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The generation of emotions through intercultural interaction within a multinational enterprise.

Abstract: We explore how and why emotions generated within the international workplace diverge between individuals for reasons of national culture. We utilize knowledge transfer instrumentally as the context of cooperation within a Chinese multinational enterprise. Analyzing data from interviews with foreign subsidiary staff, and with Chinese headquarters staff to whom knowledge is transferred, we find that individuals appraise their potential to address intercultural difference interactively and recursively. Using this theoretical innovation that appraisal is bilateral, we propose that knowledge asymmetries trigger cultural predispositions towards distinct emotional experiences, thus creating asymmetric intercultural feedback, heightening felt tension, with cultural friction as a byproduct.

Key words: Intercultural interaction; Emotion; Intra-MNE knowledge transfer; Qualitative research methods

Introduction

The literature on intercultural interaction has focused largely on the aggregate level of encounter between cultures and firms, generating phenomena such as cultural friction (Shenkar, 2001; Kirkman et al., 2006; Tung & Verbeke, 2010). However, the logical level of theoretical and empirical enquiry is, as Brannen & Doz (2010) point out, the individual level. Activities are primarily experienced, negotiated and enacted by individual protagonists from different cultures, holding asymmetric objectives, resources and power (Brannen & Doz, 2010). Beyond the dominant focus on international managers' cognitive pattern (Nebus & Chai, 2014), we extend this line of reasoning to investigate the specific instance of emotions, which are necessarily felt by individuals and, it could be argued, are at the root of intercultural interaction and the effects which ensue for the organizations involved.

The emotionality of intercultural interaction has been recognized in a number of IB studies. Notwithstanding this progress, the relevant literature does not adequately define, nor delve into, the emotion generated by intercultural interaction. Specifically, (1) scholars are unclear as to what emotion actually is. Studies often associate or submerge emotion within various constructs including 'personality' (Ren et al., 2015), 'affect-based trust' (Chua et al., 2009), 'emotional attending' (Reus, 2012) or 'emotional intelligence' (Gunkel et al., 2016). We know little about why and how individuals feel emotional about the cross-cultural encounter (Gooty et al., 2009); (2) most research tends to aggregate various emotions into negative and positive dimensions such as Hinds et al.'s (2014) 'destructive and constructive emotions', Harmeling et al.'s (2015) 'agnostic and retreat emotions' and Gunkel et al.'s (2015) 'feeling of (dis)satisfaction'. This simple valence-based approach is unable to capture and explain the discrete affective experience that cross-cultural interaction evokes over its trajectory (Sinkovics et al., 2011); (3) research to date rarely examines how specific emotions experienced by individuals with diverse cultural positions drive their intercultural business

behavior (Kirkman et al., 2017). In contrast, cultural psychology suggests that the culture-specific meaning of a particular emotional experience is essential to what people prefer to feel, think and do in the intercultural situation (Mesquita & Boiger, 2014). As it will be showed, our theoretical innovation is to employ appraisal theory bilaterally to capture intercultural interaction and to explain the emotional impact of cultural differences in international business (IB) transactions within the multinational firm.

Our overarching research question is: *“How do differences in cultural predisposition between the partners generate emotion within the setting of intercultural business interaction?”* We answer it through a qualitative single case study of one of the largest international information technology (IT) service companies headquartered in China. Based on qualitative data collected from 60 face-to-face interviews from nine months of field work, we examine the production and impact of emotions over the course of intra-MNE knowledge transfer, an instrumental context to theorize the emotionality of intercultural business interactions. In the light of these findings, we put forward three propositions arising from our theoretical development. Our theoretical innovation is to employ appraisal theory bilaterally to capture intercultural interaction and to explain the emotional impact of cultural differences in international business (IB) transactions within the multinational firm.

The link between cultural encounters and emotions within the MNE

Appraisal theory of emotions

Integrating perspectives from the psychological literature on emotion, Elfenbein (2007, p. 315) defines emotion as a process which ‘Begins with a focal individual who is exposed to an eliciting stimulus, register[ing] the stimulus for its meaning, and experienc[ing] a feeling state and physiological changes ... [including] facial expressions and other emotionally

expressive cues'. This results in 'downstream consequences for attitudes, behaviors and cognitions' (Elfenbein, 2007, p. 315).

In contrast with the personality theories on enduring emotional trait, appraisal theory is more relevant to analyze situation-specific emotion where interpretation is important, as is the case in the intercultural encounter. Existing IB research shows that intercultural anxiety, for example, can happen to people who are not normally anxious (Aichorn & Puck, 2017). The core idea of appraisal theory is that emotion occurs when individuals appraise features of the event in relation to personal concerns (Ellsworth & Scherer, 2003). This is intensely 'meaningful' as it quickly directs individuals' attention to the specific part of an event that they consider most significant and pressing. Appraisal theory also suggests a core set of 'stimulus evaluation checks' that determine the types of emotions felt in response to the relevant stimulus (Scherer, 2009, p. 1309). Typically, the primary appraisal starts with basic checks of whether the relevant elicitor is good or bad as well as to what extent it is congruent with one's well-being. Secondary appraisal involves more complex checks invoking causal attribution of the situation and the individual's coping potential. The results of these checks are summarized in the individual's consciousness as a 'core relational theme' (Smith & Lazarus, 1993), giving rise to differentiated subjective feelings or to the content of emotional experience (Ellsworth & Scherer, 2003). For instance, the core relational theme for pride is 'achievement', derived from the gestalt of high pleasantness, goal conduciveness and one's own credit for that result. This contrasts with core relational theme of sadness as 'irrevocable loss' that combines low pleasantness, other's responsibility, and weak self-control.

Once felt, different emotions activate distinctive motive goals to modify the individual's relationship with the situation, and are informed by the core appraisal theme that underlies the triggered emotions in the first place (Frijda et al., 1989). For instance, whereas

anger arising from ‘other-blame’ produces the goal to remove the harm, fear deriving from ‘danger’ is associated with the motive to ‘avoid’. Signaling the most effective coping strategy in the evolution of past experience, emotive goals translate into dominant behavior responses that people are inclined to enact. During emotionally charged events, as may arise in the intercultural encounter, the elicited action may become impulsive. Thus, individuals may find themselves ‘out of control’ (Loewenstein, 1996) and unable to enact the acquired cognitive schema for new cultural behaviors, despite the long-term benefits of doing so (Bird et al., 1999). This direct emotion-behavior pathway can be utilized to explain the disjuncture between the perceived extent and actual manifestation of cultural difference on business activities, which is well observed in O’Grady and Lane’s (1996) ‘psychic distance paradox’.

Cultural predisposition vis-à-vis emotions through the lens of appraisal theory.

