Towards a More Balanced Treatment of Culture in Cross-Cultural Management Research and Education: The Need for Positive Cross-Cultural Scholarship and Training

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Applying a Positive Organizational Scholarship (POS) Lens to Cross-Cultural Management Research

- Our point of departure: *Positive organizational scholarship* (POS) – “the rigorous, systematic, and theoretically-based examination of notably positive outcomes and the processes and dynamics that are associated with them” (Cameron et al, 2003: 3) – can help us more fully understand the dynamics of cross-cultural encounters.

- A POS lens seeks to expose mechanisms through which organizational dynamics produce positive or unexpected outcomes at the individual, group, and organizational levels (Dutton & Glynn, 2007).

- POS investigates “positive deviance” (Spreitzer, 2006), focusing on the
  - *enablers* (e.g., structures, systems, capabilities),
  - *motivations* (e.g., personal growth, self-development, curiosity),
  - *explanatory mechanisms* (e.g., positive social relationships, trust),
  - *outcomes* (e.g., creativity, meaningfulness, engagement)

  associated with positive phenomena (Cameron & Caza, 2004).

Negative Assumptions In Cross-Cultural Management Research: Some Examples

Culture is more often a source of conflict than of synergy.
Cultural differences are a nuisance at best and often a disaster.

- Hofstede, www.geert-hofstede.com

Why is it that many management processes lose effectiveness when cultural borders are crossed? … the silent forces of culture operate a destructive process.

- Trompenaars & Hampden-Turner (1997:5)
Riding the Waves of Culture

Cultural differences have been the proverbial ‘elephants in the room’. … Cultural misunderstandings have led to numerous failures in cross-cultural mergers, acquisitions, and market penetration”.

Strategic Leadership Across Cultures
A More Balanced View of Culture and Cultural Differences

Cultural differences can be viewed as either a handicap or a powerful seed for something new.

Some people consider cultural differences as a source of friction and conflict. But cultural differences are basically a source of enrichment and progress.

The ability to comprehend and leverage global and cross-cultural processes is a critical core competency for any large company… We are always pursuing synergies that will create value and help improve our performance, based on our internal learning from one another.

– Carlos Ghosn, President and CEO of Renault and Nissan

Do Cultural Differences Matter in M&A?

Theory Predicts Negative Effect

- Cultural Distance Hypothesis: The difficulties, costs and risks associated with cross-cultural contact increase with growing cultural distance (Hofstede, 1980).

- Cultural fit and acculturation models suggest that the cultures of merging firms have to be similar (e.g., Cartwright, 2006).

- The M&A literature has sought to explain M&A failure in terms of “cultural risk” (David & Singh, 1994), “cultural misfit” (Very et al., 1997), “cultural friction” (Gomes, Weber & Tarba, 2011), and related concepts.

Empirical Evidence is Mixed

- Cultural differences found to be negatively (Weber et al., 1996), positively (e.g., Sarala & Vaara, 2010) or unrelated (e.g., Ellis & Lamont, 2004) to M&A success.

- Some theoretical evidence that cultural differences can be a source of value creation and learning in M&A (e.g., Vermeulen & Barkema, 2001).

- Success rate of cross-border M&A found to be higher than for domestic M&A (e.g., Chakrabarti et al., 2009).

Case Study: Renault Nissan – Partnering with the Unfamiliar

Case Study: DaimlerChrysler

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Cultural Differences Can Be Both an Asset and a Liability in M&A: Evidence from a Meta-Analysis

Sample: 46 studies, with combined sample size of 10,710 M&A

The Same Pattern Can be Found in Culturally Diverse Teams

Sample: 108 studies, with combined sample size of 10,632 teams

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Is There a Negative Bias in Research on Culture in IB? Evidence

Content-analysis of articles published in JIBS over 24-year period (1989-2012):

- Articles that conceptualized cultural difference variables as potential cause or moderating condition for a causal relationship.
- Only articles that conceptualized/measured cultural difference variables at the national level (e.g., Kogut & Singh Index) were included.
- Studies that were comparative in nature (e.g., how do leadership styles differ across cultures) were excluded.
- Coding by two independent coders. Cohen’s kappas ranged from .71 to .80.
- Of 1141 articles that appeared in 24-year timeframe, 244 articles met selection criteria (23% of total publications): 136 empirical, 108 theoretical/conceptual.
- Articles revolved around a broad range of topics: market entry/FDI (80); cross-border alliances/M&A (19); IHRM/OB (37); knowledge transfer/learning (16); MNC theory (37); culture studies (20); marketing (13).

