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Integrating the different subcultures existing in a multinational corporation – Sonae Sierra

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M

2022



U.PORTO
FEP FACULDADE DE ECONOMIA
UNIVERSIDADE DO PORTO

INTEGRATING THE DIFFERENT SUBCULTURES EXISTING IN A MULTINATIONAL CORPORATION – SONAE SIERRA

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Internship report
Master in International Business

Supervised by
Raquel Meneses

2022

Acknowledgements

I would like to endorse my most sincere thanks to the people who have collaborated and supported my thesis trajectory over the past months. First, I'm grateful for the dedication and contribution of my always available and dear supervisor Raquel Meneses, who supported me deeply and made this possible.

I am grateful for my family and friends, who accompanied and carried me throughout the process. I also want to thank my boyfriend for always reminding me what I am capable of.

Finally, to all the Sonae Sierra Transformation Office team, and especially Ana Vicente, Hugo Fernandes and João Pedro Nunes, for embracing the theme of this investigation and providing me with help and guidance throughout my internship and field research.

Abstract

As the future tends to become increasingly international and globalised, and with the growth of multicultural teams, the importance of efficiently managing multinational corporations increases. Understanding and awareness of cultural differences have evolved in the last decades, with essential contributions from authors defining cultural dimensions and studying cultural contexts across countries, providing a broad view on existing asymmetries and creating a starting point for cultural integration. In this study, an action-research methodology is followed, resorting to exploratory interviews to diagnose the environment of a multinational corporation – Sonae Sierra. This Portuguese multinational corporation operates in numerous countries with very diverse cultures throughout Europe, North Africa, and America, thus being an excellent example to analyse. After identifying and analysing tension points, suggestions for improved international management practices are presented, with the goal of refining headquarters-subsidiary relations, multicultural communication, and international team functioning. Cultural differences among units and centralisation are recognised and shown as the primary sources of the called tension points, especially between culturally distant geographies that appear to have different ways of working and communicating. Management solutions can mitigate these tensions and contribute to a better multicultural work environment in the company, as well as leveraging some value added by appropriate management practices and multiculturality itself. This study contributes to the Cross-cultural management field by providing a set of customised recommendations for the given organisation, which may be adapted to the context of other companies and guide authors to conduct these kinds of analyses in the future.

Com a globalização, um futuro mais internacionalizado e o crescimento das equipas multiculturais, a importância de gerir empresas multinacionais de forma eficiente aumenta. O conhecimento e consciência das diferenças culturais tem evoluído nas últimas décadas, com importante contribuição de autores que definem dimensões da cultura e estudam o contexto cultural de vários países, oferecendo uma visão alargada das assimetrias existentes e criando um ponto de partida para a integração cultural. Neste estudo, segue-se uma metodologia investigação-ação, recorrendo a entrevistas exploratórias para diagnosticar o ambiente de uma empresa multinacional – a Sonae Sierra. Esta empresa Portuguesa opera em vários países com diferentes culturas na Europa, Norte de África e na América, sendo

assim um bom exemplo para investigação. Após identificação e análise de pontos de tensão, são apresentadas sugestões para aperfeiçoar as práticas de gestão internacional, com o objetivo de melhorar as relações da empresa mãe e subsidiárias, a comunicação entre culturas e o funcionamento de equipas internacionais. As diferenças culturais entre unidades e a centralização são reconhecidas e identificadas como as principais fontes de tensão, especialmente entre geografias com maiores diferenças nos modos de trabalho e comunicação. Práticas de gestão adequadas podem mitigar essas tensões e contribuir para um melhor ambiente multicultural na empresa, assim como alavancar o valor acrescentado das práticas existentes e da multiculturalidade por si só. Este estudo contribui para a área da Cross-cultural management ao fornecer um conjunto de sugestões personalizadas para a empresa considerada, que podem ser adaptadas ao contexto de outras multinacionais e guiar autores para futuros estudos.

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Abbreviation index

BU = Business unit

CCM = Cross-cultural management

ExCom = Executive commission

HR = Human resources

HQ = Headquarters

MNC = Multinational corporation

PMS = Performance measurement systems

1. Introduction

This study is integrated into a curricular internship within the multinational corporation (MNC) Sonae Sierra. Sonae Sierra is a Portuguese real estate sector company that develops, manages, and invests in sustainable assets while also providing the same services for clients. It operates in several geographies across Europe, Latin America, and North Africa.

The organisation is diversifying its operations and going through a transformation period divided into three pillars: People, Commercial competencies, and Culture. The objective is to promote a global organisational change involving all operational geographies. Joining the Transformation Office team, the researcher worked as a project manager, organising Transformation Programme meetings, preparing communication materials, and providing support to different projects integrating the programme. Working in this team made clear the need to improve international management practices of the organisation, as problems about this subject arose – the need to force the involvement of different nationalities in project teams (as it did not always come naturally), difficulties in coordinating multicultural work groups, and being able to plan activities adequate for the whole organisation – as well as awareness about cultural differences existing within the organisation. As a result, the team and researcher reflected on this matter, and interest in this topic arose, acting as a base for the current investigation.

Consequently, a cultural analysis of the organisational culture and the existing subcultures of the company's international units was performed, identifying tension points and working to mitigate them to create a firmly integrated multinational organisation, became one of the objectives of the Cultural pillar in the Transformation Programme. The deliverables include a culture study and recommendations to promote cultural change for a more robust collaborative culture. "Best practices" on how to conduct successful international relations, as well as negative examples and general management practices, are analysed and considered when designing the recommendations, supported by a diagnosis of the company, the subcultures existing in it and its management practices, aiming toward a more efficient, inclusive, and internationally fit company, that not only recognises cultural differences but is also able to manage them into the organisation's interests. Thus, the objective of this study is to integrate the different subcultures existing in a multinational corporation.

This objective may be achieved by diagnosing the multicultural environment of Sonae Sierra, collecting information regarding the cultural differences among the organisation and the tension points created by them. Then, suggestions are made on how these may be mitigated while also taking advantage of the benefits and value created by cultural diversity. From this arises a set of crucial investigation questions:

- What are the tension points created by cultural differences in Sonae Sierra?
- What is the value of international and cultural diversity in Sonae Sierra?
- How can Sonae Sierra mitigate tension points and create culturally integrated teams?

The main topics of investigation can be assimilated within the scope of the Cross-Cultural Management (CCM) study. This recent and interdisciplinary research field is, at its core, a wide connection of different social science areas (Barmeyer et al., 2019). The CCM research focuses on behaviour, interaction and influence between individuals in an organisation (Barmeyer et al., 2019). It is also described as a field that analyses organisational behaviour among several countries and cultures, probing to understand and, thus, improve the interaction amid numerous internal and external agents, from different backgrounds and cultures, in a MNC (Adler & Gunderson, 2008).

CCM gained particular importance in the 1980s and 1990s when the remarkable growth of international trade and the increase of companies that internationalised drew attention to the differences between countries, the cultural values systems and how these should be considered for International Business activities (Barmeyer et al., 2019). According to the analysis conducted by Barmeyer et al. (2019), since 2016, subjects such as language, power relations and gender issues have entered the spotlight in the CCM investigation.

A significant contribution to the field, that paved the way for other researchers in the study of cultural differences and CCM, was the work developed by Geert Hofstede, a Dutch social psychologist, who studied the cultural differences of individuals with different life experiences and cultural backgrounds working in a single MNC – International Business Machines Corporation (commonly known as IBM). The result was a framework with seven cultural dimensions (Hofstede, 1984, 1991), which suggests the existence of subcultures in MNC and justifies cultural diagnosis in this kind of organisations.

The way of studying CCM depends on the approach to culture: a literature review exposes that this field can be divided by how culture is understood – as a code or as a dynamic

(Blanche & Dupuis, 2019). Culture as a code dictates that the CCM challenge is to measure the distance between cultures to bypass or comprehend the presumed difficulties (Blanche & Dupuis, 2019). Conversely, culture as a dynamic approach, in which individuals are pluricultural (i.e. influenced by several cultural contexts: national, regional, organisational, functional, …) (Sackmann & Phillips, 2004), the management challenge is seen as the choice and construction of a system in which cultures do not overlap, but integrate instead, and allow to create cultural synergies in the organisation (Blanche & Dupuis, 2019).

The goal of this investigation, in the context of a curricular internship, is, on the one hand, to understand and examine the cultural context (national and organisational) of the numerous subsidiary units of the MNC and, on the other hand, to analyse what is the best method to integrate its differences and allow the enterprise to benefit from its diversity. The results are expected to be applied in the company's scope, aiming to improve relations between the headquarters (HQ) and subsidiaries, international teams functioning, and general international management practices and communication. This will hopefully benefit the company by enhancing efficiency in work and knowledge flow, while also setting a base for better decision-making in the international environment of Sonae Sierra.

This analysis follows an action-research methodology with two distinct phases: the diagnosis of the problem and the design of management suggestions.

In the diagnosis phase, the cultural differences among the MNC – Sonae Sierra – are analysed. Then, the intention is to identify and understand the existing tension points and formulate action suggestions. With the development of the empirical work, the importance of additionally analysing the value added by multiculturality and suggesting management practices to help leverage it became clear.

This work will be organised in the following sections: a literature review, methodology, results, suggestions and action advice and conclusions.

2. Literature review

Two issues are crucial to analyse the multinational setting of Sonae Sierra and to have a broad view of the international context of the company – the relations between HQ and subsidiaries, considering its structure and management practices, and Culture, both national and in the context of a MNC.

2.1. Headquarters-Subsidiary relationship

The HQ-Subsidiary relationship is a theme that has been in research for over 50 years. According to a review by Kostova et al. (2016), throughout that time, the focus of the study has shifted from HQ-centred topics to, eventually, a much more solid emphasis on Subsidiaries and their importance.

This section focuses on essential topics within the HQ-subsidiary relations, namely (i) Organisational structure and subsidiary roles, (ii) MNC control systems and centralisation, (iii) Knowledge creation and transfer, and (iv) Global human resource management.

2.1.1. Organisational structures and subsidiary roles

There are three main formats of organisational structure – *functional structure*, *divisional structure,* and a mix of structural dimensions (Johnson et al., 2017). Functionally structured organisations are divided by function – production, sales, research, etc. (Johnson et al., 2017) – and may result in a MNC with an isolated *International division*, not coordinated with the rest of the organisation (Peng, 2009). The divisional structure splits the organisation by product, geography or services (Johnson et al., 2017), and may originate, for example, a *Geographic area structure* (independent geographical units for all products) or a *Global product division structure* (product independent units for all geographies) (Peng, 2009).

The *matrix structure* is an example of a mixed structure (either of functional or divisional structures) (Knight, 1976), in which workers report to two authority figures who represent different and possibly conflicting strategic dimensions of the company, such as business units and geography (Sahlmueller et al., 2022). This structure is of great fit to integrate the needs of a MNC (more than for the purpose of innovation or diversification in domestic firms), as

it allows crossing paradoxical objectives of the company (e.g. business/product success and geographical market success) (Johnson et al., 2017; Peng, 2009; Sahlmueller et al., 2022).

Besides different structures, MNC also give different importance to their subsidiaries. As research on subsidiary roles is concerned, there was a significant evolution in the perception of the importance of these international units for the MNC. Instead of mere agents serving as a geographical extension of the HQ, subsidiaries started being recognised as possibly independent and differentiated components of the organisation, as well as having the capability to contribute to the success of the MNC (Kostova et al., 2016).

2.1.2. MNC control systems and centralisation

Early studies took an explicit HQ central perspective, using formal control mechanisms to coordinate the foreign subsidiary activities (Kostova et al., 2016). Sageder and Feldbauer-Durstmuller (2019) identified three types of control mechanisms in a literature review on the topic: *output control, process control,* and *social control.*

Accordingly, output control uses mechanisms such as performance measurement systems (PMS), budgeting, and reporting, which are hardly adapted to each subsidiary context:

- PMS are used to align strategies and goals in subsidiaries (sometimes awarded by incentives), influencing their decisions (Sageder & Feldbauer-Durstmuller, 2019).
- Budgeting often represents the basis for PMS. It considers each host country's context and culture's influence (Sageder & Feldbauer-Durstmuller, 2019).
- Reporting serves as a pillar, supporting PMS and bringing insight about local business figures. Some MNCs rely on expatriates or integrated systems to achieve consistency in the reporting lines (Sageder & Feldbauer-Durstmuller, 2019).

Process controls include centralisation, rules and process standardisation, and decision rights (Sageder & Feldbauer-Durstmuller, 2019).

- Centralisation is a management style in which decisions of a MNC are made in the HQ and then transferred to the subsidiaries. Even in MNC with lower levels of centralisation, strategic and investment decisions are still likely to be centralised (Sageder & Feldbauer-Durstmuller, 2019). A centralised MNC rules over subsidiaries' business, governing projects, resources, and provision of services, making it less

capable when responding locally to each market, meaning this mechanism is more adequate for low complexity and predictable environments (Gates & Egelhoff, 1986; Lunnan et al., 2019). The level of centralisation in a company also depends on the age of the subsidiary (negatively), international experience (positively), and nationality of the HQ (Gates & Egelhoff, 1986). Centralisation may offer advantages, such as shifting power in favour of the HQ and minimising agency issues (Lunnan et al., 2019).

- Rules and process standardisation are achieved through written manuals, job descriptions, and standardised procedures. This control mechanism may compromise efficiency when associated with little flexibility (Sageder & Feldbauer-Durstmuller, 2019).
- Decision rights are often given to local subsidiary managers, within defined boundaries, for operational business decisions. The more decentralised the MNC, the more decision rights are granted to subsidiaries (Sageder & Feldbauer-Durstmuller, 2019). This autonomy may be important to speed up the decision process.

Finally, social controls consist of mechanisms such as training, forms of communication and collaboration, and the use of expatriates, which can be formal or informal. They are used for many purposes, including conveying corporate values, opening the way for process and output controls, enhancing communication within the organisation, and facilitating knowledge transfer and efficiency of PMS. Social mechanisms are usually less targeted than process or output control (Sageder & Feldbauer-Durstmuller, 2019).

MNC combine several control mechanisms, which, if well done, can lead to superior performance. For example, using output and process controls together may reduce the adverse effects of distance between the HQ and foreign units (cultural and geographical). The level of control is influenced by some factors: degree of internationalisation, local responsiveness pressures, strategic importance or size of the unit, subsidiary's performance and market competition (Sageder & Feldbauer-Durstmuller, 2019).

