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*International Journal of Cross Cultural Management* 2002 2: 103
DOI: 10.1177/147059580221007

The online version of this article can be found at:
http://ccm.sagepub.com/content/2/1/103
Rethinking Cross Cultural Management in a Globalizing Business World

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ABSTRACT Cross cultural management is often regarded as a discipline of international management focusing on cultural encounters between what are perceived as well-defined and homogeneous entities: the organization and the nation-state, and offering tools to handle cultural differences seen as sources of conflict or miscommunication. The authors argue that this approach is out of phase with the business world of today, with its transnational companies that face the challenges of the management of global knowledge networks and multicultural project teams, interacting and collaborating across boundaries using global communication technologies. The authors emphasize the need for an alternative approach which acknowledges the growing complexity of inter- and intra-organizational connections and identities, and offers theoretical concepts to think about organizations and multiple cultures in a globalizing business context.

KEY WORDS • cross cultural management • culture concepts • globalization • narrative • transnational companies

Cross cultural management is not a clearly demarcated discipline of management. Yet to many scholars of management, the term is already meaningful: it implies (a) procedures and policies relating to the management of workforces with different cultural backgrounds, and (b) moderating the impact of cultural differences on the execution of management tasks.

In this article our task will be, in effect, to give an outline of some recent developments in organizations and their environment; changes that necessitate a redefinition of the subject of international management and a reformulation of the theoretical approach to international management. We claim that the understanding of the changes of the organizational practices in a globalizing busi-
ness world must include a new conceptualization of the management of transnational companies and of the international management as knowledge management of a workforce with different cultural backgrounds and identities.

But first we need to examine the concept of cross cultural management mainly as it has developed within international management as an academic discipline. This examination includes reflections on different theoretical concepts of ‘culture’ used in the literature of cross cultural management (culture as essence vs. social construct), as well as different understandings of the functions of ‘culture’ (culture as communication barrier vs. resource of organizational learning processes).

The Scientific Domain of International, Cross Cultural Management

There are perhaps only two works on cross cultural management whose approaches to the understanding of culture and management in its international aspects have been very influential in the field: Adler’s *International Dimensions of Organizational Behavior* (1991); and Hofstede’s *Culture’s Consequences* (1980). Both contributions are pioneering in their own way: Adler for a study of the impact of culture on different organizational functions; Hofstede for his monumental worldwide study of work-related value orientations in 50 different countries and three regions. In passing we should mention the work of Trompenaars (1993) for the impact of cultural difference on doing business in some 40 countries, focusing on three culturally contrastive features: relationships with people, attitudes to time, and attitudes to the environment. However, Trompenaars’s contribution is strongly practitioner-oriented.

Adler and Hofstede are arguably the principal sources for the thinking of many other writers on cross cultural management issues. Although Hofstede is by far the more influential on the development of cross cultural management, it is only Adler (1991: 10–11) who has developed a fully-fledged definition of cross cultural management, as follows:

Cross-cultural management studies the behavior of people in organizations around the world and trains people to work in organizations with employee and client populations. It describes organizational behavior within countries and cultures; compares organizational behavior across cultures and countries; and perhaps, most importantly, seeks to understand and improve the interaction of co-workers, clients, suppliers, and alliance partners from different countries and cultures. Cross-cultural management thus expands the scope of domestic management to encompass the international and multicultural spheres.

Adler, Hofstede and, to a lesser extent, Trompenaars enjoy a particularly strong influence in the one branch of international management practice which is most readily identified with cross cultural management as a business activity, namely human resource management. Indeed HRM emerges as the main mediator and developer of cross cultural management competencies in companies across a whole range of international management and marketing functions which plainly call for cross cultural awareness and related management competencies.

Culture Perceived as a Communication Barrier or as a Resource for Organizational Learning

Cross cultural management is often regarded as a methodology for handling cultural differences predominantly seen as sources of conflict, friction or miscommunication. No internationally operating firm, no manager however experienced in international business, can, it seems, ever escape from the possibility of misjudgement, misperception and mistakes in handling the complexity of
cultural relationships with customers, suppliers and stakeholders. As we shall see, the international management literature is replete with foreboding, representing cultural differences and even culture, plain and simple, as fiendish causes of this corporate undoing.

It is also striking how author after author within the field of cross cultural management treats culture as a barrier to interaction and an all-pervading source of confusion. For example, Hall (1995: 21) claims that ‘cultural differences are important enough to ruin a partnership that otherwise makes perfect economic sense’ (added emphasis). Likewise Hoecklin warns that cultural differences, if not properly handled, can lead to ‘management frustration, costly misunderstandings, and even business failures’ (Hoecklin, 1995: ix). American writers H.N. Seelye and A. Seelye-James (1995) are even more emphatic. In their words:

Culture clash happens when people from two different cultures come into contact. Sometimes the clash begins before anyone has a chance to introduce you properly, before you even open your mouth. Culture clash can lead to world-class fatigue or even clinical shock or depression . . . What are the dastardly symptoms of culture clash? Is it contagious? Is it terminal? (Seelye and Seelye-James, 1995: 1)

The conviction that ‘cultural differences’ can create such havoc in international business is of course not new: for some 40 years management writers have been assuming this (see Sackmann et al., 1997: 17). It is, however, novel—and disturbing—to find management authors like Seelye and Seelye-James discussing culture clashes with such pathological overtones.

