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Ph.D. Dissertation

Making sense of intercultural interaction processes in international joint venture settings: The case of Danish – Vietnamese joint ventures

Li Thuy Dao
Aalborg, July 2011
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\textsuperscript{1} The Danish Industrialization Fund for Developing Countries.
\textsuperscript{2} Business-to-business.
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Li Thuy Dao
Abstract in English

This dissertation aims at advancing an emerging approach to understanding culture in international joint venture (IJV) settings. It does so by seeking to unfold the dynamics of culture through interaction processes in five Danish – Vietnamese joint ventures. The background of the research draws attention to the status of our current understanding which appears to have been dominantly shaped by a cross-national comparative perspective that emphasizes a concept of culture as homogeneous, relatively stable over time and almost equated to nation. As a consequence of this perspective, we tend to see culture in the form of *cultural distance* as a problem area faced by IJVs. Meanwhile, a non-mainstream perspective grounded in the social constructivist school of thought has increasingly argued for the relevance of a concept of culture as socially constructed through interaction in cross-border inter-firm settings such as IJVs. Drawing on recent calls for further conceptual development in the non-mainstream perspective, the dissertation argues that an in-depth study of cultural dynamics through social interaction in an IJV setting will shed light on a number of under-explored aspects. Such aspects include the role of individuals and contextual elements as well as process elements which together characterize intercultural interaction.

Considering this context, two research questions are set out to guide the research: 1) How do intercultural interaction processes unfold within a Danish-Vietnamese joint venture setting? (*Descriptive level*); 2) How can the unfolding processes enhance our understanding of cultural dynamics in international joint ventures? (*Reflexive level*)

In terms of methodological ground, the dissertation takes departure from a social constructivist anchor that endorses a concept of culture as socially constructed meanings and practices. This concept is in contrast to a concept of culture as essence, i.e. identified by its relatively stable characters, as highlighted in mainstream literature. However, the dissertation argues that in a holistic social constructivist view, culture also embraces an essence that identifies the social group it represents, although such an essence is subject to modification as a consequence of emergent meanings and practices. The exploration of culture in social interaction is primarily inspired by the symbolic interactionist conception of interaction and the sensemaking perspective as a frame of reference for interaction and studying interaction.

In order to answer the research questions, I adopted the Explorative Integration design developed by Maløe (2002) which suggests that the researcher benefits from *a priori* knowledge to explore the empirical world and afterwards reflects on this pre-understanding with empirical experiences in order to develop a new understanding. The design is illustrated by a three-part structure in the dissertation. The first part (Chapters 3 to 6) pulls together existing literature, together with intuition from preliminary data collection, to develop a pre-understanding framework that serves as a frame of reference for the subsequent field research. The major bodies of literature that the pre-understanding builds on refer to 1) the intercultural interaction
stream of research with notable contributions from the negotiated culture perspective (Salk, 1997; Brannen, 1998; Brannen and Salk, 2000) and the sensemaking approach to intercultural management (e.g. Osland & Bird, 2000; Kuada & Sørensen, 2010); and 2) process-oriented alliance and IJV research (e.g. Doz 1996, Ring and Van de Ven 1994). The second part (Chapters 7 to 12) is the empirical part, where the empirical scenario unfolds and the story of intercultural interaction in each of the five investigated joint ventures are narrated and interpreted using the pre-understanding framework. The third part (Chapters 13 & 14) is the theoretical reflection part, where a cross-case analysis is provided and a post-understanding framework as emerging from the empirical evidence of the five cases is developed and reflected upon.

Empirical findings of the dissertation confirm the pre-understanding framework to a significant extent. First, three major types of interaction are identified, i.e. competence building interaction, decision making interaction, and socializing interaction, which is consistent with the three major processes of learning, power bargaining, and relationship building as suggested by IJV literature. Second, interaction processes appear to be shaped by individual members’ sensemaking through enacting salient sensemaking anchors (i.e. structural and cultural anchors on interpersonal, organizational and macro levels) and interpreting their role playing in these processes. New insights from the empirical evidence give rise to a number of interesting themes for conceptual development. First, individual actors’ sensemaking have far greater influence on shaping interaction processes in the IJVs than anticipated by existing literature. I have classified the individual actors into three categories of sensemakers: the stereotyper, the constructive sensemaker, and the insider sensemaker. Each type of sensemaker represents a distinct range of combination of the degree of contextual awareness and the attitude toward a common joint venture identity. Second, interaction appears to be constrained by a major gap between the knowledge represented initially by the Danish actors and the context represented initially by the Vietnamese actors. In the process of bridging this gap, expatriate managers and later local middle managers serve as boundary spanners with diverse degrees of influence; while certain standard mechanisms from third parties such as ISO international standards serve as interaction interfaces with consensus facilitating effects. Third, the development of interaction processes is identified to go through a setup expatriated-driven phase to a localization phase. An emergent culture through this development process features a growing common knowledge ground which the members have obtained as a result of intensive competence building, the delegation of more responsibilities and autonomy to local employees yet on the condition of the presence of trust, and closer relational ties between particular Danes and Vietnamese in interpersonal and group work settings.

At this point, contributions of the dissertation have been evident. First and foremost, the dissertation contributes to non-mainstream intercultural interaction research with an integrative model of intercultural interaction in an IJV setting. Second, by adopting a dual perspective involving informants representing both joint venture partners, the dissertation draws scholars as well as practitioners’ attention to the complex and dynamic nature of intercultural interaction
due to the multiplicity and possible divergence in motives and organizational routines. Third, being the first study of a social constructivist nature in an international business context involving an emerging economy like Vietnam, the dissertation opens new potentials for future research to explore in greater details. Culture in an emerging context like Vietnam is often a consequence of a complex history characteristic of tensions between traditional ways of living and westernization trends. The enactment of such a cultural context into business relationships with foreign partners implies far more complicated and unforeseeable outcomes than ever reflected in western management literature.

In terms of practical implications, the dissertation provides joint venture leaders and practitioners in general with a number of points of reflection with regard to expectations of joint venture processes. For instance, effective joint venture management can be associated with the degree of contextual mindfulness among key managers, a constructive approach toward decision making, a mutual learning attitude, the appreciation and strategic utilization of emergent ties between individual members put together in work settings, the proper implementation of consensus-facilitating mechanisms like ISO standards, and a holistic view of knowledge transfer in terms of core skills as well as non-core yet critically supporting skills like decision making and project/ time management.
Resume på dansk

Denne afhandlings formål er, at fremme en ny tilgang, til at forstå kulturen i en internationale joint venture kontekst. Dette belyses ved at udfolde kulturdynamikken gennem samspilsprocesserne i fem danske - vietnamesiske joint ventures. Baggrunden bag forskningen er at gøre opmærksom på status for den nuværende forståelse, der i overvejende grad synes at være formet af et tværmuralt komparativt perspektiv. Forståelsen er i den sammenhæng influeret af kultur-konceptet som homogent, der over tid, har formået at forblive stabilt, og som dermed næsten kan sidestilles med en nation. Som en konsekvens af dette perspektiv, er vi tilbøjelige til at se kulturen i form af *kulturel afstand*, der menes at være et problemområde i international joint ventures. Et ukonventionelt perspektiv, forankret i social konstruktivistisk tankegang, har i stigende grad argumenteret for relevansen af et kultur-begreb, der er socialt konstrueret gennem interaktion på tværs af grænserne mellem virksomheder som eksempelvis joint ventures. Baseret på opfordringer om yderligere begrebsmæssig udvikling i det ukonventionelle perspektiv hævder afhandlingen således, at en dybdegående undersøgelse af kulturdynamikken gennem social interaktion åbner op for en række af hidtil underudforskede aspekter. Iblandt disse tæller især betydningen af enkeltpersoner samt kontekstuelle såvel som processuelle elementer, der tilsammen karakteriserer den interkulturelle interaktion.

Under denne kontekst opstilles således to spørgsmål til at lede forskningen: 1) Hvordan udfolder interkulturelle interaktionsprocesser sig indenfor en dansk-vietnamesisk joint venture-indstilling? (*Beskrivende niveau*); 2) Hvordan kan udfoldningsprocesserne øge vores forståelse af kulturdynamikken i internationale joint ventures? (*Refleksivt niveau*).


For at svare på forskningsspørgsmålene anvendte afhandlingen et eksplorativt-integrativt design - udviklet af Maløe (2002) - der foreslår, at forskeren har en fordel ved en *a priori* viden til udforskning af den empiriske verden. Refleksionen over den forudgående forståelse sammenkoblet med de empiriske observationer resulterer i udviklingen af en ny forståelse. Designet er illustreret ved en tredelt strukturel opdeling af afhandlingen. Den første del (kapitel 2 til 6) samler eksisterende litteratur med de indledende dataindsamlinger til udvikling af en for-


Hidtil synes bidragene til afhandlingen at være åbenbare. Først og fremmest bidrager afhandlingen til den unkonventionelle forskning af interkulturel interaktion med en integrativ

PART ONE – FOUNDATION OF STUDY

Chapter 1 – Introduction

1.1. Problem formulation
Research on culture and international joint ventures (IJVs) has today witnessed no less than three decades. Since the seminal work of Lane and Beamish (1990), who stated that “many of the problems (in IJVs) can be traced to cultural and behavioural factors resulting from inadequate understanding of, and training in, cross cultural cooperative behaviour” (p.87), hundreds of studies have been conducted to enhance such an understanding. However, our growing knowledge of the subject seems to be dominated by large-scale comparative studies featuring a concept of culture that is almost synonymous to the notion of national culture (Smircich, 1983, Søderberg & Holden, 2002). These studies attempt to document cultural differences, or cultural distance, as a significant problem area (Lee et al., 2008; Lu, 2006; Shenkar 2001, Cartwright & Cooper, 1993). This is not only documented to be the case of international joint ventures, but is generally the case of international management, where the same understanding of cultural impact seems dominant (Holden 2002). Indeed, most of IJV studies with a focus on culture have adopted mainstream conceptualizations of culture within the international management domain, i.e. a functionalist value-based concept of culture (Boyacigiller et al. 2004), and concentrated on cross-cultural comparisons of joint venture management. This functionalist perspective of culture seems to have laid a firm conceptual ground for mainstream inquiries within cross-cultural organisational behaviour ranging from cross-cultural teams to cross-cultural leadership to expatriate management (Gelfand et al. 2007).

Although it would not be appropriate to claim that the impact of culture on IJVs has been under-researched, our understanding of the subject based on mainstream literature has been limited in a number of aspects. First, bearing the assumption that culture is relatively stable and homogeneous; studies adopting a comparative view of culture tend to overlook the diversity within one cultural group which might render the impact of culture unpredictable. For instance, Lu (2007) has evidenced that the impact of national culture on IJV operations is of a complex and even contradictory nature, hinting at the unclear relationship between cultural similarity and conflict resolution. Second, the dominating understanding of culture in IJVs in terms of distance has conceptually denied the dynamic aspects of “change, evolution, and learning” (Shenkar et al., 2008), which have otherwise been evidently proven to be relevant in IJV settings (Reuer et al. 2002; Salk, 2005; Clark & Soulby, 2009). A particularly critical shortcoming of the literature in this respect is the downplaying of the influence of the individual as a fundamental unit of culture on generating cultural dynamics consequently resulting in stereotype frameworks for studying IJVs from a cultural perspective (Osland & Bird, 2002). Third, the influence of contextual factors has similarly been overlooked. In other words, culture has rather been treated as a contextual factor affecting IJVs, i.e. the specific IJV setting and its internal and external attributes (Brannen & Salk, 2000). This approach fails to unpack the concept of culture itself in
the process of analysis. Finally, culture in IJVs has mostly been operationalized on the national level, and to a moderate extent on the organisational level, while leaving other levels of analysis under-explored.

In response to the criticisms of mainstream understanding of culture in IJVs grounded in a functionalist conception of culture, a new strand of research has emerged in attempts to articulate a more dynamic view of culture in international management phenomena (Søderberg & Holden, 2002). This view is grounded in a social constructivist approach to culture which has originated from sociology and anthropology and has long been attributed to a large part of organizational research, and yet only recently it has inspired international management scholars. A research group (Sumihara 1992; Brannen 1998; Brannen & Salk 2000; Kleinberg 1994, 1998) has, for instance, developed the so-called negotiated culture perspective and presented this as a third working culture in IJVs. The understanding is that this third culture emerges as individual members interact in an IJV, while maintaining links with the national cultures. Other scholars have drawn attention to a sensemaking approach to understanding culture in IJVs (Salk & Shenkar, 2001), in mergers and acquisitions (Gertsen et al. 1998), and generally in international business collaboration (e.g. Osland and Bird, 2000, 2006). Particular studies have conceptually explored the notion of culture in interaction (e.g. Hansen, 2003; Sørensen & Kuada, 2008). These studies have succeeded in demonstrating the importance of contextual influences, the individual as a cultural actor, and the process orientation in cultural analysis within international management settings in general and IJV settings in particular.

Nonetheless, with the existing studies, the intercultural interaction stream of research still seems far from providing a deep and full understanding of interaction processes and the subsequent evolution of culture in cross-border contexts (Goodall, 2002; Boyacigiller et al., 2004; Salk, 2004). Particularly in the domain of alliances and joint ventures, processes at and across micro and meso-organisational levels are extremely poorly represented (Salk, 2005). The empirical base from which much of this stream of research has emerged is US-based, or to a lesser extent Europe-based Japanese entities. The growing geographically-diverse IJV settings following globalization trends and particularly the recent emergence of new developing economies, including Vietnam, as attractive investment destinations, means that these studies are no longer representative of the general trend. Other writings in the field are otherwise still in their early conceptual emergence, calling for further development and empirical evidence. In short, there is a need for conceptual clarifications, theory development and fine tuning of empirical research tools to guide future research in this emerging research field.

Meanwhile, in IJV practice, the reported relatively high rate of IJV dissolution as the consequence of numerous factors including the difficulties of managing across cultures (Hennart & Zeng, 2002) continues to imply a need for better understanding and thereby better tools for successfully managing IJV partnerships. One particular practitioner area developed on the basis of international management literature with a focus on culture is that of cross-cultural training for expatriates before taking a given mission in an overseas subsidiary or joint venture company.
Recent studies still report that 20% to 40% of all expatriates sent on foreign assignments return home prematurely (Kim & Slocum, 2008). Here, one of the most critical reasons is found to lie in the expatriate’s failure to adapt to the host country’s culture (e.g. Tung, 1988) understood in a functionalist sense. But such expatriate failures can hardly bring about joint venture failures since existing research appears inconsistent in explaining the impact of culture on IJV operations, which suggests that the continued overreliance on mainstream cross-cultural research findings might be misleading. The IJV empirical field is therefore open for further in-depth exploration into intercultural interaction processes. Additional knowledge can assist practitioners with more appropriate tools for cross-cultural training as well as recruitment practices in IJV settings. Furthermore, from a human resource point of view, expatriates are only one part of the joint venture’s human base, the other is local people whose adjustment to the new foreign working culture brought to the joint venture by expatriates and the foreign partner as a whole, remains largely unknown. Although research has presented managerial implications in terms of human resource management, such as the recruitment of overseas nationals (Beamish, 1998) to build a bridge between expatriates and locals, the influence of locals employed in a joint venture so far seems not to be an issue of scholarly concern.

Considering the reviewed status of existing knowledge of the impact of culture on IJVs above, the present study addresses the need for greater insights into dynamic aspects of culture in IJVs by shifting the conceptual focus of culture away from mainstream thinking to provide a more in-depth study of the role of individuals and contextual elements in constructing such dynamics. It does so by seeking to advance the social constructivist perspective of culture in IJVs by means of studying intercultural interaction processes in an international joint venture setting, namely joint ventures between Danish and Vietnamese firms. The overall objective of the study is to generate an understanding of a dynamic cultural development in IJV practice. Two research questions are set out to guide the study:

1. **How do intercultural interaction processes unfold within a Danish-Vietnamese joint venture setting?** *(Descriptive level)*
2. **How can the unfolding processes enhance our understanding of cultural dynamics in international joint ventures?** *(Reflexive level)*

The first research question seeks to describe the intercultural interaction processes as they are in the studied setting and thereby illustrate the identified processes with a map where one can follow the key actors and their interactions, as well as key influential factors and their (inter)relations, along a particular time line. The second research question attempts to reflect upon the described processes as a result of the first research question and accordingly develop a framework for a reflexive understanding of the studied phenomenon. Briefly put, the study expects to provide a *descriptive* understanding through answering the first research question and a *reflective* understanding through answering the second research question, the latter being the ultimate goal of the study. It is a step away from the type of normative research that is currently
dominant in the field, and it endeavours to bring researchers closer to the field and eventually enable them to offer the field with better tools.

The point of departure in the present study is in line with the emerging intercultural interaction stream of research, as it adopts the view of culture as a social construction, enacted by interacting individuals. This view is contrasted to the view of culture as essence endorsed by mainstream intercultural research (Søderberg & Holden, 2002). However, it is argued that the social constructivist view can accommodate a view of reality that embodies the dialectics between the relative essence and the dynamic, thereby enabling a methodological ground for paradigmatic interplay (Schultz & Hatch, 1996). Within the social constructivist paradigm (Burrell & Morgan, 1979), a school of thought, the so-called symbolic interactionism (Blumer, 1937) is particularly dedicated to the articulation of the interaction phenomenon in a symbolic sense, i.e. interaction based on subjective interpretations of each other’s actions. There is a sensemaking process in such interaction. I have leaned on these sources for methodological inspiration for the study. I have also drawn on the small number of recent studies anchored in Weick’s (1995) sensemaking construct. These sources have led me to ground the research questions in a sensemaking framework, in which interaction processes among key actors in the studied IJV setting are followed over time from early joint venture establishment to the point of data collection. My objective is to search for an eventually emergent culture as a reflection of sensemaking. I have discussed sensemaking on two levels: one is the level of actors’ (i.e. my respondents’) sensemaking of their interaction expressed through their told stories, and the other is the researcher’s (i.e. my) sensemaking of actors’ interaction processes through justified interpretations of the told stories.

The research design is primarily inspired by the Explorative Integration approach (Maløe, 2002) which suggests that the researcher benefits from a priori knowledge to explore the empirical world and afterwards reflects on this pre-understanding with empirical experiences in order to develop a new understanding. Hence, existing theoretical tools and newly-generated empirical data are of equal importance in this type of research. In terms of structure, it allows the study to be conducted in three phases: 1) Literature integration, where selected theoretical perspectives help to develop a pre-understanding framework, namely a sense-making framework; 2) Empirical exploration, where empirical stories are narrated with the sense-making framework being the inspirational tool of which the validity is challenged as new insights are obtained from data interpretation; 3) Theoretical reflection, where the sense-making framework reviewed and developed into new understanding with embedded empirical enrichment. Figure 1-1 illustrates the above-mentioned three phases in relation to the research questions (RQs).
With regard to the choice of partner countries, the present study is a response to the recent call for more studies in indigenous contexts and emerging economies’ contexts (Boyacigiller et al., 2004). I believe that studying the empirical context of choice will offer unique insights into the area of East-West linkage so far seemingly dominated by studies of Chinese-based joint ventures (see e.g. various works of Beamish and his colleagues), as well as intercultural interaction research so far primarily based on Japanese-US joint ventures (Boyacigiller et al., 2004). Moreover, as the business cooperation between Denmark and Vietnam has been growing significantly in the last decade, an interesting empirical base for research has emerged, not only within the economic development domain but also in inter-firm management (Hansen & Schaumburg-Müller, 2006). Indeed, inter-firm collaboration between developed and developing country partners as in this context has only been empirically investigated in the interest of understanding linkage governance or enhancing local upgrading (Ibid).

Apart from the above gap-filling arguments, the selection of the Danish – Vietnamese context has been encouraged by several convenience reasons. One, it was a natural consideration since I am a Vietnamese by birth, having lived in Vietnam for the first 23 years of my life and for the last nine years in Denmark. Two, earlier engagement in the same study context mainly in connection with my master education has made me familiar with Danish-Vietnamese joint ventures in terms of research experience and networking. Three, the geographical convenience has kept the expenses of my fieldwork and data collection within the limited doctoral budget, considering that interviews were conducted with both sides.

A multiple case study design (Yin, 1994) has been adopted in this study. Data were collected from five cases of Danish-Vietnamese joint ventures. The cases were selected from about 30 joint ventures between Danish and Vietnamese companies, active at the time of the study, to represent different industries, different lengths of partnership and different ownership structures (i.e. equal vs. dominant). Data were collected by means of semi-structured interviews, and in
one of the cases, participation observation. The data analysis process has been assisted with NVivo qualitative analysis software.

The study makes several contributions to the research chosen for the dissertation. First, it extends the emergent strand of research with new insights into intercultural interaction in an IJV setting. These insights are presented in form of in-depth descriptions of the central interaction processes (learning, power bargaining and relationship building) where individual managers uniquely influence the negotiation of meanings and practices. This is so far the first interpretive study of culture in IJVs in a Vietnamese context to take the view of culture as socially constructed rather than the view of culture in terms of distance following mainstream literature. On the one hand, this has evidently emphasised the significant role of key individuals in facilitating or hampering the development of a working culture, and on the other hand, it has presented the studied context as enriching for in-depth research. Second, the study advances the conceptualisation and theory construction in the emerging strand of research by developing a dynamic framework of intercultural interaction in IJVs where individual uniqueness, interaction interfaces, and emergent boundary spanning generate the dynamics of cultural negotiation. Third, as a secondary contribution, the study expects to draw practitioners’ attention to dynamic aspects of intercultural interaction in IJVs to improve their management agendas in pursuit of more effective joint venture operations.

1.2. Conceptual clarification

It is purposeful to clarify, at this juncture, the main concepts in which this research has taken departure. In line with the Explorative Integration nature and the social constructivist orientation of the research, these upfront definitions have been drawn from selected existing knowledge to inform the research’s expectations with regard to the commonly shared meanings of respective notions in the empirical field. However, they are subject to post-understanding reflections, which may result in a reconstruction of the notions.

International joint venture (IJV)

International joint ventures (IJVs) are here defined as “jointly owned organisational entities by two or more legally distinct organisations, in which the headquarters of at least one is located outside the country of operation of the entity” (Ren et al., 2009:806 – modified from Shenkar & Zeira, 1987). IJVs are often referred to as an equity form of international strategic alliances (ISAs), defined as “a strategic, long-term voluntary collaboration between two or more companies and institutions, the aim of the collaboration being to attain individual or mutually defined objectives through common activities, risk sharing and access to partner resources” (Sørensen, 1999:2). As an equity-based ISA, an IJV is a distinct organizational entity characterized by resource and risk sharing and mutually defined objectives.
Culture
Culture is the central concept in this dissertation. Defining culture is particularly vulnerable to aggressive conceptual debate as seen on the cultural research arena. Nonetheless, once culture is defined, it paves the way for the reader to follow the particular methodological orientation underlying the definition which will guide the related study.

For this study, I contend that culture refers to *historically and contextually situated and emergent, shifting and incomplete meanings and practices in webs of taken roles and perceived power* (adopted from Ong, 1987:2). Underlying this definition is the social constructivist view of culture focusing on dynamic micro aspects of culture with a twist of symbolic interactionism. Elaboration is provided in Chapter 2.

Intercultural interaction
Interaction is defined by online dictionaries like Oxford English Dictionary and Merriam-Webster as *mutual or reciprocal action or influence*. Interaction is therefore not only confined to action but also realized in form of influence, which, in most of its linguistic meanings, relates to the exercise of personal power.

To provide a working definition, social interaction refers to *an inter-personal process of dealing with a mutual situation, where the involved individuals perceive and interpret the situation, communicate with one another and take action*. Intercultural interaction involves social interaction between human individuals from different cultural backgrounds. The scope of intercultural interaction in this study is limited to interaction in a particular intercultural organisational setting, i.e. the joint venture setting between Danish and Vietnamese firms, where participating individuals are assumed to carry multiple cultural backgrounds.

