



Facilitating intercultural negotiated practices in joint ventures: The case of a French–German railway organization

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ABSTRACT

In this paper, we show how new work and managerial practices emerge in international joint ventures (IJVs), how they are co-constructed by cultural negotiating processes over time, and how this co-construction can provide synergistic effects. We use the case study of a binational railway organization which coordinates activities of its parent companies, DB and SNCF, between France and Germany, to focus on emerging practices, and use the framework of Brannen and Salk (2000) to categorize these practices. Our study centres on factors that facilitate the development of synergistic practices: organizational and communication structures, individual skills and socialization of IJV actors, and interpersonal relationships and learning processes in “boundary spanning dyads”. Where previous studies typically insist on boundary spanners as individuals, we specifically highlight the important role of boundary spanning dyads and relationships.

1. Introduction

In international joint venture (IJV) research, culture is often identified as a major factor that influences IJV performance but is mostly perceived as “national cultural distance” (Kogut & Singh, 1988), a metric variable which considers national cultures as relatively static and homogeneous (Beamish & Lupton, 2009). This does not help in identifying the cultural dynamics that take place within the IJV and impact its performance (Brannen & Salk, 2000). To understand the cultural dynamics in IJVs and multinational companies (MNCs), recent cross-cultural research recommends moving from a too-static national culture approach to a more dynamic, multiple and hybrid culture outlook that takes contextual factors as well as transformational processes into account (Boyacigiller, Kleinberg, Phillips, & Sackmann, 2004; Chanlat, Davel, & Dupuis, 2013; Holden, Michailova, & Tietze, 2015; Primecz, Romani, & Sackmann, 2011; Sackmann & Phillips, 2004). New forms of organizational and management practices, along with their associated meanings, emerge in multicultural organizations and can be described as “negotiated” working culture, co-constructed throughout an interaction process (Brannen & Salk, 2000; Primecz et al., 2011; Yagi & Kleinberg, 2011). This social constructivist approach to culture (Lee, Kim, & Park, 2015), focusing on “emerging” or “negotiated” culture or “third culture” (Casmir, 1999), may also help in considering the positive dynamics in cross-cultural encounters which are rarely studied in

international business research (Stahl & Tung, 2015). Cultural differences should not simply be seen as obstacles to cooperation: they may have complementary, enriching or synergistic effects on work practices.

This paper therefore focuses on the co-construction process of positive emerging “negotiated” practices in IJVs, using an explorative case study of a binational railway organization which coordinates activities of its parent companies, DB (*Deutsche Bahn*) and SNCF (*Société Nationale des Chemins de Fer Français*), between France and Germany. We use the framework of Brannen and Salk (2000) to categorize its practices. The main objective of our study is to identify the facilitating factors that enable the development of synergistic practices: organizational and communication structures, individual skills and socialization of IJV actors as well as interpersonal relationships. The major contribution of our study is to highlight the important role of “boundary spanning dyads” and “boundary spanning relationships”, where other authors (Barner-Rasmussen, Ehrnrooth, Koveshnikov, & Mäkelä, 2014; Demir & Söderman, 2007) typically focus on boundary spanning activities or boundary spanners as individuals.

After a review of the relevant literature and the clarification of the notion of “negotiated culture”, we present and discuss the methodological aspects of our case. In Section 3, using Brannen and Salk’s (2000) categorization, we then present some examples of practice that we discovered in our case study, and in Section 4 we consider the facilitating factors in negotiation processes. Section 5 discusses our results

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and presents the main contributions of our study to the IJV and inter-cultural management research fields, as well as its limitations and some future research avenues.

2. From cultural distance to “negotiated culture” in international joint ventures

International joint ventures are usually defined as equity-based, cross-border alliances formed by two or more legally distinct organizations with headquarters in different countries (Geringer & Hebert, 1989). For the partner organizations, there are various motives for creating an IJV: IJVs may represent an interesting approach to entering new and complex markets, gaining and exchanging knowledge, seeking more efficiency, and combining the resources and strategic assets of both partners (Dunning, 1993; Lane, Salk, & Lyles, 2001; Larimo, Le Nguyen, & Ali, 2016). In countries with strong legal constraints, IJVs also offer a much faster and less costly market entry alternative than establishing a wholly owned new enterprise (Schlegelmilch, 2016, p. 54). In their literature review, Beamish and Lupton (2009) identify the impact of culture on IJV performance as one of the six major topics of IJV research. Most authors posit that differences in the national cultures and environments of partners produce a higher level of management complexity (e.g. Le Nguyen, Larimo, & Ali, 2016; Makino & Beamish, 1998; Parkhe, 1991) and may hinder organizational learning processes within IJVs (Barkema, Shenkar, Vermeulen, & Bell, 1997). Many studies show the significant impact of the cultural distance between partner companies on the longevity of the IJV, for example between European companies and partners from emerging countries (Meschi & Wassmer, 2013), although longevity cannot always be considered as a reliable indicator of IJV performance (Makino, Chan, Isobe, & Beamish, 2007). Some studies show the impact of cultural distance between Japanese companies and partners on IJV performance by using business performance indicators or executive evaluation of performance (Le Nguyen et al., 2016). National cultural and institutional differences may even affect the performance of an IJV when the two partners come from two neighbouring territories in Europe. France and Germany offer an interesting example of neighbouring countries with many joint-venture, interlinked and alliance projects, especially since the late 1980s (Mayrhofer, 2004), in which cultural and institutional differences seem to matter (Barmeyer & Mayrhofer, 2014; Lichtenberger & Naulleau, 1993).