Previous theoretical and empirical evidence has shown how felt emotions are interpreted, expressed and enacted depending on an individual’s own cultural orientation (Tsai & Clobert, 2016). According to appraisal theory, the sources of difference in emotional experience is related to two distinctive cultural goals: the independent self-system and dependent self-system (Markus & Kitayama, 1991). In many western countries where individuals strive for independent selfhood, the appraisal tendency is habitually primed towards focused attention, personal pleasantness, self-serving attribution, and readiness to influence others (Tsai et al., 2006), thus giving rise to pervasive self-focused emotions with high activation (Kitayama et al., 2006). In contrast, in many Asian countries where “interdependent selfhood” is prevalent, appraisal tendency is predisposed to holistic attention, intersubjective harmony, self-effacing attribution and willingness to adjust to others, leading to a ‘hyper-cognized’ other-focused emotion with low activation (Kitayama et al., 2006). For example,

Imada and Ellsworth (2011) found that Americans tend to attribute success to their own ability and experience a strong feeling of pride and satisfaction. In contrast, the Japanese attribute success to others or to circumstance, and reported feelings of being “obligated” or “lucky”. Similarly, Kitayama et al. (1997) observed that while, in the USA, feeling good is often highlighted as an outcome of asserting individual ability, personality and opinions, shame is often promoted in Japan to motivate individuals to fit more closely to social standards. The intercultural nature of MNE knowledge transfer highlights the need to explore the role of cultural predisposition toward emotional experience of one kind or another.

In this paper we redirect appraisal theory, from a unilateral to a bilateral setting. This bilateral approach is grounded in both the predispositional and situational components of intercultural interactions. We explore the idea that predispositional cultural asymmetries preceding the intercultural encounter, interact with the situational asymmetry in the respective parties’ knowledge, might explain the nature and intensity of emotions generated on both sides. By ‘cultural asymmetry’ we mean differences clearly associated with culture, for example with respect to the cultural mode of the self. Given that espoused belief or attitude alone are inadequate to predict individual emotional responses (Leersnyder et al., 2011; Kitayama et al., 2009) it is clear that a situation in which intercultural cooperation is necessary, as in the case of knowledge transfer, offers a useful instrumental setting in which to investigate our research question.

Methods

Research Design

This research employs a single qualitative case study that is premised on the interpretative paradigm (Welch et al., 2010). Theoretical development of emotionality of intercultural encounter is still in its nascent stage. Qualitative research is particularly

appropriate for theory building because it allows the researcher identify the themes and patterns that emerge from thick description, provides a source of new hypotheses and constructs, and generates theoretical explanation closely grounded in the event being observed (Birkinshaw et al., 2011).

Research setting

We 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. Level 1 describes the selection of country. MNEs from China have been especially active in using FDI to leverage external and internal knowledge and languages are the basic means of communication in organizations and the basis for knowledge creation (Welch & Welch, 2008). Level 2 discusses the selection of industrial sectors. We focus on China's software and I.T. service industry with an intense communication throughout a typical high-tech firm. Level 3 refers to the selection of our case firm is an unsophisticated Chinese firm and it offers a rare opportunity to see a change of state of a firm going from being entirely nationally focused to being entirely international and the shock of that process. Level 4 indicates the selection of MNE units. We chose 3 HQs in mainland China and 6 subsidiaries in US, Europe, and Australia given their embeddedness in the 'Confucian cluster' and 'Anglo-Saxon cluster' respective, as this is more prominent and relevant cultural comparison at the country level (Ronen & Shenkar, 2013). Finally, Level 5 refers to selection of the sources of evidence, which is explained in the next section.

Data collection

We conducted 60 qualitative semi-structured interviews. All interviewees had been involved in the delivery of the company's IT service but displayed a sufficient diversity with

respect to organizational position, job description, tenure, education and cultural background (see Table 1 – 2). Such an approach is imperative to capture a range of unique experiences and yet allows for identifying of common themes transcending these differences and particularities. To recruit the participants, we employed a ‘snowballing’ strategy to ask the interviewees to name a number of foreign colleagues with whom they were required to interact and exchange information for the assigned task. Workflow (or task interdependence) generates perspectives of how emotions are generated from both sides of intercultural business interactions while eliminates the sample bias (Patton, 1980). An interview protocol with open-ended questions was designed in the light of the literature review, initial field work, and our own experience of working in the case company. The main topics covered in the interviews are: 1) how the participants perceive knowledge located in geographically dispersed subsidiaries; 2) the key challenges/benefits for them over the different stages of cross-border knowledge transfer; 3) what kinds of emotion they experienced, displayed or enacted during the transfer process, and why they had those particular emotional reactions; 4) how those emotional states influenced their perception, motivation and action tendency with regard to the interactions with foreign colleagues.

We started the interviews with a few ‘grand-tour’ questions about the interviewee’s tenure in the firm, current and previous job and cultural background. Then the participants were asked to describe concrete affective events (Weiss & Cropanzano, 1996), encouraging them to use episodic memories (Tulving, 2000), which generates more experiential validity account of emotions (Robinson & Clore, 2002). The inference of emotions inferred is not based on the spoken word alone, but particularly draws on the emotional tone in which the testimony was delivered, as all interviews were conducted live. Thus, for example, the body language of respondent #8 Chinese (Quote 3.2 in Table 3) indicated frustration through the shaking of his head, tense and lowered eyebrows, with arms folded in front of him, along with a dissatisfied

tone of voice. Another instance is that in Quote 4.3 (#19 European in Table 4), in which the respondent's curled lip conveyed disrespect for the HQ managers. Following the argument that there are basic human emotions with universally recognizable expressive signals (Ekman, 1992), we use Roseman's (2011) emotional system model to code the spontaneous expression of basic emotions such as brows lowered, square mouth with behavior tendency to hit for anger and brows raised, eyes wide with behavior intention to run for fear. Whenever it was feasible, a brief interview was conducted with the participants after the focused observation, aiming to understand their different awareness, attitude, and expectation of the displayed emotions. The answer could help us to explore the unique cultural display rule for those basic emotions, and its implication for the emotion-driven behavior (Ekman, 1992).

Data analysis.

Despite the inductive nature of the study, we did not adopt a purely inductive analytic approach proposed by Gioia et al. (2013), as our empirical investigation was partially guided by initial hunches and frame of reference. Consequently, our coding scheme initially relied heavily on our research questions and on the frame of reference presented in our literature review (see Figure 1). Our analysis is characterized by an iterative process of cycling among data, existing literature and emerging constructs until theoretical saturation was reached (Locke, 2001).

Findings

The emotional experience of MNE knowledge transfer as a form of cultural interaction.

Interviewees experienced a range of distinct emotions beyond simple negative or positive feelings, as a function of appraisal about their individual ability to address the tensions

elicited by the asymmetries (Figure 2). Our data show that the generation of emotions from first order appraisal is widespread, and is experienced approximately uniformly in both the foreign subsidiaries and the Chinese HQ. The generation of emotion from first order appraisal is, as expected on the basis of the existing literature, the appraisal by the individual of an event. Within the intercultural setting of the international workplace, our interest is to discern whether there is a cultural basis to this appraisal and, therefore, to the generation of the type of emotion. That is, to go beyond looking for evidence of a universal emotional reaction to, for example, a computer failure, to a reaction whose meaning is socially constructed by culture.

