

# Chapter 51

## Cultural Differences in Trust in High-Tech International Business Ventures: The Case of a US-Poland Cooperation

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### ABSTRACT

*This chapter presents results from the qualitative field study conducted in a Silicon Valley-based American-Polish start-up joint venture. It investigates the issues of collaboration within one firm that is made up of individuals from two countries that differ dramatically in generalized trust: Poland and the United States. The authors explore differences between thick, knowledge-based forms of trust and thin, more social capital-oriented forms of trust, and they discuss how these affect collaboration between representatives of both cultures. Finally, the authors address how these differences in trust can both benefit an organization and also cause it difficulties in managing its employees.*

### INTRODUCTION

In high-tech work environments, the problem of boundaries can be particularly challenging for both managers and workers (Jemielniak, 2012). Increasingly, work happens across boundaries of many types: time (e.g. in IT-service companies that have branches all around the world and

are in operation 24 hours a day), space (virtual teams when people from all over the world work together on the same projects [Bosch-Sijtsema, et al., 2011; Fruchter, et al., 2010]), and culture in its many forms (professional cultures, national cultures). In this chapter, we explore this issue in one particular context, namely in the case of IT business ventures that require cooperation of IT professional from two cultural contexts: Poland and the United States. Existing research indicates

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that these two countries should differ greatly in terms of trust (cites), but as we will show later in this chapter, these countries are very similar in regard to interpersonal form of trust, while differ dramatically as far as generalized trust is concerned. We contend that both forms of trust are complementary as far as success of business cooperation is concerned and different levels of trust across societies may have an impact on interorganizational collaborations (e.g., Ariño, de la Torre, & Ring, 2001; Madhok, 1995). This is especially true in business relations that are rarely characterized by individual level trust developed on the basis of interaction between people (Lane & Bachmann, 1997; Zucker, 1986). Moreover, as Zaheer and Zaheer (2006) point out, collaboration partners from different countries may not only be characterized by differing levels of general trust, but they are also likely to bring different conception of trust to the business relationship. But, as they noted (Zaheer & Zaheer, 2006, p. 22): “While strategic and structural bases of asymmetry among JV [Joint Ventures] or alliance partners, such as equity ownership and the possession of resources, capabilities, or knowledge, have been explicitly examined (e.g., Hamel, et al., 1989; Khanna, et al., 1998), the *social bases of asymmetry*, such as imbalance in trust, especially arising from national cultural origins, have received little if any attention, although researchers have noted the existence of the problem.” This chapter seeks to address this gap by exploring first the differences in trust between the U.S. and Poland and then how these differences play out in a joint venture between individuals of both cultures.

This research also touches on two topics that have been understudied phenomena in management research. First, the outflow of young IT professionals from transitional economies to the U.S. has received limited attention, primarily due to difficulties in access to data. Traditionally, Poland has been known for high quality education in the sciences, especially mathematics and computer science. Young, Polish programmers

have consistently won prestigious world competitions. However, this has not translated into growth of IT businesses in Poland, as most of the most talented young engineers choose careers abroad. In addition, outsourcing IT services to Poland and setting up development centers in Poland has become a popular form of doing business for international companies seeking access to talent pools and streamlining their cost structure.

Second, software development, typical of knowledge-intensive field, constitutes a serious challenge for contemporary management theorists and practitioners (Nonaka, 1994; Nonaka, Toyama, & Nagata, 2000; Nurmi, 1999). This is largely because the main activities in knowledge-intensive work are difficult to control and evaluate, as they are oriented toward innovation and problem solving, and constitute a “black box” for bystanders (Austin & Larkey, 2002; Ditillo, 2004; Winch & Schneider, 1993). Moreover, the organization of work in software development projects produces pronounced asymmetries between actors, for example in terms of knowledge (Alvesson, 2004; Cross & Cummings, 2004), which are reinforced by problems with observational control, due to immaterial nature of activities of knowledge workers (Austin & Larkey, 2002). Therefore, high-tech environment is quite often regarded as very stressful and riddled with uncertainty (Goodwin, 2002; Humphrey, 1997; Kesteloot, 2003). Therefore, one would expect that in such environments the need for governance mechanisms based on trust would be particularly high, and that this can become problematic in cross-cultural situations when the two parties differ in terms of generalized trust.

In order to address these issues we first review the results of World Value Survey to illustrate the cultural differences between Poland and United States in respect to trust. Then, we review the existing literature to explain the emergence of these differences. Next, we provide some excerpts from our empirical study of a US-Poland business cooperative that highlight how the differences in generalized trust can have positive and negative im-

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