2.1.3. Knowledge creation and transfer

Earlier work on knowledge creation and transfer explored how HQ transferred knowledge to subsidiaries. However, as more subsidiary-centred models emerged, studies moved to their

individual capabilities and strategic importance for the MNC, eventually recognising *reverse knowledge transfer*, i.e., subsidiaries creating and diffusing knowledge and innovation to the HQ (Kostova et al., 2016). Cultural differences are expected to benefit knowledge creation, as distant counterparts are likely to have different competencies and capabilities (Beugelsdijk et al., 2018). According to Gupta and Govindarajan (1991), knowledge flows and their direction within the MNC group divide subsidiaries into four categories: Global innovator (high knowledge outflows and low inflows from and to the subsidiary – knowledge provider), Integrated player (both high outflows and inflows – networker), Implementor (high inflow, but low outflow – knowledge user), and Local innovator (few flows of knowledge – independent).

Lucke et al. (2014) state the most critical responsibilities of MNC concern knowledge transfer and integration across its units, as its existence relies on a certain firm-specific advantage that must be transported to subsidiaries. In the process of knowledge transfer, there is a crucial element that indicates its success – "the extent to which the incoming knowledge is implemented by the recipient units" (Morgulis-Yakushev et al., 2018, p. 152) (i.e. the level to which employees learn and put the outputs into practice). Thus, knowledge transfer consists of both knowledge inflows and its later implementation in the unit's practices. This may be challenging, as transmitting knowledge across cultural boundaries is subject to how it is 'translated' and understood by the recipient. Thus, it is crucial to adapt communication to host cultural terms (Lucke et al., 2014). By analysing knowledge flows, it is possible to identify the regularity of communication between units (both between subsidiaries and HQ-subsidiaries). Cultural differences will impact this process: when extreme, they will harm all knowledge transfer, while, if moderate, cultural differences between units may be more favourable to knowledge transfer (Morgulis-Yakushev et al., 2018).

Host country context also influences subsidiary knowledge creation – subsidiaries are more linked to countries with more innovative knowledge, which usually results in a positive influence on subsidiary innovation, as does operating in countries that present diversity in technological innovation (Almeida & Phene, 2004).

2.1.4. Global human resource management

A famous form of global human resources (HR) management is the use of expatriates, which are "home country managers being transferred to foreign subsidiaries as a key strategic tool for control, integration, and knowledge transfer to the foreign operations" (Kostova et al., 2016, p. 180). Literature about expatriate management focuses on many topics, such as the challenges these managers face and their contributions to control, global coordination, and overall success. Works also underline the importance of training these managers and the need for cultural adaptability and flexibility. The reverse (transferring host country national managers to HQ) may also be interesting, as it brings multiculturalism to the HQ and thus competitiveness in the global arena (Kostova et al., 2016). In fact, inpatriates (i.e., host or third-country nationals working in the HQ) have a strategic role in transferring their knowledge about the host country and subsidiary operations to the HQ (Moeller et al., 2016).

The use of expatriate managers is intimately connected to cultural distances between the HQ and subsidiaries. This way, a more significant cultural distance leads to greater use of home country national expatriates (Colakoglu & Caligiuri, 2008). However, Shin et al. (2017) suggest an inverted U-shaped relation between these variables, based on transaction cost economics, as a high proportion of expatriates would represent a costly resource commitment in a culturally uncertain location. Great cultural distance is associated with a greater need for cultural control, as it results in information asymmetry and higher levels of uncertainty and risk (Colakoglu & Caligiuri, 2008).

However, a higher number of expatriates does not always mean better performance in the foreign unit (Colakoglu & Caligiuri, 2008). As noted by the authors, past research has shown that expatriates have both benefits and liabilities, resulting in either positive, negative, or neutral influence on performance, depending on cultural context. Benefits are associated with control and coordination of operation, transfer of HQ and MNC-specific knowledge, and assuring performance in line with the expectation of HQ. Liabilities involve friction due to poor intercultural communication and perceived separation of the local and expatriate employees in terms of inequality of compensation and lack of promotional opportunities, resulting in reduced motivation and performance of the local employees in foreign subsidiaries (Colakoglu & Caligiuri, 2008). In addition, besides being treated less favourably by local stakeholders, expatriates also lack the advantages linked to hiring host country nationals, such as facilitation of access to local networks, specialised knowledge about the

local market, legitimacy, and better management of local teams (Muellner et al., 2017). Colakoglu and Caligiuri (2008) concluded that, as cultural distance increases, so do the disadvantages of using expatriates in subsidiaries. This is generally due to MNC's *bounded rationality problem*, resulting in errors when analysing transaction costs associated with a given decision, caused by wrong assumptions of the foreign context in which the units operate (Colakoglu & Caligiuri, 2008).

Nevertheless, Mezias (2002) argues that the expatriate role or position has more influence on how they impact the organisation than their total number, with higher executive positions having a broader effect than low-level ones. For instance, the use of expatriates in management positions can enhance the subsidiary's exposure to specific liabilities, such as difficulties in participating in local networks, which might be facilitated by employing host country nationals. Using an expatriate in a low-level position, however, would likely not affect this dynamic (Mezias, 2002).

Colakoglu and Caligiuri (2008) also suggest practical implications for the use of expatriates in foreign subsidiaries:

- MNC must find effective ways to transfer knowledge among different groups of employees, enhancing collaboration, communication, and coordination. It may be important to offer cross-cultural training both to expatriates and host country workers to cultivate their knowledge of the MNC's home culture and cross-cultural issues.
- MNC should find a rapid knowledge transfer process, so that the subsidiary no longer depends on expatriates, by mentoring and developing local successors.
- Offer growth opportunities to locals to decrease frustration and facilitate increased communication between host nationals and expatriates, using geocentric and regiocentric approaches to staffing.

2.2. Culture

According to Hofstede et al. (2010), culture is something individuals learn, that originates from the social environment. It is a collective part of one's *mental programming*, specific to the groups to which someone belongs. Hofstede et al. (2010) separate it from personality,

specific to each individual, and from human nature, common to all, although culture also impacts and influences personality.

It is then important to analyse the different groups to which individuals belong and thus influence the collective mental programming, dictating a particular set of values and behaviours they believe in and act upon. These diverse groups come in three different kinds – geographical, field and organisational (Johnson et al., 2017). In this study, geographical and organisational will be considered, as they are the ones with higher influence on the inter-unit relations of the organisation.

2.2.1. National cultures

As seen before (see section 1.2.), one of the main contributors to culture studies was the one developed by Hofstede (1984, 1991). His work paved the way for the study of cultural differences, to which other authors, such as House et al. (2004) and Meyer (2022), also contributed deeply. For example, the GLOBE Project, was developed as an extension of the existing work in the field (e.g. Hofstede, 1980, 2001; Hofstede & Bond, 1988; Kluckhohn & Strodtbeck, 1961; McClelland, 1961, 85; Putnam, 1993 as cited in House et al., 2004), to characterise countries and country clusters according to their culture. It uncovers nine cultural dimensions, scored on a scale from 1 to 7, defined as follows (House et al., 2004):

(i) *Uncertainty avoidance*: the reliance on rules and procedures to avoid unpredictability, seeking structure and formal procedures in their day-to-day;
(ii) *Assertiveness*: degree of hostility and aggressiveness in relations;
(iii) G*ender egalitarianism*: the degree to which gender inequality is minimised;
(iv) P*erformance orientation*: the importance given to excellence and improvement;
(v) H*umane orientation*: the importance given to generosity, kindness and fairness;
(vi) *In-group collectivism*: expressions of pride and loyalty by individuals about belonging to organisations and family;
(vii) *Societal collectivism*: importance given to collective action and distribution of resources;
(viii) *Power distance*: the acceptance of authority and status differences;
(ix) *Future orientation*: the importance of planning, investing and delaying gratification.

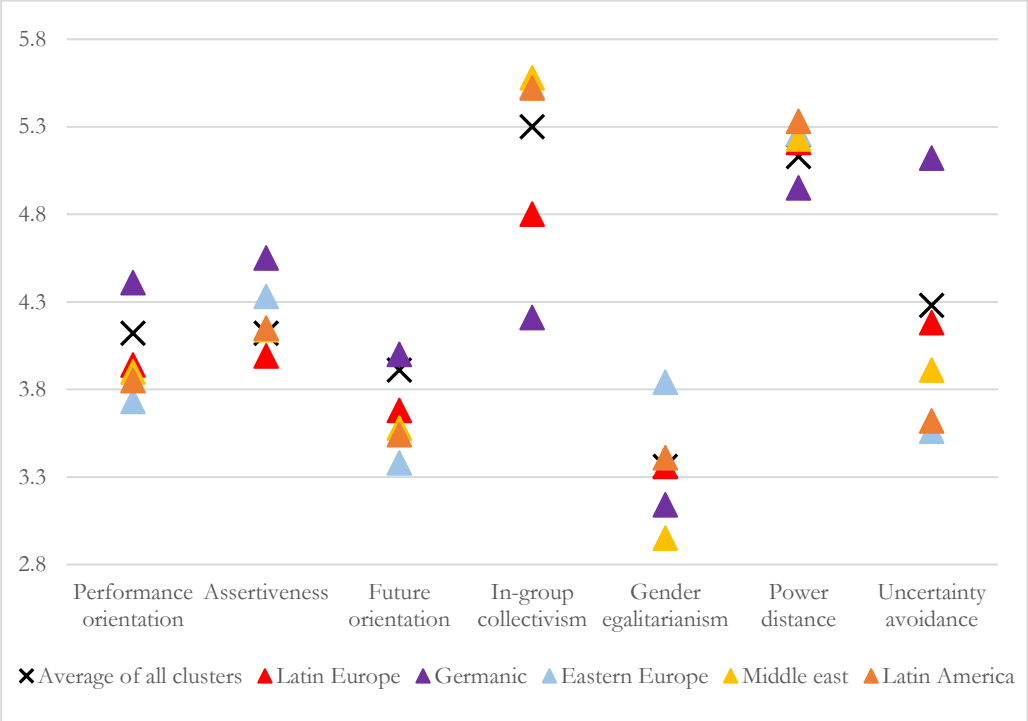
For the GLOBE Project, House et al. (2004) define ten different culture groups of countries based on empirical studies, historical accounts, and factors such as language, geography, and religion: Eastern, Latin, Nordic and Germanic Europe, Latin America, Confucian and Southern Asia, Anglo, Sub-Saharan Africa and Middle East. Sonae Sierra operates in five of these: Eastern (Greece, Poland), Latin (Portugal, Spain, Italy, Romania[1]) and Germanic Europe (Germany), Latin America (Colombia, Brazil) and Middle East (North African countries). The company also had past operations in Confucian Asia (China) and Middle East (Turkey).

Accordingly, these groups have different cultural settings that should be considered for business, as seen in Figure 1. In terms of *power distance* practices, all these clusters have above-average (except for Germanic Europe), expecting power not to be distributed evenly, even when it does not reflect their cultural values. However, when considering a broader view of the dimensions of cultural practices, the clusters show differences among them. Germanic Europe stands out in terms of this asymmetry, having the most dimensions with the highest scores, such as *performance* and *future orientation*, *assertiveness*, and *uncertainty avoidance*, dimensions that are relatively low on other clusters, and the lowest score on *in-group collectivism* and *power distance*. These scores suggest the group is often more confrontational than others and strongly endorses rules, procedures, and planning ahead, while also rewarding performance and competitiveness. On the other hand, the groups Latin Europe and Latin America are quite similar, diverging mostly in *in-group collectivism*, higher in Latin America, where societies express pride in being a part of their families and organisations (only higher in Middle East), and in *uncertainty avoidance*, much lower for Latin America (lower scores only for Eastern Europe). Easter Europe also shows high levels of *assertiveness* and the lowest levels of *performance* and *future orientation*. Middle East presents the lowest level of *gender egalitarianism* practices, while also being the only group with below-average scores for this dimension's values and beliefs.

[1] Although Romania is not present in the GLOBE studies, it can be assigned to the Latin European group, as it is in Franco, M., & Meneses, R. (2021). The proximity between Latin countries regarding customer's expectations about the hotel service. *EuroMed Journal of Business*, *16*(4), 564-581. https://doi.org/10.1108/EMJB-07-2020-0074

Figure 1

Cultural dimension practices scores per cultural group



Note. Adapted from "Culture, leadership, and organizations: The GLOBE study of 62 societies", by R. J. House, P. J. Hanges, M. Javidan, P. W. Dorfman and V. Gupta, 2004, Sage publications (https://doi.org/10.5465/ame.2005.16965495). This illustration excludes the dimensions *Societal collectivism* and *Humane orientation*, as these may be less relevant for business purposes.

Even though cultural differences might be relatively similar across countries in the same cultural group, there are still differences at the national level. Meyer (2022) defined eight scales to classify national culture, grounded on the work by Hall (1976, 2000), Hofstede (1984) and House et al. (2004). For this study, six of them will be considered, which are defined as follows (Meyer, 2022):

(i) *High vs low-context communication:* low-context cultures communicate simply and explicitly, while in high-context cultures, interpretation plays an important role, as well as implicit meaning;

(ii) *Egalitarian vs hierarchical leading:* similar to the concept of *Power distance* (Hofstede et al., 2010), this dimension measures respect and acceptance of authority;

(iii) *Consensual vs top-down decision*: if decisions are made unilaterally by bosses or consensus-minded with teams. This dimension does not depend on *Egalitarian vs hierarchical leading*;

(iv) *Task vs relationship-based trust:* whether trust is built through work and contribution or by affection and connection.

(v) *Confrontational vs non-confrontational disagreement*: tolerance for disagreeing confrontationally and whether it is harmful or helpful for relationships.