Stage 1

The asymmetries between the HQ and the foreign subsidiaries in the form of the knowledge base (Table 3) suggest that basic frustration is felt on both sides at the incompatibility of the two forms of knowledge storage (Quote 3.1).

= Insert Table 3 =

Here, the American respondent experienced frustration because he had to reproduce the work that should have been done in the Chinese HQ. Quote 3.2 is an emotional reaction of a Chinese individual to the locking in of the HQ to low-end activity. While this is evidence of appraisal, it does not, of itself, suggest any cultural dimension. The form of the knowledge base is culturally determined, but the mutual reaction of frustration to the knowledge base asymmetry is not clear evidence of a cultural provocation.

However, the cultural basis of the way the foreign subsidiaries and the HQ are organized is evident in the responses. The non-attributability of responsibility in the HQ, where responsibility is distributed according to Chinese culture, ultimately led to an Anger response for a foreign subsidiary individual (Quote 3.3). The demanding pace of sales (located in the foreign subsidiary) captures the expected norm of speed (Quote 3.3) and, equally provokes an

emotional response upstream in the Chinese HQ, with the attribution of wrongdoing on the part of the foreign sales staff (Quote 3.4). Negative mutual intercultural appraisals of the form of the knowledge bases was ubiquitous. This is likely to be because these forms reflected the social organization associated with the cultures, and thus mutually unfamiliar and seemingly illogical between cultures. In the advanced markets, knowledge was encoded and readily available to all individuals pre-authorized to access the information, while in the Chinese culture knowledge was embodied in people, accessible only on a request basis. The Chinese practice extended to a reluctance to pre-define even basic characteristics, such as the scope or the process of the HQ's 'testing' capability, so creating a source of frustration for overseas subsidiary staff (Quote 3.5). The asymmetry in the knowledge base is a source of annoyance, capturing structural differences between the foreign subsidiaries and the Chinese HQ. These asymmetries are features which provoke emotions arising from a first order appraisal of a situation.

Stage 2

Asymmetry in the cost of knowledge search (Table 4), however, is more complex as it directly generates more task interdependence between individuals of different cultures, within the international workplace.

= Insert Table 4 =

The cultural basis of this asymmetric cost of knowledge search is indicated by the two quotes (4.1 and 4.2) from a European respondent, and a Chinese respondent. The evidence suggests that the Chinese inability to respond quickly to requests from the subsidiary is due to the need to seek approval from a superior for whatever is written. This led to an anger response to the first order appraisal of a situation in which the performance of one individual depends

on the behavior of another and is therefore, naturally conducive to anger at a personal level (Quote 4.4).

Drilling deeper into the data reveals the profundity of the cultural origins of individual behavior, and points to emotions felt on both sides as a result of bilateral appraisal. The necessity to observe the rules of *guanxi* within Chinese culture is imprinted within each individual and is applied in all cooperative situations. This imprinting, and therefore the importance, necessity and meaning of *guanxi* is not shared outside of China in the foreign affiliates. This socially embedded nature of knowledge is a remarkably powerful source of asymmetry in the cost of seeking knowledge, as Quote 4.7 demonstrates. Here the strictures of *guanxi* provoke an emotional response acting as a block on effective intercultural cooperation. Thus, the Chinese respondent feels frustration from the discomfort of being in the position of asking for too many favors, without reciprocating. This creates a ‘ratchet effect’, whereby knowledge is unable to flow continuously and effectively from the foreign subsidiary side to the Chinese HQ but, were the knowledge asymmetry to be reversed, there would be no such barrier detected, and knowledge would be able to flow from the HQ to the foreign subsidiary. Thus, the polarity of the situational asymmetry may be important for the incidence of problems of task interdependence across cultures. The American respondent (Quote 4.8) shows insight into the precise cause of the problem – as well as a commensurate frustration – that knowledge sharing in Chinese culture is personalized, and not a depersonalized commercial imperative.

Picking up on the testimony of an Australian respondent within Quote 3.5, there is evidence of second order appraisal provoking the emotion of frustration in the Chinese HQ respondent. This respondent was involved in accessing the information required in the foreign subsidiary to enable them to sell effectively to clients (Quote 3.6). Here the Chinese project lead was obliged to require yet more details from a workforce already angry at having to undertake the documentation of products that they are customarily not required to document.

In the first order appraisal, the foreign subsidiary respondent was frustrated, this was associated with a demand to the Chinese HQ respondent and his subordinates to supply the required information, which provoked a frustration response.

Notwithstanding the asymmetry in the cost of knowledge search, there is one instance of happiness as an emotional response by an American management sales director (Quote 4.10) to pleasantness conveyed by his Chinese correspondent, which is indicative of a bilateral positive appraisal. This response, however, may be dominated by the characters of the individuals concerned, rather than by prior socially imprinted behavior. This possibility is suggested by the testimony in Quote 4.11, in which the American informant is responding emotionally to the emotional response of his headquarters Chinese correspondent, which is created by their common interest, leading to effective socialization of these two individuals across cultural boundaries, and a more rapid and effective exploitation of task interdependence. A very similar experience, which diminishes the role of cultural boundaries is seen in Quote 4.12, but from the perspective of an individual in the Chinese HQ. The resulting bond is likened to that of ‘best friends’.

Stage 3

Asymmetry of language usage (Table 5), as with asymmetry in the cost of knowledge search (Table 4), involves individuals in situations of intimate task interdependence.

= Insert Table 5 =

There is, therefore, a ready generation of emotions from the first order appraisal of events, for example Quote 5.1, from a Chinese respondent who, for reasons of cultural norms, was unable to seek clarification during a trans-Pacific teleconference, resulting in frustration from

embarrassment. Emotions, experienced by foreign subsidiary and Chinese individuals alike, but with distinct cultural roots, from first order appraisal are found in the quotations 5.2 – 5.5). The official use of English in the multinational is naturally an advantage for native English speakers, and those proficient in English. Chinese individuals are particularly disposed towards feeling shame caused by their incapacity in English (Quote 5.3). It is notable that in Quote 5.4 the American respondent felt anger at a situation where he was excluded from the unmandated use of Chinese, rather than shame that he was unable to speak Chinese. The incidence and intensity of emotions arising from such situations then create a platform upon which emotions arising from second-order appraisal are more likely. This is shown in Quote 5.4 from a Chinese respondent. In this quote the respondent invokes a justification for the Chinese staff resorting to their native language, which precipitated an outburst of anger from an American sales manager, which then provoked anger in the Chinese respondent. Thus, the emotion expressed following the first order appraisal (by the American protagonist) constituted an event which was in turn appraised (second-order appraisal) by the Chinese protagonist, resulting also in anger.

In contrast, the interaction between a foreign subsidiary staff member (“Alba”) and the Chinese respondent resulted in an emotional response of interest for the Chinese protagonist. Here, it is evident that the foreign subsidiary protagonist has either been trained, or has the personal predisposition, to simplify English language use to communicate with her Chinese correspondent. This, in turn is appreciated, and built upon, by the Chinese respondent, who is keen to improve his English (Quote 5.6).

