



Seeking partners in international alliances: The influence of cultural factors[☆]



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ABSTRACT

Insufficient attention during the search and selection stages of a prospective partnership may jeopardize the cooperation agreement's chances of success. Therefore, in both of these phases, prospective partners must consider factors that could lead to problems in the cooperation agreement or hinder the international alliance. Following a literature review, the study presents five hypotheses to determine how considering the partner's country of origin, the partner's size, and trust between partners can alleviate future problems during the agreement. Regression analysis using data from 83 firms tests these hypotheses. Findings reveal the importance of trust and highlight an interesting line of future research into the role of the partner's size.

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1. Introduction

When two or more firms initially consider working together and establish contact, their cultural diversity is likely to show. Such is the case with cooperation agreements. Cultural distance increases difficulties in inter-firm interaction (Brown & Reich, 1989; Lane & Beamish, 1990): Greater cultural distance means greater differences in organizational and administrative practices, employee expectations, and interpretation of and response to strategic problems (Kogut & Singh, 1988; Schneider & De Meyer, 1991). These differences generate a considerable cultural problem for partner firms, which will become apparent mainly in the development of the agreement. To reduce this problem as much as possible, firms must consider differences at the stages during which they seek and select partners (Dasí-Rodríguez, 2001). As Stafford (1994) reports, for cooperation to function well, firms must not rush these stages because doing so places the alliance at an immediate disadvantage.

Hence, this study analyzes how cultural factors affect the search for and selection of partners in cooperation agreements. The study focuses on international alliances, where the influence of certain cultural factors might be greater than the influence of such factors in other alliances.

2. Cultural factors in the search for and selection of partners

Cultural factors exert different influences at different stages of the cooperation process. Some cultural factors are most important when seeking and selecting partners. In international alliances, a key factor is national culture (i.e., culture of the country).

Hofstede contributes notably to research into national cultures. He defines five basic dimensions that help to distinguish the differences between countries' cultures. In international cooperation, many authors draw on Hofstede's (1980, 1991) work when studying the subject (e.g., Barkema & Vermeulen, 1997; Cullen, Johnson, & Sakano, 2000; Meschi & Roger, 1994).

Inter-firm cultural differences that derive from firms' country of origin mainly relate to different communication and decision-making systems, and different languages. Angué and Mayrhofer (2010) also report differences in religious beliefs, ethnicity, and social norms, and Ghemawat (2001) indicates that these differences influence how individuals interact with other individuals and with firms and institutions. National culture deeply influences management and leadership in strategic alliances (Dong & Glaister, 2007; Rodríguez, 2005) and shapes the dynamics of the relationship (Kumar & Nti, 2004).

In general, national culture exerts an enormous and profound influence over firms from that country, and cultural collisions in

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international cooperation agreements can sometimes prove insurmountable (Park & Ungson, 1997). Therefore, considering these aspects during the search and selection stages is important to avoid conflict as much as possible, hence the following hypothesis:

H1. Considering national culture when seeking and selecting a partner helps to avoid problems during the cooperation agreement.

Firm size also significantly influences organizational culture: Different sizes may lead to different organizational cultures. When two organizations with significantly different sizes make contact, they will probably have completely different values, resources (Hladik, 1988; Park & Ungson, 1997), and corporate outlooks (Park & Ungson, 1997). Doz (1988) warns that joint ventures between small and large firms encounter difficulties because of the cultural distance between the firms. This cultural distance leads to differences in communication, decision-making and control systems, hierarchy, degree of formality, and so forth.

Dissimilarity in size may cause insecurity, imbalance, and instability in the relationship, especially when problems start to appear in the agreement's daily workings (Kogut, 1988; Koot, 1988; Park & Ungson, 1997). The potential for problems to arise when firms of different sizes work together suggests a need for firms to consider size before signing any cooperation agreement.

H2. Considering size when seeking and selecting a partner helps to avoid problems during the cooperation agreement.

Although trust between partners is necessary to relieve cultural problems, trust alone is not a sufficient condition: Many other factors have influences, too. A culture with a basis of trust can help firms to overcome problems that formal procedures cannot solve (Park & Ungson, 1997). In fact, Ekanayake (2011) insists that inter-partner trust is a prerequisite for genuine cooperation, whereas Rodríguez and Wilson (2002) consider inter-partner trust a facilitator. Cullen et al. (2000), Parkhe (1998), and Robson, Skarmeas, and Spyropoulou (2006) report that trust improves performance, and Lui, Wong, and Liu (2009) conclude that trust facilitates cooperative behavior between partners, thereby increasing satisfaction with the cooperation agreement.

