



Intercultural competences and interaction schemes – Four forces regulating dyadic encounters in international business



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ABSTRACT

Intercultural competences are highly valued in international business (IB) as antecedents to building trust, whereas a lack of them and problems concerning cultural sensitivity have been identified as major reasons for failure. And yet, there is very little research on trust building and interaction on the level of the individual, particularly from the viewpoint of interaction dynamics and the individual's behavioral schemes. This paper approaches the rudiments that regulate individuals' behavior in dyadic IB encounters from a psychological perspective. It integrates Grawe's consistency theory from psychology into intercultural competence literature and analyzes interaction dynamics. As a result, it proposes a conceptual model introducing novel forces for behavior and motivation in IB encounters. The model comprises four forces that are based on the basic needs that regulate interaction towards proximity or avoidance behavior. Based on the model, we present propositions linking consistency, motivational schemes, and encounter outcomes.

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1. Introduction

1.1. Motivation for the study

International business (IB) builds on the encounters of managers and their dyadic interaction. This interaction is a dynamic process that should lead to success in business, but it requires appropriate interaction competences and behavior. People are perceived to be “wired to connect” with each other, however, in IB the dyadic interaction often leads to disconnection. This “mental and behavioral software” of individuals has been studied in biology, brain science, and psychology (Goleman, 2006a, 2006b; Grawe, 2004; Peters & Ghadiri, 2011), but these findings have been more or less neglected in international business research. And yet, dyadic human interaction, such as buyer–seller negotiations and opportunity development, are crucial IB encounters (e.g., Bush & Ingram, 1996, 2001; Herbig & Kramer, 1992; Herbst, Voeth, & Meister, 2011; Johnson, Lenartowicz, & Apud, 2006; Muzychenko, 2008). An encounter refers here to an episode of intercultural interaction in which two persons face each other in a business-related situation that constitutes part of a relationship-building process. It involves various levels of communication and physical interaction, including body language and hospitality. Beyond the initial encounter process, each episode, whether it is the exchange of products, services,

or a social interaction, in turn, affects the dyad itself (e.g., Ford, 2002; Obadia, 2013; Wellman & Berkowitz, 1988). Initial encounters involve high uncertainty, complexity, and unexpected situations (e.g., Friedman & Berthoin Antal, 2005; Ghauri, 2003; Khakhar & Rammal, 2013) as the example illustrates:

Recently we signed a major deal with a multinational based in France. Our other options included a new, medium-sized enterprise based in the United Kingdom; however, they were discussing exit-strategies from the first day of our negotiations. The French party has a good reputation and [was] not interested in short-term work. We trust [them] and are happy with the relationship we have formed with the French.

[Khakhar & Rammal, 2013, p. 583]

As we notice above, there are underlying dynamics that affect the encounter outcome. Key relational phenomena, such as trust, shape international dyadic relationships and also influence their early dissolution (Obadia, 2013). While performance (i.e., a positive outcome) is expected, problems such as interest conflicts and lack of trust create obstacles for successful encounters (cf. Hawkins, Pohlen, & Prybutok, 2013; Meehan & Wright, 2013). As such, people-related challenges can overrule economic interest and diminish trust, especially when individuals interact in novel intercultural encounters. For example, intercultural communication failures are archetypal and create impediments for trust (cf. Herbig & Kramer, 1992). Cultural misunderstandings, misbehavior, and emotions inhibiting trust continue to exist despite

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intercultural training in international business as the aforementioned mental software has its limitations in intercultural encounters (e.g., Hofstede, Hofstede, & Minkov, 2010; Stier, 2006).

Understanding IB encounters, the inherent dynamics and trust creation requires a research approach that goes beyond disciplinary borders, as Obadia (2013) points out that, there are cognitive schemes that influence encounters and their results. Implicitly, such schemes are already included in the dynamics of the Uppsala Model and embedded in the concepts of psychic and cultural distance (cf. Johanson & Vahlne, 1977; Obadia, 2013). These schemes play a crucial role in IB encounters and they require specific research attention as analytical constructs since they influence cognition, behavior, and motivation as a kind of individual mental software directly influencing the “doing”, i.e. action, in business interactions (cf. Maslow, 1954; Obadia, 2013; Tomasello, Carpenter, Call, Behne, & Moll, 2005). Internationalization processes and IB encounter situations are loaded with various concurrent and even conflicting expectations and goals (cf. Ghauri, 2003; Khakhar & Rammal, 2013). Consequently, we suggest that researchers should focus more on unfolding the behavioral schemes and dynamics in the process of interaction.