Stage 4

The asymmetry in absorptive capability in the application of knowledge, once the knowledge is diffused internationally within the MNE (from the foreign subsidiary to the HQ) also generates appraisal on both sides (Table 6).

= Insert Table 6 =

However, there are no recorded instances of second order appraisal arising from this asymmetry. Representative quotations are Quote 6.1, which is a negative appraisal by an Australian individual of the experience of the Chinese HQ staff in handling knowledge and strategizing in all respects regarding knowledge. Emotion is created because this perceived Chinese incapacity is a persistent quality that touches the foreign subsidiary staff. They feel frustration because they see themselves as the repository of the most valuable knowledge within the MNE. This asymmetry in the locus of the most valuable knowledge was recognized, prompting the emotion of sadness in a Chinese respondent (Quote 6.2) who clearly wished that it were otherwise. Again, this asymmetry is not something that changes fast, nor is it in prospect of changing fast. It is, rather, the backdrop for asymmetries that accompany task interdependence and greater emotional interaction across cultures.

In the light of above findings, we propose:

P1: Emotions from intercultural interaction are elicited not only by differences in cultural predisposition but also asymmetries of knowing.

P2: The bilateral impact of intercultural interaction on emotions is determined by each individual's appraisal according to their cultural predisposition.

P3: The emotions elicited within individuals from intercultural interaction would differ were the asymmetries in knowing reversed.

Discussion

Our research provides some theoretical basis for the suggestion in the literature, that the intercultural encounter generates emotions arising from cultural difference, as distinct from individual level characteristics (e.g., Aichorn & Puck, 2017). Our reasoning is that asymmetries in the situation facing individuals is liable to provoke distinct cultural reactions, which we have suggested can be thought of as cultural asymmetries.

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

The baseline between cultures is that there exists some systematic difference, inducing divergences in the cultural mode of the self (e.g., Bagozzi et al., 2003). Our evidence regarding first order appraisal agrees that cultural mode differences may be an outcome of distinct cultural goals in relating, i.e., independent self-system and dependent self-system (Markus & Kitayama, 1991). We find that our respondents systematically attributed blame differently. However, our main purpose is to demonstrate that intercultural interaction lifts this difference in cultural mode of the self to an importance that goes beyond mere observation of the existence of such differences between cultures. The basic manifestation of such differences in cultural mode of the self can be found in the use of extended emails by the Chinese protagonists, seeking to demonstrate their respect through their personal sacrifice of time, but which inevitably fail to stimulate the intended response in their western recipient (#15 American).

This same cultural difference is found in the non-attributability of responsibility in the HQ, leading to anger in the western individual at the “sharp end” of the exchange (Quote 3.3).

The organization of work in the intercultural workplace according to national culture is particularly liable to create tension. Our findings suggest that the social organization of intra-firm cooperation is characteristically distinct as between China and our selected western economies. The Chinese use of *guanxi* as the basis for work relations transpires to be a strong source of cultural asymmetry (as exemplified in Quote 4.7). This asymmetry may be unknown, or known (Quote 4.8) but even so not fully understood in the western subsidiaries. It may then be a source of bewilderment but, in an intercultural work situation, it is liable to become a source of emotional response deleterious to effective cooperation, productivity and business performance. In the case of Chinese culture knowledge is tacit and embedded in a diversity of individuals (Quote 3.6). We find evidence that this tension is heightened when there is task interdependence, that is, the need for cooperation between individuals – individuals who have no practical alternative other than to fall back on their own cultural norms to guide their behavior. The context of asymmetry in knowing, which we use in this study, generates the need for cooperation, and therefore the necessity of individuals to work closely with each other. Looking across the four dimensions of situational asymmetry, we have found evidence that suggests that the more intense is the task interdependence, for example, in the cost of knowledge search (quotes 4.1 and 4.2) as compared with structural differences in the knowledge base (Quote 3.5), then the more pressure this places upon individuals, and the more they must rely on their cultural norms, producing emotional intensification (Quote 4.4).

With regard to asymmetries in language use, we find that the attribution of blame clearly follows cultural lines. The natural inclination of a western respondent is toward a public anger response (Quote 5.5), while that of the Chinese is to feel shame from such a rebuke (Quote 5.4). Such interactions are deleterious to intercultural working, and no managerial

resolution to them was suggested within our data. This may reflect the lack of management capability and experience, specifically in the intercultural domain, on the part of Chinese managers. If the polarity of the asymmetry in language usage were to be reversed, that is, the Chinese multinational were to standardize on the use of Chinese throughout the firm internationally, then it is not evident that the foreign subsidiary staff would feel symmetrical emotions to those experienced by the Chinese in the case study. This is because the social evaluative stress of “losing face” that is a normal part of the social organization of work in China is not prevalent in the countries of the foreign subsidiaries. In such instances, an anger response might become more likely.

No intercultural training was evident, nor was there any training program indicated. However, the possibility of intercultural socialization as an effective antidote to cultural asymmetry is indicated in two of our respondents’ quotations. In these instances, socialization occurred organically, that is, it was not engineered by management. The experiences of two respondents, one American respondent and one Chinese (quotes 4.11 and 4.12), are a case in point of the role of socialization between cultures to create more effective intercultural working. This indicates some possible limits to intercultural boundaries, and to a role for intervention to promote socialization. The power of this socialization, outside of a context in which only the task in hand can be discussed owing to time constraints, emerged strongly. It is worth noting that this socialization arose organically, not because of any managerially-designed intercultural team bonding. That it emerged between individuals from cultures every bit as different as those that which generated negative emotion from first and second order appraisal points to the scope for creating an environment that is more conducive to improved intercultural interaction and working.

We have argued that the emotional aspects of intercultural interaction at the individual level are largely overlooked by existing theoretical developments, including Shenkar’s (2001)

‘cultural friction’. Drawing on the established appraisal theory of emotions and extending it to a bilateral setting, our approach suggests that individual emotional states derived from bilateral interaction between macro-level cultural systems and micro-level self-systems (Markus & Kitayama, 1991) and may determine the trajectory of the experience of cultural friction at the level of the individual. As stressed by emotion scholars (Smith & Lazarus, 1993), the principal function of emotion is to mediate transactions between the individual’s inner mind-set and the external world. We cannot explain intercultural interaction in the international workplace without an understanding of the predispositional and situational contexts in which the interaction takes place. Therefore, by analyzing emotions, and emotional responses to others’ emotions, our approach may offer a better theoretical understanding of individual level intercultural encounters, which may then point to a deeper understanding of the intercultural encounter within the MNE.