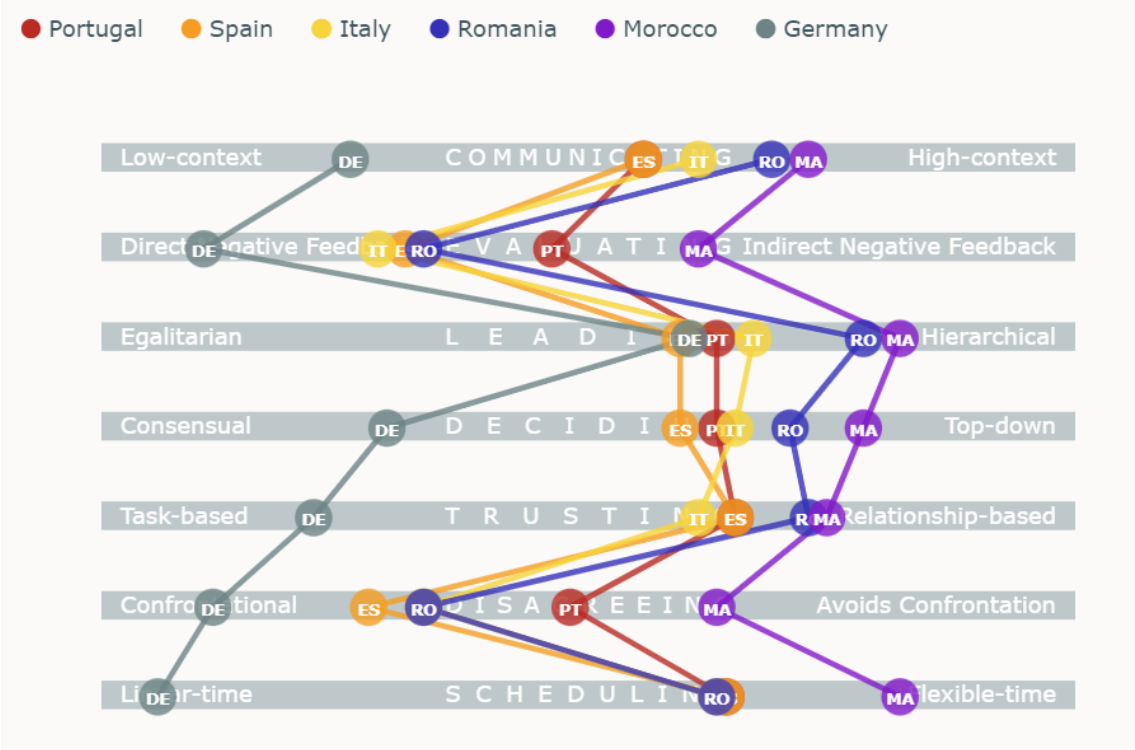
(vi) *Linear vs flexible-time scheduling*: whether people strictly follow schedules, being organised and structured, or consider it as a suggestion, being open to flexibility and responsiveness. Similar to Hall's (2000) *monochronic vs polychronic* relation with time.

The scores for the Latin Europe, Germanic Europe and Middle East (House et al., 2004) considered countries, according to Meyer's (2022) dimensions, can be found in Figure 2. Germany is a clear outliner, showing highly differentiated values for dimensions such as *low vs high-context communication*, *task vs relationship-based trust* and *linear vs flexible-time scheduling* (Meyer, 2022). Morocco also differs from the Latin European (Franco & Meneses, 2021; House et al., 2004; Meyer, 2022) countries, although less than Germany.

Besides cultural differences regarding the defined dimensions, Hofstede (1984) also considers language a part of culture and, thus, a source of cultural difference, as many expressions and even words cannot be correctly translated into some languages. Even bilingual or multilingual people have a "dominant or preferred language, in which they express themselves more easily" (Hofstede, 1984, p. 28), suggesting people with different native languages communicating in a third one (usually English) may result in some degree of communication loss or misunderstanding. However, not only the translation by itself is important, but also understanding the cultural context of communication, indicating that literal translation may be a source of error (Hofstede, 1984).

Figure 2

Culture map according to Erin Meyer's dimensions



Note. From "Culture Mapping Tool", by E. Meyer, 2022 (https://erinmeyer.com/culturemap/). Copyright 2022 by Erin Meyer. The scale includes the dimension *Direct vs indirect negative feedback*, which this study will not consider. DE = Germany; ES = Spain; IT = Italy; PT = Portugal; RO = Romania; MA = Morocco.

2.2.2. Organisational culture in a MNC

Schein (2004, p. 6) describes organisational culture as "basic assumptions and beliefs that are shared by members of an organisation, that operate unconsciously and define in a basic taken-for-granted fashion an organisation's view of itself and its environment". Johnson et al. (2017, p. 171) also define organisational culture as the "taken-for-granted assumptions and behaviours of an organisation's members".

Organisational culture is not shallow but quite complex and profound. Schein (2004) understands that culture is not only how the organisation wants to announce itself to the outside (for example, by the formally stated values) and is perceived by third parties, but is

also about its core, how the company behaves like and what its people believe in and are as a part of it. This way, it is natural that organisational culture can serve as a basis for a firm's valuable competitive advantage, creating intangible resources that are hard to imitate, as is recognised in vast literature, according to Sasaki and Yoshikawa (2014).

Compared with purely domestic firms, MNC are expected to have different organisational subcultures among their subsidiaries, located in different geographies and cultural contexts, and diverging in cultural values and characteristics (Johnson et al., 2017; Morgulis-Yakushev et al., 2018). Because of this, and in light of the increasing globalisation, it is essential to understand how to manage these differences in order to benefit from them and enhance the competitive advantage created by this unique set of subcultures (Stahl et al., 2016). The organisational culture of a foreign MNC subsidiary is probably influenced by the national culture of the host country, originating natural differences between units in different geographies. Accordingly, the home country's culture of the MNC will also influence its organisational culture (Morgulis-Yakushev et al., 2018). This influence will depend on the degree to which the subsidiaries engage and interact with local actors, having encounters of values, assumptions, behaviours and practices that are different from the organisation's (Sasaki & Yoshikawa, 2014).

Usually, standard international business theories and approaches consider cultural differences as unfavourable, emphasising only the liabilities and adverse outcomes associated with them (Stahl et al., 2016), thus implying the best scenario to happen when these differences among units are the fewest possible (Morgulis-Yakushev et al., 2018). It is believed, for example, that expanding to a culturally distant country intensifies uncertainty and risk, enhancing the transaction costs of these operations (Colakoglu & Caligiuri, 2008). According to Stahl et al. (2016), most research on culture in international business focuses on the challenges and liabilities of differences, such as the costs of lacking knowledge about the host country context or those created by the local environment not providing legitimacy to foreign firms, as well as being harder for overseas companies to enter local networks (Zaheer, 1995).

However, other studies show that some degree of cultural difference may bring benefits. In a study about the influence of cross-national distances on knowledge transfer, Lopez-Saez et al. (2021) found that cultural differences may facilitate interunit informal knowledge transfer. Beugelsdijk et al. (2018) state that, despite the more difficult integration process when

compared to culturally close locations, cultural distance may make it "more beneficial for the company to integrate the foreign operation through best practices and establishing organisational control and coordination systems" (p. 99). Cox and Blake (1991) point out the value of diversity for itself and how managing it correctly can become a competitive advantage. Specific advantages of cultural diversity for MNC are the benefits of diversity of perspectives and heterogeneity in decision groups on creativity and problem-solving, as well as the way diverse profiles with different backgrounds help on enhancing the flexibility of reaction in the organisation and bring knowledge about host countries that can be important, for example, for marketing decisions (Cox & Blake, 1991).

2.3. Conclusion

With globalisation, it becomes crucial to understand how to efficiently manage and benefit from cultural differences existing within MNC, using this as a competitive advantage. HQ-subsidiary relationships are intimately linked to the topic of culture, as the way these exist and are managed are influenced by the cultural context of the home and host countries. For example, control mechanisms are used to reduce the uncertainty created by cultural differences in subsidiaries, and cultural distance influences knowledge creation and transfer, both positively and negatively, as well as global resource management and use of expatriates or inpatriates as agents of integration of knowledge.

3. Methodology

This study follows an action-research qualitative methodology appropriate for exploring cultural phenomena in a given organisation. This section presents the research context, explaining how the considered MNC is organised and functions, how the research process was designed, and how empirical data was collected and analysed.

3.1. Research context

The theme of this research is introduced in a curricular internship with the MNC Sonae Sierra, more specifically within the team running the Transformation Programme of this company. Contained in the Programme, there are three pillars – People, Commercial and Culture. With the integration of the researcher into the team and its projects arose the relevance and the need to improve the efficient integration of the different cultures existing in the company scope, marking this shift as a transformation that can be incorporated into the framework of the Transformation Programme.

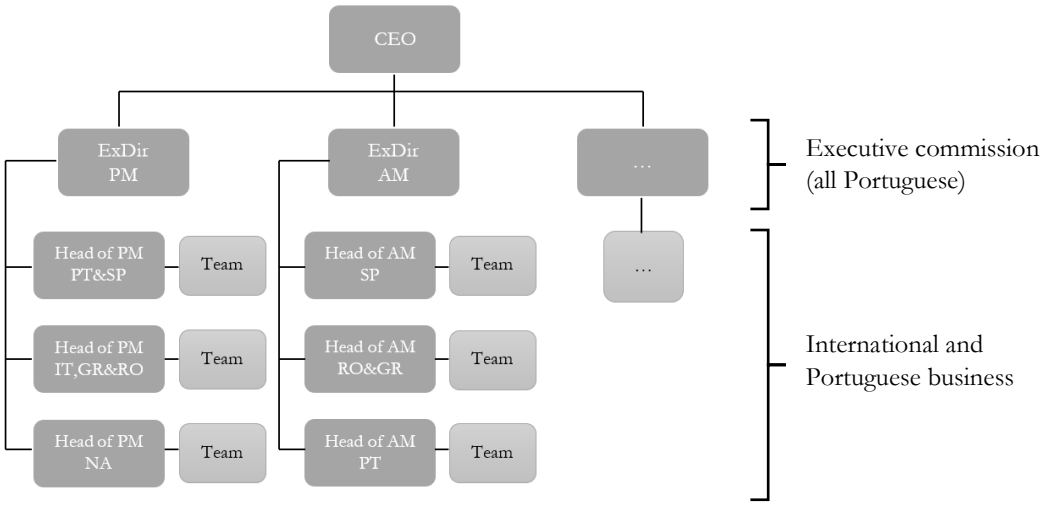
Sonae Sierra is a MNC from Portugal with experience across the world and currently operates in many countries throughout Europe, North Africa, and Latin America. However, it lacks some structure in its international management practices and may benefit from a shift in this matter. Being a diversified company with different businesses across units, not all international subsidiaries work the same way. For example, in Germany, Sonae Sierra works only with service provision, having local teams for Property Management, Reify. and Investment Management. In other countries, such as Greece, Italy, Romania, Spain, Morocco, Colombia, and Brazil, Sierra owns real estate assets. Corporate functions are mostly centralised in Portugal, such as Communication and HR, having only a small number of workers outside the country to help with the international units' needs.

The company's structure is close to a matrix structure, combining two functional dimensions – BU and geography (Johnson et al., 2017; Knight, 1976; Peng, 2009; Sahlmueller et al., 2022). The main difference is that the two leaders (BU executive and regional head) are not on the same hierarchical level (Sahlmueller et al., 2022). Like the company as a whole, each BU is centralised, having its executive leader in the Portuguese units, which leads a set of regional heads (different from country responsible, and only for the said BU), who operate

alone or in a small team in their countries. Usually, the teams are centralised in Portugal, and there are pivots in other countries to help in foreign operations and connection to the HQ. An illustrative draft of this structure can be seen in Figure 3. Such arrangement leads to a common base where business and management are done at a distance. For instance, the HR team only has three "country coordinators" outside Portugal, working alone – one responsible for Italy and Romania, another for Spain and Morocco, and the last for Germany and Greece – which means there is no permanent HR representative in many geographies. Marketing is also centralised, having local teams only for Shopping Centres, who report directly to Portugal. These employees, teams and subsidiaries follow defined procedures for some practices, report to their executive leaders regularly and act within the boundaries of an established budget, forms of *output* and *process control* (Sageder & Feldbauer-Durstmuller, 2019). However, structured forms of *social control* are not present in the organisation (Sageder & Feldbauer-Durstmuller, 2019).

Figure 3

Sonae Sierra matrix structure illustration



Note. This is simply a draft for illustration purposes and does not represent entirely the reality of the company structure. Teams may be composed only by the Regional Head. ExDir = Executive Director; PM = Property Management; AM = Asset Management; PT = Portugal; SP = Spain, IT = Italy; GR = Greece; RO = Romania; NA = North Africa

A company organised like this will have fewer hierarchical levels between the Executive Commission (ExCom) and the international units' workers. Nevertheless, this does not equal easier access and communication, as executive leaders are centralised in Portugal. In the

corporate centre, on the other hand, despite the large offices and different levels of hierarchy, executives work closely with the teams and have relatively regular contact with them.

In terms of knowledge flows, the centralisation of decision and lack of autonomy given to the subsidiaries results in Implementor subsidiaries, as defined by Gupta and Govindarajan (1991). This suggests a MNC in which knowledge streams from the HQ to its subsidiaries, but not in a reverse trajectory.

3.2. Methodology design

This study was conducted based on an action-research methodology. This qualitative methodology consists of three activities: problem diagnosis, action design and intervention, and reflective learning. The objective is to try out a theory in practice, obtain feedback, and try again with the new contributions to the theory achieved during the experience (Avison et al., 1999). However, being presented in the context of an internship, the process was not completed and focused only on (i) the diagnosis and (ii) action advice. A process similar to *systematic combining* (defined by Dubois and Gadde (2002)) was followed, as the theoretical framework evolved and was adapted according to the empirical observations. As data was collected, new theoretical issues that had not been considered in the early stages of investigation arose, expanding or transforming the theoretical model used, to allow comparison between empirical data and literature (Dubois & Gadde, 2002). This is also influenced by the exploratory nature of data collection, as detailed in the following section, which allows for the investigation to redirect according to each empirical setting.

The selection of a qualitative methodology was based on its concern with understanding social realities and experiences and adequacy for studying a population's attitudes, trends, or opinions. It relies on a sample that offers in-depth responses about the considered phenomenon (Jackson et al., 2007), thus being suitable for studying culture and cultural interactions.

The action-research methodology is different from other qualitative research methods as it focuses on problem-solving instead of observing and analysing a given phenomenon for a longer period, as is done in the case study approach. Besides this, case study research implies that the researchers are an outer part of the phenomenon, while action-research does not exclude the possibility of them being a part of the study (Fivevidya, 2019). This way, action-

research is fitter for the given context of the study as (i) it will focus on a limited period of time, (ii) it is aimed at solving an existing problem, and (iii) the researcher is also a part of the organisation's intercultural interactions.

In the diagnosis stage, an exploratory investigation was conducted to collect information regarding various aspects of the organisation. HQ-subsidiary relations were analysed, as well as the current and desired level of control exercised by the HQ over the subsidiaries. The cultural differences among units were investigated, both at organisational and national levels, and tension points were identified. Throughout the diagnosis, it became clear that the value added by multiculturality should also be analysed and considered for the investigation. An evaluation of the influence of HQ-subsidiary relations and cultural differences in other aspects, such as knowledge flows, use of expatriates, and subsidiary roles, was also performed. Likewise, the diagnosis objective is focused on the HQ-subsidiary relations and will serve as input for the second stage of the methodology – the designing of action advice to mitigate the tension points in these relations, as well as to leverage the benefits that arise from them.

