



EFFECTS OF CULTURAL SPACE ON INTERNATIONAL BUSINESS INTERACTIONS

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ABSTRACT

This paper's main purpose revisits the traditional vision of a cultural approach to international management, and hence proposes some new insights with regard to the present context of transforming societies. Starting from the examination of cultural distance paradoxical effects, we show that both Hofstede's (1980) ideological perspective and Kogut and Singh's (1988) mathematical conceptualization cannot fully explain intercultural interactions. Hofstede's methodology will be discussed to point out some fallacies and how to overcome them; apart from the (ir)relevance of individualism and masculinity indexes, we argue that cultural distance must be regarded entirely independent from uncertainty avoidance. Besides, we suggest that Kogut and Singh's mathematical index is inadequate unless some key properties are included in the construction of such the index. We suggest that temporal instability, asymmetry, intra-country heterogeneity, and transitivity of cultural distances are useful in understanding the process of sociocultural adjustment.

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1. INTRODUCTION

Reviewing the concept of cultural adjustment within international business studies with respect to a new approach to national culture's dimensions and cultural distance's properties and effects, this paper revisits the traditional cultural approach to international business management (IBM) to relieve some major fallacies and hence propose some new insights with regard to the present context of transforming societies resulting from the globalization process. The position we will be taking in this paper is to tie the problem of complexity with globalization process in the only purpose to focus on the consequences of such process and specifically to remediate to all

homogeneity- based globalization strategies encouraged by partisans of globalization and still adopted by multinational companies. We attempt to provide a more encompassing definition of the international environment, i.e. the international economic space where interactions are held, but certainly not as the place where attributes of exchanges between actors are adjusted until all individual decisions are mutually compatible, in such way we can benefit from a less restrictive hypothesis approach that a globalized world is strengthening meanwhile. It stands to reason that without distance, every being will be dissolved into something common and thereby there would be no complementarity and hence no need or benefit to exchange.

Central to our perspective will be the benefits of the cultural approach. Over the last three decades, the cultural approach has been widely at the core of the international business theory. This approach evolution contributes to other disciplines e.g. sociology, anthropology, ethnology, linguistics and psychology which enlarged the context of the application of marketing as long as the number of quantitative and qualitative empirical methods. This gave rise to both a new definition of the market and a new framework to the analysis of the role of managers in the mechanisms of decision-making, strategic growth and internationalization, organizational coordination and dynamism and so forth.

The cultural approach has been remarkably boosted by Hofstede's (1980) idea of cultural distance (CD). Besides, Kogut and Singh's (1988) seminal work has given further legitimacy to Hofstede's perspective by translating his uni-dimensional cultural scores into genuine CD measures. Since then on, both methodology and results have been exclusively explored and utilized in almost all inter- and cross-cultural studies. Although widely recognized, this did not prevent scholars from criticizing such 'traditional vision' whether explicitly (Lynn et al., 1993; Shenkar, 2001; McSweeney, 2002) or implicitly (Yang, 1989; O'Grady and Lane, 1996).

From this perspective, and starting from paradoxical empirical results concerning the choice of foreign markets entry mode, we provide a critical analysis of this approach proving its disability to endure cultural studies contributions. Our critics will be imputed principally to both Hofstede's ideology and Kogut and Singh's mathematical conception of CD. The actualized cultural approach that we propose throughout our discussion will be then exploited to clarify how certain cultural dimensions evolve across time and space and accordingly how they do shape the strategic and organizational behavior of firms, mainly when it comes to deal with the process of the growth of firms.

To do so, we focus on both Hofstede's (1980) and Kogut and Singh's (1988) seminal contributions, respectively relative to national culture's dimensions and cultural distance measurement. Hofstede's seminal work lacks external validity since no argument was advanced to ensure the representativity of IBM employees with regard to their respective nations. Besides, Hofstede's dimensions were too occidental to the extent that Yang (1989) uses *naïve* to qualify Hofstede's perspective, aiming accordingly that it is indeed unable to involve or to explain many specific features that characterize Eastern (Asian) cultures.

Hence, we firstly provide a new conceptualization of national culture' that we build based on ethnic, religious and linguistic considerations. We argue that these three components provide people with profound incentives as long as they do constraint them at the same time. Still, all over the world, there are struggles and fights for the recognition of these dimensions as the architecture of human beings, their knowledge, behavior, interaction and practices.

Secondly, on the contrary to Kogut and Singh's index, we argue that empirical studies can be more fruitful by rejecting the simplicity conveyed through a euclidian vision to cultural distances; their effects seem more complex than what has been previously assumed.

We suggest that such distances must obey some key properties, specifically asymmetry, intra-country heterogeneity, transitivity and instability over time. We show how these properties can enlighten our understanding of international interactions and the process of mutual adjustment.

