceived discrepancy triggers an internally felt discord. Throughout the data set, interviewees often used words 'odd', 'disconnected' and 'not acting true' to describe this general affective state. Consider following the statements as evidence:

This is the principle to create new system for any global firms by drawing the people in different business units to connect with the central. But at the current moment, we have not got that link-ins. You feel quite disconnected with central as well as other unit in terms of pulling our knowledge together. <Top Manager Australian No.2 Geoffrey>

When dealing with any large company, one has to understand that there are many formal assessments or "red tape" to get through before one's idea can flourish. However, I feel quite uncomfortable to pass through layers of personal connections in Pacteria. And since the U.S. business unit ultimately reports to China, I have to follow these odd procedures <Middle manager American No.15 Brock>

When a team member in delivery side fails to implement the part of project at the expected schedule, I have to speak to him in a very indirect way to save his face. I respect and understand that. But I also feel I am not acting true to myself as well as to that person. The principle that is instilled in me 'Tell the truth' is a virtue of honest man and also a sincere way to help a colleague in trouble. <Operative Manager American No.8 Marquis>

In line with appraisal theory of emotions (Ellsworth and Scherer, 2003), qualitative data were able to reveal the distinctive emotional reaction displayed by subsidiary staff and its implication on knowledge application.

. *Anger / Frustration*

As mentioned previously, anger and frustration are often correlated in the sense that both are extremely unpleasant emotions in which the subject expends extreme effort (Smith and Ellsworth, 1985). The difference is that anger is associated with high certainty, other-responsibility and high individual control, whereas frustration involves uncertainty about the cause of situation, other-responsibility but situational control. Consequently, anger is associated with an unpleasant event caused by other people unfairly and focal individual can correct the wrongdoing (Lerner and Keltner, 2000; Ellsworth and Scherer, 2003). In contrast, frustration is linked with a failure at something for which success is expected. But the individual does not know the causes and situation can not totally be changed by his/her influence (Smith and Ellsworth, 1985). These two discrete emotions can be inferred through the statements of two middle managers who were trying to push the HQ to implement a new initiative.

I have a very serious issue with the speed of the Company's vendor database, which is my department's essential tool, I had been reporting this for over 9 month and discussed with managers in China many times. I also provided a detailed plan to implement the change plus the name of developers. It was difficult to get clear responses on the status of thing. What really made me furious was final rejection where the justification was 'for historical reasons'. This is not an acceptable argument for not addressing a present issue according to the company's innovation policy. <Middle Management European No.18 Alba>

The above quotation shows that the manager clearly knew the importance of proposed tool for the operational performance. And she had spent time and effort to make knowledge application process more feasible through consulting with her team, outlining the plan and then presenting to the managers in HQ. However, she thought it was extremely unfair to reject the proposal without a justified explanation given the effort she had put. In addition, using historical reasons was not compatible with basic principle of Pacter's 'open-end innovation': 'continuously

working to advance our technical skills and business management system' (Pactera CRS Report, 2012, p.25).

Consistent with appraisal and action tendency of anger, angry people feel as though they can gain control of the situation and conquer their opponents (Frijda et al, 1989). This manager was motivated to marshal all the resource to enforce the knowledge application. Consider the following statements when this manager continues to describe her experience.

This result definitely affected me emotionally, but my responsibilities imply to keep fighting to drive change especially when it affects our own performance. Through my personal contacts in Beijing, I was able to identify who was responsible for this proposal and who were the real decision-makers. Then I escalated the person's manager and eventually changed the owner of this project <Middle Management European No.18 Alba>.

Interestingly, this middle manager did not develop a negative view about HQ staff in general. Instead, she had actually praised HQ managers' ability to work hard and willingness to learn:

In term of efficiency, I do not see a strong point of the Chinese managers in applying new ideas. However, I have learned a lot from their capacity to work hard, and make things happen, even when it looked impossible at a first glance <Middle Management European No.18 Alba>.

Cross-referencing further confirms that this manager expressed a positive emotion toward knowledge sharing with HQ staff. Again, this result highlights the debate in the literature on the anger as positive or negative emotion (Lerner and Tiedens, 2006). Based on the qualitative material, this middle manager was fluent with 3 foreign languages (i.e., English, French and Italian) and 20-year professional experience of I.T. language service. In addition, she had relatively long tenure in Pactera Spain and developed a close relationship with several contacts who became her 'eyes' in the HQ. Armed with these personal and organizational resources, this middle manager can spot and address the issues with the knowledge application. Once the cause of anger is correctly addressed, anger may restore an impaired relationship. Again, this

result echoes the view anger implies more complex belief and behaviour change compared to other negative emotions (Lerner and Tiedens, 2006).

Another American manager recounted a similar situation where she was trying to add a blog on Pactera online domain. However, her response was laced with frustration.

I am trying to put a Blog in Pactera.com. It has been a nightmare. I wrote to somebody in marketing and he said 'OK'. Then it followed by lots of questions, and back and forth among different people just for the approval. After I got the approval, I was told they have to check if there is an enough space in the website. Again, it goes to another person in the marketing who has created in the website. They told me that we do not have room for the server and you need to provide the server. That is not possible, we have Pactera.com in the server but they never gave me a clear response. And it is only a blog. I am not joking. It takes almost 4 months now and we still do not have a blog. <Middle Manager American No.14 Dana>

It appears from the this manager's response that she did not expect that adding a blog would take so much effort and time in Pactera. After 4-month intense battle, she was still struggling with a clear explanation from the HQ. Although she used to work for McKinsey & Company with 10-year I.T. consulting experience, she found it difficult and time-consuming to build strong relationship with the Chinese colleagues outside her team in China. She said over the past 18 months, she had only made 2-3 good contacts <Middle Manager American No.14 Dana>.

Given high uncertainty on cause of failure and a moderate degree of situation control, frustration de-motivated the staff's effort to contribute their knowledge. A more insidious implication is that unable to get a clear explanation, frustrated subsidiary staff began to doubt their own capability as well as the HQ genuine commitment towards 'open-ended innovation'.

Consider the following quotes as the evidence:

What happens is that you were very persistent before reaching a point, saying ‘I do not get anything by putting a blog for Pactera. In fact, Pactera is gaining the benefits. If they do not see the advantages, why do I need to fight through the organization?’ <[Middle Manager American No.14 Dana](#)>.

I suppose change to some part of QA form because it is too strict. I propose using pre-management system online and they still do not use it. Same result is with Portal. All the work I have done is to prove my personal knowledge is worthless. I stop dealing with these things when my head starts to hurt from banging up against the wall <[Operative American No.8 Marquis](#)>

A top human resource manager in Pactera Australia confirmed the prevalence of frustration stirred by the obstacles of knowledge application. He further highlighted the source as well as the implication of frustration for knowledge transfer.

Quite a few managers reported to me that they were listened to. They felt the company’s innovation policy never open to them. Well, there is some misunderstanding of Chinese way to express ‘NO’ but it is there and has negative effect on their motivation. Our foreign staff accounts for only 5 percent of whole workforce but quite often they often represent what Pactera really needs to leverage in order to be a global firm. <[Top Manager Australian No.2 Geoffrey](#)>

. *Sadness*

Like frustration, sadness is unpleasant emotion associated with low certainty and other responsibility. However, a distinctive feature of sadness is the belief that ‘the unpleasant situation is controlled by impersonal circumstance and that nothing can be done to set it right’ (Smith and Ellsworth, 1985, p. 834). Thus, sad people tend to withdraw or avoid futile struggle to against the inevitable. The feeling of sadness can be inferred from the following statements.

One thing that makes me down is that we can think or do whatever we want here, but we can not monitor and control the application process in China. The team members who execute task on daily basis are junior and they are not properly guided by their managers. <[Middle Manager American No.10 Stracy](#)>

I do not know where Pactera wants to go and what kind of environment Pactera wants to create

in order to let different ideas flourish. Without any feedback to explain why thing I suggest can not work and who is going to drive the idea, I do not think I can do anything. <Operative American No.13 Natalie>

Clearly, interviewees above were not sure about how the HQ treated new ideas from the subsidiary. Although they were capable of proposing new business or operation models, the actual owner who can monitor and enforce the project was not available in China. Since they possessed limited resources, they perceived they would not change the way the distant HQ staff implement the transferred knowledge.

Prior studies suggest that sadness not only co-occurs with a lack of control over the immediate situation but also triggers lingering perception of situation control even in novel situation (Lerner and Tiedens, 2006). Thus, sad people are likely to be less personally invested in the activities aiming to change current or future circumstance. That is why sadness is often accompanied by a sense of nostalgia and passive indulgence (Tiedens et al, 2000). Consistent with this view, sad managers tend to think the entire knowledge process was beyond their capability to change. This perception reinforced by their limited resources or low position increased the tendency to withdraw from the whole knowledge process. In addition, they tended to talk about how easy the idea could flourish in their previous companies. Consider the following quote as an example.

Since you cannot control the things (the application process) in HQ, I figure out that only thing I can control right now is inside my own team in here and make sure things we are doing are as effective as possible <Middle Manager American No.10 Stracy>

I used to work for KPMG. The culture I experience here is that if you want to go up to CEO and want to chat about your idea, you can do that. You just can introduce yourself and this is what I am doing...In Pacter, I seldom got the chance to speak to my boss in China about my ideas or thoughts <Operative Australian No.5 Ankur>

It can be argued that sadness is a 'rational' strategy for the managers to cope with uncertainty evoked by knowledge application process in the HQ. However, it leads to a silo mentality that further blocks the knowledge flow from the overseas subsidiary.

Challenge:

A relatively positive emotional reaction toward disparity of absorptive capability such as challenge is also identified. Challenge is liked with certainty about the situation and strong desire to attend it. And the individual feel confident that they could achieve a desirable objective but know it would take a great deal of effort (Smith and Ellsworth, 1985). One Australian middle manager highlighted this feeling when he talked about new delivery model.

I think our PM in China is full aware our clients' expectations are changing rapidly. I always get the messages from ChuTzur, our boss in BG6 and delivery teams that we have to find out another way to deliver our service. It does provide a bare of hands or eyes but challenging to get it done. But I feel positive that we can make some changes. We got many smart and dedicated people to work on it. So, the challenge is attractive and stimulating me to work harder.
<Middle Manager Australian No.6 Matt>

A similar view was shared by one top European manager who was quite confident about his ability to improve the innovative capability of Chinese staff.

I was very impressed with work ethics, friendliness and intelligence of our Chinese colleagues. It is not question for me they are able to generate more innovative ideas. What they need is a good format to create knowledge at global level. I can make it happen because my managerial style is more about coaching. And I can bring some international perspective to that as well.
<Top Manager European No.21 John>

The above quotations show both managers clearly knew Pacteria were committed to knowledge creation and HQ staff was working on it. With personal expertise, they felt they could bring

some positive change to Pacter's absorptive capability. The feeling of challenge in turn spurred the managers to understand their Chinese colleagues and introduce more appropriate way to improve their ability. The above Australian middle manager gave an example of what he did to improve the efficiency of global delivery.

At the initial two months, the delivery team did not give us any progress we are asking. Every time when we ask about the statuses, they tend to say 'everything is fine'. We realize our Chinese colleagues are very, very sensitive about their 'face' particular in front of a foreigner. So in the end, we had one Australian-Chinese go and work in Dalian. And we also invite their PMs to come and meet our team here. And then it has some personal connections between Dalian to Sydney and the coordination was much better <Middle Manager Australian No.6 Matt>

And another top American manager provided the example of how he coached the Chinese managers.

I talked to them one by one but not in the group. And I create a specific plan, set a different set of task, clearly telling them the deadlines, my expectations. Then the managers became very responsible. I did have them trust me for entire three month before using this way.<Top Manager American No.12 Russ>

Why do you think this way of coaching works well with Chinese managers? (Interviewer)

I think Western staff prefers to be more independent, creative with little structure. In contrast, Chinese managers are more structured by listening what their supervisor told them to do, which might be more controlling in Western perspective. But this seemingly controlling way actually makes them feel relaxing and more assuring. <Top Manager American No.12 Russ>

What appeared from the interview was that challenge impelled the subsidiary managers to reframe the disparity of innovative capability into a learning opportunity. Through their personal effort and organizational resources they had, the feeling of challenge increases the foreign manager's tendency to understand their distant colleagues, design a workable plan and ultimately gain their counterparts' trust to implement proposed idea.

. *Pride*

Pride is a ‘pleasant, self-conscious emotion arising from achievements that can be attributed to one’s abilities or efforts’ (Williams and DeSteno, 2008, p.1007). It often involves a favourable comparison of self to others or socially valued standards. One top Australian manager expressed the emotion of pride when asked about the way he pushed the new delivery mode in Shanghai. He spoke of the following words with a small smile in his face and slightly tilted head:

I think I have done enough work to bring in 10 million profits that would be equivalent to 15 to 20 clients, So I think people have to listen to me, otherwise...think of Telstra, of course I do not want to take it too seriously, but I think I deserve to be able to say something <Top Manager, Australian, No.3 Ben>

This top manager, who used to work in Accenture, single-handedly built up Pactera’s cloud solutions service for Telstra. He was leading a team of 65 I.T. professionals in Australian site with the predicted 22 million Australian dollars revenue in 2013. Like the other top managers who expressed challenge, this 40-year-old clouding service manager was very optimistic that he could help Pactera to unleash its potential become a more innovative IT solution provider in Australia. And he felt motivated to achieve this objective. Consider the following statement of this manager that was quoted before

I like to work in a challenging environment. As we had witnessed the great success of Indian outsourcing company, I probably can see the similar future of Pactera. For me, Pactera has 23,000 employees working in China, saying all these human power, how can I get my hands on it, how do I get it working in Australia or in South east Asia. Again, if you look at the Pactera’s client base or partner, IBM, Cisco, all these fantastic firms, how I can get my hands on their needs, capabilities, and delivery it into Australian market. <Top Manager, Australian, No.3 Ben>

This result is line with the view that ‘pride provides greater preserve on tasks related to the source of the initial pride experience’. (Williams and DeSteno, 2008). However, during the

interview, this manager often distinguished himself from other Chinese colleagues in terms of nationality, expertise and 'I.T consultant versus I.T. engineers' in particular. This is well indicated in his following statement

In term of accepting my idea, I think there is a risk that my idea is not completely understood because of language, as well as I focusing on non-Chinese market. On the other side, there is bonus...99% people has recognized me due to my expertise in Australia, my background is quite different from majority of workforce in Pactera, coming from consulting area. So from what I understand, the company is moving towards solution and consulting, they are looking to use my experience to provide some feedback on the next step. <Top Manager, Australian, No.3 Ben>

This result was supported the argument that pride is a ranking-elevating emotion. It reinforces the sense of similarity to strong others, yet a distinction from weak others (Oveis et al, 2010). Thus, it strikes a cautionary note that pride western managers might actively participate in knowledge application process but keep themselves psychologically distant from their Chinese colleagues.

6.7 Summary and conclusions.

Intra-MNC knowledge transfer represents a valuable empirical ground to explicate the link between emotion and cultural friction. The aim of this chapter has been to show the individual emotional state and its cognitive/motivational influence on cross-cultural interactions for business purpose. In order to achieve this, the chapter started with a summary of the case company--Pactera, highlighting the multi-level cultural difference between HQs and foreign subsidiaries under the investigation. At the national level, HQs in China and overseas units in US, Europe and Australia represents the sharpest contrast among the world cultural clustering: the Confucian and the Anglo (Ronen and Shenkar, 2013), creating a strong base condition for cultural friction (Luo and Shenkar, 2011). At the organizational level, foreign subsidiaries were the acquired Western I.T. firms operating in a more competitive, volatile and uncertain business environment. They were in direct contrast to Chinese HQs where the revenue mainly derived from serving the Chinese stated-owned banking or financial institution via strong personal connections. Within Pactera, the different positions along the I.T service line further distinguished foreign subsidiaries as high-end consulting/solution providers from China HQs as low-end outsourcing vendors. However, these macro-level divergences were brought into live and devolved to the individuals when both sides needed to implement Pactera's signature global delivery mode. The pattern of narratives from the interviewees in the US, Europe and Australia has shown that there were perceived disparities regarding to form of organizational knowledge, cost of information search, language use, and innovation capability. With its focus on 'the lived experience' of the interviewees, the qualitative data have further revealed the spontaneous emotional response when the subsidiary managers, particularly those front-line employees, attempted to resolve these asymmetries. For example, they were feeling 'not right' when making sense of the knowledge base that had been largely kept uncodified, 'grappling'

with ad-hoc, person-to-person way to identify contact person, ‘unnatural’ as their mother tongue, English, required improvement to work better in the company, and ‘stressful’ while pushing forward a well-thought business solution in HQs. All these experiences echo the classic finding of psychology that perceiving an event that is discrepant from one’s normative beliefs and behaviours leads to internal dissonance felt as negative affect (Festinger, 1957).

Although negative affect was a natural response towards knowledge gaps, the actual type of emotional experience that underlies what the subsidiary employees think, feel and do depended on individual characteristics and specific knowledge transfer context. In the light of appraisal theory of emotion (Ellsworth and Scherer, 2003), the narrative account of emotional experience over the process of intra-MNC knowledge transfer was analysed along six core appraisals: certainty, pleasantness, attentional activity, anticipated effort, other-responsibility and self-control (Smith and Ellsworth, 1985). Table 5.6 summarizes the emotional states, the situations where these emotions occurred as well as emotional impact on perception, motivation and behaviour in MNC knowledge transfer. Three key insights can be drawn from the data:

First, emotion represents a ‘personal barometer’ where the subsidiary staff evaluated the structural divergence of knowledge transfer in the relation to their internal configuration of needs, goals and abilities. Given its inherently ‘relational’ characteristic, emotion has motivational force and thus drive behaviour more strongly than awareness of external knowledge asymmetries. For instance, confronting with uncodified knowledge base, frustration was commonly felt by the subsidiary sales managers whose business activities were interrupted by the time spent on repacking HQ information but lack of local knowledge to change knowledge base. Facing the same situation, a number of managers expressed anger because they had been working in Pactera long enough to mobilize personal connections to overcome

the information delay in HQs. Similarly, a quick response from a HQ colleague was perceived as a comfort for those short-tenure, front-line staff in the stressful knowledge search, and thus followed with a number of gratitude-driven behaviours. For those senior, more experienced subsidiary managers, they displayed a strong enthusiasm to find out those star employees for knowledge exploration, and therefore responded to those 'helpful' Chinese colleagues with happiness/excitement. These results highlight the nature of emotion as 'an individualized meaningful' analysis of the situation, predisposing an individual toward actions that best promote the adaptive behaviour (Frijda, 1986, p. 193). In contrast, the perceived knowledge disparity serves as the subsidiary manager's awareness of current situation of Pactera knowledge transfer or at best a precursor to emotional response (Lazarus, 1991). Without a motivational force, what those managers perceived or talked about cultural barriers in knowledge transfer did not fully match what they actually do with those barriers. For example, although the interviewees acknowledged Pactera's knowledge base should be more codified, the managers who experienced challenge made more personal effort to bring the real change than those hopeful colleagues.

Second, emotion provides the subsidiary managers the short-cuts to cope with knowledge transfer divergence in the way that is consistent with the interpretive theme of the felt emotions. Given cultural distance makes knowledge re-contextualization more difficult to monitor (Brannen 2004), the information provided by emotion facilitates the subsidiary managers' decision making based on their existing resources (Schwarz, 1990). For example, since the information of contact person was not sufficient, anger evoked by the HQ colleagues' ignorance for help motivated focal managers to use more direct communication method such as skype, phone call or even escalation to their supervisors. When this strategy failed to getting the information in need, prejudice associated with the feeling of contempt signalled the

managers 'moving away' from those unhelpful colleagues. Similar argument can be made when angry managers linked with language switching behaviour with Chinese colleagues' problematic work ethics, and sad managers assumed personal effort to implement the new knowledge as futile. Reflecting the adaptive theme of experienced emotions, these reactions were fundamentally 'rational' for the individuals to address the specific cross-cultural asymmetry. From the company's point of view, however, the same emotions appear to be 'irrational' as they might discount the value of tacit knowledge, breed suspicion towards knowledge provider, amplify the threat from cross-border collaboration and instigate premature withdraw from knowledge application. These results suggest that the company need to better understand individual's naturally felt emotions and its (mis)-attribution process before jumping into the bandwagon of 'emotional management'.

Third, the underlying meaning of emotional experience is shaped by the subsidiary manager's cultural stance. In general, most of the identified emotions in data are characterized with high arousal in terms of facial expression, subjective feeling and language use, corresponding to the belief that knowledge transfer process in Pactera required high level of individual energy to make it work better. In terms of valence, the positive emotions serve the function of asserting subsidiary managers' internal attributes as such personal achievement in generating sales revenue (i.e., proud), expertise in leadership and I.T. consulting (i.e., excitement, happiness), as well as current position in Pactera (i.e., challenge, hope). By contrast, negative emotions indicate the existence of obstacles in achieving personal goals or autonomy including difficulties to translate prior knowledge into tangible values (i.e., frustration), submission of oneself to access the information (i.e., resentment), and HQ manager's dictating style when assigning the job (i.e., anger). These findings are consistent with the argument that individuals in the Western countries are culturally predisposed to feel ego-focused emotions due to the

mode of self as an autonomous, goal-directed and change-driven being (Tsai, 2007). On the other hand, qualitative data also reveal some low-arousal emotions that emphasize 'interdependence', 'other-focused' and 'adjustment'. For example, a well-travelled senior manager expressed his compassion when he noticed the Chinese colleagues were really struggling to express their ideas over the teleconference. A female project manager relying on HQ staff for the work assignment had to repress her anger when she could not get the timely response. From the perspective of HQ staff, both of them were acting and feeling in a more Chinese way. These findings echo the view that personal variables such as experience of living a foreign country, social statuses and organizational position moderate how much an individual would internalize the cultural norms regarding emotional experience (Eid and Diener, 2001). Taken together, we argue that emotional experience is determined by individual enacted cultural stance involving a dynamic interdependence between cultural system and self system (Markus and Hamedani, 2007; Caprar, 2011).

Table 6.6 Summaries of findings on emotional and MNC knowledge transfer from the subsidiary perspective

Event	Trigger	Emotions	Outcome
Evaluation of the firm's knowledge base	Disparity of expected form of organizational knowledge base	<ul style="list-style-type: none"> . Frustration . Anger . Challenge . Hope 	<ul style="list-style-type: none"> . Frustration stirs up the subsidiary managers' self-doubts on the contribution of their prior experience and capabilities towards overall MNC knowledge base. . Angry subsidiary managers tend to discount the value of tacit knowledge in HQ via negative perception of knowledge holders. . Challenge fuels the subsidiary manager's attention and energy to leverage the tacit knowledge in the HQ. . Hope increases the manager's expectation of potential change of HQ knowledge based on their ideas.
Knowledge seeking	Perceived effort and inference costs is above the normative baseline for knowledge searching	<ul style="list-style-type: none"> . Anger . Contempt . Resentment . Gratitude . Happiness/Excitement 	<ul style="list-style-type: none"> . Anger motivates the subsidiary managers to overcome and address the obstacles in knowledge search . Compared to anger, contempt is more like to instigate a persisting prejudice towards HQ managers' capability. . Resentment breeds suspicion towards HQ managers' genuine intention to provide useful knowledge . Grateful subsidiary managers are more likely to reciprocate the helpful HQ managers with a wide range of valuable information . Mixed with excitement, happiness primes the subsidiary's manager selection of previous HQ partners by maintaining the pleasant feeling in knowledge search

Event	Trigger	Emotion	Outcome
Knowledge sharing	<p>Perceived disparity of explicit language proficiency</p> <p>Perceived contradictions of implicit communication style</p>	<ul style="list-style-type: none"> . Anger . Isolation . Compassion . Anger . Resentment . Challenge . Interest 	<ul style="list-style-type: none"> . Angry subsidiary manager tends to misattribute English insufficiency as a sign of HQ staff's problematic work ethics. . Isolation caused by language distance exacerbates the geographical remoteness felt by the subsidiary managers via a psychological preoccupation with the threat from their HQ collaborators. . Compassion diffuses the tension of linguistic gap by promoting the subsidiary motivation to help HQ managers' English problems . Offended by communication style, angry subsidiary manager tends to judge HQ managers as rude, oppressing and lack of real leadership skill. . Resentment breeds the subsidiary's staff disrespect toward their HQ manager's position . Challenge motivates the subsidiary managers to adopt the Chinese style communication to avoid conflicts with HQ staff . Interest motivates the subsidiary managers to leverage the cross-cultural difference in communication

Event	Trigger	Emotions	Outcome
Knowledge application	Perceived divergence between disseminative capability and HQ's absorptive capability	<ul style="list-style-type: none"> . Anger . Frustration . Sadness . Challenge . Pride 	<ul style="list-style-type: none"> . Angry subsidiary manager tends to mobilize all the available resources to overcome the barriers of knowledge application in HQ. . Frustrated subsidiary manager is more likely to doubt their own capability and HQ's commitment towards new knowledge from the subsidiary . Sadness instigates the subsidiary manager's tendency for a pre-mature withdraw from knowledge application when facing the barriers . The feeling of challenge spurs the subsidiary manager to introduce more appropriate method to implement new knowledge in HQs. . Proud subsidiary managers might keep themselves detached from their Chinese colleagues although they show great ability in knowledge application.