1.3. Structure of the study
This research is composed of 15 chapters organized into three parts. Part I is an introduction to the study, beginning with Chapter 1 presenting the background of the study and formulation of the research questions, followed by a clarification of key concepts and the current section on the structure of the dissertation. Chapter 2 provides an account of methodology justifying the social constructivist standpoint as well as the case-based research design of choice. Part II is a theoretical part covering literature review work (Chapter 3 to Chapter 5) and framework construction (Chapter 6). In Chapter 3, I review mainstream research in cross-cultural management which largely underlies a functionalist conception of culture. Although this review reveals major conceptual gaps to be filled by the current research, I claim that particular mainstream contributions may be integrated into an understanding of intercultural interaction processes in IJVs in the light of the social constructivist thinking. Chapter 4 is dedicated to the review of what I call non-mainstream research, highlighted by the intercultural interaction stream, which endorses a social constructivist conception of culture. Limitations of this emergent research strand are identified as research gaps to be filled by the present study with
regard to its conceptual development and empirical knowledge contribution. Chapter 5 thoroughly revisits research in IJVs to find out the current level of understanding of interaction processes in the research context and identifies relevant research gaps. The results of these three chapters are then discussed and developed in Chapter 6 into a sensemaking framework of intercultural interaction processes, i.e. a pre-understanding framework for reference in the data collection phase. Part III contains seven chapters from Chapter 7 to Chapter 13. It begins with an overview of the empirical scenario (Chapter 7), where the reader is introduced to the context of Vietnam with regard to macroeconomic and socio-cultural development as well as the environment of foreign direct investment. This includes discussions of the legal frame of joint venture projects, the history of Vietnamese-Danish business cooperation and an overview of the Vietnamese and Danish cultures. Chapters 8 to Chapter 12 are dedicated to the five IJV cases, each with a descriptive narrative mainly based on interview data, followed by a sensemaking note as a discussion of the individual case. Carrying empirical findings from the narratives and sensemaking notes in Part II, Part III brings the reader back to the conceptual world. Chapter 13 develops the sensemaking framework from the earlier pre-understanding level to a post-understanding level based on a cross-case analysis of the five joint ventures. Chapter 14 is the conclusion chapter. It includes a summary of the research findings and main contributions, a reflection of the dissertation in terms of theoretical and methodological aspects respectively, a note on future research possibilities, managerial implications and finally a concluding remark.
Chapter 2 – Methodology

This chapter describes the methodological background of the present study. It consists of the philosophical standpoint that I have subscribed to in relation to the research, and the research design I have leaned on. As I already mentioned in Chapter 1, I would call it a case study fundamentally anchored in social constructivism, with emphasis on symbolic interactionism. I also seek to explore possible contributions of essentialist conceptualisations as a supplement to the social constructivist anchor. I present this as a holistic social constructivist approach, which I will elaborate on as I continue with this chapter.

The chapter is divided into two sections. The first section presents the philosophical foundation of the research, with elaboration of the ontological position and epistemological positions I subscribe to in relation to the current research. The second section describes the research design including the Explorative Integration design with a multiple case study using qualitative methods.

2.1. Philosophical foundation

By philosophical foundation, I mean a set of assumptions about the nature of reality, including human beings – i.e. the nature of the phenomenon under investigation, also referred to as ontology. It also includes the nature of knowledge creation, i.e. how we create an understanding of the phenomenon under investigation, also referred to as epistemology.

The philosophical assumptions in social sciences are usually legitimized in a meta-theoretical notion called ‘paradigm’. The term was originally launched by the American philosopher Kuhn in his 1962 book “The structure of scientific revolutions”. According to Kuhn, a scientific discipline can be identified by reference to a belief system, i.e. a paradigm or a ‘disciplinary matrix’, to which workers in that discipline must commit. Arnbor & Bjerke (1997) defined a paradigm as “any set of general and ultimate ideas about the constitution of reality, the structure of science, scientific ideals, and the like” (p.26).

Indeed, I am not comfortable with putting upfront a particular paradigm that will guide my research. I feel in line with Van de Ven’s (1997) claim that paradigms are normative. They bind us to a set of ideals which might somehow narrow our views and limit our relation to reality, or in Van de Ven’s (1997) words, “without the necessity of long existential considerations” (p.2). Hence, I would say, these paradigms, or position in relation to them is for me primarily a frame of reference rather than an overarching philosophical ground.

The discussion below somehow reflects the ever-ongoing objective-subjective debate within the domain of social sciences in general and in cultural research in particular. Usually, objectivism and subjectivism are regarded as a continuum along which different paradigms are developed (Arnbor & Bjerke, 1997), or as two polars of a dimension (Burrell & Morgan, 1979). At the objectivist end, the philosophical discussions known in mainstream cultural and organisational
research are often attributed to schools of thought such as positivism, functionalism or essentialism, which appear overlapping and even sometimes interchangeable. I therefore find there is a need to clarify these terms and meanings these schools of thought have given to the notions of culture and organisation. At the subjectivist end, one finds social constructivism as the overarching ontology, and interpretivism as a constructivist approach to knowledge generation. One also finds symbolic interaction as a specific school of thought with emphasis on the meaning of social interaction. This constitutes the preferred philosophical anchor of the present research. These two streams of philosophical thought, i.e. positivism and social constructivism, are briefly presented in the next sections, followed by a section arguing for the position of the present research with respect to the given knowledge of paradigms.

2.1.1. Positivism, functionalism and essentialism

Positivism, functionalism, and essentialism are three philosophical products each with its own history and own ontological/epistemological emphasis. Yet, they are all found to be rooted in an objectivist view of the world, and to have probably inspired and influenced one another over time. And the reason I have landed on these three specific schools is that they appear as the paradigmatic foundation for most research in mainstream international management literature. In the following I will approach the assumptions and emphases underlying each of the three schools, while tracing the link between them.

**Positivism**

Positivism is a philosophy which originated in a call to study society from a natural science premise. The term positivism was first used by the French philosopher Henri Saint-Simon (1760-1825), later systematized into a philosophy by his pupil and colleague Auguste Comte (1798 – 1857). Comte described “the science stage” of human history as a positive stage where a natural science model – based on physics – should be used in predicting the development of society (Ekelund & Olsen, 1973). Soon positivism became a dominant theme of 19\textsuperscript{th}-century Western philosophy, and has had a great influence on various trends of contemporary thought. Over the decades, other scientific and philosophical thinkers created their own definitions of positivism. However, a positivist epistemology or paradigm today is generally attributed to scientific works in search of regularities and causal relationships in the objective subject matter in order to explain and predict the development of social phenomena (Burrell & Morgan, 1979; Kuada, 2009). It is likely the major philosophical ground for what has been developed as the analytical approach to knowledge creation in social sciences (Arbnor & Bjerke, 1997).

**Functionalism**

Functionalism was said to be a derivative of the early positivist thoughts. The early articulation of the doctrine is attributed to the English philosopher Herbert Spencer (1820-1903) and French sociologist Emile Durkheim (1858–1917), among other influential thinkers. Spencer’s major contribution was the view of social phenomena in form of structures and functions and the parallels he drew between societies and organisms in the sense of a self-regulating, united system made up of interrelated elements (Arbnor & Bjerke, 1997). Inspired by both Comte and
Spencer, Durkheim added much articulation to their thoughts, and developed important notions such as ‘social facts’, ‘order’, and ‘social solidarity’ (Burrell & Morgan, 1979).

The functionalist paradigm is one of four sociological paradigms identified by Burrell & Morgan (1979), the others three are the radical structuralist, the radical humanist, and interpretivism. The four paradigms are categorised along two dimensions: the objective-subjective dimension representing the objective-subjective debate, and the sociology of regulation versus sociology of radical change dimension, representing the order-conflict debate within the social science field. And the functionalist paradigm is defined by the objective and the sociology of regulation dimensions. Within this paradigm, Burrell and Morgan identified four sub-categories: (1) Social system theory – including structural functionalism and systems theory, (2) Interactionism and social action theory, (3) Integrative theory, and (4) objectivism – comprising behaviourism and abstracted empiricism. Interestingly, while the first category sounds purely functionalist, the next two categories combine elements of interactionism, which is a subjectivist paradigm that I also present later in this chapter; and the last category is an extreme form of objectivism (Burrell & Morgan, 1979). This indicates that there have been some systematic efforts in combining paradigms within functionalism.

Structural functionalism and systems theory are recognised as the dominant framework for analysis in contemporary sociology (Burrell & Morgan, 1979). Influential thinkers in this category, notably the Polish/English anthropologist Malinowski (1884-1942) and the English anthropologist Radcliffe-Brown (1881-1955), developed functionalist thinking in the field of social anthropology with direct relation to cultural analysis. Smircich (1980) classified organisation and management research into five themes, one of which was linked to Malinowski’s functionalism and another to Radcliffe-Brown’s structural functionalism, as the author put it, yet both draw from similar basic assumptions. More specifically, both approaches suggest studying organisations and cultures through patterns of relationships across and within boundaries to identify causal relations in search of predictable means for organisational control and improved means for organisational management (Smircich, 1983).

A number of scholars in the early 20th century (e.g. Malinowski 1935; Murdock, 1940; Kluckhohn & Strodtbeck, 1961) made significant contributions to the development of a functionalist view of culture that has later been drawn on by research in organisations and cultures (Peterson, 2007). They did so by integrating positivist/functionalist thinking with the field of social anthropology. This view of culture is basically characterized by an analogy between culture and instrument (Malinowski, 1935), the search for universal dimensions of values through quantitative studies adopting structured interviews and statistical methods (Kluckhohn & Strodtbeck, 1961), added and supported by an emphasis on a hypotheses-testing large-scale survey style (Murdock, 1940). In his brief but systematic review, Peterson (2007) documented the functionalist foundation of a large body of organisational studies in general, and a theory of national culture differences, in particular, represented by Geert Hofstede’s well-known work *Culture’s Consequences* (1980, 2001).
Likewise, functionalism and in particular the branch of structural functionalism, through the works of, notably Parsons (1951) and Radcliffe-Brown (1952), have had direct influence on mainstream research committed to the development of a theory of organisational culture (Smircich 1983; Schultz, 1997). This line of research is driven by the idea that culture is a functional means of fostering integration in the organisation and achieving adaptation to the external environment; i.e. it is an instrument that helps the organisation deal with its fundamental problems. Hence, culture ultimately serves managerial purposes (Ibid).

In the reality of cross-cultural organisational research, the two terms positivism and functionalism are used to address the same body of literature (Fang, 2006; Yeganeh & Su 2006; Earley & Singh, 1995); and is sometimes deemed interchangeable (Kuada, 2009). And I also observe, as did Arbnor & Bjerke (1997), that scholars do not want to call themselves positivists, probably because of the association with positivism with a direct application of natural science methods to social sciences implying the treatment of social phenomena as pure facts defined as numbers. Hence, it might appear more neutral to refer to functionalism, acknowledging that it shares with positivism the fundamental objectivist philosophy while having been rather systematically developed into an independent paradigm where its philosophical ideals have been operationalized into a set of scientific standards and conceptual assumptions that researchers readily use.

**Essentialism**

Essentialism to my knowledge is not a particular paradigm that has appeared in popular works on the philosophy of social sciences. However, some recent critiques (Holden, 2002; Søderberg & Holden, 2002) drew my attention to this attribution to the mainstream cross-cultural management literature and to the culture concept in particular, in contrast with the social constructionist approach. The authors, however, did not provide a reference to the history of essentialism.

According to DeLamater & Hyde (1998), essentialism appears to have originated in the works of Plato (428-348 B.C.). It refers to a view of phenomena in the natural world in terms of forms or essences that are characterized by constancy and discontinuity. For instance, a triangle is always a triangle, no matter what length of the sides and which combination of the angles; and thereby it differs itself from a circle or rectangle. The authors also claim that essentialism was the philosophical foundation for positivism in philosophy up to the twentieth century and the dominant school of thought in the Western world (DeLamater & Hyde, 1998). Obviously, essentialism has existed long before and has been a source of justification for the positivist school of thought.

Later, the term was re-coined by the Austrian-born philosopher Popper (1902-1994) in contrast to realism. With essentialism he referred with an opposing attitude to the view of society as the mere sum of atomic individuals, and the individual as the mere sum of his or her social roles.
(Fuller, 2003:147). Interestingly, he split the term “realism” into 1) essentialism, as opposed to “nominalism”, and 2) realism, as opposed to “idealism”. Here I will not go into the details of Popper’s notions for the sake of simplicity and focus. But I refer to Burrell & Morgan’s (1979) distinction between nominalism and realism as two polars of the classic ontological debate. Since it appears that essentialism is an ontological position (e.g. Fischer and comments by Fabian, 1999), I see essentialism, in its generic sense, in the same conceptual category as realism in the debate, making up the objectivist approach to social science (Burrell & Morgan, 1979).

The essentialism used in articulating the basic assumptions underlying mainstream cross-cultural international management (Holden, 2002; Holden & Søderberg, 2002) is rather loosely connected to earlier thoughts in developing the notion/approach. The only clarification provided by Holden and Søderberg (2002) seems to lie in their explanation of an essentialist conception of culture as “a relatively stable, homogeneous, internally consistent system of assumptions, values, and norms transmitted by socialization to the next generation” (pages 107-108). In simpler terms, it is a conception of what the authors labelled *culture-as-essence*, or *culture-as-difference*, implying that in the essentialist view the essence tells one thing from others. I also see the concept as carrying the ‘essential’ properties of classical essentialism, which is an emphasis on forms or essences, discontinuity (in favour of consistency), and constancy (stability). In fact, Holden in his 2002 book made explicit a few times that his (their) meaning of essentialist was the same as functionalist.

To sum up, positivism, functionalism and essentialism originate from the objectivist approach to social science with varying emphases and different contextual conditions, and they have empirically become salient in representing the ontological and epistemological foundation of conventional cross-cultural management research. In terms of the metaphysical level, positivism and functionalism are often referred to as epistemology, while essentialism is more often seen as ontology. In this study, I take the terms as they are used by original works, being aware and considerate of their shared fundamental ground and varying emphases. However, I have chosen to adopt the “essentialist” label to refer to mainstream cross-cultural comparative research, which is reviewed in Chapter 3, as the term is increasingly attached to this literature and particularly informative of the underlying conception of culture (Søderberg & Holden, 2002; Narayan 1998).

2.1.2. Social constructivism, interpretivism and symbolic Interactionism
Coincidentally, I have also arrived at three labels in the subjectivist approach, just as I did with the objectivist approach. However, as the underlying domains unfold, it will reveal a slightly different and somehow much more elaborate link between the three notions.
**Social constructivism**

The fundamental assumption of social constructionism is that reality is socially constructed (Berger & Luckmann, 1966). It is first and foremost an ontological position, holding that reality is constructed rather than existing independent of observers; hence, it is invented rather than discovered. For instance, an organisation, or a culture, does not exist; or it only does so in a conceptual sense (Burrell & Morgan 1979:32).

According to Berger & Luckmann’s (1966) influential work *The social construction of reality*, reality is constructed through individuals and groups interacting together in a social system form. “Social order is a human product”, they wrote, “Or more precisely, an ongoing human production. It is produced by man in the course of his ongoing externalization.” (p.52) Hence, man’s activity is accompanied by a process of him externalizing, and then habitualizing as action is repeated over time, leading to a reciprocal typification of habitualized actions by types of actors, preceding another process of institutionalization. On the other hand, the externalized products of human activity go through a process of objectivation, creating the objectivity of the institutional world. Hence, the institutional world is a man-made objectivity. Externalization and objectivation in turn occur in a dialectic process called internalization, by which the objectivated world is retrojected into consciousness (Berger & Luckmann, 1966:51-61).

In a simpler language, Berger and Luckmann argue that what is seen in a society as “social order” with apparent characteristics of consistency and stability is in fact an outcome of a continuous process of negotiation and reconfirmation of rules of behaviour by members of the society. Said differently, social actors agree among themselves to continue with some mutually accepted patterns of behaviours, i.e. creating some constructed objectivity. We can therefore see culture, in this light, as a socially constructed reality. Some rules of behaviour in a given culture remain relatively stable as long as the cultural actors basically agree to continue to behave in such a way that supports status quo; while potentially new rules are in the making when cultural actors create new ideas through interaction and experience.

To illustrate the ontological viewpoint of social constructivism better, the following underlying assumptions articulated by Guba & Lincoln (1989) are worth noting.

- “Truth” is a matter of consensus among informed and sophisticated constructors, not of correspondence with an objective reality.
- “Facts” have no meaning except within some value framework; hence there cannot be an “objective” assessment of any proposition.
- Phenomena can be understood only within the context in which they are studied; findings from one context cannot be generalized to another; neither problems nor their solutions can be generalized from one setting to another.

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3 To my knowledge, social constructivism and social constructionism refer to the same school of thought. Therefore, in this project, I use the terms as they are suggested by the original thinkers and their followers; and they are meant to be interchangeable.
• Change cannot be engineered; it is a non-linear process that involves the introduction of new information, and increased sophistication in its use, into the constructions of the involved humans. (p. 44-45)

These assumptions illustrate the relevance of social constructivism in drawing the attention of cross-cultural management research to the contextual embeddedness of culture and the changing nature of the culture phenomenon.

Elsewhere, social constructivism has been referred to as nominalism (Burrell & Morgan, 1979), anti-essentialism (Fischer 1999) on the ontological level, anti-positivism (Burrell & Morgan, 1979) or relativism (Kukla, 2000; Guba & Lincoln, 1989; Burrell & Morgan, 1979) on the epistemological level; and many more. However, I will not go into details of distinction between these notions nor refer to them in this study.

**Interpretive paradigm**

The interpretive paradigm (Burrell & Morgan, 1979) informs a subjectivist approach to social phenomena with a concern to understanding the world as it is, to understand the fundamental nature of the social world as an emergent social process and at the level of subjective experience (p. 28).

The interpretive paradigm claims its roots notably in the works of German sociologist Max Weber (1864-1920) and his countryman, philosopher Edmund Hersserl (1859-1938). According to Burrell & Morgan (1979), Weber did not contribute directly to the interpretive paradigm, since his philosophical position was rather objectivist oriented. Yet, his contribution lay in his emphasis on the meanings people create as they interpret the social world. In that sense, he created a link between functionalist sociology and interpretive sociology, in what Burrell & Morgan (1979) described as behavioural symbolic interaction, i.e. the second category in the functionalist paradigm presented above. Meanwhile, Hersserl developed a philosophical movement called phenomenology, suggesting that the researcher must study things as they are experienced by the involved individuals, i.e. through the meanings and interpretations which the individuals attach to their lived experiences (Kuada, 2009). Phenomenology can be seen as posing an extremely subjectivist position (Burrell & Morgan, 2009).

Burrell & Morgan (1979) structured the interpretive paradigm into four distinct but related categories of interpretive theory, mainly distinguished by their degree of subjectivity: (1) solipsism; (2) phenomenology; (3) phenomenological sociology; and (4) hermeneutics. The third category, phenomenological sociology, refers to two sub-categories, ethnomethodology and phenomenological symbolic interactionism, in contrast with behavioural symbolic interactionism. In this study, I have chosen to articulate a philosophical ground in the particular branch of phenomenological symbolic interactionism, which I from now refer to as symbolic interactionism (Blumer, 1969).
In the field of cultural research, it appears that the American anthropologist Clifford Geertz (1926-2006) with his groundbreaking 1973 book *The Interpretation of Cultures* laid the foundation for an interpretive view of culture. To Geertz, human behaviour is symbolic action, action that “signifies”, or gives some meaning that is subject for interpretation; and culture is viewed as webs of meanings, or “webs of significance”, a term borrowed from Max Weber. He maintained further that the analysis of culture must not be “an experimental science in search of law but an interpretive one in search of meaning” (1973:5). Today, organisational scholars also refer to Geertzian interpretivism as a symbolic perspective (see e.g. Smircich, 1980; Schultz, 1994).

**Symbolic interactionism**

Although it was Blumer who coined the term “symbolic interactionism”, it was his teacher George Herbert Mead (1863-1931), and his colleagues of the American philosophical movement (known as pragmatism) who made the first systematic contributions to the perspective. “Pragmatism” in this context can be described as a tradition that “focuses on community life in the making and assumes dimensions that are notably relativist, linguistic, self-reflective, processual, activity-based, and negotiable in emphases” (Prus, 2003:19-20).

As the title of his 1934 book *Mind, self, and society* reads, Mead developed some thought-provoking ideas about the conception of self, mind, and its relation to society. According to him, the individual self and mind arise out of the social process, which is a process of communication. He distinguished between unconscious communication and conscious communication, which he called communication or conversation of significant symbols, i.e. language. And the mind is “emergent” in the latter communication process; it emerges from the use of significant symbols, or the creation of meanings. The self is a reflective process as it is “an object to itself”. The self-consciousness is the reflexive side of the self that takes part in the social process of communication, while the objectified self emerges from processes of human intersubjectivity (Mead, 1934). This account indicates the fundamentals or basic assumptions of symbolic interactionism.

According to Mead, Blumer developed the rationale behind symbolic interaction and proposed an interpretive model for sociology, which is briefly described in the following.

The term "symbolic interaction" refers to the peculiar and distinctive character of interaction as it takes place between human beings. The peculiarity consists in the fact that human beings interpret or "define" each other's actions instead of merely reacting to each other's actions. Their "response" is not made directly to the actions of one another but instead is based on the meaning which they attach to such actions. Thus, human interaction is mediated by the use of symbols, by interpretation, or by ascertaining the meaning of one another's actions. This mediation is equivalent to inserting a process of interpretation between stimulus and response in the case of human behaviour. (Blumer, 1937:180)
As indicated above, the concept of interaction is explicitly the subject of interest within the symbolic interactionist school of thought, yet only in its symbolic form involving interpretation and definition of actions.\(^4\) The outcome of symbolic interaction is joint action (social act in Mead’s term), or “the larger collective form of action that is constituted by the fitting together of the lines of behaviour of the separate participants” (Ibid: 70). This joint action does not refer to any specific form of human association but, in the spirit of symbolic interaction, embraces the full range of the generic forms from cooperation, consensus to domination or conflict, e.g. war.

A particular characteristic of interaction advocated by the symbolic interactionist school is that interaction embraces the negotiation of roles and identities. In the nominal work on face-to-face interaction, Goffman (1959) argued that individuals are performers of roles as they enact rights and duties attached to a given status in an interaction process. Each individual is given a number of roles due to his or her participation in a number of social settings. Goffman’s conception of role represents the symbolic interactionist view of role. This emphasises the creative and unpredictable part of role as taken by individuals in contrast to the unquestionably effected roles of individuals as assumed by the functionalist view (Dolch, 2003). Indeed, the enactment of roles is situation-specific, i.e. dependent on the interaction setting (including motive, purpose, sentiments, etc.) and the individual actor’s interpretation of the situation. Unlike the concept of role, identity is not explicitly addressed by interactionist scholars, yet it is an emergent concept signified by their accounts of social interaction. Identities emerge as interaction gives rise to the awareness of self and definition of self in relation to others. Identities differ from roles in that the former consists of internalized role expectations (Vryan et al., 2003). Moreover, identities are not only found at a social level, i.e. social identities (membership), but they are also found at the personal level and even at a situational level, i.e. the situation-specific identification of self (Ibid). In short, each individual, in the course of interaction, enacts his or her roles and identities in relation to his or her counter-actors, and in relation to the situation. The process of interaction thus embraces a process of individuals negotiating roles and constructing identities.

Another emphasis of symbolic interactionism is to view interaction as an interpretive process in which meanings evolve and change over the course of interaction (Wilson, 1970). An actor perceives the others’ actions as meaningful actions and translates this perception into his own action. In that way, his role-taking is beyond the enactment of a prescribed role and largely subject to his interpretation. In a similar way, identities are socially constructed and thus subject to an interpretive process. By highlighting social interaction as an interpretive process, interactionist scholars draw a clear distinction between their concept of interaction and the functionalist view of interaction, the latest driven by a taken-for-granted culturally established cognitive consensus (Wilson, 1970).

\(^4\) Unlike symbolic interaction, non-symbolic interaction is associated with the formation of the affective element of social attitudes (Blumer, 1936). It refers to the immediate feelings of a human that lead to unconscious responses that he makes to the gestures of others. This type of interaction is most likely to be captured by observational methods, which is out of scope of the present study given its major use of interviews, but not irrelevant to the problem at hand.
Viewing social interaction as an interpretive process gives some important methodological implications. Role-taking and identity construction require participants to act upon others’ actions based on their interpretation of others’ actions, or the meanings of such actions, a process described by Garfinkel (1964) as *documentary interpretation*. Documentary interpretation involves identifying underlying patterns behind a series of appearances so that each appearance is seen as a document of the underlying pattern (Foon, 1987). This is a process embedded in interaction as actors take on roles and identify themselves among others. On the reflexive level, descriptions based on documentary interpretation are interpretive descriptions. In short, a study of interaction as an interpretive process requires the researcher to make sense of accessible “documents”, or series of appearances/actions, in the ultimate interest of an insightful understanding of the travel, or the dynamics of underlying patterns. This endorses the appropriateness of the sensemaking methodology and interview – the story telling method employed in the present research. Further elaboration of the researcher’s role in this research and the adopted sensemaking method follows in the next section.