Regarding Kogut and Singh's conceptualization, CD is implicitly assumed to be constant. If Shenkar (2001) claimed that cultures change over time, and it is true, we can't however predict exactly the direction of CD evolution over time. Two mechanisms (with contradictory effects) can be mentioned: the first pertains to the traditional assimilation model according to which some cultures will tend to converge to others; the second refers to migration movements which have generated intensive contacts between cultural groups and consequently strengthened the value of cultural membership among individuals, i.e., continuous changing in cultural identities as long as continually evolving over time both at the aggregate level, i.e., the identity of a specific cultural group, and at the individual level, i.e., the strength of membership or identification with a particular group (Dougals and Craig, 1997). Asymmetry, which O'Grady and Lane (1996) qualify as a 'paradox', is - in our position - a natural aspect of cross-cultural and intercultural interactions, for these latter refer systematically to a certain process of cultural adjustment.

Since these adjustments are carried out based on one's values under constraint to values with which he's confronted - and since these values are different, then respective adjustments would be divergent and hence asymmetric. At this level, Adler and Graham (1989), point out that the lack of American adaptation was consistent with acculturation theory where the Japanese should tend to make more adjustment due to their history of dependence on the American economy in a more general perspective, by analogy to Frankel and Wei's (1993) gravitational economic model, we can draw a cultural gravitational one where we explicit asymmetry as a source of asymmetric behavior and more largely as a source of imperfect competition within and between organizations.

Thirdly, Nadler (1979) suggested that almost any international experience must be cross-cultural, but it is also possible to have a cross-cultural experience without leaving one's own country. Even if the concept Market/Country is a persisting reality, a more rigorous analysis of intercultural interactions should be based on cultural affiliation rather than on nationality membership. Problems faced at the intra-national level must be thus treated with the same care as those discussed on an international level. Through CD transitivity, we finally emphasize the role of organizational learning in the acquisition and improvement of knowledge about foreign markets. International relations do not escape from incremental and transitive experiences and organizations have to hold enough knowledge to enhance their capability and organizational flexibility.

This paper analyses the recent metamorphosis of international economic space through which globalization is a close system that can only lead to nowhere. We then highlight the relative relevance of cultural approach in the examination of international commercial relations, as well as those carried out at an intra-national, may present the same issues and therefore should be treated with the same care. The next is devoted to a critical review of the traditional conceptualization of the cultural approach. Lastly, we develop a new look towards the cultural approach by providing new theoretical and empirical suggestions that would enrich such a paradigm.

2. A PRELIMINARY DISCUSSION ON INTERNATIONAL ENVIRONMENT

Since the early 1980's, the international environment has been the scene of diverse deep changes in which consequences have transformed the overall framework of international commercial relationships. The world economy is already globalized as more and more political reforms are enhancing a radically-new international environment. Globalization process is already considered as the major catalyst in transforming contemporary society, for it refers to all aspects of our daily life and since, furthermore, no individual could miss its influences.

Current observers of international business suggest indeed that the present environment poses important challenges on business organizations in the form of rapid changes in technologies and global markets (Levinthal, 2003). Furthermore, these shifts must be added to those relative to deregulation and liberalization in world trade. The elimination of geographic frontiers in the sense of abolition of trade barriers following the GATT, WTO and OECD agreements - has led to a global environment where both national and regional influences have been almost neglected, but not annihilated yet. Besides, unsuccessful international strategic alliances as long as the unstoppable waves of disinvestment were abundantly explained either by the hostility and variability of financial markets or by the veto of trade commissions. Everything seems to be material...all too material.

"Are we not approaching a point of bifurcation involving fundamental aspects of our societies?" asks Prigogine (2003), and who adds that we do, and we are living uncertainty" in a particularly intense fashion, as long as the uncertainty introduced by globalization seems increasingly inevitable.

On the other hand, the ex-president of the European Commission, Romano Prodi notices that when we use the word globalization we are affirming a specific vision of the world in which nation-states, with their deep and often ancient cultural roots, whether they want to or not, exercise increasingly limited control on their destinies. Except few, such nations, be they big or small, are regarded as passive elements in the globalization process.

Consumers too are in a worse position since they are presumed to converge toward a representative agent' regardless of their socio-historical backgrounds nor its spatiotemporal evolutionary nature. Only companies are supposed to be active, if not to say re-active We had already passed through a phase where the propaganda for globalization seemed to work as a stock market conveying a whole range of illusions.

Since we did overtake this phase, meanwhile in the favor of a disappointment stage in face of which, we are approaching a new one and on this account, we should prepare and work out the necessary means to put the problem right.

We suggest that globalization cannot lead to a higher degree of integration of the world economy, for it was simply an insidious choice claiming for global and moral well being and happiness. When Levy-Livermore (1998) suggests that such process "is stimulated and fuelled by the inclination of individuals and societies to explore a large set of possibilities in the pursuit of well being and happiness", we retort by clarifying that these same individuals and societies did never take part in carrying out this process and are still bowing face to all global decisions made in this context. Besides, how can we pretend to seek somebody's happiness when he does not play a major role in producing it.