Taking the academic contributions to international cross cultural management as a whole it is clear that the literature reveals a preoccupation with three manifestly dominant core problem areas which have challenged international businesses since the 1950s and 1960s: the ethnocentrism, which binds and blinds; the cultural diversity—Steiner’s (1975: 54) ‘crazy quilt’ of cultures and languages; and the effects of culture shock—a psychologically disorienting experience (Ferraro, 1994: 145–6), which combines ‘a sense of being subverted by foreigners’ (Hampden-Turner and Trompenaars, 1993: 2) and a reeling against the inexplicable, the confounding press of Adler’s (1991: 75) ‘subconscious cultural blinders’. These core problems and core solutions are presented in the model shown in Figure 1.

We claim that this model can be seen to represent the principal subject matter of international cross cultural management as it has evolved in the management literature during the last 40 years. This model also makes it clear why professional intercultural training has been characterized as ‘the culture-shock prevention industry’ (Hannerz, 1992: 51–2). The writers concerned thus tend to treat culture as a factor negatively impacting on firms’ international operations, and they stress that its influence must be anticipated, controlled or limited (Dahlén, 1997).

However, not all authors see it that way. There are also those who regard culture as a source of competitive advantage and they will emphasize the importance of releasing cultural synergies at the interfaces where knowledge, values and experience are transferred. But, either way, culture and its consequences must be taken into account, and this, by general consent, is no easy task. The challenge, as identified by Schneider and Barsoux (1997: 156), lies in ‘treating diversity as a resource rather than a threat that is essential for responding to the demands of a global market economy, for reaping the full benefits of cross-border alliances, and for enhancing organisational learning’.

Some scholars thus argue that the judicious handling of cultural differences can lead to competitive advantage and even organizational health (Dupriez and Simons, 2000; Harris and Moran, 1979; Hoecklin, 1995; Morosini, 1998; Söderberg et al.,

To think about cultural differences as a source of competitive advantage, there must be a shift in assumptions about the impact of cultural differences . . . Culture should not simply be seen as an obstacle to doing business across cultures. It can provide tangible benefits and can be used competitively.

Dupriez (2000: 91) notes that firms that are able to draw on the diverse experience of their multicultural workforce can achieve greater decentralization and empowerment at the local level (‘un renforcement de l’autonomie des entités décentralisées’). But such robust conviction appears to be relatively rare.

For their part, Morosini (1998) and Gertsen and Søderberg (2000), who have carried out empirical studies of the impact of cultural differences in post-merger integration processes, contend that internal discussions and comparisons of management styles and practices may serve a positive purpose. They argue that managers and employees involved in international mergers and acquisitions are often forced to reflect on their cultural identifications and the organizational practices developed in a certain local context. The interlocking of these identifications and practices with those emanating from the new business context can contribute to new insights from ‘the other side’, and gradually cultural identifications with the new merged organization may emerge.

**Culture as Essence**

General texts on international management and international organizational behaviour which explicitly address cross cultural issues devote a good deal of space to a definition of the term ‘culture.’ But, as literature reviews by Adler and Bartholomew (1992) and Darlington (1996) make clear, this literature is very wide-ranging in its approaches and in the dimensions used by researchers. It is, however, our overwhelming impression that
the international, cross cultural management literature, in contrast to the literature on organizational cultures, is not so much devoted to a discussion of and reflection on the theoretical assumptions embedded in a certain concept of 'culture'. In international, cross cultural management literature, culture is more seen as an area of interest, referring to something 'soft', human, unquantifiable, difficult to account for in rational terms and provided with a label of convenience, namely 'culture'.

As far back as 1952 the American anthropologists Kroeber and Kluckhohn registered 164 different definitions of culture. At that time the word was mainly used in ethnographic studies and within different fields of the humanities. It would be two decades before the cross cultural management appropriated the word 'culture' as a major heuristic term, extending the traditional semantic boundaries to embrace both national and organizational values and behaviour. Today there is, not surprisingly, a lack of consensus in this academic field in general about the term 'culture', but not very much discussion and reflection about its core assumptions.

This is in sheer contrast to the academic field of organizational culture studies, where there have been fundamental disagreements and strong intellectual struggles about epistemology, methodology, theoretical categorizations and political orientations during the last two decades. Scholars within organization studies have even been involved in so called 'culture wars' (Martin and Frost, 1997) between different paradigmatic approaches to the study of organizational cultures. Wars between 'functionalists' referring to cultural systems as 'essential' and looking for 'basic assumptions and beliefs . . . that operate unconsciously' (Schein, 1985), and 'interpretivists' understanding cultures as ongoing social constructions (Smircich, 1983) that can be studied in case studies using qualitative methods like ethnographic interviews and participant observations (Kunda, 1992).