**Sensemaking**

The emphasis on interpretation in the symbolic interaction formula “Stimulus-Interpretation-Response”, as outlined above, is indeed a process of sensemaking. The concept of sensemaking was often used as an every-day process of understanding until scholars like Gioia & Chittipeddi (1991) and Weick (1995) applied it as an object of scholarly inquiry in a systematic manner. Weick (1995) made a synthesis of various definitions of sensemaking and arrived at a definitional statement as follows:

> Sensemaking is about such things as placement of items into frameworks, comprehending, redressing surprise, constructing meaning, interacting in pursuit of mutual understanding, and patterning. (p. 6)

Sensemaking is observed at multiple levels: individual sensemaking, or intrasubjective; intersubjective, generic subjectivity. Weick’s theory appears to imply that the various levels of sensemaking are inseparable from one another; they are rather interdependent and interconnected, just as “webs of significance (senses)”.

Weick (1995) draws the distinction between sensemaking and interpretation in a number of aspects. To him, sensemaking is “about the ways people generate what they interpret” (Ibid p.13). Thus, sensemaking is more (explicitly) process-oriented than interpretation. It is ongoing. Second, sensemaking places emphasis on creating a sensation of the object, whereas interpretation in its literal sense may infer discovering or explaining something, just like positivist researchers do when they interpret their data. In Weick’s words, “sensemaking is about authoring as well as interpretation, creation as well as discovery” (p. 8). Therefore, sensemaking is far more specific, at the same time more inclusive, about how reality is to be understood. When the “interpretation of cultures” becomes the sensemaking of cultures, it is not simply about telling the cultural story through the experiences of the involved actors, but about
inventing or creating the cultural story through the (researcher’s) subjective understanding of these experiences. And it is an ongoing rather than a complete story.

To me, the sensemaking notion with its underlying assumptions has captured the ‘essence’ of symbolic interactionism on both ontological and epistemological levels. On the ontological level, sensemaking implies a reality is constructed through the construction of meanings in an ongoing process. Meanings emerge in the course of social interaction. On the epistemological level, the creation of knowledge of the reality under investigation is likewise the construction of meanings that emerge as the researcher interacts with his or her field (reality).

Sensemaking in the present study can be seen on multiple levels. First, a theoretical sensemaking applies in the pre-understanding phase as existing knowledge on the research subject is pulled together and related to the research questions. Second, sensemaking on the empirical level is twofold in terms of actor sensemaking and researcher sensemaking, in which the symbolic interactions of individuals involved in the investigated IJVs unfold through own stories, whereupon they are interpreted by the researcher with reference to the theoretical pre-understanding. The second layer of theoretical sensemaking occurs in the post-understanding phase where stories across the cases are pulled together and interpreted in terms of common patterns and meanings. These meanings may diverge from those produced by the pre-understanding and thus generate a new understanding.

2.1.3. Positioning the current research
I have hinted at some of my paradigmatic considerations earlier in this chapter. This section allows me to crystallize these discussions and to inform the reader about my choices and the arguments underlying them.

**Attitudes toward paradigms**
As regards paradigms, I was once confused and undecided as to whether all paradigms are extreme categories that serve the selfish goals of scholars, or whether to reject paradigms, neutralize paradigms, or to mix them would lead to an extreme thesis of ambiguity, reflecting loss and indecisiveness. Or as I said earlier, would subscribing to one paradigm narrow my view of the world I want to study? I tend to believe that the nature of my research question is rather one of ambiguity and that the sensemaking approach will reduce the ambiguity (See Weick 1995:13).

Taking the above concerns into consideration, I need to formulate and justify an appropriate attitude towards paradigms in a scientifically sound manner. Three different attitudes have been suggested by Rossman & Wilson (1985): the purist, the situationalist, and the pragmatist approach. The purist approach holds that paradigms are “mutually exclusive” due to their diverging assumptions and methodical implications. Thus the purist researcher can only subscribe to one paradigm in relation to his investigation. This attitude towards paradigms is in line with the view of (paradigm) incommensurability (e.g. Kuhn, 1962; Burrell & Morgan, 1979; Jackson & Carter, 1991). The situationalist approach views paradigms as complementary
to each other and useful in tackling different aspects of the investigated subject. The situationalist researcher may apply different paradigms and hence accordingly different methods at different stages of his research. The pragmatist approach highlights the importance of solving the given research issues in form of practical and normative oriented outcomes (Kuada 2009); and thus allows the use of a single or multiple paradigms according to demand.

Similarly, a number of scholars have recently addressed a multiple paradigm perspective of research, indicating the increasing departure from the notion of paradigm incommensurability (e.g. Gioia & Pitre, 1990; Schultz & Hatch 1996; Lewis & Kelemen, 2002; Martin, 2002). In particular, Schultz & Hatch (1996) articulated an interesting discussion of what they described as *paradigm interplay* – between functionalism and interpretivism within organizational culture research. Paradigm interplay allows the acknowledgement of both contrasts and similarities between the two paradigms and the preservation of the tension between contrasts and similarities, or connections – to use the term of Schultz and Hatch (1996). A surprising claim by the authors in their conceptualization of the interplay approach is that the connections between the two paradigms, seen in the light of postmodernist thinking, are the convergence toward a conception of culture as pattern, essence and the static (Ibid:540). What seems to have been evidently embedded in the basic assumptions and conceptual frameworks of the functionalist paradigm is now also to be identified with the interpretivist paradigm. They argue further that culture-as-pattern may contain inherent inconsistencies and conflicts rather than only consistencies and harmony; that culture-as-essence rather concerns the expressive layers than the deeper layers (i.e. values of cognition), namely the essence of meanings and practices. Again, to them “culture-as-static” calls upon a criticism of interpretivist analyses which start out to advocate ongoing dynamic processes but often end up producing “static representations” of such processes. They also indentify three areas of interplay: generality/contextuality, clarity/ambiguity, and stability/instability. Thus what has been seen elsewhere as a paradox within the paradigm debate has been turned upside down in the name of interplay in an attempt to formulate a synergistic approach toward cultural analysis. To some extent, Schultz and Hatch’s interplay framework falls in line with the situationalist view that paradigms may be complementary to each other in dealing with a research subject. Later in her 1997 work, Schultz pointed to a cross-reference between functionalism-symbolism and Martin’s typology of three organizational culture perspectives, (which I will come back to in the next chapter,) arguing that functionalism and symbolism shared the same root in the “integration” concept while “utilizing differentiation and ambiguity to pose critical questions at the empirical level” (1997:17).

Perhaps Schultz and Hatch’s propositions of connections between the two paradigms can be illustrated by an ethnographical case study by Fischer (1999), where the author drew upon a narrative of Maya cultural and identity construction to provoke a critical rethinking of constructivist and essentialist approaches. The concept of *cultural logic* developed in this account to describe cultural processes underlying generative (i.e. emerging from interpersonal interaction) yet constrained (by externalized norms) connotations was met with some immediate critiquing comments by his anthropological colleagues. Yet, what he found of Maya culture,
which underlay this concept, appears relevant in establishing the rationale for opening up a dialogue between the two paradigms within cultural research. That is his documentation of “unity in diversity” as characteristic of Maya cultural logic led him to conclude that Maya culture could be seen “as a historically continuous construction and adapting to changing circumstances while remaining true to a perceived essence of Mayaness” (1999:488). His cultural logic differs from the essentialist view of culture in that it accommodates change as an integral part rather than featuring stability and it produces essence in continuity rather than discontinuity. The cultural logic changes in a manner that is “internally consistent with (that logic) itself” (p. 477). In accordance with such logic, the essence of culture stems from internal construction through members’ interaction under the influence of the environment, and is subject to change through cumulative (creative) interpretations of and adaptation to contingencies.

Being aware of the different attitudes towards paradigms, I see the opportunities and possible accompanying challenges concerning the validity of research. I see that paradigms may be combined, either to be applied at different phases of one’s investigation or integrated into one’s framework. In another way, paradigms may be extended to include the area where they can intersect (i.e. what Gioia & Pitre (1990) labelled “transition zones”).

*Defining the research ‘paradigm’*

This research takes advantage of the recent trends in crossing paradigms, as discussed in the above section, for the purpose of building on the current body of knowledge from both functionalist and interpretivist traditions. However, the main paradigmatic anchor of the research is to be found within the realm of social constructivism, not in its purest sense as opposed to and excluding any objectivism, but rather in a pragmatic standpoint in light of a holistic view of reality.

Indeed, I see embedded in constructivist ontology a relational view of the objective-subjective continuum. I recall Berger and Luckmann’s (1966) account of a dialectic process where objectivity and subjectivity of reality are intertwined via processes of externalization, objectivation and internalization. The essentialist thinking, in contrast, only emphasizes the objective side of the reality; and the essentialist researcher accordingly only seeks to capture snapshots of the objectivated “moments”. In this sense, the social constructivist rather takes a holistic view of reality due to an emphasis on (ongoing) process.

Sensemaking is also consistent as constructivist ontology in this regard, as the sensation of one item is subject to objectivation as it is shared via communication and interaction. Through the constructivist eyes, it then makes little sense to put objectivism and subjectivism along a linear continuum. They are rather intertwined in a *circular continuum*, where the distinctions of paradigms are hardly straightforward.
I feel in line with Schultz (1997) and Fischer (1999) in their argumentation for a fundamental convergence thesis behind the inquiry of diversity and ambiguity. Unity or essence is that which identifies (the core), the given social phenomenon, though such essence in a social constructivist perspective is constructed essence which is subject to change due to its local interpretations and sensemaking. Here we talk about essence just as interpretivists try to condense their rich descriptive products into brief statements of world views (Schultz & Hatch, 1996) or about the studied phenomenon. Essence is like a representative account of a social phenomenon which is made at some point based on knowledge of what is going on within that phenomenon.

Now I should be careful not to engage in a naïve and a general philosophical debate around what social reality is. What I have discussed refers to my view of reality which is the ground for me to make sense of my research subject. That is what I would like to call a holistic social constructivist view of reality. I see culture as a social construction signifying both emergent meanings and practices generated by individuals during the course of interaction as well as a dynamic core extractable from commonly shared meanings and practices which may become ambiguous or fragmented as new meanings emerge. A joint venture, or an organisation, is also a social construction in a similar sense. In a sensemaking process, culture is a dynamic input and simultaneously an ongoing outcome. A social phenomenon, in general, follows a logic of its own featuring the contrast and interplay between its (dynamic) core and its manifestations.

In short, the interplay-inspired paradigmatic ground has allowed me to build on the body of knowledge created in both functionalist and interpretive traditions, though my philosophical and conceptual anchors belong to the latter. In this study, I rely on the following assumptions.

- Individuals take a relatively active part in the construction of reality through interaction with other individuals and their environment. Individuals have different viewpoints based on their unique experiences and preferences, which drive their interpretations of the social world.
- Cultures and organizations are social constructions based on the interaction of individuals. Cultures and organisations are both converging and diverging.
- Individuals carry roles in organisational settings. They take on roles as they perceive them rather than as they are given.

**Defining the researcher’s role**

Having positioned this research on a holistic social constructivist ground as elaborated in the above section, I now see a need to understand how a social constructivist researcher sets out to approach the field of reality, i.e. to define the researcher’s role. To exemplify such a definition, let me quote the interpretation of Easterby-Smith et al. (1991:24): “the task of the social scientist should not be to gather facts and measure how often certain patterns occur, but to appreciate the different constructions and meanings that people place upon their experience”, and thus “to understand and explain why people have different experiences”, for “human action arises from the sense that people make of different situations” (Easterby-Smith et al, 1991: 24).
In other words, the social constructivist researcher is to study social phenomena as they are experienced by the involved individuals. But how does the researcher approach the experiences of the studied individuals? How does she or he tell the stories of these experiences, i.e. the stories of sensemaking, as they are told or as they are sensed? I can tell from a sensemaking perspective that of course she or he tells the stories as they are sensed by her/him. But to which extent? At this point, I find it relevant and useful to include the emics – etics debate, for the purpose of defining my position in the field.

Back to the field of cross-cultural research, the role of the cultural researcher is often discussed in relation to the emics-etics debate (Peterson & Pike, 2002). Originally, ‘emics’ and ‘etics’ are derived from ‘phoemics’ and ‘phonetics’ as contrast in the analysis of sounds, and later of grammar, documented in research by the American linguist Kenneth Pike (Peterson & Pike, 2002). Etics refers to the already established rules (theory) whereas emics concerns the contrastive experience one has compared to the known rules. Applied to other social sciences, including the field of organisational research, the ideas of emics and etics originally call upon awareness of contrasts between existing theory and (the researcher’s) new field-based experiences, and thereby stimulate inductive learning through identifying theory – experience misfits (Ibid).

In practice, in the field of cross-cultural research, however, the emics – etics distinction has often been simplified to be equated to, for instance, insider – outsider distinction of the research method (see Morris et al. 1999; Bird & Osland, 2000). The etics or outsider perspective is attached to comparative studies in favour of large-scale surveys, whereas the emics or insider perspective is attributed to interpretive studies using ethnographic methods such as wide-ranging observation of a single cultural group (Morris et al., 1999). This simplified view of emics – etics have indeed been opposed to by Pike in a response to a related debate (see Headland et al., 1990), in which he maintained that, “...Both (emics and etics) were necessary to understand the individual acting, now, alive (with the emic structure reflecting the relevant systemic relations between units), and the etic approach was necessary for the analyst to describe the physical content and the variations within those emic units” (Peterson & Pike, 2002:14). This is about an “emic-etic interchange” to which the authors attempted to draw organisational scholars’ attention in search of communication between research disciplines.

In line with my endorsement of paradigm interplay to a certain extent as explicated in the earlier section, I find the researcher’s role in the context of this research embracing the view of emics – etics interchange where the researcher brings his or her theoretical pre-understanding and his or her field-based experience into contrast with each other in the hope of uncovering the field’s possible emically unique elements to develop these elements into new knowledge (post-understanding). Additionally, an emic perspective in the sense of field-based experiences should not be limited to an insider perspective in its strict sense, i.e. referring to the researcher participating in the studied organisation. Field-based experiences may be acquired through
stories collected from interviews with insiders. Thus the emic perspective is not only about being an insider but also about interacting with insiders and accessing their experiences.

Dealing with a mix of emics and etics is particularly challenging for those doing what Martin (2002) called “halfie research”, i.e. research conducted by a researcher who comes from the culture he or she studies, but who, during the work, is a member of another culture, that ‘commissioned’ the research project” (Czarniawska, 1998:4). This happens to apply to me, who left my homeland Vietnam as a fresh bachelor in early 2001 to come to Denmark to continue my higher education and have since then settled down with a family and a doctoral research project in the city of Aalborg up north in this country. I have throughout these years been exposed to clashes between the me being formed by my Vietnam-based roots embracing my various local memberships including my family and my educational environment, and the newer me learning to adjust to the way of living and thinking in Denmark, including norms and practices attached to the setting of Aalborg University, and particularly the research centre to which I belong. Such a halfie-like position has offered both advantages and disadvantages with regard to the conduct of the current research as well as its results. The major advantage has been the constructivist orientation increasingly stimulated by my living and studying experiences in the two countries which has allowed me to see the reality of the culture phenomenon in joint ventures as a complexity of meanings and practices enacted by a bunch of individuals rather than bipolar stereotype-driven contrasts distancing the involved parties; but it has also been to see a mutual perspective embedded in organisational processes rather than a one-sided perspective. Another practical advantage has been the relatively favourable access to the studied field on both Vietnamese and Danish sides in terms of contacts and networking, context-based experience and not least a command of the Vietnamese language as my mother tongue and the Danish language besides English. In other words, I have been able to approach, rather easily, and to share a certain common ground with both my Danish and my Vietnamese informants. Meanwhile, the major disadvantage is perhaps the relative limit of the first-hand knowledge of the Vietnam context in the latest years. Advantages and disadvantages are always relative and in a trade-off situation. However, they are to be dealt with, for they leave certain bias in one’s work. Such bias as experienced in the research process will be reflected upon in Chapter 14 of the dissertation.

Briefly speaking, the researcher’s role may initially be defined by the paradigmatic position dominating the research in question, which in this case refers to a holistic social constructivist ontology and epistemology. Such a role is taken by me, with the above-mentioned background, not by someone else who might enact a different background into his or her sensemaking of the research. In other words, I have taken my researcher role as I perceived it not as it was given to me as a formula to shape my interpretations. This reflects one of the primary ontological assumptions I have chosen to carry with me in this research journey. Rather than excluding the researcher’s own background embedded in the way he or she perceives and interprets subjects, the social constructivist researcher deals with it, not as an obstacle but as an exciting and enriching challenge.
2.1.4. Summary
Section 2.1 has laid the philosophical ground for the present research and argued for the endorsement of a holistic social constructivist perspective allowing for interplay between paradigms and roles. It has also elaborated on the concept of interaction inspired by the symbolic interactionist tradition, which will guide the exploration of interaction processes in the empirical analysis.

The next step is to design a research strategy to implement the subscribed philosophical and conceptual ideas aimed at reaching answers to the investigated research questions.

2.2. Research design
I have stated above that “sensemaking” is the overarching metaphor that articulates my research strategy in this project. I have chosen to ground my investigations in a subjectivist side of the objectivist – subjectivist continuum of “ultimate presumptions” about reality, but allow room for situations where multiple paradigms can be justifiably applied to enrich my sensemaking of the cultural constructional processes in IJVs. In this section of the chapter, I endeavour to clarify the main dimensions of the research design.

A research design informs “a logical plan for getting from here to there, where here may be defined as the initial set of questions to be answered, and there is some set of conclusions (answers) about these questions” (Yin, 2003:20). The roadmap from “here” to “there” mainly concerns the collection and analysis of relevant data (Ibid). In this regard, the selected design for this research is a multiple-case study, as a case-based approach allows the researcher to uncover the dynamics present within a single setting (Eisenhardt, 1989), and the choice of multiple cases, compared to a single case, is critical in theory development (Yin, 2003). A conventional case-based design comprises five components: (1) the research questions, (2) research propositions, (3) the unit(s) of analysis, (4) the logic linking the data to the propositions, and (5) the criteria for interpreting the findings. The first three components serve to handle the question of what data are to be collected, while the last two components deal with how to analyse the collected data (Ibid).

In terms of scientific value, my research design is considerably inspired by the Explorative Integration approach developed by Maløe (2004). Maløe distinguishes Explorative Integration from Theory Building and Theory Testing, defining Explorative Integration as “a cyclic approach of continuous dialogue between pre-chosen theories, generated data, our interpretation, feedback from our informants, which hopefully will lead us to a more inclusive theory building or even understanding” (2004:3). It is considered a middle approach between deduction (theory testing) and induction (theory building). The role of theory in the Explorative Integration approach seems to match with the scope of theory development which differentiates case studies from related methods such as ethnography (Lincoln & Guba, 1985; Van Maanen, 1988) and grounded theory (Strauss & Cobin, 1988). Moreover, the Explorative Integration
design seems to fit in with the situation of this research aimed at developing new conceptualisation in the emergent strand of research using empirical cases.

In the following, I will discuss and construct the research design in line with the Explorative Integration approach using multiple cases. The research process gives an overview of the plan “from here to there”. The following section clarifies the units and levels of analysis, followed by a section elaborating issues of process analysis. The data section comprises the data collection and data analysis strategy and related methods. Issues of research validity and limitations will conclude the discussion of the research design as well as the current chapter.

2.2.1. The research process
As defined above, the research process of a case-based Explorative Integration design embraces continuous dialogue between theoretical ideas and empirical insights gained from the investigated cases. It is an iterative process where equal importance is attached to the theoretical pre-understanding and empirical analysis with the ultimate aim of theoretical development.

My own research process has found its way in an Explorative Integration nature. In a linear way, it is reflected in the structure of the current dissertation, as presented in Chapter 1. It all started with a personal resistance to the view of culture as differences, which seems to overwhelmingly dominate research in international inter-firm collaboration, particularly within an IJV setting. With few exceptions, IJVs seem to have inspired and in return been exclusively associated with the culture-as-distance approach. A preliminary review of literature helped me confirm this and at the same time uncover the conceptual limitations embedded in such view but it also uncovered the emergence of a new research strand in search of the dynamics of culture in international management phenomena (See Chapter 1 for elaboration). As a result of this early literature search, I arrived at the formulation of the research questions. Being aware of the emergent strand with open opportunities for conceptual development, I moved on to the next step in the learning process, where I collected and constructed theoretical insights before conducting an empirical study. This is supported particularly by Maløe’s (2002) Explorative Integration design endorsing the reliance on existing knowledge as initial expectations of what is going on in the empirical field. At the same time, as I approached the field conducting some explorative interviews in Denmark, preliminary findings from these interviews appeared convincing with regard to a focus away from the culture-as-distance approach. For instance, findings from the explorative interviews have hinted at the influence of different individual styles on shaping meanings and practices through interaction in joint ventures and the different attitudes toward the impact of macro cultures as such (i.e. the Vietnamese culture versus the Danish culture) in joint venture operation. Accordingly fine-tuned theoretical insights then resulted in a pre-understanding framework constructed in Chapter 6. The empirical phase actually started simultaneously with some preliminary interviews with a few Danish partners at their Denmark-based head offices. After five cases had been selected (see Section 2.2.) and practical procedures had been dealt with, the field trip to Vietnam was realised for the purpose of interviewing members of the selected IJVs. Back in Denmark, I started the analysis of 25
interview transcripts using the NVivo qualitative analysis software. A post-understanding theoretical framework was then developed based on results of the cross-case analysis. The flowchart below provides details of this research process with a referential time line. Although the research process appears to have been of a linear nature, it was indeed an iterative process. There was continuous interaction between the construction of the pre-understanding framework and the data collection process from its early start. The pre-understanding became more selective and relevant after accumulative experiences in the field, and in return the data collection became more focused as the theoretical ideas were elaborated and fine-tuned.
Figure 2-1: Research process in a flowchart

- Research interest & Preliminary review of cultural research in IJV settings (Chapter 1)
- Position and design the research (Chapter 2)
- In-depth literature review (Chapters 3 to 5)
- Preliminary interviews Case selection
- Develop a pre-understanding framework (Chapter 6)
- Prepare for field trip
- Field work (Interviews, case notes)
- Case stories (Chapters 8 to 12)
- Data analysis (NVivo)
- Cross-case analysis and post-understanding framework (Chapter 13)
- Reflection & Conclusion (Chapter 14)
2.2.2. Unit and levels of analysis
Unit of analysis is among five fundamental components of a research design (Yin, 2003). It answers the question of what to study once the research questions have been defined. In this research, the unit of analysis is interaction processes which occur in the IJV settings.

Being interaction processes, the unit of analysis calls for a clarification of the level of analysis since interaction may be multi-level and complex. It is placed in an organizational setting, since it involves interaction between individual members of the joint venture, between partnering organizations and the joint venture organisation, and between different work groups from the involved organizations. It is a complex form of organisation-based interaction, which is characterized by ‘a fabric of interweaving threads of interaction’ (McCall, 2003:332). A study of interaction processes in IJVs therefore concerns a multi-level analysis.

From a sensemaking point of view, three levels of analysis are documented (Weick, 1995): (1) An intra-subjective (or individual) level; (2) An inter-subjective level, between two or more individuals, that represents shared frames of reference; and (3) A collective level that represents the unfolding of change across inter-subjective levels. The first level of analysis is evidently reachable in this study as long as it involves the individual informants participating in the studied joint venture. The second level can be found in various forms of group settings within an IJV, such as the board of directors, the trainer-trainee interaction, and a task-based team. The collective level represents the joint venture setting encompassing all interaction on the two other levels in both structures (e.g. board) and emergent inter-personal settings.

That is, the human interactions that I study are embedded in inter-organisational contexts and are managed in a way to reach mutual organisational goals despite the perhaps stronger motivation of individual goals. The main concern is how those human interaction processes can help create the collaborative effect – i.e. on the collective level. Ring & Van de Ven (1992) pointed to the importance of interaction processes as casting “a positive, neutral, or negative overtone to the relationship, influencing the degree to which parties settle disputes arising out of the inter-organisational relationship” (p. 91).

2.2.3. Process analysis
Identifying interaction processes as the unit of analysis naturally leads to the question of how to study interaction processes, or in general how to study process. I endorse the understanding of process as “ongoing action/interaction/emotion taken in response to situations, or problems, often with the purpose of reaching a goal or handling a problem” (Corbin & Strauss, 2008:96-97). That is, process can be traced through identifying problems or situations where a solution is needed.