Chapter 7: Empirical illustration of individual emotional experiences in intra-MNC knowledge transfer -- the finding from Pactera HQs in China.

This chapter presents empirical evidence of emotional experience and its influence on knowledge transfer behaviour from Pactera HQs in China. It starts with an introduction of knowledge flow from and into Pactera HQs. Primarily based on 34 interviewees with Chinese staff in Pactera China, Malaysia and Singapore, this chapter identifies the source and nature of emotional experience emerged over four transfer stages. Furthermore, it examines the emotional impact on knowledge behaviour by individuals from the Confucian cluster culture (Ronen and Shenkar, 2013).

7.1. Knowledge flow from and to Pactera HQs.

As the first principle, the competitive advantage of MNC derives from the ability to leverage its knowledge across borders (Kogut and Zander, 1993; Buckley and Carter, 1996). Echoing this view, the staff in Pactera China reported that knowledge flow to and from foreign subsidiaries underpinned the hybrid mode of global delivery—the company’s key differentiator from other China-based vendors. Specifically, the knowledge exchange with overseas units was manifested through 4 integrated stages: presales, bidding, delivery and evaluation. In the presale stage, the HQ provided foreign units the information about service capability or latest I.T. product that could be promoted in hosting countries. Accordingly, cooperative marketing and sales team coordinated with their foreign peers to develop an ‘actionable sales toolkit’ based on the information they collect:

We need to make sure the sales team in foreign subsidiaries really understand what Pactera can sell. If they do not, they might not come up with a right strategy to promote the company’s

service and product. So we have a lot of discussions over the sync meetings to develop an actionable sales toolkit <Middle Manager Chinese No.11 IvanZhang>

Our job is to support overseas sales force by collecting, summarizing and packaging the material across 7 BGs such as core service line, successful case studies, technical break-through and white papers... We are the key channel for the foreign sales to learn about Pacter's latest delivery capabilities. <Operative Chinese No.12 SimonZhang>

Once the potential clients were identified, the sales teams moved to the bidding stage where they worked together to prepare, compose and present the sales proposal. Meanwhile, the top or senior project managers in the specific BG were also involved to discuss the deliverability of the potential project. Below are two quotes from one top manager for Microsoft delivery centre in Beijing and one senior project manager for Iinet in Dalian:

The most frequent communication with foreign subsidiaries is the stage of bidding. With the head of foreign sales or business development, we discuss on how to present our delivery capability in the bidding document, the issue of staff recruitment, expected quality and time, our ability for pricing and profit margin. <Top Manager Chinese No 20 Tongzili>

For example, the standard questionnaire from Iinet involves 130 questions covering from the capability, number of qualified staff to workplace facility, data security measurement. My team needs to work closely with Matt, the account manager for Iinet in Australia, to address each single question in the most appropriate way. <Middle Manager Chinese No.28 Micheal>

Followed by a successful bidding, delivery stage entailed the most critical but complicated knowledge exchange. During this phrase, delivery team in China needed to coordinate with overseas on-shore or near-shore counterparts to implement the project, detect technical flaws and deal with emerging issues. They also cooperated with foreign sales force to brief the client about the project statues regularly. Thus, staff at middle and operative level were heavily involved in knowledge exchange through 'daily scum meeting', 'pair-programing', 'regular or emergent sync meeting' and 'team member rotation'. The following quotes demonstrate the necessity and intensity of knowledge transfer between the staff in HQ and foreign units:

We cooperate with the colleagues in Pactera Barcelona office (BCN) for MS Bing Ads project, we (China office) are responsible for Traditional/Simplified Chinese, Japanese and Korean, and BCN office handle with the rest languages. With mutual support, we are literally running this project 24/7 to speed up the delivery. <Operative Chinese No. 6 FangFang>

I communicate with my colleagues in Australia almost every day via instant messages because we are working on the same online platform. If there is any technical problem, we will address it straightaway via skype or quick sync meeting. <Operative Chinese No.29 Tony>

Our project is quite on-going. It is not like start and finish. Thus, we have to constantly keep our one-site team, account member and clients updated with the ongoing project. Really, the communication involves daily operation issues. <Middle Manager Chinese No.23 WanHua>

If there are any issues happened with clients, we need to jump into a meeting immediately. And we need to re-schedule the meeting if other issues occur. Just like today, I had meetings after 6 pm until 11pm. Sometimes the meeting might happen even late at night. It is part of the job even though I do not like it. <Middle Manager Chinese No.10 RollandaJin>

At the initial stage, I was working in Australian Sydney office for two months and became more familiar with the project, on-site team and their way of working. Then I brought the project back to Dalian and implemented each part of the project such as recruitment, training and process management based on my two-month experience in Australia. It makes our cooperation with Australian team much easier. <Middle Manager Chinese No.28 Micheal>

The final stage involved an evaluation at the end of project. The project managers were supposed to write up a summary for the clients. With this document, the delivery team was working with foreign colleagues to ensure the client's timely payments, address personnel issues and explore potential business opportunity:

Unlike domestic clients, the clients in the West are quite meticulous with the final project report. They could delay or even discount the payment if we did not write properly or provide relevant document. Our overseas account managers or sales force are very experienced. They taught us how to compose a professional project report from the customer's perspective <Middle Manager Chinese No.26 Silin>

Once the project is finished, in theory the team members should be dismissed for the cost reasons. However, it could cause the huge talent lose as 60% of team might be very familiar with the business of that client. The foreign account managers are in the better position to

negotiate with the client and get more projects to keep our existing team. <Middle Manager Chinese No. 9 MingHua>

With our Redmond office, we can get the information from Microsoft HQ even quicker than staff in Microsoft China. It helps us to predict and respond to the client's needs more effectively. <Top Manager Chinese No.22 ZhuZhu>

Taken together, data from the personnel in Pactera China supports the view that 'global synthesis' of knowledge is the prime source of MNE's dynamic capability (Buckley and Carter, 1996). The Pactera China re-constructed its home-based competence into actionable knowledge and exploited this strategic resource across a range of hosting country markets. This 'primary knowledge transfer' still remained important as a significant amount of the company's resources resided in the HQ. On the other hand, acting as 'listening post' (Mudambi et al, 2004), Pactera foreign units accumulated and transferred back 'subsidiary-specific advantage' for further exploration (Rugman and Verbeke, 2001). This reverse knowledge transfer was less intense but generated more benefits for the company to fine-tune and coordinate a global strategy (Ambos et al, 2006).

More importantly, the data revealed that very nature of 'global synthesis' was motivated and created through social interactions, particularly among middle managers and frontline employees in different locations. While the interaction at this level tended to be informal, contingent or part of routine work, it underlies the well-acknowledged 'micro-foundation of knowledge flow' within the MNCs (Noorderhaven and Harzing, 2009). A less discussed issue is the emotional reactions of HQ staff towards their foreign colleagues evoked by the increasing workflow interdependence (Lou and Shenkar, 2011; Leung et al, 2005). This question will be addressed in the following sections.

7.2 Making sense of knowledge stock within and outside HQ.

In line with similar argument, qualitative data can reveal the subjective preference for knowledge type which is emotionally tied to individual's values, belief and knowledge practice. The close analysis of data identified three types of knowledge illustrated in Table 5/2, but 'social knowledge' was ranked as the most valuable resources in the eyes of HQ staff. For example, one project manager commented the value of knowledge shared within his team:

There are 10 engineers in my team. We help each other on the project as well as with things outside work, like brother and sister. We share sometimes explicit knowledge including technical issues, tools and programming. But, it is not just about the materials, it is getting more details about techniques and personal insights. <Middle Manager Chinese No. 1 Andrew>

Similarly, a market analyst expressed his appreciation for the knowledge acquired through the strong relation with his supervisor:

Luxin is my mentor when I joined the marketing team. We work side by side on daily basis. I call him 'Uncle Lu' because he guides me step by step on the things such as how to prepare slides for sales purpose, who I should keep a good relationship inside and outside team, and what I need to know if I want promotion. Not everyone likes to share these things, nor you can learn it in formal training or online documents. <Operative Chinese No. 36 TangLiZhou>

As defined by De Long and Fahey (2000, p. 114), social knowledge is by large tacit, shared by group members, and develops only as a result of interactions. The preference for social knowledge became more evident when the interviewees talked about other types of knowledge. Here are typical responses from both middle and frontline employees regarding 'human knowledge':

It would be great if we can have an online Alias to identify the contact person within the company. However, it might take each BG too much time and resource to prepare a staff list. And that list might lose its value if it is not updated with the constant staff turnover,

organizational re-structuring and newly acquired teams. <Middle Manager Chinese No.11 IvanZhang>

A question is how open this list would be? For example, some of executive-level or top manager's contact numbers, office site or even email is kept confidential for us. And not all Pacter online group is open to all staff. <Operative Chinese No.26 Silin>

Compared to the above ambiguous attitude towards explicit 'human knowledge', top managers directly expressed their objections because of the concerns over potential value, information security as well as the costs:

I do not think an Email Alias can solve some fundamental issues of our communication with foreign subsidiary. Based on my own observation, it is only 10 out 100 staff really care about building contacts with foreign colleagues. And among the 10, it might be one or even none of them got the ability to execute an effective communication. <Top Manager Chinese No. 18 BrainZhou>

The company has more than 23,000 staff. And I can not deal with the potential amount of emails or calls if my contact detail is publicized. It does not help but only cause chaos and troubles to the normal communication. <Top Manager Chinese No 20 Tongzili>

We are not financially capable of constructing and maintaining such systematic cross-geo Alias as those used in IBM or Microsoft. In fact, the current profit margin of our core service is not high enough to support this fancy project. <Top Manager Chinese No.17 GuWeiWei>

A similar reservation towards 'structured knowledge' was also indicated in the following statements:

We do have a document on the standard sales process. However, you have to add your own personal style on customer engagement to make the principle work for you. <Operative Chinese No.12 SimonZhang>

We used to have an online knowledge repertoire within our BG where you can post 'best practice' of project, case studies or a specific tool. However, it lost its popularity quickly as people do not know the impact of their contribution. Then we create online forum but the value of it is not encouraging. Some employees use the forum for socials only. <Middle Manager Chinese No. 23 Wanhua>

In sum, the above statements consolidate the finding based on the perspective of the subsidiary staff that knowledge base, including those codifiable, remained implicit in HQ. Consistent with the existing literature, employees in Pacteria China gave higher priority to tacit, contextualized knowledge than explicit, self-describing knowledge. The significance of context-specific information fits in well with cultural value of self as interdependently with significant other within the immediate social environment (Bhagat et al 2002, p.208).

Beneath the preference for implicit knowledge is ‘holistic thought’, which represents a stark contrast to ‘analytic thought’ for explicit knowledge (Nisbett et al, 2001). Consequently, the Chinese employees in Pacteria HQ felt a cognitive dissonance or ‘interpretive bottleneck’ in their own words when making sense of the information either disseminated or expected by their foreign colleagues. Such information was often described as ‘abstract’, ‘detached’ and ‘too complicated to understand or put it down’. The following remarks by two operatives and one middle manager serve as examples:

The technical design document from the Australian on-site team combines 3 different programming languages, description of the client’s request and Australian telecommunication industry. Then the expected results of the software platform we need to build up. We do not have too much specific guidance on how to reach the final results < Operative Chinese No.29 Tony>

The case study from the American sales force is often abstract, short and bullet-pointed. I have to spend a lot time to figure out the background of the clients, the details of the technical highlights and the entire stages of the projects before the material turns into an interesting case for our domestic BGs or clients < Operative Chinese No.14 LiZhongYun>

Sometimes we are asked by foreign account manager to summarize core delivery capability of our team for a new client. The story is all in our heads. But it is not easy to get the stuff out and put it into a strong bidding document. <Middle Manager Chinese No.23 WanHua>

The inadequate ability to articulate the knowledge practice was further highlighted by top managers as well. When asked about the sales strategy for US and European market, one senior pre-sales manager commented:

One thing you need to keep in mind is that our deliver team did great job for our clients. Otherwise we are not able to expand our business at such global scale. However, a lot of project managers are unable to convince our new customers how good they are or what kind of added value the team can bring for the clients. <Top Manager Chinese No 8 ChenYu>

In support of the above view, another top delivery manager in Beijing said:

Post-project analysis is not compulsory unless it is required by particular clients such as Microsoft. When the project is going to finish, our PMs often think of how to release the resources, dismiss the team and reduce the overall expenses. They do not have an awareness or ability to summarize the experience, both positive and negative, into a readable document. That is why we do not possess many I.T. products with our own trade mark. <Top Manager Chinese No. 33 LianWei>

Based on the above responses, it can be argued that knowledge management system in Pactera was not technically insoluble or neglected by the top managers as some subsidiary staff assumed. It seems that lack of skills or awareness to codify the tacit knowledge made this project difficult to implement, no matter how good it might be. The comment from one senior manager who had been working in Pactera HQ for 16 years captures this point quite well:

Most of our executives used to be top manager of the successful MNCs such as HP or Microsoft and I am pretty sure they know more about the benefits of knowledge management system in I.T. companies. The issue is who is able to collect and translate our capabilities into the knowledge system in a cost effective way. <Top Manager Chinese No.27 JunPeng>

Emotional reactions toward knowledge flowing from and to HQ.

As shown previously, making sense of the information from or to foreign units entailed a deviation from the habitual mode of thinking. Subject to individual appraisal, the felt cognitive dissonance developed into various emotional states that influence HQ staff's subsequent attitude, motivation and knowledge behaviours. Below are the elaborations of these emotions.

. Frustration

Frustration is associated with an appraisal that someone or something is responsible for a negative event but the focal individual is lack of agency to change the situation. It often involves a failure at something for which success is expected (Smith and Ellsworth, 1985). Frustration was often felt by delivery managers who believed foreign sales or consultants did not fully understand the team's capability, thus under-selling Pactera to the clients. One middle manager who had led several cloud projects commented:

We focus on technical side of the projects such as the application of HS-Cloud. However, it is not our strength to tell the sales team how this technology can generate commercial values for the clients. If that is not expressed clearly, the sales will lost their interest in promoting this solution because the customer is more concerned with return. That is very frustrating because it (HSCould) is our latest technical trademark in cloud computing. <Middle Manager Chinese No.23 WanHua>

Created by Pactera's own R&D team, HS-Cloud technology solution provided one of the industry's first enterprise-class virtual data centre (www.pactera.com, 2015). Obviously, this middle manager was dissatisfied with the overseas sales' enthusiasm to promote the company's technical highlight. However, he felt difficult to change this situation because of insufficient ability to convince the sales at the first place. When explaining the fundamental reasons of under-selling, one senior business development manager who used to work in Pactera US gave the following statement laced with frustration.

There is perception among the foreign sales and client that our delivery team is only capable of doing staffing. It is a stigma but it is real. And what is more frustrating is we can not show some hard evidence that we also do a good job in solution or consulting. <Top Manager Chinese No 18 BrainZhou>

It can be inferred from the above quotations that frustration was evoked by a perceived block in fulfilling the team or company's objective rather than personal goal alone. This result is the line the proposition that in collectivist culture, being part of an important group is central to individual's personhood. Hence, one's appraisal of his or her own goal is assigned with more value by a commonly shared objective (Kitayama et al, 2009).

Consistent with appraisal theme, frustration amplifies a sense of uncertainty about the cause of situation. Different from subsidiary finding, frustrated staff in HQ tended to doubt whether their collective knowledge was matching with the company's actual business strategy for foreign expansion. Consider the following statements as evidence:

The biggest barrier is the definition of business model. I am not sure if and how our technical input can really support the scaling up to solution and consulting. It gives me the impression that the actual operation and business model of each BG is still driven by outsourcing and staffing. <Top Manager Chinese No.19 JeffWang>

Rather than foreign sales team coming to us, we need to reach out and tell them the value of HS-Cloud in a painstakingly way. It does make you think 'is our effort and time put in a right direction?' <Operative Chinese No. 24 Leo>

. *Anger*

In contrast, anger was felt by some HQ staff who believed foreign sales team had exaggerated the firm's staffing capability in front of the client. As result of this over-selling, the team had no other options but to stretch their resources to get the project done on time. One newly promoted senior delivery manager in his 30s spoke of following words in a forceful tone after he throw a 10-page document in English for me to read:

‘2 engineers’, ‘from testing to developing’, ‘from next Monday to Friday’. That is impossible. At least, this is task requiring 15 days. Those sales do not have any clue of what we are doing here except telling the client how hard-working Chinese engineers are, how cheap is the cost of head count, and how much money will be saved. <Middle Manager Chinese No. 1 Andrew>

Similarly, another designer in user experience (UX) team talked about a new project from one American account manager with a frowning on his forehead and slightly clenching jaw.

We are required to finish the project within 2 month. Given our current tools and 6 staff, it is impossible to submit a good customer survey results within one month, let alone the more time-consuming bit of content analysis, web design and building a supporting system. <Operative Chinese No. 13 CigarTang>

Although the word ‘furious’ or ‘mad’ was not mentioned at all, the story line of the narrative plus body language show that the interviewees were blaming the foreign colleagues for not understanding the domestic team properly before jumping into the sales. Instead of direct confrontation or even replacing the people who was responsible like subsidiary staff did, the delivery team were trying to manage the task by ‘consulting other engineer who had done the similar project’, ‘borrowing extra staff from other business unit’ and ‘working days and nights to meet the deadline’. Interestingly, all these additional works the off-site team members had gone through were ‘digested internally’ <Operative Chinese No. 24 Leo>. The tendency to conceal and address the problems caused by over-selling can partially explain why subsidiary managers or on-site team can not get any feedback of project from the delivery team. Besides ‘face-saving’ as presumed by foreign staff, lack of contact may also signal a repressed anger inside the Chinese team. In the line with cross-cultural emotion research, the expression of anger is against the social harmony for people in the Asian culture unless it is displayed by people with high social status to show dominance (Park et al, 2013). Given the delivery team on the whole has less authority in terms of international experience, market know-how and

direct customer engagement, a reduced contact with foreign colleagues represents a balanced option to channel the hostility and maintain the ongoing cooperation. Consider the following quotes as the evidence:

I will try best to get it done for this account manager, but I hope this will not happen next time. Anyway we need sale's support to look after clients and get more work for our team. <Middle Manager Chinese No. 1 Andrew>

It is the Australian team controlling the whole project. We do not have too much decision-making power on the type of client, work or pace of project we want. So we would rather put extra more time or staff on the project than delaying it. A failure to deliver at this early stage will affect our future relationship with Australian on-site team. <Middle Manager Chinese No. 28 Micheal>

. *Guilt*

Guilt is a dysphoric feeling that involves a sense of own responsibility for an unacceptable behaviour (Niedenthal et al, 1994). It occurred more often in social contexts where self is negatively evaluated in connection the behavioural consequence toward others. When experiencing guilt, people are more likely to confess, apology and regret for a specific transgression they wish they had acted differently (Tangney et al, 1996). Guilt was particularly salient among the marketing and pre-sales team whose main responsibility was to exchange and compose documents, case studies, project reports with their counterparts in foreign units. As noted by Keltner and Buswell (1996), one important antecedent of guilt entails a failure to fulfil one's relational duty for others. Consider the following statements by two middle managers in cooperative pre-sales and marketing team.

For a similar project or technical solution, American or European colleagues can create a very good case study or sales presentations. We do not have that ability but have to ask for their

material. This kind of work relationship does not have interaction. Instead, it makes me feel like a chick always waiting to be fed. Why we cannot make a good sales pitch by ourselves or at least a decent draft for mutual discussion. It makes the collaboration more arduous. <Middle Manager Chinese No 9 MingHua>

When preparing the slides to show our capability in solution or consulting, I will contact Charlotte team in US where the documents are more well-written and recent. You know, it is not a nice feeling when you ask for favour all the time. But I have no other choice because we do not have similar stuff in Beijing. <Middle Manager Chinese No 16 RitaYang>

Both managers acknowledged that articulating the company's core capability was a shared responsibility for marketing and sales team. Nevertheless, lack of valid material and capability to codify knowledge in Pactera HQ undermined the condition for mutual collaboration in the sense the HQ staff did not fulfil their role. In addition, cultural emphasis on reciprocal favours put another strain on this unbalanced work relationship (Yang, 1994). From the perspective of HQ staff, asking for helps but unable to return violates moral guideline for social exchange. Thus, the guilt caused by lack of ability to reciprocate 'a relational duty' is more salient among HQ staff. This feeling might not be recognized or easily felt by western colleagues because guilt in the West does not usually occur unless an individual personally hold responsible for the failed obligation or capability (Bedford and Hwang, 2003).

Despite the unpleasant feeling, HQ managers did not show any reluctance to talk about 'guilt' as they did with 'shame'. In fact, the sense of guilt helped to them to provide their distance colleagues the information about HQ whenever they could. Consider the statements from the same middle managers mentioned above.

When I find out a piece of information that might be valuable for certain sales in the foreign units such as an introduction of a new delivery team, I will quickly share with them. Then you feel you are able to help them, which makes following contact much easier. <Middle Manager Chinese No 9 MingHua>

My experience is when you get the material from your foreign colleagues, trying to *create* a topic to communicate with them regularly. For instance, anything they might be interested in HQ or anything our marketing team can help. Do not give them an impression once you get his help, you walked away. <Middle Manager Chinese No 16 RitaYang>

This result confirms the view that guilt is adaptive affective style because of its connection with counter-factual thoughts based on responsibility (Tangney, 2001). Such counter-factual thinking involves a mental undoing of the past but points out a different behaviour strategy in the future. When experiencing guilt, individuals are motivated to undo the situation via reparative actions to re-balance the relationship (Neidenthal et al, 1994). Therefore, as part of their job responsibility was knowledge exchange, sales and marketing team in HQ, motivated by guilt, were more inclined to help their foreign counterparts.

