



# International joint ventures in Russia: Cultures' influences on alliance success<sup>☆</sup>



Elena Kobernyuk<sup>a</sup>, David Stiles<sup>b</sup>, Tony Ellson<sup>a,\*</sup>

<sup>a</sup> Cardiff University, Cardiff Business School, UK

<sup>b</sup> Department of Management, University of Canterbury, College of Business and Economics, New Zealand

## ARTICLE INFO

### Article history:

Received 1 February 2013  
Received in revised form 1 March 2013  
Accepted 1 March 2013  
Available online 13 April 2013

### Keywords:

International joint ventures (IJVs)  
Culture  
Values  
Practices  
Russia  
Strategy-as-practice

## ABSTRACT

This paper investigates the influence of organizational culture on the strategic success of International Joint Ventures (IJVs) in Russia and the importance of cultural 'fit' of alliance partners within this transition economy. Difficult-to-access and rare data is gathered from a sample of IJVs manager in Russia in a strategy-as-practice approach. Questionnaires and in-depth interviews reveal different clusters of values and practices amongst managers and, contrary to previous research, the study suggests that within a transition economy values are not universally applied but influenced by tradition. Adopted organizational culture is also found to be dependent on the dominant IJV stake holding with culture influencing perceived IJV strategic performance. An element of congruency is identified between tradition and openness to change values.

© 2013 Elsevier Inc. All rights reserved.

## 1. Introduction

The observation that cultural factors influence aspects of prevailing economic paradigms (cf. Rostow, 1960) reflects in contemporary economic theory (Lewis, Fitzgerald, & Harvey, 1996). Some authors (cf. Levitt, 1983; Ohmae, 1990) assert that globalization eclipses the role of culture, but much research demonstrates the substantive role of cultural differences in international business. In fact, many organizations take cultural differences into account when trying to connect with customers worldwide (Stiglitz, 2002). This study is primarily concerned with organizational culture, defined as a pattern of deep-set, basic assumptions within an organization that influences how people perceive, think, and feel about problems of external adaptation and internal integration (Schein, 1992). The study takes account of critics of cultural studies who focus on measuring quantifiable values (Merritt, 2005) and considers culture as a combination of values and practices from a strategy-as-practice perspective. This approach helps to conceptualize culture as a social phenomenon influencing what people *do* in the course of strategizing: activities and routines rather than just cognitive structures (Schatzki, 2005; Whittington, 2006). Among such effects, organizational culture may influence employees' uncertainty and anxiety about expected behavior (Smith, 2003); impact on job satisfaction, organizational commitment and performance (Lok & Crawford, 2004);

support innovation in the organization and encourage innovative ways of solving problems (Kenny & Reedy, 2006).

The damaging effect of contrary or misaligned organizational cultures on the strategic performance of alliances is widely documented (e.g. Meirovich, 2010; Moller & Svahn, 2004; Munns, Aloquili, & Ramsay, 2000; Sirmon & Lane, 2004). Cultures of partner organizations may present dramatically different philosophies, styles, and values that do not 'fit' well and result in culture 'clash' (Dawe, 2000); while significant differences between partner cultures can create conflicts and barriers to co-operative methods of working (Fuller & Vassie, 2002). An alliance is like a marriage and requires some degree of cultural fit, or congruence, between partners (Gancel, Rodgers, & Raynaud, 2002) to avoid planning and interaction problems (Butler, 2010; Das & Kumar, 2010; Lu, 2006). Cultural differences decrease positive outcomes (Sirmon & Lane, 2004), but cultural similarities may increase partner learning (Lane & Lubatkin, 1998); create common reference points, understanding, practices and behaviors, and reduce levels of uncertainty (Fuller & Vassie, 2002); and raise satisfaction and effectiveness of interactions (Pothukuchi, Damanpour, Choi, Chen, & Park, 2002).