Indeed, Corbin & Strauss (2008) suggested the way process is described and conceptualized depend on “the content of the data and a researcher’s interpretation of data” (p. 98). The authors indicated two ways of describing process: one way is to describe it in developmental terms such
as phases or stages to illustrate some kind of progress or development. This method is not always applicable because process in reality can be chaotic instead of progressive. The second way is to describe process as sequences or a series of actions/interactions/emotions taken in attempts to handle situations or solving problems.

Van de Ven (1992) documented three ways in which process was conceptualized in strategy research: “(1) a logic that explains a causal relationship between dependent and independent variables, (2) a category of concepts or variables that refers to actions of individuals and organisations, and (3) a sequence of events that describes how things changes over time” (p.169). The third view of process, i.e. process in terms of a sequence of events, was adopted by Ring & Van de Ven (1994) in their study of the evolution of inter-organisational relationships. The authors defined events as “critical incidents when parties engage in actions related to the development of their relationship” (1994:112). This view corresponds to the above-mentioned second way of describing process articulated by Corbin & Strauss (2008).

From a social constructivist standpoint, the view of process as a logic of causality or as a linear development seems irrelevant to the reality of assumedly complex and dynamic relationships. Instead, the view of process as an ongoing sequence of incidents fits best into the constructivist perspective. Process is emergent just like incidents.

2.2.4. Multiple-case study design
As briefed earlier, I have chosen the multiple-case approach to empirical data collection for the preliminary rationale of theoretical development. In this section, I will elaborate on this approach, its characteristics, and its actual adoption in the present research.

By case study, I mean an empirical inquiry that “investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident” (Yin, 2003:13). Interaction processes are highly embedded in contextual conditions, thus relevant to the case method.

A case-based study can be a single case study or a multiple case study (Yin, 2003), yet the research design is of the same nature. I feel in line with Yin (2003) when he argues against the view of multiple-case studies and single-case studies as different methodologies as some other scholars argue. Although a multiple-case study involves as an inherent part the comparison of cases, it serves the ultimate aim, just like a single-case study, of enriching theoretical development. In terms of generalizability, however, it is not the question of whether it is a single case or multiple cases, but rather the selection of the case(s) that appears to matter. For instance, a case selected as a critical case may be so rich in information that it permits logical deductions of a type that apply to all cases; whereas a number of randomly selected cases may barely produce in-depth insights into the given research problem (Flyvbjerg, 2006).
Pure social constructivists are often sceptical about the generalization of one particular set of data, since they are embedded in one particular context of study. Some scholars within the tradition have reacted by pointing to a number of different generalizing approaches within social sciences, arguing that reality as a social construction is even constructed by drawing on certain existing generalizations of the then unknown (Maaløe, 2004). The particular approach which appears relevant to the present study is what Maaløe (2004) describes as analytical generalization. Analytical, or analytic, generalization has been defined as simply “the expansion of a particular set of results to some broader theory” (Yin, 1984:21) or “the combination of observations from individual cases with theory in order to either enrich or partially reject the theory” (Maaløe, 1996). Similarly, Eisenhardt (1989) drew on theoretical sampling as the logic underlying theory building, i.e. generalization, from cases. Theoretical sampling refers to the selection of cases for theoretical reasons, i.e. to replicate or extend the emergent theory, unlike statistical sampling that chooses cases for statistical reasons. It is suggested that replication is enabled by selecting similar cases (i.e. literal) or contrasting cases (i.e. theoretical) with some foreseeable underlying logic (Yin, 2003). In research of an explorative nature like this one, I contend that both literal and theoretical replication are of initial research interest, while being aware of the possible emergent significance of one type or the other in the iterative process of theory-field interaction.

For this research, the selection of cases has followed the theoretical sampling logic in the sense that the five joint venture cases represent diverse industries and products/services, as the resulting conceptualization is expected to become relatively independent of industry origins and representative of IJVs in the studied bi-national context, i.e. Denmark - Vietnam. As documented by Eisenhardt (1989), theoretical sampling may also infer, for example, the selection of cases of organisations, which represent diverse organisation types in studies seeking to build a model across organisation types. The same could be said as regards the different sizes and forms of the involved parent organisations, as well as the different ownership structures of the studied joint ventures. As shown in Table 2-1, the sample of the five selected cases has been regarded as representative of Danish-Vietnamese joint ventures in terms of industry diversity, relatively young age, mixed local parent origin as a state-owned enterprise (SOE) or as a private company, and Danish aid support (almost 100%). In terms of ownership structure, four cases represent an equal ownership, i.e. 50/50 or 49/51, while one case exemplifies a Danish-dominated ownership, i.e. 75/25. This representation reflects the attempt to explore patterns of intercultural interaction in equally-owned joint ventures while recognizing the need to elaborate on the role of the initial ownership structure if similar or contrasting patterns emerge in the case of dominant ownership. On the other hand, the preliminary data collection including interview archives and the interviews I conducted in Denmark convinced me that the selected cases were unique and interesting with particular managerial and individual styles which underlie some dynamics of intercultural interaction in the given joint ventures. In them, I saw a potential of

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5 The average year of establishment among Danish – Vietnamese joint ventures is 2002, according to the list provided by the Danish Embassy in Hanoi.
enriching the emerging understanding of intercultural interaction. Thus, although limited accessibility and contacts had resulted in a partly random selection (Eisenhardt, 1989) of 8 shortlisted cases for preliminary interviews, the final selection of the five cases reflected a theoretical sampling logic as argued above.

**Table 2-1: Overview of the five cases**

<table>
<thead>
<tr>
<th>Name of case</th>
<th>Industry</th>
<th>Ownership (DK/VN)</th>
<th>Location</th>
<th>Year of establish.</th>
<th>PS/ B2B support</th>
<th>DK parent form and size</th>
<th>VN parent form and size (no. of employees)</th>
<th>Design</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boiler</td>
<td>Marine equipment</td>
<td>75:25</td>
<td>Haiphong</td>
<td>2004</td>
<td>Yes</td>
<td>Private/2763**</td>
<td>SOE/20000</td>
<td>Design solutions</td>
</tr>
<tr>
<td>Mould</td>
<td>Moulding</td>
<td>50:50</td>
<td>HCMC</td>
<td>2003</td>
<td>Yes</td>
<td>Private/100</td>
<td>Private/200</td>
<td>50:50</td>
</tr>
<tr>
<td>Fruit</td>
<td>Fruit semi-manufacturing</td>
<td>50:50**</td>
<td>HCMC</td>
<td>2001</td>
<td>Yes</td>
<td>Private/30</td>
<td>Private/240</td>
<td>49:51***</td>
</tr>
<tr>
<td>GIS</td>
<td>IT-based mapping (GIS)</td>
<td>49:51***</td>
<td>Hanoi</td>
<td>2003</td>
<td>Yes</td>
<td>Private/100***</td>
<td>SOE/464</td>
<td>Private/100***</td>
</tr>
<tr>
<td>Design</td>
<td>Design solutions</td>
<td>50:50</td>
<td>HCMC</td>
<td>2004</td>
<td>Yes</td>
<td>Private/100***</td>
<td>Private/120</td>
<td></td>
</tr>
</tbody>
</table>

(*): The names of the joint ventures have been disguised for confidentiality reasons.  
(**): Danish ownership in the early phase shared between the Danish business partner firm and IFU (The Industrialization Fund for Developing Countries)  
(***): The approximate number of employees worldwide

Apart from theoretical sampling and the scientific call for generalisation across cases underlying the present study, it is worthwhile noting that the contribution of each case story is unique and self-contained to the ultimate purpose of enriching our understanding of intercultural interaction and the impact of culture on IJVs in general. This means that each of the five cases has been treated as a case in its own rights and reported by means of narratives and sensemaking notes focusing on unique as well as generalizable insights.

Following the selection of cases is the question of how the related case study should be conducted. This is about designing a *case study protocol* for each of the studied cases, which guides the investigator in carrying out the data collection (Yin, 2003). The case study protocol should consist of 1) An overview of the project, 2) Field procedures, 3) Questions for data collection, and 4) A guide for the report (Ibid:69). The protocol may change as the investigator moves further in the field. The initial case protocol is provided in Appendix A.

The following sections elaborate on the data part of the research design, comprising data collection and data analysis, in terms of how they were used in the actual conduct of the empirical study and the emergent issues experienced.

### 2.2.5. Data collection

The primary method employed in the data collection part is interviewing. As indicated by Yin (2003), interviews provide one of the most important sources of information, with their unique
advantage of being targeted and insightful compared to other sources including observational methods and documentation. In the case of case-based Explorative Integration study, semi-structured interviews, or open-ended interviews are recommended (Maløe, 2003; Yin, 2003). Whether semi-structured or open-ended, they refer to the same type of interviews in which the investigator is engaged in a twofold task: to follow one’s own line of inquiry reflected in the initial protocol and to ask questions which allow the informant to share his/her opinions, insights or experience which may lead the investigator to expand his/her inquiry. Indeed, the latter part of the interviewer’s task is crucial for gaining insights in the targeted topic which are valuable for theoretical development. It is in this process of interviewing that I see the role of the researcher/interviewer as juggling between etics, i.e. being guided by her protocol reflecting existing knowledge, and emics, namely exploring, or uncovering, the insider perspective. In this regard, it is suggested that questions should be carefully worded so that the informant feels comfortable to share, for instance by asking “how” instead of “why” (e.g. Yin, 2003).

My data collection is basically divided into two phases. The first phase refers to the explorative interview round in Denmark during October 2007, when six interviews were conducted with representatives of five Danish firms having a business partnership in Vietnam. These representatives were either the CEO of the mentioned firm or a key manager who was most directly involved in the partnership project. One of the interviews was with the country representative of the Industrialization Fund for Developing Countries (IFU) which had been investing in joint venture projects in Vietnam for some years.

The second interviewing phase took place during my fieldtrip to Vietnam between November 2007 and January 2008, resulting in 23 interviews with both Danish and Vietnamese informants from the five selected joint venture companies with head offices in Hanoi and Hochiminh City, respectively. The Danish informants in this round mainly involve expatriates in the position of Managing Director (MD), Deputy Managing Director (DMD) or Project Manager of the related joint venture company. The Vietnamese informants include the top leaders of the Vietnamese parents, who were directly involved in the related joint venture, either as a board members or as MDs, the other MDs of the joint ventures (i.e. of the GIS case, the Fruit case, and the Mould case), as well as certain key functional managers such as a Quality Manager, a Logistics Manager, and a Business Coordination Manager. Some informants were interviewed twice, but then the second interview was rather a follow-up interview. More details of the interviews are given in a table in each of the individual case chapters (Chapters 8 to 12). It is well noted here that the targets of the primary interviews were the top leaders from both parents who were involved either in the board of directors or board of management (or both), and the top management of the JVs, namely the MDs and Deputy MDs (if applicable). A secondary target was the middle managers in the joint ventures. This group was only represented in three cases, while in the other two cases they were not contacted for an interview due to limited availability and timing. Hence, the number of informants varies from case to case. It has made the task of analysing across the cases challenging since insights into interaction processes and the related sensemaking landscape gained from each case is unique. As Eisenhardt (1989) indicated, in
theory-building case-based research, the investigator would try to understand each case individually and in as much depth as is feasible (p. 539).

An interview technique that has inspired this research is the Critical Incident Technique (CIT) (Chell 1998). The CIT was first launched by Flanagan (1954) and originally used as a scientific tool until it has recently been revised as an investigative tool in the light of the phenomenological approach. Here it is defined as “a qualitative interview procedure which facilitates the investigation of significant occurrences (events, incidents, processes or issues) identified by the respondent, the way they are managed, and the outcomes in terms of perceived effects. The objective is to gain an understanding of the incident from the perspective of the individual, taking into account cognitive, affective and behavioural elements.” (Chell, 1998:56)

Certain advantages of the CIT are well noted here. First, the CIT allows the researcher to uncover processes in the form of a sequence (or sequences) of events or issues. Second, the CIT enables the issues to be viewed in their contexts recounted by the informant, which in a way reflects the informant’s sensemaking of the issue and related interaction in terms of “frames of reference, feelings, attitudes, and perspectives” (Ibid:60). Third, the CIT enables the researcher to gain insights both into particular cases and across a sample of cases through, for instance, identifying issues which are popular across the cases and eventually contextual conditions most likely to bring about those issues.

Apart from the two interview rounds targeted on the research topic, this research also took advantage of particular additional interviews which were conducted in separate yet relevant research contexts. This concerns the Mould Case and the Boiler Case. Further explanation and description of the interviews and their research contexts are provided in the respective empirical chapters in this dissertation. These interviews have only enriched the stories of the related joint ventures.

In total, 26 interviews were directly used for the five joint venture cases, resulting in about 170 pages of transcripts and notes. The duration of the interviews varied approximately from twenty minutes to two and a half hours. Those interviews which took less than one hour were mostly follow-up interviews with top leader informants or unplanned interviews with functional managers during site visits. All the interviews conducted by me were noted and tape recorded – except two follow-up interviews with the CEO of Dava A/S (the GIS case) and the MD of Viemou (the Mould case). The recording device was generally helpful but in these two cases, partly because of the eating context (i.e. dinner and lunch respectively), its presence was deemed to make my informants uncomfortable (see Yin 2003:92). With regard to the language issue, English and Vietnamese were used in interviews with Danish and Vietnamese informants respectively. Two exceptions were one interview in Danish with the R&D manager of Danfruit DK as she would rather not speak English, and one interview in English with the Vietnamese MD of VIGIS, as I was then co-interviewing with a Danish professor from Copenhagen Business School. Those interviews in Vietnamese and Danish were likewise transcribed ad verbatim and afterwards translated into English as they were coded (see the next section).
Reflecting on the interviewing process, a number of challenges and limitations are noted with regard to the CIT-inspired semi-structured interview method. First, the Danish informants were rather concrete in giving examples of incidents they wanted to illustrate their points with, whereas the Vietnamese informants tended to give generalized answers. Second, the Vietnamese informants were generally not as open as their Danish counterparts in talking about their relationship, especially not when it was an unsmooth relationship. Third, interviewing in two languages cannot avoid a certain language bias. These limitations are well noted and will be reflected in Chapter 14.

Apart from interviews as the major source of evidence, this research has taken advantage of sources of evidence as well, mostly in terms of corroborating the interview data (Yin, 2003). These refer to documentation and archival records (Yin, 2003) such as company histories / profiles available on company websites, annual reports, organisational charts, newspaper articles related to the case companies, special themes on Vietnam in magazines like *EksportFokus* (Danish Ministry of Foreign Affairs). Besides, follow-up email correspondence and in-person dialogues were also helpful in improving the interview data, particularly in situations where information appeared to be incomplete or inconsistent. Another source of evidence, which is participant observation, was embedded in the materials used for the Fruit case, since these materials include reports and archives in relation to my traineeship at Danfruit A/S as part of my master education in International Business Economics. Further details of this source are provided in Chapter 10.

### 2.2.6. Data analysis

Generally, qualitative methodologists tend to agree on three phases in data analysis: 1) data display or description; 2) data classification or reduction, i.e. into categories or themes; and 3) interpretation or connection of data with concepts (See e.g. Coffey & Atkinson, 1996).

Data collection and data analysis may well overlap, particularly in a case-based research (Yin, 2003; Eisenhardt, 1989). Indeed, the analysis of the cases was initiated already during the data collection phase, when initial analytical ideas and sensemaking were noted after each interview was conducted. One common approach to analysis in a multiple case study concerns within-case analysis followed by cross-case analysis (Eisenhardt, 1989). In the actual research process, within-case analysis and cross-case analysis may start at the same time as soon as, for instance, a particular theme in one case is thought to be present in the other cases as well. I endorse this approach in an integrative manner demonstrated in the design to follow.

**Within-case analysis**

Within-case analysis refers to a detailed descriptive write-up for each individual case based on all available data materials. Although no standard format is found for such a write-up (Eisenhardt, 1989), this research has been significantly inspired by the narrative approach which has been systematically developed by Czarniawska (1997, 1998). Narrative as a source of
knowledge as well as a mode of analysis has been widely accepted within the interpretive research tradition, and indeed increasingly popular in process-oriented organisational studies (see e.g. Czarniawska, 1997; Pentland, 1999; Boje, 2008).

**Narrative**

In its purest sense, narrative is simply the “world-as-text” (Czarniawska, 1997:5), reflecting a reality that we live in and are surrounded by stories which we construct by means of words. In a more technical sense, narrative may refer to some sequence of events (Penland, 1999; Söderberg, 2003). This definition rends narrative highly relevant to the qualitative interview method using the critical incident technique as is the case in this research. Moreover, narrative is also associated with Weick’s sensemaking approach (Söderberg, 2003) in the sense that it is a demonstration of people’s making sense of (and giving sense to) situations and actions. The central highlight in narrative, sensemaking and the CIT is the context in which events emerge. Yet, it has been warned that the focus on events may encourage the researcher to digress from the individuals who enact those events (see e.g. Penland, 1999). I carry this caution with me and maintain the view of constructing narratives where both events, namely issues and situations as well as individuals are central.

Conventional thought of constructing a narrative would be to follow a chronology of occurrence, as informed by the above definition of narrative. However, an interesting view distinguishes narrative from, for instance, a piece of history which also follows the principle of a chronology of occurrence, by pointing to the embedded sensemaking underlying an account, where the narrating individual is trying to explain, to reconstruct the scenario, characters, actions and so on, so that it makes sense, i.e. in a way interpret them. Thinking from a sensemaking perspective, it is more likely that it is a chronology of meanings rather than faithful and accurate accounts of events that is important. Czarniawska (1997) is also of this observation when she advises researchers to describe situations that they study in a rich, abundant and colourful manner rather than in a faithful and accurate manner. She exemplified such interpretation by what has been described as dialectical narrative, dialogical narrative or interruptive narrative elsewhere; and, more interestingly, emphasize the similarities of these narratives in that they first ‘preserve the “naïve” narrative of the field’, and then ‘claim the right to problematize and to ironize through a ‘self-reflection’ (1997:205), i.e. an examination of one’s own text.

Sensemaking, according to Weick, is retrospective, i.e. focusing on past experiences. This view is in line with the conventional view of narrative. Boje (2008) extends the scope of sensemaking to the present and the future, i.e. with prospective and reflexive aspects which embrace “inward, soul-searching, or ethical sensemaking” (p.13). In fact, a verbal version of an experience is hardly purely retrospective, as it seems to be told according to some in-the-moment logic and at times related to the ought-to-be future. One may assume that stories told by informants may reflect the interplay between backward-looking and forward-looking, between what they remember as have occurred and what they ethically perceive as should have occurred.
The idea of applying narrative in the data analysis of this research is to follow an emergent structure where both a chronology of occurrence and a chronology of meanings are taken into account. In such an emergent structure, two levels of analysis may be distinguished according to Giorgi (1985). On the first level, the original data are comprised of ‘naive’ descriptions obtained through open-ended questions and dialogue. On the second level, the researcher describes the structures of the experience based on reflective analysis and interpretation of the research participant’s account of the story. Similarly, Søderberg (2006) refers to these two levels as informant narrative and researcher narrative. In the current study, I endorse this distinction and apply it to my analysis process. Each chapter on an individual case (Chapters 8 to 12) will begin by taking the reader through the stories told by the informants, gathered into one organisational story in a descriptive version; then continue with my interpretive version of the associated organisational story, namely what I term sensemaking notes.

Cross-case analysis
The main objective and task of cross-case analysis is to search for patterns across the studied cases (Eisenhardt, 1989). Following Eisenhardt (1989), a number of tactics have been utilized in this study. One is to select categories for grouping similar cases compared to the others. For example, categories suggested by the literature such as shared management vs. dominant management, private local partner vs. state-owned (SOE) local partner were adopted. Other categories were of an emergent type, such as joint venture attitude (positive versus negative). The grouping or coding in general across the cases has been assisted by a computer-based qualitative analysis software called NVivo (version 8.0).

NVivo is professional software that helps the researcher to organize and manage textual and/or multimedia data with ready-made functions which facilitate the analysis process. The central function in NVivo is coding, which allows the researcher to identify and register one or more data units which somehow exemplify the same theoretical or descriptive idea (Gibbs, 2002). There are two types of coding: conceptual or theory-based coding (also called etics coding or coding down) and data-based coding (emics coding or coding up). The Explorative Integration
design of this study calls for the adoption of a combined coding approach with both coding types. A coding scheme was developed on the basis of the pre-understanding framework, functioning as the departure of the coding process.

Emergent ideas suggested by the data materials called for coding up from the originating interview / case, and then coding down in other interviews / cases in search of generalization. There was a continuous dialogue between the coding scheme representing the pre-understanding and the collected data. NVivo has been useful in facilitating the access, contact and overview of the data and coding materials. Interpretation remained the task and responsibility of the researcher.

2.2.7. Validity of research
This section deals with the concern of the scientific quality, or as I would prefer, the scientific soundness, of the dissertation. Validity and reliability are the common issues when it comes to judging the scientific value of research. However, validity and reliability do not have a common definition for all researches. Hence, it is important to clarify which validity and reliability are most relevant in the case of this research.

As emphasized by Kvale (1995), validity reflects the fundamental question of what truth is. Earlier in this chapter, I have drawn on the endorsed assumption of truth as a matter of consensus among informed and sophisticated constructors, not of correspondence with an objective reality (Guba 1987). Indeed, correspondence with an objective reality has been the central criterion of validity in positivist social science, while coherence has been documented as a more relevant measure of validity in social constructivist research (Kvale, 1995; Maaløe 2005). Coherence refers to the consistence and internal logic of a statement (Kvale, 1995). Both the meaning of coherence and the meaning of truth, as stated above, bear much of a socially constructed validity, in which actors – the researcher, the informants and the academic audience of the dissertation – can agree on the appropriateness of what is claimed in the dissertation. Most of this social construction has been embedded in the research process where the researcher seeks to uncover the world (i.e. the intercultural interaction phenomenon) through interaction with the existing body of knowledge, interaction with the field through her / his informants and other accessible materials, and finally bridging the two interpretations of the world by means of her / his own interpretation. The rest of the research process concerns the non-documented interaction between the dissertation and its audience. This interpretation reflects what Kvale (1995) described as communicative validity. The risk of communicative validity is “leaving the validation of interpretations to readers” (Kvale, 1995:32), which can be reduced by a number of ways in terms of cross-checking interpretations in the research process until the final dissertation is resulted.

In the case of the present research, I have sought to validate my data by interviewing different actors in the same joint venture in order to get the common core story of the joint venture which underlies their varying interpretations, utilizing additional sources of evidence like company
homepages, press releases, and accessible reports, and, in one of the cases, included my participation experience in documenting the evidence. Moreover, the choice of multiple cases can also be regarded a supplementary validation of the reflected world in the sense that the cases together construct a common story of the embedded context in which all the five joint ventures, and possibly others, are operating. In particular, the narrative method applied to the description of each individual case containing extensive quotations from the interview transcripts has also been helpful with respect to objectifying the collected truth. Meanwhile, on the part of theoretical coherence, knowledge has been drawn from different literature which is more or less independent yet all concerned with certain aspects of human interaction in an IJV setting, since interaction is rather an all-encompassing construct. In that sense, the achieved pre-understanding has offered a holistic view of intercultural interaction with expectations about how joint venture members interact as well as reservations about ambiguity with respect to issues which have been underexplored, such as the role of local managers, the influence of power on interaction processes, or the conditions under which a working culture can emerge through negotiation between interacting members.

Additionally, the choice of the Explorative Integration design in the dissertation has demonstrated itself a validating tool in terms of creating a channel for interaction and communication between existing theory and the empirical field. And in this communication, I, the researcher, have played a key role in bridging the two realms, bridging expectations and emergences, like the expatriate manager seen in the joint venture stories bridging the Danish parent expectations and emergent issues and processes in the venture. Well, with style.

As Polkinghorne (2007) has emphasized, the validity of research is rather a matter of degree than simply a question of being either valid or not valid. Above I have argued along the coherence criterion of validity the extent to which I believe the validity of the dissertation has been achieved. For the rest of the validation process, I am confident to find some consensus among the targeted audience, namely academic readers, as well as practitioners with some joint venture experience.

Now that the design of the research has been documented, the reader will in the next part be familiarized with existing knowledge on intercultural interaction in international joint ventures, before landing on the field of focus, namely stories of the five selected Danish – Vietnamese joint ventures.
Part 2 – Theoretical pre-understanding

This part of the dissertation presents the pre-understanding phase of the research process, where existing literature is reviewed and afterwards integrated into a sense-making framework for understanding intercultural interaction processes in IJVs. The study of culture in IJVs encompasses two overlapping bodies of literature: literature in cross-cultural management, and literature in IJVs as a particular form of strategic alliance. Each body of literature is represented by mainstream perspectives originating from the functionalist research tradition whereas non-mainstream process-oriented research endorsing a social constructivist approach is still emerging. It is argued that non-mainstream studies evolve in attempts to fill the gaps of mainstream literature in understanding dynamic processes. Whereas mainstream conceptualizations play a limited role in informing a source of expectations and references in intercultural interaction processes, non-mainstream emerging literature has, to a certain extent, uncovered significant influential factors and process components in such processes. Anchored in a holistic social constructivist perspective, the dissertation pulls together existing knowledge in the studied phenomenon, discusses important research gaps, and documents the expected scenario of the empirical field in order to fill such gaps.