Moreover, globalization is prejudicious as long as the pace it all recent macroeconomic reforms exceeds the pace at which individuals and organizations can adopt appropriate behaviors and

strategies (White and Linden, 2002), even if those organizations can survive by exploring their potential otherwise.

Whatever might be the recognition one shall concede to the economic spirit upon which globalization is founded this very spirit that had never been embarrassed by its teachings. We should find out how to stop the praises that still keep on welcoming it. For instance, the elimination of geographic frontiers did not annihilate their preexisting effects nor the existence of other types of boundaries. In particular, the only distances that survived sparkly over all these macroeconomic reforms are sociocultural distances.

Neglected by globalization, a whole set of barriers - with major importance to international management - is rooted in sociocultural variables which impact divides the 'small village into different blocks and people into heterogeneous sub-groups sharing different historical backgrounds and cultural systems.

Furthermore, to understand the differences between domestic and global management it is inevitable to investigate, on the one hand, how national cultures vary all over the world, between countries as well as inside one single country, and on the other, how they influence inter-organizational interactions.

Although it may inspire an obsession with leveling or extinction in the crowd, a more thermodynamic world is unquestionably needed. Still, we have to split up with a naive plea for homogeneity. Beyond any will for conservatism, introducing a 'natural' order comes to introduce distinction, to divide the world into antagonist entities. It is also equivalent to delimitate frontiers between groups to enhance their specific singular identities.

At an inter-group level, Bourdieu (1979) suggests that the institutionalization of distance, i.e., its registration in the durable and tough reality of things and institutions, is coherent with its corporation which is the easiest and a more certain way for restoring naturalization. A thermodynamic world, suggests Bourdieu, refers also to a physicalist perspective where distinctiveness and distances are generative of energy, creative energy, that denounces what opposes to distinction as entropy, and allows to prevent us from falling in the trap of homogeneity, conformism, indifference (whether being differentiated or indifferent).

A natural distinction cannot be extracted from what Bourdieu calls "*une absolutisation de la différence*". For it is predominantly unnatural, homogeneity was never a plausible, nor a fruitful assumption upon which we can build a robust perspective that could allow us to apprehend the sociocognitive structure of interactions as well as their outcomes.

3. FROM GLOBALIZATION TO CULTURAL APPROACH

One of the crucial problems that firms face, when defining their marketing strategies, concerns making decisions according to the dilemma adaptation/standardization. That is adapting their products and managerial techniques to foreign markets specific characteristics or in the opposite standardize them. This latter alternative is essentially justified by the quest for experience effects, under their triple form of the economic scale, learning and technological development. Standardization relies basically on the globalization of supply and on diverse opportunities that may be presented to firms in practice, which consequently invite them to work out their comparative advantages over the global market, a small village where both national and regional influences have

been alas almost neglected. As repercussions, we could observe in practice, to a certain degree, universal domination of some managerial techniques and processes resting on the standardization of communication and production technologies and their transfer modes, under the tacit assumption of consumer preferences homogeneity, as claimed by Levitt (1983)

However, on the contrary to what might appear, geographical frontiers elimination did not annihilate their preexisting effects nor the existence of other distances. Neglected by globalization, a whole set of barriers, of absolute importance to (international) management, takes its origin from sociocultural variables, dividing the world into many regions, and people into many sub-groups sharing different historical backgrounds and cultural systems. International business complexity appears then deeply rooted in cultural diversity characterizing both organizational and operational components of cultures shared by diverse economic and organizational actors (Adler, 1994)

The cultural approach states that countries vary systematically according to their socio-cultural characteristics. Therefore, the way cooperative strategies (i.e, choice of entry mode, post-implementation organization and governance...) are planned is closely dependent on socio-cultural values, attitudes and perceptions that managers share and find out within their environmental backgrounds. In other words, because managers are in part a product of their societies, it is relatively evident they would behave in the firm as if they were acting in society. To Nonaka and Takeuchi's position, they would just externalize and socialize what they have already interiorized and found out within their closer sociocultural context.

Compared to globalization, the starting point of the cultural approach rests on the necessity of adopting an adaptive behavior depending on cultural differences separating managers from each other. It is ruining to extend intra-cultural managerial behavior into intercultural contexts. These latter seem to be largely different and more difficult to manage than the former: intercultural relations, as in the case of negotiations, imply that both processes and outcomes would be affected in a negative way (Adler and Graham, 1989). Hence, to be successful under the double constraint of cultural difference and diversity, firms are obliged to improve their knowledge on markets they tend to enter, through adaptive management based on specific variables related to those markets (Moran and Xardel, 1994).

Briefly, every internationalization process inflicts a less or more elaborated cultural management ranging from adaptation minima to a radically cultural. After all, what firms would expend in extra, by developing a diverse market per market strategies, will be recuperated on every foreign market by avoiding consequences of vague and misappropriate global strategies.