Research interest in strategic alliances follows a substantive increase in alliances worldwide (Ireland, Hitt, & Vaidyanath, 2002) attracting diverse approaches from scholars (e.g. Doz & Hamel, 1998; Gulati & Zajac, 2001; Mohr & Spekman, 1994; Ring & van de Ven, 1994). This study is specifically concerned with the effect of culture on International Joint Ventures (IJVs): a type of strategic alliance involving two or more organizations from different nations who cooperate to form a new organization separate from, but owned by the parent companies (Johnson, Cullen, & Sakano, 1996). Cultural studies in IJV literature include the effect of organizational culture on negotiating styles in German–Japanese IJVs (Mary & Salk, 2000); the interaction of organizational and national

<sup>☆</sup> The authors acknowledge the valuable advice of Peter Morgan, Reader in Quantitative Analysis at Cardiff University.

\* Corresponding author at: Cardiff Business School, Cardiff University, Aberconway Building, Colum Drive, Cardiff, Wales, UK.

E-mail addresses: elena\_kobernyuk@hotmail.com (E. Kobernyuk), david.stiles@canterbury.ac.nz (D. Stiles), ellsonjt@cardiff.ac.uk (T. Ellson).

cultures in Indian IJVs (Pothukuchi et al., 2002); and organizational cultures in cross-sector IJVs (Bach & Whitehill, 2008). Many researchers allude to the importance of cultural congruence between alliance partners and report organizational culture as one of the most important factors in alliance performance (Gancel et al., 2002; Sirmon & Lane, 2004) because different partner cultures can impair performance of alliances. Others consider factors associated with alliance success and dissolution (Elangovan & Shapiro, 1998; Mohr & Spekman, 1994).

A research gap exists in explaining how organizational cultures influence the success of International Joint Ventures (IJVs) and the importance of fit within a *transitional economy*: a particular form of emerging economy where the country is in process of economic liberalization from a command economy (Arnold & Quelch, 1998). Few research studies have been conducted to explore Russian business culture. Some studies describe Russian managers as collectivistic with high power distance, high levels of femininity and uncertainty avoidance (for example, Elenkov, 1997, 1998); and management in Russia is said to be characterized by a high degree of political influence (Elenkov, 1998) with values dependent on location and, for example, people living in large cities tending to display similar values to those of the West (Salmi & Sharafutdinova, 2008).

This study focuses on IJVs between local and non-Russian companies in a context involving rapid change in markets and regulations. The next section expands the notion of alternative strategic approaches in emerging economies and elucidates the strategy-as-practice conceptualization of culture. The paper then outlines a research design that integrates quantitative and qualitative methods followed by a results section that explores the influence and role of organizational culture on IJV success. Finally, a discussion offers insights to both scholars and management practitioners.

## 2. Background

### 2.1. Emerging economies

Emerging countries have become attractive to many multinational companies as a result of potential rapid growth, size of market and limited local competition (Hoskisson, Eden, Lau, & Wright, 2000). Alternative strategic approaches are required to enter and operate in such markets (London & Hart, 2004) because companies face a 'high velocity' environment (Wright, Filatotchev, Hoskisson, & Peng, 2005) with challenges arising from institutional voids (Ricart, Enright, Ghemawat, Hart, & Khanna, 2004) that occur in product, capital, labor markets, and government regulations (Khanna & Palepu, 1997). Underdeveloped communication infrastructures (Khanna & Palepu, 1997) and distribution systems (Ennew, Filatotchev, Wright, & Buck, 1993) lead to slow communications and poor knowledge sharing in organizations (Ndou, 2004). The absence of necessary databases and research services has an impact on managerial decision making (Morden, 1999), with a low level of innovation on account of problems with venture capital and bank loans (MacMillan, Roberts, Livada, & Wang, 2008).

High degrees of political influence on business and the lack of strong legal frameworks allow opportunism, bribery and corruption to distort investment plans (Doh, Rodriguez, Uhlenbruck, Collins, & Eden, 2003). Many companies attempt to offset the costs of corruption and bureaucracy through entry modes such as an IJV (Doh et al., 2003); which also provides access to local networks, improves learning about new markets (Pralhad & Lieberthal, 1998), helps brand development and the establishment of distribution systems (Arnold & Quelch, 1998). Russia as one of the world's largest transitional economies offers huge potential resources and apparent opportunities to Western firms. Many organizations are under pressure to transform rapidly and managers are rethinking roles and repertoires. While shifting from a more 'political' to a more 'economic' orientation, managers are adopting different rationalities, identities and behaviors (Hollinshead & Maclean, 2007). Researchers therefore have to review their understanding of organizational change

in such environments (Hollinshead & Maclean, 2007; Soulsby & Clark, 2007) and explain emerging patterns.

