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# Trust-building in international business ventures

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## **Biographical details:**

Alexandra Gerbasi is an Assistant Professor at Grenoble Ecole de Management, she holds a PhD from Stanford University and previously worked at California State University in Northridge and Institute for Research in Social Sciences at Stanford. Her work focuses on social networks, trust, and emotions.

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**Abstract:**

**Purpose:** This article investigates collaboration and coordination practices in the organization whose members come from two countries that differ dramatically in generalized trust: Poland and the United States.

**Design/methodology/approach:** A qualitative field study conducted in Silicon Valley-based American-Polish start-up joint venture.

**Findings:** There are three mechanisms can facilitate collaboration in organizations that differ in generalized trust: frequent interaction that may form a basis for knowledge-based trust, professional cultures that provide common platform for communication, and the presence of intermediaries that possess understanding and ability to communicate of both cultures.

**Practical implications:** The findings can be applied in the context of offshoring projects in knowledge intensive industries.

**Originality/value:** Research presented in this paper investigates collaboration of parties from low-trust and high-trust cultures within one business venture.

**Keywords:**

Interorganizational collaboration, trust, social capital, cross-cultural management, Poland, United States, software development

**Article Classification:**

Research paper

Many scholars have investigated cultural differences regarding trust (e.g., Fukuyama, 1995; Hofstede, 1991; Putnam, 2000). Some have argued that the general level of trust in a society influences countries' economic development and productivity (Arrow, 1974; Fukuyama, 1995; North, 1990), although recently this claim has been challenged (Roth, 2009). Different levels of trust across societies can affect collaboration within and between organisations (e.g., Ariño *et al.*, 2001; Madhok, 1995; Lakis, 2009; Lane and Bachmann, 1997). Collaboration partners from different countries may be characterised by differing levels of general trust (Zaheer and Zaheer, 2006). However, “social bases of asymmetry, such as imbalances in trust, especially arising from national cultural origins, have received little if any attention, although researchers have noted the existence of the problem” (Zaheer and Zaheer, 2006, p. 22). Consequently, as businesses become more globalised, differences in trust have become a potential obstacle to success, albeit one that is understudied. Moreover, partners from different cultures tend to bring different conceptions of trust to the business relationship. This issue is especially important when considering the numerous studies (e.g. Ariño *et al.*, 2001; Madhok, 1995; Lakis, 2009; Lane and Bachmann, 1997) that show the importance of trust to international joint ventures. At the same time, some studies indicate that people in cooperative relationships may understand the term “trust” differently and that this understanding is influenced by culture (Möllering, 2001, 2005, 2006). However, the role of trust itself is regarded as positive—trust is said to serve as a mechanism that promotes the transfer of knowledge (Lane *et al.* 2001), and it reduces the need for formal governance structures (Das and Teng, 1998; Gulati, 1995). Gulati (1995) shows how repeated interactions between component firms can lead to the formation of trust, which should lead to better firm performance. Inkpen and Currall (2004) have developed a theory of how trust between partners shapes interactions that substantially influence a venture's development and performance. In light of the importance of trust to the success of joint ventures, it is both critical and highly relevant to study how cultural differences and the resulting communication differences between joint venture partners from different countries influence the development of trust between these entities.

We seek to address this gap through the following: (1) reviewing the literature on generalised trust and examining cross-cultural differences in trust; and (2) providing first-hand insights into collaboration between joint venture partners from Poland and the United States, two countries with dramatically different levels of generalised trust. Although prior

research (Fukuyama, 1995; Putnam, 1993; 2000) suggests significant national differences in trust, we find in our qualitative study that differences can be moderated in business relationships through the use of three interlocking mechanisms: (1) investments in frequent interaction; (2) shared professional backgrounds; and (3) intermediaries that can span different cultures. We examine *how* participants in cross-cultural relationships approach and perceive collaborative acts. In addition, we show how the lack of attention to these differences can lead to a venture's eventual failure. In addition to differences in levels of generalised trust, our study has one other characteristic that adds to its contribution: the typically knowledge-intensive field of software development, in which we conduct the field study, poses a serious challenge to contemporary management theorists and practitioners. Studies (e.g., Ditillo, 2004; Austin and Larkey, 2002; Winch and Schneider, 1993) suggest that successful cooperation in such industries depends heavily on elements of routine and cultural practices created between individuals through communication and repeated interactions over time. Our study adds insight into this difficult field through an in-depth study of how partners in a software development venture attempt to overcome cultural differences in trust to create a viable and thriving collaboration.

We begin the discussion of cultural differences in trust between Poland and the United States by building on both Sztompka's (1999) theory of trust in the context of large-scale social transformations and Lakis's (2009) discussion of the problem of coherence between cooperation and competition in social transformation. Next, we introduce the background and results of a qualitative study of an American-Polish joint venture. Finally, we present a model for building trust between organisational participants from different cultures and discuss its possible implications for both research and business practice.

### **National differences in trust**

People exhibit different levels of trust (defined by Sztompka (1999, p 5) as the "expectancy of others' virtuous conduct toward ourselves"): some of us are more trusting, and some of us are less trusting (Fukuyama, 1995; Putnam, 2000). The propensity to trust is an amalgamation of various factors, but it is also a culturally learned attitude that emerges from the accumulation of collective experiences shared by groups of people (Sztompka, 1996, 1999; Alas *et al.*, 2012). As part of the collective framework of perception and interpretation, trust governs individuals' behaviour. According to Sztompka's (1996, 1999) theory of trust, countries that are rich in social capital (meaning the collective value of all "social networks"

and the inclinations that arise from these networks to do things for one another (Putnam, 1995)) such as the United States, exemplify this attitude of trust, whereas distrust is the culturally embedded attitude in post-transition countries (Latusek and Cook, 2012; Pucetaite *et al.*, 2010). In addition to a culture's overall level of trust, there are differences in how trust manifests itself, specifically, with respect to levels of "thick" versus "thin" trust.