7.3 Knowledge seeking process

In support of the view from the subsidiaries, the personnel in HQ agreed that interpersonal connections or *Guanxi* as the most effective way to access valuable knowledge inside the firm. They reported similar benefits derived from relational ties in knowledge seeking: 1) getting a good advice, 2) building more contacts, 3) quick access to key decision maker, 4) reframing the questions. However, the perception of *Guanxi* in HQ was qualitatively different from the personal connection understood in the foreign units. First, the connection a typical HQ employee had often involved a specific person with the same birthplace, university, workplace or friends. Like other Chinese vendors, Pactera used ‘internal referral mechanism’ to recruit the candidates with some industrial experience, improve recruitment efficiency and most importantly ensure the workforce stability (Pactera CRS Report, 2012). Thus, members of a project team had personally known each other before they joined the company. This

particularistic structure of tie between HQ staff was different from broader or more general contacts the subsidiary staff had. Second, Guanxi entailed a stronger in-group and out-group division, particularly among different business units. For instance, PGS and BG5 mobile testing team shared the same floor with corporate marketing team where I did my 6-month internship. I often heard the team member addressing each other with ‘sister’ or ‘brother’ and their manager as ‘uncle’ or ‘auntie’. During the lunch time, they often went out together or shared some snack within the office like what they do at home. However, there were few interactions among these 3 units. Some of my interviewees from PGS team did not really know ‘who was who’ in the marketing team except Ken who was the only American in the building. However, such in-group/out-group distinction was less salient in the West where individuals may choose the type of group based on his or her own interests (Brewer and Chen, 2007). Third, the nature of relationship within the group was differentiated based on organizational hierarchy, with managers knowing the best and employee following the order (Chua et al, 2009). The hierarchical power structure of Guanxi creates ‘legitimate and informal power for supervisors and subordinate’s successful organizational life is based on maintaining appropriate relationship with their supervisors (Michailova and Hutchings, 2006, p. 395). This was different from the subsidiary context where questioning the manager was norm and even a sign of strong capability. The above three key points were further supported by the following statements:

ZhongYun and I were classmates from the same university. After I finished my Master degree in US, she introduced me to Ken, director of corporate marketing team. Then through Ken’s connection with Jeff, I was transferred to BG3 after 1 year and worked as Jeff’s personal assistant. So I got a kind of ‘personnel yellow page’ in my mind when I need somebody’s help in BG3 or Marketing team. <[Operative Chinese No.26 Silin](#)>

If I am asking a case study from someone outside BG2, he might not say no, but take my request as less important compared to the request of someone he knew well. For example, he might forward my urgent request to the project manager rather than making a phone call. To be honest, sometimes I did the same thing to someone I do not know. <[Operative Chinese No.12 SimonZhang](#)>

There is unwritten rule both inside and outside BG. No matter what kind of information you look for, you need to get the approval from the head first. Unless the name of head is in your email CC list, the most of people won't pay any attention on what you are asking for. <Middle Manager Chinese No 3 LiLy>

Given nature of Guanxi is different from 'networking' in the context of knowledge search (Fu et al, 2006), the data further revealed that the subjective perception of cost in feedback searching behaviour (FSB) also varied from the subsidiary finding. With the reference to the Table 3, the effort cost in identifying the relevant knowledge source was felt as low. When the HQ staff had to contact the subsidiary for a pre-determined project work, their immediate manager would point specific foreign account managers or sales. Thus, time and energy to locate the foreign contact were substantially reduced. One delivery manager in PGS team described a typical situation where the contact with overseas colleagues was initiated:

It is not a real problem for me in terms of time or effort. BU or BU head will list a number of key persons who we should contact for the project. The list often covers master engineer, primary onsite PM, account manager or sales. Until next project, I do not need to find out other contacts. <Middle Manager Chinese No. 3 LiLy>

If knowledge search was for marketing purpose, the staff in corporative marketing and sales team would consult their direct manager first. Contrary to Szulanski (2000, p.11)'s argument that escalation of transfer-related decision to senior manager would 'exceed the base rate of eventfulness of a typical transfer', such escalation increased the accuracy of potential knowledge source as well as the legitimacy of knowledge searching itself. Consider following quotes:

Asking help from my direct manager is always my first choice. He knows the company more than I do. I believe he will help me the find the best person. Since my view is more limited, the person I found might not be the best. <Middle Manager Chinese No. 10 RollandaJin>

If I contact a foreign colleague without a notice or approval from my appointed supervisor, I will break the formal procedure of building contacts within the firm. It will not bring me any good but only risks of troubles from my manager. <Operative Chinese No. 6 FangFang>

It can be seen from the above statements that benefit from the escalation is attributed to hierarchical power structure that allows managers in HQ to have more privilege and authority in knowledge distribution. This finding partially supports the perception of subsidiaries that the managers in HQ controlled a large amount of information. It also indicates the frontline employees were actually willing to rely on their managers for knowledge exchange.

Neither cost of figuring out source's ability to provide valuable information was high. This was due to the availability of multiple channels or resources to check the knowledge provider's professional background in HQ:

If my manager Ken is not 100% sure the person he suggested is suitable or not, I can also consult Lisa or Fushan, They have been working in the company for a long time. They know about the marketing team in US quite well. <Operative Chinese No15. FuRao>

Some of senior engineers in the delivery team have worked with many overseas onsite teams. They can tell me who is good in programming language, who might know a specific tool or who is much easier to approach. <Middle Manager Chinese No 23 WanHua>

Most of American or Australian Presales posted a detailed introduction of their qualification on professional network such as LinkedIn or Pacteria US/Australia online domain. So I can use these channels to double-check their expertise. <Operative Chinese No.12 SimonZhang>

However, the evaluative effects of foreign contacts on the HQ staff or face cost were perceived as substantially high. This result is in line with the proposition that feedback seeking behaviour by individuals shaped by a holistic-oriented culture such as China is more likely to be influenced by face cost (Sully de Luque and Sommer, 2000). Except general explanation such as 'sensitivity to relational cue of the information' (Baghat et al, 2002) or 'saving mianzi' in

social interaction (Michailova and Hutchings, 2006), there is little empirical evidence of what actually causes Chinese people more vulnerable to ‘losing face’ in cross-border knowledge transfer (Buckley et al, 2006). The qualitative data identify two important factors: the way of approaching foreign contacts and the skills to frame the requests.

Specifically, staff in HQ preferred face-to-face conversation to seek advice, particularly from senior colleagues or managers. They believed it was right way to show adequate respect to the people they ask. If face-to-face communication was not viable, they would consult the person a suitable time for a phone call or even tele-conference to explain the request in detail. From the perspective of HQ staff, such formal but considerate strategy will give face to the information provider while expressing their sincere intention to reducing potential imposition on his/her time. The situation became very different when they need to contact foreign colleagues. It was not convenient to arrange a face-to-face meeting or phone call across different geographical and time zones. So email was the primary communication tool for HQ staff to initiate a contact. Given that, the Chinese employees in HQ thought email was not as natural as other direct, rich communication media to express the need. One technical lead in PGS team gave the following statement when comparing email and phone call in seeking advice from the colleagues in Spain:

Like asking a stranger for help, you are not sure how the person will see my request and what I need to say in the email. This feeling of strangeness becomes much stronger when you are writing email to foreign colleagues. But it is different kind of story when you have a phone call or even meet them. For example, Alba contacted me via phone call and she often encouraged me to speak to her over phone or skype. Once you had heard your colleagues’ voice or have seen their face, you do not feel they were strangers when you need their helps. <Operative Chinese No 7 Hehe>

Another middle manager in cooperative marketing talked about the suitability of email in advice seeking. In her views, email might not signal to the foreign colleague she was considerate, polite and likable person:

Most of the foreign managers in US and Australia are either experts in a particular domain or quite senior in levels. Sometimes I was concerned if one simple email was appropriate to ask for their valuable time, resources and efforts to help me out. <Middle Manager Chinese No 16 RitaYang>

The restriction of email to convey a positive image was further exacerbated by a lack of appropriate skills to frame the request. The staff, particularly at the operative level, found difficult to articulate their inquiry because of limited briefing from the manager, inadequate experience and different verbal strategy. As a result, they thought they would be judged as incompetent, unprofessional and unintelligent colleagues.

When I was asked to contact someone in foreign site, my manager was very busy to give me the detail. Except a name, I had no idea of how to approach this person, how to write an email or make a phone call to explain the issue, and what kind of specific information I need. You feel you are quite stupid as a staff in HQ when speaking to someone in the subsidiary <Operative Chinese No.14 LiZhongYun>

When we have a problem in here, we will simply pick up a phone or knock the door of that person. To be honest, Chinese people are not used to asking questions via email. It becomes even more difficult to express something you are not clear in English. <Operative Chinese No.36 TangLiZhou>

I think the company should organize formal training on how to use correct words and style to make request to our foreign colleagues. For example, I often notice that instead of introducing themselves first, the first sentence they spoke over phone or teleconference was 'are you X'. That is very unprofessional although it is a typical Chinese way we spoke to someone at first time. <Middle Manager Chinese No 1 Andrew>

In sum, the HQ staff perceived a higher face cost in knowledge search process because 1) using email conflicts the norm of expressing a positive image as advice seeker and 2) lack of verbal skills creates a bad impression of knowledge worker. The internal felt discomfort with the high anticipated face threat triggered different emotional reactions.

. *Emotional experience of knowledge seeking.*

. Fear of losing Mianzi

Fear is an unpleasant state requiring extreme amounts of attention and effort. It is associated with an appraisal of a situation as potentially dangerous to one's well-being and maximal uncertainty about the situation (Smith and Ellsworth, 1985). And more importantly, the focal individuals feel weak and powerless to cope with the uncertainty. When experiencing fear, the person feels cold and trembles. The voice begins to shake and talk nervously (Shaver et al, 1987). Those strong physiological reactions to the immediate danger are often cognitively depleting, thereby causing paralysis in problem-solving. Given that, the common response to a fearful event is pleading for help and flight from the scene (Plutchik, 1980). This feeling was highlighted by a marketing analyst when describing his experience of contacting an American sales lead for the first time.

When I realized Doug's position and experience in sales and marketing, I felt quite intimidated to ask for his time and effort to create a case study for us. I became to worry about if the words I used in email were too casual, or was the style polite enough? But the more I thought over these things, the more tense and afraid to express my request. At the end, that email with only 5 or 6 lines cost my whole morning. It was physically and mentally exhausting. <Operative Chinese No.36 TangLiZhou>

Similarly, another female market assistant spoke of the perceived difficulty in initiating a contact and anxiety of potential consequence:

One incident always pops up in my mind when I am asked to contact foreign colleagues by my boss. I was given a name of one American account manager. No other details. And none of my colleagues spoke to that person. I felt quite helpless and did not know how to approach that manager and explain my request. Then next day, my boss came and blamed me for not doing the job properly. <Operative Chinese No.14 LiZhongYun>

This statement echoes the view that emotion of fear has much stronger lingering effects in person's memory and subsequent thoughts (Lerner and Keltner, 2000). Another technical lead

in PGS testing team not only exemplified the fearful feeling when contacting a senior manager in Pactera Spain but also explains why fear was more intensely felt in cross-cultural context

When contacting a lead in domestic BU, you usually start from my manager, the official contact person in that BU, then moving to middle manager and his/her secretary. You tend to feel comfortable and legitimate when you go through this reporting line. However, when you check the detail of those leads in foreign BU, you can not see who is reporting to him. Quite often you have to contact or speak to him directly, which really makes me more uncomfortable and intimidated. <Operative Chinese NO, 5 MaJiYun>

The above quotation suggests that for HQ staff, lack of hierarchical arrangement in foreign subsidiary created more anxiety and burden on first impression management.

Given fear is a ‘flight’ emotion with the appraisal of profound uncertainty to cope, the fearful people tend to do nothing with the situation (Shave et al, 1987) and perceive future events with greater risks (Lerner and Keltner, 2000). Consistent with this view, data shows that fearful employees often delayed or avoided contacting foreign colleagues due to the anxiety of losing ‘mianzi’. And lack of perceived ability to improve the situation resulted in a pessimistic view of knowledge seeking. One employee from the cooperative marketing reported what she said was frequent occurrence when requesting material from foreign units:

If possible, I tried to not think about this by doing other things first or delay a few days to make me feel better. Then when the deadlines came closer and you think you have to submit the slides to your boss, you rack your brain and act like a *mad mouse* to write email, check the received material and follow up more inquires. If it does not work out, I have no other choice but to make up some figures or content for the submission. <Operative Chinese No.15 FuRao>

Similarly, the testing manager mentioned above gave the following account when asked about her overall attitudes towards building relationships with foreign colleagues.

Foreign colleagues are more senior in level, experience and expertise. You can clearly feel they stand on a higher position, looking down up us. Like me, lots of my team mates feel nervous when contacting them. And I do not see there is any way to overcome this natural feeling. So if we do have technical problems, we prefer to solve it among ourselves. Nobody likes to be looked stupid in front of others... And if they do see you as incompetent, they would think 'why I have to give this information to this stupid guy. <Operative Chinese NO, 5 MaJiYun>

Previous literature proposes that easy access and knowing the expertise of knowledge source in relation to one's work are conducive for information seeking (Borgatti and Cross, 2003). The responses provided by interviewees suggest that such argument demands qualification. When impression management overwhelms the instrumental purpose of information seeking, both access and expertise could become less inviting but more intimidating for the advice seeker. This tendency seems to be more salient for the Chinese front-line employees as they are lack of ability to cope the potential 'mianzi losing' even they know the benefits of the advice. By implication, without a clear monitoring, they could end up seeking knowledge from someone they like not someone who can really help.

. Indebtedness: debt of gratitude

Indebtedness is significantly correlated with gratitude when an individual receives a favour from another (Mauss, 2002). As a psychological construct, indebtedness is defined as 'a state of obligation to repay another', which arises from norm of reciprocity (Greenberg, 1980, p.4). However, different from gratitude as 'self-motivated, thankful appreciation for the help' (McCullough et al, 2001), indebtedness is associated with negative feeling states such as 'discomfort', 'uneasiness' and 'upset' (Naito et al, 2005). In addition, while gratitude often entails a broader type of pro-social response, indebtedness suggests a 'tit-for-tat mentality' of reciprocity (Gray et al, 2001). Most importantly, in the favour receiving scenario, indebtedness is expected to increase but gratitude should decrease when expectation of return is perceived

high from the benefactor (Watkins et al, 2006). Consider the following statement from a middle manager in the presales team:

I contacted Ana for a case study on machine translation for Microsoft MSN project. She was very nice and provided me the relevant material very quickly. One month later, she kindly helped me with the case study of Microsoft Bing Project. However, just a few weeks ago, I needed some materials from her team again. I really felt discomfort to bother her again as I have not helped her in any sense. I felt I owned too much debt to her <Middle Manager Chinese No. 10 RollandaJin>

As the above statements shows, this manager felt she had shouldered too much obligation in addition to the positive feelings of thankfulness. And the urge to repay the benefactor was so strong that the manager was unable to ask for information or ‘another favour’ until the existing debt was clear. In support of this similar feeling, another middle manager in delivery team stressed the impossibility to return the favour:

Ben is the senior manager in Australia and has 15-year experience in cloud computing. I have a good work relationship with him and I used to ask for his technical advice, even not related to the project. With the time went on, I feel less willing to talk about these things unless he mentioned first. <Middle Manager Chinese No. 28 Micheal >

Why do you have such feelings? (*Interviewer*)

Well, what I know is all about software testing and maintaining which has no technical value for him. I feel I will be asking for his favour but will never be able to return similar favour. <Middle Manager Chinese No. 28 Micheal >

Clearly, this manager thought his knowledge in outsourcing did not contain any exchange value to repay the favour from a senior manager in solution and consulting. This reflects a narrowed tit-for-tat mentality for reciprocity, thus supporting the view that indebtedness is emotion of exchange, whereas gratitude is not (Watkins et al, 2006). The following statement further implies that Chinese employees are more subject to negative feeling of indebtedness rather than gratitude.

You must know a saying we Chinese often use and are told by others: ‘a drop of water shall be returned with a burst of spring’. When someone gave a help even it is little, you should not only return the favour but also return more to show your genuine appreciation. <Middle Manager Chinese No 11 IvanZhang>

The meaning of ‘reciprocity’—repay one’s help with more favour—reflects significance of ‘face giving and saving’ in Chinese culture. Different from frontline employees who were struggling with the danger of ‘losing face’, the middle managers were more concerned with ‘saving each other’s face’ due to their higher position (Buckley et al, 2006). Specifically, obtaining an aid from a senior foreign manager was seen as ‘gaining face’ among the domestic team. As noted by Chua et al (2009), a well-connected manager in Chinese culture is more positively associated with capability and reliability. In turn, the middle managers would reciprocate with more favour to ‘saving face’ for the knowledge provider. However, high expectation of return, assumed by the HQ staff, increased the negative feeling of indebtedness toward their senior foreign colleagues. This interpretation was consolidated by one associate VP in business operation who was asked about the feeling of indebtedness.

Well, as a leader promoted from the bottom, I can understand the feeling of owing someone when you ask for advice. However, I do not have this kind of feeling now. I guess maybe it is related to my position. You know, when the foreign staff in our BG does not know something, they will approach me for the advice. <Top Manager Chinese No. 33 LianWei>

It can be seen the power, information and resources the top managers in HQ possess made them feel much easier to repay the favour. In contrast, middle managers was more vulnerable to negative feeling of indebtedness in the same situation. As noted by Watkins et al (2009), people in the emotion of indebtedness tend to reduce the uncomfortable obligation by avoiding more help in the future. The data support this view:

I will not easily ask foreign colleagues for knowledge or other resources unless I really know

I can do the same for them in the future. <Middle Manager Chinese No 9 MingHua>

Even you got a '*thick skin*', you would feel embarrassed to ask for favour. Why they continuously help you if you can not offer them any help. <Middle Manager Chinese No 4 QiuYing>

You will be accused of 'Bu Yao Lian' (i.e. do not care about one's or other's face) or 'Mei Xin Gang' (i.e., black heart), as you only think of your work or project without considering how much trouble you brought for others and how to compensate them <Middle Manager Chinese No 11 IvanZhang>

Interestingly, some of the subsidiary staff found the term 'indebtedness' difficult to understand. While few top managers did come across this word, they believed that this feeling was unnecessary even it contained good intentions to show respect and accept obligation. For them, what really matters in advice giving was the quality of question, which will be discussed in the emotion of 'challenge' felt by HQ staff.

. *Challenge*

Challenge is relatively positive emotion in which the individual is fairly certain about the situation and strongly desired to attend to it. It further distinguishes from other positive emotions that the focal individual acknowledges the existence of goal-obstacles and is expected to expend a great deal of effort (Ellsworth and Smith, 1988). Given its strong attribution of self-responsibility/control, individuals are confident that they could achieve the desirable goal (Smith and Ellsworth, 1985). The feeling of challenge was felt by the staff who knew with the high certainty that knowledge from their foreign colleagues has strategic values. Consider following statements as examples:

Every day, I need to process hundreds of CVs to select the best native language speakers for different language projects. Some of the terms or words in CVs to describe 'subject', 'previous

working experience' or 'certifications' are very difficult for us to understand and assess the applicants. So contacting Alba or Jonas in Spain is very helpful as both are more experienced in vendor management in Europe. <Middle Manager Chinese No 2 Joyice>

Most of the presales in US come from strong I.T. background and can do both technical consulting and customer engagement. In China, presales are either coming from management/marketing or computer science. As a former I.T. engineer, my frequent contacts allow me to learn how to combine two things together to do the sales. <Operative Chinese No.12 SimonZhang>

As the profit margin getting slimmer in our outsourcing project, the BG is looking for more solution and consulting project with domestic clients. My US colleagues often told me some latest tools or news on Big Data, Cloud, Mobile service, which helps me to make a very good impression in front of my boss and other teammate. < Operative Chinese No. 24 Leo>

It can be said from the above statements that the interviewees were much clear with the positive value of knowledge from their foreign counterparts, which contrasts with a more ambiguous attitude displayed by fearful employees in HQ. The perceived special benefits such as performance efficiency, personal development and potential career promotion may have outweighed the potential costs in knowledge search. While the search costs can not be totally ruled out, the data provided some further evidence that the above interviewees perceived were less concerns with 'face threat' even they acknowledged the impression management. The statement from one middle manager in PGS team illustrates this point:

Nobody wants to look stupid in front of a higher rank manager. But I do not feel a very strong pressure when I contacting senior staff in overseas unit. <Middle Manager Chinese No 1 Andrew>

Can you help me to elaborate it a little bit more? (Interviewer)

Well, based on my experience, the more senior is their position or experience, the more tolerant they are with your limited knowledge or mistake in the project. <Middle Manager Chinese No 1 Andrew>

In support of this view, the interviewee who often contacted with his American colleagues for BI and Cloud computing gave the following account:

The first time when I contacted Russ on Cloud technology of Microsoft, I was worried that he would not be willing to spend too much time, as he had no obligation to give me a personal lecture. To my surprise, when I spoke to him over the tele-call, he was happy and patient to answer each question I prepared. At the end, he told he really enjoyed the conversation although it was almost 9' clock at night in US and he had hosted 5 sync meetings in that day. <Operative Chinese No. 24 Leo>

The result echoes a recent finding that knowledge seeking may create a positive impression, signalling one's willingness and perseverance to solve a difficult task (Brooks et al, 2015). Adding to this insight, the data indicated that given that individuals in western culture were more evaluated for personal capability and achievement, the subsidiary managers might feel more proud and willing to demonstrate their expertise when consulted by HQ staff. Unfortunately, this potential value for 'facing gaining' was not well predicted among Chinese employees.

Despite the great certainty about the potential benefits, the employees fully realized the difficulty to get the attention and resources from those unknown, busy and apparently intimidating foreign managers. Different from the 'fearful' colleagues, they were more comfortable and capable of framing their request via email or other communication tools. Consider the following statements as the examples of the verbal strategies they used to couch their request.

If it is my first time to contact a foreign colleague, I always introduce myself first: who I am, what is my current job title, to whom I report in one sentence. And tell the person what my request is in clear and concise way. <Middle Manager Chinese No 1 Andrew>

When I need an approval from the top managers in foreign units to access some important documents, I will add a title of email with 'Approval needed' so that they could understand my request at a first sight. Similarly, I will highlight the time of an expected response and bullet-point the specific type of documents I request. With these points in mind, most of my email got response within an acceptable time. <Operative Chinese No.25 JessieZhang>

When the deadline for response is approach and I haven't got the response, I will follow-up an email to remind them of my request or call them if necessary to ensure they did not miss the email. I think there are lots of skills to ask for information and get a good result. The important thing is you need to pay attention and learn these tricks. <Middle Manager Chinese No. 3 LiLy>

The importance of verbal strategies and willingness to learn these skills were confirmed by Chinese top managers as well:

The email I write to my foreign colleagues and expected from others follows the 'SMART' principle: Specific, Manageable, Actionable, Result-oriented and Time-bounded. Based on my observation, lots of Chinese employees do not know how to write an email to express their request or questions. They tend to pile up loads of information and expect me to guess what they are asking for. I often told them 'no one has time to digest all these stuff' <Top Manager Chinese No. 18 BrainZhou>

When some Project Managers asked or report some project-related information. I can not see explanation of why the document is important to their work, or what does those numbers or figures mean for the project. I think they are too lazy to ask themselves some 'what if' questions when writing emails. And they seldom think of what of kinds feeling a reader might have. <Top Manager Chinese No 21 VickyHu>

It appears from the above comments that the useful verbal skills the HQ staff had learned increased their confidence to overcome the potential face threat from knowledge seeking. As an emotion providing drive to achieve a desirable goal, challenge motives the managers to learn more about how to acquire valuable knowledge from the foreign counterparts. One middle manager in PGS team summarized her experience with following accounts:

When I contact a senior colleague in US or Spain, I will ask myself if I really have to contact him. Is there any option I can get similar or better advice? If I do, I will think of the way to express my request in 2 or 3 sentences. When the issue is more complicated, I will appoint time with him for a sync-meeting and prepare the relevant material. <Middle Manager Chinese No. 3 LiLy>

It can be seen from the above statement that this middle manager cares more about relevance of acquired knowledge to her work and best ways to access the resources. As the motivation of challenging is geared to performance and learning, the sense of indebtedness might not be so salient in the context of knowledge acquisition. This point can be inferred from a metaphorical statement from a top manager who had been promoted to Associate VP within 2.5 year only. Reflecting his successful experience in mobilizing various kinds of resources, he commented:

When I approach a powerful, high ranked person for resources, I treat it like approaching an attractive woman. It is chance to show your charm, personality and intelligence to win her heart and mind. <Top Manager Chinese No 8 ChenYu>

His comparison of knowledge acquisition with ‘courtship in romance’ represents a striking contrast with advice seeking as a ‘potential debt to repay’.

7.4. Knowledge sharing process

Once the contact is identified, the interpersonal relationship between HQ and foreign units constitutes the micro-foundation for effective knowledge sharing (Kostova and Roth, 2003; Makela et al, 2007). Like subsidiary findings, interviewees agreed that a strong and trusting relationship with foreign colleagues increased ‘the willingness to explicate the unspoken bit of

knowledge’, ‘quick access to the critical information’, and ‘more in-depth discussion on work-related issues’. Consider following quotes as evidence:

I have a good relationship with Charles Lynch, head of sales in Barcelona office. He often shares many valuable insights about the clients, which is critical for our delivery work. For example, I once visited a client representative from Nokia in Beijing to present our project proposal. CL reminded me although the client has a Chinese face and can speak Chinese, he has been living in Finland over 20 years and might develop a Western mind-set. With this information, I had made the content and style of sale pitch a slightly more assertive. It worked quite well. <Middle Manager Chinese No 1 Andrew>

Before, it took me loads of time to find and evaluate the suitable translators for English and other European languages. I often stayed up very late to finish the work as the data base is quite huge. With my relationship with Alba in Spain, she told me many *tricks and features* in the data base so that now I can finish my work with the normal time. <Operative Chinese No. 7 HeHe>

I do not feel any embarrassment or discomfort to tell Russ the mistakes or difficulties I had with the project. Although he is my manager, he always helped me to solve the problem in person and gave praise to the progress I had made, no matter how little it is <Operative Chinese NO.26 Silin>

In addition to these ‘relationship-specific heuristic’ to address cognitive dimension of transfer problem (Hansen, 1999), the qualitative data discovered more socio-emotional supports from HQ staff to their trustworthy foreign colleagues. Such emotional care often developed from a reliable work relationship but was overlaid with ‘intrinsic virtue’ of the partner. Thus they generated serendipitous but more enduring function of ‘strong tie’ in intra-MNC knowledge sharing. This point is well illustrated by one top manager in BG 3 who recounted one conference call with her American colleague in Redmond, US.