Part II covers Chapter 3 to Chapter 6. Chapter 3 presents a review of mainstream cross-cultural management literature rooted in an essentialist view of culture, drawing on major gaps and implications for intercultural interaction processes. Chapter 4 elaborates on the emergent strand of research based on a social constructivist view of culture, covering important perspectives and conceptual ideas as well as empirical representation of the research stream. Chapter 5 takes the reader to the domain of international joint venture research where mainstream perspectives are mainly concerned with structural aspects of IJVs whereas dynamic processes still remain under-researched. Chapter 6 develops the pre-understanding framework.
Chapter 3 – Mainstream Cross-Cultural Management Literature

As stated in Chapter 1, our current understanding of the culture phenomenon in IJVs is predominantly drawn from the ever-growing body of knowledge in comparative cross-cultural management featuring an essentialist view of conceptualising culture and its impact on management practices. An essentialist view of culture, according to writers such as Søderberg & Gertsen (2000), presents culture as a social phenomenon that is stable, homogeneous and which can be objectively described (Søderberg & Gertsen, 2000). Culture is hereby often regarded as synonymous to nation. The focus of most research is cross-national comparison (Boyacigiller, 2004). Theoretical drivers within this approach typically concern a finite set of dimensions which measure and differentiate the cultures of different groups, mostly countries. Elsewhere, this conception of culture is attached to a functionalist approach (e.g. Søderberg 1999) or a positivist approach (e.g. Earley & Singh, 1995; Yeganeh & Su, 2006).

In an attempt to construct an integrative pre-understanding of the research subject, this literature review sets out with a two-fold objective. One is to draw the reader’s attention to the conceptual ground of the literature which has resulted in a limited understanding of cross-cultural cross-border relationships and the impact of culture regardless of the influence of individual cultural actors as well as its dynamic development over time. In this regard, a number of theoretical gaps will be identified and discussed due to their relevance to the current research. The second objective is to argue for the role of this literature in informing the background cultures of individual cultural actors which the actors may enact in their own sensemaking and interaction in their organisational settings; and in this process they will contribute to the current study’s pre-understanding framework, albeit to a limited extent.

The structure of this chapter consists of five sections. Section 3.1 introduces the conceptual profile of culture-as-essence, including the conceptual background, definitions and embedded views on organisational culture and cultural change. Section 3.2 presents major conceptual highlights including key dimensional frameworks of culture that have formed a conceptual ground for mainstream empirical research, as well as empirical research in cross-cultural organisational behaviour. Section 3.3 draws attention to a few branches of empirical research offering direct thoughts on the intercultural interaction phenomenon. Section 3.4 deals with important research gaps in terms of limitations in understanding intercultural interaction in cross-organisational settings.

3.1. Culture as essence
This section discusses the concept of culture underlying mainstream research, namely a view of culture as essence which implicates the part of culture which is mostly shared by its members and treated as relatively stable over time. The meaning of essence in the context of this literature therefore excludes possible inconsistencies and a dynamic dimension which is otherwise
attached to the meaning of essence in a social constructivist sense. The following account elaborates on the specifics of the concept of culture as essence.

3.1.1. Conceptual background
The evolution of an essentialist concept of culture can be traced back to the 1940s, when studies like Murdock (1940) addressed a methodological shift in cultural research. Murdock pointed to the criticism of contemporary anthropology as shying away from theory and argued that the field could only become legitimised as a science by “at least one serious and systematic attempt to formulate scientific generalizations about man and culture which will withstand a quantitative test” (1940: 364). The Cross-Cultural Survey Research conducted by Murdock (1940) was such an attempt. And the methodological shift in cultural anthropology, which followed, together with its history of the culture concept, has since inspired the whole field of international cross-cultural management. One may even venture to say that it has set out the norm for the field’s research – i.e. large-scale quantitative studies where culture is a variable, either a moderating variable or an independent variable among other independent variables considered (see e.g. Boyacigiller et al., 2004; Tsui et al., 2007). The following sections will uncover the literature in terms of key conceptual contributions and its relevance in understanding intercultural interaction in inter-organisational settings.

3.1.2. Definitions of culture
A generally accepted definition of culture in an essentialist perspective was provided by Kroeber and Kluckhohn (1952).

Culture consists of patterns, explicit and implicit, of and for behaviour acquired and transmitted by symbols, constituting the distinctive achievements of human groups, including their embodiments in artefacts; the essential core of culture consists of traditional ideas and especially their attached values; culture systems may be considered as products of action, and as conditioning elements of further action. (p.181)

Holden (2002) described this concept of culture as ‘a fair representation of culture as essence’ (p. 21) in the sense that culture is hereby shared, transmitted, learned and meant to shape behaviour and to guide the way of perceiving things of a particular human group, e.g. a society, a nation or an organisation. With this concept of culture, Kroeber and Kluckhohn (1952) have laid the conceptual ground for a majority of management scholars studying culture, notably Geert Hofstede and Fons Trompenaars, who are considered among the most influential writers in the field (Holden, 2002; Boyacigiller et al., 2004).

Culture defined by Hofstede (1980) refers to ‘the collective programming of the mind which distinguishes the members of one human group from another’ (p.21).

Trompenaars (1993) presented a generic definition of culture, i.e. ‘the way a group of people solve their problems’ (1993:6), which appears to be concerned with both values and practices. This definition was based directly on Schein’s (1985), who is considered to have had significant
contributions to the functionalist perspective on organisational culture (Schultz, 1994). Schein defined culture as

A pattern of basic assumptions – invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal adaptation – that has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems. (1985:9)⁶

In a recent large-scale leadership project extending Hofstede’s cultural research, House and colleagues (2004) defined culture as ‘shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of members of collectives that are transmitted across generations’ (p. 15). Although the definition has accommodated the subjective aspects of culture, the GLOBE authors still argue in favour of the significance of values and a kind of subjectivity that is commonly shared by members of the given culture.

Underlying the above concepts of cultures are notably the assumptions of homogeneity and culture-nation proximity.

**Culture is homogeneous**

The view of culture as a homogeneous entity may trace back to the early days of the last century, when social anthropologists were intellectually forced to bring culture research into a scientifically accepted formula typically endorsing quantifiable data and generalizable theses. This issue is well-reflected in Murdock’s (1940) well-known cross-cultural survey project concerning the organisation of all available cultural materials into a comprehensive cross-cultural data set. In arguing for the need of such a data set, Murdock suggested seven basic assumptions of culture which he claimed was shared by many social scientists. Culture is hereby learned, inculcated, social, ideational, gratifying, adaptive and integrative (Murdock, 1940). The immediate implication drawn from these assumptions says that “human cultures in general, despite their historical diversity, will exhibit certain regularities or recurrences which are susceptible to scientific analysis, and which, under such analysis, should yield a body of scientific generalisations” (Murdock, 1940:369).

It appears obvious that the perception of culture as homogeneous serves as a conceptual anchor for functionalist scholars in search of regularities and thereby universal patterns existing in different cultures. This culture tends to present the average person of the cultural group it refers to (Hostede, 2001). The implication of the homogeneity thesis on intercultural interaction is that people tend to integrate into their group and adapt to the commonly-shared norms and practices within the group.

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⁶ Schein (2002) indicates that his concept of culture does not limit itself to any social units, though his focus of research was on culture within organizations (and occupations).
**Culture is synonymous to nation-state**

Culture is no doubt a group phenomenon, as it has been explored in the various definitions offered in this literature so far. The group unit can be a macro unit such as a geographical region, a nation, or a religious group; or an organisation, an industry or a professional group (see e.g. Kuada & Gullestrup, 1997). However, the national level appears to be the focal unit of culture in mainstream literature, so much that culture is almost equated to a nation-state (Boyacigiller et al. 2004; Peng, Peterson & Shyi, 1991).

Historically, research interest in culture on the national level may have originated in a particular stream of anthropological research studying *national character*, notably the work of Inkeles & Levinson (1954). After a few decades where the term was subjected to scholarly criticism and debate, the term has now been replaced by ‘national culture’, the study of which, according to Hofstede (2001, p.15), is stimulated by ‘a need for better international understanding and cooperation and made possible by the availability of more systematic and more objective information’.

Ever since the study of national culture emerged, most scholars in international management have appeared to assume that national boundaries and cultural boundaries are synonymous (Boyacigiller et al., 2004). This is partly explained by the need to understand how business is conducted and business relationships are managed across nations, and to understand the tendency to draw on the explanatory power of (national) culture. Moreover, it is an issue of simplification given the fact that data collection for international research is logistically demanding (Ibid).

### 3.1.3. Culture in organisations

Although there has been a dominant focus on national culture as noted earlier, mainstream research has also created its own ground for studying organisational culture.

**Organisations have cultures**

Culture is something organisations have. This standpoint can be illustrated by Hofstede’s (2001) consideration of structure, strategy, control and culture as four inter-related manageable elements (functions) within an organisation.

The view that ‘organisation-has-culture’ has also been documented in one of the three perspectives of organisational culture, i.e. the integration perspective, developed by Martin (1992) and his recent review with colleagues (Martin et al. 2004). The author divides the literature of organisational culture into three perspectives: the *Integration*, *Differentiation*, and *Fragmentation* perspectives. The integration perspective considers culture as a pattern of interpretations across various manifestations, organisation-wide consensus and clarity. The general attitude of the integration perspective is that culture is manageable and that a “strong” culture can lead to increased performance. It is, however, worth noting that, as Martin et al. (2004:10) pointed out, not all integration studies take a functionalist approach. Instead, a few of
them take a symbolic approach, exemplified by Schultz & Hatch (1996); but they all share the concept of culture as consistency, organisation-wide consensus, and clarity.

Organisational cultures reflect societal cultures
That organisational cultures reflect the societies in which they are embedded has been confirmed in studies by e.g. Hofstede et al. (1990), Schein (1985, 2004) and House et al. (2004). Organisational cultures only elaborate and differentiate from societal cultures (Schein, 2004). And according to Hofstede et al. (1990), organisational culture differs from national culture in that organisational culture is more practice-driven than value-driven. Additionally, House and his GLOBE co-authors indicate three levels of “systematic” impact on organisational culture: society effects, industry effects, and society-by-industry interaction effects (House et al. 2004).

Cultural dimensions at an organisational level
Similar to the approach of conceptualizing culture on the societal level, essentialist scholars have sought to identify typologies or dimensions of culture on the organisational level. Interestingly, those typologies are meant to be universal ones that can help us understand all organisations in all nations (Schein, 2004). For instance, Hofstede et al. (1990) identified six cultural dimensions on this level: process oriented versus results oriented; employee oriented versus job oriented; parochial versus professional; open versus closed; loose versus tight; normative versus pragmatic. Along these dimensions he suggested three organisational subcultures: the “professional” subculture, the “administrative” subculture, and the “customer interface” subculture. Schein (1985, 2004) developed a typology of assumptions that inform the content of organisational culture, reflecting five universal problems: external adaptation, internal integration, the nature of truth, perception of time and space, the nature of human beings and human relationships. Within the organisation, Schein suggested three distinct subcultures each with a distinct set of assumptions about the basic problems: the operator subculture, the engineering subculture, and the executive subculture (Schein 1985, 2004).

Culture and managerial attitudes / leadership
The link between culture, managerial attitudes, and behaviour has been the major focus area of existing literature. It is no longer a question of whether or not culture has an impact but a question of how / to which extent culture influences managerial attitudes and behaviours, or how / to which extent culture enacts leadership.

Perhaps the common view of mainstream researchers may borrow the expression of the GLOBE project: ‘attributes and entities that distinguish a given culture from other cultures are predictive of the practices of organisations and leader attributes and behaviours that are most frequently enacted, acceptable, and effective in the culture (House et al. 1999:187). It is central in the essentialist understanding of culture that culture predicts its members’ attitudes and behaviours.

Another important note on literature’s view on the relationship between culture and leadership is that organisational culture is leader-driven. In simple terms, just as expressed by Hofstede,
founders/leaders’ values become members’ practices (2001:394). In other words, leaders initiate
the process of creating an organisational culture by imposing their values, beliefs and
assumptions at the outset (Schein, 2004: 225).

An early study within this focus area that has had a significant influence on later studies is the
work of Haire, Ghiselli & Porter, Managerial Thinking: An International Study (1966). Their
study sought to determine whether managers around the world held similar attitudes when
dealing with the issue of similarities and differences of managerial attitudes and the issue of
clustering by countries. The authors identified four items (variables) which can generalise
managerial attitudes: Capacity for leadership and initiative, Sharing information and objectives,
Participation, and Internal control.

Likewise, the GLOBE project, as a major recent input into the field, puts an explicit focus on the
impact of culture on effective leadership. The authors identified six global leader behaviours:
Charismatic/Value-based leadership, Team-Oriented Leadership, Participative Leadership,
Humane-Oriented Leadership, Autonomous Leadership, and Self-Protective Leadership (House
et al., 2004). These are found to be universal characteristics that lead to effective leadership.

3.1.4. Cultural change

The general view of culture change in mainstream cross-cultural research pertains that culture is
resistant to change, and change is subject to environmental forces (e.g. Hofstede, 2001). Culture
as essence mainly concerns the patterns of interaction which seem to have been firmly shaped
and transcended from generation to generation regardless of individual members’ creative
influence. Moreover, the proposition that values are enduring as emphasized by Rokeach (1973),
or that they are the more permanent part of the mental programming culture (Hofstede 2001:48),
entails that it is relatively stable and difficult to change.

Meanwhile, culture in organisations is deemed changeable. According to Martin et al (2004),
cultural change in the integration perspective is understood as “an organization-wide cultural
transformation, whereby an old unity is replaced by a new one; conflict and ambiguity may
occur in the interim, but these are interpreted as evidence of the deterioration of a "strong"
(meaning integrated) culture before a new “strong” unity with different content is established”
(p. 9). Similarly, Alvesson (2002) suggests one way of thinking about cultural change in an
organisational context is the grand technocratic project, which refers to an intentional large-
scale transformation which involves planning and specific resource allocating to achieve
expected change outcomes. This type of change is often top-down based on the belief that
culture is something manageable.

3.2. Conceptual highlights

As entailed in the definitional section above, the study of culture within an essentialist
perspective is generally about discovering patterns that differentiate one human group from
another. In this regard, scholars tend to move toward the same formula in their theorizing efforts, namely developing particular sets of universal bipolar dimensions on which cultures can be compared. This section discusses key dimensional frameworks that have significantly shaped mainstream understanding of the impact of culture in international business settings.

3.2.1. Hofstede’s cultural dimensions

To exemplify in detail the conceptualizations underlying the above-summarized cultural dimensions, let us consider the perhaps most influential cultural scholar in mainstream literature, namely Geert Hofstede (1980, 1991 & 2001). Hofstede conducted a survey study of IBM employees across 72 nations in the period of 1968-1972 and identified four dimensions of national culture, namely Individualism – Collectivism, Power Distance, Uncertainty Avoidance, and Masculinity – Femininity (Hofstede, 1980). A fifth dimension, Long-term versus Short-term Orientation, was later introduced by the author and his colleague (Hofstede & Bond, 1988). Each dimension is said to refer to ‘a basic problem with which all societies have to cope, but on which their answers vary’ (Hofstede 2001:29)

- **Power Distance** is defined as ‘the extent to which the less powerful members of institutions and organisations within a country expect and accept that power is distributed unequally’ (p. 98). The problem of human inequality can be seen in various areas: physical and mental characteristics, social status and prestige, wealth, power, and laws. Power distance in organisations implies that superiors can determine behaviours to a greater extent than their subordinates (p. 83).

- **Individualism versus Collectivism** refers to two poles of a dimension where one pole, Individualism, stands for ‘a society in which the ties between individuals are loose: Everyone is expected to look after him- / herself and her/his immediate family only’; while the other, Collectivism, describes ‘a society in which people from birth onwards are integrated into strong, cohesive in-groups, which throughout people’s lifetime continue to protect them in exchange for unquestioning loyalty’ (p. 225). The basic problem here concerns the integration of individuals into primary groups, as Hofstede puts it (p. 29), such as nuclear families, extended families or clans.

- **Uncertainty Avoidance** is defined as ‘the extent to which the members of a culture feel threatened by uncertain or unknown situations’ (p. 161)

- **Masculinity versus Femininity** refers to two poles of a dimension concerning the degree to which social gender roles carried by men and women are distinct. In a feminine society, men and women are both supposed to ‘be modest, tender and concerned with the quality of life’. In a masculine society, men are expected to ‘be assertive, tough, and focused on material success’ (p. 297).

- **Long-term versus Short-term Orientation** expresses ‘the fostering of virtues oriented towards future rewards, in particular, perseverance and thrift’, at one end, i.e. Long-term, or ‘related to the past and present, in particular, respect for tradition, preservation of ‘face’ and fulfilling social obligations’ (p. 359) at the other end, i.e. Short-term.
The first four dimensions presented above were derived from a country level factor analysis of data from 40 countries in the IBM survey, later supported by analyses of an additional 10 countries plus three regions (Hofstede, 2001). Totally, on the empirical side, Hofstede was able to offer national culture scores for more than 50 countries. The country score index provides a clear-cut picture of cultural differences among the nations under investigation, promoting a unique database for future scholars doing comparative studies across national borders. Figure 3-1 shows an illustrative example of how the cultures of two nations can be compared to each other with their scores along the five dimensions. This should not be taken to be the present study’s anchor for understanding the Vietnamese culture versus the Danish culture, but rather, a point of reference for understanding the majority of existing IJV studies in the same bi-national context following the mainstream approach and using the scores uncritically.

Figure 3-1: Hofstede’s cultural dimension scores on Vietnam* and Denmark

*Data on Vietnam were not included in Hofstede’s original IMB data set used in the analysis, but were later added based on observation and descriptive information (Hofstede, 2001).

Hofstede’s cultural dimensions have certain significant contributions. First, as elaborated in the section above, Hofstede appears to be the first author to offer an extensive data set collected from multiple nations, thereby creating a conceptual base for international comparative analysis (Peterson, 2007). Other well-considered works, such as that of Kluckhohn & Strodtbeck (1961) or Rokeach (1973), provided interesting frameworks but little way to link them to any particular research setting (Ibid). Two decades after the publication of Hofstede’s 1980 book, thousands of empirical studies have been inspired by his dimensions as well as his country index. A review by Kirkman et al. (2006), for instance, registered 180 studies published in 40 journals between 1980 and 2002 which applied Hofstede. Second, Hofstede built on previously fragmented constructs and ideas from the literature to develop a coherent framework for classifying different cultures, a theory that Peterson (2007) highlighted as ‘the integrative theory that international organization studies had lacked’, as it linked the taxonomy of dimensions to an established theory of social functions (p. 372). Third, the popularity of Hofstede’s dimensions among the academia as well as business practitioners perhaps lies in their clarity, parsimony and resonance with managers (Kirkman et al, 2006:286).
Nonetheless, Hofstede’s dimensional model has so far been criticized for reducing culture to an overly simplistic conceptualization, limiting the sample to a single multinational corporation, failing to capture the malleability of culture over time, and ignoring within-country cultural heterogeneity (Sivakumar & Nakata, 2001). My concern has been, however, not only the validity constraints of Hofstede’s model, but the somewhat easy-going application of the model in organisational studies, as well.

### 3.2.2. Alternative cultural dimensions

Among earlier works on culture, it is worth mentioning Hall’s 1976 book *Beyond culture*, which, with his high versus low-context dimension, has made a notable contribution to the empirical research that follows. The author emphasizes the importance of the role of context in cross-cultural communication and develops a high-context / low-context continuum to distinguish the different cultures. He defines a high-context communication (culture) as one where ‘most of the information is either in the physical context or internalized in the person, while very little is in the coded, explicit, transmitted part of the message’; whereas, a low-context communication (culture) is just the opposite (Hall, 1976:91). This dimension gives important implications for the study of intercultural communication and interaction, which are discussed further in Section 3.4.

Competing with Hofstede’s five cultural dimensions, several scholars have made significant efforts in developing alternative frameworks. One developed by Trompenaars (1993) has been competing with Hofstede’s, and is said to be gaining acceptance in Europe (Boyacigillers *et al.*, 2004:108). The author has worked on three universal problems: relationships with people, attitudes toward time, and attitudes toward the environment, and he has identified seven cultural dimensions: neutral versus emotional; individualism versus collectivism, universalism versus particularism, ascription versus achievement, specificity versus diffuseness, sequential versus synchronic (toward time), and outer-directed versus inner-directed (toward the environment). Two of these dimensions, individualism/achievement and universalism/diffuse, are found to correlate with Hofstede’s individualism dimension (Hofstede, 1996). Dimensions such as neutral versus emotional seem to relate to behaviour more than to value, compared to Hofstede’s.

In the meantime, Schwartz & his colleagues (Schwartz 1994, 1999; Sagiv & Schwartz 1995; Schwartz & Bilsky, 1990) developed another framework with the seven dimensions of egalitarianism, harmony, embeddedness, hierarchy, mastery, affective autonomy, and intellectual autonomy. Triandis (1994) identified four cultural syndromes that apply to all cultures: cultural complexity, cultural tightness, individualism, and collectivism.

Recent reviews of the literature have recognized the contribution of the GLOBE project conducted by a team of 170 investigators from 62 cultures, and a book written by twenty of them (House *et al.*, 2004). The project focuses on the relationship between culture and societal, organisational and leadership effectiveness, respectively, and mainly builds on Hofstede’s
theory of national cultures to introduce an extended seven-dimensional model. These dimensions are Future Orientation, Gender Equality, Assertiveness, Humane Orientation, In-group Collectivism (derived from Triandis, 1994), Institutional Collectivism, Performance Orientation, Power Distance, and Uncertainty Avoidance. Besides power distance and uncertainty avoidance, two other dimensions in Hofstede’s model have been developed into two independent constructs (dimensions), namely Masculinity / Femininity into Gender Equality and Assertiveness, and Individualism / Collectivism into Institutional Collectivism and In-group Collectivism, the latter has been inspired by Triandis (1994). The two other dimensions, Future Orientation and Humane Orientation, are basically derived from Kluckhohn & Strodtbeck (1961); while Performance Orientation is derived from McClelland (1961).

3.2.3. Cultural distance framework
Kogut & Singh (1988) did a study on the influence of cultural factors on entry mode selection based on the indices of Hofstede’s cultural dimensions. Among the studied variables, they developed the construct of cultural distance, which referred to the Hofstede-based cultural difference between a given firm’s country of origin and the host country (i.e. the United States in the studied sample). Their underlying argument rested on the presumable differences in managerial perceptions across countries regarding the cost and uncertainty of alternative modes of foreign entry. The result indicated that cultural distance was positively related to firms’ preference of green-field IJV to wholly-owned subsidiary or acquisition. The cultural distance construct has since then gained popularity in foreign direct investment literature informing most knowledge to date on the impact of culture on IJVs.

Shenkar (2001) presented a thorough account of the conceptual history of the cultural distance construct back to even before Kogut & Singh (1988). He also pointed to important shortcomings of the underlying approach in terms of conceptual and methodological properties, besides evidencing inconsistencies among studies with regard to the impact of cultural distance on foreign direct investment. The criticized conceptual properties concerned the illusion of symmetry (i.e. no distinction between the home firm and the host environment), linearity, stability, causality, and discordance; all reflecting the relatively linear and rigid impact of cultural distance on expected outcomes. The criticized methodological properties included the assumption of corporate homogeneity (i.e. organisational uniformity), spacial homogeneity (i.e. national uniformity), and equivalence. The paper also advocated new focuses on closing the cultural distance, namely globalization and the perceived consequential convergence, geographical proximity, foreign experience, acculturation, cultural attractiveness, and staffing. At the same time, in an effort to divert international management research from the cultural distance metaphor, the author proposed a new way of thinking of culture in terms of “friction”, defined as “the scale and essence of the interface between interacting cultures, and the “drag” produced by that interface for the operation of those systems” (Shenkar, 2001:528). However, despite a persistent effort in articulating the benefit of the cultural friction metaphor, demonstrated again in a recent paper by Shenkar and colleagues (Shenkar et al. 2008), the proposed construct has not since been conceptually elaborated nor empirically justified. That
does not mean, however, that its claimed association with a socially constructed perspective does not seem persuasive to gain further scholarly interest or does not have any role in the later paradigm shift (see Chapter 4).