However, while Terpstra and Sarathy (1991) affirm that only non-economic factors can give significant explanations to economic phenomena, it is incorrect to pretend that everything is cultural. For instance, it is difficult to make sure that managers refer constantly to their cultural values at work as long as we expect that the degree of attachment to cultural values differs according to the cultural context level, as proved empirically by Ralston (1997) in the case of negotiations involving Chinese and American managers.

At this level, the manager's behavior at work follows very likely the assumption of cross-vergence where final decisions are driven by a mixture of economic and cultural ideologies. Besides, we can expect that the importance of cultural variables is less or more reduced by technological attributes whether of the product, of commercialization techniques or to the market competition structure. Hence, the systematic linear relationship between cultural variables and their

presupposed outcomes needs to be revised.

Above all, cultural approach richness can be also illustrated at the empirical level, either in terms of fields of studies or in terms of techniques being used. A large part of these studies have focused on determining cultural variables effects: on managing international negotiations (Adler and Graham, 1989; Baird et al., 1990; Rao and Schmidt, 1996; Ralston et al, 1997; George et al., 1998), on administ rating and coordinating multi-cultural groups at work (Adler, 1994; Thomas and Peyretitte, 1996; Smith, 1997), on planning market segmentation strategies, mainly under an ethnic perspective (Hirschman, 1985; Schaninger et al., 1985; Belk, 1988; Askegaard and Masden, 1995), on multinational firms performance (OGrady and Lane, 1996; Mejia and Palich, 1997; Morosini et al., 1998) where empirical results remain different concerning the evolution trend whether it is linear or curvilinear, although a significant relationship remains to be proved, and finally, on the impact of CD on the choice of entry mode on foreign markets (Kogut and Singh, 1988; Erramilli, 1990; Benito and Gripsrud, 1992; Erramilli, 1996; Brouthers and Brouthers, 2001), though without achieving the same results and conclusions, leading to a great confusion among scholars. If this partial confusion has occurred, the problem must be created whether to the conceptualization of the relationship between cultural variables and their outcomes or second to the statistical manipulation of the variables included in both models of entry mode choice and performance analysis and/or interpretation of values obtained in the study.

It is clear that through this brief examination, the measuring of such a multi-dimensional concept is not an easy task. In keeping with Mayrhofer (2000), we believe that the concept of national content needs to be clarified to determine the relevance of different factors since it seems that only uncertainty avoidance (UA), taken apart, can provide relevant results, though still ambiguous.

4. ON THE NATURE OF CD EFFECTS

Empirically, results remain different and contradictory indeed. While Erramilli (1996) found no significant relationship between CD and entry mode, other scholars (Kogut and Singh, 1988; Kim and Hwang, 1992; Erramilli and Rao, 1990) argue that high CD is related to cooperative entry mode, i.e., joint ventures. High CD is supposed to incite firms to reduce their resource commitments and then to delegate some responsibilities to their local partners. This permits firms to reduce their entry costs one hand, and benefit on the other hand from partners' knowledge of the particular cultural/economic context without wondering very consequent opportunistic attitudes. On the opposite, other scholars (Padmanabhan and Cho, 1996; Anand and Delios, 1997) suggested that as long as CD increases more control is preferred; wholly-owned entries were associated with high CD. It is argued that firms tend in such cases to reduce transaction costs, including political stability, financial volatility apart from increasing costs or negotiations and post-implementation coordination. See Mayrhofer (2000) for a comparison and a literature review of empirical studies dealing with { dimensions to } national context and entry mode choice.

4.1 ON CD EFFECTS SIMULTANEITY

Traditional cultural studies used to consider a given effect of CD excluding at the same time (the possibility of occurrence of) other conflictual ones. In our thoughts, the CD does rather generate two simultaneous and contradictory consequences, i.e., two entry mode possibilities. First,

the more a foreign market is culturally distant, the more its sociocultural variables are different from those faced amid the market of origin. Consequently, firms will be unable to manage them efficiently unless they would be supported, if not to say rescued, by a local partner; this latter appears better placed to negotiate local cultural complexity. Thus, firms will be better if they give more responsibilities and incentives to their partners, implied they would enter cooperatively by a joint venture. In parallel, the more CD increases, the more cultural values of the two partners are different. At this level, three arguments can be settled in favor of entry by wholly acquisition. Cultural differences would first enhance the probability of administrative miss-functioning and organizational disturbances. Furthermore, this strengthens the probability of the emergence of opportunistic behavior. Under an industrial Economics framework, a multinational firm/local partner relationship can be seen as a vertical chain where everyone's share of profits (as long as total joint profits) depends on his strategic position inside the integrated firm. De facto, knowledge about local socio-cultural variables will be a genuine motivation for the local partner to utilize it unilaterally to increase his part of profits; accordingly, firms will tend to have more control over their subsidiaries. It is finally suggested that costs of enforcing a cooperative agreement contract are often greater than the costs of direct control that consequently discourages firms to invest cooperatively (Erramilli and Rao, 1990).

Now the question is to determine which factors do condition managers' final choice in the presence of simultaneity of CD effects. That is how will they operate their marketing adjustments and slice between these two eventual choices.