Whereas the United States developed under capitalism, Poland is still transitioning from its time under Communist rule (Lakis, 2009). In the socialist state, there was a strong reliance on closed networks of trust, and individuals accomplished many everyday tasks through networks of trusted associates outside of the state system (Marin, 2002; Pearce 2001). This reliance on interpersonal bonds, which provided security and continuity under socialist rule, was further reinforced and ingrained during the uncertainty and tumultuousness of the transition from socialism to capitalism. This is consistent with Pearce's research (2001) on facilitative governments, which argues that personal relationships serve as the primary source of governance when governments are erratic or unsupportive. Whereas closed networks provided a safety net during times of change and uncertainty, reliance on these networks also had negative consequences. For example, closed networks are liable to transform into networks of corruption, cronyism or nepotism (Rose-Ackerman, 2001a; Rose-Ackerman, 2001b; Peev, 2002). Instead of supporting societal integration, closed networks often limit individual opportunity by restricting interaction with people outside of the network (Powell and Smith-Doerr, 1994; Latusek and Cook, 2012). In such environments, people may be unwilling, for example, to explore business partnerships with partners they do not know personally. In interactions with those who are not members of their close networks, people can become overly vigilant and suspicious (Sztompka, 1999).

The closed networks that evolved in Poland constitute what Cook and Gerbasi (2009) call "thick" trust. This type of trust arises in social relationships that are close, such as family ties and long-term friendships. Thick trust is analogous to a combination of cognitive trust (in which individuals are certain that others will fulfil their obligations (McAllister, 1995) and affective trust (in which both parties have an emotional investment in one another (McAllister, 1995)). Whereas "thick" trust can be highly beneficial in many arenas, it cannot carry the burden of making social life function properly on the macro-scale (Cook, 2008; Latusek and Cook, 2012). The type of trust that enhances broader social relationships is "thin" trust. This encompasses trust outside of close relationships, such as trust in acquaintances, colleagues, neighbours, strangers, foreigners, etc. An absence of "thin" trust makes non-close

relationships (even trivial ones) difficult. In socialist Poland, thick ties were important to survival, whereas “thin” trust was less important and perhaps was even detrimental to survival. In Poland, the post-war period of Soviet domination fostered a strong combination of excessive reliance on close circles of family members and friends (high “thick” trust) and distrust of authorities and the law (low “thin” trust). The systemic transformation of the 1990s aggravated this trend. These patterns in Poland, although slowly evolving to reinforce “thin” trust (Latusek and Cook 2012), persist. Gerbasi and Latusek (2012), using the 2005 World Values Survey (World Values Survey 2005), have found that Americans and Poles do not differ significantly in terms of thick trust (measured as trust towards family members); however, they show significant differences in thin trust (measured as trust towards neighbours, strangers, etc.). Americans tend to exhibit high levels of trust across all levels, which emerges from that country’s relative stability and high levels of social capital. Table 1 recreates the results of Gerbasi and Latusek’s (2012) research that explains the differences between Americans and Poles. Differences in trust increase as relationships become more distant or contain fewer interactions between the individuals in question. There are no differences with respect to family members, but as relationships become familiar, the differences between Americans and Poles increase.

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Insert Table 1 about here  
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The differences observed by Gerbasi and Latusek (2012) are in line with other scholars’ cross-cultural research between the United States and Poland, including that of House et al. (2004), Hofstede (2010) and Trompenaars and Hampden-Turner (1996). These differences also reflect the typical communication styles of Americans and Poles (Hall and Hall 1990). Americans use what Hall and Hall (1990) call fast messages—i.e., information that is easily understood and not deeply encoded. Consequently, Americans can befriend one another very easily within a relatively short time. Thus, Americans tend to have an extensive network of ties typified by “thin trust.” However, many other cultures tend to view such relationships—i.e., relationships that do not involve the exchange of deep confidences—as shallow and devoid of the type of repeated interaction necessary to build “thick trust.” Poles, conversely, tend to take time to build relationships and invest a great deal in them. Polish interactions tend to communicate what Hall and Hall (1990) call slow messages, in which meaning is deeply encoded. Thus, Poles tend to prefer and rely on relationships built on “thick

trust” and are leery of relationships typified by “thin trust.” Given the differences in the levels of “thin” trust in the United States and Poland, one would expect Poles and Americans to encounter difficulties when working together. However, there is almost no empirical research on Polish-American collaboration in the business context and specifically, in high-tech environments; we seek to fill this gap with the present study. Following the literature, we assume that different cultural orientations may affect trust-building processes between representatives of firms from different countries (Lane and Bachmann, 1997; Zaheer and Zaheer, 2006). We use the term “cultural orientation” (Sztompka, 1999) to describe attitudes that result from a particular society’s shared experiences and history. The profound impact of cultural background on behaviour has led Hofstede to call cultural orientation the “software of the mind” (Hofstede, 1991). Not only may individual levels of trust vary between actors from different countries, but the nature of, and cultural support for, the process of trust building itself may also differ across national contexts. Collaboration partners may bring different notions of trust and different concepts of trust building to the business relationship. Communication practices may bring partners closer in their trust-building efforts, but they are also culturally conditioned and may bring about unintended interpretations (Bacharach and Gambetta, 2001).

## **Method**

The empirical data that we draw on were collected in the course of a research project on Polish and American work culture in high-tech environments between the years 2007-2012. For the case that we present here, we selected an American-Polish cooperative and conducted field studies (Eisenhardt, 1989; Yin, 2003) in Silicon Valley and in Poland to examine both the American and Polish organisations in the partnership. Because the aim of the study is exploratory, we chose qualitative methods to provide the most insight into the field (cf. Gstraunthaler, 2010). We used interviews as the primary technique for collecting data, along with observations and analysis of the professional literature as a supporting technique (Kostera, 2007; Rosen 1991).