Conclusions

In this paper we have analyzed how and why emotions generated within the international workplace diverge between individuals for reasons of national culture. We utilize knowledge transfer instrumentally as the context of cooperation within a Chinese multinational enterprise. We explore the individual emotional states experienced during the process of the intercultural business encounter based on qualitative data from one of the largest IT service companies headquartered in China. We develop new theory which offers an insight into the emotional interactions within an intercultural setting, an aspect underemphasized in the previous literature. We find that individuals appraise their potential to address cross-cultural difference interactively and recursively. Using the theoretical innovation that appraisal is bilateral, we propose that knowledge asymmetries trigger cultural predispositions towards

distinct emotional experiences, thus creating asymmetric intercultural feedback and heightening felt tension.

Our research employs a case study approach designed to heighten the opportunity to see intercultural differences in action. Our research is not intended to demonstrate the inevitability of such dysfunctional interaction, but rather to point to the possibility that to some extent the same phenomena occur in all intercultural encounters, even where the baseline cultural differences, or asymmetries, might generally be thought to be less. There will be circumstances in which, according to the situation and the nature and intensity of task interdependence, where emotions may produce dysfunction in cooperation. For example, we might speculate that language differences may be more important relative to those of the social organization of work between countries which are otherwise similar, e.g., the western economies. However, our research is not designed to investigate this. Our approach of using appraisal theory bilaterally may provide us with a deeper explanation of cultural friction, and the circumstances in which it is most likely to occur – where there is the greatest task interdependence – and when it might intensify out of control. While our data do not take us into the realm of third order appraisal, we can extend our approach to suggest that this, and higher orders of appraisal, should be investigated in the future. There is the distinct possibility that the spiraling of emotions, from subsequent exchanges, may produce dysfunctional intercultural working up to, and including, the point at which cooperation breaks down completely. Second order appraisal is an emotional reaction, in an intercultural setting, towards an emotion of another of a different culture or of an action, flowing from a first order appraisal generating an emotion. Thus, our research suggests it is inherently difficult to predict the outcome at the individual level. However, our approach suggests that at the group level an understanding of cultural differences may be valuable. Our findings may have implications for cultural friction because they may explain why cultural friction is felt differently from one side

to the other side of the intercultural encounter and moderated by individuals' differences in socialization. For instance, our research shows that the emotions generated are unevenly distributed among the cultural protagonists in terms of their intensity and nature. This emotional discrepancy generates new emotional perspective on intercultural interaction that current conceptualizations of culture, including cultural friction, have largely neglected.

Our approach offers a possible research agenda building up from the individual level to aggregate observation of intercultural interaction. To date, this literature is riven by indeterminacy (Stahl & Tung, 2015) that arises from the failure to consider both the neglected situational and the predispositional context, at the same time. Our three propositions suggest research directions around asymmetries in intra-firm coordination including ownership, leadership and management of networks, the ability of the individual to appraise intercultural interaction in a bilateral setting and the irreversibility in the direction of these effects.

While we employ knowledge transfer in our study, we would predict that other cooperative functions could generate similar emotional responses. We have proposed that the nature and polarity of knowledge asymmetry may influence the manifestation of emotions. Thus, the pattern of intercultural emotional responses might differ with the direction of knowledge transfer, or with another form of functional integration. We might speculate as to whether there may be implications for management that depend, for example, on whether the parent company is Chinese, or western.

Managerial implications

It is arguable that tight intercultural task interdependence places acute stresses upon the protagonists that they are unable to resolve, and for which they do not have the necessary level of training nor socialization with their foreign counterparts. In these circumstances, their

emotional responses, from their appraisal of their situation (first order) is liable to generate negative emotions which, given high task interdependence, is then more likely to create negative emotions from the overseas protagonists' second order appraisals. It is perfectly possible that different functional task interdependence, other than knowledge transfer, will generate different asymmetries. This points to the possible value of management action to introduce not only intercultural training, but also socialization. In our research, we see little evidence that either is likely to be promoted, as the Chinese parent sees the social organization of work in China as the blueprint for the firm, even as a multinational. We might speculate that, were ownership of the multinational firm to be located in the West, then cross cultural training might well be rolled out. The Chinese "export" of its managerial culture abroad – in effect expecting its foreign subsidiaries to interface directly with the practice in the HQ is, in fact, little different from the ethnocentric approach identified with early multinationals originating in the West (Perlmutter, 1969). However, Chinese managers may recognize that there are both cultural (predispositional) and potential situational symmetries that may create a vicious circle of negative emotions. For example, were they to seek the effective integration of an acquired advanced economy firm within the multinational group, then this may be a rationale for stopping short of functional integration. There is some evidence that Chinese firms, in some circumstances, do allow greater autonomy to acquired firms. So, while not a permanent solution, the curtailment of international functional integration may provide a short-term fix for management, pending the development of a serviceable long-term policy of training and socialization. Our findings that the directionality of interaction may be an important determinant of outcomes may be important for management. Transfers of knowledge or other resources within the firm, but across national boundaries, will not necessarily have identical effects when the sender and recipient are reversed. This means that the primarily western based

management literature may well not apply to the Chinese MNE operating abroad, and perhaps not to other emerging market multinationals.

It is evident from our study that a knowledge of culture alone is insufficient to predict outcomes. One cannot predict the intercultural response unless one knows the situation, and even then, individual differences may intervene. There are, however, certain regularities in cultural predisposition, of which managers need to be aware to avoid setting their staff up for negative social evaluative effects, e.g., losing face. This is an important insight for managers, as it demonstrates that in addition to technical background, employees will be more productive in the part of task or stage of a project with which they feel most comfortable.

Limitations and future research

There are several limitations of this study that at the same time offer interesting avenues for future research. First, one of the authors who collected the data 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 Chinese HQ. It is therefore difficult to identify the kind of emotions that influence the 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 & Ingram, 2000), further longitudinal research is needed. Second, this research did not present a more nuanced cultural distinction between the cultural clusters. For example, Michailova and Hutchings (2005) demonstrate a different pattern of knowledge sharing behavior between China and Russia although both countries are embedded in collectivistic cultures. Similarly, Koopmann-Holm and Tsai (2014) find salient cultural difference in the degree to which expressions of sympathy focus on the negative (vs positive) between European Americans and Germans. Future studies could compare emotions and their

influence on cultural friction by moving beyond the conventional cultural contrast between the ‘Anglo cluster’ and the ‘Confucian cluster’ (Ronen & Shenkar, 2013). Third, the measurement and explanation of emotional experience is a challenging research endeavor. Although the case study method used in our study enables better matching between the core appraisal dimensions of emotion and the interviewee’s narrative account, multiple ways to measure emotion such as decoding of facial/vocal expressions, physiological measurement of bodily change and even neuro-imaging of brain activity might be considered. This could significantly enhance the internal validity of empirical research on emotion in IB.