1.2. Research gap and problem setting

Piaget (1952) refers to a scheme as *a cohesive, repeatable action sequence possessing component actions that are tightly interconnected and governed by a core meaning*; thus a scheme is like a building block for behavior. Behavior can be analyzed by applying frames, mechanisms, schemes, and forces that regulate the interaction (Ghadiri, Habermacher, & Peters, 2012b). In a dyadic intercultural encounter, an individual employs various schemes, not only business rationale. Intercultural encounters have been extensively studied, particularly from the viewpoint of antecedents, influencing variables, and the inter-relationships between influencing variables (cf. Bloemer, Pluymaekers, & Odekerken, 2013; Herbst et al., 2011). Intercultural competences,¹ that is, abilities to interact effectively and appropriately in intercultural encounters (Deardorff, 2006), are considered one of the keys for enabling the development of dyadic business relations (cf. Muzychenko, 2008), as they are vital for building trust in its various forms (Day, Fawcett, Fawcett, & Magnan, 2013). However, previous research has focused mainly on identifying problems or conflicts instead of providing in-depth understanding of their origins and restorative mechanisms (e.g., Hung & Lin, 2013). Research on intercultural competences, cultural sensitivity, and respective emotional dimensions has yet much to explain. For example, we do not yet understand the dynamics that promote proximity instead of avoidance – in other words, the outcome of encounter that practitioners label as good “personal chemistry.” We follow Obadia's (2013) call for integrating psychology into IB, and suggest that only sufficiently deep and multidisciplinary studies enable a profound understanding of interpersonal intercultural encounters and the dynamic process leading to positive relational outcomes.

Intercultural encounters are central for IB, but they are complex to understand. They occur in a socio-temporal and physical context; and they are influenced by situational aspects, business goals, and particularly by individual-level drivers, emotions, and mindsets (cf. Ayoko, Konrad, & Boyle, 2012; Levy et al., 2007; Nummela, Saarenketo, & Puimalainen, 2004). Cognitive schemes are applied for all these process elements through perception, understanding, and acting (cf. Klein, Moon, & Hoffman, 2006; Obadia, 2013). Social interaction (cf. Blonska, Storey, Rozemeijer, Wetzels, & de Ruyter, 2013; DiMaggio, 1997) incorporates underlying drivers, such as perceived opportunities and respective consequences (Barreto, 2012); as a result, the purpose of encounter influences the interaction by providing direction and vision. Encounters

incorporate five process elements that require consideration: judgment and concession making, motivation, attributions, communication, and confrontation (Brett & Gelfand, 2005). As noted, time also influences an interaction and its events; it is inherent in expectations, motivation, and behavior (cf. Gavetti & Levinthal, 2000; Hedaa & Törnroos, 2008).

Interestingly, to date, first-time face-to-face encounters representing the usual starting point of a business relationship have not been a focal area of IB research, although the uncertainty in such situations is the greatest (e.g., Dwyer, Schurr, & Oh, 1987; Ivens, van de Vijver, & Vos, 2013). First-time encounters are filled with emotions, power constellations, and even inherent opportunism and lack of trust (cf. Hawkins et al., 2013; Meehan & Wright, 2013), which all need to be addressed carefully during the first encounter to generate positive outcomes (cf. Khakhar & Rammal, 2013). Thus, we consider that high uncertainty and threshold characteristics of a first-time encounter underscore the importance of application of suitable intercultural competences and behavioral schemes.

The schemes that guide the ability to build and effectively employ intercultural competences significantly affect interaction in intercultural encounters and respective communication. The depth of these schemes goes far beyond the elements of negotiation styles (cf. Herbig & Kramer, 1992); in fact, they are deep-rooted behavioral and motivational schemes. There is a clear need to improve and better explain intercultural competences and their application in real-life IB encounters, particularly from the viewpoint of how culture constrains interaction and how this interaction leads to revising schematic representations of social phenomena (DiMaggio, 1997). In dyadic interaction, the partners influence each other bi-directionally with their own schemes. In line with Friedman and Berthoin Antal (2005), we argue that human behavior should be analyzed and understood from the individual's own frame of reference, as it enables us to discover the role played by cognitive, behavioral, and motivational schemes in intercultural encounters.

In this study, we explore those forces that directly or indirectly influence the perceptions, actions, and outcomes of intercultural dyadic encounters that lead towards success in IB and ask the following research questions:

- RQ1. What kind of rudimental mechanisms regulate behavior in IB encounters?
- RQ2. How does Grawe's consistency theory explain the behavioral dynamics and motivations for trust in intercultural interaction and the respective IB outcomes?
- RQ3. How are intercultural competences “activated,” and to what extent are the consistency-driven behavioral schemes regulating their application on interaction?

To answer the proposed research questions, this study takes a multidisciplinary approach. It addresses the dynamic process of intercultural encounters from a psychological perspective and employs points of convergence between IB and psychology (cf. Obadia, 2013). We introduce consistency theory (Grawe, 2004) from psychology, which explains the four forces that regulate human behavior and apply it into the context of intercultural encounters. Consistency theory is used to explain the rudimental mechanisms of individuals in motivational, behavioral, and emotional contexts. Additionally, we draw from the literature on psychology and intercultural and cross-cultural competences that provides the extant models explaining emotions, behavior, managerial cognition, and the dynamics of failure. We address the research gap by creating a model introducing dynamics in IB behavior that are essential in explaining motivation, trust, and resulting outcomes but novel in the IB context. The resulting model is an interdisciplinary synthesis that responds to the call for dynamics and linking intercultural competences and failure (e.g., Johnson et al., 2006). As a deviation from earlier research, it focuses on the dyadic interaction between the parties instead of limiting the study to antecedents or outcomes of the process. Based on the model five propositions are developed to be tested in further research.

¹ The study focuses on interaction in dyadic encounters, not comparisons. Thus, it applies the term intercultural instead of cross-cultural. However, in the literature review, the study employs the original terms applied by other authors.

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