Wars between scholars applying an 'integration perspective' when looking at the organization as an entity and assuming homogeneity and a unified culture as achievable, and other scholars emphasizing the multiple groups and cultural communities based on age, generation, occupation, gender that cross-cut the organization and make the creation of a corporate culture illusive (differentiation perspective). Wars between 'culturalists' driven by a managerial interest in solving problems of the organization by manipulating the beliefs and language of the employees in order to build up a strong corporate culture through artefacts, rituals and story-telling (for example Deal and Kennedy, 1988), and 'radical humanists' who take the power relations in the organization into account as well as the institutional and wider societal context of the organizations when they study cultural identifications in organizations (for example Parker, 2000).

However, the cultural dimensions of international management, including the inter-organizational processes of international mergers and acquisitions, joint ventures and other strategic alliances, may also be studied in different ways. And the choice of culture concept strongly influences the overall theoretical framework and the research design. Most importantly, it also seems to have a bearing on results and implied recommendations to companies involved in cross cultural co-operation. Unfortunately, as already mentioned above, the literature on international cross cultural management has often not been very explicit and reflexive about the culture concept underlying the empirical studies and the recommendations for business practice.

The majority of the researchers, among them Hofstede and Trompenaars, seem to build on the classic concept of culture, developed by Western anthropologists in the 1950s and 1960s. According to this essentialist understanding, culture is seen as a relatively stable, homogeneous, internally consistent
system of assumptions, values, and norms transmitted by socialization to the next generation. Or as Hofstede puts it, culture is the ‘software of the mind’ that individuals acquire in their childhood and in educational institutions through ‘mental programming’ (Hofstede, 1980). Moreover culture is seen as something that members of a community (e.g. an organization or a nation) ‘have’ or ‘belong to’. By virtue of the strong emphasis of sharedness – the assumption that all inhabitants in a nation and all managers and employees in an organization carry the same cultural value orientations – this view of culture also tends to entail blindness as regards social variation, diversity and power relations within a nation or an organization, or between nations and organizations.

Within this mainstream approach to the study of cross cultural management issues, researchers tend to focus on cultural encounters between what they perceive as well-defined and homogeneous entities, such as a parent company and its subsidiaries in foreign countries. They tend to see organizational integration problems as being caused by objective cultural differences both at an organizational and a national level. Often they also share the ambition to find out which national value orientations and organizational cultures can co-exist, for example in international mergers and acquisitions, and how they can benefit from the collaboration (see, for example, Söderberg, 1999, for a critique of this ‘culture fit’ approach). Their goal is normative – to advance general action instructions that may predict and thus minimize integration problems and promote more effective managerial action.

The essentialist concept of culture referred to in this brief literature review does not seem to resonate with firms’ and managers’ experiences of cultural complexity in the business environment that is becoming globalized: globalized not only through the emergence of a consumer culture with converging tastes and demands, but through worldwide collaboration and competition supported by the borderless communication technologies. In a globalizing business world, cultural differences are not coalescing into a unitary business culture. Rather, cultural differences are manifesting themselves in new ways: for example, in the working environment of a multicultural project team collaborating across geographical, organizational and occupational boundaries and involving e-mail interactions and video-conferences, maybe even with a foreign language as their ‘lingua franca’.

The Changing Face of International Management as a Discipline and Practice

Hofstede, who is one of the world’s most cited social scientists (Ulijn, 1998), has made a canonical contribution to the study of culture and management and enjoys a place in the history of cross cultural management research, but his theoretical framework and methodological procedures have been un-critically employed as a paradigm ‘where the questions and the dimensions are used as taken-for-granted assumptions’ (Søndergaard, 1994: 453). Only recently more critical reviews of his crucial assumptions have appeared, see for example Söderberg (1999) and McSweeney (forthcoming).

A further drawback of Hofstede’s study is that his concept of culture equates very strongly with the boundaries of nation-states, and this unit of analysis is obsolete in an increasingly interdependent, yet culturally diverse world. The equation of a nation-state as an administrative entity with a single culture was already highly problematic when the surveys were carried out in IBM 30 years ago. Hofstede failed to see the multicultural realities that already at that time pervaded many European states such as Great Britain, Belgium, France and Yugoslavia. And to assume as Hofstede did that countries such as Australia, the US and Canada – countries
of migration — were and are homogeneous cultural spaces is actually socially regressive and helps to reinforce a dominant cultural stereotype while denying legitimacy to other value orientations and alternative ways of being.

Hofstede’s work is fundamentally flawed by its conceptualization of culture as unconscious, shared, territorially bound and deterministic. Furthermore his use of parts of IBM questionnaires that were constructed and used for corporate purposes, not for a scientific investigation of value orientations, is also very problematic due to the great differences in the number of respondents in the IBM subsidiaries investigated, and due to the procedures Hofstede used to generate cultural differences at a national level from average scores among the individual responses that within a national subsidiary were characterized by radical differences. (For a thorough and substantial critique, see McSweeney, forthcoming.) Therefore management academia and business consultants must break out of the dependence on Hofstede’s surveys and his cultural categorizations and rethink the theoretical and methodological foundation of international management in an increasingly interdependent, yet culturally diverse, business world.