Theoretical papers: 69% negative, 27% mixed, 4% positive
Empirical papers: theoretical assumptions: 75% negative, 25% mixed, 5% positive
Empirical papers: empirical results: 53% negative, 40% mixed, 7% positive


Content-Analytic Results for Different Topic Areas: Theoretical Papers

Content-Analytic Results for Three Analysis Periods: Theoretical Papers

Content-Analytic Results for Theoretical and Empirical Papers’ Categories

Content-Analytic Results for Three Analysis Periods: Theoretical Papers

Towards a More Balanced Treatment of Culture in IB Research: Work on International Teams, Alliances, and Mergers and Acquisitions

“Cultural differences should not automatically be associated with negative consequences in cross-border mergers and acquisitions.” (Cartwright & Schoenberg, 2006: 3)

“[T]he effects of cultural diversity vary, depending on contextual influences. … cultural diversity in teams can be both an asset and a liability.” (Stahl et al., 2010: 690)

“[C]ultural differences affect sociocultural integration, synergy realization, and shareholder value in different, and sometimes opposing, ways. … Cultural differences seem to present a ‘double-edged sword’ or a ‘mixed blessing in M&A.” (Stahl & Voigt, 2008: 160, 171-172)

“Cultural differences can be both an asset and a liability.” (Björkman et al., 2007: 668)

“[C]ultural distance may be best viewed as a double edged sword for acquisition performance. … Cultural distance are a mixed blessing.” (Reus & Lamont, 2009: 1300, 1311)

“Cross-border M&A may not only be ‘cursed’ with additional culture clashes but also be ‘blessed’ with a higher propensity for culturally aware integration management.” (Larsson & Risberg, 1998: 40)

“Differences [are] an opportunity for arbitrage, complementarity or creative diversity.” (Zaheer et al., 2012: 26)
Towards a More Balanced Treatment of Culture in CCM Education and Training: Content-Analysis of CCM Course Syllabi

Based on analysis of n = 121 course syllabi (of which 26 provided insufficient information for coding)

- Positive: 34%
- Negative: 58%
- Mixed: 8%

“A good cross-cultural management case starts with a good problem”
- Henry W. Lane, Darla and Frederick Brodsky Trustee Professor in Global Business, Northeastern University

Note: Courses taught between 2010 and 2013; most recent syllabi per school and instructor.
Call for Papers for a Special Issue in
Cross-Cultural Management: An International Journal
(to be retitled as Cross Cultural & Strategic Management)

The Upside of Cultural Differences: Towards a More Balanced Treatment of Culture in Cross-Cultural Management Research

Guest Editors: Günter K. Stahl, Christof Miska, Hyun-Jung Lee, Mary Sully de Luque

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*Cultural differences can be viewed as either a handicap or a powerful seed for something new.*
– Carlos Ghosn, President and CEO of Renault and Nissan (cited in Emerson, 2001: 6).
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Map-Bridge-Integrate

M
Map
Understand the Differences
- Own and others’ perspectives
- Cultural values
- Mental models
- Leadership style
- Communication behavior
- Personality

B
Bridge
Communicate Across the Differences
- Speak and listen from others’ perspectives
- Form unbiased opinions
- Find blame-free explanations
- Search for commonalities

I
Integrate
Manage the Differences
- Build participation
- Detect disagreement
- Resolve conflicts
- Build on each other’s ideas
- Establish shared norms and values