



When two African cultures collide: A study of interactions between managers in a strategic alliance between two African organizations

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ARTICLE INFO

Keywords:

Strategic alliance
Africa
South Africa
DRC
HRM
National culture

ABSTRACT

This paper explores the interaction between managers from two African countries. Using a case study of a strategic alliance between a South African multinational organisation and a local firm in the Democratic Republic of Congo, we examine procedural justice and interactional justice between managers from the two firms. Host country managers reported higher levels of procedural and interactional injustice than South African managers. Further, the results indicate that top management teams from both firms were more willing to work together than lower level managers.

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An extensive body of research on international strategic alliances has established that the performance of strategic alliances hinges on the level and quality of interaction between managers from the different partners (Ariño, de la Torre, & Ring, 2001; Bies, 1986; Johnson, Korsgaard, & Sapienza, 2002; Kim & Mauborgne, 1993; Konovsky, 2000; Korsgaard, Schweiger, & Sapienza, 1995; Luo, 2005; Mikula, Petrik, & Tanzer, 1990). Specifically, research on cross-cultural interactions in international strategic alliances have argued and demonstrated that procedural justice, that is the perception that the procedures and governance structures used to manage the alliance are fair (Luo, 2005), and interactional justice, that is the feeling of being treated with respect and dignity during interactions with managers from the other partner in the alliance (Bies, 1986; Luo, 2005; Mikula et al., 1990), have powerful effects on individuals' commitment to the alliance and are significant determinants of international strategic alliances performance. This is because a governance structure based on procedural justice and fairness provides people from previously separate firms to have a voice in the running of the alliance and enable them to guard their self-interest (Luo, 2009; Thibaut & Walker, 1975). Ellis, Reus, and Lamont (2009, pp. 139–140) have argued that “fairness of processes matters because people want to be treated with respect and dignity and valued members of enduring groups . . . procedural

justice confirms members' standing in groups and organizations and help build solidarity”. Further, perception of interactional justice helps create the much needed strong relational ties between individuals to deal effectively with the challenges of integrating the two entities (Ellis et al., 2009).

This body of research has made a significant contribution to our understanding of the antecedents and determinants of procedural and interactional justice perceptions in international strategic alliances, and the consequences of managing these interactions on performance. Further, it has provided managers with guidance on how to develop remedies and solutions to alleviate the problems associated with interactions between individuals in international strategic alliances (Luo, 2009). One important shortcoming of past research on interaction between members of different cultures in strategic alliances is its exclusive focus on alliances between multinational enterprises (MNEs) from developed countries or alliances between MNEs from developed countries and partners from emerging economies. To date, scholars have overlooked strategic alliances between firms from emerging and developing countries. This is surprising given the recent surge in emerging markets MNEs operating in emerging and developing countries. This study aims to address this gap in the literature through an empirical investigation of the underlying determinants and consequences of procedural and interactional (un)justice perceptions in a strategic alliance between a South African MNE and a firm based in the Democratic Republic of Congo (DRC). We chose a South African MNE for this study because a large number of South African MNEs have expanded into other African markets and limited research has been carried out to analyse the reasons and most importantly, the impact of such activity (Daniel, Naidoo, & Naidu, 2003a, 2003b; Goldstein & Pritchard, 2006; Miller, 2008;

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Wöcke, Bendixen, & Rijamampianina, 2007). Daniel et al. (2003a, 2003b) wrote of the ““South Africanisation” of the African economy” which they argue is “exemplified by corporate South Africa’s post-apartheid record taking over, and joining up with, existing African corporations”.

This research is important for at least two reasons. First, to the best of our knowledge, no research has examined strategic alliances between firms from within African countries.³ Although cross-cultural strife and misunderstandings between individuals from different cultures are often present in international strategic alliances (Luo, 2005), we believe the interaction between South African managers and other African managers adds an extra factor to the mix: in addition to cross-cultural misunderstanding there is a legacy of the apartheid era which may accentuate interpersonal conflicts between the two groupings. A large number of scholars have reported that South African corporations have not always been welcomed in Africa partly due to their arrogance as well as reminiscent feeling of South Africa’s past which is inextricably linked to apartheid (Daniel et al., 2003a, 2003b; Miller, 2004, 2005; Mulaudzi, 2006).

Secondly, and of more general significance, this study helps expand the knowledge base on management in Africa. Much of the literature on management and more specifically human resource management (HRM) in Africa focuses on characteristics of HRM in specific African countries (Eritrea – Ghebreorgis & Karsten, 2006; Mozambique – Webster & Wood, 2005; South Africa – Wood & Mellahi, 2001; Kenya – Kamoche, 1992) and dimensions of African leadership and management styles (Blunt & Jones, 1992). International HRM research in Africa focuses on interaction between African HRM models and Western (Anakwe, 2002) and Asian (Horwitz, Browning, Jain, & Steenkamp, 2002) models (see Kamoche, 2002 for a discussion). However, research has not examined the interactions between management values and practices from different African countries.