4.2 SPLITTING UA FROM CD

Under the cultural approach, a key issue rests on the way cultural values would influence managers' perceptions of investment risk |IR| involved in the evaluation of costs related to foreign investments and entry; it does not refer as it might be imagined to the level of risk itself. For instance, the problem in Brouthers and Brouthers (2001) conceptualization is not the consistency of IR as a fundamental variable in explaining entry mode choice. Rather, it concerns its significance under a cultural framework since it does not refer to uncertainty as it is culturally proved by managers but to tangible financial, monetary, or political risks which explains eventually the fact that authors experienced a lack of statistical correlation between such indicator and Hofstede's UA. Therefore, we believe that Hofstede's UA should be maintained, but independently from CD - which needs implicitly an alternative definition of culture which we provide later in this paper. We find already in previous literature the idea of separation between Hofstede's cultural dimensions: authors (Hofstede, 1989; Ueno and Sekaran, 1992; Shane, 1994; Shane, 1995; Erramilli, 1996; Folta and Ferrier, 2000) suggests that each of the four dimensions may influence entry mode choice independently and should be then examined separately, but without any explicit or a settled mention in the favor of extracting UA from CD.

UA reveals to us how comfortable people feel towards ambiguity but should never be comprehended as the financial capacity of firms to sustain risks resulting from intercultural relations. In practice, firms belonging to high UA cultures may avoid high IR countries (or make low investment entries) while firms which ranked low tend more likely to make higher investments in high IR markets simply because they are risk-seeking. A low perceived risk, even it is financially high, will be associated with cultures that are risk-seeking; and vice versa.

To recapitulate, as nearly expressed by Brouthers and Brouthers (2001), we suggest that UA, as

a measurement of perceived IR in the target market should be seen as a regulator of CD effects on firms entry mode choice. Even if CD is traditionally supposed to generate almost the same consequences as UA, a small or high CD between two groups will not completely impede the effects of UA that may characterize one of them.

Hence, under cultural approach, the study of entry mode choice assumes the examination of two essential aspects: on one hand, specific values of each culture and on the second the degree of resemblance (or difference) between different cultures, traditionally expressed in terms of CD. The first part of the crucial question is to determine if there exists a significant link between a firm's culture of origin and its choice of foreign markets entry mode. This comes down essentially to examine managers' preferences, attitudes and perceptions every time they clash with strange situations.

In other words, this refers to their ability to recognize, manage and control perceived uncertainty inherent to intercultural relations that coincides with Hofstede's UA. Concerning the second point, it reflects the cultural gap separating partners from each other, which indicates the degree of adjustment needed to succeed in culturally distant markets and achieve a higher level of performance.

When pushing more the analysis, we believe that it is unavoidable to integrate the firm's internationalization level into the model of entry mode choice: this indicator would serve as a complementary moderator of the two previous ones. The prevailing idea behind this suggestion is to assume that the dynamics of both opportunism and firms' managerial maturity are correlated to those of internationalization and performance/profits. Two arguments can be advanced in this sense.

Firstly, the more important the level of internationalization of a firm is, the higher will be performance level, expected profits and volume of relational exchanges with local partners, which would consequently incite these latter to behave more and more opportunistically. On the opposite, when debuting their internationalization, firms do not expect financial profits; often, their optimization program translates costs minimization and safety-seeking which keeps us committed to more cooperation from local partners. This suggestion is rooted in the concept of corporate image/identity that can become a source of opportunism.

Secondly, internationalized firms (compared to less internationalized ones) do not find many difficulties in managing local cultural complexity, due to what they have already acquired as managerial techniques during previous stages of internationalization. The more firms learn about foreign markets, the more they feel comfortable and efficient when allocating their resources according to their choice of entry mode. However, internationalization should be necessarily conceived qualitatively; it is helpless to restrain internationalization to the exportation activity to the firm through quantitative indicators as some authors (Geringer et al., 1989; Gomez-Mejia and Palich, 1997; Morosini et al., 1998) did. Internationalization has to be revealed as a genuine process, closely related to the growth of the firm, where we would be able to distinguish both internal and external dynamic developments as key factors of firms' international strategies (Saad, 2001). Therefore, the level of internationalization should reflect outcomes of intercultural confrontations and related exchanges between economic agents being drive by knowledge generated by the formula "learning by doing".

Finally, it is worth mentioning that learning does not affect the whole CD but only uncertainty.

As long as uncertainty is reduced, foreign markets get more and more closer which consequently incites firms to prefer gradually wholly acquisition on the detriment of joint ventures.

In wrap-up, when debating on firms' entry mode, confusion cannot be strayed unless we integrate into the analysis all three factors set above: CD and UA separately, and the level of the internationalization of the firm. Since this separation implies a new definition of culture, then we have to bring up the drawbacks of the traditional one. In this sense, we show in the next paragraph that contradictory results can be in effect explained, to some degree, by a certain inconsistency of Hofstede's perspective and next by its mathematical conceptualization by Kogut and Singh (1988).

5. REVISITING HOFSTEDE'S PERSPECTIVE

There is no doubt that Hofstede's seminal work has been an interesting authentic contribution to (international) management. His four (now six) cultural dimensions (Power Distance, Uncertainty Avoidance, Masculinity and Individualism, Time Orientation, and Indulgence) were almost involved in all theoretical and empirical cross and intercultural studies. While it has been largely accepted among the scientific academy, Hofstede's perspective does not escape from some ideological drawbacks.

5.1 HOFSTEDE'S METHODOLOGY

Can Hofstede's results be generalized? External validity implies possibilities of extending successfully both results and causality (between variables and phenomena under study) to other situations than those observed in the experimental field. In the case of Hofstede's study, this needs necessary a minimum of representativity of the sample under experiment (IBM workers) regarding the whole group (country) to which they belong. At this level, Lynn et al. (1993) and Sweeney (2002) notice that we cannot make sure about such representativity.

Furthermore, we think that it is incorrect to gather some Arab (or African) countries under a unique homogeneous group. For instance, confusing Lebanon with Saudia Arabia assumes the refutation of wide ethnic and religious differences that do separate them. Such prejudgement does prevent us from distinguishing existing real differences. This may ease things in practice but certainly leads to a total misunderstanding of culture's consequences on intercultural interactions. Besides, working on IBM worldwide subsidiaries, Hofstede did not, a priori, take into consideration the technological influences of such sector on managers' behavior at work. It is suggested that results contradictions and low levels of their empirical rigor are very likely caused by little effort to control extraneous variation, mainly due to industry effects (Erramilli, 1996). We may expect that cultural variables influences would be inversely correlated to the technological intensity of the activity in question, which depends on the state of the alliance if it concerns R&D, marketing or manufacturing activities.

5.2 ON HOFSTEDE'S CULTURAL DIMENSIONS

The second major critic concerns the low pertinence of Hofstede's individualism and collectivism indexes, as well as time orientation or indulgence. We believe that only UA and PD are to be maintained (and have to be treated separately from CD as we stated earlier).

The major problem scholars encounter when dealing with intercultural and cross-cultural relationships consists of balking difficulties of fixing an objective framework that would explain subjective cultural behaviors heterogeneity. If an individual X studies an economic phenomenon Y,

which is to some degree, unknown for him, there will be always some X in the explanation of Y and valid information about Y remains to be proven (Hofstede, 1997; p 249); that's unfortunately what Hofstede did when he had proposed both individualism and masculinity indexes. These latter are only an extrapolation of the occidental vision to human beings. In this sense of revolution, Yang (1989) noticed: So, we recently learned how it was to use an occidental terminology, individualism-collectivism (cf. for example, Hofstede, 1980) to define relations between individuals and groups to which they belong in a Chinese cultural context.

Qualified Chinese, as collectivist, have total individual liberty to build their cultural groups (Yang, 1989). In the Confucius culture, the collective group is based on individual perceptions' the groups defined, with high precision but vaguely conceived in such a way that its frontiers seem to be delimited by everyone's ego. Besides, regarding the evolution of roles played in society and the firm, it is not adequate to qualify organizations and cultures as feminine or masculine.

In revisiting Hofstede's questionnaire, we remark that scores related to individualism and masculinity indexes were deduced from the same questions presented to interviewed workers and that Hofstede preceded by a unilateral interpretation of workers' responses. Nevertheless, though such correlation, some results were contradictory to Hofstede's theoretical expectations. We limit our discussion to Scandinavian countries and the Netherlands. These countries, among the most individualist countries, tend widely to prioritize the individual on the detriment of the group.

Management in individualist cultures refers to where subordinates find more liberty to act, to innovate, and to participate in the activity of the firm: the performance of the firm depends on the performance of each worker. On the other hand, masculinity is highly associated with preferences to decisions made individually on the detriment of group decision making: masculine management is not oriented to the others (Bollinger and Hofstede, 1987; p144). Thus, Sweden, Denmark, and the Netherlands would appear among the most masculine countries, but not as the four most feminine countries as it appeared in Hofstede's results.

6. ON KOGUT AND SINGH VISION TO CD

In this paragraph, we focus on the inadequacy of techniques used empirically to measure CD; our contribution comes up as a support to recent suggestions advanced by Shenkar (2001). In order of measurement techniques (compared to the role of theoretical hypothesis and arguments) on final results, we only expose the case of Bell et al. (1997): utilizing the same model as Erramilli (1996) and Shane (1994), the authors found, in a first stage, that CD effects were positive, but not significant, with preferences to entry through joint ventures; however, by changing these distances into a quadratic form, these effects have become curvilinear leading authors to conclude that CD effects seem to be more complex than what has been previously assumed in the literature.