The Globalization of the Business World

Major circumstances have at the same time altered the empirical field and thus call for a reformulation of the entire subject area spanning international management and cultural studies. On the one hand, there are trends in global business and major shifts in the nature of management work and perceived competencies. On the other hand, there is, also among management scholars, a growing scepticism when it comes to the usefulness of the prevailing essentialist culture concept. These developments have extended research agendas dramatically. We shall consider the first set of issues in this section and the second set in the following section.

International management as an academic discipline emerged in the 1960s and it was virtually synonymous with management of the (American) multinational corporation. In the intervening 40 years the subject area has broadened considerably. This is in part due to several significant events and general developments such as the rise of Japan as of the mid-1970s; the emergence of the integrated European market as of the mid-1980s; the collapse of the Soviet Union in 1990; advances in communications technology and the related extension of the world wide web; the emergence of the so-called global economy; and the creation of new concepts of management (Holden, 2002).

Throughout these 40 years international management as an activity has evolved into a form of work which is becoming increasingly premised on a capacity for interactive global networking, team-working and organizational learning. In this new order of things managers are becoming knowledge workers: ‘From being functional specialists, managers are becoming sophisticated generalists, able to manage a potpourri of projects, people, resources, and issues’ (Crainer, 1996: 24). This leads us to propose that cross cultural management is a form of knowledge work; but before we pursue that contention, it is important to grasp the logic behind it.

Let us begin with the words of one of the 20th century’s most influential management thinkers, Peter Drucker (quoted in Crainer, 1996: 34), who has noted:

The single greatest challenge facing managers in the developed countries is to raise the productivity of knowledge and service workers. This challenge, which will dominate the management agenda for the next several decades will ultimately determine the competitive performance of companies. Even more importantly, it will determine the very fabric of society and the quality of life in every industrialised nation.

In a globalized economy Drucker’s challenge
means raising the productivity of knowledge and service workers who will be in multi-cultural teams and network globally with arrays of stakeholders. Managing such workers will be one of the main tasks of cross cultural management, which we prefer to term the management of multiple cultures.

We claim that the traditional approach to international cross cultural management where the concept of culture has been used as if it were equivalent to the nation-state, is largely out of phase with these new demands on management. Therefore academics as well as practitioners must take into consideration the multiplicity of various cultural communities existing and co-existing within organizational settings of an internationally operating company. It is, however, important to appreciate that it is not just that a new multicultural environment is taking shape. We are also witnessing the emergence of the knowledge economy, in which firms face the challenge of developing a work environment that fosters organizational learning, while facilitating the sharing of knowledge within the company and among arrays of networks which link it up with its stakeholders (Burton-Jones, 2000; Dixon, 2000). Accordingly it is the knowledge economy that should be increasingly seen as the terrain of a management of multiple cultures.

For the last 15 years, it has been heavily emphasized in the literature that organizations, if they are to survive, need to learn (Argyris, 1999; Johnson and Scholes, 1999; Senge, 1990). A learning organization has been defined as one that is ‘skilled at creating, acquiring, and transferring knowledge, and at modifying its behavior to reflect new knowledge and insights’ (Garvin, 1998: 51). In practice this means acquiring and exploiting knowledge from any source, for knowledge is ‘the one sure source of lasting competitive advantage’ (Nonaka, 1998: 22). In this scenario, the learning organization also becomes the knowledge-creating organization, a new kind of communicating entity – both at inter-organizational as well as at interpersonal levels of interaction – that requires new forms of intercultural communication know-how. The key engine of learning is the multicultural team, out of whose diversity comes ‘an eclectic set of perspectives, a set of interchangeable lenses’ (Hamel and Prahalad, 1996: 104), without which there can be no genuine facilitation of knowledge-sharing in a globally dispersed organization.

The worldwide acquisition and exploitation of knowledge create, and are created by conditions which Barham and Heimer (1998: 148–9) in their impressive study of the Swedish–Swiss industrial giant ABB describe as ‘global connectivity’. This is not just a reference to the exploitation of new information and communications technology; this is also ‘a frame of mind that encourages people to take independent action yet feel part of and responsible to a bigger whole from which they derive important competitive benefits and to which, in return, they must add value’ (Barham and Heimer, 1998). In their influential study of the transnational corporation, Harvard scholars Ghoshal and Bartlett (1998) have pointed out that there must be a new management mentality in globally operating organizations as they reach out for global efficiency, national responsiveness, and worldwide leveraging of innovations and learning, while creating ‘a new management mentality’ (1998: 20).

Leading firms that have adopted the creed of globalization are beginning to show us what forms international and intercultural communication are now taking. ABB, for example, actively encourages its 5000 profit centres around the world to ‘depend on each other for ideas, information and resources’ (Barham and Heimer, 1998: 143–4) as a key element in its globalization strategy. Nokia, the Finnish mobile telephone concern, makes use of knowledgeable outsiders to help it discern future trends, while making English its corporate language (Economist, 1999). The
Danish pharmaceutical and healthcare company Novo Nordisk wants all its employees, of which 3600 work outside Denmark, to identify with the company’s long-term objective of setting ‘the standards globally for social responsibility practice and reporting’ (Novo Nordisk, 1998). All of these business activities depend on communication practices at whose core lie relationship management among employees and external stakeholders, organizational learning, and networking based both on interpersonal interactions and on global connectivity mediated via IT. But getting the ideas is only the first step. The second step challenges firms to ‘become adept at translating new knowledge into new ways of behaving’ (Garvin, 1998: 52). It appears that the corporate world has yet to realize the cultural implications of all this, and perhaps international management academics too.