This study investigates a partnership between MOUSE and BITS<sup>1</sup>. MOUSE, which is based in the Silicon Valley, was established by Americans of Polish origin. It provides IT product development off-shoring services to companies in Silicon Valley. MOUSE's operations are run from its San Francisco office. At the time of our research, the company employed four people. BITS is an IT company operating in Southwest Poland that develops tailor-made software. BITS's founders are experienced managers with strong engineering backgrounds. They have an extensive track record in sub-contracting engineering and executive projects for global IT corporations. Additional contextual information about each company is provided in the empirical section below. All MOUSE employees took part in the collaboration with BITS, and each was interviewed for this research project. We also interviewed every BITS employee who was involved in any project for an American client, MOUSE or otherwise. Details of the interviews and interviewees are provided in Appendix A. All interviews were in-depth (as described by Gstraunthaler, 2010). Each interview lasted between 30 and 120 minutes, and each was recorded and transcribed. In several cases in which an informant did not give his or her consent to recording, the interviewer took extensive notes. We also conducted several informal observation sessions at both firms' corporate offices. In addition to our interviews and observations, we studied the professional sources that our interviewees mentioned using on a regular basis (newspapers, blogs, and websites). Information about this data is summarised in Appendix B.

Following guidelines for inductive research (Glaser and Strauss, 1967), the aim at the beginning of this project was primarily descriptive. In line with methodological recommendations (Jankowicz, 2000; Kostera, 2007) the researcher's intervention into the narratives of people in the field was as limited as possible. Recognising that trust may be a taboo topic (Hatzakis, 2009), we never asked about it directly. Instead, the informants were asked, for example, (1) to describe typical and untypical working days, (2) to recall stories about the organisation that they remember well, and (3) to narrate their careers. These common topics served as springboards for further narratives. When the issue of intercultural cooperation arose, the researcher asked for explication, further examples, and additional explanation.

Next, an iterative process of academic dialogue evolved our model until it arrived at the final version presented in this article. Toward the final stages, our methodology could be

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<sup>1</sup> The names of the companies and employees were coded according to non-disclosure agreements signed by the researchers.

best described as abductive (Alvesson and Skoldberg, 2000; Tillmar and Lindkvist; 2007)—i.e., an interplay of inductive and deductive ways of reasoning. In the process of working through field data, several categories related to intercultural collaboration emerged. That took us back to the literature to see whether we could find explanations for those categories in the existing research. Subsequently, we turned back to empirical data to provide a framework of interpretation that both would be well grounded in our empirical study and would take advantage of interpretations already developed in the literature. This process was iteratively repeated several times between the authors.

The empirical study in the paper is structured along a framework that was generated purely inductively (Greenwood and Levin, 1998; Latour, 1986; Sanday, 1979). It involves three main themes: the Polish and American partner companies, communication processes, and the processes of building trust between the Polish and American employees.

## **Results**

### *The cooperating firms*

At the time of the research, MOUSE<sup>i</sup> was a start-up based in San Francisco that offered IT off-shoring services to companies in Silicon Valley. The company was established in 2006 by Greg (MOUSE's CEO). Greg previously worked in finance and banking, but after 12 years of working for a bank, and prompted by a significant event in his life—the death of his father—he decided to change careers. Greg decided to go to Poland for a few months, where he reconnected with his family and met several new people. Among those he met were the founders of a successful IT company, BITS. This is how the idea of MOUSE emerged—the idea underpinning the business was to utilise Poland's knowledge base for the benefit of companies in Silicon Valley. Traditionally, Poland has been known for its high-quality science education, especially in mathematics and computer science. Young Polish programmers have consistently won prestigious world math and science competitions such as TopCoder. However, this has not translated into a great deal of growth in Poland's IT sector because many of Poland's most-talented young engineers choose careers abroad. The United States, especially Silicon Valley, has attracted a large number of the most talented Polish engineers, offering them both development opportunities and salaries unattainable in Poland. The growth that has occurred in the Poland's IT is a result of international companies seeking access to talent pools and to opportunities to streamline their cost structures. International companies have outsourced IT services to Poland and set up Polish development centres. Reciprocally, another of Greg's motives was to transfer high-tech business know-how to

Poland: *“Poland has very high-quality science education ... (...) However, these people just do not know how to do business—how to enter the market. With all they know... with all they can do... I wanted to bring these people here [to Silicon Valley] and show them what work here looks like.”*

BITS was formally established in 2006 by Poles with many years of experience working with global IT corporations; the company was originally based in Poland. BITS’s founders’ previous experiences living and working in corporate environments both in Poland and abroad enabled them to develop global business procedures and practices for dealing with world-class clients. At the same time, they learned to appreciate the “knowledge base” of their home country—they knew that Polish high-tech engineers had the knowledge and skills necessary to deliver high-end technology solutions. After years of corporate life, the founders wanted to become independent and thus started a new company where they would have the decision-making power to shape the company, as they desired. The company was very successful, and due to its previous business contacts, won several large contracts in Western Europe. It started to develop rapidly, hiring professionals in Poland and establishing branches in several Eastern European countries. BITS’s primary clients came from the automotive and home-appliance production sectors in Western Europe (e.g., Germany, Austria, the Netherlands, and Great Britain). These clients were leaders in their respective industries, which allowed BITS to build a reputable brand name within its technical specialisation. Successful in Europe and confident of their technical skills, BITS’s management began seriously considering extending company operations to the United States. The managers’ dream was to establish a presence in Silicon Valley. Even before BITS had established any American collaborations, its founders would occasionally visit Silicon Valley, which they considered the “place to be” for high-tech companies. BITS’s engineers also loved the idea of expanding to the United States, viewing Silicon Valley as an iconic place where the future of technology is invented. During one of trips, BITS’s founder and CEO Karol met MOUSE’s Greg. Greg introduced himself as a Silicon Valley “insider” and offered to help BITS establish a presence in Silicon Valley. The field material that we collected from the companies, however, revealed an interesting (and we believe meaningful) discrepancy: Greg called the collaboration a *“joint-venture with a development centre in Poland,”* whereas Karol said, *“MOUSE is our sales agent in the United States.”*

In 2007, Greg attracted BITS’s first Silicon Valley customers. BITS worked with these clients according to the proven project management process that it had developed and mastered through its years of experience with European clients. At first, BITS’s engineers

worried about the nine-hour time difference and how it would impact communication, but it actually worked to BITS's advantage. The company usually held coordination calls with clients early in the morning (evening in California) and then worked throughout the day before delivering work in the evening (morning in California). As Polish engineers stated, *"We were working while customers were sleeping and we could surprise them in the morning by having actually done what they had expected the night before."*