Once I had a very busy, long schedule during the day. After knowing that, Dana drove to the office at 7’clock in cold winter morning and presented her proposal for us. And I was told that she just had a baby a couple of days ago. So I genuinely appreciated her effort and told her to suggest us a more suitable time for the next sync-meeting. <Top Manager Chinese No 21 VickyHu>

Then she continued with one event after that conference call when Dana was looking for some information to response to a client's inquiry.

I was in her mail CC group although the email was addressed to the marketing team. Instead of considering another irrelevant email, I instantly phoned the staff in the marketing team to remind them Dana's request. And I also reply to her with some relevant information. <Top Manager Chinese No 21 VickyHu>

The above account suggests that the emotional care for the distant colleagues transforms a cold, utilitarian work tie into a warm, perspective-taking communication. Such view was further emphasized by middle managers and operative staff.

We are not just here working like machine. I pass on a task to you then you finish it. If you believe a colleague is trustworthy and deserve a long-term friendship, you should care his/her family, children and things outside the work. It applies to foreign colleagues as well. After all, we are all emotional beings. <Operative Chinese NO. 26 Silin>

The emotional care between two can have '1+1 >2' effect. This is more important for foreign colleague who you might never got chance to see what they look like and know what their personalities are. So whenever possible, I try to make my communication with foreign colleagues like a face-to-face meeting by adding a symbol of 'smile' or 'thumb-up' for a great job or 'have a nice weekend'. <Operative Chinese No.25 JessieZhang>

In fact, most of our American colleagues in BG3 are working inside Microsoft HQ building. They have to wear identity card which is different from official MS employees, like a second-class citizen as they told me. Sometimes they need this kind of social and emotional support from our HQ. <Middle Manager Chinese No 23 WanHua>

Taken together, although the importance of a trusting relationship is universally recognized, the specific function of trust on knowledge sharing varies according to different cultural perception. Given a strong emphasis on relational culture, Chinese are more likely to 'mix socio-emotional concerns with instrumental concerns in the workplace interaction' (Chua et al, 2009, p.504). The data extend this insight by showing emotional care can actually transform the instrumental relation into a genuine, warm, 'perspective making and perspective giving'

communication which is essential to sharing tacit knowledge (Boland and Tenkasi, 1995). Furthermore, as the prime function for emotion in social context is to give *personal meaning* to social relationships (Bruner, 2003; Mesquita and Leu, 2007), the general trust with an emotional touch made HQ staff more resilient and even creative to share their knowledge with distant colleagues. This point is well summarized by the statement of one top manager in marketing:

Once you have decided to help someone you trust, you will do all what you can no matter how difficult or costly it will be. As a Chinese proverb says: Yi yan ji chu, si ma nan zhui (e.g., once a promise is made, it cannot be withdrawn, not even with the forces of four horse powers).
<Top Manager Chinese No 17 GuWeiWei>

Despite the added value from trust building in knowledge sharing, HQ staff admitted that it was quite difficult to develop trust with similar level of intimacy as that with their Chinese colleagues. Resonating subsidiary results, ‘language proficiency’ and ‘communication style’ emerged as key barriers. Table 7.1 below summarizes the key themes from the qualitative data.

Table 7.1 Summary of language proficiency and communication style

		HQ	Subsidiary
Language Proficiency	English Fluency	<ul style="list-style-type: none"> . Limited use of English . Sophisticated words . Long sentences 	<ul style="list-style-type: none"> . Native or professional level .Some words are insulting and rude
	Technical Terms	<ul style="list-style-type: none"> . More pedagogy-based .Flexible and context-specific adaptation 	<ul style="list-style-type: none"> . More practice-oriented .Rigid implementation
Communication style	Vertical Interactions	<ul style="list-style-type: none"> . Managers are distant and busy . Formal . More work-related subjects 	<ul style="list-style-type: none"> . Managers are approachable and helpful . Relaxing and small talks . More conversations
	Horizontal Interactions	<ul style="list-style-type: none"> . Well-thought ideas . considerate . warm and caring .friendly and organized meeting 	<ul style="list-style-type: none"> . Too straightforward . intrusive . cold and instrumental . chaotic and confrontational arguments.

. Language Proficiency

As discussed in subsidiary findings, the attempt to establish English as second corporate language was supported by top managers in HQ. They maintained that English as the working language not only facilitated the company's global deliver mode but also helped to build an organizational cultural that was globally integrated:

If Pactera wants to be a genuinely global company, English and Chinese should be the official languages in all kinds of internal communications. We are working on it as we want to let our employees in HQ feel they are not working in a traditional Chinese company, but work in a multinational company with global premises. <Top Manager Chinese No 17 GuWeiWei>

I have witnessed many talented sales or consults in US have left Pactera. One important reason is that they found difficult to get integrated in Pactera's corporate culture because most of time we communicate with each other in Chinese only. <Top Manager Chinese No 21 VickyHu>

Indeed, the corporate marketing had been working with HR department to create electronic newsletter in English, updating the staff with the company activities. However, many newsletters were either reporting the corporate events in China or written from a Chinese perspective. The statement from one Singaporean Chinese manager exemplifies this point:

Last month, I got a newsletter from corporate HQ about Moon Festival which showed different celebrations in Pactera Beijing, Shanghai, Wuxi and extra. As an overseas Chinese, I understand Mood Festival is the most important occasion for family reunion. If Pactera was a family as the newsletter said, why we were not included in this event? <Middle Manager Singaporean Chinese No 30 PikTang>

Another Malaysian/Chinese regional HR found it awkward to explain Australian colleagues why one corporate newsletter requires staff to fill in their date of birth.

I know the intention is good because when it comes to your birthday, the database will automatically send an email as a birthday card. It is a great idea. But you have to collect the private information as it is personal birthday. In china, it is pretty easy to implement. But in Australia, you face or encounter the problem that asking employee's birthday could be

considered as violating personal privacy.<Middle Manager Malaysian Chinese No 32 AmendaLin>

The above comments indicate that English as Pactera's working language was still under the shadow of Chinese or Chinese interpretative framework.

Limited use of English in Pactera China is mainly attributed to the fact that among total 23279 employees, 22084 are located in China. And 95% of them graduated from local universities or colleges where English is taught primarily for the purpose of reading and writing (Pactera CRS report, 2012). Except corporative marketing and PGS team, most delivery team member seldom spoke English during their daily work. As a result, HQ staff perceived English as the biggest barrier for sharing knowledge and building relationship with overseas colleagues.

Below are typical statements:

It takes me more time to write up an email or explain my views in English over tele-conferences. You feel yourself being constrained. It blocks lots of your ideas which could be otherwise expressed in Chinese. <Operative Chinese No.36 TangLiZhou>

In some tele-conference, some foreign colleagues speak quite fast without any awareness that English is not our first language. And when we tried to express our views in English, we got the responses like 'what do you mean by saying that; 'this or that word is quite confusing' or 'say it again'. Sometimes I gave me an impression that they were deliberately using English to make us look submissive or useless. <Operative Chinese No.29 Tony>

When writing up a project report for on-site team in English, I was so anxious about the words or sentences I put might cause misunderstanding. So I constantly stopped at middle of the writing and check with dictionary. A two-page report can take me whole day. Besides time-consuming, you feel you were drained of all energy and lost any interest to make explanations if it is not required. <Middle Manager Chinese No 23 WanHua>

I also want to mention something outside the work to build a good relationship. However, writing English emails has already taken up much of my time. Then there are other things you need to do for your routine work. So you tend to take communication with overseas colleagues as a task only. <Middle Manager Chinese No 2 Joyice>

Consistent with previous literature, the experience of speaking or writing English in front of native English speaker can be very time-consuming, cognitively taxing and intimidating for non-native individuals (Hinds et al, 2014; Neeley et al, 2012).

While some Chinese employees were comfortable with English, they had a different view of using English words in business context. They preferred sophisticated words phrased in a long sentence. The statements from PGS team and corporate marketing where level of English proficiency were relatively high explained the reasons:

You tend to pay too much attention on using beautiful language, perfect grammar and elegant style. This is because the overseas colleagues have no other way to know about you except through reading your English. Bad or poor English does not help you to maintain a good impression in front of a native speaker. <Middle Manager Chinese No 4 QiuYing>

When I describe a reason for doing something or background of a project in English, I do not think simple words and short sentences were enough. In China, you need to talk and speak a lot to make other believe in your words, particular with someone you do not know well. <Middle Manager Chinese No 16 RitaYang>

The importance of ‘Mianzi’, coupled with the need to explain contextual information, propelled Chinese staff to use ‘complicated and fancy’ English. However, Instead of deliberately making the business communication obscure, their intention was to help the subsidiary staff to better understand their message as well as to show their care for the relationship.

Other Chinese employees reported that the some English words or terms lost their assumed meaning once they were re-contextualized (Brannen, 2004). Different from the words that might be blocked in cross-border knowledge sharing, the semantic re-contextualization is often difficult to prevent or notice. Thus, it often took long time for the Chinese staff to figure out

why using some words had damaging interpersonal effect on cross-cultural communication.

Consider following the statement as example:

In China, we often use phrase such as ‘you should do this...or you need to follow that...’. That is to *ensure* your colleague or friend that you really got a better way to solve this problem. However, it took me ages to realize those phrases might sound rude and intrusive for our foreign colleagues. <[Middle Manager Chinese No 3 LiLiPeng](#)>

Reversely, another female pre-sale who hold Master degree in English found some business buzz-words used by her American peers quite ‘insulting’ and ‘vulgar’:

In some tele-conferences where I was only one female sale, the American sales managers who were typically white, middle-class and male often said something like ‘we need *penetrate* the Chinese market’ or ‘we got to *nail* it’. These words or sentences do not make me feel comfortable or willing to speak to those guys at all. <[Middle Manager Chinese No. 10 RollandaJin](#)>

Confirming the views of subsidiary staff, it was found out that employees in HQ were struggling with the technical jargons as well:

For instance, the concept of ‘Next Generation Telecom Solution’ combines 3 different kinds of programming languages. I came across these languages in theory only but have never studied or used it. <[Operative Chinese N0. 29 Tony](#)>

As a graduate from marketing, I often face double hurdles in tele-conference or emails. I need to understand the technical highlights with lots of jargons often presented by an American or Austrian I.T. consults. <[Operative Chinese No.15 FuRao](#)>

Interestingly, while some staff understood some terms or industrial standards, they thought the implementation should be more context-specific rather than ‘one fits for all size’. It supports the view that Chinese employees are more likely to practice rules or laws based on the particularistic social interactions than their Western counterparts (Trompenaars, 1994).

Consider the following statement as evidence:

Certainly, there is universal standard of ‘review’, ‘proof reading’ and ‘editing’ in I.T. language service. However, our foreign colleagues are not clear we have our own interpretations and rules to implement these processes. For example, when doing QA (quality assessment), we only issued the report for the free-lance translator to refine the documents. However, Barcelona office cannot understand it and insisted that QA should include some preliminary editing from us. Well, they might think it would enhance the quality of the translation but they did not realize we do not have time and resources to give edit for each translator. <Middle Manager Chinese No 2 Joyice>

In sum, language fluency reconfigures the knowledge sharing process by shaping what kind of information is shared, how it will be received and with whom the knowledge sharing is more like to occur (Welch and Welch, 2008).

. *Communication style*

As explained in the subsidiary finding, the communication style refers to normative way the literal meaning is interpreted within a speech community (Norton, 1987). The data reveal that perceived difference of communication style exists in two knowledge-sharing situations: vertical interaction and horizontal interaction.

In the vertical interaction where HQ employees communicate with managers one hierarchy level above themselves in the subsidiaries, the interviewees reported that their foreign colleagues were more approachable and open to discussion than original thought. One frontline employee in UX team compared different reactions from his Chinese and American supervisors when he was required to submit a design document within a deadline:

Stracy, my American managers, will assign the work and encourage me to finish it with a tight deadline. If I have some problems, she would ask me if I need any helps or provide her assistance when necessary. And if I do finish the project on time, she will express her genuine appreciation through her words or body language even it is my job to submit the design. <Operative Chinese N0.13 Cigar>

Then he continued to say:

It is quite different from my Chinese supervisor in Shanghai. He will give me work, expecting me to submit by specific date no matter how much extra work I need to do. Then, when I finally managed to get it done through days and nights, he thought this was what I was supposed to do. <Operative Chinese N0.13 Cigar>

Similarly, another middle manager who had spent 2-month in the Australian Sydney office gave the following account:

The atmosphere in the Australian site is not as serious as I thought. Except for top manager and chief accountant, there are no reserved desks for the staff there. And the layout of the office is open space. And during lunch break or off-work social, the managers there chat with you like a friend, asking your hobby, sports and holiday. In Dalian, you more feel like you come to office for working. < Middle Manager Chinese No.28 Micheal>

The above statement about office layout is further consolidated by two pictures I have collected from the field work.



Pactera Office, China. Source: Pactera CRS Report, 2012



Pactera Office, Australia. Source: Presentation of 'Next Gen Telco Solution' by Pactera Australia, Aug.2013

Despite a relatively relaxing and open communication, the HQ personnel found it difficult to strike up a quality conversation with senior managers in the foreign unit. Specifically, they did not know how to carry out a small talk appropriately or discuss something outside the work.

Consider the following statements as evidence:

When I have conference calls with Fabian and other managers in US, they do not go straightly to the agenda. Quite often, they start with a baseball match or golf court they had been. I do not know how to join in their conversation. You tend to feel you are out of place before the meeting starts. <Middle Manager Chinese No. 10 RollandaJin>

Well, I knew British people start a conversation with weather. However, it is much easier to say than to do. I will feel stupid to speak to John by always mentioning weather first like the weather man. <Operative Chinese No. 36 Tanglizhou>

As for horizontal interactions, the HQ staff found their foreign peers were too straightforward with their opinions. Although they might share the similar objective about a project, Chinese managers prefer to consider more than one option to reduce the potential risks (Hofstede, 1980).

Thus, they thought a proposal or idea without serious thinking was half-baked. Consider the following statement from one top manager in business operation when describing response from her American colleagues towards business plan:

In the sync-up meeting, we might be racking our brain to think of the best way to address a problem. Our American colleague had already reached a sort of Yes or No conclusion. You cannot believe how easily they can do that in the business context. <Top Manager Chinese No. 33 LianWei>

Another senior project manager added that some American colleagues were quite intrusive. Her team was constantly summoned by one annoying American account manager to report ongoing project status. She said:

This project is only in the initial stage where there were few technical difficulties for the engineers on Shanghai site. And some of our testing PMs are quite experienced in similar projects. However, the account manager often sent emails to us, asking about the progress we have made. If we forgot to respond or had nothing to fill in the log, he would directly phone me no matter how late it might be. Well, if he did not trust us, he should not ask my team to do this project from the beginning. <Top Manager Chinese No 22 Zhuzhu>

For middle managers and operatives, foreign colleagues were quite confrontational in the regular meetings. One middle manager in cross-BU alliance reported what he said was a frequent occurrence:

Within our own meeting, our manager will guide us go through the meeting agenda one by one. And everyone is polite and expresses his/her view after a previous person finished the words. Things are quite different when we have cross-border meeting with American team. Quite often, I have to stop my speech and answer somebody's question. Then another one might jump in and add another question before you address previous one. Well, it is chaotic and you feel you are caught in middle of crossfire in the battlefield. <Middle Chinese No. 24 Leo>

Another two operatives thought Western communication style was ‘aggressive’ ‘cold’ and ‘antagonistic’ which represented a striking contrast with a ‘humble’ ‘warm’ and ‘friendly’ conversation among Chinese.

In china, we are also told to be humble and modest when you express your views because there are always people who are better than you. Some foreign colleagues appear to know everything but in fact their views are quite superficial, acting like a ‘paper tiger’. I am not bothered to argue or listen to them. <Operative Chinese No. 36 Tanglizhou>

Sometimes we had to stay up very late after a busy day or came to office early in morning to attend a sync-up meeting. Our PMs often brought us some snack or drinks. But onsite PM in US did not care too much. Except for a short ceremony ‘thank you’, he started his presentation without any consideration of how exhausted we were to digest his information. <Operative Chinese No. 5 MaJiYun>

Taken together, the data confirms the view that people may communicate same message through different culturally learned way (Brannen, 2004). Compared to managers from low-context cultures, managers from high-context culture such as China tend to share their knowledge in a more considerate, humble and cooperative way. To the extent a specific form of speech goes beyond the language itself, subsidiary managers might not develop a thorough understanding the real intention of Chinese knowledge sharing style which is mainly obscured by the English as their first language.

. *Emotional experience of knowledge sharing.*

As discussed in the subsidiary findings, people from one language communicate often expect their own language and speech form as natural (Henderson, 2005). Once their expectations are not met in communication across language barriers, such deviation often evokes various

emotional states which in turn affects different knowledge sharing behaviour (Hinds et al, 2014).

The qualitative data from Pacter China show that when sharing their knowledge with foreign colleagues, HQ staff had to deal with plight of articulating technical or business subjects precisely in English, and that of using a different mind-set to reinterpret taken-for-granted assumptions of expression style. Similar to double bind in communication (Bateson, 1972), such discursive change often triggers ‘conflicts’, ‘discomfort’ and ‘distress’. Consider following statements as example:

I graduated from the university with a Master degree in computer science 15 years ago, since then I have not practiced English too much in the workplace. It pains me that I cannot express and share what I knew in Big Data with those overseas colleagues who have similar interest. <Middle Manager Chinese No. 11 IvanZhang>

In here, when I give instruction to my team member, I will normally say ‘do this or do that’ and they are very happy to follow a clear order. However, when I communicate same meaning to foreign staff, I have to say ‘we are expecting you do this or do that’. As a manager, it does make you feel you are begging your subordinates to help you out. <Middle Manager Chinese No. 10 RollandaJin>

In fact, we more or less know something about Western culture via formal or informal way: study, movie, travelling. However, I do not think it is easy to accept Western culture from our heart. For example, we often hear the phrase ‘*it is none of your business*’ when watching American soap or Motive. That expression is quite normal in Western culture. However, for our Chinese who cares about each other face or feelings, it is really rude and hurting. <Middle Manager Chinese No. 3 LiLy>

Following appraisal theory of emotion (Smith and Ellsworth, 1985), close analysis of qualitative data further revealed 4 discrete emotions emerged from individual reactions towards English as working language and communication style disparity.

. *Shame*

Like guilt, shame arises in the situation in which individual have done something wrong (Smith and Ellsworth, 1985) or failed to perform a specific behaviour in social context (Tangney, 1992). The distinctive feature of shame is that ‘an objectionable behaviour is seen as reflecting, more generally, a defective, objectionable self’ (Tangney et al, 1996, p.1257). With this painful self-scrutiny, shamed people feel a sense of ‘shrinking’, ‘being small’ and of ‘being ridiculed’ by an internalized observing ‘other’ (Tangney et al, 1996, p.1257). Thus, shame leads to the desire to hide and escape from the humiliating scene. The shame is often experienced by the managers who were unable to express their ideas in English, particular in more ‘public’ knowledge sharing occasions such as tele-conference or project-related presentations. The feeling of shame was described by one project manager when recalling one project presentation he made for accounts managers and pre-sales in US.

When I began to introduce my team in English, I suddenly felt my tongue was held up and I cannot remember the things I prepared. I feel humiliated when my team were looking at me on this side and the silence from the American side. Then I managed to carry on but I could not remember what I had said. The only thing in my mind was to end this horrible presentation ASAP. <Middle Manager Chinese No.11 IvanZhang >

Any another manager felt she changed into a submissive person when she could not present her team to a visiting sales manager from US:

I was so nervous that I could not speak properly to Kevin about my work, team and projects we have done in Beijing. I feel I suddenly lost my charm and become extremely a shy person although I am quite talkative and cheerful person. I felt I have disappointed my team as well as myself. <Operative Chinese NO. 26 Silin>

It can be inferred from the above responses that the failure to express oneself in English was perceived as a personal flaw: incapable and unlikable person in the eyes of his/her colleagues.

In other words, the entire self was tainted for not being able to speak English in public. The tendency for such harsh self-criticism also happened to personnel who can speak English pretty well. One employee from BG3 who holds a Bachelor degree in international marketing explained why speaking good English was getting so personal in HQ.

In school and university, we were told by teachers to learn correct grammar first in order to write or speak English. It is the same in the office. If you use English, you are expected to speak or write the perfect English. Otherwise, you will become the laughing stock or ridiculed by other colleagues at your back for '*not knowing what a shame is for speaking rubbish English*' <Operative Chinese No.25 JessieZhang>

Not surprisingly, the expectation of speaking perfect English to foreign counterparts was more strongly felt when one's supervisors or team mates are around. Consider following responses as example:

My Chinese supervisor's English is not as good as mine. Once he asked me to join in an important meeting as his translator. In the middle of tele-conference, I did not catch up two long sentences spoken by an American sale. I was a little bit embarrassed of asking him to repeat again. Because of this mistake, I could not understand the rest of his speech and messed up the rest of meeting. I feel so humiliated in front of my boss who trusted me to do the translation. <Operative Chinese No. 36 TangLizhou>

You know, not all your team mates are your friends. If you failed to speak proper English in one important meeting or conference call, then you exposed your weakness to your competitor who in turn will use it to shame you at your back. You will be more humiliated in front of your colleagues. <Operative Chinese No.29 Tony>

Interestingly, when asked, there was no shared agreement on nature of 'perfect English' a competent and sociable employee was expected to demonstrate. While some emphasized 'grammar, words, structure', other mentioned about 'style, accent and intonation'. A general view was that their language ability would be implicitly or publicly judged by others. In line with Kitayama et al (1997, p.1254), the fuzzy attributes of perfect English indicates 'a practical

impossibility' to achieve an ideal image of self, which in turn reinforces the tendency for self-criticism and feeling of shame. To the extent one important cultural task in collectivist countries is to fit in with others, Chinese employees are more subject to shame in an embarrassing situation (Kim and Nam, 1998).

Given shame is associated with a negative thought about core self, shameful people tend to spontaneously think about personal quality (e.g., If only I were not such and such kind of person). But the opportunities for change in a person's general attribute may not be as straightforward as changing one's specific behaviour. Thus, shame people tend to withdraw from the humiliating scene, reduce interaction with evaluating others and pro-longed self-directed anger (Kim and Nam, 1998; Tangney et al, 1996). Consider following response:

If I know I cannot use very good English the express my view on certain issues over the tele-conference, I will not say it even I perfectly know it. Because speaking out means you will expose more of your weakness with English. As a Chinese saying goes, 'the more your touch things up, the darker they get'. <[Operative Chinese No.36 TangLiZhou](#)>

I cannot blame others for my limited English. Sometime I hate myself for not putting too much effort and time in studying English when in the university. It is too late now as you do not have time or energy to pick up books or sit in the class to learn English again. <[Operative Chinese No.13 CigarTang](#)>

With its painful, harsh rejection of core self, shame triggered by English as working language has negative effect on knowledge sharing.