The unduly powerful Hofstedian grip on cross cultural writing and thinking may be one reason for this ‘slowness’. Another reason, paradoxically, concerns the reservations of cross cultural management scholars about concepts of culture and methodologies for researching culture in international contexts. For example, as long ago as 1988 Schneider expressed reservations in these unambiguous terms:

The construct of culture has caused much confusion. While there are multiple definitions, they tend to be vague and overly general. This confusion is added to by the multiple disciplines interested in this topic, which while increasing richness, does not necessarily bring clarity. Anthropologists, psychologists, and others bring with them their specific paradigms and research methodologies. This creates difficulties in reaching consensus on construct definitions as well as their measurement or operationalization. (Schneider, 1988: 242)

Bartholomew and Adler (1996: 26) have noted

the academic community, by itself, has remained primarily dedicated to single culture and comparative research which, while still necessary, is no longer sufficient – and therefore no longer as relevant – for the competitive environment of today’s transnational firm.

Cavusgil and Das (1999), in a study of ‘problems of comparative research design, sampling, instrumentation, and data collection and analysis’, conclude that many problems, after 30 years of discussion, ‘still remain largely intractable or often ignored’. For their part, scholars Osland and Bird (2000) ‘feel increasingly frustrated with the accepted conceptualisations of culture’, adding that one consequence is that ‘business schools tend to teach culture in simple-minded terms, glossing over nuances and ignoring complexities’.

‘The cross-cultural knowledge industry’ (Segalla et al., 2000) is, it seems, under some pressure to reformulate its guiding notions. Fortunately, Adler and a colleague in 1992...
had already argued for ‘a conceptual shift: from a hierarchical perspective of cultural influence, compromise and adaptation, to one of collaborative cross-cultural learning’ (Bartholomew and Adler, 1996: 27). They have also focused on the links between cross cultural management and (a) technological innovation and (b) the management of transnational enterprises. The repositioning of cross cultural management into these domains is plainly part of the desired conceptual shift. Once the shift has been made (i.e. once it has been accepted by researchers), the quest will be on for new concepts to describe and analyse the cultural complexity in different business settings.

**Another Conceptualization of Culture**

The classic, essentialist concept of culture which has dominated the literature of international, cross cultural management has been increasingly abandoned within the field of anthropology in which it originated. Many anthropologists, as well as media and organizational analysts, now regard culture as based on shared or partly shared patterns of meaning and interpretation. These are produced, reproduced, and continually changed by the people identifying with them and negotiating them in the course of social interaction. People’s identifications with and affiliation to a multiplicity of different cultures – for example national, ethnic, organizational, professional, gender and generation cultures – are thus subject to change, and boundaries between cultural communities become fluid and contingent (Hannerz, 1996).

Within this emergent dynamic approach to the conceptualization of culture, culture is also seen as being made up of relations, rather than as a stable system of form and substance (Haastad, 1996). This implies that, for example, national cultures, corporate cultures or professional cultures are seen as symbolic practices that only come into existence in relation to and in contrast with other cultural communities. People’s cultural identity constructions and their social organizations of meaning are – in other words – contextual (Fog Olwig and Haastad, 1997). This relational approach to culture and the idea of cultural complexity suggest that every individual embodies a unique combination of personal, cultural and social experiences, and thus that ultimately any communication and negotiation is intercultural.

This social constructionist approach to culture implies that so-called cultural ‘data’ are inevitably ‘social constructs’ made on the basis of the practitioners’ and the researchers’ own cultural thought patterns and the concepts and categories they are socialized to. It is thus recognized that one cannot make cultural analyses whose results can be applied in the form of general guidelines for managers. Nor can the outcome of collaboration and integration processes between organizations be predicted with any certainty. Unlike most research in the international business field, the social constructionist approach is neither normative, nor prognostic (see Gertsen et al., 1998; Kleppestø, 1998; Söderberg, 1999). Its scientific contributions to the study of cultural complexity in the management field are contextually sensitive, qualitative case studies focusing on the organizational actors’ interpretations, identity constructions and sensemaking processes (Söderberg, 2001; Weick, 1995). Kunda (1992) and Parker (2000) are examples of this theoretical approach within the field of empirical organization studies; and Sackmann (1997) reports on several smaller scale studies of international management using qualitative tools of research and analysis.

**Management of Multiple Cultures**

Management of multiple cultures is not synonymous with the management of global knowledge networks. But it has a lot to do
with their operations because firms’ worldwide activities are mediated through internalized and externalized networks, which are directly linked to production chains and which traverse cultures – national, organizational and professional – in complex ways. Certainly we can say that a function of the management of multiple cultures is to direct flows of information, values, experience and power in the global economy towards critical points of interchange – nodes and linkages in network terminology – where those flows pass from one cultural ambience to another. As the flows enter a new ambience, their significance and potential for informing or initiating action are subject to change according to dominant cultural attributes to be found there: language, worldview, value systems and assumptions.