### 2.2. Values and practices

Many studies identify IJVs as high-risk (Ozorhon, Dikmen, & Birgonul, 2007; Young, Hamill, Wheeler, & Davies, 1989) with half failing through the inability to achieve strategic goals and the resulting destruction of value (Lowen & Pope, 2008; Reuer, 2004). Conflict may arise through cultural differences between partners because culture shapes the behavior of alliance managers (Das & Kumar, 2010) and dramatically different philosophies, styles, and values may result in culture clash or poor fit". Cultural differences play a vital role (Lorange, Roos, & Bronn, 1992) in determining IJV success through commitment, interdependence, coordination, trust, communication and conflict resolution (Mohr & Spekman, 1994). A major challenge for partners from different countries is communication behavior including authority, reporting, and decision-making styles (Butler, 2010). For example, managers from collectivist cultures tend to seek more interaction and involvement in managing, while managers from individualistic cultures prefer centralized decision-making (Hofstede, 1991).

Artifacts are the most visible level of culture and may include technology, art and behavior patterns (Schein, 1992). Many management studies on culture rely on a values-only operationalization of culture based on the work of Hofstede (1991) (for example, Baskerville, 2003; Yan & Hunt, 2005). Here, national cultural values are singled-out as important in influencing how organizations work based on five dimensions: individualism versus collectivism, power distance, uncertainty avoidance, masculinity vs. femininity, and short- versus long-term orientation (Hofstede, 1991).

However, Hofstede (1991) acknowledges that the inclusion of emerging economies could influence these five dimensions (countries from the former USSR and Soviet bloc countries are currently excluded); and critics have noted that Hofstede's sample used only IBM employees and ignores interaction effects between national, organizational and professional cultures (Merritt, 2005). Accordingly, the study does not focus only national values, but also identifies organizational practices. A recent 'practice turn' in contemporary social theory provides a basis for integrating values and practices in cultural studies, emphasizing how wider social fields or systems define the everyday activities of individuals and organizations (Schatzki, 2005). A strategy-as-practice perspective focuses on what people actually do when engaging in strategy praxis – all the activities involved in the formulation and implementation of organizational strategy, including traditions, norms and procedures for thinking, acting and using strategic 'things' such as plans and tools (Whittington, 2006). Micro and macro strategy contexts are inter-related in complex ways (Jarzabkowski & Spee, 2009), meaning a distinct separation between national, organizational and sub-cultural values is artificial. Practices reflect the embedded values and norms of an organization and wider society (Meirovich, 2010; van den Berg & Wilderom, 2004), so cultural differences reside in practices and values (Hofstede, 1991; van den Berg & Wilderom, 2004). Values may predict and explain behavior and practices yet may differ from practices visible to an observer (Trafimow, Clayton, Sheeran, Darwish, & Brown, 2010) with the cultural meaning of practices residing in the way they are perceived by insiders (Hofstede, Neuijen, Ohayv, & Sanders, 1990).

A modified form of Schwartz's (1994) values framework was combined with a practices-oriented cultural questionnaire developed by van Muijen et al. (1999) to provide an holistic means of identifying both organizational values and practices. Schwartz's approach is widely used in measuring cultural distance of managers (Illes & Reiter-Palmon, 2007; Ralston, Holt, Terpstra, & Kai-Cheng, 2008), employees (Rice, 2006), and consumers (Doran, 2009; Wang, Dou, & Zhou, 2008). Van Muijen et al.'s (1999) framework focuses on uncovering the degree to which an organization is orientated towards practices involving people

متن کامل مقاله

دریافت فوری ←

**ISI**Articles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات