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Version December 2009

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EDITORIAL: THE ROLE OF CULTURE AT DIFFERENT LEVELS OF ANALYSIS

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The past few decades have seen a tremendous growth in work patterns that involve social actors from different cultural backgrounds interacting with one another, as shown by the increase in number and forms of international staff (Collings, Scullion, & Morley, 2007) or the rise in the formation of international joint ventures (Pothukuchi, Damanpour, Choi, Chen, & Park, 2002). Even actors whose scope of activity is limited to a domestic context are likely to be exposed to foreign cultures as they collaborate with co-workers, partners, suppliers and clients from different ethnic and cultural origins. Although research at the interface between the domestic and international context is still relatively scarce, for example as illustrated by the limited attention that local nationals have received in international assignment research (Toh & DeNisi, 2007; Vance, Vaiman, & Andersen, 2009), scholars widely agree that culture transcends and thus forms an integral part of many aspects in business.

One stream of research has explored the multiple layers that constitute culture and that differ in terms of their degree of tangibility and visibility, distinguishing between observable artifacts and behaviors, deeper-level values and basic assumptions (e.g., Schein, 1992). In this vein, existing cross-cultural research has mainly conceptualized culture as a system of shared,

underlying values that explain (Hofstede, 1980; Schwartz, 1994) but may also potentially vary from (House, Hanges, Javidan, Dorfman, & Gupta, 2004) behavioral practices. Another debate has centered on the multiple levels at which culture has been conceptualized to operate (Chao, 2000; Leung, Bhagat, Buchan, Erez, & Gibson, 2005). It has been common to consider a hierarchy of levels in which lower levels are nested within higher levels, for example an individual working in a team that forms part of an organization that, in turn, operates in a specific national market. However, these scholars increasingly also point to the cross-level effects that occur when changes at one cultural level influence and reshape other levels.

Although the resulting implications are highly relevant to the understanding of cultural phenomena at large, levels issues in cross-cultural research have thus far focused mainly on the different levels at which *national* culture influences behavioral *outcomes*, broadly distinguishing between individual-, group-, and organization-level effects. In this respect, national culture has been shown to have both direct and moderated effects on a wide range of individual and interpersonal attitudes, cognitions and behaviors (Tsui, Nifadkar, & Ou, 2007), impact on team processes (Gelfand, Erez, & Aycan, 2007) and influence various organizational systems, structures and practices, including capital structure (Chui, Lloyd, & Kwok, 2002) and foreign direct investment decisions (for a critical review see Shenkar, Luo, & Yeheskel, 2008). However, research that explicitly conceptualizes and measures culture at the level at which its outcomes are investigated is still scarce (Schaffer & Riordan, 2003). Finally, building on the increasingly criticized but still widely applied practice of using nation as a proxy for culture, recent research has also called for a more holistic examination of contextual differences in international and cross-cultural research. Such polycontextualization (Tsui et al., 2007; Von Glinow, Shapiro, & Brett, 2004) considers cultural factors as only one of many determinants of national differences. Implicit to this argument is the notion that polycontextualization not only applies to the national

level but can also be translated to other levels at which cultural effects co-exist with other contextual factors.

What is evident from the previous discussion is that viewing the concept of culture as a catch-all phrase risks disguising important mechanisms through which culture may affect and shape different behaviors, attitudes, cognitions, processes, practices and systems and how these influences may be potentially interrelated. A necessary first step to disentangle these complexities is to explicitly juxtapose the different levels at which culture has been conceptualized to impact on various outcomes. The contributions in this special issue of the *International Journal of Cross Cultural Management* have therefore been selected to reflect perspectives to the study of culture at the individual, group and organizational levels of analysis, with each level being represented by two respective articles. All articles were presented at the EIASM Workshops on International Strategy and Cross Cultural Management hosted by Koç University in Istanbul (September 2007) and IESE Business School in Barcelona (September 2008).

The first two articles in this forum primarily concentrate on the individual level of analysis. In their multi-country study of graduate engineering students, Caligiuri, Colakoglu, Cerdin and Kim investigate predictors of employer reputation as an indicator of organizational attraction. To that end, the paper contributes to the recent discussion of how organizations can best attract and retain top talent in the light of growing shortages of highly-skilled staff. Key to their analysis is the argument that differences in individuals' perceived employer reputation are influenced by sets of factors that operate at different levels of analysis: the national culture-level syndromes of individualism-collectivism and verticalness-horizontalness (power distance), as well as individual-level needs for power and achievement. Caligiuri et al. begin by arguing that graduate engineering students in collectivist and vertical societies will attach relatively greater importance to employer reputation as the organization may serve as a salient source of in-group

membership and status. Similarly, they assert that graduate engineering students' individual needs for power and achievement will positively relate to employer reputation as this perceived organizational trait may entail the prospect of gaining individual social status and being provided with challenging tasks on a continuous basis. To test their theoretical arguments, the authors draw on a sample of 3,978 graduate students from nine countries, matched by age group and university degree. The results support the distinct effect of both individual needs-related effects on employer reputation whereas they only found support for the hypothesized positive relationship between collectivism, but not power distance, and employer reputation. Caligiuri et al. attribute this finding to the partial overlap between the two cultural value dimensions being considered. They conclude that organizations may need to refine their recruitment messages not only to the individual candidate but also to the cultural norms prevalent in the context they are hiring.

The issue of attracting and retaining key talent also features prominently in the second article by Lee, Reiche and Song. This conceptual piece examines the social dynamics that determine how organizational newcomers achieve higher levels of fit with their job and their organization, drawing on and integrating the social capital and person-environment fit literatures. In particular, Lee et al. differentiate between two key processes in the development of newcomer fit. First, they contend that organizational newcomers' initial fit with both their direct supervisor and their immediate work group can be leveraged to develop structural social capital, conceptualized as social interaction ties, and relational social capital, defined as interpersonal trust, in the wider organization. To develop these arguments, the authors build on theoretical mechanisms such as similarity-attraction phenomena, signaling, and leader-member exchange theory. Second, Lee et al. also propose that newcomers will be able to exercise this structural and relational social capital to achieve fit with their job and the organization at large, extending arguments from the information processing, trust and organizational socialization literatures.

Subsequently, the authors investigate how these social dynamics may vary across cultures, echoing Caligiuri et al.'s focus on the cultural values of individualism-collectivism and power distance, but treating them as moderating rather than direct effects. For example, they argue that the importance of in-group membership in collectivist societies is likely to weaken the impact of newcomers' fit with their immediate work group on the building of social capital in the wider organization because collectivist work group norms will implicitly reward activities related to maintaining relationships within while discouraging interactions outside the group. According to the authors, the development of detailed propositions regarding the assumed effect of cultural values on the development of social capital and person-job/person-organization fit addresses the call for more a priori theorizing in cross-cultural research and should advance our culture-sensitive understanding of these social phenomena.

In the first of two team-level contributions, Hajro and Pudelko investigate multinational teams (MNTs), in particular the competencies team leaders need to possess in order to lead their teams successfully. Their qualitative study is based on problem-centred, in-depth interviews with 38 MNT leaders and 32 MNT members from five companies. Results suggest that effective team leadership is one of the most significant factors for the success of MNTs. According to the interviewees by far the most important MNT leader competence is knowledge management and transfer. MNTs play a central role in the knowledge creation process of MNCs and MNT team leaders act as a communication interface between the team and its environment. As further major competencies the following were, among others, identified and described in detail: cross-cultural awareness, motivational skills, knowledge of foreign languages and the ability to facilitate the transfer of the HQ organisational culture to foreign subsidiaries. Given their multiple case study approach, Hajro and Pudelko were able to carefully tease out and analyse organisational particularities. Based on their comparative findings, they could establish the importance of the

overall organisational context for effective team leadership. Furthermore, the authors propose that

MNT leaders must have a strong institutional support in order to facilitate team success and the

freedom to promote a team culture which is taking the team members' cultural differences into

consideration. By contrast, an ethnocentric and HQ-based organisational culture is described as

detrimental to the MNT leaders' ability to obtain positive team results. In conclusion, Hajro and

Pudelko identify six specific recommendations for the development of successful MNT leaders.

Nielsen and Nielsen also take a predominantly group-level perspective to answer the

question why firms employ foreigners on their top management teams (TMT). According to

them, an increasing number of organizations are hiring foreign top executives, yet research has so

far provided little compelling evidence concerning the likely rationale for this choice. To that

end, this contribution focuses more broadly on nation- rather than culture-specific factors related

to TMT members' backgrounds. To address their research question, Nielsen and Nielsen offer

three distinct theoretical explanations for the deliberate selection of foreign executives.