MOUSE's business model for the venture included offering both IT solutions and offshore application development to U.S.-based companies, with all engineering work handled by BITS. Of MOUSE's four San Francisco employees, two had engineering backgrounds (both academic and from practical experience in software engineering). MOUSE envisioned itself as an intermediary between technical employees in a client's organisation and developers in Poland. From MOUSE's point of view, the Polish developers possessed two characteristics that seemed to provide particularly important advantages: their high level of engineering education and their strong loyalty toward their employer. Indeed, access to talented engineers at competitive prices was one of the arguments behind the decision to begin the collaboration. The Poles' loyalty toward their company was a unique and very desirable asset. According to one of MOUSE's managers, *"[Polish] people have a very low attrition rate. There is an option to keep these developers for longer periods."* Existing studies confirm that compared to the U.S., especially Silicon Valley, Poles change jobs infrequently (6% annual turnover in Poland (Radford, 2012) compared to 25-30% in Silicon Valley (Reichheld, 2001)) (Jackson and Mach, 2009). Poles also tend to develop an affiliation with their workplace, and this emotional attachment contributes to the development of thick trust. Purely professional relations, in time, are accompanied by friendships and routines that make a company difficult to leave. The Poles' relatively longer tenure intensifies the strength of the bonds that they develop with both their co-workers and the firm. A further characteristic of BITS was that almost all of the employees had previously worked together. When asked why they joined BITS, the unanimous answer was that they did so because of the people they had known and worked with in the past. For example, one of them told us, *"I knew Karol [founder of BITS] from my previous work and when he asked me to join BITS I didn't hesitate. I already worked with him and I knew he was a decent and professional guy."*

However, although MOUSE felt that it could market several compelling economic advantages of off-shoring development work to Silicon Valley clients—the cost advantage of the well-educated workforce, the average high retention of employees in Polish firm, and the well-developed reliable IT infrastructure—it did face one disadvantage: MOUSE's founding

coincided with some well-publicised disappointments experienced by several companies that had off-shored to India. However, arguments could be made that off-shoring to Poland was a sound alternative because the country seemed culturally closer, was not characterised by high attrition, and was a member of the European Union, which secured the institutional framework of doing business (e.g., a reliable legal system and business practices regulated by external authorities (EU)). The Poles in BITS were also very confident of their technical skills, as stated by a member of BITS's management board: *"In our field, we have world-class competences. And we have customers from Germany, leaders in the industry, that have worked with us, and that keep working with us, and that recommend us to everyone because everyone who works with us is positively surprised by the quality of our engineering work."* BITS was sure that once it had an opportunity to collaborate with American clients, those clients would like their services.

#### *Differences or misunderstanding?*

With respect to the differences between the Poles and Americans, one of our American interviewees suggested that there did not seem to be a gap in terms of either knowledge or engineering skills. However, according to the Americans, the Poles needed to work on developing a mutual understanding within the triangle (as the Americans saw it) of the U.S.-based company, the development centre in Poland, and the U.S.-based customer. One of our interviewees said that particularly in terms of dealing with customers, Poles should learn from them: *"They [Poles] start defending their work versus actually listening to the customer. ... And when you are in a mode of defending your work, you are not in the mode of listening. It is a huge difference. They should learn how to actually listen to the customer."* The Poles, however, interpreted that triangle differently as a U.S.-based sales agent, a company in Poland, and a U.S.-based customer. This difference in understanding, which was evident in our research despite the fact that it was never explicitly stated, reflects that the parties interpreted their positions in the partnership in dramatically different ways. Poles believed they were capable of delivering solutions to Silicon Valley clients but needed help with sales front—i.e., to attract clients. MOUSE partners believed that they should mentor and teach their Polish counterparts about American business practices. Americans who we interviewed clearly stated that the Poles should "learn," "be educated," or "adopt" a Silicon Valley style (Saxenian, 1994) of working with customers: *"Poland has a big learning curve ahead of them in terms how to work with American clients."*

It is striking that the interpersonal lessons that the Americans felt the Poles most needed to learn were the very lessons that the Poles were most likely to reject as shallow and insincere. *“I think that Greg did not want us to talk to the customers because we were always open with them. And he did not want that openness. We are engineers and we will always find common ground with professionals on the client’s side, but we will never promise them the moon, as salespeople do. Greg wanted us to use this language of sales with the customer ...”* said one of the Polish project managers. To Poles, the attitude that Americans portray seemed superficial: statements made by the Americans were often regarded as shallow or lacking substance, which is consistent with the description of Americans put forth by Hall and Hall (1990). For Poles, relationship- and parallel-trust-building processes take place across many interfaces and take time, whereas for Americans they seem more business-focused and concentrated on immediate results. This suggests that Americans and Poles also differ in their preferred style of communication: whereas Americans base their communications on the professional aspects of their projects, Polish communication consists of a more-diverse set of elements that assist in building deeper relationships with their partners. Such communications often go well beyond the purely professional aspects of work. Empirical material collected in our study reinforced these findings. For example, to build and strengthen relationships, the Poles found it important to engage in “small talk” with their partners before the actual business conversation begins. They reported writing longer emails to their business partners, which frequently included references to non-work issues such as their families, holidays, and social and political situations. Americans reported that they found this rather awkward and preferred their Polish partners to focus on business issues. The Poles wanted to build “thick-trust” (broad interface) ties with their customers, whereas Americans preferred to communicate in ways that denoted “thin-trust” ties (i.e., related to professional aspects of work, that is, aspects of their work that were exclusively project-focused and task-related).