. *Challenge*

Like shame, the HQ staff who felt challenge also reported some embarrassing language-related situations such as describing a male foreign colleague with 'she', using too many 'thanks' in

email and 'too nervous to speak out'. However, they did not perceive these deficiencies as enduring deep-seated flaws to self and to an ideal external sanction. Instead, the evaluation was more specific to knowledge sharing and more personally tailored. Consider the following statements:

For me, the ultimate purpose of writing an email in English is to get the message across. I would not worry too much if the words are elegant or grammar is absolutely right. However, before I send an email, I will make sure it has no misspellings and can be easily understood. <Middle Manager Chinese No. 3 LiLy>

I do not force myself to speak perfect English or understand every single word over the teleconference. If it is an exam, I will my best to get 70 but will be desperate to get above 90. When you have this kind of attitude, you become more relaxed and confident when communicating with your foreign colleagues. <Operative Chinese No.12 SimonZhang>

Other interviewees who had been to hosting countries for study or work maintained that contrary to common belief, native English speakers were more forgivable with English spoken by non-natives or English in business context itself is much simple than daily conversation:

My one-year study in Warwick, UK taught me that native English speaker can understand what I want to express even I may struggle with some words or make mistakes with grammar. To some extent, they are more tolerant than non-native speakers who tend to pick up or get confused by minor errors like my Japanese and Greek classmate did. So with that experience, I do not feel too panic or anxious about making too much mistakes with communicating native speakers <Operative Chinese No.7 Hehe>

I used to work in on the site of IBM lab as well as Pactera Redmond Office. I found the English used to communicate work or project-related issue are short, simple and concise. And if you are not lazy, you can quickly learn the format of writing email or making presentation. In fact, what I found more difficult is the conversation outside work. <Middle Manager Chinese No. 9 MingHua>

Based on above discussions, the interviewees who reported challenge was more task-focused in the context of using English for knowledge sharing. It could be attributed to the fact that most of the above interviewee came from PGS or presale teams where a good cross-border

communication was more related to their work performance. As the literature on 'emotion labour' suggests (Hochschild, 1983), once goal of a task is more clearly specified, the emotional impact on organizational behaviour might be suppressed or channelled to serve that objective. Although data cannot show effect of emotional management on employee's well-being, the staff, particularly those with overseas experience were more pretty sure that they could get over with their seemingly 'ridiculous' or 'laughable' English sooner or later. Therefore, the core self was not rejected as harshly as their shameful colleagues in the same embarrassing situation.

As an emotion of exploration with an acknowledgement of certain effort, challenge motivated the staff to spend time and effort to learn language skills for a more effective knowledge sharing.

Consider the following two statements from the above interviewees:

Alba is really good with using some words to describe an awkward or complicated issue in a nice but professional way. After your read her email, you feel relaxed and willing to listen to her suggestions or ideas. So every time I got her email, I will read twice and try to copy some of her words or style in my email writing. Now, I feel more confident to express my views firmly but friendly via email. <Operative Chinese No.7 Hehe>

Although it is little bit dis-organized, I tend to write down some often-used words or good sentences that I picked up in the teleconference, presentation or Webinar training. Whenever I got time, I will read through these notes and try to use one or two examples in my presentation. For me, it is a more relaxing and practical way to improve my English for conference call. <Middle Manager Chinese No. 3 LiLy>

It can be argued that people in the emotional state of challenge will reframe the failure of speaking perfect English as a mistake to learn and explore.

. Frustration

Frustration is a very unpleasant emotional statement, arising from the appraisal that someone or something is held responsible for event. The core relational theme of frustration involves a

failure of something for which success is expected. But the reason for the failure is less clear (Smith and Ellsworth, 1985). Frustration was displayed by the HQ managers who perceived an uncomfortable disparity from their habitual communication style in relationship building for knowledge exchange. The following statement from a middle manager was laced with frustration when he communicated a new project management process with his foreign colleague in Spain.

When Alba first visited our Beijing Office, I showed her around the office floor, took her to the local restaurants, and brought her some gifts for her family. I got along with each other very well during her stay in Beijing. A few weeks later, I proposed a new translation tool in one tele-conference with Alba and her team in Spain. Alba was the first person who said 'I disagree' in a very straightforward way. It really hurts even now. I did not remember what she said afterwards because in my mind I could help asking myself 'why she was very friendly with me a few weeks ago, but turned into so aggressive to me now?' 'why a same person you got along well changes in a totally opposite way'. <Middle Manager Chinese No. 1 Andrew>

The above manager assumed that the presence of a warm friendship would automatically translate into an equally agreeable communication style in work-related issues. As suggested by Zelizer (2005), there is considerable tension for managers from Western cultural in blending friendship and business. Not being aware of this subtle difference, he felt confused and betrayed by his foreign colleague for not behaving friendly to him in the workplace. The frustration trigger by difference communication style for relationship building is more salient in the following statement by a female middle manager in PGS team.

Not long ago, cooperative HR published an article in newsletter which gave a high recognition for our girls in PGS team. Then I forwarded this email to our female colleagues in Spain in case they might miss this encouraging email. To my surprise, they were furious after reading the article, saying it was an insult. Then I re-read the article again and did not find any misspelling or wrong grammar in English. I explained to them that article was trying to praise the great job our girls have done in PGS. But they found it insulting to draw equivalence between agenda, physical appearance and work performance. I explained to them it quite normal to describe a likable female colleague as 'hard-working and good-looking girl'. Still they cannot accept it, questioning me how good-looking girl who only cares about her face and glamour could perform better in a stressful, tedious job like translation. In end, I found difficult

to convince them and lost my interest into further explanation. <Middle Manager Chinese No 2 Joyce>

It is important to note that both interviewees came from PGS team where English fluency is high. Ironically, their confidence in English might made them more frustrated for not being able to communicate with foreign colleagues successfully. This is because the meaning of the message or practice will be re-contextualized via recipient's culturally learned framework. The divergence of meaning is subtle and further obscured by the apparently shared language. Again, the result confirms the argument that language should not be separated from the cultural context in studying cross-cultural knowledge sharing (Buckley et al, 2006).

Consistent with its appraisal them, frustration provoked self-doubt on the practical feasibility to build and maintain a quality relationship with foreign colleagues given the salient cultural distance. Consider the following statement from the same interviewee quoted above:

I found my daily communication with Barcelona office are more dominated by cultural difference, which make perception of distance more strong. Without a common cultural background, no matter how hard you might try to explain, they will not understand at all. Even you do succeed after repeated explanation, you often find out the interest of sharing topic has gone. <Middle Manager Chinese No 2 Joyce>

Another frustrated interviewee use a Chinese idiom to summarize his belief in communication the meaning of the message:

For me, sharing some simple things like figures, numbers or basic technical process is out of problem easy. But when it comes to explaining the reasons of why we approach this customer, how we promote certain service in Chinese market, I find it quite frustrating to convince our foreign colleagues. It is like 'Dui Niu Tan Qin' (i.e., playing the lute to a cow). <Middle Manager Chinese No. 1 Andrew>

. *Compassion*

Compassion is a care-taking emotion (Ovies et al, 2010). It arises from ‘witnessing another’s suffering and that motivates a subsequent desire to help’ (Lerner et al, 2010, p.351).

Compassion can be inferred from a middle manager who tried to manage the tension between an intrusive American sales and his delivery team.

If there is any technical issue, the clients can directly communicate with our engineers via emails. Once, C.L. directly point out the name of one engineer in the conference, saying the email he wrote to client was inappropriate. In fact, this engineer is quite experienced from technological point of view and he had made his effort to tell the client the problem of the project with his best English. <Middle Chinese No. 24 Leo>

Then he continued:

But I knew C.L. had to work on his own to look after this client. And he does not get too much support from team as we did. So, after the conference, I explained to that engineer and other team member about the situation of C.L. and challenge he has to deal with to win this client. Quite often, I put CL in CC list when I communicate with key engineers. Now, our relationship with C.L. has changed a lot. <Middle Chinese No. 24 Leo>

The above quote shows that the manager tried to diffuse the tension caused by different communication style in customer engagement. However, unlike compassion in subsidiary finding that was more focused on the task difficulty the oversea colleagues was struggling with, the compassion in HQ were more geared to repairing and maintaining a work relationship.

7. 5. Knowledge application in HQ

The interview data on the process of knowledge application in HQ is quite limited. Specifically speaking, except two cases reported by PGS team and corporate sales/marketing department,

few of interviewees could clearly identify a situation where the subsidiary knowledge has been implemented in HQ. Lack of good qualitative data in this section can be attributed to 3 reasons:

First, most of interviewees in HQ were at middle or operative level. They reported that the viability of implementing ‘the best practice’ from the subsidiaries was ultimately decided by the top managers. Consider following statement from one interviewee in corporate marketing.

Based on the information from all the subsidiaries, Haike and I wanted to create a spreadsheet to assess our further investment in marketing activities. But the idea was rejected by the boss without any explanation. What top managers in HQ care is if the proposal would affect their profits or if they have a good Guanxi with that person. <Operative Chinese No.14 LiZhongYun>

Similarly, another middle manager in presale team added that:

I once propose the idea of virtual team that can assemble the presales and PM from delivery team whenever there is business opportunity. My boss said ‘ok that is good idea, you do it then’. When you ask for resources to fund this project, he was not as supportive as before. I found most of time you will be praised for having a good idea. But once you actually do it, you realized few people can really help you. <Operative Chinese No.12 SimonZhang>

If acquired knowledge is ultimately implemented by middle manager and front line employees, then above responses suggest that most interviewees were lack of support from the above. To the extent the resources were arranged hierarchically inside Pactera, it can be said the HQ staff were less motivated to implement the subsidiary knowledge unless it was supported by the top managers.

Second, top managers in the interview believed that the frontline employees at this moment were unable to execute ‘best practice’. One top manage in BG3 delivery team explained the reason:

Based on my observation, western employees are more professional, thus more motivated and capable to implement a best practice at high standard. In contrast, most of our Chinese staff is less concerned with the quality of work or project they are required to do. And you have to push them step by step and guide them to meet single deadline. With this working style, it became difficult for you to promote new technology or management ideas as you cannot monitor your subordinates 24/7. <Top Manager Chinese No 22 ZhuZhu>

Echoing this view, another top manager commented on risk of knowledge application:

Most of our employees are young and inexperienced. When you see the potential possibility is lower than of the success, it is fine if you did not push. However, if you do and the project did not turn out be successful, then you will shoulder all the responsibilities because you are the boss. <Top Manager Chinese No 33 LiangWei>

Third, some of top managers did not perceive any relevance of foreign knowledge to HQ business operation.

Do not forget Pactera starts from outsource. Our DNA is we follow what our clients tell us to do. Whenever there is need for outsourcing, we by default will do it as it is our speciality. There is no soil for overseas knowledge on solution to grow and thrive. Unless we can get more solution or consulting business, knowledge sharing for me is just a social <Top Manager Chinese No 20 TongZiLi>

In support of this view, one top manager commented on the overall innovation inside Pactera:

I have to say our Chinese peers are good at controlling the costs, or even superior in saving the operation costs. However, when it comes to business expansion and innovation, few of them can think out of the box. <Top Manager Chinese No 18 BrainZhou>

Given the above three reasons, there is not enough qualitative data to support the HQ findings in knowledge application and its associated emotional experiences. However, the limited data consolidate the subsidiary perception of low absorptive capability in HQ reflected manifested in employee ability, motivation and mind-set.

7.6 Summary and Conclusion:

The central argument from cultural psychology is that intra-individual phenomena are mutually constitutive with the cultural meaning and practice in which they occur (Mesquita and Leu, 2007). The aim of this chapter was to provide empirical evidence of cultural variation in emotional experience and behaviour consequences on cultural friction. The analysis of qualitative data from 37 interviewees in Pacteria China, Malaysia and Singapore has revealed that the employees from Confucian cultural cluster displayed distinctive emotional reactions toward same knowledge transfer events reported by subsidiary managers. These emotions in turn drove Chinese employees' cross-cultural behaviour in the way that might be not accurately recognized or predicted by the Western managers who were lack of in-group advantage in judging Chinese emotions (Elfenbein and Ambady, 2003). To elaborate the these points, the chapter started with a 'thick description' of knowledge flow from and to HQ as a vital contextual condition of cultural friction (Lou and Shenkar, 2011), and to forward a deeper understanding of emotion felt by the Chinese staff (Shweder et al, 1998). Apart from confirming the multi-level cultural difference between Pacteria HQ and subsidiaries, the narrative accounts from the interviewees has shown that Chinese personnel, particularly those at operative and middle level, were heavily involved in delivery stage where the intensity, scale and scope of workflow interdependence was pretty high. Quite often, they had to communicate with different overseas stake-holders (i.e. on-site I.T. consultant, near-short technical leads, client representatives) via multiple channels almost on daily basis. Lack of direct participation from more senior or bi-cultural staff as 'lubricants', delivery staff at HQ who were young but

played an essential role of Pacteria global knowledge synthesis also suffered the most from cultural friction (Lou and Shenkar, 2011). In a number of interviews, informant became tearful when recalling their painful experience of preparing a project report in English. Some talked about feeling of contacting senior managers in US with a trembling voice. Exacerbated by cultural tendency on self-criticism (Kitayama et al, 1997), Chinese employees in HQ had reported more profound distress from cross-border collaboration than their subsidiary counterparts. This result resonates and extends Shenkar's (2001) critique on symmetry illusion of cultural distance by adding emotional state as an important contextual factor.

Similar to the findings from the subsidiary side, the qualitative data has shown the stress of cross-border knowledge transfer arises from perceived asymmetries of knowledge type, cost of knowledge seeking, language proficiency and communication style. For instance, Chinese staff in HQ felt 'mentally and physically exhausting' to interpret the slides from the subsidiary, 'uneasy' to initiate and maintain relationship with foreign colleagues, 'painful' to explain their ideas in a perfect English and 'struggling' to accept the different style of communication. However, based on cross-tabulation of these narratives with the organizational setting, it was what HQ staff thought of as 'culture' that gave rise to the particular tensions in the cross-border collaboration. Specifically, Chinese staff's preference of tacit knowledge were attributed to their habitual 'holistic thinking style', making a codified knowledge system with 'analytic logic' hard to implement. Different from 'knowledge network' in the subsidiary, Guanxi determined personal acquaintance, often legitimized by one's supervisors, was the normative way to seek advice. As an integral part of Guanxi dynamics (Buckley et al, 2006), Mianzi mandated exchange relationship shall follow the principle of 'keeping one's Mianzi' by trying to speak perfect English, 'giving other Mianzi' via a formal and respectable communication style, and 'protecting mutual Mianzi' by showing genuine care. On the whole, Chinese colleagues mixed

social-emotional concerns with the instrumental purpose of knowledge sharing, which most western employees found difficult to accommodate. These results echo the argument that a complete understanding of emotional experience requires a careful analysis of the culture-specific practice in which they occur (Kitayama, 2002).

Based on the same theoretical framework of emotion, narrative account of Chinese staff was further analysed along the key appraisal dimensions to identify the discrete emotions and their distinctive behaviour consequences. Table 7.2 summarized the type of emotions felt by HQ staff, situation where they arise and their perceptual, motivational and behaviour impact in knowledge transfer process. The data confirms but extends the key insights of the emotions in the subsidiaries from a cross-cultural perspective.

First, consistent with the subsidiary findings, emotion represents a personal assessment of cross-cultural asymmetries grounded in their own needs, goals and resources, thus providing stronger motivational force to drive the knowledge behaviour. For instance, when initiating a contact with a foreign I.T. consultant, 'fear' was felt by the Chinese employees who were relatively young, inexperienced and mostly in the junior level. They described the knowledge search as 'acting as mad mouse' because they did not know what to say or how to act in front of an intimidating foreign senior managers. 'Indebtedness' was reported by middle managers who believed their knowledge in I.T. outsourcing did not have equivalent value to reciprocate, thus creating more 'debts' if they continued to ask for advice. In contrast, 'challenge' was experienced by HQ managers with better understanding how their existing knowledge can benefit from foreign colleague's advice, thus treating it as 'courtship in romance'.

However, one of the interesting issues from the analysis of HQ data is that Chinese staff also cared about emotional welfare in cross-cultural business interactions. Coming from a high-context culture, they believed that emotion shall transform a cold, distant tie into a warm, close relationship. Thus, whenever possible, HQ staff tried to express their ‘friendliness’, ‘warmth’ and ‘respect’ via language use, signs, as well as communication style. In a similar vein, an emotional attending HQ staff were equally perceived as ‘genuine’, ‘virtuous’ and ‘worthy of unconditional helps’. Echoing the literature on emotions in the humane orientation cultures (House et al, 2004), these results suggest that emotion itself represents an important consideration for Chinese managers to engage in cross-cultural knowledge sharing.

Second, similar to the subsidiary personnel, emotions provide the Chinese staff heuristic to make sense of uncertainties, cope with stress and thus resolve the tensions arising from cross-cultural knowledge transfer. For instance, signalling the inadequate analytic skills, guilt helped the HQ staff to reduce the discomfort by reparative behaviour such as providing HQ updates or maintaining the relationship proactively. Shame protected the HQ staff from the situations where their English might be interpreted as a sign of weakness. Likewise, challenge motivated some managers to think of a cost effective way to initiate new contacts. Again, from the individual perspective, all these emotions facilitated the HQ staff to address the pressing issue or opportunities in knowledge transfer asymmetries although they might conflict with the company’s purpose of cross-border collaboration.

Despite the overarching adaptive goal, a closer analysis of HQ staff account reveals that the coping strategies evoked by the discrete emotions are cultural-specific. For instance, annoyed by the subsidiary managers’ overselling, delivery staff in HQ expressed their anger via a temporary silence in communication. In a culture where anger often disrupts social harmony

and long-term relationship (Markus and Kitayama, 1991), ‘cooling down’ a heated interaction represents a culturally effective strategy for the Chinese side to channel the hostility and maintain the ongoing cooperation. In contrast, given the need for self-assertion in the individualistic countries (Markus and Kitayama, 1991), angry from the subsidiary side were often expressed through direct confrontation with the trouble-maker or even escalation to his/her supervisor. Another example comes from feeling of indebtedness when HQ staff received an advice from their foreign colleagues. Although it is an unpleasant feeling, the urge to repay subsidiary’s colleague help with more favour reflects the behaviour principle of ‘face-give and face-saving’ in Chinese culture. For most of the subsidiary staff, however, feeling good is a natural reaction when expressing their gratitude for helps. These results suggest that emotional impact on knowledge transfer behaviour depends on specific the cultural context.

Third, the findings of HQ also reinforce the insight that meaning of emotional experience was determined by the individual’s cultural stance. In terms of valence, most of the identified emotions are negative about one’s knowledge codifying capability (i.e., guilt), not presenting a good self-image (i.e., fear of losing Mianzi), owing too much debt (i.e., indebtedness) as well as poor English skills (i.e., shameful). This results echo the view that with an interdependent selfhood, the desire to fit perfectly into a social standard gives rise to the prevalence of self-critical feelings in collective countries (Kitayama et al, 1997). A semantic analysis of emotion reactions also reveals that the fundamental intention of emotion-related action is to realize the meaning of selfhood in relation to significant others. For instance, the anger of HQ managers was evoked by foreign salesforce’s depreciation of the collective knowledge they were proud of. Compassion expressed by Chinese managers was geared to repairing a troubled collaborative relationship on behalf of their team. Thus, the Chinese employees are culturally predisposed to experience ‘other-focused’ emotions because of perception self as a relational,

self-critical and thus adjustment-driven being (Kitayama et al, 1997). On the other hand, ‘ego-focused’ emotions that emphasize individual self-interest, achievement and independence were also expressed by some Chinese staff. Talking about advice seeking, the feeling challenge was reported by the interviewee who perceived the benefits of potential career promotion overweighted the impression costs. Similar feeling was felt by the Chinese staff who believed English as a tool to express their idea rather than a criteria to scrutinize core self. Consistent with the view that personal factors moderates that influence of emotion norms within a culture (Markus and Hamedani, 2007), most of those employees had been living or studying in English-speaking countries.

Cross-tabulation of narratives from both HQ and subsidiary interviewees, however, further explains when and how individual emotional state might diverge from cultural propensity to certain emotions. Specifically, the data has shown that when the subsidiary managers have more resources (i.e., power, overseas experience, personal connections) to cope with cross-cultural asymmetries, they tend to experience ego-focused emotions (i.e., anger, frustration, excitement). While their existing resources are inadequate, they tend to feel other-focused emotions (i.e., resentment, hope, compassion). The HQ staff displays a reverse pattern. They tend to feel more self-focused emotions (i.e., challenge, guilt) than other-focused emotions (i.e., shame, compassion) when resources to cope with asymmetry is relatively high. Based on this pattern, it can be argued that in Anglo cultural cluster where self is influence-driven, national culture shapes the individual emotional states because the focal individual with adequate resource can better promote ‘influence goal’, thus asserting a true self in cross-cultural interaction. When the resources are below the baseline, individual goal of influence endorsed by national culture is less feasible. As adjustment for cross-interaction becomes more functional in this situation, other-focused emotions are more like to be experienced. Along the

similar line, in Confucian cultural cluster where self is adjustment-driven, culture shapes the individual emotional states because the focal individual with enough resources can promote 'adjustment goal' and thus fitting self to national norm. When the resources are above the baseline, individual can afford to pursue 'influence goal', thus expressing a more self-focused emotions. In that situation, individual cultural stance exerts more power in determining the actual emotional states. This argument is in line with the observation that anger is more likely to be displayed by people with high social status to show dominance in the collective countries (Park et al, 2013).

Taken together, this chapter has discussed the similarity as well as cultural variation of emotional experience arising from the cross-cultural knowledge transfer in Pacteria. In the lights of these findings, the next chapter will theorize the nexus of emotion and cultural friction in the international management context.

Table 7.2 Summaries of findings on emotion and MNC knowledge transfer from the headquarter perspective

Event	Trigger	Emotions	Outcome
Evaluation of the knowledge from and to HQ	Disparity of expected form of organizational based	<ul style="list-style-type: none"> . Frustration . Anger . Guilt 	<p>. Frustrated managers in HQ tend to doubt if their collective endeavour has been serving the company's overall foreign expansion strategy effectively</p> <p>. Evoked by the negative consequence of subsidiary's inaccurate assessment of HQ knowledge base, Angry managers tend to reduce the communication intensity to strike a balance between blaming and maintaining long-term cooperation</p> <p>. HQ staff who feel guilty of inadequate skill in codifying knowledge are more proactive to update subsidiary colleagues with HQ knowledge base.</p>
Knowledge seeking	Perceived face cost is above the normative baseline for knowledge	<ul style="list-style-type: none"> . Fear of losing Mianzi . Indebtedness . Challenge 	<p>. Fearful employees tend to delay or avoid contacting with their foreign colleagues even they are aware of the instrumental benefit of advice seeking.</p> <p>. In additional to the positive feeling of thankfulness, managers who felt indebtedness tend to reduce the perceived obligation to repay by avoid asking for knowledge.</p> <p>. Challenge motivates the managers to learn more about how to acquire value knowledge from their distant colleagues in a cost effective way</p>

Event	Trigger	Emotions	Outcome
Knowledge sharing	<p>Perceived disparity of explicit English proficiency</p> <p>Perceived contradictions of implicit communication style</p>	<p>. Shame</p> <p>. Challenge</p> <p>. Frustration</p> <p>. Compassion</p>	<p>. HQ staff who feel shameful of their English tend to withdraw from the interaction with the foreign colleagues and experience self-directed anger.</p> <p>. Challenge motivates the HQ staff to dedicate more time and effort to improve English for a more effective knowledge sharing</p> <p>. Frustration provokes self-doubt on the practical feasibility to build and maintain a quality relationship with foreign colleagues given the salient cultural distance.</p> <p>. Compassion drives the HQ manage to repair and keep a smooth work relationship disrupted by communication problems.</p>

Chapter 8: Discussion and Conclusions

The objective of this research is to explicate the nexus of emotion and cultural friction in an international business context. Intra-MNC knowledge represents an ideal empirical context where the individuals with diverse cultural background, interests and goals need to learn with and from each other. Therefore, it necessarily requires asymmetry of knowing in inter-cultural collaboration, thus eliciting various emotional reactions. Chapter 6 and Chapter 7 have provided the empirical evidence of individual emotional experience arising from ‘the knowing gaps’. This final chapter brings the previous findings together to unravel the fundamental sources, triggers, processes as well as consequences of emotions in the context of MNC knowledge transfer. On the basis of this discussion, a theoretical model of the linkage between emotion and cultural friction is proposed. Then it is followed by the theoretical, methodological and managerial implications from this model. This chapter ends with the statements of the limitations of this study and suggestions for further work to address them.

8.1. Main findings

In this section, the key findings are presented under the research questions that were set out in the beginning of the thesis.