The remainder of the paper is structured as follows: the next section provides a brief review of relevant literature and discussion of the context of the study. This is followed by a discussion of the data collection method. The last section of the paper provides an analysis of case study data and discussion of the findings.

1. Literature review and focus of the study

1.1. Cross-cultural interactions in international strategic alliances

International strategic alliances bring together individuals with different cultural blueprints, beliefs, values and patterns of behaviour to work towards a common goal (Danis & Parkhe, 2002; Parkhe, 1991) and this often result in cross-cultural clashes (Buono, Bowditch, & Lewis, 1985; Lyles & Salk, 1996a, 1996b; Meschi, 1997). Meschi (1997) argues that nearly all the problems encountered in international strategic alliances are rooted in cross-cultural factors. Scholars posit that the nature and outcomes of cross-cultural interactions in international strategic alliances are determined by three types of perceived or actual (in)justices: perceptions of distributive (in)justice, procedural (in)justice, and interactional (in)justice (Johnson et al., 2002; Luo, 2005, 2007). Distributive justice is the perception that the outcomes of the alliance are distributed fairly and equitably (Adams, 1965). Luo (2005) argues that when the distribution of the outcome of the alliance is deemed unfair, the affected individuals tend to lower their commitment to the alliance and create an environment that

damages the working relationship between the different parties. Given that distributive justice deals with strategic and financial issues it will not be considered in this study.

Procedural justice refers to the governance structure and decision-making processes within an organization (Folger & Konovsky, 1989; Greenberg, 1990; Leventhal, Karuza, & Fry, 1980; Sheppard, Lewicki, & Minton, 1992; Thibaut & Walker, 1975). Luo (2005) notes that employees experience “feelings of anger, outrage and resentment” when they perceive that decision-making processes and governance structure in the strategic alliance are unfair and favour one party over another. When the decision-making processes and governance structures are deemed fair, however, individuals are likely to be loyal to the alliance, have high levels of team spirit and respond constructively to management requests (Luo, 2005).

Interactional justice refers to the manner and quality of the interpersonal interaction between employees from the different groupings that form the alliance (Bies, 1986; Schuler, Jackson, & Luo, 2003). In contrast to distributive justice and procedural justice, which are based on formal structures and agreements, interactional justice is an outcome of the cultural norms, values and belief systems held by employees from the different cultures. Luo (2005) notes that employees become more attached to the alliance and have a high degree of solidarity when the various parties display social and cultural sensitivity and treat each other with fairness, respect and dignity.

The literature on management of international strategic alliances posits that managers often fail to address issues related to the forms of (in)justices during the pre- and post-agreement phases. Past research provides evidence to suggest that at the pre-agreement phase MNEs often fail to appreciate the challenges managers face in the management of cross culturally diverse workforce (Graebner & Eisenhardt, 2004; Heifetz & Laurie, 2001; Pritchett, Robinson, & Clarkson, 1997). The main reasons for failure associated with the post-agreement phase are often related to organizational, human resources and process issues such as: poor communication between the different parties in the alliance, lack of decisive action from top management in defining the new direction, different leadership styles, and cross-cultural issues (Kitching, 1967; Lodorfos & Boateng, 2006; Riad, 2007).

1.2. Procedural and interactional justice perceptions and South African MNEs

As far as procedural justice and interactional justice are concerned, existing literature on management practices and culture in post-apartheid South Africa posits two diametrically opposite propositions. On the one hand, the experience of working in ethnically diverse post-apartheid South Africa provides South African managers with the capability to work effectively in foreign cultures (Thomas & Bendixen, 2000; Wöcke et al., 2007). Wöcke et al. (2007, p. 830) note that South African MNCs had to “contend with the management and advancement of diversity as driven by regulations” which provides them with “capabilities that would provide an advantage when operating in different national cultures” (p. 830). Similarly, Horwitz, Kamoche, and Chew (2002, p. 1108) note that post-apartheid labour legislations, and in particular Act No. 108 of 1996, seek to remove and eliminate unfair discrimination in employment practices (see Horwitz, Browning, et al., 2002 for an extensive discussion of the legal framework for HR in South Africa). This viewpoint suggests that South African firms are gradually changing their traditionally discriminatory management practices and becoming more ethnically diverse (Wöcke & Sutherland, 2008) and as a result they are well placed to manage effectively across cultures. On the other hand, a number of scholars argue that there is “gap between legal

³ We are aware of only two studies on South African’s MNCs management practices. The first is a survey of South African expatriates in China (Vogel, Van Vuuren, & Millard, 2008), and the second focuses on HRM configuration of four South African MNCs (Wöcke et al., 2007).

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