Other differences related to internal relations between BITS and MOUSE. For example, all of our interviewees mentioned that the communication styles of Poles and Americans were very different. The Americans found the Poles to be quite wary of expressing emotional reactions to work-related situations before they felt very well acquainted with the other party to the communication. The Americans saw this hesitancy as an obstacle to quick and effective problem solving. The Poles, conversely, believed that the communication problems had a more simple cause: they felt that customer communications would operate more smoothly if MOUSE would stop attempting to act as an intermediary. The Poles believed that their technical expertise would be “criterion number one” in the eyes of the

customer, overriding any friction that might arise from incongruent levels of emotional expression between the parties. The underlying causes of tensions arising out of the presence of different levels of emotional expression can be understood in at least two ways. First, a certain level of trust is required within teams for individuals to express their emotions (Langfred, 2004). The Poles' emotional wariness, as perceived by the Americans, may have stemmed from the Poles' lack of comfort in expressing emotions to partners whom they did not yet trust sufficiently (Hall and Hall, 1990). Second, because people from different cultures may interpret communication signals differently, both differences in the ways that individuals perceive emotions and differences in the processes by which emotions are shared with others, impact individuals' trust-building mechanisms (Bacharach and Gambetta, 2001). In some cases, a simple "lack of congruence in cultural proclivities may result in a virtual collapse of the trust-building mechanism" (Donney, Cannon and Mullen, 1998). This was likely the case in the studied relationship because the Polish partners ultimately decided to radically transform the relationship and become an independent entity. As one BITS engineer asserted, *"I don't understand what value MOUSE added to this cooperation. They brought the customer to us, that is true, but then they never helped when there were issues, and I was not informed of all of Greg's communication with the customer. Every time that there were issues with the customer and I tried to involve Greg, he either remained silent or he said he would 'fix things' and 'go to the customer', but because we were not there, we did not know what he actually was doing and he never informed us."*

Similarly, our U.S.-based interviewees said that they felt an expectation from the Poles that their relationships needed to be *"less superficial."* The Poles perceived business relationship standards in Silicon Valley as fundamentally insincere and insufficient in terms of interpersonal relationships. The Americans' frequent use of casual promises provides an illustration: *"Saying that 'I'll see you one day' here [in Silicon Valley] means that maybe I won't see you any more, whereas in Poland it is like a promise. There [in Poland] is a lot more accountability in what I say."* Poles appear to want to build genuine and predictable relationships where high levels of "thick" trust would allow them to feel comfortable being honest and expressing emotions. The American partners, conversely, are most comfortable with more "thin," superficial relationships. The Poles' emphasis on genuineness reflects the stages that McAllister (1995) indicates are necessary to develop "thick" trust. By expressing reliability, honesty and competence, the Poles signalled that they were worthy of being trusted. To develop trust, the U.S. partners realised they needed to be similarly genuine with their words; otherwise, the relationship might devolve due to their perceived lack of

reliability. Moreover, Poles attempted to build thick trust not only by being genuine but also by strategically revealing non-work details about their lives. By incrementally exposing themselves to their partners via these minor revelations during non-controversial interactions, the Poles not only built thick, multiplex ties, but also tested and built an understanding about how their partners might react if they exposed themselves to a greater degree by allowing their emotional reactions to be known during more critical, project-related discussions. Unfortunately, the Americans' preference for task-oriented, thin-trust communication meant that Americans did not value or reciprocate these minor emotional exposures from the Poles. The Poles' attempts at building thick, multiplex trust by injecting non-work-related details into their conversations, then, were effectively rebuffed by the Americans, further reinforcing the Poles' wariness of exposing their emotions on more critical project issues. This led to two contrasting paradoxes. For the Americans, the Poles seemed paradoxically eager to discuss and reveal personal details about themselves when it was "unimportant" and "distracting" to the work being done, but unwilling to do the same thing when it was important. For the Poles, the Americans paradoxically expected instant trust and mutual reliance on critical project components, yet the Americans repeatedly ignored the opportunities and tests that the Poles gave them to demonstrate that this instant assumption of trustworthiness and reliability was valid and legitimate. Indeed, the Americans seemed to act as if there was a high-trust relationship while simultaneously making insincere promises and demonstrating a lack of interest in the relationship beyond the task at hand.

Correspondingly, the study found that participants emphasised loyalty as a major difference in attitude between the Poles and the Americans. We have already discussed how the Poles' comparatively high retention rates were a competitive advantage for MOUSE. One of Americans interviewed said that "*[Poles] have a strong sense of loyalty... they find it hard to understand why we [in Silicon Valley] change [jobs] (...) We don't see it as disloyal when you leave [in Silicon Valley].*" Loyalty, particularly in the field material for this collaboration, constitutes one of the components of "thick trust." Once strong relationships have been built, Poles are less likely to want to exit a relationship and move to a new and uncertain environment. Greater loyalty, then, lowers turnover, which allows an organisation to have increased internal cohesion and makes managing that organisation easier. On the other hand, people used to Silicon Valley's openness and flexibility in work arrangements find such loyalty unusual and constraining.



In summary, the characteristics of the relationship between the Polish and American units of MOUSE seem to be in line with the distinction between “thick” and “thin” trust. The loyalty towards the employer displayed by the Polish developers reflects a tendency to build trust based on close relationships and limited openness to the outside world (including careful attitudes towards the customer). Similarly, the high value attached to delivering on even casual promises indicates that the Poles are more concerned about building workplace relationships based on the “thick” (relational) form of trust. It is interesting that although some of these characteristics were considered by the Americans to be valuable in a collective enterprise by allowing for more stability and predictability in managing the joint venture, other characteristics, such as the attitude towards the customer or different types of time management, appeared to be perceived as areas for improvement.

### *Developing trust*

Participants reported several stories about communication problems. Because the Polish members of the development team did not voice their concerns about projects as the processes developed, these problems only became visible in the later stages of the work. By then, all of the project participants, including the customer, were frustrated and as a result, a serious threat to the successful completion of the project emerged. As our MOUSE interviewees claimed, this was due to two circumstances. First, the Poles were generally less open in their communication style and less willing to bring up “negatives:” *“I think Poles are a bit more reserved about negative emotions, or just emotions in general... maybe it is considered a little impolite... but if you don’t [agree on certain things] early, then it just grows.”* Second, physical distance further complicated the communication process—according to our interviewees, working side by side would have been helpful: *“Most of [the] problems are solved when people come over here and work here... when you are ‘face to face.’”*

To address this problem, the Polish team leaders visited the U.S. in an attempt to overcome their initial reserve and to facilitate internal communication within the organisation. It was interesting, however, that Poles and Americans framed the concepts of these visits differently. For Americans, the visits was a way to show their partners best practices and “teach” them the Silicon Valley way of doing business. For the Poles, it was instead a method to get to know their partners and customers and discover how to best meet their needs. Consequently, the Poles never talked about changing their internal (Polish) organisation or

significantly modifying their business practices as a result of such visits, which was the Americans' obvious (although unstated) expectation.