1. How do the emotional states come out in MNC knowledge transfer process?

Psychological theories suggest that affective response arises when situation is perceived as relevant to a person’s major concerns, and there is uncertainty to solve the situation with one’s habitual mode of practice (Lazarus and Folkman, 1984; Roseman, 1996). As it is stressed by Oatley et al (2006), emotion reflects an individual’s relational understanding of the events over

time rather than his/her essential internal attributes. Thus, to unravel the source of emotionality arising from MNC knowledge transfer, it is vital to consider the nature of knowledge activities within the multinationals, and to analyse the interaction with the people involved.

As it was shown in previous chapters, the case company, Pactera, is the largest IT service company in China, employing more than 20,000 staff in 15 major cities in the world. The competitive advantage of Pactera lies in its signature ‘hybrid delivery mode’ where a group of geographically, culturally, functionally and hierarchically differentiated knowledge workers need to collaborate with each other to ensure a timely delivery of the assigned project. Guided by ‘the agile principle’ where sequence of software development are executed simultaneously, the cross-site collaboration (i.e., onshore, offshore and nearshore) mandates a large amount of knowledge that are specific to project and overall service capabilities to be transferred in a cost-effective way. This echoes the view that the prime source of MNC innovation derives from the synthesis of knowledge originating in a diverse locations (Buckley and Carter, 1996; Kogut and Zander, 1993).

Acknowledgement of the importance of intra-MNC knowledge transfer has led Pactera to initiate a number of knowledge management programs. Among them was to index the acquired knowledge from 117 successful projects on a SAP-supported platform where staff can easily access what they were looking for. However, the underlying assumption in the literature is that knowledge is objective, concrete and independent from human subjectivity. Like information or data, once properly classified (i.e., tacit/explicit, individual/collective), the knowledge will automatically and uniformly flow ‘from units that are relatively knowledge-rich to units that are relatively knowledge poor’ (Noorderhaven and Harzing, 2009, p.722). This ‘hydraulic

perspective' of knowledge management does not fully address the real challenge as well as opportunities within Pactera's global delivery mode. First, it is assumed that the company's knowledge base is universally evaluated once being converted to an explicit and standardized form. The evidence from the current study shows that the perceptions of knowledge taxonomies varied significantly between Pactera HQs and foreign subsidiaries. For example, the subsidiary managers believed that what constituted the most valuable knowledge was kept tacit within the specific groups in the Chinese HQs, whereas the Chinese side perceived document-based knowledge provided by the foreign counterparts as too abstract to solve the practical issues. It confirms the view that what makes knowledge 'tacit' and knowledge transfer 'sticky' are determined by individual's subjective judgement rather than a detached classification from the above (Tsoukas, 1996; Cook and Brown, 1999). Second, the preoccupation with the technical side results in an oversight of human side or the micro-foundation of MNC knowledge transfer (Foss and Pedersen, 2004). As the data have shown, the issues of what 'knowledge' needs to be transferred, when it should to be shared with whom, and how it is going to be used are fundamentally decided by the individuals with diverse motivation, preference, and ability. Consistent with the emerging knowledge governance literature (Foss et al, 2010), the research highlights that understanding the individual's decision making process forms the pre-condition for informed intervention for MNC knowledge transfer. Finally, controlling the individual subjectivity via a standardized, technology-enabled codification process ironically undermines the competitive advantage that MNC knowledge transfer entails. Effective knowledge sharing requires individual to develop an appreciation of the tacit assumption and values on which knowledge of others is based. This 'perspective-taking and perspective making' typically mandates social interaction among managers from different units of Pactera via online WebEx meeting, audio/video conference, on-site visits as well as informal communication (Boland and Tenkasi, 1995). Rather than a facilitating conduit for knowledge flow shared by many IB

scholars (e.g., Bjorkman et al, 2004; Gupta and Govindarajan, 2000; Szulanski, 2000), regular cross-site interaction enabled the managers to better assess their foreign counterpart's knowledge repertoire, improve the positive impression of one's own ability as well as enhance mutual trust for long-term collaboration. These findings echoed Noorderhaven and Hazing's (2009, p.736) observation that 'knowledge worth transferring and integrating originates in the coming together of disparate MNC units'. In this sense, Pactera's over-reliance on technology-driven global innovation strategy mistakenly reduces the opportunities as well as the felt needs for social interactions.

In sum, similar to mainstream knowledge management literature, Pactera's assumption of knowledge as liquid-like entity and technology-focused managerial intervention only captures 'tip of the iceberg' of knowledge integration in the global context (Nonaka and Takeuchi, 1995). It misses the point that to be actionable, knowledge is inseparable from human subjectivity (i.e., values, beliefs, preferences, feelings) that is informed by a particular context. Instead of making knowledge unmanageable as assumed by Alvesson and Kärreman (2001), this personal, context-bound and tacit quality is precisely what makes knowledge transfer 'a higher order organizing principles' of firm's foreign operations (Kogut and Zander, 1993). As stated by Bartlett and Ghoshal (1989, p.24), 'the ability to learn and appropriate the benefits of learning in multiple national markets differentiated the winners from the losers'. Thus, a deeper understanding of Pactera's global knowledge activities, particularly the individual emotional states during the transfer process, calls for a 'contextualized' approach which accentuates human agents, their interactions and their embeddedness within local environments (Cramton and Hinds, 2014).

Based on epistemology of knowledge as ‘knowing in practice’ (Cook and Brown, 1999), the culture-context approach can shed more light on what remains largely hidden but critical in Pacter’s global innovation (Zaidman and Brock, 2009; Hong et al, 2006; Holden, 2002). This approach centres on the idea that knowledge is (re)created through individual’s active participation or ‘knowing’ in day-to-day work practices (Yanow, 2004), and resides within a specific sociocultural environment (Michailova and Hutchings, 2005). In the case of Pacter, the company needs to demonstrate core competences in human resources, project management and client service to deliver the outsourced work for the customers. Like knowledge-based service firms in general, such knowledge is primarily acquired and evolved through the vendor’s repeated interactions with various domestic and international clients (Levina and Ross, 2003). This learning process appears to be more important for Chinese vendors that are in the early stage of their service portfolio. As the data show, the key motivation of Pacter’s overseas investment was to move up the IT service value chain by expanding their client bases into more advanced markets. At the same time, the clients from different markets displayed different patterns in the practice for organizing the outsourced I.T. work with Pacter. These practices were significantly shaped by the business system and cultural tradition in the client’s country or region of origin.

For Pacter’s Chinese HQs, the main clients came from state-owned enterprises in banking and financial sectors. The primary reason for outsourcing was to leverage Pacter’s accumulated technical expertise unavailable within their own I.T. departments. Thus, the projects typically involved a full-scale I.T. services from software testing, business process support, marketing/sales solution and strategic consulting. Given ‘vendor management system’ still remained embryonic for most Chinese firms (Pyke, 2000), the governance of the contracted work tended to be unstructured, ad-hoc and subject to changes. They often cared about the end

results without too much interest in service process development. In the absence of a systematic approach, ‘Guanxi’ took on greater importance in vendor selection, contract negotiation, monitoring process and outcome evaluation. For example, strong personal relationships with Chinese government officials had ensured a steady and massive 40% annual increase in Pactera’s service for Chinese banking sector in 2013 (IDC, 2014). The flip side was that some business unit almost lost entire the contracts and project-related knowledge soon after the key project leaders had left.

For Pactera subsidiaries in US, Europe and Australia, the key clients represented the well-established Western MNEs that had significantly global foot-prints. The purpose was more geared to cost saving, followed by the need to improve management efficiency and access high-skill technical staff (Levina and Ross, 2003). Thus, the scope of outsourced work can range from low-end software testing to high-end business consulting. In contrast to Chinese clients, Western firms had developed a mature outsourcing governance practice from their interactions with Indian vendors, and aimed to replicate these ‘best practices’ in China. As the qualitative data suggest, the western clients expected Pactera I.T. engineers to demonstrate a sufficient delivery capability at the beginning of the contract to guarantee relatively immediate benefits. They issued a detailed, higher-level and even demanding requirement for Pactera staff’s technical qualification, task execution and customer interaction. Consistent with Western firms’ institutionalized managerial practices, the outsourcing relationship with Pactera was more instrumental, strategic and task-specific. For instance, the bidding for new projects primarily relied on competitive terms and conditions rather than existing relationships. The final payment could not be made until the submission of the expected report even the project managers had been working side by side with the clients.

Given Pactera China HQs and foreign subsidiaries were delivering the distinctive outsourcing service for their local customers, they could be conceptualized as ‘intra-firm communities’ where the staff within the units not only developed a stock of common knowledge or what is known (Buckley and Carter, 2003), but also shared repertoire of artefacts, language, value and identity or a common thought-world of how it is known (Zaidman and Brock, 2009). While the knowledge base of Pactera HQ and overseas units was interdependent for cross-site service delivery, much of the knowledge within these organizations was socially constructed, and that its transfer was constrained by the conflicting norms embedded in different social-cultural structures (Hong et al, 2009; Becker-Ritterspach, 2006). The results from Chapter 6 and Chapter 7 have further specified the social embeddedness of MNC knowledge along 4 dimensions.

The first dimension is the degree of tacitness regarding to the dominant form of knowledge base. Overall, the projects Pactera foreign subsidiaries undertook involved a mature software development plan and considerable end-user interactions. The I.T. engineers based their skills in proposing a concrete solution to address client’s complex business issues, executing a rigorous methodology to achieve the targets, and analysing the current or final status of the project. Underlying these skilful performance is the ability to go beyond the specific situations to draw generic and applicable working knowledge (Schon, 1983). According to Bosch (2004), such expertise is linked with professional I.T. training in the West, which attaches high value to theoretic and abstract ‘software architecture knowledge’. The preference for I.T. conceptual knowledge further dovetails high-end consulting operations where a set of generic design models is essential to anticipate and accommodate the client’s diverse needs (Garud et al, 2006),

and the Western cultural propensity for analytic mode of thinking (Nisbett et al, 2001). As a result, the knowledge base in Pactere foreign subsidiaries was relatively rational, self-describing and codified in ‘models’, ‘diagrams’, and ‘documents’. In contrast, the work undertaken by China HQs was not as structured and demanding as those delivered by the foreign subsidiaries. The ambiguous nature of the project, sheltered by the strong Guanxi, granted the software developers ‘a safety net’ to try and explore different problem-solving skills. Qualified project managers often built their technical expertise and concrete industry knowledge over years of collaboration with particular clients. The skill formation of HQ staff was closely associated the fact that formal education in I.T.-related subjects was still too broad in Chinese universities, and most professional skills developed through on-the-job training, interactions with senior colleagues, and the specific requirement of the assigned work (Jones, 2009; Pactera CRS report, 2014). Coupled with the cultural predisposition for associative mode of thinking (Nisbett et al, 2001), the knowledge base of Pactera China HQ was relatively judgmental, context-bound and residing in ‘personal experience’, ‘projects’ and ‘relationship with other colleagues’.

The second dimension is the pattern of knowledge distribution that determines the method of knowledge seeking. Given the model of work in Pactera subsidiaries was highly structured, job responsibility and functional specialization were clearly delineated at the beginning of the project. The rationale was to make best use of the talents or expertise in their specific domains, and individual employee shall be evaluated by his/her own contribution to the project. Accordingly, software development was often led by a small number of experts who carried out their expected work on different physical premises. For example, presales with industry-domain expertise often visited different clients to explore potential business opportunity whereas software programmers stayed in lab to convert the identified client needs into technical models. Reinforced by individualistic value of self-independence (Bhagat et al, 2002), the work

practice in Pactera subsidiaries encouraged the formation and concentration of specialized knowledge at the individual level. As the result, knowledge seeking was primarily guided by the information about ‘job requirement’, knowledge provider’s qualification, as well as ‘time and effort to approach these experts’. The staff in Pactera China HQs faced a different situation where most knowledge was diffused within the group. Given the open-ended nature of the domestic projects, I.T. engineers must work together to provide the entire range of technical solutions from lower-end testing, maintenance and support to higher-ender design, planning and consulting. Thus, the domestic delivery team was much larger and fluid, consisting of members with diverse backgrounds. Knowledge flows through intensive social interaction where new-comers gradually became a trustful ‘in-group’ members and expanded personal connection or ‘Guanxi’ with other knowledgeable team mates (Michailova and Hutchings, 2006). Furthermore, given the acceptance of hierarchical arrangement in Chinese business (Hofstede, 1980), the supervisors had the ultimate power to decide what and when valuable knowledge was transmitted. In turn, the subordinates were willing to accept such behaviour in order to show loyalty and give ‘face’ to their leader. A good example is the HQ staff preferred including the name of team leader to make the information request more legitimate and effective. As the result, knowledge seeking in Pactera Chinese sites primarily followed the principle of ‘in-group/out-group distinction’, ‘personal Guanxi’ and ‘appropriate behaviour rule with one’s supervisors’.

Third dimension was related to language and communication style that significantly influence how knowledge should be shared. A competitive strength for the delivery team in Pactera China HQs derived from the language similarity with their key clients in mainland China. Speaking common language, Mandarin, allowed the team members to better appreciate the taken-for-granted meaning that underpinned tacit side of information (Holden and Glisby, 2010), and

sustained a strong trust-based tie for sharing complex knowledge (Hansen, 1999). Pactera China HQs had already exploited this linguistic advantage in neighbouring Asian markets such as Taiwan, Singapore and Malaysia where there was a strong language affinity. Although the adoption of English as Pactera corporate language was promoted from the top, most HQ staff felt natural and easy to speak Chinese, their mother tongue, to share their ideas. As the data have shown, English only played a role in their peripheral work such as writing up a case study for the company's marketing purpose, referring some latest industrial/technical reports from the West, or passing through once-a-year language test. This is also related to the current Chinese education system where English is mainly taught for passing essay-based exams. Graduates from Chinese universities or college are good at writing and reading English, but few are fluent English speakers (Jones, 2009). Behind common language of Mandarin is the critical but unspoken 'communication code' on how knowledge should be shared (Henderson, 2005; Scollon and Scollon, 1995). For instance, while a 'friendly', 'informal' and 'agreeable' genre was deemed appropriate in peer-to-peer communication, a more 'formal', 'respectable' and 'humble' tone was required when supervisors joined in. The unspoken code of knowledge sharing was 'Mianzi dynamics' based on different types of communications. This is in line with Buckley et al (2006)'s argument that saving and giving each other 'Mianzi' is fundamentally important in decoding cultural characteristics of knowledge sharing in China. Taken together, the language assessment of Pactera Chinese HQs has shown that knowledge was mainly shared through Mandarin along with 'Mianzi' as principle communication code. Regarding to Pactera foreign subsidiaries in US, European and Australia, most of staff were either native English speaker or bilingual with a professional level of English proficiency. English by default became a daily language spoken at and outside workplace. Given that the I.T. service industry was still dominated by clients and vendors from English-speaking countries (IAOP, 2014), this language competence clearly privileged subsidiary personnel in

identifying the latest qualifications they need to acquire, learning ‘best practices’ from the competitors, and interacting with the Western companies to clarify their goals and priorities. Furthermore, instead of seeing English as a second corporate language, most foreign staff claimed that good English fluency was part and parcel of what Pactera must display as a global IT service provider. As the company was aiming for higher-end consulting service, speaking English would be a basic professional requirement for all the staff. The emphasis on English can be explained in the light of standard assessment of vendors from emerging countries predominantly set up by the English-speaking clients and industrial organizations. Accompanied by English as *lingua franca* is the ‘utilitarian’ communication code for knowledge sharing (Zaidman and Brock, 2009). A ‘fast’ ‘clear’ and ‘direct’ style was expected to fulfil the instrumental purpose of knowledge sharing: ‘get the message across’. The preference for low-context communication in individualistic cultures further reinforced the legitimacy of ‘utilitarian’ code (Hall and Hall, 1990). Therefore, compared to Pactera China HQs, knowledge was mainly shared through English among the subsidiary personnel with a salient ‘utilitarian’ code of conduct.

The fourth dimension is relative position in service value chain that influences application of the transferred knowledge. The qualitative data has shown that over 70 percent of staff in Pactera China HQs were graduates from local universities in their 20s or 30s (Pactera CRS Report, 2013). Most of them were still learning both technical and business skills under the guidance of their supervisors. Thus, in global collaboration with their foreign counterparts, they were often assigned with lower-end or ‘traditional outsourcing’ work that only entailed elementary software skills, few methodological requirements, and limited client-facing interactions. Exploiting their capabilities in handling labour-intensive work, following the order and cost-saving became more important for timely delivery. Linked with the nature of outsourcing work, performance was assessed by the number of billable I.T. staff rather than

individual knowledge input. Even they developed a good idea, the strong collectivism in Chinese culture made them unwilling to deviate from the accepted practice. In this sense, neither extrinsic motivation nor intrinsic motivation was sufficiently high to absorb new ideas (Ryan and Deci, 2000). For instance, when asking about the application of foreign knowledge, most front-line staff identified themselves as ‘programmer’ whose main job was to ‘follow what supervisors asked them to do’. In parallel, managers often evoked ‘outsourcing is the gene of Pactera’ mind-set to discount the relevance of the overseas ideas to the Chinese context. In contrast, subsidiary personnel had significant experience in software development and industry-domain knowledge. They often engaged with higher-end or consulting work that involved high technical standard, rigorous methodology and demanding client interaction. Exploring the latest technology, scale up software development process and customize interaction with end-users represented key components to offer consulting service (Garud et al, 2007). Instead of counting ‘head’, performance evaluation ultimately counted on ‘mind’ of a group of experts to solve the client’s business issue. At same time, reflecting self-enhancement in the individualist cultures, personal goals such as ‘career development’, ‘ambition to make positive changes’ or ‘preference for challenging job’ also intrinsically propelled subsidiary personnel to embrace new idea (Ryan and Decis, 2000). Thus, when asking their views about innovation, most frontline staff positioned themselves as ‘consultant’ who can ‘offer state-of-art business solutions for the clients’. In parallel, senior managers often adopted ‘consulting is the future of Pactera’ motto to push forward new ideas within the organization.

In sum, knowledge in Pactera was locally embedded in particular industrial, business, professional and social-cultural context. The socially constructed nature of knowledge gave rise to the norms, values, and assumptions that underpinned four different aspects of knowledge integration activities within specific Pactera units, and much of them remained tacitly known

(Yanow, 2004). The multiple layers of local norms, institutions and conditions, in turn, made the cultural difference of cross-site knowledge transfer more salient and persistent for the individuals, setting the stage for the emotionally charged struggle to resolve the gaps.

When Pactera's global delivery mode brought HQ and subsidiary staff working together, the asymmetries among the take-for-granted habitus of 'knowing' became salient points of frictions (Bourdieu, 1977), and clearly felt by the individuals as inter-cultural anxiety, distress and tension (Stephan and Stephan, 1992). On the subsidiary site, interviewees were feeling 'stressful' when making sense of the knowledge base that had been largely kept uncoded, 'grappling' with ad-hoc, person-to-person way to identify contact person, 'unnatural' as their mother tongue, English, required improvement to work better in the company, and 'stressful' while pushing forward a well-thought business solution in HQs. Similarly, the employees on the HQ site felt 'mentally and physically exhausting' to interpret the information from the subsidiary, 'uneasy' to initiate and maintain relationship with foreign colleagues, 'painful' to explain their ideas in English and 'struggling' to accept the different style of communication. All these experiences echo the classic finding of psychology that perceiving an event that is discrepant from one's normative beliefs and behaviours leads to cognitive dissonance felt as negative affect (Festinger, 1957).

However, cross-tabulation analysis of two sides reveals two additional findings that extend psychological theory of dissonance in the cross-cultural context. First, confronting the same disparities in knowledge transfer, HQ staff reported more negative feelings with longer duration compared to their subsidiary counterparts. This emotional asymmetry can be explained in the light of the interaction between knowledge transfer context and social-cultural

characteristics of the participants involved. Specifically, the HQ staff often found themselves in cross-border collaboration with more ‘drag’ parameters amplifying cultural friction (Luo and Shenkar, 2011). Quite often, they were heavily involved in the delivery stage where the intensity, scale and scope of workflow interdependence was pretty high. They had to face or interact with different overseas project participants (i.e., on-site IT consultant, near-short technical leads/team, client representatives) via multiple channels almost on daily basis. Exacerbated by cultural tendency on ‘self-criticism’ (Kitayama et al, 1997), Chinese employees in HQ were more subject to profound distress from the dissonance of knowledge transfer. In contrast, subsidiaries were often in the transfer situation with more ‘lubricants’ softening the cultural friction. Although they might also be involved in the delivery stage, working in the higher service value chain gave the subsidiary staff relatively more autonomy to decide ‘who’ and ‘when’ they want to interact with. For instance, when finding their Chinese counterpart lacking English fluency, some subsidiary employees cut off the relationship straightforward or directly appointed a Chinese staff in HQ to do the translations. Facilitated by cultural value on ‘self-enhancement’ (Kitayama et al, 1997), the initial negative feelings might be modified or re-interpreted positively. Taken together, these findings indicate that in the context of inter-cultural collaboration, the negative feelings evoked by the dissonance are unevenly distributed to the collaborators.

Second, both HQ and subsidiary staff attributed ‘culture’ or ‘cultural difference’ to the particular tensions along the disparities of knowledge transfer. A closer analysis of qualitative data reveals that the fundamental source of felt anxiety are either performance-based or identity-based. Specifically, the tension around knowledge base primarily centred on the conflicts between ‘analytic thinking skills’ and ‘associative thinking skills’, the ‘discomfort’ with knowledge seeking derived from different perceptions of self. Similarly, whereas the

'plight' with using a foreign language was related to level of language proficiency and understanding of the discursive convention, 'clash' about knowledge application originated from divergence between 'outsourcing' and 'consulting' mind-set. As argued by Sanchez et al (2000), cross-cultural interaction tends to be emotionally demanding because individual must produce the behaviours that may be ambiguous or inconsistent with his/her deeply ingrained values, beliefs and norms. This study extends this insight by showing that the source of felt tensions in cross-cultural interaction derives from individual identity conflict and performance conflict when they attempt to modify their behaviour in the foreign context.