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Table 1: Profile of Subsidiary Interviewees

Interview Number	Nationality	Job Title	Level	Tenure (Year/Month)	Business Unit	Previous work
1	Australian	Marketing Manager	Middle	1.5	BG6	Project Manager
2	Australian	HR Director	Top	1.5	BG6	Chief Operating Officer
3	Australian	Associate Vice President	Top	3.7	BG6	Senior Manager
4	Australian	Sales representative	Operating	1	BG6	Managing Director
5	Australian	Developer	Operating	0.9	BG6	Data Integration specialist
6	Australian	Account Manager	Middle	1	BG6	Technical Lead
7	Australian	Senior Vice President	Top	3	BG6	Chief Executive Officer
8	American	Testing Manager	Operating	1	BG3	Principle Testing Manager
9	American	Delivery Manager	Operating	1	BG3	Project Manager
10	American	UX Manager	Middle	4.5	BG3	Market analysts
11	American	Sales director	Middle	1	BG2	Business Director
12	American	Chief officer of POM	Top	4	BG3	Project Manager
13	American	Marketing Analyst	Operating	1.9	Marketing	Internship in PR
14	American	IT manager	Middle	3.5	BG1	Technology coordinator
15	American	Sales director	Middle	1.8	BG1	Marketing director
16	American	Senior delivery director	Top	2.2	BG4	IT consult
17	European	Sale representative	Operating	1.2	BG2	Account Manager
18	European	Head of Vendor Manager	Middle	2.5	PGS	Vendor Manager
19	European	Director of translation	Middle	2.5	PGS	Delivery manager
20	European	Associated vice president	Top	3	PGS	Senior director of PGS
21	European	Sales Representative	Operating	2	PGD	Sales
22	European	General Manager in Europe	Top	2	SBU	Chief executive officer
23	European	Sales	Operating	1	SBU	Sales assistant

Table 2: Profile of HQ Interviewees.

Interview Number	Nationality	Job Title	Level	Tenure (Year/Month)	Business Unit	Previous work
1	Chinese	Project Management	Middle	7	PGS	Freelance Translator
2	Chinese	Translation Production Lead	Middle	6	PGS	Translator
3	Chinese	Team Manager	Middle	5	PGS	Translation Lead
4	Chinese	Vendor Management	Middle	5	PGS	Vendor Management
5	Chinese	Project Lead	Operating	1	PGS	Translator
6	Chinese	Project Lead	Operating	3	PGS	Project Assistant
7	Chinese	Vendor Management	Operating	3.5	PGS	I.T. and Management
8	Chinese	Associate VP of Business solutions	Top	2	BG2	Firmware Architect
9	Chinese	Manager of Business Solution	Middle	6	BG2	Delivery Manager
10	Chinese	Presales	Middle	4	BG2	QA Lead
11	Chinese	Account Manager	Middle	5	BG2	Software Architect
12	Chinese	Presales	Operating	5	BG2	IT Testing Engineer
13	Chinese	UX Designer	Operating	1	BG2	Website designer
14	Chinese	Market assistant	Operating	1.2	Marketing	Marketing
15	Chinese	Market analyst	Operating	2	Marketing	Market assistant
16	Chinese	Market Director	Middle	2	Marketing	Marketing Manager
17	Chinese	Associate VP	Top	3	Marketing	Market analyst
18	Chinese	Senior VP of Business development	Top	3	BG3	Co-founder of an I.T. firm
19	Chinese	VP of strategic client	Top	3	BG3	Co-founder of an I.T. firm
20	Chinese	Associate VP of Business	Top	4	BG3	R&D Lead

Interview Number	Nationality	Job Title	Level	Tenure (Year/Month)	Business Unit	Previous work
21	Chinese	Associate VP of Business Operation	Top	7	BG3	Business Operation
22	Chinese	Associate VP of Business Operation	Top	10	BG3	Owner of private firm
23	Chinese	Business Operation	Middle	7	BG3	Project Lead
24	Chinese	Strategic Alliance	Middle	5	BG3	Pre-sales
25	Chinese	Presales	Operating	3.5	BG3	Project assistant
26	Chinese	Business Operation	Operating	1	BG3	Customer engagement
27	Chinese	VP	Top	16	BG5	Software Engineer
28	Chinese	Senior Project Manager	Middle	3	BG6	Project Manager
29	Chinese	Technical Lead	Operating	1	BG6	I.T. Engineer
30	Malaysian/Chinese	Business Operation	Middle	4	BG6	HR
31	Malaysian/Chinese	Business Operation	Middle	5	BG6	Account Manager
32	Singaporean/Chinese	HR manager	Middle	3	BG6	Project Manager
33	Chinese	Associate VP	Top	12	BG7	Business Operation
34	Chines	Sales	Middle	3	BG7	Project Manager
35	Chinese	Sales	Operating	1	BG7	Accountant
36	Chinese	Market analyst	Operating	0.8	SBU	Market Intern
37	Chinese	Marketing manager	Middle	2	SBU	Marketing

Table 3: Illustration of inferred dominant emotions triggered by the asymmetry in the form of the knowledge base

Quotes	Appraisals Core relational theme	Inferred emotions
<p>[3.1] <i>At this moment, I can't explore the company's solution or consultant service because I have not find out the relevant information. Instead, I have to focus on 'testing' where some material are available and relevant delivery teams can be identified. It is frustrating that I can't really use what I am good at in my work</i> (#14 American).</p> <p>[3.2] <i>There is perception among the foreign units that our delivery team is only capable of supplying cheap labours for low-end 'testing'. It is a stigma. What is more disappointing is we don't have adequate skills to put what we have done well in testing or other services into tangible evidence.</i> (#8 Chinese)</p>	<p>Unpleasant state. Uncertainty about the situation. The outcome that is below one's expectations</p> <p>A failure at something for which success is expected, but the exact cause for the failure is unknown</p> <p>Frustration (Western): 'low visibility of HQ knowledge created uncertainties or disruptions in recognizing the transfer opportunity</p> <p>Frustration (Chinese): criticality of HQ knowledge was diluted by their inadequate knowledge articulating skills</p>	<p>Frustration</p>
<p>[3.3] <i>Nobody in the centre [HQs] took the responsibility to make the information available for everyone and to make it easier to understand for us...The knowledge in there is not very organized around solution or service line. It is a big chaos. In the end, we decided to create our own knowledge map of who is doing what in the company</i> (#19 European)</p> <p>[3.4] <i>Two engineers, from software testing to developing, from Monday to Friday – That is impossible. At least, this is task requiring 15 days. Those sales people have no bloody clue of what we are doing here except telling the client how hard-working and cheap Chinese engineers, and how much money will be saved.</i> (#1 Chinese)</p>	<p>Unpleasant state, certainty about the situation, unfair treatment.</p> <p>A perceived wrongdoing where blame goes to others and the focal individual has the potential to correct the situation</p> <p>Frustration develops into explicit anger expression when no significant improvement of knowledge codification have been made by the HQ side</p>	<p>Anger</p>