3.3. Data collection

To obtain the necessary data, qualitative research was conducted in the form of interviews with different important parts – Portuguese managers and employees that work closely with the international operations and workers from other geographies. The focus of these interviews is to understand the organisational structures and functioning, as well as what stands out as cultural differences among the multinational units, if these differences are influenced by national culture and how they are perceived by the ones who deal with them (positively, negatively or with no effect), identifying so-called tension points. Besides the interviews, some corporate documents were consulted.

The interviews may either be formal – with a defined interview script – or informal, both being exploratory. The informal interviews, conducted mainly in the early stages of the process, provide insight into the big picture, as well as the most relevant subjects to be deepened in the formal interviews. They will help to understand better how the organisation is structured and how it works on a global level.

Different reasons led to the choice of the interviewees, who are listed in Table 1. As the intention is to have several points of view, the respondents needed to have distinct characteristics. Firstly, there was a clear need to access insight into the different geographies in which Sonae Sierra operates. Accordingly, people working in the main centres were chosen: Portugal, Spain, Italy, Romania (Latin Europe) and Germany (Germanic Europe), with the addition of a worker who frequently travels to North Africa (mainly Morocco and Algeria – Middle East) (Franco & Meneses, 2021; House et al., 2004). By doing this, information about all the geographies was collected – the six countries referred, and data about Greece and Poland (Eastern Europe), Colombia and Brazil (Latin America), with two extra countries in which the expansion of the business failed (China – Confucian Asia – and Turkey – Middle East).

There was also the need to have a variety of answers concerning the company's BUs, since those work relatively independently and, thus, may follow different management and operational practices. Individuals from different BUs were interviewed: Property Management, Asset Management, Investment Management, Reify., and Corporate.

Besides place of work and BU, another important factor is the hierarchical position of the respondent. Even though most of the chosen interviewees have leadership roles, their position in the whole hierarchical structure of the company and closeness to the higher levels varies – from the top levels in the ExCom, to middle-range roles as country representatives with small teams, ending in regular low-level workforce. To better understand this, it may be helpful to analyse the company's structure (see section 3.1.).

The first interviewees (the informal interviews) were chosen based on convenience sampling (Sekaran & Bougie, 2016), as they worked closely with the researcher on the internship. From there, the process used by Claasen and Roloff (2012) was applied, asking each respondent who to interview next, considering the already described factors. Saturation was reached when no new recommendations that complied with the identified characteristics were given. This resulted in ten different individuals.

Table 1

List of interviewees and characteristics

Interviewee	Business Unit	Role	Nationality/place of work	Main geographies referred
FO	Corporate	Brand & Services Communication Manager	Portuguese/PT	N/A
RR	Reify.	Business development & client care EU	Portuguese/GE	GE, PT
CS	Property Mng	Executive director	Portuguese/PT	CH, GE
AP	Asset Mng	Head of Asset Management Iberia	Portuguese/SP	SP
IM	Corporate	Treasury Manager EU & NA	Romanian/PT	N/A
AR	Corporate	Head of Marketing IT, GR & RO	Italian/IT	CH, GE, PT
CM	Property Mng	Head of Legal EU & NA	Romanian/RO	NA
HF	Reify.	Business development & client care NA	Portuguese/NA	NA
DM	Corporate	Human resources country coordinator IT & RO	Italian/IT	PT
CB	Invt Mng	Managing director GE	Swiss-Portuguese/GE	GE, PT

Note. PT = Portugal; EU = Europe; GE = Germany; CH = China; SP = Spain; NA = North Africa; IT = Italy; GR = Greece; RO = Romania; N/A = Not applicable – many geographies referred; Property Mng = Property Management; Asset Mng = Asset Management; Invt Mng = Investment Management

The interviews were conducted online via Microsoft Teams conference calls, as the researcher and the respondents were in different geographical places. In these meetings, data about cultural differences, their impact, subsidiary autonomy and centralisation, and management practices used was collected. The objective was to analyse the perception of these topics by the different employees, identify tension points created and existing added value, and develop action suggestions on how to mitigate/leverage them. Information about questions asked and the intended information to collect can be found in Table 2. However, as interviews were exploratory, this is not a rigid script and varied along with interviews.

Table 2

Interviews topics, questions and intended information

Topics	Questions	Intended Information
Respondent role and international contact	What is your job at Sierra, and how does it involve international contact? How often?	Interviewee standpoint in the company's relations and international contact.
Perceived cultural differences and their impact	Have you ever been in a situation in which cultural differences were highly noticeable? Please illustrate. How do you consider these differences impact your work and interaction with other nationality employees?	Most (and less) culturally distant countries; Cultural dimensions most identified as different; Episodes that illustrate cultural differences; Impact on work and relations generated by the cultural differences.
Geography comparison	If you have contact with several geographies, which one do you consider to be most "distant", culturally speaking? What is the biggest difference between working with your local colleagues and people from x nationality?	Comparative vision of different geographies.
Subsidiary roles and autonomy	What do you feel is your/other units' purpose and role within the Sierra group? Do you feel subsidiaries have enough autonomy? Why? Do you feel overly controlled or weakly supported by the corporate centre in Portugal? Do you think there is enough contribution from subsidiaries and non-Portuguese workers participate in decision-making processes for the group?	Role of subsidiaries and foreign workers; Autonomy of subsidiaries and foreign workers; Importance given to subsidiaries and foreign workers; Level of centralisation; Perception of autonomy/centralisation considering cultural context.
Management practices	What is your general perception on the way Sierra's internationality is managed? What do you think could/should be done differently?	(International) management practices used; Opinion about the methods in practice; Suggestions for better international functioning.
Value of multiculturalism and internationality	Do you like to have regular contact with Portuguese/other nationality workers? Why? Do you think multiculturalism benefits business?	Individual perception of multiculturalism and international environments; Perception of how multiculturalism may benefit business.

3.4. Data analysis

After conducting and transcribing the interviews, followed the data analysis. Using the software NVivo, the transcripts were coded to facilitate the subsequent data assessment. Both Codes and Cases were used – codes for topic grouping and cases for categories.

First, *Cultural differences* mentioned were coded and divided into child codes, such as *notable*, *not notable* and *impact*. In the *notable* category, different dimensions were added as they would arise, as seen in Table 3. This provided an overview of the respondents' perceptions, and

cross-analysis with cases allowed an understanding of which countries are more culturally distant (Table 4). In the breakdown, cultural differences were assigned to the most suitable cultural dimensions described in the literature review, and some tension points were identified. For example, if a country or nationality is said to follow strict procedures and have many control mechanisms, this may be connected to a high level of *uncertainty avoidance*; likewise, difficulties in communication and translation may be a source of tension. Other codes, such as *HQ-subsidiaries relations* and *Management practices* were also created to aggregate and organise relevant information (see Table 3 for excerpt).

Cases were defined to cross-reference the data analysis. For this, they were created for *BU*, *Geography referred*, *Nationality of respondent* and *Place of work*. This facilitates cross-references, such as which geography is most referred, as illustrated in Table 4.

After coding, an axial analysis was performed to understand the connections and links among the defined categories and the context of these linkages (Kendall, 1999; Scott & Medaugh, 2017). This included the creation of summary tables, both by respondent and by country discussed (see Table 4 and Table 5), and allowed to quickly recognise the overall view of interviewees on topics such as cultural differences, autonomy, and centralisation, as well as identifying which countries have more references on cultural differences and recognising patterns in information. Then, using this information, a deep analysis of each of the most relevant topics was conducted, as presented in the following section.

The discussion of this information is organised into four different topics: Management practices, Cultural differences in the organisation, Tensions, and Added value. The Tensions and Added value sections are strictly linked to the previous ones, as they present the tensions and value created by the formerly stated circumstances.

4. Results

The data collected in the interviews and their coding and establishment of relations to literature resulted in a set of results that allow answering the investigation questions. These results are presented and discussed in the following sections.

4.1. Presentation of results

The results show a clear prevalence of notable cultural differences among international units over those not notable, as well as a high perception of the centralisation of the company (see Table 3 and Table 5). As expected, the most culturally distant countries according to respondents (Table 4), are the ones featured in distant cultural groups, as is the case of Germany (Germanic Europe vs Latin Europe) and the North African countries (Middle East vs Latin Europe) (House et al., 2004).

Nonetheless, some unexpected results also emerged, as cultural differences that cannot be linked to any of the studied cultural dimensions arose, as is the case of *Importance of word*, *Negotiation* and *Others*[2] (Table 3), with significant impact on business (especially, *Importance of word* and *Negotiation*). Besides, despite the importance given by literature to the topic of Knowledge transfer, this theme was less referred than expected (five references by four respondents), further still when considering only explicit mentions.

Table 3

Codes from NVivo

Code	Respondents	References
Cultural differences		
Not notable	**6**	**13**
Notable	**10**	**73**
Assertiveness	3	3
Control & procedures	4	7
Formality	4	4
Gender egalitarianism	2	4

[2] *Others* include cultural differences related to day-to-day lives, such as clothing, religion, routine and habits, market and business perceptions, as well as cultural differences referred to in a general sense.

High vs low context	2	4
Importance of word	2	6
Language	6	12
Negotiation	3	4
Others	5	10
Relationship vs task	4	7
Time relation	5	12
Management practices		
Business adaptation	3	7
Control	5	11
Human resources	7	20
What could be done differently	7	23
Headquarters-subsidiary relations		
Autonomy	9	22
Tension points	8	31

Note. This is an illustrative extraction of the coding established in the NVivo software; thus, it does not represent the complete set used for analysis.

Table 4

References of cultural differences per geography

	Germany	Greece	Italy	Portugal	Romania	Spain	Latin Europe	North Africa	**Total**
Assertiveness	1	1	-	-	-	-	1	1	4
Control & procedures	4	-	-	3	1	-	-	1	9
Formality	2	-	1	3	-	1	-	1	8
Gender egalitarianism	-	-	-	-	-	-	3	-	3
High vs low context	4	-	-	2	2	-	-	1	9
Importance of word	-	-	-	-	-	-	6	-	6
Language	6	1	-	2	-	3	0	-	12
Negotiation	-	1	-	-	-	-	3	-	4
Others	2	2	1	2	2	1	1	-	11
Relationship vs task	5	1	2	3	-	1	1	2	15
Time relation	4	-	1	3	-	-	8	1	17
Total	**26**	6	5	17	5	6	7	**23**	

Note. Most answers are given by respondents of the cultural group Latin Europe; thus, the cultural distances are mostly between this group and the one of the mentioned geographies.

References to Portugal, however, are mostly made in comparison to Germanic Europe countries (10 out of 17 references).

Table 5

Summary table on respondents' opinions

Respondent	View on cultural differences	View on impact of cultural differences	View on autonomy	View on centralisation
RR	Many	Low	Low	High
CB	Few	Low	High	High
AR	Some	Low	High	Some
FO	Many	Some	Low	High
CS	Few (Europe) Many (China)	Some (China)	Some (high but structured)	-
IM	Many	High	Low	High
HF	Many	High	-	-
CM	Many (N. Africa) Few (Europe)	High (N. Africa) Low (Europe)	High (technical) Low (business)	High
DM	Some	Low	Low	High
AP	Few (L. Europe) Some (Germany)	Low	High	Some

Note. This table represents a summary of the respondents' opinions on four subjects – degree of cultural differences, level of their impact, level of autonomy given to subsidiaries, and level of centralisation of Sonae Sierra. Based on the data collected in the interviews and the resulting coding. N. Africa = North Africa; L. Europe = Latin Europe.

4.2. Discussion of results

Data collection revealed information about two main themes: Management practices and Cultural differences. These generate both tensions and value in the organisation and its teams. How this happens is discussed throughout the following sections.

4.2.1. Management practices

Throughout the interviews, discussion about management practices arose several times, both when asked about and naturally. It was possible to get a perception of what is done and what

could be done differently from the workers' perspective. Given the structure of the organisation and the way it works, it is noticeable that management practices may not be the same across BUs, for example. Because of that, some statements are inconsistent.

One of the most discussed topics in this matter was the relation with the foreign subsidiaries. It is stated that, in practice, the importance given to the multicultural environment in the company is lower than what is declared. The company is centralised, and top teams, such as the ExCom, are made up exclusively of Portuguese, which may be associated with the nationality of the HQ, located in a country that presents *hierarchical leading* and *top-down deciding* (Gates & Egelhoff, 1986; Meyer, 2022). This means that the HQ decide over a majority of subsidiary-related matters, which may result in a lower capability of local response (Gates & Egelhoff, 1986; Lunnan et al., 2019; Sageder & Feldbauer-Durstmuller, 2019). Foreigners are most times left behind in decision-making. This is seen as negative, and the importance of diversity is acknowledged by the workers and grounded by literature (Beugelsdijk et al., 2018; Cox & Blake, 1991; Lopez-Saez et al., 2021) since Sierra operates in different markets and has clients from around the world, and because "Everything that is diversity creates value. (…) You get distinct mental frameworks" (FO).

> *If you check, what is written is that everybody matters and are a part of the team, but, in practice, you have clear examples that that is not the reality (…). It's clear that geographies are secondary. (FO)*
>
> *Now, Sierra is very centralised and suffers because it is not agile. But decentralising from one day to another can create problems, as people are not qualified to make decisions. It must be ongoing. (…) Teams need to be able to make decisions. There always has to be some centralisation, but not this much. (FO)*
>
> *Sierra, despite being one of the most internationalised Sonae companies, (…) is not really an international or multinational company. (…) It continues to be a Portuguese company. (RR)*
>
> *The company, to benefit from its multiculturality, must have the ability to trust in different nationalities and know how to absorb the advantages of having multidisciplinary people with different skills and strengths. (RR)*
>
> *You have a company that describes itself as multinational, but it's actually a Portuguese company with satellites throughout Europe. (CB)*

Something that frequently came to discussion was the importance of visiting the countries and in-person interaction. These encounters are often promoted, either by teams, regional heads, or executives. However, despite the recognised importance by some members of the organisation, this is not still a consolidated practice, exercised all through the company and different teams or BUs, and there are still some geographies and teams that feel that there is not enough presence and personal contact.