To summarize this section, cultural dimensions frameworks fundamentally deal with the question of what characterizes a culture. Often it is a national culture in comparison with other cultures, and thus these frameworks are not directly useful in addressing the phenomenon of intercultural interaction. In other words, the reviewed frameworks have not contributed to the pre-understanding of the current dissertation, but have rather informed of common generalizations which IJV members might utilize to make sense of interaction processes. Although the concept of culture underlying these frameworks represents only a measurable and assumedly constant essence of culture, as will be delimited in the remaining sections of this chapter, the embedded thorough conceptual development and widely converging scholarly effort in providing empirical support have disposed a vast source of possible expectations as cultures are brought into interaction by their respective individual members.

3.3. Empirical research with implications of intercultural interaction

So far, the focus of mainstream research in international cross-cultural management has been cross-cultural comparison, not intercultural interaction. Implications drawn from this literature for the study of intercultural interaction are therefore few. Yet, they are very important to note, especially to understand the setting where interaction takes place.

First, mainstream literature has proven that national or macro culture has an impact on intercultural interaction in the sense that it influences individual behaviour and attitude. As to the case of Denmark and Vietnam, findings from Hofstede’s research, among others, have confirmed a large cultural distance between the two nations, rendering likely difficulties between the Danes and the Vietnamese in their cross cultural encounters.

When it comes to interaction, existing literature seems to explicitly focus on in-group interaction, e.g. interaction among the Vietnamese or interaction among the Danes, compared to inter-group (intercultural) interaction. Schein argues that the basic assumptions that make up the core of the culture specify the basic rules of interaction (2004:186). Yet, these rules of interaction only apply to in-group interaction.

Meanwhile, interaction across cultural boundaries has been part of the concern within research in organisational behaviour incorporating various cultural conceptual frameworks as discussed above. Those research domains of cross-cultural organisational behaviour involving the IJV context include expatriate adjustment, intercultural communication, and cross-cultural synergy. Interaction processes are hereby implicitly investigated, in the form of adjustment processes, synergy creating processes, and processes of developing cross-cultural communication skills, respectively.
3.3.1. Expatriate adjustment

Black, Mendenhall & Oddou (1991) proposed a comprehensive model of international adjustment based on the integration of the domestic adjustment literature and the international adjustment literature. The model conceptualised the degree of adjustment, including 1) work adjustment – adjustment to job responsibilities, supervision and performance expectations; 2) interaction adjustment – adjustment to socializing and speaking with nationals of the host country; and 3) general living adjustment, and the mode of adjustment as outcomes of a number of individual and organisational effects. As to interaction adjustment, which is most relevant to the focus of the current study, the identified effects include individual factors (self-efficacy, relation skills, and perception skills), organisation culture factors (logistical help) and non-work factors (culture novelty and family-spouse adjustment). Interestingly, job-related factors were found only related to work interaction, not to the other two facets of adjustment.

Following Black et al.’s (1991) work, a number of studies continue to explore new variables around the three facets of adjustment and propose additional predictors of interaction adjustment such as extraversion, agreeableness, openness to new experiences (Huang et al. 2005), native language competence (Bhaskar-Shrinivas et al. 2005), psychological barriers and unwillingness to communicate with host nationals (e.g. Russels et al., 2002, and gender (Hechanova et al., 2003).

In sum, the literature on expatriate adjustment gives certain implications for intercultural interaction in the sense that it has identified a number of factors that help explain and predict the adjustment of expatriates in terms of interaction with host country organisational members. Yet, there are three major limitations. First, the literature only informs the adjustment from expatriates’ side, while interaction implies two-way adjustments, i.e. from both expatriates’ and local organisational members’ side. Second, interaction adjustment has mainly been examined as an outcome of various individual and organisational factors, not as a process affected by different factors at different points of time. Third, direct implications drawn from this literature is for the individual level only.

3.3.2. Cross-cultural synergy

Adler (1991) defines cultural synergy as ‘a process in which managers for organisational policies, strategies, structures, and practices based on, but not limited to, the cultural patterns of individuals organisation members and clients (p. 105). She proposed a three-step process of creating cultural synergy: 1) situation description, 2) cultural interpretation, and 3) cultural creativity. This process is basically about solving problems based on an understanding of cultural similarities and differences and creating alternative solutions that are compatible with the cultural assumptions of all represented groups.
Similarly, a cultural fit approach has been proposed as an adjustment tool in international organisational settings (Søderberg, 1999; Adler, 2002). The level of ambition of the cultural fit approach is, however, normative, according to Søderberg & Holden (2002) – ‘to advance general action instructions that may predict and thus minimize integration problems and promote more effective managerial action’ (p. 108).

3.3.3. Cross-cultural communication
Communication is in itself a process of human interaction. The fundamental proposition of the functionalist view of cross-cultural communication is that individuals of one culture receive and interpret messages from individuals of another culture with their own cultural values and beliefs, which often differ from the values and beliefs underlying the given messages. A prominent work that seems to have laid a strong tradition for intercultural communication research is by Edward Hall (1976). His cultural dimension of high context versus low context has since been popularized in both scholarly research and practitioner work on intercultural communication. Other commonly adopted cultural dimensions within the field of intercultural communication include Hofstede’s individualism / collectivism (see e.g. Gudykunst, 2004). Numerous studies taking anchors in these dimensional models generally arrive at stressing the importance of acquiring an understanding of the foreign culture so as to avoid miscommunication as well as an understanding of cultural factors that are subject to variance. This is what Bjerregaard et al. (2009) has called a culture determinist approach of studying communication across borders.

3.4. Research gaps
Perhaps the original ambition of essentialist cultural frameworks was not to handle the quest for intercultural interaction, since the primary focus was to compare cultures. Yet, the message to the domain of intercultural interaction has been clear: culture shapes interaction. In this respect, this stream of research literature has to date demonstrated some shortcomings which seem to have been downplayed in the literature. Scholars have instead emphasised the scientific sublimation of the culture concept, in particular, in its consideration of the rather convenient application within the domain of international management research. Such shortcomings are, in the present study, interpreted in terms of the following research gaps.

The missing individual as an active cultural actor
The concept of culture as essence, which is shared among a particular group, seems to conform to the assumption of the individual as a carrier of some patterns independent of her or his influence. In other words, the individual captured in mainstream cross-cultural research appears to be a passive cultural actor who unconditionally agrees to and acts based on the values and practices claimed to characterize her / his cultural group.

The missing context as a cultural enabler
Cultural dimensions frameworks have taken culture out of its (studied) context to make universal statements about cultural values and influences. The particular notion of cultural distance has been criticized to create an illusion of symmetry where the effect of the host environment (as part of the interaction context) and that of the home culture are undistinguishable.

**A narrow understanding of intercultural interaction**

Mainstream knowledge of intercultural interaction has consequently been relatively narrow in a number of aspects. In terms of scope, the studied interaction incorporating the individual level has only focused on the expatriate while ignoring the other half of the interaction in reality, namely the local actors. In terms of meaning, the studied interaction has mostly concerned the exchange of cultural values (i.e. implications of cross-cultural communication literature), and the interaction of roles (e.g. expatriate manager) without individual influence, i.e. an interaction formula in the name of stimulus – response.

To summarize, the above condensed review of mainstream literature in cross-cultural management does not do justice to the enormous body of knowledge that it contains. Such a comprehensive review, however, is outside the scope of this dissertation. My intention with this chapter has been to highlight the ultimate assumptions, theories and lines of thinking that constitute common characteristics of the studies. The review is also to help me identify possible contributions that the studies can make to the pre-understanding framework in the present study as well as help me illustrate and justify the knowledge gap that my study seeks to help fill.

I have earlier argued in Chapter 2 that most cross-cultural studies (that are labelled essentialist) lean on objectivist perspectives on social science research. This perspective is different from the social constructivist perspective that I lean on in this study. Nevertheless, as already argued in the methodology chapter, a holistically social constructivist view of culture may also accommodate the essentialist elements of culture but attaches less predictability to them. Rather, it is a negotiable essence that is continuously reassessed and reconstructed by members in the course of interaction, but nevertheless changes may be minor and hard to notice. The intention with mainstream cross-cultural literature can be reduced to three main ideas. First, it can be integrated in to a socially-constructed pre-understanding of intercultural interaction in IJVs, as will be developed in Chapter 6, where cultural differences are a source of expectations and sensemaking anchors. The underlying assumption is that we all tend to generalize, no matter how subjectivist we can be. Either we base such generalisations on our own experience, or we borrow from others’ categories and stereotypes which, over time, may change and transform into our own categories. Second, mainstream empirical research with a concern to intercultural interaction can provide interesting insights into part of the interaction domain, particularly expectations about expatriate behaviour and cross-cultural communication. Third, the literature as a whole with its particular emphases on the conception of culture and its impact on cross-cultural behaviour has presented itself as a contrasting literature to the emerging strand of
intercultural interaction to be reviewed in the next chapter, thereby adding to the validation of the dissertation, as suggested by Eisenhardt (1989).
Chapter 4 – Intercultural Interaction literature

I have discussed the mainstream literature in cross-cultural management in Chapter 3 and pointed out some of its limitations in providing a solid theoretical platform for the present research. This chapter presents the social constructivist view of culture in organizational contexts, the approach I have endorsed in connection with this study, in greater details. The objective of the chapter is to discuss theoretical underpinnings as well as the empirical findings within this research stream – how it has supplemented mainstream literature in providing a richer understanding of the intercultural management subject, in general, and international joint venture management, in particular. It also seeks to identify the research gaps which the present study wishes to fill.

Similar to the previous chapter, this chapter begins with a discussion of the social constructivist concept of culture attached to intercultural interaction literature (Section 4.1). Section 4.2 discusses key conceptualisations of intercultural interaction, in particular the negotiated culture perspective. Section 4.3 presents the criticisms and highlights the research gaps of the literature to be filled by the current study. Section 4.4 is a summary.

4.1. Culture as a social construction

4.1.1. Conceptual background

Historically, the social constructivist view of culture emerged as an anti-essentialist voice attacking mainstream research in understanding intercultural phenomena. The attack seems to rest on two major weaknesses of mainstream literature. One is the missing dynamics of culture, and the other is the overlooked impact of the individual and the context on culture, as discussed in the previous chapter. In filling these theoretical gaps, social-constructivist scholars have suggested a perspective on culture that can accommodate irregular, ambiguous as well as dynamic aspects of culture.

The social constructivist view of culture can be traced back to the early 1970s research in social anthropology (Geertz, 1973; Smircich, 1983), a view which has had a great influence on organisational research (Boyacigiller et al. 2004). These studies took an interpretive perspective and shared a common research interest in how organisational participants make sense of their social world, thereby capturing the ongoing process of sense-making and meaning creation instead of seeking predefined patterns of culture (Schultz, 1994). In accordance with this focus, interpretive studies are often characterized by emergent constructs, associative in terms of the construction of meanings, toward divergent thinking, contextuality and ambiguity – due to the multiplicity of meanings (Schultz & Hatch, 1996). Here culture is treated as a root metaphor (Smircich, 1983) for “understanding the human constructs and expressions in organisations” (Schultz, 1995:11).
Culture as a root metaphor promotes a view of organisations as expressive forms, manifestations of human consciousness. Organisations are understood and analysed not mainly in economic or material terms, but in terms of their expressive, ideational and symbolic aspects (Smircich, 1983:347-348)

Only recently has the social constructivist view or interpretive view of culture gained widespread acknowledgement within international management research. The stream of research within international management that was inspired by a social constructivist view of culture refers to intercultural interaction studies, to use Boyacigiller et al.’s (2004) category, which provides “the emerging framework for conceptualizing interaction between persons in multinational organisational settings” (p. 16). This research stream came into existence in response to a growing need to refocus international management research toward the interaction of persons rather than comparison of national cultures. The growing significance of such an intercultural interaction phenomenon was explained by two emergent trends within the global economic domain. One was the escalating preoccupation with Japanese companies in overseas markets, especially the U.S., where a ‘strong Japanese culture’ was considered to be one of their key success factors. The other trend refers to the increasing FDI phenomenon resulting in a growing interest in inter-firm arrangements across national boundaries, e.g. joint ventures, as well as multinational teams within organisational settings.

Intercultural interaction research generally claims that culture within organisational settings is “conceptualized as emergent and negotiated between interaction partners, hence ‘socially constructed’” (Sackmann & Philips, 2004:374). It should be emphasized that the intercultural interaction perspective does not deny the importance of national culture, but more importantly is a culture at the organisational level that emerges via inter-personal interaction over time. Moreover, there is emphasis on the dynamic dimension of culture in terms of time and process, and on the social construction of culture demonstrating the significance of context and contextual influences. Appendix B provides an overview of the cross-cultural comparison literature and the intercultural interaction literature summarized by Sackmann & Phillips (2004).

While mainstream research takes an etics-oriented approach to culture, intercultural interaction research may identify itself with an emics-oriented approach to culture. The methodological orientation of intercultural interaction research mostly embraces contextual analysis (Sackmann & Philips, 2004) or thick description (Geertz, 1973) in form of longitudinal or other process-oriented studies. These studies usually adopt ethnographic methods characterized by long-term participant observation combined with interviews with a wide range of informants. Other studies are content with semi-structured interviews over a certain period of time (e.g. Brannen & Salk, 2000).

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7 The third category in Boyacigiller et al’s (2004) review, the multiples culture stream of research, is also based on a social constructivist view of culture. It shares largely the basic assumptions with the intercultural interaction stream but focuses on the interplay of different identities instead of the interaction itself. I hereby limit my discussion within the intercultural interaction stream, but I will make extension to elements of the multiples culture stream where applicable.
In the following, I present a discussion of a social constructivist concept of culture that has been developed in social anthropology and later in organisation research.

4.1.2. Definitions of culture

As mentioned earlier, social constructionists view culture as based on shared or partly shared patterns of meaning and interpretation, not patterns of behaviour as perceived by the essentialist view (Søderberg & Holden, 2002). More interestingly, these patterns of meanings are produced, reproduced, and continually changed by the people identifying with them and negotiating them in the course of social interaction (Ibid. p. 112). In other words, culture is about shared meanings constructed through social interaction.

Geertz (1973) is often cited as a major proponent of culture as negotiated sets of meanings. He defined culture as

> A historically transmitted pattern of meanings embodied in symbols, a system of inherited conceptions expressed in symbolic forms by means of which men communicate, perpetuate, and develop their knowledge about and attitudes toward life. (Ibid:89)

Geertz’s major contribution is considered to be ‘a concept of culture and a demonstration of the importance of culture in life as a whole and especially as a way of defining meaning and shaping meaning in the midst of action and change’ (Peacock in Shweder & Good, 2005:54). Peacock emphasized that the highlight in Geertz’s conception of culture is action. More precisely, it is symbolic action, which is action based on meanings as the result of interpretation which is then expressed through symbols. An interpretation of Geertz’s concept of culture says that his definition of culture is ethics-oriented while his description of culture is emics-oriented (see Gullestrup, 2006). The definition may sound like one of a culture as essence in the first place, as culture is described as transmitted patterns and inherited conceptions. And the author clearly pointed out that his culture concept had ‘neither multiple referents nor any unusual ambiguity” (p. 89). Interestingly enough, here the social constructivist essence rather lies in how ‘the pattern of meanings’ is ‘transmitted’ and how ‘conceptions’ are ‘inherited’.

A definition of culture that has inspired several intercultural interaction scholars and me in connection with this study is one by the Malaysian-American anthropologist Aihwa Ong (1987). Ong defines culture as

> “…historically situated and emergent, shifting and incomplete meanings and practices generated in webs of agency and power.” (Ong 1987:2)

The definition reflects a new way of thinking about culture, in line with the Geertzian thinking. But it extends to include practices as part of culture, and within a few words it tells a lot about the complexity and ambiguity embedded in culture. In particular, with her definition of culture, Ong drew attention to the issue of power in the construction and reconstruction of meanings. In her study of Malay female workers, she presented a story of what she called ‘cultural struggle’ when Malay peasants encountered capitalist industrialization. Ong’s story highlights ‘their
everyday acquiescence and resistance to larger structures of dominance’ (p. 10). As an interesting contribution to the understanding of culture, Ong addressed the question of power in the production, definition, and maintenance of dominant cultural patterns, although power was not defined more clearly than being associated with “force” and “domination” of meanings and practices (Ibid:2-3). Inspired by her work, intercultural interaction scholars have created a foundation for the exploration of an emergent culture in IJVs (Kleinberg, 1994; Brannen 1998; Salk 1992, 1997; Brannen & Salk 2000; Salk & Shenkar 2001), which I discuss in the sections to follow.

From social anthropology, the interest in a social constructivist view of culture has spread into organisation studies. Smircich (1983) systematically discussed the application of a symbolic view of culture developed by anthropologists like Geertz (1973) into organisational analysis. As she wrote, “the focus of this form of organisational analysis is on how individuals interpret and understand their experience and how these interpretations and understandings relate to action… The research agenda here is to document the creation and maintenance of organisation through symbolic action.” (1983:351). Scholars who have provoked a similar view of organisational culture include Alvesson (2002), Parker (2000) and Kunda (1992). Despite having different approaches to uncovering and thereby understanding culture, the scholars seem to share a view of culture as a system of common symbols and meanings.

I subscribe to the generic understanding of symbol to be anything from an object to a statement or utterance to an action or event (i.e. series of action) to a quality or relation that gives meaning to something more than or other than itself (see e.g. Geertz, 1973; Schultz, 1994: Alvesson, 2002). A symbol is considered to be a vehicle for a conception, and the conception is labelled ‘meaning’ (Geertz, 1973:91). A meaning by definition refers to how an object or an utterance (or any other unit of symbol, as mentioned above) is interpreted (Alvesson 2004:4), or conceived, in Geertz’s words. A symbol is thereby rich in meaning. The same symbol may infer different meanings to different people as they interpret it in their own way.

Alvesson (2002) emphasizes that a view of culture as a system of symbols and meanings does not exclude values and assumptions, yet values are not central and not as useful as meanings and symbols in cultural analysis (p. 3). A distinction is made between socially shared meanings and personally idiosyncratic meanings, with the former being emphasized as more relevant to a cultural context (Ibid). Individuals attach meanings – significance – to phenomena and symbols in order to make sense of their worlds; and by so doing, they construct “webs of significance” embedding a certain consensus on how to interpret them. There is, however, a blurred line between socially shared meanings and personally idiosyncratic meanings, particularly as soon as personal meanings become objectified and communicated with others. A meaning-based view of culture, compared to a value-based view of culture, seems to highlight the way cultural members together make sense of their lived experiences. That is, cultural members are the active cultural actors – they construct their own culture.
4.1.3. Culture in organisations

According to the social constructivist view of culture, organization is culture (e.g. Smircich, 1983). The organization as a social construction encompasses processes of constructing shared meanings and symbols that stimulate and maintain the organisation’s culture. This view contrasts with the view “organization has culture”, endorsed by the mainstream literature as documented in the previous chapter. Here, organizational culture is neither a manageable function of the organisation, nor something dominated by leaders or managers. Instead, culture manages managers (Hatch & Schultz 1997:360). My interpretation here is that all individual members of the organization contribute actively to the shaping and maintenance of an organizational culture. Organisation-as-culture is not necessarily the same as organisation being one culture. In other words, the view of organisation as culture does not imply that organizational culture is homogeneous. Indeed, as the definition of culture by Ong (1987) suggested, organizational culture appears fragmented because of the composition of emergent, shifting and incomplete meanings and practices.

Indeed, the concept of organisational culture presented here is best reflected in the Fragmentation view by Martin (1992). The fragmentation perspective, in contrast to the integration perspective and the differentiation perspective, registers ambiguity, both at the organisational level and the subcultural level, inconsistency in the interpretation of manifestations, and perceives change as some kind of constant flux rather than intentional transformation. The fragmentation view, with its notion of culture as ambiguous, incongruent and actively negotiated, seems to be the most appropriate to embrace intercultural interaction studies (Boyacigiller et al., 2004).

Nevertheless, it is not so easy to tell precisely whether organizational culture is integrated, differentiated or fragmented when it is viewed from a social constructivist perspective. For instance, Schultz (1995) presented an interesting discussion of how the different perspectives cut across the essentialist and social constructivist paradigms. She argued that “both functionalism and symbolism are theoretically rooted in an integration concept, utilizing differentiation and ambiguity to post critical questions at the empirical level” (p. 17) In that sense, a symbolic approach to culture may build on an integrationist concept of culture at the theoretical level while exploring differentiation and ambiguity issues at the empirical level. This reminds me of the way Gullestrup (2006) treated his subject of culture in two separate domains, namely theoretical (etics) and empirical (emics). He started out with an abstract, etics concept of culture and accounted for his theoretical understanding of culture through a framework of eight horizontal culture segments and six vertical culture layers before moving into his empirical analysis using an emics approach. In contrast, his antecedent, Geertz, presented an integrationist definition of culture, then an interpretive description of culture provoking the issue of ambiguity and multiplicity of meanings along the way.

In this study, I endorse the view of culture as a social construction and presume the significance of interaction in understanding cultural processes within an organizational setting. In the
sections to follow, I will move on to discuss the dynamics of culture as it has been investigated in this literature.

4.1.4. The dynamics of culture

Contrary to the essentialist perspective with the preference that culture is resistant to change, the social constructivist perspective insists that culture is dynamic - it changes over time (Sackmann & Phillips, 2004; Svane, 2006; Gullestrup, 2006). However, change can be understood in different ways, and thereby leading to different ways of capturing the dynamics of culture. In a social constructivist sense, change should be socially constructed.

A social constructivist definition of cultural change is, for instance, defined by Ong (1987) – “the disrupted, contradictory, and differential outcomes which involve changes in identity, relations of struggle and dependence, including the experience of reality itself … in situations wherein groups and classes struggle to produce and interpret culture within the industrializing milieu” (p. 3). Ong’s definition of cultural change reflects a ‘dynamic’ view of the dynamics of culture in the sense that cultural change does not occur in a stages or developmental manner, but rather, it is identified with disrupted, contradictory and differential outcomes.

Seen from this perspective, change is a constant flux, rather than an intermittent interruption in an otherwise stable state (Martin et al., 2004:17). Fragmentation studies describe change as initiated by environmental influences and other forces beyond individual control; as experienced through various feelings like alienation, apathy, as well as confusion and satisfaction. The way change is reported in a fragmentation perspective does not explicitly endorse a social constructivist view of cultural change, yet the emphasis of the perspective on ambiguities and paradoxes recognizes the importance of the underlying variety of individual influences on cultural change and therefore brings the perspective in line with a social constructivist conception of culture.

An interesting version of this type of change suggested by Alvesson (2002) is called every re-framing. Every re-framing is mainly informal and incremental, inspired by senior actors or a group of individuals, spreading by interaction and meaning negotiation with other organisational members. Every re-framing is naturally embedded in interaction within the organisation on a day-to-day basis, thereby involving sharing and negotiation of meanings as a manifestation of culture in interaction. It is perhaps the ground layer of the dynamics of culture within the organisation.

Interestingly, the dynamics of culture in a social constructivist perspective seems not to lie in just the outcome of cultural change, but more importantly, in the process of cultural change. As Svane (2004) indicated, viewing culture as dynamic requires a process perspective on culture, where the dynamics of culture is manifested through the exchange, negotiation, and reinterpretation of meanings and values. Indeed, a number of processes through which cultural change occurs have been explored early in cultural anthropology and later in organisational
research (Hatch, 2004). Examples of these processes are transmission or institutionalisation of norms and ideas, acculturation, negotiation, recontextualization and socialization (Hatch, 2004:196). Hatch herself offered a model of the dynamics of organisational culture with four processes underlying both cultural change and stability: manifestation (linking assumptions and values), realization (linking values and artefacts), synchronization (linking artefacts and symbols), and interpretation (linking symbols and assumptions) (Hatch 1993, 2004). The interest of the study of intercultural interaction is eventually to seek to understand such cultural processes going on within the studied context. I will, in the later section, go deep into some key processes that have been discussed in a joint venture context.

Another important aspect of cultural dynamics in a social constructivist view is that, the individual, or the individual in interaction to be more accurate, plays a central role (Svane, 2004; Sørensen & Kuada, 2008). As the authors state culture changes as the individual interacts with others and constantly obtains new experiences which provides him or her with new ‘keys’ to understand the world. The individual’s constant and new experiences create a fragmentation of culture. All in all, the dynamics of culture lies in its fragmentation. Conceptually, the interacting individual has been promoted as one of three interrelated dimensions of cultural dynamics in Svane’s (2004) model, the others being the social structures and the cultural meaning system.