Thus we argue that the management of multiple cultures involves knowledge transfer, organizational learning and networking. These activities facilitate the functioning of networks, which are composed of an inconceivably large number of overlapping social and information networks linking people and organizations worldwide. This concept of cross cultural management, which is consistent with the Adler and Bartholomew notion of ‘collaborative cross cultural learning’ assumes that locales of cultural distinctiveness – such as a national subsidiary or a multicultural project team – have the task of bringing into a global business network some uncertainty and unpredictability, on the one hand, and offering a potential for synergistic interaction, on the other. Thus the terrain of the management of multiple cultures that we have identified is awesome, complicated, subject to change – and massively overlaid through technology. This is the new heartland of international management both as an operating domain and as a field for which the practitioners need new competencies and for which the academics need to develop new concepts and analytical tools.

A Working Definition

We claim that the traditional way of looking at cross cultural management in terms of the core problems and core solutions, that we highlighted in Figure 1, is out of phase with the global business world, with its transnational companies, multicultural relationship management, networking, organizational learning, knowledge management, and ‘global connectivity’ (Barham and Heimer, 1998: 148–9). Not many writers on cross cultural management seem to have caught up with these developments. This is why this branch of international management studies is often lagging behind practitioners’ actions in this new heartland, but also – and this is easily overlooked – why practitioners’ needs for improved concepts are not being satisfied either by experts on globalization or by intercultural business educators, whose offerings to the corporate world are largely confined to enhancing intercultural or cross cultural awareness and negotiation skills.

We have already used the expression ‘management of multiple cultures’ as a general description of a ‘cross cultural management’ for today, and it will be recalled that this expression also embraces, for example, different organizational cultures, professional cultures and regional cultures. With this in mind we now propose a new working definition of cross cultural management as a modest contribution to the complex situation we have outlined:

The core task of cross cultural management in a globalizing business world is to facilitate and direct synergistic interaction and learning at interfaces, where knowledge, values and experience are transferred into multicultural domains of implementation. This definition consciously downplays the understanding of culture as ‘essence’ in order to focus explicitly on firms’ interactions and negotiations with their dispersed and compositionally distinctive internal and external stakeholder groups who identify with different cultural meanings and actions. But it has
the value of being consistent with the world of transnational corporations, mergers and strategic alliances, where collaborative cross cultural learning is a key component in the management of multiple cultures.

**Research on Transnational Collaboration with a Different Approach**

The previous sections discussed major conceptual challenges in cross cultural management research and highlighted some shortcomings of the dominant cultural paradigm. One way to solve these difficulties might have been to drop the culture concept altogether. This would, however, have the drawback that valuable insights in the organizational actors’ experiences might be lost. It would also imply that researchers would distance themselves from the practical world of business and management where the ‘culture discourse’ is an inherent part of the public debate. Therefore, we find it worthwhile to consider how alternatives may be developed in future research.

Social constructionism is sometimes perceived as a theoretical approach totally devoted to postmodern scepticism, critique and deconstruction. And, indeed, it does unsettle the assumptions of the dominant scientific paradigm as regards the rationality of human beings, objective knowledge and scientific truth (see e.g. Czarniawska, 1999; Gergen, 1999). But critique also gives way to emancipation, and social constructionism opens up to give alternative visions of knowledge production and new practices engaging researchers and practitioners in dialogue.

With an example of an ongoing research project within the field of international management, *Cultural perspectives on post-merger integration at NORDEA,* we will show how a social constructionist approach to culture and identity offers new ways of exploring the complexity of organizational life in a global setting. In this case study on the management of multiple cultures in a new-born Nordic merger within the financial sector, the main research focus is on different cultural sensemaking processes. More specifically, on narratives of integration and organizational change processes told by different key actors in and around the transnational company, NORDEA, established in 2000 through a merger between four banks and two insurance companies located in Finland, Sweden, Denmark and Norway.

NORDEA is the largest financial services group in the region with approximately EUR 233 billion in total assets. It has a world-leading Internet banking and e-commerce operation with 2.5 million customers. It has significant positions in Nordic banking markets: 40 percent in Finland, 25 percent in Denmark, 20 percent in Sweden and 15 percent in Norway as well as significant positions in Nordic life and general insurance markets. NORDEA is the largest customer base of any financial services group in the Nordic region, including 9 million personal customers, and more than 600,000 corporate customers. Finally NORDEA is a leading asset manager in the Nordic financial market with EUR 101 billion (including private banking) under management (see www.nordea.com).

This Nordic merger is not only interesting because of its size, but also because of the potentially difficult and very complex cross-border integration processes. The finance sector has traditionally been closely linked with the national institutional systems. This has meant that banks, insurance companies and other actors in the finance sector have been operating within national institutional frameworks characterized by relatively clearly specified legal and normative rules. However, following the deregulation measures of the 1980s and 1990s, these institutional conditions have changed radically, opening up new areas of operation and competition. Specifically, the development of the European Union-wide directives and regulations and the EMU institutions has created a new
emerging pan-European market. Simultaneously, the technological development has created possibilities for the development of new and more effective services, leading to a need to restructure existing operations and systems, processes and practices. As a result, we are now witnessing waves of both domestic and international mergers and acquisitions that are fundamentally changing the finance sector. The building of the NORDEA group is a particularly good example of such development.