> *Since the beginning, I travelled a lot to Lisbon and Maia and this way you get to meet the people and the company, 'the four corners of the house', and it makes your life easier. I think the company should promote this kind of contact more often. (CB)*

> *Before covid I was travelling more, I was able to go there and meet the people, have a feeling of what was going on, even in the corridors, while people were talking to each other, and coming to me and telling me small things. At distance, it's very difficult. Now that covid is hopefully flowing away, I intend to go there and to travel more because I think the distance is affecting a lot. (DM)*

> *When I became responsible for Spain, the first thing I did was promoting an encounter with every area to explain the company's strategy and invite colleagues from each BU to make a presentation because I realised that there were people who had never been to Portugal, even in relevant roles. (…) Besides this, I also brought all the shopping centres' directors to Portugal and made a tour with them to our shopping centres, for them to know them and get to feel they belong. (CS)*

Regarding the choice of managers, management practices are not clear, as they vary throughout the statements. Portuguese, locals, or third-country foreigners may be chosen to be responsible for a particular region. For example, both Portuguese and Spanish are head of the Iberia region for different BUs. In North Africa, the responsible for the Reify. BU is Portuguese. In Colombia, there is a Portuguese and a Spanish worker. A Spanish employee is also responsible for Property Management in Italy, and a German one in Germany. These are examples of the use of expatriates, host, and third-country nationals for management roles in subsidiaries. Nevertheless, Portuguese managers seem to complain less than others about centralisation and autonomy, as they share cultural backgrounds and have easier contact with the corporate centre, either because of language or close relations (e.g., they have worked in Portugal before).

I have never felt autonomy issues in my job in Spain. Maybe it helps to be Portuguese, and having worked in the HQ, I know most people, and maybe I have never struggled with autonomy because of that. (AP)

I don't have any problems with [decisions being made in Portugal], maybe because I started talking to those people, the seniors, I can easily speak to them. (CB)

One practice that started recently, integrated into the Transformation Program, is the commercial coordination. It consists of having meetings with several representatives from BUs across countries, in which business is discussed, talking about current clients and deals. The objective is to share information and experiences that can be useful for others to implement, foster teamwork and promote synergies among BU and geographies, following an integrated commercial plan. This also happens among BUs in the same country and serves as a way of motivating knowledge transfer among units.

Something that is starting to be done now, and which I hope creates results, is the company working in a unified way, concerning business development of several areas, and having a common commercial strategy, something that did not exist (…) [and] that may create a virtuous cycle in which BUs can benefit from each other. (AP)

Finally, it is said that the HQ exercises a lot of control over its subsidiaries. There are procedures to follow, regular reporting, organisation-wide goals and strategy, and subsidiary budgeting, examples of output and process control (Sageder & Feldbauer-Durstmuller, 2019) that are both perceived as positive and negative. Both interviewees and literature point to possible efficiency losses due to these sorts of control (Sageder & Feldbauer-Durstmuller, 2019).

I have been working in Sierra for many years, and the HQ tendency has always been to have big control. There are a lot of procedures, guidelines, we are losing a lot of time to get updated, to have everybody on board, we have a very long process on approving several things. For sure, this is an obstacle in the day-to-day work. On the one side, it's good because you have some sort of guidance, but on the other, these mechanisms are too tight and heavy, and the perception is that we lose a lot of time not focusing on the real job, but on following procedures. (DM)

In the old days, when I was responsible for the legal department, I had a monthly report, but much more important than that was the daily conversations with my boss, almost 45 minutes, and that is what is most important, facilitate communication. (CB)

4.2.2. Cultural differences in the organisation

The collected data suggests some patterns in the way cultural differences are perceived. The interviewees mention relations with 11 different countries, with clear and mostly expected cultural differences among them that go according to the cultural studies that have been conducted.

As seen in Table 4, the most mentioned geography is Germany, with 26 references from eight different respondents, followed by North Africa, with 23 from four respondents. These are the two regions perceived as most culturally different. The gap in references can be explained by the fact that there are fewer workers in contact with North Africa. As most of the respondents belong to the Latin Europe cultural group, it is not surprising that the most notable cultural differences refer to countries in culturally distant groups – Germanic Europe and Middle East (Franco & Meneses, 2021; House et al., 2004).

Germany

Concerning Germany, workers point out significant differences in the use of control and procedures, how trust is built, time relation, and communication. It's noted strict following of rules and procedures, especially when compared to Latin European countries, which can be linked to the higher level of *uncertainty avoidance* by the Germanic Europe group (House et al., 2004).

> *They (Germans) are very strict, it's not just a common saying, they strictly follow rules. For our Latin countries, if we have a problem, we overcome the rule to try to solve it. (AR)*

> *With no doubt, a German is someone who lives with a plan. (…) However, when there is a problem, they don't have the capacity to be creative and find solutions alone, as we (Portuguese) do (RR)*

Germans' attitudes in meetings and in the workplace point to their highly *linear-time scheduling* (Meyer, 2022). This is clear in their attitudes towards timetables and the fact that they do not like being interrupted when working, which may be associated with efficiency-seeking. Always trying to stay on topic can also be related to their highly *task-based trust-building*, as small talk is not valued, and trust relationships are built over work and contributions (Meyer, 2022).

> *In Portugal, meetings start between the scheduled time and 10/20 minutes after, while in Germany, being on time is being 5 minutes early – there is a lot less small talk, the meeting is much more straight to the point (…) without any detours from the topic of conversation (*RR*).*

Objectivity in communication is also found, as "Germans are more direct, which can sometimes be understood as aggressive, and say what they have to say, without embellishing it" (RR) and "when they do not want to do something, they say so" (FO), illustrating the higher *assertiveness, confrontational* attitude and *low-context communication* of Germanic Europeans (House et al., 2004; Meyer, 2022). Besides this, there is a direct interpretation of communication, strictly related to the *low-context communication* compared to the Latin European moderate *high-context*, meaning that the German culture tends not to read between the lines, thus needing explicit instructions in procedures and recommendations – if something is not clearly stated, the most likely scenario is for it not being acknowledged (Meyer, 2022).

> *Our expectation in Portugal is that someone tells us more or less what we need to do, and people start doing it and expand its meaning, even if it's not quite what was intended. There are other nationalities that only do what is explicitly said to them. If something is not clearly asked for, they will not expand their task. (IM)*

Another highly discussed subject was language – workers find the German language to be very different from theirs, and it makes it harder to communicate with them, as "most people demand working in German, which complicates the relationship" (IM) and "they are more open and flexible when they can [speak German]" (RR). They have some trouble communicating in English, as it is not their dominant language (Hofstede, 1984), and it was mentioned that the organisation even struggles to meet the minimum language requirements (English level B2) when hiring in some German cities.

North Africa

When discussing North Africa, four main contrast sources arose: time relation, negotiation, the importance of word and agreements, and gender inequality. They are considered to have a highly *flexible-time* relation, higher than Latin Europe countries, as it is stated that "time is not an issue to them, they don't care about being punctual" (CM), and they often interrupt meetings for praying sessions, which is a way of working that can be "difficult to digest for Europeans" (CM) (House et al., 2004; Meyer, 2022).

> *Here, in the European world, you have never seen someone interrupting a meeting for religious purposes. [In North Africa] there are praying rituals with specific schedules, some of them have alarms on their phones (…) and interrupt what they are doing to pray. (HF)*

There were complaints about great difficulties when making deals with clients from this culture, as they have a strong need to negotiate everything, starting with price and moving to other variables, and "do not have a problem in promising you something and then to take their word back" (CM). As "people are not reliable and accountable" (CM) and, many times, "contracts are something that can be broken" (CM), there is a very significant impact on the level of uncertainty and unpredictability.

> *They are comfortable saying, "so I said this? No problem, now I'm saying differently". They have a very different approach towards business than we have. They are not much into respecting deadlines or gentlemen agreements, which are never existing. (CM)*

However, negotiation may also be conducted in different formats, for example, in close group encounters, such as family meals, reflecting their highly *relationship-based trust* (Meyer, 2022).

> *I remember that when I was in Algeria, they were very welcoming into their house and family environment. There was a male colleague meeting a client, and he invited us for lunch in his house, and there was a huge table of 20 people, all eating, and it was very natural somehow. (CM)*

There was also a situation in which an Algerian lawyer hired to work with Sonae Sierra "was not comfortable being supervised and coordinated by a woman" (CM), getting annoyed and offended at reviews about his work, mirroring the low level of *gender egalitarianism* in this cultural group (House et al., 2004).

Latin Europe

Regarding countries within the Latin Europe group (Franco & Meneses, 2021; House et al., 2004), few cultural differences were mentioned, which goes in line with literature (House et al., 2004; Meyer, 2022), and the term "Latin" or "Latin countries" was used several times to refer to that group or its counties were referred to together, showing a perception of similarity among these geographies. In general, asymmetries are not notable among these countries; nevertheless, some cultural differences have been mentioned, such as a more *confrontational* attitude by the Romanians, when compared to the Portuguese (Meyer, 2022),

more formality and bureaucracy by the Portuguese and a more relaxed environment among the Spanish.

Latin America

Latin American countries (Brazil and Colombia) were only briefly referred, as not many workers have contact with this group.

Eastern Europe

The stated cultural differences of Eastern Europe countries were mainly about higher levels of *assertiveness* and *confrontational* attitude but were only mentioned superficially (House et al., 2004; Meyer, 2022). Greece was described as more aggressive in negotiation, having a "with or without me" (IM) approach, and Poland regarding their non-verbal communication, much more closed and colder, which can also be indicative of the more *task-based trust* levels of this last country in comparison to Latin Europe (House et al., 2004; Meyer, 2022).

Others

China and Turkey were also mentioned in the interviews, although there is no longer any active operation in these countries. Despite the end of business in Turkey not being related to cultural matters but because of internal conflicts in the country, the failure in China may be related to substantial cultural differences. According to the respondent, the main concern in the expansion to this country was being able to convince Chinese partners about the worth of Sonae Sierra, as in China, shopping locations often have luxury stores and boutiques, which is not common in Portugal, or Sierra's shopping centres. This cultural difference interfered in the process by making it hard to prove the value of business to possible partners. Even though these problems concern interaction with external elements of the organisation, they would likely persist if business had not failed and the two cultures had to work together.

> *Later, I travelled to China and I understood. China has 65 Louis Vuitton stores. When you talk about luxury there, you talk about luxury in series. (…) They would come here, we would show them our shopping centres, and they would comment that we don't have Gucci, or Armani, or Dior (…) and that we were not worth it. (CS)*

4.2.3. Tensions

As expected, all these cultural differences, and even how the company is structured and organised, will impact the work and collaboration within the organisation and create tension points in the relationship between the HQ and its subsidiaries. Some of these tension points were distinctly shared in the interviews, while others may be deducted from the gathered data.

Centralisation and management

One of the main tension points is created due to the lack of autonomy given to the subsidiaries and local teams. There is a "syndrome that only Portugal decides (…) which is not totally absurd" (FO). Given the centralised structure of Sonae Sierra and the exclusively Portuguese ExCom, foreign workers feel that they are not included in the most important and strategic decision processes. This also results in a lack of autonomy of foreign teams, which is acknowledged not only by themselves but also by some Portuguese workers. However, some factors influence how this lack of autonomy is perceived, such as the nature of the work (administrative vs business), the role of the interviewee, and, of course, their cultural context.

In Germany, a country within a cultural group with low values of *power distance* and a score of *consensual decision-making*, suggesting authority and top-made decisions are not particularly accepted by the community (House et al., 2004; Meyer, 2022), this centralisation and lack of autonomy are felt deeply. An episode illustrating this unacceptance happened in December 2021, when the Corporate Communication team (centralised in Portugal) was preparing the company rebranding. As the brand visuals would be altered, an email was sent to the German team asking for a warning in case of printing of materials. Not many details were given, as the rebranding had not still been officially revealed. Although the objective of this action was to save on printing costs (as, after the rebranding, everything would have to be printed again, according to the new graphics), it was perceived as a need for central approval, which was not well accepted by the German team, and created great tension.

> *This created tension in Germany, and when I noticed, I had an administrator with a German team saying, "so now everything that is printed in German must be approved by the Portuguese?", when all I wanted was for them not to spend money when they would soon have to reprint everything with*

the new brand. Everyone was losing their minds because they would "receive orders" from corporate communication. (FO)

The centralisation of the organisation and the lack of international diversification in not only decision centres but also technical roles (such as architects and engineers) leads to the replication of the business practices conducted in Portugal. It is perceived not as a multinational organisation but as a Portuguese company with extensions of its HQ. Respondents recognise the possible adverse outcomes as markets differ in characteristics and consumer preferences. It also considerably damages the feeling of belonging and group fitting by the subsidiary workers, as the distance to the HQ is great, and their opinions and needs are often not accounted for. It is stated that some "flexibility [to adapt] exists, but it is structured" (CS); however, this happens mainly in the services provided to local clients (e.g., with Reify. and Property Management BUs), and not so much with the Developments business, conducted mainly by Sierra itself. As a way of control, Sierra minimises decision rights in subsidiaries (Sageder & Feldbauer-Durstmuller, 2019). In the construction of a Shopping Centre in Romania, Portuguese standards were used, despite the local team's warnings about the country's differences. The use of automatic sliding doors and concrete entrance ramps in the parking lots forced the company to conduct a second round of construction works after the first winter, as these features were inadequate to the local weather. This shows that, when business decisions are on the table, little importance is given to the foreign subsidiaries' suggestions and that the company prefers to follow the standard procedures applied in Portugal. This attitude resembles *in-group favouritism*, ignoring suggestions given by the workers in subsidiaries, which can be associated with ethnocentrism (Hammond & Axelrod, 2006). Such situations "generate frustration and aversion to central decision" (IM), causing tensions between the HQ and subsidiaries.

I think Sierra says [the subsidiaries] are autonomous units that add value, but in practice, the temptation to replicate the Portuguese model is very, very high. (…) They only adapt when they can't use the Portuguese model. (…) What you most hear in Sierra is "in Portugal, this is how we do it" (naturally, because they have a stronger presence there). (IM)

Sometimes, they are taking decisions taking in mind only Portugal, and when they decide, they maybe did not take into consideration our perspective. Not because we are special, but because there are differences in the countries that should be taken into account, so if you have the Portuguese model in your mind, you probably missed considering other aspects. (DM)

The centralisation of decision is also said to go against *reverse knowledge transfer* practices, positioning subsidiaries as mere Implementors of knowledge (Gupta & Govindarajan, 1991; Kostova et al., 2016). For stance, the 'Portugal decides' and 'in Portugal, we do it like this' attitude destroys the space for dialogue and creation/transfer of knowledge among different subsidiaries and geographies, which could benefit from diversity (Beugelsdijk et al., 2018).