It is also interesting to note that BITS engineers who visited customers in Silicon Valley said that in their eyes, they bonded with the customer and when they started working together side by side, engineers on the customer side were pleased with what the Poles could do. One of them told us "*Greg's people were preaching that we should change our attitude to the customer. However, I saw that the customer was happy when we met and worked together for some days. The problem arose when I returned to Poland.*" When we inquired about the types of issues that they encountered, BITS's engineers primarily complained that they often did not know what to do for the customer. They noted that the expectations of Silicon Valley customers were different from those of the European clients with whom they had previously worked. With European clients, the project preparation stage was usually relatively long and ended with documentation of how the project should develop. Silicon Valley customers, after several phone calls and email exchanges, expected Poles to "*start working on the product*" with the expectation that details would develop incrementally as the project unfolded. This approach was difficult to integrate within the project management processes developed at BITS. For BITS's engineers, this was the point at which they needed and expected Greg and MOUSE to help. Rather than acting as an intermediary between BITS and the customer, however, MOUSE's employees left the BITS engineers to fend for themselves, giving them amorphous advice to "*adapt to the customer*" and "*do what the customer wants.*" This advice was too abstract and general to be useful to the Poles, and several projects ended poorly. Because BITS did not want to assign engineers to projects and circumstances they did not understand, it had to suspend or even discontinue several projects.

One possible explanation for this finding comes from Saxenian's (1994) rich description of the Silicon Valley culture as one that fosters an entrepreneurial spirit. This entrepreneurial spirit—both in American customers and in MOUSE—frequently materialises as an expectation that developers should be able to work on problems that have been defined only vaguely. As our interviewees noted, this often frustrated the Poles. Thus, even though the Americans' and Poles' general approaches toward clients were significantly different, there was little real attempt to build an understanding between the partners about how to jointly provide customer service because each group thought their model was the "the way business is done."

Common backgrounds also facilitate the building of trust and relationships. Indeed, study participants often mentioned that the identity of the engineers as IT professionals

became a platform for building understanding. Interviewees frequently commented on how a shared educational background in engineering or computer science coupled with experience in these fields created a type of common environment and a type of absorptive capacity that facilitated cooperation even when physical distance was magnified by differences in nationality. In BITS, people with engineering backgrounds were intentionally hired into managerial positions to further facilitate that common environment. BITS managers believed that a common background made communication between branches significantly easier. MOUSE also emphasised hiring people with engineering backgrounds and acknowledged that a shared cultural code of “engineering” helped to overcome misunderstandings or problems: *“On the engineering level, it is much easier to be cross-cultural (...) Of course, this is also because I come from that background (...) I used to be an engineer myself.”* The participants from both countries in our study claimed that engineering culture has developed its own very specific language, behavioural norms and forms of communication that separates it from other groups.

However, although this shared background helped BITS and MOUSE to communicate and develop trust generally, it actually worked against the key bridge between the networks. MOUSE’s Greg did not have a technical education, although he considered himself to be technology savvy. This lack of shared background led the Poles to view the non-technical advice that Greg tried to provide as challenging their skills and professionalism rather than as the wisdom of a complementary skill-set. This exaggerated the friction caused by the firms’ different views of their overall relationship. The Poles saw themselves as a successful IT company that primarily used MOUSE as a sales force, and Greg’s advice was perceived as trying to linguistically ‘define’ BITS as just a ‘development centre subordinated to MOUSE. This was one of the signs of growing frustration with MOUSE in Poland. As one Polish engineer expressed, *“Greg just keeps telling us what we should do, what we shouldn’t do. We are professional IT people and well... he is not so good in technology, so he shouldn’t lecture us. We know what we are doing and he is always looking down on us.”* Greg and other members of MOUSE frequently visited BITS’s headquarters in Poland, and the Poles increasingly resented their visits.

Shared language was also an essential platform for the development of trust. Listening to Polish and American engineers engaged in cooperation, one may notice that communication between them is easier because they often declare that they *“speak the same language”*—both metaphorically and literally. First, they share the language of science. Second, the dominant language of technology in software engineering is English and as a

practical matter, being an engineer is synonymous with having at least a working command of English. On its website and in its promotional materials, BITS boasts that all of its employees speak fluent English and that most of them also speak German. During interviews, BITS's managers stated that they see fluency in English and German as one of the pillars of the company's competitive advantage in conquering foreign markets. BITS's engineers claimed that they have never experienced "*any serious issues related to language*" when they talked with American customers. Moreover, engineers said that for them, English is sometimes even the working language of their minds because it is the global language of engineering.

This contrasts with MOUSE's experience with the Polish engineers. MOUSE employees explained that although communication was facilitated by the fact that the employees of the development centre in Wroclaw are fluent in English, there were still some minor issues with understanding one another, especially when communication took place over the phone. Therefore, from MOUSE's perspective, when dealing with customers, Greg's ability to natively speak both English and Polish is still necessary.

### *Epilogue*

At the beginning, BITS's prospects in Silicon Valley appearing promising: the company had an impressive track record of cooperation with clients in Western Europe, was committed to internationalisation efforts, and seemed organisationally strong enough to embrace the challenge of working with customers overseas. However, when cooperation with concrete clients started, things went awry. Moreover, almost every project that started with U.S.-based clients was problematic. Issues related to the practice of managing projects (e.g., timing, speed of delivery, processes of specifications, and payments) sparked recurring conflicts with customers and in some cases, even led to the termination of contracts. For BITS, which was used to succeeding in foreign markets, this was a surprising situation that was difficult to manage.