<p>[3.5] <i>One big telecommunication company in Australia had approached us about BPO [Business Process Outsourcing] service, we thought we could help the client with HQ's strong 'testing' capability with our extensive consulting expertise. However, we had not found it easy to discover good documents defining the scope or the process of 'testing' capability...You feel you were wasting too much time in figuring out, not selling, the service you proposed to the client (# 6, Account Manager, Australian)</i></p> <p>[3.6] <i>When I was told the material we supplied was not good enough to demonstrate our testing capability, I feel upset because most of Chinese staff, including myself, do not have that skills or habit to clearly list project experience. However, as the project lead, I have no other choice but push those already irritated team members to reconsider and resupply the material for the Australian team. (#23, Project Lead, Chinese).</i></p>	<p>Frustration intensifies into the repressed anger with subsidiary's inaccurate or biased evaluation of HQ's capability</p>	<p>Frustration</p>
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Table 4: Illustration of inferred dominant emotions triggered by the asymmetry in the cost of knowledge search

Quotes	Appraisals/ Core relational theme	Inferred emotions
<p>[4.1] <i>It really gets on my nerves because you think it is so easy to respond an email that just may take a couple of seconds. Then you do not have the response at all. It drives me furious particularly when we are under a time pressure to obtain that small piece of knowledge. (#20, European)</i></p> <p>[4.2] <i>If I contact a foreign colleague without a notice or approval from my appointed supervisor. It will not bring me any good but only risks of troubles from my manager (#6 Chinese)</i></p>	<p>Unpleasant state, certainty about the situation, unfair treatment.</p> <p>A perceived wrongdoing where blame goes to others and the focal individual has the potential to correct the situation.</p> <p>Anger (subsidiary): could not get the timely and accurate response from the identified person.</p> <p>Unpleasant state, uncertainty about negative outcome. Low control situation.</p> <p>Negative event as unpredictable and under situational control.</p> <p>Fear (HQ): punishment of challenging manager's authority</p>	<p>Anger</p> <p>Fear</p>
<p>[4.3] <i>The managers in HQs seem to like to be consulted, and give the information that otherwise should be available for the employees. However, the manager is supposed be there for planning strategy rather than telling people who they should contact (#19 European).</i></p> <p>[4.4] <i>Because I can't get the information that should be ready for me, I have to ask for the guidance on who is the next one I need to speak to. I am afraid a corporate</i></p>	<p>Unpleasant state, certainty about the situation, unfair treatment.</p> <p>Coldest form of hostility expressed towards an inferior , unworthy others</p>	<p>Contempt</p>

<p><i>yellow pages might deliver a better result than what some Chinese managers could offer (#20 European).</i></p> <p><i>[4.5] I was only given a name of one American account manager from my line managers. No other details. And none of my colleagues ever contacted that person before. I felt panic because I did not know how to approach that manager and explain my request clearly. Then next day, my boss blamed me for not sending the information request on time' (#14 Chinese)</i></p> <p><i>[4.6] I have explained to my Chinese colleagues that I prefer them to bring questions or issues directly up to my attention. And I will do the same thing to them when I have problems. However, despite my willingness to help, they still like to keep the problems to themselves (#20 European)</i></p> <p><i>[4.7] I contacted Ana for a case study on machine translation. She was very nice that I expected and provided me the relevant material very quickly. One month later, she kindly helped me with another case study. However, just a few weeks ago, I needed some materials from her team again. I really felt very uncomfortable to bother her again as I have not helped her in any situations. I felt I owned too much debt to her (#10 Chinese)</i></p> <p><i>[4.8] 'I am afraid this feeling [indebtedness] will make the information seeking a very personal thing. Ultimately what I care is an effective problem solving and collaboration with our Chinese colleagues' (#10 American)</i></p>	<p>Contempt (Subsidiary): individual's deservingness for the managerial position is based on personal ability to provide not hide knowledge.</p> <p>Unpleasant state, certainty about the situation, unfair treatment.</p> <p>Forced engagement with particular situation or behavior because of no other choices</p> <p>Unpleasant state. Uncertainty about the situation. The outcome that is below one's expectations</p> <p>A failure at something for which success is expected, but the exact cause for the failure is unknown</p> <p>Frustration (Subsidiary): unable to get the direct information even the attempt to remove the face concerns.</p> <p>Unpleasant state. Certainty Low control situation.</p> <p>An uneasy obligation to repay another arising from norm of reciprocity</p> <p>Indebtedness (HQ): expectation of return was too much</p>	<p>Fear</p> <p>Frustration</p> <p>Indebtedness</p>
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<p>[4.9] <i>Even you got a 'thick skin', you would feel embarrassed to ask for a favor. Why do they continuously help you if you can't offer them any help? (#4 Chinese)</i></p>		
<p>[4.10] <i>The feelings of contacting Christiana have been very pleasant. With that, I am as courteous, timely and informative in my responses to her (#15 American)</i></p> <p>[4.11] <i>Chen Yu is always quick to respond to my request, and become my reliable contact who shares same passion around the lasted information technology. It makes work more fun when you can contact someone with similar interest or hobby (#11 American)</i></p> <p>[4.12] <i>With the times goes on, we talked about work as well as things outside work. Naturally, I feel quite relaxed to contact Kevin for any issues as if I have spoken to my best friend (#9 Chinese).</i></p>	<p>Happiness/Relaxed: gratitude in the first-order amplified into overall positive/calm feeling via further interactions.</p>	<p>Happiness</p>

Table 5: Illustration of inferred dominant emotions triggered by the asymmetry of language usage in knowledge sharing

Quotes	Appraisals/ Core relational theme	Inferred emotions
<p>[5.1] <i>In the middle of tele-conference, I did not catch up two long sentences spoken by an American sale. I was little bit embarrassed of asking for clarity. Because of this mistake, I messed up the rest of meeting. I felt so humiliated in front of my boss who trusted me to do the translation (#36 Chinese)</i></p> <p>[5.2] <i>In the U.S. we believe 'less is more'. People use simple, small words to frame their questions or statement in the workplace. Based on my observation, our Chinese colleagues like to write long emails with big words. Reading these emails is mentally exhausting and quite often very boring (#15 American).</i></p> <p>[5.3] <i>In the school, we were told by the teachers to learn correct grammar first in order to write or to speak proper English. It is the same in the office where you are expected to speak or to write perfect English when communicating with the native speakers. Otherwise, you will become the laughing stock or ridiculed by other colleagues for 'not knowing what a shame is for speaking rubbish English (#25, Chinese).</i></p>	<p>Unpleasant state. Uncertainty about the situation. The outcome that is below one's expectations</p> <p>A failure at something for which success is expected, but the exact cause for the failure is unknown</p> <p>Frustration (subsidiary): Poor language proficiency in English as official working language</p>	<p>Frustration</p>
<p>[5.4] <i>As we tried to reframe a few technical terms in Chinese. One American sales managers suddenly told us 'I had enough with your Chinese' and terminate the conference call. It feels that we had been slapped on our face (#36 Chinese).</i></p> <p>[5.5] <i>I sat in one project meeting that in the beginning was conducted in English. Then a few Chinese words popped up and the meeting suddenly turned into an entire Chinese conversation. When I insisted on an explanation, I was only given less than 5 or 6 sentences to cover their 30-min talk. That was very rude as they clearly knew the English was the language of that meeting (#16, American).</i></p>	<p>Unpleasant state, less certain about the situation, self-unworthy.</p> <p>Fail to perform a specific behavior in social context.</p> <p>Shame (HQ): incompetence in the working language exposes personal flaw and unfitness with the international team, and intensified by the expectation of perfect English</p>	<p>Shame</p>