> *Sharing information is always positive, so when "Portugal does this" is done in a productive and constructive way, it benefits teams, but when it crosses the line [and is imposed instead of discussed], it generates frustration. (IM)*

> *[Working with geographies will be] much richer than if the team had only Portuguese workers. (…) When I go straight to the decision centre, I lose the richness of different point of views from different geographies. (FO)*

Even though everyone recognises the company as centralised, not all the workers interviewed have the same opinion on the autonomy provided to local teams. There are clear statements referring to lack of autonomy, but others disagree.

> *If you ask my not-Portuguese colleagues, they will say yes, there is lack of autonomy. (*RR*)*

> *80% of [the Italian shopping centre] marketing and recruitment is decided outside Italy. (FO)*

> *People will always tell you that they would like to have more local autonomy and power. (CM)*

> *I would like to have more autonomy in the day-to-day procedures. (DM)*

Statements disagreeing are, however, claims made in different contexts than the conflicting ones. Some state they never felt autonomy issues, but they are Portuguese or have close relations to the corporate and executive centre. Others consider autonomy circumstantial – overall strategic decisions are made centrally, but everyday tasks are autonomous, or administrative workers recognise they have more day-to-day autonomy than business teams. When this is not the case, these declarations are made by nations with higher *Power distance* and *top-down decision* levels, as is the case of Latin Europe countries, even though there are still reports from this country group about lack of autonomy (House et al., 2004; Meyer, 2022).

The central exercise of control over subsidiaries is also a sort of tension. HR country representatives complain about the high demand for administrative and bureaucratic work,

a common source of process control (Sageder & Feldbauer-Durstmuller, 2019), adding to the lack of resources provided by the HQ. As they work without a team, the administrative workload can get excessive and, sometimes, there is even the need to externalise some of the work due to the denial of extra resources by the HQ (such as hiring someone additional). However, the complaints about control and bureaucracy are not exclusive to the HR country representatives, and other teams feel this as well, although without the extra need to externalise. This excessive control generates a lack of efficiency and time for creativity (Sageder & Feldbauer-Durstmuller, 2019).

> *We (HR country coordinators) are overloaded with a lot of small stuff that is not adding value – administrative things, which in some cases we are able to externalise for support on payroll, legal advice, brokers for insurance, things like that. Yet, locally we have a lot of administrative processes where we are losing a lot of time. In my point of view, support on this kind of stuff would be very appreciated, we already tried several times to have additional resources, but we didn't make it. (DM)*

> *We are a bit too complicated in terms of bureaucracy – reports, documents, rules, procedures – it's too much. It delays decisions and creates a lot of extra work that is not needed. (…) The work is doubled because you need to produce for Sierra and the other owner – Sierra doesn't allow to follow only the new owner's procedures. (AR)*

Language and communication

In an MNC with collaborative international teams, language may easily be a source of tension, as people communicate in a non-native language (Hofstede, 1984).

> *There are regular communication losses – we cannot express what we feel and think the same way in other languages, and when we express that verbally, translation may not be understood the same way by everybody. (FO)*

> *Most Germans "insist on working in German, which interferes with relations", leading to "misunderstandings and tensions among teams" (IM).*

Difficulties in this topic of language are not only verbal but also regarding written documents, which are often in the local language. Even when dealing with formal files, written in English, exchanged emails on the topic and comments are likely in the local language, complicating the assessment and contribution from foreign colleagues.

> *One of the big barriers to multiculturality (…) is documents in local language. (…) If I was in Germany, everything was in German, if I spoke to the Portuguese, everything was in Portuguese. I ended up being more a translator than anything else. (*RR*)*

Tensions may also arise from the objectivity of communication interpretation, as teams with different cultural settings on *low vs high-context communication* may face problems in outcomes – "a significant difference concerns the number of instructions people need to receive" (IM). For instance, a Portuguese protocol given to a German team may not be enough, as they will only do what is explicitly stated, while Portuguese will likely develop it with the expectation that interpretation will also consider what is in 'between the lines', and that readers expand the scope of requests (Meyer, 2022).

Cultural differences

Cultural diversity may be positive and add value (as detailed in section 4.2.4.), but it may also create significant tensions in international environments, especially when there is a lack of effort to cooperate and learn from this diversity.

The situations in which greater tensions are created are, naturally, regarding countries that are culturally distant and present cultural differences in many dimensions. In the case of Sonae Sierra, this happens mostly, but not only in the relation between Latin Europe and Germanic Europe (House et al., 2004).

Besides the already discussed tensions in Language and communication, Germanic Europe shows highly distinct levels of *uncertainty avoidance, assertiveness, confrontation* and *linear-time relation* compared to Latin Europeans (House et al., 2004; Meyer, 2022), translating into asymmetries in ways of working, communicating, and dealing with power within the organisation.

The high levels of *uncertainty avoidance* lead to strict following of rules and procedures, which is not well accepted by Portuguese (and other Latin Europe countries) (House et al., 2004). Germans are described as "a lot less flexible" (FO) and "unable to be creative and find solutions on their own, (…) being slower when dealing with problems or difficulties" (RR). This will also lead to tension associated with stereotypes because, as they are prone to sticking to the plan, when they make a mistake, the Portuguese complain that "'Germans are known for making everything perfectly and, in reality, everything done poorly'" (RR).

Their time relation may also create some tension in contacts, as Germanic Europeans have *linear-time scheduling* in opposition to Latin Europeans, with whom this relation is flexible (House et al., 2004; Meyer, 2022). This can be stressful in meetings, as Portuguese, for example, arrive just on time or a bit late, and Germans are usually early. This also shows in their *task vs relationship-based trust* and *high vs low-context communication*, as Latin Europeans tend to engage in small talk before starting the business topics, while Germans can become agitated, preferring to go straight to the point (House et al., 2004; Meyer, 2022).

> *Germans are much more objective and it's funny when we have meetings with them, Italians and Portuguese, who always end up talking about yesterday's soap opera while Germans are looking at their watches. (FO)*

Conversely, time relation is also a problem in the Middle East. Even though they have a *flexible-time relationship*, just like Latin Europeans, this is much stronger in the Middle East (House et al., 2004; Meyer, 2022), generating tension as, for them, "time is just flowing around" (CM). Meetings are often interrupted for praying rituals or changed from one day to another, making interaction and work with this culture harder.

> *Many times, meetings are cancelled, and we need to adjust travel reservations three or four times, in consequence, our schedule depends highly on these constant changes. (HF)*

Adding to this relationship with time, North African countries have a great tendency to negotiate every aspect of business. Besides making deals a lot harder, it delays transactions even further.

> *I had deals with price variations of 30, 40 or 50% below the suggested price; sometimes, we do not have the margin to negotiate, and the client is asking for more discounts, and then negotiation goes from price to other variables and factors. (HF)*

Another unpleasant difference regards gender issues, as Middle Easterners, being muslin and presenting a low level of *gender egalitarianism* (House et al., 2004), "have difficulties accepting a woman as a boss" (CM). This has created significant tension for the Head of Legal Property Management, as she had to work with lawyers from North Africa who did not feel comfortable being overseen by her and got annoyed at reviews of their work.

> *We had a strange situation at the time when I was revising his work on a contract and, because it was in French, I was also making some reviews of that, and he got really annoyed, he said: "I hope*

you do not pretend to know better French than me". I am not pretending, it is also my job to revise this, so it was a bit strange because he was really out of place, he was acting in an inappropriate manner because he was really offended by me revising and supervising something he did. (CM)

However, the most prominent source of tension in the cultural differences existing between Latin Europe and Middle East (House et al., 2004) is regarding the importance of word and agreements. In North Africa, agreements and contracts may often be revoked, and promises are not important, creating great problems in business agreements and a lot of uncertainty. This forced Sierra to use a different approach when dealing with these countries and always be alert to possible disappointments. Although most problems reported are external to the organisation (i.e., in interactions with clients), these show the reality the company lives in and the local culture, which reflects itself in the day-to-day negotiation and practices within the company.

There were even situations in which great value deals (one or two million euros) were negotiated, the contract was already written, they even asked us to start construction works and, after all, did not sign the agreement. We need to deal with this frustration and handle these situations. (HF)

It gives a bit of uncertainty, if you go with a European mindset to north Africa to do business you are going to have a surprise, we experienced this surprise. We managed to do some good deals there, but we also had bad experiences because people are not reliable and accountable, contracts are something that can be broken, while in Europe is different because of the respect towards law. (CM)

There was a situation in which we built up a lot of work, having a great amount billed while the client wasn't paying. When we decided to stop the job, we already had 800 thousand euros in debt. This happened due to lack of experience, we worked based on trust that the client broke, by not paying. Today, we use a "give and take" approach, breaking up bills in smaller fractions and delivering smaller works at a time, in order not to accumulate big bills and be disappointed again. (HF)

Regarding other country groups, as they have fewer cultural differences, they generate fewer tensions. Nonetheless, some tension points are acknowledged among the Latin Europe countries, such as misunderstanding caused by a higher *assertiveness* and *confrontational disagreeing* from the Romanians (compared to Portugal) and higher use of bureaucracy by the Portuguese (Franco & Meneses, 2021; House et al., 2004; Meyer, 2022).

4.2.4. Added value

Despite all the tensions existing in this MNC, there is also value-added by its structure, practices and, especially, multiculturality and cultural differences themselves.

Organisational structure and HQ-subsidiary relations

As far as organisational structure and HQ-subsidiary relations are concerned, tensions prevail over added value. Still, there are some benefits coming from the matrix structure with a centralised decision centre (Johnson et al., 2017; Lunnan et al., 2019; Peng, 2009; Sahlmueller et al., 2022). The existence of BU leaders for all geographies allows having a highly specialised and senior person in charge of business, with broad experience both in time and markets. This may benefit business development and create dialogue about the different practices performed in the geographies they are responsible for, benefiting knowledge transfer of firm-specific advantages to subsidiaries (Lucke et al., 2014) while also approximating foreign teams to the decision centre, as hierarchical structures in the subsidiaries are short. However, not always is that the case, as seen previously in section 4.2.3.. Besides, the centralisation of decision in Portugal, the country with the most significant market volume, enables choices to be agile and facilitates response in this fast-paced environment, as subsidiaries are usually not consulted for decisions.

> *Because we do not have complex structures in each country, business benefits from knowledge sharing among geographies and having a highly senior leader in each BU, which may help further the country's business development. (AP)*

> *Having a satellite kind of structure, we have better access to the organisation's executives – in Portugal, hierarchical structure is complex, and before you get to [ExCom members] there are still a few people on the way, and when we had projects here (in Germany), people had much more access to that executive level, as the team was smaller and there is more direct contact. (CB)*

> *In light of my work, [centralisation] actually helps, to contradict myself. Because it accelerates, as [working in Portugal] I have direct contact with the decision centre, and if I had to discuss with all geographies, it would take me much longer to act. (FO)*

Management practices

Some management practices are valuable for the organisation. However, it may be important to state that most of them are not quite consolidated in the company and do not represent a

common practice yet. Nevertheless, they show effort from Sonae Sierra to empower workers and start benefiting from cultural diversity.

For starters, one of the most important practices is regarding language – new employees are required to have at least a B2 level in the English language, and all formal and official documents are written in English. This indicates an effort to make everything accessible throughout the organisation, as well as the importance of being able to work in multinational teams. Still, despite the efforts from the organisation, as was found in section 4.2.3., not always is this enough, as people continue having unofficial conversations in their local language, challenging further involvement of third-country nationals without translation mechanisms, which are also not sufficient for comprehension (Hofstede, 1984).

> *To enter Sierra, employees need to have at least a B2 level of English, it was not always like this, only from the year 2000, (…) the company invests deeply in this, in 2022, the big majority enters with this level. (FO)*

Next, HR practices may also be praised, namely the choice of managers and teams in foreign countries. As seen in section 4.2.1., these practices are not clear; however, there is some effort to use locals in foreign teams, and expatriate management is used reasonably. Expatriate managers are most used in situations in which cultural differences, risk and uncertainty are high (Colakoglu & Caligiuri, 2008), as is the case of North Africa (Middle East vs Latin Europe cultural differences (House et al., 2004; Meyer, 2022)). Accordingly, there are Portuguese heads for Property Management and Reify. in this location, who are responsible for transferring from the HQ and helping the implementation of "important processes that should not be altered" and "the ways in which the organisation works" (CS) (Kostova et al., 2016). Although there is a Portuguese head, other relevant roles are offered to locals, as is the case of the operations director and shopping centre workers, as literature recommends (Colakoglu & Caligiuri, 2008; Mezias, 2002; Muellner et al., 2017).

However, as using expatriates may also bring liabilities (Colakoglu & Caligiuri, 2008; Mezias, 2002; Muellner et al., 2017), this is not made in every culturally distant geography, as is the case of Germany, which has specific characteristics that would not facilitate this practice (*consensual decision* and low *power distance*, demanding speaking in German, etc.) (House et al., 2004; Meyer, 2022). Instead, in Germany, Sierra uses local leaders and individuals who facilitate contact with Portugal, such as Portuguese workers (not in leadership positions) and

German and Portuguese speakers, to ease communication. This goes accordingly to the inverted U-shaped relation between cultural distance and expatriate use – from a certain point of cultural distance, the use of expatriates decreases (Shin et al., 2017). Nevertheless, Sierra has assigned management to Portuguese workers in Germany in the past, however, it was someone who had already lived there for some years, knew the language, and did not operate a critical business team, which according to Mezias (2002) prevents possible disadvantages of expatriate use.

Multiculturality and cultural differences

Multiculturality adds value by itself, as it is considered by most of the interviewees as a source of value for their day-to-day work lives. For them, working in a multinational environment is motivational, a source of variety and satisfaction, as well as enriching. This emphasises the importance of working all as a group, together with subsidiaries and forming international and multicultural teams. Not only does it benefits business, as diversity in nationality and background equals diversity in point of view and skills (Cox & Blake, 1991), but it also improves workers' satisfaction.