BITS's engineers expressed frustration because they believed the service they provided was at the highest technical level. Most of that frustration was then directed at organisational issues. As time passed, the Polish parties began to view the triangle-like set-up involving BITS, MOUSE, and customers as somewhat dysfunctional. Although people at MOUSE were supposed to act as intermediaries, management issues arose over and over again with American clients. Polish project managers and developers felt that engineers from MOUSE looked down on them and did not treat them as partners, but rather as learners who should adapt to their ways. The Poles felt that customers wanted more partnership with

developers than MOUSE intermediaries allowed them to have. The sentiment in favour of ending the triangle-like structure steadily increased during the research period. Ultimately, in 2013 (after this research project ended), the Polish organisation decided to become independent, demote MOUSE to the role of sales agent and establish its own project management unit in the U.S.

## **Discussion**

Although differences between the Polish and American parties in the collaboration are significant, the parties found ways to manage the relationship. We close this paper by focusing on methods for building understanding and trust between Polish and American partners. Next, we summarise the findings of the field study and connect them to the literature on trust building. It must be noted, however, that some of the tensions that we identify have intensified over the long run, eventually leading to the termination of cooperative ventures as a partnership of equals. Ultimately, the software industry in which the parties worked required close cooperation with customers throughout the process of developing solutions. Therefore, the triangle-like structure that MOUSE initially created turned out to be too complicated and to inhibit communication with customers. The cultural proximity of engineers that we identify indicates that regardless of national cultural differences, it may have been better for Polish engineers to communicate directly with engineers from client organisations, skipping the mediation of MOUSE and thereby having an opportunity to develop the stronger connections preferred by the Poles.

Our findings suggest that individuals in the two firms understood that the process of building trust between two diverse firms involves simultaneous and gradual work along three interdependent paths: (1) frequent interaction, (2) shared professional background, and (3) involvement of “third parties”—i.e., intermediaries (or “brokers”). In this case, however, the effort ultimately failed due to misunderstandings of the true nature of the relationship between the firms along with some basic differences in communication styles that could not be overcome. Later in this paper, we discuss these findings in light of existing research and place them in the context of existing literature.

The frequent visits to Poland and the U.S. resonate with the concept of knowledge-based trust (Lewicki and Bunker, 1996) and, more generally, with the common and generally accepted notion that trust is learned, i.e., developed by frequent interaction (Lane and Bachmann, 1997). In other words, the more people get to know one another, the easier it is to trust one another, and uncertainty associated with the relationship decreases (Lewicki and

Bunker, 1996). Participants in our study appeared to know intuitively that familiarity and shared experience are ways to build trust. In the study, when overseas visits did occur (in particular, visits by the Poles to the U.S.), they seemed to improve the relationships between the two firms, and the BITS engineers reported much higher satisfaction when they were able to work directly with the client firms, which is consistent with the description of the deeper relationships preferred by the Poles (Hall and Hall, 1990).

Research clearly supports that homogeneity and stable institutional frameworks (norms) foster trust (Ksherti, 2010; Lane and Bachmann, 1997; Latusek and Cook, 2012; Sztompka, 1999). In the case of IT engineers, the professional culture is “strong” and distinct, which serves as a bridge between different organisations. Here, study participants suggested that software engineers share a language, dress code, sense of humour, and norms of “good work.” Professional cultures constitute a basis for identification and thus, identification-based trust (Lewicki and Bunker, 1995, 1996), which helps to mediate cross-national differences. Although this professional understanding did create some camaraderie between those who shared the culture, ultimately it also created some resentment toward the non-engineers (particularly Greg) involved in the venture. As our epilogue suggests, this resentment ultimately pushed BITS to establish an independent presence in Silicon Valley to serve customers directly. The case also illustrates how a lack of professional understanding or accommodation of the Poles’ and Americans’ respective engineering and sales orientations accentuated existing cultural differences. These differences in functional orientations resulted in asymmetries between the two firms’ knowledge backgrounds and inhibited the development of shared understandings that might have served as the foundation for cooperation (Carlile 2002, 2004).

The final mechanism that should have contributed to trust building between the Polish development centre and the American sales and marketing force is the frequent direct involvement of the CEO in communication and problem-solving between the Poles and Americans. Thanks to Greg’s intricate knowledge of both cultures and a near-perfect command of both languages, he should have been able to act as a trust broker (see, e.g., Meyerson *et al.*, 1996). Acting as an intermediary, he should have “vouched” for the trustworthiness of both parties. But because he was a part of MOUSE, he could not perform the role of “third party guarantor” (see also Cook *et al.*, 2004) despite possessing these unique skills. This confirms recent research by Fitzsimmons (2013) and Brannen and Thomas (2010), who suggest that the effect of having multi-cultural employees is not quite so clear-cut. Although such employees do have the potential to bridge the gaps between groups, they do

not always do so, and they may face pressure to affiliate more with one culture than the other. In the case described here, Greg, the CEO of MOUSE, certainly felt that he played the role of broker, but ultimately his affiliation with MOUSE won over. The Polish engineers at BITS saw him as part of MOUSE, not as an intermediary, and they did not respond well to his attempts to mediate. In fact, Greg's actions actually lead to some distrust from the Polish engineers. Revealingly, although Greg was often brought in to "solve" problems, the Poles did not feel that he sufficiently communicated the actions he had taken, again leading to a sense of distrust.

The results of our study illustrate and advance the findings of earlier research on differences in "thin" and "thick" trust between the two cultures (e.g., Costigan *et al.*, 2006; Uslaner, 2008; Zmerli and Newton, 2008) and different communication styles (Hall and Hall, 1990). The issues that emerged from the field data related to loyalty towards professional peer groups and employers are particularly illustrative in this respect. The loyalty exhibited by the Poles reflects the prominence of "thick" trust suggested by prior research. In this case, the employing organisation represents a closed network kept together by familiarity and mutual commitments built up over a long period of time, in which shared communication develops. In an environment marked by wary attitudes towards "the outside," such an organisation resembles a familial relationship kept together by strong ties. Moreover, the Poles attached such great value to the interpersonal dimensions of professional relationships that the Americans recognised it as very important part of investing in relationship building. The Poles, then, were perceived as loyal to their organisations, whereas the Americans were perceived as loyal to the professional standards of their industry. Indeed, should a conflict arise between professional standards and an organisation, it was assumed that Americans' allegiance to their professional standards would not waver even if the resolution to the conflict required them to leave their company. By extension, Americans are also often perceived as more loyal to the customer than to their home organisation (Jemielniak, 2012).