There is an increasing body of organizational and managerial literature on post-merger organizational change (see, for example, Haspelagh and Jemison, 1991, and Cooper and Gregory, 2000). However, there is still little understanding of the micro-processes involved when adapting previous systems, practices, beliefs, values and norms and when creating new ones. Our knowledge of cross-border mergers, especially, is suffering from a lack of in-depth research on the post-merger integration processes based on real-life cases.

It is therefore the purpose of this research project systematically to collect post-merger integration experiences within the Finnish Merita, the Swedish Nordbanken, the Danish Unidanmark and the Norwegian Christiania Bank and analyse them with specific methods of qualitative analysis. The research team will gather this empirical material mainly through in-depth narrative interviews of the around 60 key actors involved, but in later phases of the project they will also be in contact with middle managers and employees within the Nordic organization to investigate how the visions and strategic plans are implemented in specific integration processes.

The research project is concentrating on the organizational change and integration processes following the major merger and acquisition deals in 1999 and 2000. The primary goal in the first phase of the research project is to collect and analyse the top managers' individual narratives of the negotiation processes leading to the merger/acquisition deals and narratives of the specific organizational integration and change processes now taking place.

These studies on the management of and collaboration of multiple national, organizational and occupational cultures draw on other organizational studies on sensemaking processes. The concept of 'sensemaking' has been given different definitions in studies on organizational actors' interpretation processes (see e.g. Czarniawska-Joerges, 1992; Gioia and Chittipeddi, 1991; Gioia and Thomas, 1996; Weick, 1995). With support in Weick (1995), we will understand 'sensemaking' as an ongoing process that is grounded in shifting identity constructions. It is retrospective – that is, when many possible meanings may need to be synthesized, the clarification is often worked out in reverse. Sensemaking is 'enactive' of the organizational environments: organizational actors produce part of their environment while doing things with words and creating the materials that become the constraints and opportunities of this environment. Sensemaking is moreover a social process, taking place within a community that is viewed as a network of intersubjectively shared meanings sustained through the development and use of a common language and everyday social interaction.

Thus, the studies on the NORDEA top managers' cultural sensemaking processes focus on collective negotiations and discussions in their transnational networks and inter-organizational project groups. This approach highlights features of the very processes in which certain interpretations of the decision-making and the organizational change processes are created, legitimized, and institutionalized.

Radical organizational changes such as the transnational mergers and acquisitions that the managers and employees in the four Nordic banks and insurance companies have
experienced may create a sense of confusion among employees, or a feeling of being threatened by the unknown future. In that case, corporate story-telling may be helpful when constructed deliberately to bring people within merging companies a sense of belonging to a new cultural community from which a new future may spring (see Harben, 1998; Larsen, 2000).

Construction of shared understandings is therefore a managerial tool to provide a basis for meaningful social action in such transnational organizations as NORDEA. This should not be understood as a requirement for organization-wide long-term consensus but rather for the continuous renegotiation of particular arrangements and the search for a common basis for action. Therefore the research group is also studying how the NORDEA managers construct and orchestrate their visions, how they develop a common set of values, how they create and communicate corporate stories and advertisements about the Nordic ideas that join the different business units and different national groups of managers and employees, and how they develop a specific NORDEA corporate brand in an attempt to develop a sense of community internally in the transnational organization and at the same time differentiate themselves from their competitors in the environment.

However, it is important to see that specific meaning(s) given to organizational structures through sense-giving processes (Gioia and Chittipeddi, 1991) may be different for different actors in different settings. Divisions among the actors are likely to be multiple and complex. In addition, sense-making processes do not only take place within the boundaries of the focal organizations and their business units and competence centres, but often also involve other actors such as customers, suppliers, competitors, unions, investors, government, or the media. Therefore it is a crucial research question to be investigated if the corporate narratives introduced by top management have any basis in feelings shared by other employees in the merging companies (see for example a case described in Gertsen and Söderberg, 2000).

Narratives play an important role in organizational sensemaking processes. Therefore the research group has chosen to draw from theories and methods of narrative interviews and narratological analysis (see e.g. Bruner, 1990; Czarniawska, 1997; Gabriel, 2000; Greimas, 1991; Polkinghorne, 1987) in their own research design where narrative interviews play a central role. The value of the chosen narrative perspective on organizational integration and cultural change processes in the transnational company is that it provides tools for the analysis of the stories and myths spread around the business units and told by different organizational actors in different settings and at different points of time. However, the strength of such studies clearly relies upon the researchers’ ability to get access to and gather extensive qualitative material to focus on specific thematic features of these stories. In the specific research project on the cultural integration processes in NORDEA, the group executive management team has given the researchers access to conduct interviews with the key players in top management.