Another interesting contribution in Svane’s (2006) work is her account of the construction of reality perception as central in dynamics of culture. Here, the author was mainly inspired by Berger & Luckmann (1996). The perception of reality is constructed through inter-subjective processes that bring individuals’ subjective understandings together, which then undergo objectifying processes that bring shared understandings into action. Key processes underlying the construction of reality are illustrated in the following model (Svane 2006). The individual in these processes, the individual is observed to develop his role and act accordingly. The system of roles appears to be a result of the inter-subjective processes and a moderator of the objectifying processes, where interaction between individuals (or indeed, between roles) become routinized in patterns on an institutional level.

In short, culture is dynamic by nature. It is so because cultural actors (individuals) interact and in this process they obtain new experiences which are used to develop new symbols and new meanings all the time. The dynamics of culture lies in the underlying processes. And the interaction individual plays a central role.

4.2. Conceptual highlights

4.2.1. A negotiated culture perspective

Negotiated culture
The idea of a negotiated culture in an international organisational setting was coined by Brannen (1998) in her study of US-based Japanese entities. The term ‘negotiated’ in the author’s view
reflects the fluctuations observed in the intercultural interaction in Japanese-owned U.S. organisational settings. These fluctuations are identified in the construction and reconstruction of divergent meanings and actions by individual organisational actors. Later, in a study of a German-Japanese joint venture (Brannen & Salk, 2000), the authors developed further the construct of negotiated culture based on the sociologist Anselm Strauss’ notion of negotiated social order. The emphasis here is that the negotiated culture is not merely a blend or hybrid of the cultures of origin; but rather, it contains also some aspects of the venture’s own idiosyncratic making (Ibid). Negotiation, in this context, must not be understood as a highly formalized process of negotiations resulting in legally enforceable outcomes. It is rather the informal interactions and communications that people interpret and react to.

The assumptions of the negotiated culture model are as follows (Brannen & Salk 2000).

- The national cultural origins of IJV members serve as point of departure for the members as sources of values, meanings and norms that are brought to the bicultural organisational context (a notion that resonates well with “essentialist” cultural scholars).
- The structure of the IJV, the characteristics of its members, the relations of power and interdependence among them, and the specific issues they face will shape the cultural traits that become salient in the social negotiation of the working culture.
- When members from two distinct national and organisational cultures come together, a ‘negotiated culture’ emerges.
- The specific attributes of an IJV working culture are emergent and cannot be determined a priori.
- The cultural stances of organisational actors may map into ‘issue domains’ in unexpected ways.

These basic assumptions are drawn mainly from the works of Brannen (1998), Salk (1992, 1997) and Salk and Shenkar (1997). A few remarks should be noted on these assumptions. First of all, as assumption one goes, the negotiated culture approach recognises the significance of national cultural origins, which, over time, can be combined or modified through ongoing interactions (Brannen, 1998). However, national cultures, as well as any other cultural categories that individual members subscribe to can be manifested at different levels among different individuals, ranging from marginal, i.e. lack of commitment to the “normal” beliefs, to hyper-normal, which refers to those who hold more extreme beliefs, with cultural normal in between. These levels are described as a range of personal fit with cultural attributes (Ibid). Each individual cultural stance is a composite of different levels of personal fit with the cultural attributes of different representative groups, e.g. nation, organisation, profession. When a group of individuals gather in an organisation, they may not equally bring the cultural norms of their macro groups (i.e. nations), which is why organisational culture may not be representative of national culture (Ibid).
Second, the negotiated culture that emerges in the IJV setting is a working culture that centres on the issues which arise during the IJV life, establishing and moderating over time the norms and practices to be shared among members of the organisation. Different organisational issues and events are proposed to evoke different cultural stances on the part of participant individuals. Three major factors influence the negotiated culture: cultures of origin, individual stance-taking, and the IJV context (Brannen 1998, Brannen & Salk, 2000). Figure 4-1 describes the negotiated culture framework with key determinants of the process of cultural formation and negotiation.

*Figure 4-1:* A model of cultural negotiation (Brannen & Salk, 2000:457)

As shown in the model, sensemaking becomes involved through individual influences. Sensemaking is, however, not explicitly discussed in Brannen & Salk’s work. In the authors’ view, it appears to reflect individual stance-taking, which requires selecting meanings from one’s cultural stock or constructing new meanings out of it to fit in the situation / issue of concern.

The discussions in the available literature from this stream of research suggest that events from daily operations within and outside the workplace provide opportunities for culturally-oriented negotiations and sensemaking. Initially, the primary reference point for individuals’ interpretations of their daily operational events comes from their cultures of origin. But over time, the organisational culture emerges, and the values that it endorses compete with national cultural consideration. The relative silence of the national and organisational rules of behaviour will depend on perceived power bases of the actors. But the model captures key determinants of
the culture negotiation process, yet not the process itself. Academic knowledge about the process of culture formation and negotiation over time and how the emergent culture actually emerges along the way remains limited.

Another interesting note in assumption two, the authors suggested that power relations and interdependence among IJV members are one of the critical determinants of cultural negotiation. However, these factors were not significantly elaborated in their empirical discussion. Indeed, the link between power and culture has been insufficiently developed in the literature. When culture is socially constructed, power as well; there should be some interdependence between the two domains; the actual power relationships should exert a certain influence on the process and result of cultural negotiation.

**Joint venture development**

Salk (1992, 1997) found that the joint venture operations tended to be dominated by a set of practices from one group (partner) or the other during the earliest months. Only later they yielded to negotiated outcomes that tended to be triggered by external threats. The dominant culture was said to offer a “grammar for interaction that may be embellished or modified over time, but which maintains a recognizable character” (Salk 1997:68).

The major contribution of Salk’s (1997) work is that she confirmed the importance of cultural differences to joint venture members, but not in a way that the differences can be measured or observed, but in the sense that these differences are more usually seen as socially constructed constructs used by informants in defining their relationship to the venture setting and its members (1997:70). In this regard, we should distinguish between real cultural differences that are subject to measurement and categorisation, and the inclination of joint venture members to use cultural differences (real or otherwise) as a central theme in their understanding.

Joint venture development is identified with three conventional phases: the start-up phase, the adjustment phase, and the stable growth phase (Brannen & Salk, 2000). The start-up phase is characterised by emergent issue domains and initial negotiations in relation to solving the issues, but it lacks significant outcomes. Examples of observed issues are decision-making, job-role perception, language (Ibid). The second phase is still open for more emergent issues, but at the same time emerging successful negotiation around the issues is seen. In the third phase, stable growth refers to the observation that no new critical issues emerge and negotiated outcomes are reiterated.

Methods for negotiating outcomes are grouped into four categories: 1) compromise by one group, 2) meeting in the middle, 3) innovating something new for both groups, and 4) division of labour to minimize the need for further negotiation (Brannen & Salk, 2000:478).

To summarize, Brannen and Salk (2000) advance the negotiated culture approach by documenting the process of cultural negotiation in an IJV, and identify the key determinants that
influence the course of negotiation. One of their significant findings indicates that rather than using aggregate cultural attributes, individual cultural stances need to be assessed as determinants of negotiating behaviour. Another interesting point in this study is the way the authors follow the developmental process of the studied joint venture, i.e. phase after phase with focus on emerging issues that call for decisions to be made in each phase. In that way, the course of interaction between participating individuals is described in form of issue domains creating decision-making situations. This makes it possible to reveal the sources of influence or determinants as well as possible negotiated outcomes. However, the process outcomes are difficult to predict.

4.2.2. Social identities in IJVs
There is no doubt a strong relationship between identity and culture (see e.g. Hatch & Schultz, 1997; Hatch, 1993). Organisational identity basically refers to what members perceive, feel, and think about their organisations (Hatch & Schultz, 1997:357). It is therefore seen as a self-reflexive product of the culturally-embedded processes within the organisation. Likewise there is a similar link between identity and culture at the national level, functional level, group level, etc.

The intercultural interaction research has drawn particular attention to the link between culture and identity. The key interest is around which of the different social identities interacting in an organisational setting becomes salient at which phases of the joint venture life. For instance, in an IJV setting, there are national identities, joint venture parent organisational identities, and the joint-venture organisational identity. In their studies of joint management processes (Salk 1992, 1997; Salk & Shankar, 2001) leaned on the social identity theory (Tajfel, 1978; Turner, 1982) to explore processes of social identification and categorization, in which differences between cultures are perceived and utilized as a major source of identification. The studies suggest that national social identities are the most salient sense-making vehicles used by joint venture team members, despite possible contextual changes that could expectedly favour organisational social identities (Salk & Shenkar, 2001). The same study also emphasizes the role of organisational/structural and environmental contexts as antecedents of social identifications. Structural factors refer to organisational design and joint venture dependence on the parents for human and other resources; while environmental influences include the competitive environment of the venture and of each parent, and the degree to which the environment imposes common threats or rewards (ibid:163). Interestingly, their conclusion implies that social identification processes, set early in an IJV’s history, tend to mediate the impact of contextual changes on the enactments of the IJV setting and functioning by its members.

Social identity enactment
Enactment is a process in which particular aspects of experience are brought into the foreground and singled out for closer attention based on preconceptions. Enactment processes entail applying cognitive categorizations and templates to order experience, produce an enacted
environment comprising social constructions about what actors cannot ignore. Enactment processes are vehicles for sensemaking (Salk & Shenkar, 2001).

In brief, the above-discussed studies have made contributions to IJV literature by integrating theory and constructs from social identity and social enactment theories into IJV theory, in an attempt to shed light on cognitive and social processes in IJVs.

4.2.3. Intercultural sensemaking
Intercultural interaction research usually stresses culture as a reflection of sensemaking and thereby explores the culture linkage within the framework of sensemaking (Boyacigiller et al., 2004:141). One of the processes underlying the dynamics of culture, which recent research within international management has shown a growing interest, is the process of sensemaking (Søderberg, 2003; Osland & Bird, 2000, 2006). Based on Weick’s (1995) sensemaking theory, Osland & Bird (2000, 2006) proposed a cultural sensemaking model as an extension to the approach to intercultural settings. The framework is composed of an iterative cycle of three steps: framing the situation, making attributions, and selecting a script. These three steps were broken down into 14 strategies for collaborating across cultures more effectively. However, these strategies appear to be normative prescriptions with little empirical support, i.e. built on the authors’ dispersed observation and interviews in a few different intercultural settings.

A rather well-articulated stream of international management research taking on a sensemaking perspective is one on mergers and acquisitions (Vaara & Søderberg, 2003; Vaara, 1999; Kleppestø, 1998). Primarily, their attempts have converged on the claim that cultural conceptions in mergers and acquisitions are embedded in complex sensemaking processes and associated with identity construction processes. Partly in line with the negotiated culture perspective focusing on IJVs and the social identities perspective (Sections 4.2.1 and 4.2.2), this stream suggests that national stereotypes are usually salient in initial interpretations but are gradually replaced by more refined understandings. The stream also contributes to the promotion of narratives as a sensemaking approach and as a research design for future research with the same focus (Gertsen, Søderberg & Varaa, 2000).

4.2.4. Culture in action
Recently, Kuada & Sørensen (2010) introduced the construct of culture-in-action in a cross-border organisational learning context. The overall assumption is that culture can be learned and unlearned, it does so through interaction of individuals. The culture-in-action construct is composed of six constituents being: the dynamics of culture, the levels of culture, the cultural meeting place, the personalities and intercultural communicative competences of interacting parties, leadership behaviours, and the emerging new culture. With this construct, the authors share with other authors within the social constructivist perspective an interest in interaction of individuals and the subsequent dynamic processes of culture, while emphasising the meeting
place of intercultural interaction, as a specific unit of context that plays a significant role in cross-border settings.

Kuada & Sørensen (2010) proposed an integrated model of the emerging new culture based on their concept of culture-in-action as presented earlier. With this model, they basically agree with other intercultural interaction authors that a new culture emerges in a work setting involving multiple cultures in a cross-border context. Given the specific context of learning, the culture-in-action construct is linked to the different modes of learning and creativity as a learning outcome. Interestingly, the different modes of learning are considered to be determined by the individual member’s comfort zone, i.e. a culturally-conditioned sense of security. This linkage reflects the consideration of modes of interaction embedded in modes of learning. Another contribution of Kuada & Sørensen’s model is the explicit recognition of the significant contextual effect of the meeting place.

To sum up, the intercultural interaction perspective has offered an alternative view on culture in the context of international business collaboration. All the theoretical attempts share a view of an emergent culture through interaction between individual members shaped by the influence of individual cultural stances, cultures of origin, and the organisational context. National cultures and national cultural identities are of critical importance primarily in the early phase of the business venture.

4.3. Research gaps
4.3.1. General criticisms
As the general criticism goes, social constructivism, the scientific paradigm that accommodates intercultural interaction research, is often seen as totally devoted to postmodern scepticism, critique and deconstruction (Søderberg & Holden, 2002). The culture concept and its underlying basic assumptions developed in intercultural interaction research have unsettled the long-dominating assumptions of the essentialist view of culture endorsing cross-national comparative research. While the essence of the culture concept is pattern in an essentialist view, the essence of the culture concept in a social constructionist view lies perhaps in the term ‘ambiguity’, which has been explicitly attributed to culture within the fragmentation perspective (Martin, 2004). With ambiguity as characteristic of culture, intercultural interaction research faces a challenge of building cultural knowledge that is scientifically valid, and which can achieve consensus with a greater audience than those sharing the same perspective. Moreover, despite various attempts to document the processes of culture in the literature, the outcomes of these processes remain little known.

Sackmann & Phillips (2004) criticize both cross-national comparison and intercultural interaction perspectives in favour of a multiple cultures perspective. The ‘multiple cultures perspective’ points to newer trends in the global economy such as the formation of regional clusters, e.g. ASEAN, EU, NAFTA, the growing diversity of MNC workforces and the
disintegration of national identities in the former USSR, Yugoslavia, etc. Thereby they argue for a weakened role of the nation. Unlike the intercultural interaction perspective, the multiple cultures perspective does not make any a priori assumption about the salience of any level of culture but instead it emphasizes the multiplicity of cultural contexts and focuses significantly on identity work and the interplay of different cultural identities (Boyacigiller et al., 2002:27). But the two latter perspectives still share the same conceptualization of culture as emergent, complex, and negotiated.

4.3.2. Research gaps to be filled

At this juncture of the research process, when the intercultural interaction stream of research has been thoroughly reviewed, several research gaps can be drawn in the light of the current study. First, despite the significant methodological shift in conceptualizing dynamic aspects of culture in international management settings and IJV settings in particular, the processes underlying such cultural dynamics in IJVs are still a “black box”. The most developed conceptualisation in the stream, i.e. the negotiated culture perspective, provides limited insight into the content and development of such processes. Hence, there is a need to take a close look at the reality of interaction processes in the IJV context, calling upon contributions from IJV research. Second, while existing research has analytically addressed the active role of individuals in cultural negotiation and drawn attention to the influence of the power imbalance between individuals, still little is known regarding the actual power enactment and its conditions. Seen in a symbolic interactionist perspective, individuals are expected to perform roles given to them by their organisations with embedded power order, but their performance of roles is taken individually and therefore also exposed to individual power relations. Third, recent efforts in advocating a sensemaking approach to micro culture-related processes has promising and interesting theoretical potential, but elaboration has been limited in terms of empirical documentation. As Boyacigiller et al. (2002) have indicated, we need “a deeper understanding of the process by which shared understandings are negotiated and by which negotiated understanding help to shape formal and informal organisational practices”. Finally, the empirical coverage of the intercultural interaction stream has been limited, mostly to Japanese-based organisational settings. In the research context at that time, it reflected the contemporary rise in Japanese business expansion abroad, to the U.S. in particular, to the extent that it has been argued that “the Japanese/American organisation is, therefore, well-suited as the locus for theory-building on organizational culture in the multinational context” (Brannen, 1998:8). However, today’s world has changed. Globalisation and internationalisation have touched upon all continents, leading to cooperation between firms from a larger number of countries than ever before. Understanding of such a complex inter-firm context cannot rely on research on a few countries any longer.

Considering the above research gaps, the contributions of the present study must be seen in this light. First, it seeks to uncover the process of cultural negotiation through describing the symbolic interaction among individuals in the chosen IJV setting, in which individual sensemaking creates a dynamic process. The study also seeks to identify major domains of
interaction in IJVs where such dynamics can be narrated in-depth and outcomes may entail characteristics of an emergent working culture. In terms of empirical contribution, the study investigates a bi-national context that has hitherto not been prominently positioned at the centre stage of this strand of research, i.e. Vietnam and Denmark. It therefore contributes to a geographical extension of the present knowledge in the field, generally known as East – West linkages.

4.4. Summary
To sum up, this literature has brought to the international research domain an alternative view of culture, not as a predefined pattern with an overwhelming salience of national-level culture, but as an emergent phenomenon that occurs at any level within an inter-organisational setting and varies at each level depending on individual cultural stances and contextual factors, including internal and external factors. Contributions to this research stream has made considerable progress in making culture a visible construct (Boyagiciller et al., 2002), which contradicts cross-cultural comparison scholars who, more or less, agree that ‘culture is invisible’ (Adler, 1991:96). Such a stand is most likely associated with a value – based view of culture, as discussed in the previous chapter. This has been enabled through research attempts looking at the social construction of culture through processes of identity construction, sensemaking, and negotiation.

Intercultural interaction research aims at advancing the awareness of the complexity and dynamic nature of culture in cross-border organisational settings. It highlights the significant role of individual members and their sensemaking in contribution to the formation of their organisational culture and draws attention to the issue domain within the (joint venture) organisation as a source for benchmarking the culture formation process. Culture itself is promoted as a source of enactment, but it remains unknown whether other possible sources of enactment (at the individual level) are either existent or overlooked and deemed to be independent of culture.

Moreover, the intercultural interaction literature has provided useful insights into the actual impact of culture on inter-firm relationships through its descriptive joint venture cases looking into the micro processes which have been overlooked in international joint venture research (Salk & Shenkar, 2001).

The present dissertation adopts the social constructivist perspective as the main theoretical entry point to the investigations. I am, however, sympathetic toward the views found in the mainstream cross-cultural research to the extent that they may be utilized as a source of expectation and reference for individuals to make sense of their joint venture life. I will draw on these perspectives when I discuss my overall re-understanding of interaction processes in international joint ventures (see Chapter 6). But before doing so, I will devote the next chapter of the dissertation (Chapter 5) to a review of the existing literature on international joint ventures.
Chapter 5: International joint venture literature

5.1. Overview
I have argued that context is important in any investigation of human interaction processes. For this study, the context of international joint ventures has been chosen, and therefore it is highly relevant to gain an understanding of existing knowledge of IJVs and build on knowledge of interaction processes in IJVs. For this purpose, the current chapter aims to navigate extant research in IJVs, first, for an overview of central issues associated with the formation and operation of IJVs, and second to identify processes which may contribute to an understanding of interaction within IJVs. Similar to the previous review chapters, the review process here is to elaborate on important research gaps in IJV literature which the present study expects to fulfil, and to visualize sensemaking elements from the literature for the development of the pre-understanding framework in the next chapter.

International joint ventures (IJVs) have been the subject of scholarly inquiry for more than three decades, and conceptualisations are numerous. Research in IJVs may be roughly grouped in three overlapping streams: studies on international strategic alliances (ISAs), studies on IJVs, and studies on IJVs, particularly in emerging economies, or less-developed countries (LDCs), as appeared in early literature (Beamish 1985, 1987). The particular specialization within the third stream has been endorsed by the indication that joint ventures in LDCs are exposed to a higher instability rate and greater managerial dissatisfaction (Beamish, 1985). In this chapter, the three streams will not be reviewed separately, but rather, they will be made to supplement each other in promoting a thorough understanding of the IJV phenomenon in general and in an emerging context, in particular. Moreover, the use of these three streams of literature implies that certain theoretical underpinnings within IJVs may apply to ISAs as well and vice versa. In a similar way, it infers that outcomes of the present study on five Danish-Vietnamese joint ventures may be applicable in other alliance settings, given contextual reservations.

According to Beamish & Lupton’s (2009), the joint venture process can be divided into four main phases: (1) assessing the strategic logic for creating the venture (i.e. JV motives), (2) selecting a partner (i.e. partner selection), (3) negotiating the terms (i.e. JV negotiation), and (4) implementation and ongoing management of the new venture (i.e. JV post-formation management). Their review of 86 most cited JV performance articles published in the last 25 years identifies six key managerial issues associated with the partnering process, some more relevant during some of the phases than others. The six issues are performance, internationalization, knowledge management, governance and control, (managing) cultural differences, and valuing the JV. Of the six issue domains, performance is found to be of an ongoing concern throughout the whole joint-venture process.

Indeed, JV performance has been a central inquiry in mainstream IJV research (Ren et al. 2009; Yan & Zeng, 1999; Geringer & Hebert, 1989), though the concept itself has remained
inconsistently defined in terms of various measures and determinants; sometimes it has been loosely equated to success, and other times it has even been criticized as being “somewhat elusive” (Contractor, 2005). Performance studies have distinguished between objective and subjective performance measures (Beamish & Lupton, 2009; Geringer & Hebert, 1991), process and outcome performance (Yan & Zeng, 1999), financial and non-financial performance (Ren et al., 2009). The nature of the present study is not to measure the success of the studied IJVs, nor to revisit or advance particular performance indicators. Rather, it may be identified by a concern with the subjective assessment of the interaction processes, i.e. subjective process performance, roughly defined as managerial evaluation of “how well JV issues are handled as they arise” (Beamish & Lupton, 2009). Thus, in the present review, performance will not be discussed as a separate managerial domain per se, but rather, in association with any other managerial issues and processes throughout the joint venture life.

The five other managerial domains identified by Beamish & Lupton (2009) each cover a number of interdependent issues, which characterize the related domain to the extent that has been uncovered by mainstream literature. Internationalization concerns the initial phase where the joint venturing decision is considered in relation to respective partner firms’ strategy, embracing mainly the assessment of the strategic rationale behind the decision, and selection of a partner and a location. Following the partner selection phase, the negotiating phase settles major issues that need to be agreed upon between the partners, i.e. how the joint venture is to be structured and organised. Governance arrangements, including ownership and control structures, are of prior importance to be handled in this phase. The third issue domain concerns the management of the knowledge flow from the partner firms to the joint venture, highlighting issues of learning, knowledge transfer and acquisition as well as capability development. The fourth issue domain suggested by Beamish and Lupton (2009) refers to a number of the reviewed articles focusing on the impact of national and organisational cultural differences on IJV performance. This review extends this domain to include other relationship factors which have also been central in extant research, such as conflict and conflict resolution, trust, and commitment (Ren et al., 2009), but so has the issue of cultural differences, which characterises the relationship between JV partners. The fifth category documented by Beamish & Lupton (2009), i.e. valuing the JV, is left out since the issue is not seen as of primary relevance to the research focus. Instead, particular emergent process-related topics recently articulated in a modest number of non-mainstream IJV studies (Leung & White, 2006; Clark & Soulby, 2009) are discussed in a separate section. Altogether, these issue domains present a rather comprehensive image of an IJV so far uncovered by extant research. Mainstream domains, though predominantly taking a structure-oriented approach and thereby overlooking dynamic processes within IJVs (Salk, 2005) appear useful for the present study. The explanation is that mainstream domains of inquiry offer interaction implications, primarily through the rationale behind joint venture formation, structural arrangements for the joint venture setup, and potential issues of tension. Direct implications for a pre-understanding framework of IJV interaction processes are drawn from non-mainstream studies taking a more process-oriented approach in search of a conceptualisation of the dynamic evolution of IJVs through micro processes.
Another way to look at the status of existing IJV literature is to follow Contractor’s (2005) reviewing approach where three distinct but interrelated domains of inquiry are highlighted: structure, process, and performance (Figure 5-1). Link A represents the relationship between structure and performance in IJVs, which has appeared to be the predominant domain of interest in extant literature. Link B represents the relationship between process and performance in IJVs, a relatively under-researched linkage, whilst the last link between structure and process (link C) has largely been under-explored (Ibid). Whilst linkage A, and to a smaller extent linkage B, have been central in mainstream research in the form of the subject domains and phases marked in light grey in Figure 5-2, linkage C has been of interest to non-mainstream scholars.