## **Conclusions**

In this article, we offer insights into how people from two different cultures cooperate in professional contexts. Thus, this paper answers recent calls for more in-depth, qualitative studies of trust processes (Bijlsma-Frankema and Costa, 2005; Keyton, 2008; Möllering, 2006) and for studies of trust in less-stable contexts (Child and Möllering, 2003; Ferrin, 2007;

Pucetaite *et al.*, 2010; Tillmar and Lindkvist, 2007). Its findings, however, require further analysis and related research.

First, this study's findings suffer obvious limitations resulting from the method adopted. As an explorative study, this research can serve as a resource of well-grounded hypotheses and predictions to be further studied and confirmed by more rigorous analyses. However, inductive methods are distinctive in the way in which results are retrieved and are not generalisable in the traditional positivist, functionalist sense of the word. This research is heavily rooted in the time and location that circumscribe the fieldwork. More cross-national and -industry studies are necessary to truly generalise about collaborations among business people from different cultures that vary in trust.

Second, the role of professional cultures in constructing a common platform for communication in intercultural ventures requires more systematic attention. This project illustrates that although the studied collaboration had an international character, the professional culture ultimately decomposed into independent, national subcultures. It would be valuable to study engineering culture in different cross-cultural settings, along with the cultures of other professions.

Interestingly, very few negative consequences of “thick” trust were mentioned in our field material, whereas the literature abounds with examples of the “dark side” of reliance on trust in closed networks, including corruption, nepotism, cronyism, litigiousness, etc. (e.g., Rose-Ackerman, 2001b; Sztompka, 1996, 1999). We believe that our results may be the result of a specific environment created by the American-Polish collaboration. The blend of thin- and thick-trust orientations allows for capitalisation on the strengths of each orientation. We know from existing research that the interpersonal commitments that comprise “thick” trust may be both a blessing and a burden for economic development. In her comparative analysis of Silicon Valley and Route 128, Saxenian (1994) argues that without an intricate network of associations and groups bounded by trust, Silicon Valley would not have been able to thrive for years or recover from several crises, including the Internet “bubble” of 2000. The question that arises is when and under what conditions trust networks become functional or dysfunctional. We contend that a mixture of both orientations allows partners to benefit from the practical advantages associated with each: loyalty and low employee turnover in “thick” trust cultures and a focus on the customer and a problem-solving orientation in “thin” trust cultures.





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**Table 1. Means and Standard Deviations of Trust Measures in the U.S. and Poland (Gerbası and Latusek 2012)**

|   | U.S.           | Poland         |
|---|----------------|----------------|
| How much do you trust your family                               | 3.71<br>(0.50) | 3.70<br>(0.52) |
| How much do you trust the people in your neighbourhood*         | 2.90<br>(0.60) | 2.80<br>(0.66) |
| How much do you trust people whom you know personally?*         | 3.26<br>(0.56) | 2.96<br>(0.54) |
| How much do you trust people whom you meet for the first time?* | 2.30<br>(0.70) | 2.06<br>(0.66) |
| How much do you trust people of other nationalities?*           | 2.78<br>(0.62) | 2.37<br>(0.70) |
| N   | 1205           | 959            |

Notes: Standard deviations are in parentheses.

All variables are coded so that a higher score indicates more trust (1= no trust at all, 4=trust completely).

\*  $p < .05$ , two-tailed test.



## Appendix A

### Interviews in Poland and the U.S.

| Interviewee | Company | Position in organisation    | Duration of interview | Record             |
|-------------|---------|-----------------------------|-----------------------|--------------------|
| M1          | MOUSE   | CEO                         | 2 h                   | Transcript         |
| M2          | MOUSE   | CTO                         | 2 h30'                | Transcript         |
| M3          | MOUSE   | Engineer - consultant       | 1 h50'                | Transcript         |
| M4          | MOUSE   | Member of the Board         | 25'                   | Notes              |
| B1          | BITS    | Coordinator of Sales        | 3 h                   | Transcript         |
| B2          | BITS    | Head of Technical Sales     | 1 h20'                | Transcript         |
| B3          | BITS    | Salesman in Technical Sales | 40'                   | Transcript         |
| B4          | BITS    | Salesman in Technical Sales | 50'                   | Transcript         |
| B5          | BITS    | CTO                         | 1 h10'                | Transcript + Notes |
| B6          | BITS    | Head Project Manager        | 2 h                   | Transcript + Notes |
| B7          | BITS    | Project Manager             | 45'                   | Notes              |
| B8          | BITS    | CEO                         | 20'                   | Notes              |
| B9          | BITS    | Head of Quality Control     | 40'                   | Notes              |
| B10         | BITS    | Project Manager             | 45'                   | Transcript         |
| B11         | BITS    | Engineer                    | 1 h                   | Transcript         |
| B12         | BITS    | Engineer                    | 1 h                   | Transcript         |
| B13         | BITS    | Engineer                    | 50'                   | Transcript         |
| B14         | BITS    | Engineer                    | 45'                   | Transcript         |
| B15         | BITS    | HR manager                  | 50'                   | Transcript         |
| B16         | BITS    | HR manager                  | 1 h40'                | Transcript         |

## Appendix B

### Field data—summary

| Type of material | Interviews   | Observations (informal)  | Organisational documents  | Professional media  |
|------------------|--|--|---|---|
| Description      | Twenty open interviews. All of the people in both organisations who were involved in cooperation were interviewed. | Two observations in the U.S. office (4 h).<br>Observation of MOUSE employees during public event in San Francisco that included meetings with potential clients (1 h)<br>Seven days of observations in BITS's Poland headquarters. | BITS's promotional leaflets and folders in Polish and English.<br>Recommendations from former and existing customers of BITS. | Articles from IT magazines, blogs and websites.                   |
| Documentation    | Transcripts and notes (as indicated in Appendix A)   | Notes  | Copies of promotional materials, photos of recommendation letters.  | Copies of texts, .pdf files with snapshots of blogs and websites. |

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<sup>i</sup> [In the text, the names of companies and people are changed.]