Most studies use the notion of cultural distance to approach IJV cross-cultural issues, and use statistical data and metric instruments, mostly based on Hofstede’s dimensions (Hofstede, 1980; Hofstede, Hofstede, & Minkov, 2010) which include uncertainty avoidance, long-term orientation or individualism. In their meta-analysis of IJV performance determinants, Reus and Rottig (2009) include cultural distance in their model but observe that most studies operationalize cultural distance in various ways. Considering cross-cultural issues through the prism of Hofstede’s instruments (and data) presents different methodological biases linked with basic assumptions about national cultures, e.g. that national cultures are relatively homogeneous and stable (Phillips & Sackmann, 2015). National and organizational culture can also be seen as dynamic, heterogeneous and strongly contextualized (Primecz et al., 2011). Especially in the case of IJVs or mergers and acquisitions (M&As), longitudinal observations from case study research underline the development of new organizational cultures and working practices through the interactions of the partner companies and actors (Barmeyer & Mayrhofer, 2008; Brannen & Peterson, 2009; Dao, 2016; Moore, 2011). Brannen and Salk (2000) observed in their study of a Japanese–German joint venture that a new culture emerged over time within the organization through ongoing interactions between both national groups. In an interview with Stahl and Brannen (2013), Carlos Ghosn attributes Renault–Nissan’s success to the encounter between French and Japanese national cultures as well as Renault and Nissan’s organizational cultures: their differences in

manufacturing and organizing processes not only complemented each other, but the comprehensive and continuous management of these differences at all company levels also allowed the organizations to create something together that neither one could have achieved alone.

The concept of “negotiated culture” describes these specific new forms of working culture which emerge by mutual understanding and adjustment processes, and has been developed by Brannen and Salk (2000). The concept was inspired by Anselm Strauss’s (1978) concept of “negotiated social order” and is most similar to the concept of “negotiated meaning” (Clausen, 2007): when actors of different cultural orientations interact through the recombination and modification of cultural features, a new “agreed” culture emerges. Culture(s), therefore, can be understood as “sets of symbols and patterns of meaning and interpretation that are shared or partially shared among a group of people” (Yagi & Kleinberg, 2011, p. 632) and as a dynamic and ongoing process of social negotiation (Brannen & Salk, 2000). “Negotiation” is identified in the construction and reconstruction of divergent meanings and actions by individual organizational actors (Brannen, 1998, p. 12). Meaning is not simply transferred, but (re-)created or negotiated and thus depends on the context of communicative action. In their joint-venture case, Brannen and Salk (2000, p. 478) identify four different categories of cross-cultural negotiated practices, or solutions to solve potential cross-cultural conflicts. The first category, “compromise by one group”, describes the adoption of the practice of one group by the other. Strictly, this is not a compromise but the adaptation of one group. The second is “meeting in the middle”, when both groups try to compromise or adapt their practices, for example in agreeing the duration and structure of meetings. The third, “innovating something new for both groups”, corresponds to new innovative practices which are not directly influenced by the former practices of either group. The fourth category is the “division of labour” between both national groups in order to minimize further negotiation about specific issues like the management of employees’ personal concerns.

The emergence of “negotiated” cultural practices is influenced by various contextual effects because the social space of the IJV, like the social space of MNCs, is a transnational “contested terrain” where conflicts and negotiations exist because actors have divergent norms and expectations as well as different power resources (Dao, 2016; Dörrenbächer & Geppert, 2011; Morgan, 2001). Within this organizational social space, IJV employees and managers interact in an environment where they have interests, identities and their own rationales, and use bargaining power, bargaining tactics and personal skills to sell issues, meanings or practices (Becker-Ritterspach, Blazejewski, Dörrenbächer, & Geppert, 2016). Brannen and Salk (2000) formulate two assumptions. First, the national cultural origins of IJV team members serve as initial anchors and sources of values, meanings and norms brought to the bicultural organizational context. Second, the structure of the IJV, the characteristics of its members and the relations of power and interdependence among them, as well as the specific issues and threats confronted by the team, will shape the many cultural traits which become salient in the social negotiation of the IJV working culture. But negotiating cross-cultural practices is not only about conflicts, threats and bargaining power: it is also about finding solutions, understanding the other’s perspectives, sharing common representations and common goals, and developing new solutions, new identities and new representations (Boyacigiller et al., 2004; Primecz et al., 2011). Cross-cultural management research about IJVs, M&As or alliances mostly insist on the “dark side” of cultural differences and neglect the positive aspects of cross-cultural cooperation projects: learning experiences and emerging synergistic practices (Reus & Lamont, 2009; Stahl & Tung, 2015; Stahl, Miska, Lee, & De Luque, 2017). Our paper addresses this research gap, using a cultural constructivist approach which offers a promising framework for studying the emergence of synergistic working practices between interaction partners in IJVs.

In our study, we would like to address the question of facilitating factors that positively influence the construction process of synergistic

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