The described analytical approach both to the corporate story-telling and the individual actors’ stories helps to understand the framework used by key actors to make sense of different actions and events. For example how national and organizational culture issues are used in different plots to account for successes or failures in the transnational integration processes. Moreover, analysis of narratives may shed light on the various ways key players among the organizational actors are conceptualized and described as ‘helpers’ or ‘opponents’ (Greimas, 1991) in relation to various strategic projects (see for example the analysis of cross-border merger narratives in Gertsen and Söderberg, 2000).
The narratological perspective applied to the interviews with key organizational actors in NORDEA may thus offer insight into interpretations based on different perspectives, and at the same time displays how central actors within this merger may have very different goals and worldviews. The analyses of their narratives can also make it clear how different organizational narrators and actors may construct very different plots and account for causalities from different points of view. And that these plots and causalities in their narratives must be seen as a result of both individual and collective processes of selection, hierarchization and sequencing of organizational actions and events (see Gertsen and Söderberg, 2000; Vaara, 1999). A narratological perspective on interviews can thus make it clear that the truth of the managers’ and employees’ stories may not lie in the ‘facts’ they recount, but rather in the way they construct their stories and retrospectively try to make sense of a dramatic course of actions and events.

**Conclusion**

In this contribution we are arguing for a break away from the traditional way of conceiving and describing cross cultural management for two main reasons. First, the prevailing concept of culture-as-essence, which in this scientific context is heavily associated with national cultures (and, by extension, nation-states) is out of touch with the theoretical developments of conceptualizations of culture and identity. Furthermore a conceptualization of organizational and national cultures as well-defined and homogeneous entities is out of phase with the new economy, with its emphasis on networking, organizational learning and knowledge as the paramount organizational resource, which transcends firm, industry, and national boundaries. Second, the new economy requires not just new competencies – Rosen (2000) subsumes them under the expression ‘global literacy’, while Jeannet (2000) associates them with a catch-all term ‘the global mindset’. A globalizing business world also needs suitable conceptual tools and analytical approaches of benefit to both researchers and practitioners.

Social constructionism highlights the fact that social problems are constituted either by professional groups such as researchers, or by other collective actors. We suggest that future studies might examine three types of narratives: First, the narratives told by actors working in or otherwise involved in transnational companies and organizations. Second, the institutionally legitimized narratives of cross cultural management issues as they are produced and reproduced in press releases, in managers’ interviews in public media and in companies’ annual reports. And third, the researchers’ narratives of the management of multiple cultures as they are presented in empirical studies of transnational companies and organizations (see, for example, Holden, 2002).

We have argued that the research literature on cross cultural management is dominated by an essentialist conception of culture. We have outlined an alternative social constructionist perspective on transnational organizations and multiple cultures and given an example of an ongoing research project within this theoretical framework. This perspective is theoretically founded, and we believe that research on issues related to the management of multiple cultures can benefit greatly from it. It would reduce the risk of arriving at conclusions and recommendations to managers that may be misleading because of insufficient attention paid to contexts, cultural differentiation or fragmentation, or ongoing cultural change processes.

**Notes**

1 The collective programming that I call culture should be seen as a collective component shared in the minds of otherwise different individuals and absent in the minds
of individuals belonging to a different society’ (Hofstede, 1980).

2 Members of the international research team are Ingmar Björkman, Janne Tienari and Eero Vaara (Finland), Christine Meyer and Tore Hundsnæs (Norway), Anette Rübsberg (Sweden) and Anne-Marie Söderberg (Denmark).

References


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Résumé

Repenser le management interculturel dans un monde économique en cours de globalisation (Anne-Marie Söderberg et Nigel Holden)

Le management interculturel est généralement considéré comme une discipline du management international centrée sur l’étude des rencontres culturelles entre ce qui est perçu comme des entités bien définies et homogènes, les organisations d’une part et les États-nation d’autre part. Il vise également à proposer des outils pour faire face aux différences culturelles perçues comme sources de conflit ou d’échec de communication. Les auteurs soutiennent que cette approche est décalée par rapport au monde économique actuel caractérisé par les entreprises transnationales qui font face aux défis du management des réseaux de connaissances globales et d’équipes de projet multiculturelles, interagissant et collaborant au-delà des frontières en utilisant les technologies de la communication globale. Les auteurs soulignent le besoin d’une approche alternative qui reconnaissa la complexité croissante des rapports et des identités inter- et intra-organisationnels, et qui propose des concepts théoriques permettant de penser les organisations et les cultures multiples dans un monde économique en cours de globalisation.

摘要

摘要：关于全球贸易中，跨文化管理问题的反思

Anne-Marie Söderberg and Nigel Holden

跨文化管理被认为是国际管理学中的一门学科。它主要是研究关于被广泛接受和约定俗成等文化方面的问题，象对企业和国家的概念理解等。并且跨文化管理也被认为是一种解决文化冲突和沟通交流的工具。本文作者认为在当今这个以知识网络全球化，多种跨文化项目合作并存和无国界全球信息网络科技化为主要特征的国际商业活动中，传统的跨国公司面临了越来越多的挑战。这也就给现有的跨文化管理概念提出了新的问题。作者强调，跨文化管理应转换方式以应付企业内部和企业之间日趋复杂的交流形式。这种新的方式也应为在“商业全球化”形式下的企业和多元文化的发展提供理论上和概念上的依据。