6.1 ON INTRA-COUNTRY CULTURAL HETEROGENEITY

First, we allude to the fallacy of the Market/Country concept on which this euclidean distance index is based. Even if this concept is a persisting reality, more deterministic analysis of intercultural interactions should be based on cultural affiliation rather on nationality membership. In Moran and Harris (1979) "Managing Cultural Difference" preamble, Leonard Nadler noticed that: Almost any international experience must be cross-cultural but it is also possible to have a cross-cultural experience without leaving one's own country. This is true in many parts of the world and is

certainly true, especially now, of the United States.

Many countries such as USA, Canada, India, Belgium and Switzerland are characterized by great cultural diversity, resulting essentially from ethnic, religious and linguistic differences. Thus, mathematically, CD has to be built under the constraint of the following property: if we consider a country C, then $CD_{cc} \neq 0$. Empirically, the importance of culturally-based regional factors

was proved both at an organizational framework (Adler and Graham, 1989) and at a consumption one where Calantone et al. (1985) and Schaninger et al. (1985) found that firms would have to take into account intra-country (i.e., regional) cultural diversity if they aim to optimize their market segmentation strategies. Finally, it is worth mentioning that parallel to the formation of geopolitical cartels Supported by globalization, an opposite tendency toward regionalization is still present and is notably getting more and more under the focus of macroeconomic policies.

6.2 ON CD ASYMMETRY

Observing asymmetric performance levels achieved by Canadian firms on the American market and by American ones on the Canadian market, O'Grady and Lane (1996) concluded that the traditionally-expected small CD separating the two markets was not held but that furthermore, such distance is asymmetric. However, we think that such fact should not be seen as a paradox but as a logical result of the cultural adjustment process. Adaptive marketing implies that every individual is assumed to adjust his intra-cultural behavior when jumping into intercultural situations. Since this whole adaptation is drawn by reference to everyone's cultural values and that these latter are different, it is evident that related adjustments will be different and thus asymmetric.

Cultural asymmetry can be also explained through the examination of managers' attachment degrees to their cultural values at work. This attachment appears closely related to cultural characteristics on one hand and the cultural assimilation process on the other. At this level, Adler and Graham (1989) pointed out that the lack of American adaptation was consistent with acculturation theory; the Japanese should tend to make more adjustments due to their history of dependence on the American economy. Moreover, nowadays, due to mass media^o, most of us know sufficiently the American way of life, the Japanese management style and some other widespread features of business related to specific cultures. But do we have ideas, information or knowledge about the Egyptian or Kenian management styles? Obviously, not relatively enough.

In other words, some cultures are closer to others than these latter are to them. Therefore, it would be easier for some cultural groups to adjust their managerial behavior when facing these former cultures. As in the case of US-Japan interactions, cultural asymmetry will be beneficial for managers belonging to more known cultures: assuming their cultures celebrity and less For a more detailed analysis, see Douglas and Craig (1997).

Managers would prefer to opt for a "pull strategy" which means they would not relatively invest in information seeking nor make efforts to adjust their behaviors. Finally, parallel to Frankel and Wei (1993) gravitational economic model, we can imagine a cultural gravitational one as a source of asymmetric behavior and more largely as a source of imperfect competition between economic Agents.

6.3 ON CD TRANSITIVITY

When debating on the mathematical conceptualization of CD, one may evoke and even plead for transitivity of such distance; that is comparing two groups. This property is of great concern: at

first sight, it may lead to confusion but a deeper analysis does not.

The property discussed here means apparently that in cooperating with managers from a given group one managers from group one would first consider adjustments they perform when facing another group two, and then see how these later operate their adjustments when facing managers from group two.

This comes down finally to carry out two successive cultural adjustments while it is already difficult enough to operate only one adjustment. This task will be more difficult to achieve for firms lacking from great knowledge that may very likely occur in the early stages of internationalization.

More useful interpretation should be done to emphasize the role of learning on the acquisition and the improvement of knowledge about foreign markets as they are generated through incremental and transitive experiences.

6.4 On CD stability

Regarding Kogut and Singh (1988) conceptualization, the CD is implicitly assumed to be constant. If Shenkar (2001) claimed that cultures change over time, and it is true, we cannot however predict exactly the direction of CD evolution over time. Two conflictual mechanisms can be mentioned. First, not only cultural diversity is persisting, it looks even that differences within countries are increasing. This is explained by migration movements which have generated intensive contacts between cultural groups and consequently strengthened the value of cultural membership among individuals. For instance, at the consumption level, this gave rise to a continuous changing in cultural identities as long as continuous evolving both at an aggregate level, i.e., the identity of a specific cultural group, and at the individual level, i.e., the strength of membership or identification with a particular group (Douglas and Craig, 1997).

Second, considering the traditional cultural assimilation model, immigrant's behavior pattern 15, on the opposite, revealed as a mixture of the two cultures (the culture of origin and culture of residence), even these changes are not always associated with changes in cultural values and attitudes (Schoen and Cohen, 1980; Wallendorf and Reilly, 1983).