> *I love working with foreign people, it's something that excites me a lot, I think that I would never change my job to something in which I don't have contact with other nationality people, I like the cultural differences, I like to understand how people are living, how they are different from me, this is an enrichment for me, it helps you open your mind, your eyes and having different perspectives. For me, it's absolutely exciting and I can not stay without it. (DM)*

> *For me, it's a part of the EVP (employee value proposition). One of the things I enjoy most working in Sierra is that now I am meeting with a Portuguese, then I will be with a Spanish, and at the end of the day with an Italian and a German. For me, it motivates me deeply. (FO)*

> *It allows me to have international experiences and work with a lot of different partners, people from London, Americans, Slovaks, French, and that is good to grow professionally and for professional satisfaction. (AP)*

> *I find it very enriching, I learn how to deal with other kinds of people and what is diversity, it's a bit like travelling, you get to know other places, people, culture, colours, architecture, and that is enriching with people as well, we meet people that act different from our way and what we think is standard and that helps us better deal with other human beings, not only in our jobs, but in our friendships and life around us. It's a very positive aspect, having this opportunity at Sierra. (HF)*

This is reflected in the way people perceive cultural differences. Even though Germany is a culturally distant country (House et al., 2004; Meyer, 2022), with a few tension points caused by these asymmetries, there is also value taken out of them. For example, the strict following of rules and procedures makes them trustworthy and consistent, easing the need to control their work and progress. Similarly, Germans' *linear-time relation* (Meyer, 2022) may be linked to efficiency. Additionally, this kind of organisation, time relation, and *task-based trust* makes them better separate their professional and personal life, clearly differentiating time for work and leisure, which may be seen as an example for their Portuguese counterparts, who have some difficulty in doing this (House et al., 2004; Meyer, 2022). Nevertheless, this Portuguese characteristic, brought by their *relationship-based trust*, may bring benefits, such as a stronger team spirit, as work relations are likely to exist. Furthermore, these different characteristics of Germans and Portuguese create a set of different aptitudes when the two nationalities work together – Germans are organised and plan, and Portuguese are flexible and have a better ability to respond to unexpected occurrences (Cox & Blake, 1991; House et al., 2004).

The interaction of different cultures also brings out value by creating new or exciting experiences. An example happened with the North African team when a Romanian worker travelled there to attend a deal negotiation that took place in the house of a client in a big family lunch, showing a high *relationship-based* attitude in trust-building (Meyer, 2022). She felt welcomed and that "it was very natural, somehow" (CM). This kind of interaction also motivates people to behave differently and experiment acting like other cultures.

> *On a business trip to Italy, we were going to have several meetings, and one of the Germans told me "Let's be a bit less 'efficient' than we use to, let's go easy today". It's curious how people realise the differences and have the capacity to adapt to context. (*RR*)*

4.3. Other characteristics

Although unclear, some mentions link the level of control exercised over a subsidiary and their age, as suggested by Gates and Egelhoff (1986). The authors also suggest a connection of centralisation with the nationality of the HQ; in fact, Portugal has an above-average value for *power distance* and a *top-down* attitude in decision-making, which may justify centralisation and control (Gates & Egelhoff, 1986; House et al., 2004; Meyer, 2022).

> *In the beginning, when you are entering a country, the degree of autonomy you give them is much smaller. The more you develop operations, the autonomy increases (…) the same way Portugal does with other countries, I do with my team, if it's someone newly hired, I need to check how they are doing and have more involvement when that person is getting accommodated and learns our concepts, policies, principles and what is important to us. I would say it goes the same way with countries, if it's somewhere you are just entering, of course, the degree of control in place will be high, the longer you are staying (we are in Romania since 2007) you already have a team which is not rotating, there are many people since the beginning, you learn how to work with them and trust them (CM)*

Despite the importance given to knowledge transfer practices by literature (Almeida & Phene, 2004; Beugelsdijk et al., 2018; Kostova et al., 2016; Lucke et al., 2014; Morgulis-Yakushev et al., 2018), they are not often mentioned in the empirical data. The existing references are somewhat contradictory. There are examples of successful ideas that were implemented in other units, but also mentions of blockage of knowledge creation and transfer created by the centralisation of decision (as is the case of the shopping centre construction in Romania referred previously). Nevertheless, the little importance given to this subject may indicate that this is not a usual, or at least structured and consolidated, practice.

> *In marketing, we cross successful events and ideas of local teams. At Christmas, Park Lake (Bucharest shopping centre) conducted a promotional action originally from Spain, Spain does some things that originated in Portugal, and Portugal also 'drinks' ideas from other countries. (CS)*

Regarding global HR management, despite the valuable practices existing, inpatriates, which could benefit the organisation by facilitating knowledge transfer to the HQ (Moeller et al., 2016), are not used. There is a Romanian worker in Portugal, but she was not relocated with the purpose of being an inpatriate.

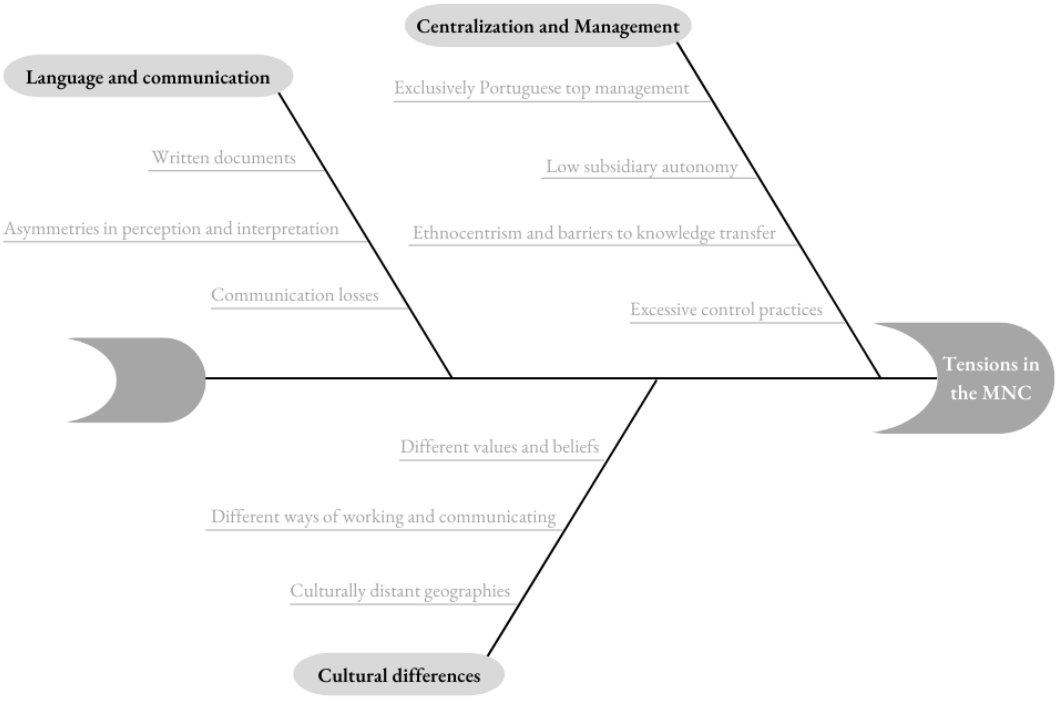
4.4. Final diagnosis

The discussion of results permitted drawing a diagnosis of the organisation, namely about the existing tensions, as seen in Figure 4. Sonae Sierra is a company with a lot of cultural variety, but not in its top management, creating tensions related to centralisation and autonomy. Additionally, the HQ exercise considerable control over subsidiaries, which is not well received. Its workers are generally aware that cultural differences exist between the

organisation's countries and value them for their daily work-life satisfaction. However, they do not know how to deal with these differences, generating friction in multicultural teamwork. Despite having valuable management practices, overall international management is not well structured or consolidated, resulting in tensions or not allowing value to be leveraged. This said, Sonae Sierra shows room for improvement, and practices to get there by mitigating tensions and leveraging value-added can be found in the next section.

Figure 4

Sources of tension in Sonae Sierra



Note. MNC = Multinational Corporation

5. Suggestions and action advice

The final part of this research consists of drawing action advice, suggesting practices that can better fit the international and multicultural environment of the MNC, to promote the feeling of belonging throughout the geographies of Sonae Sierra, improve the functioning of international teams, and benefit from diversity. Most of these suggestions may serve as forms of *social control*, as they help convey corporate values, improve and simplify organisational communication, and facilitate knowledge transfer practices through training, communication, and facilitator agents (Sageder & Feldbauer-Durstmuller, 2019). Following these recommendations will hopefully result in advantages, both for the business and talent attraction, through a desirable employee value proposition.

Suggestions come in different categories: Adaptation to culture, Use of ambassadors, Interpersonal relations, Visits and interaction and Diversity in decision and teams.

5.1. Cultural integration

As has been seen in section 4.2.2. and 4.2.3., Sonae Sierra functions in an environment full of different cultures, some more distinct than others, and some tensions arise from this diversity in values, perceptions, and behaviours. To overcome them, attention to asymmetries is crucial, as well as some adaptation to each cultural context.

> *What we need to do when entering a country is observe, try to understand what is going on there in the most relevant situations – the job market, how people relate, what they value – and listen. It does not mean we do not impose what we need to and take some of our procedures, but we have good and not-so-good things, and we must have that humbleness and learn with them as well. (CS)*

For starters, workers must be conscious of the existence of cultural differences. For this, a simple cross-cultural training is sufficient, as is by Colakoglu and Caligiuri (2008) and Lucke et al. (2014), teaching employees that there are some variations across countries regarding ways of working, communication, and time perception, drawing attention to some examples of the most mentioned asymmetries that may be a source of tension: the strict following of rules and procedures, the objectivity in meetings, the assertiveness in communication, etc. Lucke et al. (2014) expose that correctly observing and understanding cultural differences

may be challenging and requires a certain level of expertise, which can be facilitated by cross-cultural training.

The next step would be to encourage compromise, i.e., mutual concession by the parts involved to reach a middle ground where everybody is comfortable. There are illustrations of these practices in the interviews, for example, planning meetings instead of interrupting throughout the day in the German office:

> *Something we are used to in Portugal is to come to your team with questions and ask for help. Quickly, I understood that it doesn't work here, as they do not feel comfortable with constant interruptions throughout the day, they are focused on their jobs and ask not to interrupt them. It was something I started doing – weekly team meetings and daily periods in which we discussed some topics. (RR)*

This situation illustrates both phases referred – the understanding of the local culture by the Portuguese worker, in this case, related to the German *linear-time* attitude (Meyer, 2022), and the compromise of both parts by still having the moments to discuss and help each other but scheduling them. This way, a middle ground is found, and both nationalities are satisfied.

The practice can and should also be done in day-to-day activities, and not only structural changes, as is the case of the example. For instance, the simple act of adapting behaviour in a meeting with different cultures helps reduce tension and may affect efficiency positively. The asymmetry between Latin and Germanic Europeans in meeting environments was mentioned, as Germanic Europeans do not appreciate wasting time with small talk and delaying the beginning of the scheduled subjects, as is common in the Latin European environment (House et al., 2004; Meyer, 2022). To mitigate this tension, simple actions are enough, starting with consciousness by both cultures about the environment they will be in and following to compromise. Concessions that may be done are, for example, arriving early to the meeting (five minutes would be enough), using that time for the small talk, and moving to the agenda themes when the meeting hour strikes. Calls may be even scheduled to start five minutes early to avoid delays by the Latin Europeans, who have a *flexible-time* attitude (House et al., 2004; Meyer, 2022). Likewise, this may also be done by intentionally 'delaying' the opening of discussion of business topics by adding a supplementary "ice breaker" to the beginning of the meeting agenda.

As cultural differences increase doubt and risk (Colakoglu & Caligiuri, 2008), understanding cultures and integrating them also impacts the level of uncertainty felt in business outside the domestic market and team functioning in general. For instance, comprehending the vast cultural differences between Latin Europe and North Africa (Middle East) (House et al., 2004) lowers the feeling of insecurity when doing business in this market. It enables teams to be prepared to deal with these asymmetries and be able to deal with possible uncomfortable situations by, for example, "[improving] negotiation skills resorting to internal training" (HF). Cultural consciousness also helps refine team functioning, as tensions, such as those generated by assertive communication, which can be perceived as aggressive or confrontational, may be mitigated by understanding that these interactions have a cultural source instead of perceiving them as personal attacks.

5.2. Use of ambassadors

Ambassadors may be a valuable asset for international management to understand culture better and facilitate contact between subsidiaries and the HQ. Even though this may seem similar to expatriate management, ambassadors might not be workers in leadership positions sent from the HQ to the subsidiaries to exercise control and help integration. Just as 'ambassador' in the broad sense, in this context, the ambassador is too a displaced representative of their country who will serve as a bridge between the subsidiary and the HQ, facilitating communication, shortening distance, and improving the feeling of belonging.

For MNC to better benefit from ambassadors, they should speak both languages and understand both cultures while maintaining regular contact with teams in both countries. This is key to both facilitating contact and transferring knowledge, helping both countries adapt to each other's cultures (as discussed in section 5.1.), and improving collaboration and coordination (Colakoglu & Caligiuri, 2008). This practice should also be used in the opposite direction – having ambassadors from subsidiary countries working in the HQ. This is equally, if not more, important, as they would help in contact and in understanding cultural differences as well but would also be a great way of imposing the feeling of belonging and importance of the subsidiaries, as foreigners are seen as equally suitable to work in the HQ.

There are examples of this practice in the organisation, although they were not implemented entirely intentionally, but as a matter of convenience instead, and may be considered

incomplete and unstructured. There is also a Romanian employee working in the Portuguese HQ, but no explicit ambassador practice was mentioned in the interview.

> *I started working in Sierra in 2005, 17 years ago, in the legal department; I was working in a lawyers' office, supporting Sierra in a project here in Germany. When they realised I also spoke Portuguese, I started working directly for them. (…) I was responsible for Germany, although most of my work was explaining juridic differences between the German and Portuguese law, but I also was an ambassador of German interesses in Portugal and of the Portuguese point of view for my colleagues in Germany, explaining cultural differences to one and another. (CB)*

> *It's necessary to have the capacity of explaining to Portuguese that they (Germans) are like that because they have structure and are used to working in a certain way and have expectations that are not understood in your mindset, and, on the other side, explain that [Portuguese] are not disorganised, but are more flexible and, because of that, plans can shift more often. I end up having to understand and explain to one and another and being a contact facilitator, Germans ask for my help to speak to Portuguese, and the contrary as well. (RR)*

Even though these examples may be considered as the use of ambassadors, these situations happened somewhat by chance to facilitate interaction with the German subsidiaries, but not to better understand culture and improve relationships between the unit and the HQ. Because of this, there are no specific practices conducted by these workers, which could be of real impact, such as periodic contact with HQ, explicitly about the subsidiary and its conditions (work environment, belonging felt by workers, subsidiary needs, etc.), and encouraging direct contact between the subsidiary and HQ workers and leaders.

Indirect benefits may also arise from the use of ambassadors and consequent facilitation of communication and distance shortening. These two factors may help reduce the feeling of lack of autonomy, as decisions will flow easier if communication is regular. By enabling a simple and agile communication channel between subsidiaries and the HQ, in this case, through the ambassador, which should encourage direct contact with the HQ, the perception of lack of autonomy may be overturned and not seen as negatively as without that contact.