To foster trust with partners, firms would ideally keep a record of previous alliances. According to Parkhe (1998) and Ekanayake (2011), doing so would help firms to familiarize themselves with one another and would encourage mutual learning. For this reason, firms often search for partners among those they already know, since previous relationships help to create a minimum level of trust. Lack of trust may lead partners to protect themselves by adopting “hidden agendas” (Doz, 1988, p. 323) and concealing their true motives for cooperating. Crucially, deterioration and absence of trust will lead to opportunistic behavior by partners and will ultimately cause alliances to fail (Parkhe, 1998).

H3. Considering trust from prior relationships between partners helps to alleviate problems during the cooperation agreement.

Firms seeking to cooperate must consider creating a hybrid culture (Stafford, 1994), cooperative culture (Brouthers, Brouthers, & Wilkinson, 1995), or third culture (Rodríguez, 2005; Rodríguez & Wilson, 2002) that is appropriate for cooperation and draws on elements from all partners' corporate cultures. Similarity between partners' cultures increases chances of success (Harrigan, 1988). Conversely, differences between partners' cultures hinder the creation of a common culture and may even cause the cooperation to fail (Killing, 1983).

Every firm has its own values, attitudes, and beliefs inherent to its members, and cultural differences between firms are greater between firms from different countries. Hence, attempting to combine cultures

in international cooperation is complex. Nonetheless, although firms should analyze cultural distance when selecting partners, firms whose organizational cultures differ should not necessarily avoid cooperating with one another. Sometimes differences can enhance cooperation agreements and help firms to complement each other (Buckley & Casson, 1988; Shenkar & Zeira, 1992). Indeed, differences may even improve an international alliance's viability (Patel, 2007) or encourage creativity (Cox & Blake, 1991).

Firms can achieve cultural compatibility, even though differences may still exist. Knowing the partner's culture, and to some extent anticipating this culture, might help to prevent misunderstandings. A “reciprocal education process” (Mughan, 1993, p. 82) must start in the selection phase, to cover the key interaction areas where cultural differences may be most salient. Although such a process requires great time and effort, partners can eventually harmonize their cultures (Stafford, 1994).

H4. When seeking and selecting a partner, a firm that considers a potential partner's national culture and size and that benefits from mutual trust with the potential partner can create a hybrid culture more easily than other firms can.

H5. Creating a hybrid culture helps firms to achieve their aims in the cooperation agreement.

3. Methodology

Most cultural variables are intangible and are therefore difficult to measure. Lorsch (1986) proposes questionnaires that use managers' responses to analyze firm culture. This research does the same.

The sample comprises Spanish firms. Thus, the study benefits from dealing with firms sharing the same national culture and a single language—making the questionnaire easier to administer. Nevertheless, sampled Spanish firms in international alliances are not significantly different from foreign firms, so results are not country specific.

To identify firms in international alliances, this study used three different sources. The first source was Eureka, an intergovernmental network that supports market-oriented R&D and innovation projects across all technological sectors in 41 countries. Browsing the Eureka Projects Database and limiting the search to firms with a Spanish partner yielded 208 organizations. The second source was the Foreign Trade department at the Valencian Chamber of Commerce, which collaborated by providing a list of 156 firms. The third source was the Orbis Database, a source of news about Spanish firms involved in international joint ventures. This source yielded data on 25 firms.

All 389 organizations received a brief explanatory e-mail message with a link to an online questionnaire. To increase the probability of receiving responses, respondents received assurance that their answers would remain confidential. Respondents also received an invitation to obtain a copy of the study results and to participate in the raffle to win a gift card from a well-known Spanish department store. After two weeks and several reminders, respondents returned 86 questionnaires, 83 of which were valid.

The questionnaire consisted of 11 closed questions. First, questions referred to the kind of agreement, and second, the questionnaire asked respondents to focus on one single partner and mark the partner's country of origin. To identify their goals and degree of satisfaction, respondents had to answer questions about five common goals of these alliances on a 5-point Likert scale to assess each goal's importance and the extent to which the firm had achieved each goal. Using the most common factors from the literature, question 4 asked how much certain factors influenced the choice of partner. Question 5 referred to problems that appear most often in the literature, again asking respondents to answer on a 5-point Likert scale. Question 6 collected data on willingness, trust, creation of a hybrid/third culture and self-perceptions of culture's effects, to which respondents also had to mark their agreement/

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