2. How and what types of emotions are experienced by the individuals during the process of intra-MNC knowledge transfer?

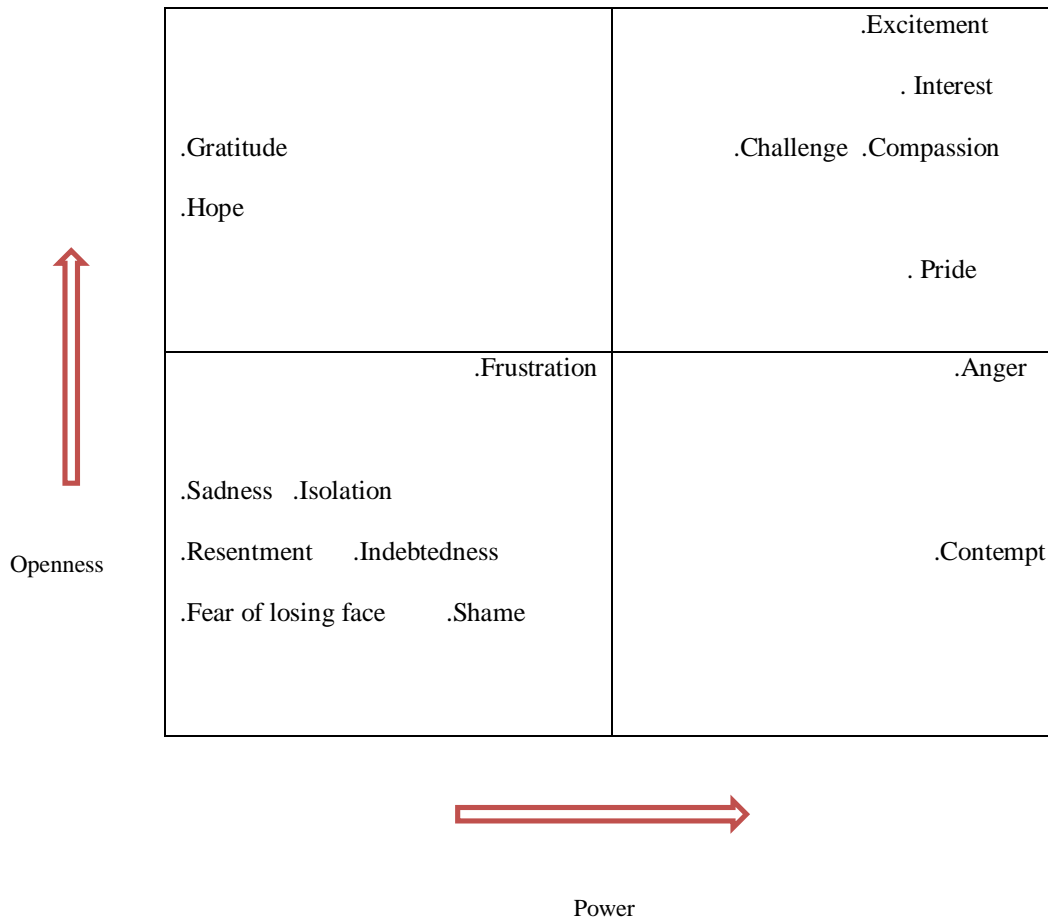
As already discussed in the previous section, the dissonance arising from the asymmetry of 'knowing in practice' between Pactera HQ and foreign subsidiaries was subjectively experienced as negative affective state. Instead of being an impediment, the analysis of qualitative data indicates that the felt tensions actually prepares the actors to pay more attention to these divergences, a precondition to resolve and leverage them later. For instance, the interviewees from both sides mentioned that the feeling of uneasiness made them more 'aware of' or 'expectant about' cultural differences although they could not fully anticipate which differences would become the centre of tension in the upcoming collaboration. This is consistent with a group of psychological studies (Casciaro et al, 1999; Staw et al, 1994; Schwartz, 1990), showing that negative mood signals the existence of a potential problem in the environment that requires individual systematic information processing. Good mood, on the other hand, indicates all is going well, and attention or effort is not required. Previous studies have also shown giving up habitual conduct and learning a new one is an effortful,

demanding and often unpleasant process because of cognitive, identity and social costs (Weick, 1990; Brown and Starkey, 2000; Lee, 1997). There is, therefore, little opportunity for learning to occur unless the individual feels a strong need to break away from the existing habitus (Argyris and Schon, 1996). Given cross-cultural knowledge exchange inevitably involves the conflicts with participants' deep-ingrained identity and performance, the 'tensions' arising from these twin conflicts provides a felt need or 'creative force' to deal with the constraints of MNC knowledge transfer (Maitlis et al, 2013). Again, this observation reflects the adaptive nature of human emotions although it does not necessarily mean they are always functional (Harmon-Jones, 2000). For example, too much negative feelings would paralyse thought process, deplete cognitive resources and redirect attention away from facing events to emotion itself (Loewenstein and Lerner, 2003).

Rather than a simple response of 'flight and fight' proposed by some scholars exploring the emotional side of knowledge transfer (i.e., Levin, 2010; Casciaro and Lobo, 2008; Empson, 2001), the analysis of qualitative data further suggests that emotions generate more flexible and meaningful assessments of social-cultural asymmetries arising from MNC knowledge transfer. To explore the role of emotion in producing this variation, the study draws on the appraisal theory of emotion that links individual evaluation of events with type of the felt emotions to those events (Ellsworth and Scherer, 2003). To elaborate, the general feeling of 'tension' reported by the individuals became more distinctive as it intricately interacts with the sense-making process. Different from the cognition of perceived 'situational cues' (Weick, 1995), emotions represent 'a personal barometer' by which the individuals evaluate the external divergence of MNC knowledge transfer in the relation to their internal configuration of needs, goals and resources. In the light of six core appraisal dimensions suggested by emotion theorists (Smith and Ellsworth, 1985), the qualitative data reveal the pattern of the assessment takes

place around two streams of meaning-making process. The first stream includes ‘the certainty with the cause of cross-cultural difference in knowledge transfer’, ‘relative valence toward cross-site collaboration’, ‘the attention given to the knowledge transfer’. Together, their configuration more or less indicate the degree of perceived openness toward cross-cultural interaction. The second stream consists of ‘functional/hierarchical position’, ‘social connections with domestic and foreign colleagues’ and ‘technical and industrial competence’. The gestalt of these factors implies the degree of power the individual possesses in the given MNC. The interaction between ‘Openness toward cross-cultural interaction’ and ‘individual power in the MNC’ generate different types of emotions, providing an ‘individualized meaningful analysis’ of challenge and opportunity in sharing knowledge with his/her overseas colleagues (Frijda, 1986, p. 193). For instance, emotions such as interest, challenge, pride tended to be felt by senior or middle managers in Pactera with sufficient international experience. They believed they could overcome the knowledge transfer barriers via their personal connection, competence and position in the company. In contrast, sadness, fear and resentment were more frequently experienced by the front-line employees with limited foreign experience. The lack of cultural skills or resources made them feel cross-site collaboration more difficult to participate. Figure 8.1 represents a typology of emotional states emerged from MNC knowledge transfer.

Figure 8.1: typology of discrete emotional states in MNC knowledge transfer.



3. *How does individual cultural background influence the emotional experience during the process of intra-MNC knowledge transfer?*

The analysis of qualitative data suggests while individual appraisal of ‘power’ and ‘openness’ determine the type of emotions, the meaning of emotions which predicts what people think, feel and do is more culture-specific. For instance, in Pactera foreign subsidiaries, ‘the valence of identified emotion toward cross-site collaboration’ (i.e., positive or negative) was closely associated with whether or not the interviewees had accomplished their personal objectives. In contrast, valence of experienced emotion in Pactera China indicated if the goal of meeting a social expectation had been achieved or not. Similarly, previous experimental studies in the

neuro-science demonstrate the strong correlation between arousal in autonomic nervous system and attention activity triggered by the emotions (Levenson, 1992). Lending more empirical support, the qualitative data have shown subsidiary staff displayed more high-arousal emotions and thus more emotional energy to deal with knowledge transfer disparities than their counterparts in China HQs. Together, these findings confirm ‘the universal contingency hypothesis’ in cross-cultural study of human emotions: the core appraisal dimensions of emotion are universal, but use of those dimensions can vary substantially across cultures (Mesquita and Ellsworth, 2001).

The analysis of qualitative data further confirms the individual perception of self or ‘mode of being’ (Kitayama et al, 2007, p. 137) plays a significant role in cultural variation of emotional experience. Specifically, in Pacteria US, European and Australian subsidiaries where individual’s ‘mode of being’ is characterized by ‘the independent self-construal’, staff perceived themselves as self-determining, ambitious, change-driven ‘I.T. consultant’. They were motivated to assert their internal attributes such as expertise in technical and managerial domain, personal achievement in generating sales revenues as well as individual potential to change the organization. As a result, they tended to feel ‘excitement’, ‘pride’ and ‘challenge’ when they achieved the objective, but ‘frustration’, ‘anger’ and ‘sadness’ if something blocked their plan. This observation is consistent with previous findings that individuals in the Western countries are more likely to have ‘ego-focused emotions’ to fulfil their independent self of being (Tsai, 2007). In contrast, in Pacteria China HQs, where individual’s ‘mode of being’ is characterized by ‘the interdependent self-construal’, staff perceived themselves as group-oriented, modest, adjustment-seeking I.T. ‘outsourcing programmer’, They cared more about relational attributes such as self-development via social interaction, fulfilment of collective goal and personal relations with team members. Given that, feeling of ‘gratitude’, ‘contentment’

and 'lucky' were more likely to happen when their objectives were met but 'shame', 'fear of losing face' and 'self-anger' emerge if they failed to do so. This observation echoes previous findings that individuals in the Asian countries are more likely to have 'other-focused emotions' to reinforce their independent self of being (Tsai, 2007). Taken together, cross-tabulation of narratives from both HQ and subsidiary interview demonstrates the 'mode of self' underlies the systematic variation of 'emotion norms' in different cultures (Eid and Diener, 2001).

Meanwhile, the qualitative data clearly show the deviations from the national feeling norms. Some 'other-focused' emotions such as 'compassion' 'resentment' and 'hope' were reported by the subsidiary staff in the West. Similarly, 'self-focused' emotions including 'guilty', 'challenge' also happened to the HQ staff in China. The divergence from the national feeling was often explained with the argument that personal variables moderate how much an individual would internalize the national culture regarding emotional experience (Eid and Diener, 2001). However, the fundamental mechanism that explains when and how individual emotional experience diverge from national feeling rules is missing (Mesquita and Leu, 2007). To this end, the current study suggests 'situational norm' provides a better explanation of emotion norms in a culture. Specifically, in Anglo cultural cluster where self is influence-driven, national culture shapes the individual emotional states because the focal individual with adequate resource can better promote 'influence goal', thus asserting a true self in cross-cultural interaction. When the resources are below the baseline, individual goal of influence endorsed by national culture is less feasible. As adjustment for cross-interaction becomes more adaptive in this situation, other-focused emotions are more likely to be experienced. Along the similar line, in Confucian cultural cluster where self is adjustment-seeking, national culture shapes the individual emotional states because the focal individual with normative resources can implement 'adjustment goal' and thus fitting self to national norm. When the resources are

above the baseline, individual can afford to pursue 'influence goal', thus expressing a more self-focused emotions. In that situation, individual cultural stance exerts more power in determining the actual emotional states. This argument is in line with the observation that anger is more likely to be displayed by people with high social status to show dominance in the collective countries (Park et al, 2013). Taken together, the emotional experience is determined by individual's situated cultural stance that involves a dynamic interaction between macro-level cultural system and micro-level Self system (Markus and Hamedani, 2007; Caprar et al, 2015).

4. How does emotional state influence individual cross-cultural knowledge transfer behaviour within MNC?

It has been argued that emotions, even those negative ones, inform the individuals the impending problems or opportunities (Ekman, 1992), allow flexibility in response to event interpretation and behaviour choice (Scherer, 1984), and provide heuristic to regulate individual relationship with the social environment (Keltner and Haidt, 1999). However, few empirical studies have investigated the emotion's consequence on human behaviour outside lab environment or went beyond general positive/negative feelings (Gooty et al, 2009). To the best of the researcher's knowledge, this study provides first empirical evidence of emotional influence on individual knowledge transfer behaviour in MNC context. The analysis of qualitative data has suggested that emotions provide the individuals the short-cut to address the asymmetries of MNC knowledge transfer in the way that is consistent with the adaptive theme of the experienced emotion. This heuristic becomes more important for the individuals to make an informed decision and judgement as a result of the uncertainty of knowledge re-contextualization (Brannen, 2004). For instance, since the information of contact person was

not sufficient, anger evoked by the HQ colleagues' ignorance for help motivated focal managers to use more direct communication method such as skype, phone call or even escalation to their supervisors. When this strategy failed to getting the information in need, prejudice associated with the feeling of contempt signalled the managers 'moving away' from those unhelpful colleagues. Similarly, whereas shame protected the HQ staff from the situations where their English might be interpreted as a sign of weakness, challenge motivated HQ managers to think of a cost effective way to initiate new contacts. From the company's point of view, the emotions, particular negative ones, appear be 'irrational' as they might discount the value of tacit knowledge (Anger), breed suspicion towards knowledge provider (Resentment), amplify the threat from cross-border collaboration (Isolation) and instigate premature withdraw from knowledge application (Sadness), they are fundamentally 'rational' for the individuals to address the specific cross-cultural asymmetry in relations to their own goals, preference and resources. Given this 'relational' characteristics, emotion entails stronger motivational force and thus better explain heterogeneity of individual cross-cultural knowledge behaviour than cognitive feature such as absorptive capability (Cohen and Levinthal, 1990), tolerance for ambiguity (Szulanski, 1996), problem-solving style (Bhagat et al, 2002). For example, although both acknowledged Pacter's knowledge base should be more revised, the managers who experienced challenge made more personal effort to bring the real change than those hopeful colleagues. This result confirms that argument that emotion is always 'a response to meaning' and cognition act as a precursor to emotional response (Lazarus, 1991, p.824).

Meanwhile, the analysis of qualitative data has found the argument 'for' or 'against' emotions in the management are over-simplified. One example is feeling of indebtedness when HQ staff received an advice from their foreign colleagues. Although it is an unpleasant feeling, the urge to repay subsidiary's colleague help with more favour reflects the behaviour principle of 'face-

give and face-saving' in Chinese business culture. For most of the subsidiary staff, however, feeling good is a natural reaction when expressing individual appreciation for helps. As a result, they found feeling of indebtedness both unnecessary and disruptive in knowledge seeking. Similarly, as a negative emotion, angry staff in subsidiary blamed HQ staff for 'being lazy' with knowledge codification, 'deliberately neglecting plead for help' and 'poor working attitude'. Once the source of anger was correctly identified, anger can improve cross-site relationship by providing the individual a sense of control to change the situation. The above results suggest that emotional influence on individual organization behaviour depends on specific socio-cultural context (Gooty et al, 2009).

8.2. The linkage between emotion and cultural friction in the context of intra-MC knowledge transfer.

Based on the above discussion, this research proposes a process model of the relationship between emotion and cultural in intra-MNC knowledge transfer (see Figure, 8.2). It seeks to shed more light on the micro-foundations of in cross-cultural business interaction by examining critical but under-explored the 'emotional reactions to other cultural groups' (Leung et al, 2005, p.360). The framework suggests that managers and employees are embedded in local sets of meanings, norms, habits, and conditions. Any foreign interaction inevitably involves a degree of deviation from culturally learned behaviours encoded in the form of 'scripts' (Gioia and Poole, 1984). Cross-cultural business interactions, however, require a more deliberate, conscious and even imposed deviation from one's comfortable zone. For instance, effective MNC knowledge transfer not only needs the staff to communicate their ideas via appropriate language with right style, but also to appreciate each other's value, belief and assumption to transfer the tacit knowledge (Buckley et al, 2005). Thus, when foreign managers and

employees attempt to interact with local business partner, they must perform a set of novel business actions that conflict to their habitus or ‘performance conflicts’, and to accommodate a set of taken-for-granted assumptions that contradicts their socialized value system or ‘identity conflicts’. Subjectively experienced as negative affective states, these twin conflicts propel the individuals to pay attention to, interpret and seek to address the felt tensions arising from the actual contact with different social-cultural system. This is consistent with psychological research showing negative affective states prompt individuals to attempt to reduce their tension by engaging in coping processing (Duhachek, 2005). From this perspective, ‘the identity conflict’ and ‘performance conflicts’ represent underlying source of emotionality felt by foreign managers and employees in cross-cultural encounter.

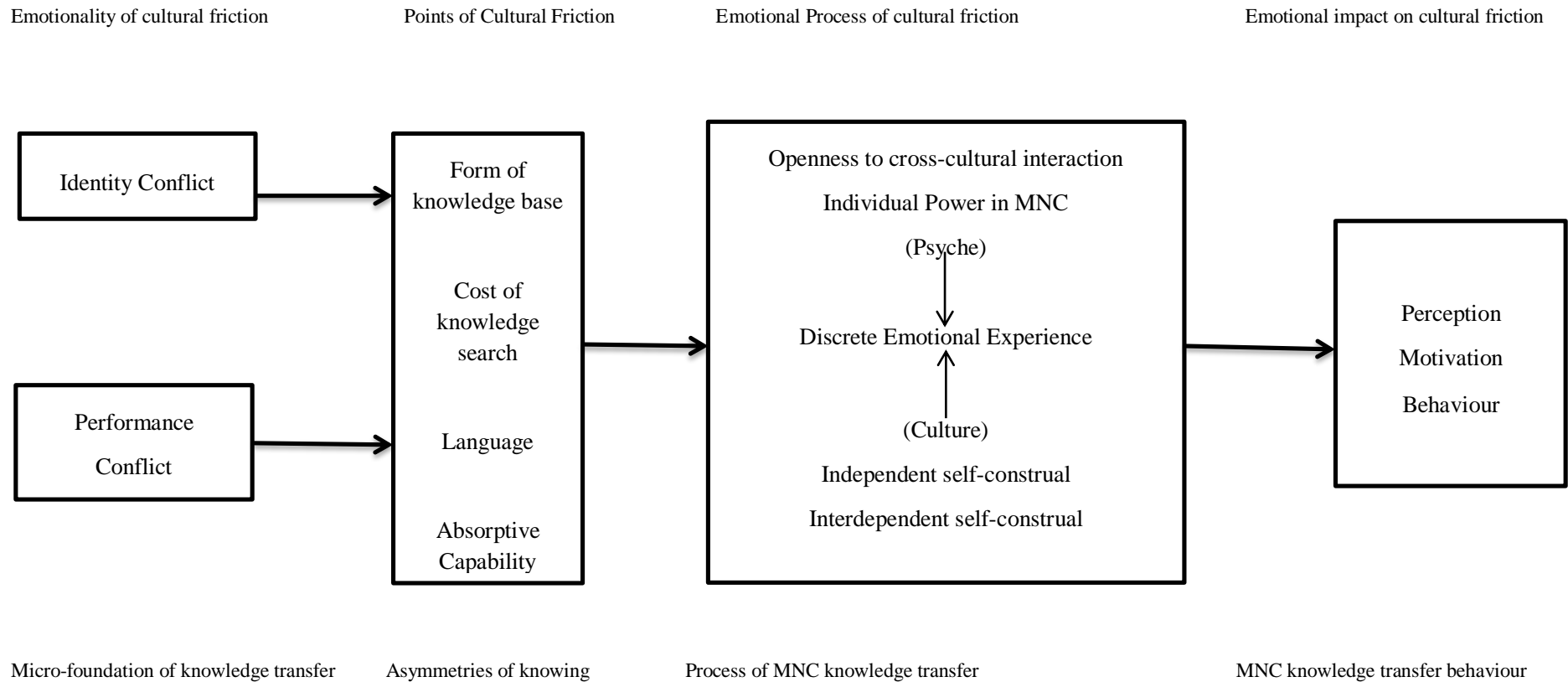
Once being activated, the emotionality of cultural interaction were channelled towards specific points of cultural frictions between exchanging business partners who are locally embedded in multiple-level cultural difference. This study has identified four major incompatibilities in MNC knowledge transfer: (1) the dominant form of organizational knowledge base, (2) the method of knowledge seeking, (3) language use and (4) absorptive capability. Underlying the tacit norms that coordinate daily knowledge activities within a specific community of practice (Lave and Wenger, 1991), those specific asymmetries of ‘knowing’ reinforce the importance and persistence of ‘cultural difference’ in knowledge transfer. Thus, in cross-cultural business interaction, the visible incompatibilities nested in multi-layered cultural systems amount to ‘lightning rod’ by attracting the tension from cultural friction (Hinds et al, 2014), setting the stage for the subsequent emotionally charged experience to address the challenge as well as opportunity in international business collaboration (Brannen and Doz, 2010).

Then general ‘anxiety’ or ‘tension’ created by the points of cultural friction transforms into more discrete emotions as it is intricately interacting the sense-making of the conflicting norms, expectations and practices. Drawing the insights from psychology theory of emotion, the model highlights that the discrete emotional experience is determined by the dynamic interaction between macro-level ‘cultural system’ and micro-level ‘psycho system’ (Markus and Kitayama, 2010). Specifically, in line with appraisal theory of emotion (Ellsworth and Scherer, 2003), individual subjective evaluation of ‘openness to cross-cultural interaction’ and ‘power in the focal MNC’ generate different type of emotions (see Figure 8.1). The meanings of those emotions, however, are shaped by ‘model of being’ afforded by the culture-specific value, belief and tasks (Tsai, 2007). In the organizations nested in individualistic cultures, employees tend to experience ‘ego-focused’ emotions to fulfil ‘independent self-construal’. This is in contrast the organizations located in collective cultures where employees tend to feel ‘other-focused’ emotions to maintain ‘inter-dependent self-construal’. In the light of cultural psychology of emotion (Mesquita and Leu, 2007), the model suggests that the individual enacted cultural stance informed by ‘the situated norm’ ultimately determines the actor’s online emotional reaction with specific points of cultural frictions.

Emotions, once evoked, provide the individuals creative force to cope with the frictions of cultural interactions. Instead of being irrational, emotions become more useful to accommodate the intractable cultural friction by generating a set of heuristics. In line with the appraisal tendency framework (Lerner and Keltern, 2001), these heuristics reflect the unique adaptive theme of the triggered emotion and thus activates a corresponding ‘frame’ to make sense of the friction. For instance, in the study, different emotions help the foreign managers and employees to form, verify and revise their perception toward local business partners in the distinctive way. Given that the emotion is an individualized meaningful analysis of the cultural friction (Frijda,

1986, p. 193), it generates more motivational force and thus predisposes the individual toward the most adaptive cross-cultural actions. This observation highlights that the principle function of emotion is to mediate the situated transactions between the external environment and the individual's inner mind. (Oatley et al, 2006).

8.2. A process model of the relationship between emotion and cultural friction in the context of MNC knowledge transfer



8.3. Contributions of the research.

8.3.1. Theoretical contributions

The International Business (IB) has been gradually switching from ‘cultural distance’ towards ‘cultural friction’ to examine ‘the actual cultural contact between exchanging entities in an environment where multilevel cultural difference occurs’ (Luo and Shenkar, 2011). However, little is known about how individual emotional states affect the trajectory of cultural friction. This is a shortcoming in IB theory because emotional reactions to other cultural members represent a critical context for the discrete cultural interactions at the micro-level (Leung et al, 2005; Drogendijk and Zander, 2010), and complement or even precede the cognition to shape individual perception, judgement and behaviour (LeDoux, 1995; Fineman, 1999). To fill this gap, Molinsky (2007) offers a cross-cultural code-switching framework to theorize the emotional dynamics when individuals attempt to modify their behaviour in a specific foreign cultural interaction. This study draws on the Molinsky (2007) theoretical model as a starting point to explore the source, process and influence of emotion in the context of intra-MMC knowledge transfer, a fundamental IB activity where asymmetries of values, beliefs and assumptions in knowing are (re)-created by actors with different background (Shenkar et al, 2008; Brannen and Doz, 2010). Through an in-depth case study of one largest international I.T. service company head-quartered in China, this research has revealed that the source of emotionality in cultural friction derives from individuals’ identity and performance conflicts when they attempt to change their behaviour in the foreign context. These twin conflicts, evoked by specific disparities along the cultural friction, are felt by individual as general negative affect. Depending on individual culturally mediated appraisal, these general affects transform into discrete emotional experience, and influence the consequence of cultural friction by shaping individual’s belief, motivation and action in the way that is consistent with the adaptive theme of the experienced emotions. Based on these findings, a new more holistic and

dynamic model of emotion and cultural friction in the context of international management is proposed. Specifically, this model extends the Molinsky's (2007) theory in three aspects:

. The model sheds more light on the dynamics of cross-cultural interactions through the lens of emotional state experienced by the individuals in the cultural friction. Molinsky (2007) argues that interaction between contextual and personal factors, mediated by psychological state, affects emotional experience an individual feels while switching. He gave the example of discrepancy and complexity of norms, cultural knowledge, personal values, face threat, performance difficulty. He does not, however, explain exactly how these factors transformed into a gestalt in the individual mind nor does he offer an explanation of how such psychological state is influenced by culture. Drawing the established psychological theories of emotions, the model in this study specifies that individual situated cultural stance involving a dynamic interaction between macro-level Cultural system and micro-level Self system determines the actual emotional experience in cultural friction. By illustrating such process encapsulated through emotions, the model offers a better theoretical understanding of how individuals level against national cultural systems in the actual cultural contacts. Meanwhile, it also enables us to reconcile the view that most cross-cultural issues can be explained by static cultural distance (Hofstede, 1980), while at the same time that individuals, as protagonists, are the most important agents in shaping cross-cultural trajectories (Shenkar et al, 2008). As stressed by emotion scholars (Oatley et al, 2006), the principle function of emotion is to mediate transactions between the individual's inner mind-set and the extent world.

. The model extends the Molinsky (2007)'s theory by taking consideration of the emotions felt by both sides of exchanging business partners. Cross-cultural interaction is inevitably two-sided, and emotions generated on one side have implications for those on the other side of the

encounter. However, by focusing on one side (e.g., foreign managers and employees), Molinsky (2007) assumes that the other side (e.g., local managers and employees) is not trying to switch and thus exempted from the psychological toll. The model emerged from this work reveals a different picture. Facing the same point of friction, native and non-native cultural actors are reacting with different emotional experience based on the subjective evaluation of the situational factors. Due to different 'drag parameters' and 'lubricants' available to the individuals (Luo and Shenkar, 2011), the asymmetry of the emotions often emerges and creates new level of barriers unforeseen by the Molinsky's (2007) theory. For instance, confronted with the potential cost of knowledge searching, the staff in the West tend to experience approach-oriented emotions such as 'anger' and 'gratitude', whereas their counterparts in the East are more likely to experience avoidance-oriented emotions such as 'fear' and 'indebtedness' (Lazarus, 1991). Exacerbated by 'in-group' advantage in emotional recognition (Elfenbein and Ambady, 2003), non-native individual will be less capable and even unwilling to understand emotional state of the local partner in this situation. By identifying the trigger and underlying process of emotion asymmetries in actual cultural contact, the model also adds an important but less detectable illusionary property of 'cultural distance' (Shenkar, 2001).