5.3. Interpersonal relations

As sustained by the interviewees, people tend to see individuals before culture, perceiving most differences as personal, sometimes ignoring the possibility of them arising from different cultural contexts. Although this may harm the cultural consciousness referred to as necessary in section 5.1., it may also serve the purpose of integrating differences, this time, within each relation, despite cultural context.

> *It always comes to reading what you have on the other side and see what you can do. In reality, it's always about the people. (CS)*
>
> *The company is a living organism, and sometimes people get along well and sometimes they don't. (…) But I think the biggest part is about people spending time together and personal relations. (CB)*
>
> *In all regards, my conclusion is that it very much depends on the person. (CM)*
>
> *It also depends largely on each person and our personal experience, which influences a lot our perception and expectations. (CM)*

As personal relations help to get to know people better, it may indirectly help to understand culture and to adapt – what is caused by cultural differences might many times be mistaken for personal differences, and more naturally recognised; if someone knows and works with a significant number of people from the same culture, with a bit of help of cultural training (referred in section 5.1.), patterns can be recognised, and cultural consciousness may evolve. This way, interpersonal relations act as a supplement to cultural understanding, complementing the consciousness of cultural differences with the consciousness of personal differences, likewise leading to adaptation to the context and fighting tensions created by cultural asymmetries. However, it is crucial to always supplement these relations with cross-cultural training, as cultural consciousness may not arise from interaction alone, and people may need help recognising the patterns and associating them with culture (Lucke et al., 2014).

> *It is important to understand culture, but even more to understand each person, listening, reading body language and reactions, and try to reply. Usually, I'm a chatty and fun person and try to be warmer, but there are people with whom this doesn't work, and I have to be more formal and distant. (RR)*

Developing interpersonal relations may also help fight tensions caused by language and communication, as people understand each other better the more they communicate and spend time together.

> *The initial impact [of verbal and non-verbal communication differences] is greater; from the moment you get used to it, it starts flowing naturally and the impact drops. Additionally, you develop personal relations, and it gets much easier to manage expectations. (FO)*
>
> *The more people work together, the smaller the problems. (CB)*

5.4. Visits and interaction

Both cultural consciousness and interpersonal relations can be enhanced by regular visits between countries and consequent interaction among different people from various backgrounds. As discussed in section 4.2.1., visits to subsidiary countries are a practice of the organisation but are not consolidated throughout teams or BUs.

This practice must become structured throughout the organisation, as it may not only help create interpersonal relations and all that derives from that but also resolve some tensions created mainly by centralisation and autonomy.

When subsidiaries are regularly visited by the central corporate members, such as their superiors from the ExCom, HR representatives, or team members, the feeling of belonging boosts and the distance between HQ and subsidiaries decreases. This may also help the two leaders – BU executive and regional head – to have a better relationship, and the BU executive leader to build a connection with the subsidiary workers as well, both important for business to work efficiently (Sahlmueller et al., 2022). It is also natural that a consistent and closer contact results in a higher awareness of the corporate centre about the problems happening in subsidiaries, as well as their needs, and even procedures that are bringing positive outcomes, which may help enhance the importance given to them and foster knowledge transfer across units.

Visits to the subsidiaries and in-person contact with the local teams are also beneficial for business, as it is crucial for the company to know the assets it is managing, as well as the market environment and people and functioning of the teams. Besides, it allows leveraging the added value created by the matrix structure of Sonae Sierra, served with senior and

business leaders in each BU, by facilitating and enhancing communication moments and building relationships, which are essential to take advantage of their experience (Sahlmueller et al., 2022).

> *It is important to know what we are talking about and meeting the teams, which are always happy when we visit and show us their work and engage in conversation. (CS)*

> *People must work together, the worst that can happen is only communicating via email and writing, this way, each person understands only what they want to understand. Writing is subject to interpretation, what someone intended as a joke may be misunderstood and cause problems. (CB)*

> *Covid impacted a lot. It's been a long time since I've visited Romania, I have been in contact with local staff by video conference and phone calls, but it's not the same thing. It lacks the perception of the real climate of what's happening in reality, people are not comfortable to call me about small or irrelevant stuff, and it's something very difficult to perceive and evaluate at a distance, you can only have it by staying there with a relationship with them. (DM)*

5.5. Diversity in decision and teams

From all the given suggestions, ensuring diversity in decision processes and teams may be the one with stronger impact. The most direct effect is the benefit arising from the variety of point-of-views, skills, and backgrounds in the decision-making process and teamwork (Cox & Blake, 1991). Besides improving employee satisfaction, as respondents value multiculturality by itself in the work-life, different nationalities and cultures have heterogenic characteristics that have the potential to complement each other (Cox & Blake, 1991). For instance, the Portuguese flexibility balances the German structured environment, resulting in a well-organised team that follows a plan but is able to overcome problems along the way.

> *One of the things I have been lucky with is that being a Portuguese in a German setting is handy, as I have the flexibility to think of different perspectives and find a solution. (RR)*

One way to increase diversity in the HQ's teams can be achieved by resorting to inpatriates (i.e., host country nationals working in the HQ), which can play an important role in transferring relevant knowledge and practices from subsidiaries (Moeller et al., 2016). Nevertheless, diversity in teams can also be achieved at a distance, by working online in multicultural teams, with members from across international units, or simply by opening an

online organisational forum in which problems and solutions are shared (e.g., if one subsidiary has a problem that other units have already dealt with, suggestions from these units on how to solve it may arise), incentivising knowledge sharing and transferring across units, and possibly creating interaction and relationships among workers from different units. The ideal output would be raising knowledge creation and outflows from subsidiaries enough to make them go from Implementors to Integrated players, according to the framework by Gupta and Govindarajan (1991). This would be of great value, as instead of one knowledge creation unit (the HQ), multiple subsidiaries would also be able to create and share their business insight and valuable practices, creating an interdependent knowledge network within the MNC (Gupta & Govindarajan, 1991).

Another benefit arising from the inclusion of workers from subsidiaries and different nationalities in decision teams is the decrease of ethnocentric attitudes and the consequent destruction of defensive standpoints and aversion to central decision by eliminating the factor "only the Portuguese decide" (RR). The presence of other countries' employees, for example, in the ExCom gives voice to subsidiaries and improves the feeling of belonging, as the perspective of subsidiaries is brought up to discussion by the member of that country. To secure the use of this solution, it may be necessary to design succession plans with diversity goals for the organisation's top management. As changing organisational leaders is not something that can be done overnight, constructing and following a long-term action plan is vital not to let opportunities pass by.

> *In terms of decision, a suggestion would be to become more inclusive – when a big change, guideline, policy has to be redesigned, we should involve also the people in the countries. In some situations, this is already done, but others, not, we still have to work on this. (DM)*

> *Something I have been working on is suggesting that decision roles are more diversified in terms of nationality, because, by diversifying, you take away some bias from people deciding and from the ones under them, who no longer have the excuse of decision being "only Portuguese", and it deconstructs defensive arguments with representativity. (RR)*

Besides this, another direct impact regards language, as with multicultural teams, English would forcefully be the used dialect in all communication formats, and barriers to cooperation with additional workers are overcome – "If you have diversity in nationality,

everything will be in English, and nobody will be unable to access documents" (RR), including exchanged emails and personal comments or notes.

Indirectly, diversity in teams and decision-making will support other suggestions, namely "Culture integration" and "Interpersonal relations", by enhancing contact between cultures and consequently raising cultural awareness.

5.6. Final notes

These suggestions are made to mitigate the reported tensions and leverage the added value in the considered MNC. Some are of easy implementation and have rapid outcomes, while others may take some time and imply structural changes in the organisation. Nevertheless, they are of great importance to improve the company's functioning and take advantage of the benefits typical of a MNC operating throughout different countries and continents. As great effort could be necessary to execute all the suggestions, choices may be made by making a cost/benefit analysis of each suggestion.

A better understanding of how solutions are connected to tensions and value-added is possible with the analysis of Table 6 and Table 7, which synthesise the impact of each solution, mitigating tensions or leveraging value. From lowering the negative perception of centralisation to taking advantage of multiculturality, the suggestions offer various paths towards success in a MNC, consolidating international management and improving communication, team functioning and relations between HQ and subsidiaries.

Table 6

Suggestions mitigating tensions

Suggestions	Tensions mitigated
Culture integration Offer cross-cultural training and adapt practices to improve intercultural interaction	**Cultural differences tensions**: Reduce tensions generated by cultural differences by compromising behaviours to improve satisfaction of the parts involved; Reduce uncertainty in distant markets by understanding culture and being prepared beforehand for risks and unfortunate events.
Use of ambassadors Use employees to create a bridge of knowledge and communication between units	**Centralisation and management tensions:** Enhance contact between HQ and subsidiaries, taking into consideration their conditions and perspectives, shortening the distance between them; Flowing communication between HQ and subsidiaries, accelerating decision-making and reducing the negative perception of lack of autonomy.
Interpersonal relations Develop relationships among employees from different cultural backgrounds	**Cultural differences tensions:** Using personal relations to better understand differences and reduce tensions generated by them. **Language and communication tensions:** Personal relations and regular interaction, leading to better understanding among individuals thus mitigating communication losses.
Visit and interaction Structure and consolidate visits to subsidiaries/HQ	**Centralisation and management tensions:** Frequent visits, contributing to a greater feeling of belonging and perception of self-worth by the subsidiaries; Closer contact with subsidiaries, raising awareness of their needs thus considering them in decision-making and business choices. Regular and closer contact with subsidiaries, enhancing the vision of business functioning and valuable practices, fostering knowledge transfer across units.
Diversity in decision and teams Ensure culturally diverse teams and management	**Centralisation and management tensions:** Inclusion of different countries in the decision-making process, taking into consideration the subsidiaries' context and point-of-view; Enhancing subsidiary and host country knowledge transfer to HQ; Diversifying decision roles, battling ethnocentric attitudes and defensive standpoints and aversion to central ruling. **Language and communication tensions:** Expanding diversity in nationality, forcing English to be the standard language thus facilitating communication and inclusion of additional individuals in business discussion.

Note. HQ = Headquarters.

Table 7

Suggestions leveraging value

Suggestions	Value leveraged
Use of ambassadors	**Support "Culture integration" solution**
Interpersonal relations	**Support "Culture integration" solution** **Multiculturality and cultural differences value:** Fostering a multicultural environment and increasing contact among different cultures in the workplace, improving employee satisfaction.
Visit and interaction	**Support "Culture integration" solution** **Support "Interpersonal relations" solution** **Organisational structure and HQ-subsidiary relations value:** More contact with executive leaders, enabling local teams to better benefit from their seniority, experience and expertise. **Multiculturality and cultural differences value:** Fostering a multicultural environment and increasing contact among different cultures in the workplace, improving employee satisfaction.
Diversity in decision and teams	**Support "Culture integration" solution** **Support "Interpersonal relations" solution** **Multiculturality and cultural differences value:** Creation of multicultural teams, leveraging the value of different point-of-views and considering them for decision making; Fostering a multicultural environment and increasing contact among different cultures in the workplace, improving employee satisfaction.

Note. HQ = Headquarters.

6. Conclusions

MNC are complex organisms that incorporate different subcultures (Johnson et al., 2017; Morgulis-Yakushev et al., 2018) and, in light of globalisation, it is crucial to develop efficient ways to manage and benefit from multiculturalism (Stahl et al., 2016). This way, managing MNC and HQ-subsidiary relations requires considering the cultural context of each unit.

Most findings go accordingly to theory, as empirical data sustained literature about HQ-subsidiary relations and cultural differences. Nevertheless, researchers should continue to investigate these issues, as there are not many works on mitigating the existing tensions in MNC created by cultural asymmetries and inappropriate international management practices.

In the context of the curricular internship, the researcher worked with the Transformation Office team of Sonae Sierra, participating in and managing projects within the scope of the Transformation Programme. The insights of this study are appropriate for application in the range of this programme to solve issues related to the international management of Sonae Sierra's foreign units and teams by providing action suggestions to improve relations across units, multicultural communication and team functioning, and international management in general. This way, the aim of recommendations is to transform the organisation, contemplating the Culture pillar of transformation and bringing value to the company. The internship was valuable also for the researcher, as it provided knowledge, experience, and close insight into the functioning of MNC and their multicultural environment.

Besides direct relevance for the considered company, after adjustment, this research may also be suitable for use in other MNC in the same context as Sonae Sierra, as suggestions are easily adjustable and applicable in different organisations. Relevance in academic context may also be found, as it complements past investigation on MNC strategy, in this case, focused on cultural integration. Nevertheless, future research should consider the implementation of such suggestions and measure their impact on MNC, complementing the present study and making recommendations applicable to a broader context of MNC.

Although Sonae Sierra has valuable practices and assets, it suffers from the numerous tensions arising from flaws in international management and attitude toward cultural differences. This has management implications for the company, as it should reconsider and restructure international management practices to mitigate tensions and leverage value. This organisation's main sources of tension are not only cultural differences, as projected, but also

centralisation and subsidiary autonomy, and language and communication. Yet, cultural differences and multiculturality themselves are highly valued by Sonae Sierra's workers throughout geographies and working in a multicultural atmosphere serves as a part of their employee value proposition. In this context, practices are suggested to improve the multicultural functioning and environment of the company:

(i) Culture integration: practices for cultural understanding, based on cross-cultural training, and for encouraging compromise, integrating practices to respond to the needs of every culture involved.

(ii) Use of ambassadors: employ workers familiar with the host and home country cultures and languages to create a bridge between subsidiary and HQ. Ambassadors should have regular subsidiary-themed contact with HQ and facilitate communication between local and corporate workers.

(iii) Interpersonal relations: encourage interpersonal communication among workers from different cultures to complement cultural awareness. For positive outcomes, this must be matched with cross-cultural training to assure cultural understanding.

(iv) Visits and interaction: regular visits to subsidiaries enhance interpersonal relations and feeling of belonging while also raising awareness of corporate centres about the subsidiary's needs and practices, considering them for decision-making and fostering knowledge transfer.

(v) Diversity in decision and teams: design succession plans to include different nationalities in decision-making centres and create new intercultural teams, to benefit from diversity and fight ethnocentrism and aversion to central decision. Multiculturalism in teams also improves employee satisfaction.

Some of these suggestions may be easily applied and result in rapid outcomes, while others involve significant effort and may imply structural changes. Nevertheless, if well used, they will help the organisation to manage their international business and teams better.

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