	Anger (Subsidiary): unacceptable code-switching behaviour in cross-lingual communication	Anger
<p>[5.6] <i>Initially I am expectant but I would not say that I am not confident. I approach them by email, introducing myself and my department and specifying my requirements. Alba is really good with using simple English to describe a complicated issue in a nice but professional way, you feel relaxed and willing to listen to her suggestions or ideas. So every time I got her email, I will copy some of her words or style in my own English. Now, I feel more confident to express my views firmly but friendly with foreign colleagues (#7 Chinese).</i></p>	<p>Pleasant state, certainty about situation, strong desire to attend to the situation.</p> <p>Explore and adopt to a novel situation</p> <p>Interest: mutual care associated with first-order compassion paves the way for learning from each other's language use and style</p>	Interest

Table 6: Illustration of inferred dominant emotions triggered by the asymmetry in capabilities to transfer knowledge and to absorb for application

Quotes	Appraisals/ Core relational theme	Inferred emotions
<p>[6.1] <i>Quite a number of colleagues reported to me that their advice fall on deaf ears and the company's innovation policy was never transparent to them. Although Western staff only accounts for less than 5% of the whole workforce, quite often they represents what the company really needs to leverage in order to become a global firm (#2 Australia).</i></p> <p>[6.2] <i>After going through so many initiatives coming and going, I am afraid to say the company's DNA is labour intensive outsourcing service. As long as that fundamental legacy exists, there is no soil for overseas knowledge on solution/consulting service to grow and thrive (#20, Chinese)</i></p>	<p>Frustration (subsidiary): high disseminative capability failed to deliver the expected impact on the HQs.</p> <p>Unpleasant state, low certainty, other responsibility</p> <p>The negative outcomes is controlled by impersonal circumstance, and nothing can be done to set it right</p> <p>Sadness (HQ): Applying foreign knowledge is due to fail, inducing further passive attitude towards innovation policy.</p>	<p>Frustration</p> <p>Sadness</p>

Figure 1: Data Structure

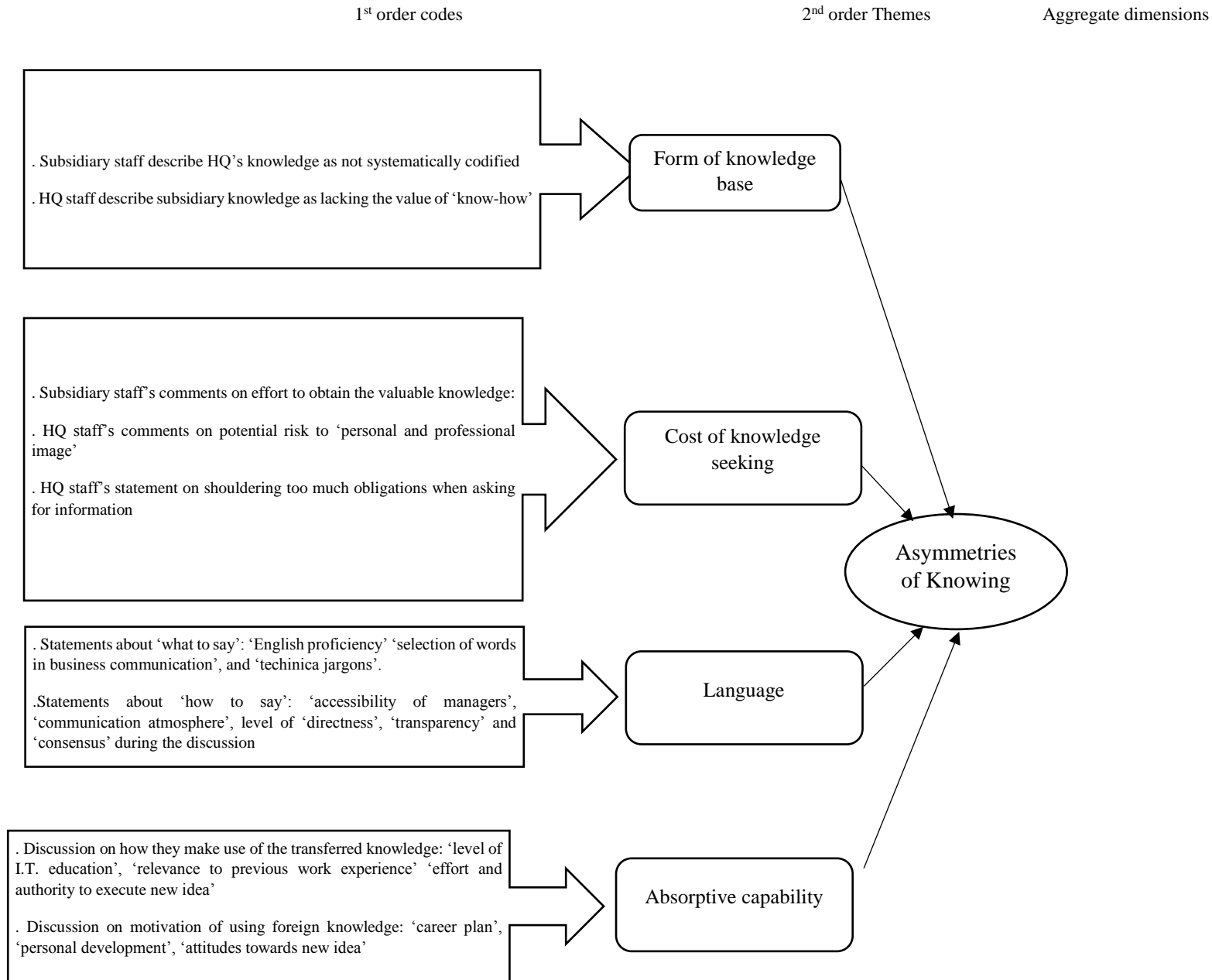


Figure 2: Four asymmetries of knowing emerged from knowledge transfer between the HQ & the foreign subsidiaries.

Stage of knowledge transfer	Foreign Subsidiaries	Headquarter in China	Asymmetries of knowing
. Evaluating knowledge base	Theoretic, abstract, software architecture knowledge	On-the job training, interactions with senior colleagues. learning by doing	Form of knowledge base
. Accessing relevant knowledge	Knowledge concentrates on a number of experts	Knowledge is diffused within the group	Cost of knowledge seeking
. Exchanging knowledge	.English as essential operative capability for global clients Utility-based communication	Mandarin as linguistic advantage for South Asian clients Mianzi'-based communication	Language and communication style
. Applying the shared knowledge	Experienced staff with strong self-enhancing ambition to explore new idea	Young staff with strong tendency to follow the rule from the above	Absorptive capability