In fine, we rather stay committed to a convergence between cultures and behaviors. Adler (2002) reports that, for instance, Child's (1981) comparison of research on organizations across cultures is worth to explain the convergence/divergence dilemma. Child (1981) found that for two different groups of high reputable scholars, conclusions remained repeatedly unchanged claiming whether for divergence or convergence. The author realized in fact that divergence and convergence were correlated to scholars' perspectives whether they focus on a macro level or micro level 15Sues. Such as, we can conclude that worldwide organizations are evolving similarly while individual behaviors inside organizations are perpetually preserving a certain cultural distinctiveness.

Further, we expect that as long as firms enlarge their relations with a given cultural group and learn more about its specific characteristics, the psychic distance separating the two groups would decrease, asymmetrically of course. Empirically, Davidson (1980) proved this, that greater experience (driven by learning by doing effects) on a given market was positively correlated with preferences for wholly acquisitions entry mode rather than joint ventures. The same idea was also given through the Uppsala model where Johanson and Vahlne (1977) explained the evolutionary internationalization process, from exporting to a joint venture and then to wholly acquisition, by the

reduction of perceived risk related to foreign markets due to increasing experience and learning.

7. CONCLUSION

A renewed culture should be conceived as a whole system defined through the sum of its diverse components that exercise on the group. To avoid making the confusing error between national and cultural affiliation, cultural dimensions have to subscribe, first, into a logic, coherent and compatible order, and second, one should think about the availability of required data which, in practice, are given most of the time in an aggregate form.

Particularly, we believe that culture can be defined based on ethnic, linguistic and religious criteria. These dimensions, in parallel to several others, were often proposed (Moran and Harris, 1979; Terpstra and Sarathy, 1994). Hofstede (1997; p12) pointed out that: There remains a tendency for ethnic, linguistic and religious groups to fight for recognition of their own identity, if not for national independence; this tendency has been increasing rather than decreasing in the latter part of the twentieth century. Language is the most evident difference that may exist between cultures. Terpstra and Sarathy (1994) noticed that English is the richest language in terms of industrial and commercial vocabulary which is a revelation of the nature and the degree of socioeconomic development of English speaking countries. Language should be equally seen as a cultural barrier to the success of intercultural interactions (Marschan et al., 1997).

In a bargaining framework, language refers also to gestures, mimics and distances negotiators take from each other. From the cultural context of negotiations and though it may complicate negotiation issues, Chinese, for example, express their reactions to partners' proposals through mimics and gestures (Ralston et al, 1997).

Religion may not be the principal axis of cultural differences between cultural groups and nations but this does not exclude that once a religion has settled, it does reinforce the value patterns based on which it was adopted, by making these into core elements in its teachings (Hofstede, 1991; p16). Empirically, Davidson and McFetridge (1985) proved that technology transfers were positively correlated to linguistic and religious similarities between the transmitter country and the receiver one.

Ethnic-based researches are among intercultural and cross-cultural studies. Ethnic approach to cultural studies was most of the time, integrated at a consumption level, but much lesser at the organizational one. Consumer researches have shown the importance of ethnic backgrounds on consumer behavior (Hirschman, 1985) and accordingly its benefits for market segmentation (Calantone et al., 1985; Schaninger et al., 1985; Askegaard and Madsen, 1998). At first sight, ethnic values appear highly correlated to linguistic ones, but ethnic groups do differ regarding their thought systems, rituals, habits and daily way of life they share and transmit through generations. The major constraint in measuring CD resides on the aggregated form by which values of cultural dimensions are communicated. Under such constraint, and regarding our focus on asymmetry and intra-country cultural diversity.

Beyond the rejection of a globalization-based paradigm, this paper's main purpose shows and enhances the value of the process of sociocultural adjustment that multinational companies should be adopting within their internationalization strategies. However, the cultural approach needs to be renewed. For a more rigorous conceptualization of the relationship between cultural distance and organizational strategic behaviors, we pleaded first for a separation between 'traditional concepts of

cultural distance and uncertainty avoidance. We suggest that the former should be conceived differently than Hofstede did, though maintaining the author's power distance and uncertainty avoidance indexes. We argued that this latter is more significant, under cultural perspective, in measuring the perceived investment risks related to foreign markets. Furthermore, we suggested that the internationalization level of the firm can be involved in the model of entry mode choice. Explicitly, such a variable indicates possible changes in partners' behavior which affects outcomes of the integrated firm; implicitly, it reveals the importance of managers' experience, drawn from learning by doing, on conducting intercultural relations.

Kogut and Singh CD mathematical index, this lacks key properties involving cultural distance asymmetry, intra-country heterogeneity, transitivity and instability over time. In particular, CD asymmetry should be treated with greater concern as a source of the emergence of opportunistic and conflictual behavior. Though the importance of cultural dimensions, it may appear they are just of a general and vague significance, and thus remain debatable, and needed improvements, in particular, redirecting cultural distance toward a purely psychic and sociocognitive distance, i.e., defining culture based on its operational components at work.

8. AVAILABILITY OF DATA AND MATERIAL

Data can be made available by contacting the corresponding author.

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