According to strategic fit theory, the hiring of foreign executives can be considered as a process

of matching particular managerial expertise and nation-specific knowledge to a firm's strategy of

successful international market penetration whereas human capital theory would hold that the

hiring of foreign executives may simply reflect their superior qualifications compared to local

candidates. Finally, the attraction-selection-attrition framework suggests that organizations

engage in homo-social reproduction for filling key position and that the hiring of foreign TMT

members would be a result of previous participation of foreigners on the board. Based on a

sample of 143 Swiss publicly listed firms with a total of 905 TMT members and the use of multi-

level data analysis techniques, the authors find predominant support for strategic fit and

attraction-selection-attrition arguments, demonstrating that the degree of international firm

diversification as well as both board national diversity and TMT international experience

positively relate to the likelihood of having foreign TMT members. As Nielsen and Nielsen conclude, these findings particularly highlight the role of team- and firm-level rather than individual-level antecedents for the selection of TMT members.

Voisey explores the evolution of 'hybrid identity' through a 15-year longitudinal field case study in a Japanese subsidiary in the U.S.A. Much has been written about the importance of corporate culture (Deal and Kennedy, 2000); about transnational corporations and their internal tensions when reconciling corporate and local perspectives (Bartlett and Ghoshal, 2002); and also about the need for effective knowledge transfer within multinational head quarters and their subsidiaries (Monteiro et al. 2008). Surprisingly little, though, is known about how companies manage subsidiary cultures, which must inevitably reflect some compromise between corporate perspectives and local values. This can be a pressing managerial issue when entering any new, culturally distinctive international market: for example Nissan, entering Britain, immediately embarked on establishing a novel distinctive subsidiary culture, blending Japanese and Western values. How therefore are such 'hybrid' subsidiary identities actually created? How do they evolve over time and what managerial issues are entailed? Voisey's recent and topical case depicts the enormous amount of 'identity' work, contributing to the successful emergence of such 'hybrid' organizational cultures. In his case study, three markedly distinctive phases of organizational evolution emerge. The classic Japanese 'way of doing business' uncovered in the first phase, ultimately passes through a second transitional phase, until in the final phase all 'that [which subsidiary executives experienced in the first phase] has now totally gone away'! Voisey argues that such identity issues are fundamental to how such organizational members enact their environments, and then develop crucial competences integrating knowledge, strategy and structure. This novel approach contributes an understanding of how such cross-cultural organizations formulate their new identities and subsequently evolve.

The final contribution to this forum by Carr and Bateman examines the world's top family firms, comparing their performances against matched non-family peers and offering a new cross-cultural perspective. The fairly recent surge of research into family firms has been hugely under-represented in top international business journals (Chrisman et al. 2008). Yet as we move outside the U.S.A. family businesses become increasingly prevalent, particularly in many emerging markets. In terms of our debates on cross-cultural management, it is also noticeable that continuing divergences in managerial practices tend to be greater for family businesses as compared with corporate forms (Carr 2005, Carr and Pudelko 2006). Carr and Bateman re-appraise a so-far inconclusive performance debate, by introducing worldwide rather than single country data and analysis of different regions and cultures. Does not culture matter here? Their worldwide data leads to the surprising conclusion that family rather than non-family businesses have actually performed better over the last 20 years. Yet results for just America or Europe examined in isolation remain relatively neutral; what changes the balance worldwide is that in Asia and also in low-trust cultures family firms do particularly well in comparison to non-family firms. We can no longer assume that such research in single country studies, either in the U.S.A. or in Europe, will necessarily apply worldwide. Rather it would appear that culture really does matter, in altering that fine balance of advantage as between such different forms of organization.

This special issue has been designed to integrate the study of culture at various levels of analysis. However, we acknowledge that partitioning cultural research into different levels may generate partially true yet incomplete pictures of the complex interdependencies that shape culture and exert their influence on the behavior of social actors (Chao, 2000). To that end, we hope that the contributions in this special issue will also encourage future research to more explicitly integrate multiple levels of analysis and, in doing so, advance our understanding of the role of culture in the field of management and organization studies.

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