. The model also refines the Molinsky's (2007) theory through a better mapping of emotions felt by the individual and their distinctive influence on cross-cultural adapting behaviours. Although he distinguishes different type of emotions in the accordance with the individual experienced performance difficulty, face threat and identity conflicts (Molinsky, 2007), the distinctive perceptual, motivational and behaviour influence driven by those emotions are aggregated into the rudimentary positive/negative dimensions. Thus, the theory's core argument (Molinsky, 2007. P631) that 'psychology toll of cross-cultural behavior switching will be either increased by negative emotions or decreased by positive emotions' belies the fact that emotional experience is more distinctive, dynamic, context-specific (Gooty et al, 2009).

Drawing the insights from the appraisal tendency framework (Lerner and Keltner, 2001), the model from this study proposes that emotion, once evoked, provides the actor the perceptual lens to make sense of the cultural difference in a way that is consistent with the distinctive adaptive theme of the felt emotion. Grounded in individualized meaning analysis, these heuristics generate stronger motivational force than cognition (Lazarus, 1991), and thus propel the individuals into adaptive behaviour mode (Frijda, 1992). Depending on specific context, the emotional influence can be either conducive or disruptive to the instrumental purpose of cross-cultural business interaction. For example, Anger is negative emotion by stirring up 'other-blame' mind-set during the MNC knowledge transfer. Once the source of anger is correctly identified and resolved, it can improve work relationship by providing the individual a sense of control to solve the following issues. Regardless the tangible consequence, these emotion-driven behaviour are adaptive from the individual own perspectives. Therefore, by explicating the fundamental mechanism of emotional impact on cultural friction, the model offers a more direct strategic convention to 'cool down' or 'warm up' the emotions for an effective inter-cultural business interaction.

. The model also advances the theoretical understanding of cultural influence on intra-MNC knowledge transfer. While MNC has been conceptualized as superior organizational form in terms of cross-border knowledge transfer (Kogut and Zander, 1993), the literature gives the impression that 'cultural diversity is compressed into one giant independent variable, which does not allow for the cultural influences to be taken as variables in understanding knowledge sharing behaviour' (Holden, 2002, p.81). In response, a number of empirical studies has explored the cultural difference in MNC knowledge transfer but generate inconclusive results (Wijk et al, 2008). One fundamental reason, according to Michailova and Mustaffa (2012, p. 389), is lack of 'mid-range theoretical examination of the phenomenon'. Among the limited conceptual works are Bhagat et al's (2002) cultural value framework, Kostova's (1999) concept

of institutional distance and Brannen's (2004) notion of 'recontextualization'. However, none of the above works has given disciplined focus on emotional states generated in the moment of international knowledge transfer, which naturally links the individual-level attributes (i.e., cognitive style, perception, relational capital) with the macro-level structure (i.e., cultural/institutional/semantic disparities). Reflecting this relational characteristic of emotion, this study demonstrates that the emotions mediate the relationship between cultural difference and individual cross-cultural knowledge sharing behaviours. Backed with empirical results, the model in this study provides a novel mid-range framework to explain when and how cultural difference influences MNC knowledge transfer (Leung et al, 2005).

Relating to the abovementioned points, the model also contributes the conceptualization of culture in IB theories. The dominant concept of culture in IB is still framed as static entity that has been transmitted to individuals as a set of coherent, tightly integrated themes, manifested in a number of fixed values dimensions (e.g, Hofstede, 1980). Adopting 'friction' as a new lens (Shenkar et al, 2008), the model applies and extends the emerging 'system view of culture' in international business context. According to the model, the culture and self are mutually constructive. The institutions, norms and routines exert powerful influence on what people think, feel and behaviour, yet the influence is mutual. Individuals vary in how they internalized the cultural structures around them (Markus and Kitayama, 2010). When the two cultural systems are brought together for the business purpose, the felt tensions caused by the social-cultural asymmetries became more salient, and transforms into different emotional experience to cope with static incompatibilities. Depending on situated cultural stance, such emotions might either reinforce or deviate from the national feeling rules. In other words, the model makes the dynamic but intricate mutual constitution of the Culture system and the Self system more tractable at the level of the actor's naturally felt emotions.

8.3.2 Methodological Contribution

The mainstream IB research relies heavily on quantitative methods to solidify the scientific legitimacy, although the field itself developed from several landmark qualitative studies (Johanson and Vahlne, 1977; Bartlett and Ghoshal, 1989; Hedlund, 1986; Prohalad and Doz, 1987). The dominance of quantitative method is well reflected in MNC knowledge transfer research where only 15% of the empirical studies from 1996 to 2009 adopted qualitative methods (Michailova and Mustaffa, 2012). In the absence of well-developed theory, the quantitative research based on large-scale survey data has substantially constrained a deeper and more nuanced understanding of intra-MNC knowledge transfer, particularly the individual's (inter)-actions when knowledge is re-contextualized from one cultural setting to another (Brannen, 2004). Thus, a many of the real challenge as well as opportunities are misrepresented. For instance, following quantitative measurement such as 'patent citation', 'R&D investment' and 'product introductions', the literature neglects the tacit, implicit and context-specific knowledge that constitutes the MNC competitive advantage (Birkinshaw et al, 2011). In response to the call for more study on micro-foundation of MNC knowledge transfer (Foss and Pedersen, 2004), this study adopts qualitative case study within 'interpretive sense-making paradigm' (Welch et al, 2010). It aims to understand the 'meaning' of cross-cultural knowledge behaviour via 'thick description' of the context where the individuals are embedded (Welch et al, 2010). Following this qualitative method, the study has succeeded in revealing 1) the tacit norms that govern the knowledge integration of each population within local context, 2) the specific asymmetries that have constrained the MNC knowledge, 3) the subjective experience towards those points of frictions, 4) the underlying rationale to cope with cultural difference in MNC knowledge transfer. All of these points underpin the emotional states generated in the moment by the protagonists involved in cultural friction, which would not be fully captured through the statistically-driven quantitative methods. As stressed by Michailova

and Mustaffa (2012,), a qualitative account of MNC knowledge flow fits in well with the research using psychology theories to understand the role of individuals.

Guided by the Fletcher and Plakoyiannaki's (2011) 'multilevel approach' of case selection, the qualitative case study method adopted in this research also provides a better explanation of emotional experience within the MNC. Previous research on emotions has tended to rely on experimental studies. However, it is well acknowledged that how people feel, think an act in the laboratory is different from how they perform in naturalistic settings (Johns, 2006). Thus, emotion researchers are urged to take a serious consideration of the context wherein emotions naturally occur. By systematically narrowing down sampling choices without dismissing their complexity (Fletcher and Plakoyiannaki, 2011), the case study selects the I.T. professionals from a Chinese MNC whose daily work substantially involves knowledge exchange between two contrasting cultural clusters (i.e., Anglo cluster v.s. Confucian cluster). Therefore, the emotional experience identified through this case selection method is grounded in different levels of context, offering a high ecological validity to explain the link between emotion and individual cross-cultural behaviour.

8.3.3. Managerial implications

The process model of the linkage between emotion and cultural friction offers a strategic interventions for MNC in terms of cross-cultural training. Specifically, global companies can help the managers and employees to better understand the tensions arising from identity conflict and performance conflict. The model suggests that anxiety is individual's natural response and a precondition to deal with cultural interactions. MNCs can provide training tailored to individuals according to the double conflicts they face so that they will not feel

overwhelmed by the negative feelings. Training will also become more effective by focusing on the specific points of cultural friction through which the emotionally charged experience of cultural interactions is activated. MNCs can increase the staff's awareness and capability to navigate these emotion-eliciting events via debriefing, a simulated situation training or assigning a mentor. Most importantly, the model also provides a typology of emotions and their influence on cross-cultural business interactions. MNCs can use this model as a blueprint to strategically 'cool down' some emotions or 'warming up' others to enhance the effectiveness of international management.

The process model of the linkage between emotion and cultural friction can also be used as a tool for staff selection. Depending on individual's cultural stance, certain types of employees such as people with bi-lingual skills, expatriate/repatriates or staff keen to cross-cultural interactions are more emotionally resilient to cope with the tensions arising from cultural friction. Thus they better fit with the positions where emotions are potentially running high such as cross-site project managers or global marketing/sales lead. Furthermore, for the same individual, different points of cultural friction may elicit different emotional reactions. Managers should bear it in mind that besides technical background, the employees will be productive on the part of task or stage of project they feel most comfortable with.

8.4. The limitations and suggestions for further research

Despite its contributions, there are several limitations of this study. Firstly, the researcher was not in the field long enough to collect and observe the implementation of the transferred knowledge, particularly the relevant data from the case company's China HQs. It is therefore difficult to know what kinds of emotions and how they influence Chinese staff's perception,

motivation and action towards knowledge application. As the ultimate objective of knowledge transfer is to enhance unit or organization performance (Argote and Ingram, 2000) a further field work is needed to obtain the missing data. Secondly, the focus of this study centres round the emotional experience emerged from the primary knowledge transfer between HQ and subsidiaries. As the Chinese MNC evolves, more knowledge will be exchanged among the subsidiaries themselves (Bjorkman et al, 2004; Mudambi and Navarra, 2004). Previous research has indicated the direction of MNC knowledge flow often entail different purpose, strategy and implementation process (Buckley et al, 2006; Minbaeva et al, 2003). It can be predicted that individual might display different type of emotions when they are sharing knowledge with the colleagues from other subsidiaries. By extension, the intensity of emotion generated in the moment of MNC knowledge transfer is different from that occurred in cross-border M&A (Sinkovics et al. year?) or international negotiation (George et al, 1998). Future research can explicitly investigate the link between emotions and specific type of cultural friction. Thirdly, this research did not differentiate more nuanced cultural distinction among the cultural clusters. For example, Michailova and Hutchings (2005) demonstrate different pattern of knowledge sharing behaviour between China and Russia although both countries are embedded in collectivistic cultures. Similarly, Koopmann-Holm and Tsai (2014) find out the salient cultural difference in how comfortable American and German express the sympathy focusing on the positive or negative. So, the future studies can compare the emotions and their influence on cultural friction by moving beyond the conventional cultural contrast between ‘Anglo cluster’ and Confucian cluster’ (Ronen and Shenkar, 2013). Fourthly, this research is a qualitative single case study with a small number of interviews. Although the aim of the qualitative case study is geared to ‘theoretical generalization’ (Yin, 2009), the process model of the linkage between emotion and cultural friction requires further empirical testing in other IB contexts, possibly using survey data. Finally, the measurement and explanation of emotional

experience is challenging research endeavour. Although qualitative case study method, backed up with Nvivo software, enables a better matching between the core appraisal dimensions of emotion and 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 (Lewis et al, 2008) . This could significantly enhance the internal validity of empirical emotion research in IB.

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Company and external document:

Pactera CRS Report, 2012

Pactera Annual Report 2012; 2013

Pacter Press Release, 2012-2013

Pactera Internal Archive, 2009

IDC 2013

Appendix A profile of subsidiary interviewees

Profiles of Interview Participants:

Interview Number	Nationality	Job Title	Level	Tenure (Year/Month)	Business Unit	Location	Previous work
1	Australian	Marketing Manager	Middle	1.5	BG6	Melbourne Australia	Project Manager
2	Australian	HR Director	Top	1.5	BG6	Melbourne Australia	Chief Operating Officer
3	Australian	Associate Vice President	Top	3.7	BG6	Melbourne Australia	Senior Manager
4	Australian	Sales representative	Operating	1	BG6	Sydney Australia	Managing Director
5	Australian	Developer	Operating	0.9	BG6	Sydney Australia	Data Integration specialist
6	Australian	Account Manager	Middle	1	BG6	Sydney Australia	Technical Lead
7	Australian	Senior Vice President	Top	3	BG6	Sydney Australia	Chief Executive Officer
8	American	Testing Manager	Operating	1	BG3	Redmond USA	Principle Testing Manager
9	American	Delivery Manager	Operating	1	BG3	Redmond USA	Project Manager
10	American	UX Manager	Middle	4.5	BG3	Redmond USA	Market analysts
11	American	Sales director	Middle	1	BG2	Redmond USA	Business Director
12	American	Chief officer of POM	Top	4	BG3	Redmond USA	Project Manager
13	American	Marketing Analyst	Operating	1.9	Marketing	Charlotte USA	Internship in PR
14	American	IT manager	Middle	3.5	BG1	Charlotte USA	Technology coordinator
15	American	Sales director	Middle	1.8	BG1	Charlotte USA	Marketing director
16	American	Senior delivery director	Top	2.2	BG4	Charlotte USA	IT consult
17	European	Sale representative	Operating	1.2	BG2	Barcelona Spain	Account Manager
18	European	Head of Vendor Manager	Middle	2.5	PGS	Barcelona Spain	Vendor Manager
19	European	Director of translation	Middle	2.5	PGS	Barcelona Spain	Delivery manager
20	European	Associated vice president	Top	3	PGS	Barcelona Spain	Senior director of PGS
21	European	General Manager in Europe	Top	2	SBU	London UK	Chief executive officer

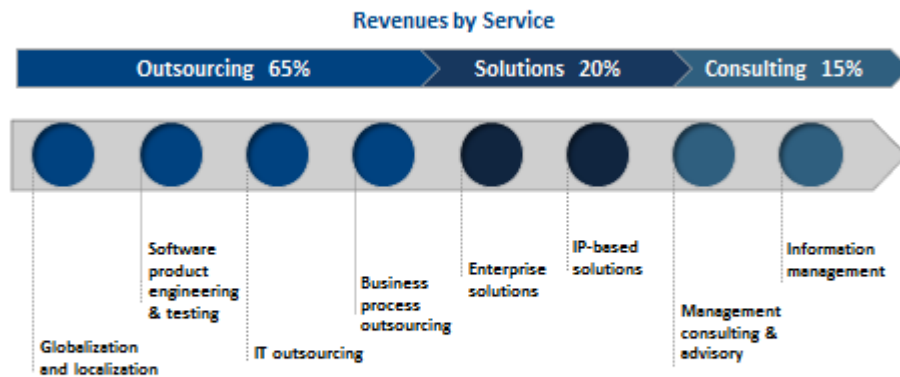
Appendix B profile of HQ interviewees

Profile of Interview Participants:

Interview Number	Nationality	Job Title	Level	Tenure (Year/Month)	Business Unit	Location	Previous work
1	Chinese	Project Management	Middle	7	PGS	Beijing China	Freelance Translator
2	Chinese	Translation Production Lead	Middle	6	PGS	Beijing China	Translator
3	Chinese	Team Manager	Middle	5	PGS	Beijing China	Translation Lead
4	Chinese	Vendor Management	Middle	5	PGS	Beijing China	Vendor Management
5	Chinese	Project Lead	Operating	1	PGS	Wuxi China	Translator
6	Chinese	Project Lead	Operating	3	PGS	Beijing China	Project Assistant
7	Chinese	Vendor Management	Operating	3.5	PGS	Beijing China	I.T. and Management
8	Chinese	Associate VP of Business solutions	Top	2	BG2	Beijing China Charlotte US	Firmware Architect
9	Chinese	Manager of Business Solution	Middle	6	BG2	Beijing China	Delivery Manager
10	Chinese	Presales	Middle	4	BG2	Beijing Dalian	QA Lead
11	Chinese	Account Manager	Middle	5	BG2	Beijing China	Software Architect
12	Chinese	Presales	Operating	5	BG2	Beijing China	IT Testing Engineer
13	Chinese	UX Designer	Operating	1	BG2	Shanghai China	Website designer
14	Chinese	Market assistant	Operating	1.2	Marketing	Beijing China	Marketing
15	Chinese	Market analyst	Operating	2	Marketing	Beijing China	Market assistant
16	Chinese	Market Director	Middle	2	Marketing	Beijing China	Marketing Manager
17	Chinese	Associate VP	Top	3	Marketing	Beijing China	Market analyst
18	Chinese	Senior VP of Business development	Top	3	BG3	Beijing China Redmond US	Co-founder of an I.T. firm
19	Chinese	VP of strategic client	Top	3	BG3	Beijing China	Co-founder of an I.T. firm
20	Chinese	Associate VP of Business	Top	4	BG3	Beijing China	R&D Lead

Interview Number	Nationality	Job Title	Level	Tenure (Year/Month)	Business Unit	Location	Previous work
21	Chinese	Associate VP of Business Operation	Top	7	BG3	Beijing China	Business Operation
22	Chinese	Associate VP of Business Operation	Top	10	BG3	Shanghai China	Owner of private firm
23	Chinese	Business Operation	Middle	7	BG3	Beijing China	Project Lead
24	Chinese	Strategic Alliance	Middle	5	BG3	Shanghai China	Pre-sales
25	Chinese	Presales	Operating	3.5	BG3	Beijing China	Project assistant
26	Chinese	Business Operation	Operating	1	BG3	Beijing China	Customer engagement
27	Chinese	VP	Top	16	BG5	Beijing China	Software Engineer
28	Chinese	Senior Project Manager	Middle	3	BG6	Dalian China	Project Manager
29	Chinese	Technical Lead	Operating	1	BG6	Dalian China	I.T. Engineer
30	Malaysian/Chinese	Business Operation	Middle	4	BG6	Malaysia	HR
31	Malaysian/Chinese	Business Operation	Middle	5	BG6	Malaysia	Account Manager
32	Singaporean/Chinese	HR manager	Middle	3	BG6	Singapore	Project Manager
33	Chinese	Associate VP	Top	12	BG7	Dalian China	Business Operation
34	Japanese	Sales	Middle	3	BG7	Tokyo Japan	Project Manager
35	Japanese	Sales	Operating	1	BG7	Tokyo Japan	Accountant
36	Chinese	Market analyst	Operating	0.8	SBU	Shanghai China	Market Intern

End-to-end Service Portfolio



Pactera's core competencies span the entire value chain of enterprise computing, and we offer packaged and custom solutions for all the major enterprise technology platforms.

Appendix D 5 Studies of Emotion in management literature

	Reference	Year	Title/source	Key Findings	Focus	Definition of emotion	Discrete emotions	Nature of study
1	Empson	2001	Fear of exploitation and fear of contamination: Impediments to knowledge transfer in mergers between professional services firms <i>--Human Relation</i>	. Consultants are reluctant to share the technical knowledge because they feel they will be exploited by the recipients who possess less valuable knowledge. . Consultants who see themselves as more trendy are less willing to receive the client knowledge from a less classy party because they feel their professional image will be tainted	The role of emotion on individual's motivation on knowledge sharing.	N/A	FEAR	Qualitative case study of 3 domestic M&As in UK professional service firms
2	Junni	2011	Knowledge transfer in acquisition: Fear of exploitation and contamination <i>--Scandinavian Journal of Management</i>	The fear of exploitation on part of knowledge senders and the fear of contamination on the part of knowledge receivers are significant barriers to knowledge transfer in acquisition	Fear as inhibitor to the target and acquirer's willingness for knowledge transfer	N/A	FEAR	Quantitative survey of 92 domestic and international acquisitions by Finnish firms
3	Husted & Michailova	2002	Diagnosing and Fighting knowledge-sharing hostility <i>--Organizational Dynamics</i>	In the organization with mild knowledge-sharing hostility, individuals are reluctant to share knowledge due to economic concerns, professional pride, and unavoidable attitude towards mistake In the organization with strong knowledge-sharing hostility, individuals are resist to knowledge sharing because of survival in power games, protecting status quo and 'who is to blame' attitude towards mistake.	The level of knowledge sharing hostility and corresponding intervention to reduce hostility in organizations	N/A	Hostile	Conceptual paper

	Reference	Year	Title/source	Key findings	Focus	Definition of emotion	Discrete emotions	Nature of study
4	Casciaro Gino & Kouchaki	2014	The contaminating effects of building instrumental ties: how network can make us feel dirty -- <i>Administrative Science Quarterly</i>	. Compared to personal or spontaneous networking, the instrumental networking featured by self-interest, direct reciprocity and personal gain make it more difficult for ego to justify the problematic nature of particular networking behaviours, thus impinging his/her moral purity . The feeling of guilty, inauthenticity or moral 'dirtiness' is negatively associated with frequency of task-advice seeking and individual performance.	The implication of type and approach of networking for individual's subjective feelings during the development of instrumental ties	Morality	'dirtiness'	Experiments + Quantitative survey of 167 lawyers in a large US business law firm
5	Casciaro & Lobo	2015	Affective primacy in intra-organizational task network -- <i>Organization Science</i>	. The affective value of social interactions influences perception of instrumental value and formation of knowledge tie independent from instrumental value either through direct affective primacy or through indirect affective congruent selection . Emergence of task-related network rests primarily high-activation positive affect such as excitement rather than positive low-activation affect such as pleasantness.	The affective value as an antecedent of instrument value	Affect	Valence Activation	3-round survey of employees in a small European organization.

Appendix E Coding sheet for discrete emotions

Coding sheet: Illustrations of appraisal patterns for different emotions

	Anger	Fear	Sadness	Hopeful	Pride	Challenge
Certainty	High	Very Low	Low	Low	Very High	High
Pleasantness	Very Low	Low	Very Low	Medium	Very High	Medium
Attentional Activity	Medium	Medium	Medium	Medium	Medium	High
Anticipated Effort	High	High	Medium	Medium	Low	Very High
Other-Responsibility	High	Medium	High	Medium	Low	Medium
Self-Control	Very High	Low	Very Low	Low	Very High	Medium

Negative

Positive

Certainty: the degree to which events seem predictable and comprehensible (high) vs. unpredictable and incomprehensible (low)

Pleasantness: the degree to which one feels pleasure (high) or displeasure (low)

Attentional activity: the degree to which one draws one's attention (high) or repels one's attention (low)

Anticipated efforts: the degree to which physical or mental exertion seems to be needed (high) vs. not needed (low)

Responsibility: the degree to which someone or something other than oneself (high) vs. oneself (low) seems to be responsible for the event.

Control: the degree to which an event or its outcomes can be influenced or controlled by individual agency (high) vs. situational agency (low)

Source: Smith and Ellsworth (1985), Smith and Ellsworth (1987), Ellsworth and Smith (1988, a), Ellsworth and Smith (1988, b), Ellsworth and Scherer (2003).

Appendix F Ethnical approval certificate.



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**AREA Faculty Research Ethics Committee
University of Leeds**

21 March 2016

Dear Qiu Wang

Title of study: Knowledge transfer in Chinese multinational corporations
(MNCs)

Ethics reference: AREA 11-065

I am pleased to inform you that the above research application has been reviewed by the ESSL, Environment and LUBS (AREA) Faculty Research Ethics Committee and following receipt of your response to the Committee's initial comments, I can confirm a favourable ethical opinion as of the date of this letter. The following documentation was considered:

<i>Document</i>	<i>Version</i>	<i>Date</i>
AREA 11-065 Information Sheet.docx	1	30/01/12
AREA 11-065 ethics application form_doc for JC1.docx	2	30/01/12
AREA 11-065 Draft Participant Consent Form.docx	1	02/02/12
AREA 11-065 Information Sheet for Observation.docx	1	10/02/12
AREA 11-065 Draft Participant Consent Form for observation.docx	1	10/02/12
AREA 11-065 Notice.docx	1	10/02/12

Please notify the committee if you intend to make any amendments to the original research as submitted at date of this approval. This includes recruitment methodology and all changes must be ethically approved prior to implementation.

Please note: You are expected to keep a record of all your approved documentation, as well as documents such as sample consent forms, and other documents relating to the study. This should be kept in your study file, which should be readily available for audit purposes. You will be given a two week notice period if your project is to be audited.

Yours sincerely

Jennifer Blaikie
Senior Research Ethics Administrator
Research & Innovation Service
On behalf of Dr Anthea Hucklesby
Chair, [AREA Faculty Research Ethics Committee](#)

CC: Student's supervisor(s)