**Figure 5-1:** Issue domains in IJV research throughout joint venture phases (Adjusted from Beamish & Lupton, 2009)

**Figure 5-2:** Three central domains in IJV research (Adopted from Contractor, 2005)
The following sections in this chapter present the subject domains illustrated in Figure 5-1, with connection to the structure-process-performance debate. The chapter ends with some insights into empirical IJV studies already conducted in the Vietnam-Denmark context, or a context involving at least one of the two countries of partner origin. The concluding section summarizes key criticisms and the gaps which the current study expects to fulfill.

5.2. IJVs as a path of internationalization
This section considers major concerns in the initial stage of an IJV from assessing the underlying strategic rationale to selecting a partner, with a view to gaining insights into the initial conditions and expectations of the relationship between JV partners. In other words, such initial conditions set the scene for interaction between partner firms and within the joint venture under consideration. They refer to the question of why firms choose to enter an IJV, and the question of who should be a preferred JV partner, the answers to which also explain the choice of JV location. In particular, certain limitations are noted with regard to understanding motives and expectations underlying IJV interaction processes. According to existing literature motives and partner-related expectations are limited to initial needs and the organisational level, although they may change over time and be outweighed by individual and situational motives and expectations.

5.2.1. Motives for joint venture formation
For the last three decades, IJVs have emerged as an alternative mode of organising economic activities in competition with markets, hierarchies and non-equity alliances (Parkhe, 1993). Numerous researches have naturally been concerned with a proper explanation of why and when this governance mode is preferred as firms seek to internationalize their activities. In general, motives for alliance formation may be grouped into five categories: efficiency seeking, resource seeking, knowledge seeking, strategic positioning, and mandated formation (Keil, 2000). Some studies (e.g. Sharma, 2009; Miller et al, 1996) distinguish between the motivations of developed country partners and those of developing country partners. Yet, these motives are found basically differing in content and degree as they are placed in each of the above five categories.

Efficiency seeking concerns the cost benefits when firms enter into alliances. According to the transaction cost perspective (Williamson, 1975; Barney & Ouchi, 1986), firms seek to enter a strategic alliance due to a certain level of uncertainty over the behaviour of the contracting parties, i.e. based on the assumption of opportunism; when firm assets are specialized to the transaction, i.e. there is a certain degree of asset specificity. Through equity joint venture the partnering firms can enable an ownership-based monitoring mechanism and provide alignment of incentives in order to reduce the perceived uncertainty and enhance the use of their assets (Kogut, 1988). The perspective raises the issue of uncertainty due to opportunistic behaviour and control responses from the involved partners. This category is particularly relevant for western manufacturing firms going to developing countries to take advantage of low-cost abundant labour (Beamish, 1994).
Resource seeking refers to firms’ access to external resources which they are less effective or efficient to develop internally. This motivation has been promoted by the resource dependence theory (e.g. Pfeffer & Salacik, 1978) and the resource-based view of the firm (e.g. Barney, 1991). The resource dependency theory points to a firm’s dependence on external resources and its strategic decision making aimed at minimizing this dependence (Pfeffer & Salancik, 1978). Concerning external forces, the resource-based view stresses that that firms create their own environments, instead of simply adapting to them, through better utilisation and leverage of internal resources (Prahalad & Hamel, 1990). In that way, joint venture may be a strategic decision by which firms proactively define their environments.

Resources that are accessible to joint venture partnering firms may include technology and know-how, financial resource, human resource and marketing resource. Western partners are usually expected to bring upstream resources such as technology, product, or product know-how, besides financial resources (e.g. Miller et al 1996); and the developing country partners usually contribute downstream resources such as local distribution channels and local market know-how (Kale & Anand, 2006).

Knowledge seeking motivation implies that through the pooling of partners’ resources IJVs provide opportunities for the involved partners to learn from each other and create new knowledge together. This can be explained by the organizational learning perspective (Inkpen, 1995, 1998, 2000; Inkpen & Crossan, 1995). The transfer of knowledge, in particular tacit knowledge, is made easier in alliances than in arms-length relationship, as alliances involve intense interaction and collaboration which mediate the knowledge transfer process (Kogut, 1988; Kogut & Zander, 1992). Typical examples of knowledge seeking motives are R&D joint ventures or high-tech joint ventures where partners are expected to contribute product-related expertise. In most other cases of IJVs, the learning opportunities are present, yet they are unlikely to be considered the reason for forming the given partnership (Hennart & Zeng, 2005). In particular, in cases of IJVs in developing countries, knowledge seeking motives most apparently apply to developing country partners (Beamish, 1985), as they expect to learn the technology and know-how as well as managerial skills from their partners. From the developed country partner’s perspective, the developing country partner’s knowledge of the local environment also strongly motivates the western firm to enter a joint venture arrangement (Beamish, 1994).

Strategic positioning is seen as a joint venture motive from a strategic behaviour perspective (Kogut, 1988). According to the strategic behaviour perspective, firms enter a joint venture agreement to enhance their competitive position rather than to gain cost reduction. Harrigan (1988) argues that joint ventures “can change industry structures to the disadvantage of competitors” through precipitating “structural changes in vertical integration, technological scale, or other industry traits”. Strategic positioning may apply to horizontal alliances as well (Keil, 2000).
Mandated formation is a term used by Keil (2000) to refer to alliances that are formed to conform to related legal requirements of the host country (Kale & Anand, 2006; Beamish, 1994). As an example, Beamish (1988) found that many developing countries restricted foreign ownership by regulating the joint venture formation in particular industries. However, as Kale & Anand (2006) noted, recent years have seen the liberalization of emerging economies, which has led to the removal of foreign ownership restriction in the industry sector. This trend implies that the JV mode is no longer mandated in these countries, thus the reason is no longer applicable. In the case of Vietnam, joint venture was a mandatory mode of establishment concerning foreign investment in some industries until 1996, when the government passed a new amendment to the FDI law with the purpose of opening up for foreign investors (Bui et al., 2009). However, another policy-related regulation has become relevant for Danish companies that consider investing in Vietnam or some other developing countries. This regulation concerns the Danish government’s development assistance, known as Danida, which, for the last decade, has supported the formation of joint ventures between Danish companies and their host-country partners (Hansen, 2006). More on Danida’s agenda is presented later in the empirical part of the present study (Section 7.2.2).

All the above-mentioned motives may overlap each other and be co-present in many joint ventures (Vaidya, 2009). Potentially conflicting motives from involved partners may be avoided by selecting an appropriate partner (Hennart & Zeng, 2005).

Insights into joint venture motives give certain implications for the study of interaction processes. Each motive may imply a different degree of partner need, i.e. how and what the JV partners need and thus expect, of one another. For those who target resource seeking or knowledge seeking, for instance, their partners are expected to bring and enact particular resources of knowledge into the operation of the created venture, requiring operative involvement and interaction from the partners. For those who enter a joint venture to conform to legal requirements, their partner need may be a matter of formality. However, implications of motives research are limited to the concept of motives articulated. On the one hand, motives have been discussed at the firm level, whereas interaction processes may also be driven by personal motives. On the other hand, the above-mentioned motives are formation motives that contain initial expectations of a joint venture partnership, whereas interaction processes may also, if not rather, be driven by situation-specific motives, or emergent motives.

5.2.2. Partner selection
Partner selection criteria or partner characteristics have likewise been one of the focal aspects addressed in existing IJV literature (Parkhe, 1993; Geringer, 1991). Apparently, motivations for joint venture formation inform significantly firms’ expectations of their potential partners, consequently creating the foundation for their selection criteria. For instance, Beamish (1994) discusses a typology of partner needs divided into five categories, largely matching the above joint venture motives. These are: 1) Items readily capitalized, such as capital, raw materials,
technology or equipment; 2) Human-resource needs; 3) Market-resource needs; 4) Government/Political needs; and 5) Knowledge needs. He also highlighted that the lack of need for a partner would result in poor performance in a joint venture in terms of inefficiency and ineffectiveness. Therefore, a potential partner should be selected based on the identified needs.

Geringer (1991) identified two broad types of criteria. Operation-related criteria are associated with the strategic competencies and the skills of a partner, such as market position, industrial experience and product relatedness. Cooperation-related criteria often concern the organisational or inter-organisational traits, ranging from organizational form to inter-firm collaboration experience. Yan & Luo (2001) have presented four fundamental factors in partner selection, i.e. the cultural, strategic, organizational, and financial traits of the partners. They claimed that there should be a “fit” between the partners with respect to these traits. With regard to cultural fit, the authors highlighted, though with little conceptual explanation, the need to consider the proximity of the involved partners’ national cultures, the compatibility in organisational and management practices, and the chemistry between senior executives of the partner firms. It is noted, however, that goal compatibility, for example, can accommodate different goals “as far as the partners understand and respect each other’s goals and the two sets of goals are not in direct conflict” (Ibid).

Similar to motives, partner characteristics inform initial expectations of the degree of interaction between partners. In this regard, the inter-partner fit thesis is interesting in predicting the relationship between partners, and since compatibility does not always seem achievable given a limited choice of partners, understanding and respect are considered important in selecting a partner.

5.3. IJV governance

IJV governance basically embraces all key issues regarding the design of an IJV, i.e. how it should be structured in conformity to its partners’ motives and expectations, which is subject to negotiation before the joint venture is brought into operation. The structural design of an IJV provides a sensemaking frame for interaction among its members who are, in their given roles, to bring the design into operation, reflect upon it, and stimulate changes when necessary. This section considers three major governance-related issues that existing research has been engaged in. They are namely ownership, control, and bargaining power.

5.3.1. Ownership

Ownership structure appears to be the most visible and influential structural aspects of an IJV. It refers to the division of equity investment in the joint venture among partnering firms. Three generic types of ownership are distinguished, i.e. majority ownership, minority ownership, and equal ownership (Yan & Luo, 2001). Within the majority and minority ownership category, Blodgett (1992) distinguishes between highly unequal ownership, e.g. a 75-25, and somewhat unequal ownership, e.g. a 51-49 structure. A JV’s ownership structure is determined by a
number of external and internal factors, including governmental regulations, environmental dynamics, organisational experience, partner needs, knowledge protection and strategic intent (Ibid). National cultural origins of the partners have also been empirically documented as a factor influencing the choice of ownership (e.g. Makino & Neupert, 2000). A traditional IJV involves two parents of different countries of origin, whereas a non-traditional IJV may involve more than two parents or parents from the same country of origin setting up the JV in another country (see Makino & Beamish, 1999). However, the scope of the current study only concerns the traditional form.

According to Yan & Luo (2001), ownership structure is the primary source of bargaining power and management control and a predominant means to protect the firm’s proprietary knowledge and strategic resources. Yet, in cases where the ownership is regulated by local regulations or other environmental (third-party) arrangements, dominance in ownership may not translate directly into a dominant control and power structure.

Implications of ownership structure itself are therefore limited. On the other hand, without looking at the actual composition of elements determining a given ownership structure, we might over-interpret the significance of ownership in determining structural characteristics of IJVs.

5.3.2. Bargaining power
Management control exercised by a joint venture participant is dependent upon its bargaining power relative to the venture’s other participants (Yan & Luo, 2001:104). From a perspective of the power dependence theory, one actor’s power resides in another’s dependency. Bargaining power is defined as the capability of the bargainers to favourably reframe or change the bargaining relationships, to win accommodations from the other, and to influence the outcome of a negotiation (p. 104). Bargaining power may be divided into a context-based type and a resource-based type. It is argued that context-based bargaining power is superior for the partner who has more alternative modal choices for entering a market and attaches less strategic importance to (meaning less dependence on) the partnership. Meanwhile, resource-based bargaining power is entitled to the partner who contributes critical resources to the partnership, thereby giving the same partner greater control (Ibid).

Often in the context of emerging-market IJVs, the developing country partner is seen as less powerful than the developed country partner, as the latter has relatively more alternatives and brings critical resources to the JV (Ren et al., 2009). It is noted that the developing country partner normally seeks to learn managerial and technical know-how from the foreign partner, and power becomes less an issue if the foreign partner appears willing to share his or her knowledge and expertise.

While the above about bargaining power only concerns the initial forces contributing to partners’ power division, other studies argue for the dynamics of bargaining power as the joint
venture enters post-formation management phases. For instance, Inkpen & Beamish (1997) suggest that bargaining power shifts when valuable knowledge from one IJV partner is transferred to the other. This especially holds true when partners try to compete with each other in the ‘learning race’. Learning and knowledge acquisition in turn play a role in power shifting in the joint venture’s post-formation phases.

Yan & Luo’s (2001) concept of inter-partner fit concerns the consistency between the partners’ perceptions of inter-partner relative bargaining power and control, which evolves over time in the joint venture development. The authors argue that the actual effect of partner bargaining power and control relies on the agreement/disagreement between the partners’ subjective perceptions, which may be different from what is originally assumed.

The notion of bargaining power as noted above is largely representative of the organizational level, i.e. a kind of power derived from organizational advantages in terms of resources and opportunities. Power and its driving forces, however, are subject to enactment by individual members through their perceptions and (inter)actions, and in interplay with individual power. This has not been elaborated in mainstream JV research.

5.3.3. Control
Almost parallel with bargaining power, control is undoubtedly a critical issue in joint venturing (Geringer & Hebert, 1989). As the partners pool their resources together, they want to make sure resources are utilized in accordance with their expectations and interests. And control is needed as there is a certain degree of uncertainty regarding the utilization of joint resources. The transaction cost perspective would explain this uncertainty by the assumption of partner opportunism (Williamson, 1975; Yan & Luo, 2001). From the resource-dependence perspective, the partner contributing more critical resources is likely to presume greater bargaining power, thus seeking greater control over the IJV (Yan & Gray, 1994; Kale & Anand, 2006).

Yan & Luo (2001) draw attention to the distinction between ownership control and management control. ‘While ownership split represents a static decision reached between the partners in the founding negotiations, management control is both a structure and a process depending largely on inter-partner interactions in the venture’s decision making” (Ibid:88). The implication behind this distinction is that ownership is unlikely to translate directly into management division, and that control is not only about structure but also about process.

As conceptually synthesized by Geringer & Hebert (1989), control is largely understood as the process by which an entity influences, to varying degrees, the behaviour and output of another entity, through the use of power, authority, and a wide range of bureaucratic, cultural and informal mechanisms. In accordance with this understanding, the authors identified three dimensions of control in IJVs, namely control mechanisms, the extent of control, and the focus of control, i.e. the scope of activities over which parents exercise control. Control mechanisms refer to the formal and informal agreements between the partners over a certain domain of
decision-making. Control mechanisms may be (1) formal and content-oriented, such as the joint venture agreement with ownership terms among others, a licensing agreement, or the appointment of managerial representation; (2) informal and context-oriented, i.e. setting up arrangements to create an organizational context in favour of the achievement of partner objectives, such as creating a teamwork culture; or (3) process-oriented in form of reporting relationships and involvement in the JV’s planning and decision-making processes (Ibid). In a recent study, Chen, Park & Newbury (2009) suggest a similar classification of control mechanisms within IJVs, namely output control (formal and content-oriented), process control, and social control (informal and context-oriented). Whilst process control emphasizes the formalization of rules, routines, and roles, amongst other operational processes, social control requires frequent interaction and communication, for instance, through team-based activities, rituals and ceremonies (Ibid).

The extent of control concerns the fundamental question of how much control is necessary. According to Geringer & Hebert (1989), this dimension is driven by the degree of centralization of the decision-making process within the IJV. With regard to the locus of the decision-making process, Killing (1983) identified three categories: dominant parent, shared management, and independent ventures. Yan & Luo (2001) have extended this typology to include split control and rotating control. Dominant control refers to one parent management of the given JV, for instance, through its appointment of a managing director and its significant involvement in the JV’s important decisions, while the other parent remains a ‘silent partner’. Dominant control is recommended by some scholars (e.g. Killing, 1983) with the argument that it makes JVs easier to manage as potential partner conflicts are avoided, particularly compared to shared management. However, Yan & Luo (2001) speculate that dominant control is not as popular in IJVs in developing countries due to potentially diverging goals like short-term goals on the local partner’s side versus long-term goals on the western partner’s side. Instead, shared control is recommended in such cases (Yan & Luo, 2001; Beamish, 1988). Shared control occurs when both parents exercise a high degree of influence on the venture’s decisions, for instance, through the establishment of a joint-participation management board, usually comprising a general manager nominated by one parent and a deputy general manager nominated by the other parent, and likewise on lower levels of management (Yan & Luo, 2001). The concept of shared control is not easily put into practice, as it is argued that any decision, though jointly made, indeed carries an element of specialization (Lane & Beamish, 1990). And shared control assumes a high degree of interaction between the parents (Ibid).

Split control concerns the functional division of management between the parents, whilst rotating control embraces periodical role shifting between two groups of management representatives nominated by each parent respectively. These two structures represent hybrid forms between shared control and dominant control. In fact, more than one structure may be observed in an IJV, such as sharing the top management level and splitting the middle management levels. Rotating control is observable in JVs between developed and developing countries as a means of transferring knowledge or as a temporary mechanism when the level of
understanding and trust between the partners are low (Yan & Luo, 2001). The greatest disadvantage of rotating control is that it may result in the loss of continuity in the JV’s operations (Ibid). The last control structure, i.e. independent venture, refers to the full autonomy of the JV’s executives who are independent of their parents, and the venture’s board of directors mainly plays a nominal role.

Generally, in the case of IJVs in emerging economies, foreign partners are likely to have greater bargaining power and subsequently greater control over the IJV due to their more critical resource contributions (Anand & Kale, 2006). However, considering the intervention of government-driven restrictions, it is not always the case that the partner with critical resources and greater bargaining power is eligible for greater control.

According to Yan & Luo (2001), control may be determined either from a strategic choice perspective or a negotiations perspective. Research following the strategic choice perspective has focused on the degree of control centralization on the part of the MNC parent and therefore not considered the interests or strategic preference on the part of the local parent (e.g. Geringer & Herbert, 1989). From a negotiations perspective (Yan & Gray, 1994; Gray & Yan, 1997), management control exercised by an IJV member is dependent upon its bargaining power relative to the venture’s other members.

Control has been addressed as a critical variable influencing JV performance (Geringer & Herbert, 1989; Hennart & Zeng 2005). Earlier research on the relationship between control and performance includes the “milestone work” by Killing (1983), who empirically evidenced that IJVs with a dominant control mechanism would outperform those with an equally shared control structure. This was explained by the greater potential for inter-partner conflict in the latter case. Later, a number of studies suggested that the control-performance relationship is far from linear, and moderating factors of this relationship such as trust and shared goals were identified (e.g. Yan & Gray, 1994; Child et al, 1997). Similarly, Geringer & Herbert (1989) proposed a model where IJV performance is ‘mainly a function of the fit between the international strategy of the parents, the IJV strategy, and the parameters (dimensions) of control’ (p.249). Their contribution lies in the implication that performance is not the direct outcome of control but the mediator between strategic elements and control practices.

In general, governance and structural issues have been a predominant theme in IJV research, offering various conceptualizations around determinants of governance structures and their linkages to IJV performance. Although indications have been made that there is a non-linear relationship between governance structures and performance, the general tendency is still to treat these initial arrangements as defining rules of action that predict IJV operation (e.g. Clark & Soulby, 2009). Potential shifts in ownership, control and bargaining power and their effects have largely been understudied in mainstream research. Moreover, there is a tendency to look at IJV structure from the perspectives of the involved parents, separately or simultaneously, but the
JV is no looked upon as an independent entity by definition, with its own needs and capabilities that might be met by particular configurations.

From a process view, knowledge of IJV governance as created by mainstream research is useful in speculating initial arrangements based on commonly-agreed expectations as a result of IJV negotiations, yet limited in entailing the dynamic processes that might contribute to mediating shifts in IJV structure (Clark & Soulby, 2009).

5.4. Knowledge Management and Learning in IJVs

Learning and knowledge transfer have been a central theme in IJV research, just as it is a natural process in joint venturing and a critical process seen from a resource-based view of IJVs. The formation of IJVs creates a setup for pooling partner resources that bring about opportunities for acquiring new knowledge and skills. Joint venturing is even compared to “a learning vehicle” (Yan & Luo, 2001). A classical study by Hamel (1991) suggests that alliances accommodate a “race to learn” among partner firms who try to learn faster than their counterparts in the light of competition.

5.4.1. Concept of learning and knowledge

Learning occurs when the processing of knowledge or new information leads to an increase in the range of potential behaviours or a change in cognition. Originated in psychology research, the cognition-behaviour debate has been central in organizational learning research, especially with regard to the definition of learning. Inkpen & Crossan (1995) integrate these two perspectives to present a comprehensive view of organizational learning to be applied in IJVs. They suggest that learning is more complex than pure cognitive or pure behavioural changes. The interesting point in their argumentation lies in the transitional nature of positions where there is a cognitive change without a behavioural change and vice versa. In such cases, the relevant change may be resolved in several ways, basically through either adjusting the other aspect (cognition/behaviour) or readjusting the change “back to zero”. The situation where both a cognitive and a behavioural change occur is called integrated learning. Figure 5-3 illustrates the complex relationship between cognition and behaviour and the learning outcomes. In other words, individuals learn by identifying gaps or conflicts between their experience and their beliefs, and by resolving identified discrepancies through changes in their beliefs and behaviours. Changes in beliefs occur more readily in the face of gaps than in the face of conflicts.

Knowledge is the outcome of as well as the input to the learning process. Typically, literature distinguishes between explicit knowledge, which can be written and easily communicated, and tacit knowledge, which is somewhat unconscious and difficult to communicate. The distinction between tacit knowledge and explicit knowledge has been originated by knowledge scholars (Polanyi, 1966; Nonaka, 1994). Knowledge within alliance settings can be characterized by tacitness, complexity, and ambiguity (Lyles & Gudergan, 2006). Tacit knowledge creates a
competitive advantage, but it is hard to formalize, thereby making it more difficult to communicate or share than explicit knowledge (Yan & Luo, 2001).

**Figure 5-3:** The relationship between cognition and behaviour in leaning (Inkpen & Crossan, 1995)

5.4.2. Determinants of learning

Hamel’s (1991) model of inter-partner learning consists of three main concepts as determinants of learning: intent, transparency, and receptivity. By definition, “intent refers to a firm’s initial propensity to view collaboration as an opportunity to learn; transparency to the ‘knowability’ or openness of each partner, and thus the potential for learning; and receptivity to a partner’s capacity for learning, or ‘absorptiveness’” (p. 90). Intent may involve a collaborative versus competitive attitude, internalization of versus more access to new knowledge. Interestingly, it is argued by Hennart & Zeng (2005) that alliances are primarily chosen when firms do not wish to internalize (replicate) the knowledge of their partners, which contradicts the classical learning-race proponents. In a similar vein, Inkpen (2000) indicates that the learning race in IJVs is basically “a figment of academics’ imagination” (p. 5), as is the assumption that learning is the primary objective of alliance partners.

The second determinant of learning proposed by Hamel (1991), i.e. transparency, refers to the extent each partner is open to share knowledge. Transparency is in turn determined by a number of factors including the social context, the partner’s attitudes, and the codifiability of knowledge (Ibid). In this regard, Lyles & Gudergan (2006) claim the significance of social dimensions of learning, which refer to relational embeddedness, trust, and socialization. Lane et al. (2001) suggest that cultural compatibility, meaning cultural similarity, helps JV managers understand better the foreign partner’s knowledge, and more exactly the norms and values underlying it, thereby increasing the transparency.
Receptivity as Hamel’s (1991) third determinant of learning originally implies the capacity to learn. However, the author’s elaboration of the notion appears more of an attitude than a capability. The capacity to learn is perhaps better represented by the concept of absorptive capacity developed by Cohen & Levinthal (1990), which later became central in the organizational learning literature. Absorptive capacity is defined as a firm’s “ability to recognize the value of information, assimilate it, and apply it to commercial ends” (Cohen & Levinthal, 1990). For the authors, who introduced the term, absorptive capacity is mainly dependent on the firm’s prior related knowledge. Later, Zahra & George (2002) renewed the concept by extending it to involve “a set of organizational routines and processes by which firms acquire, assimilate, transform and exploit knowledge to produce a dynamic organizational capability”. Learning capacity, or absorptive capacity, may be facilitated by a number of factors, including clearly-defined learning roles, management rotating (i.e. rotating control), and information sharing systems.

Some studies have pointed to the role of individual management members of IJVs in facilitating learning and knowledge transfer, such as the role of individual experiences (xxx), individual beliefs as a direct guiding point in learning at the individual level (Inkpen & Crossan, 1995), individual managers’ attitude toward the knowledge accessible from the other partners (Hamel, 1991).

Within mainstream literature, there have been warnings that such determinants of learning should not be treated as static (e.g. Inkpen & Crossan, 1995), as the effect of these determinants depends on other understudied factors. For instance, the transparency of one partner’s knowledge depends on how it is perceived by the other partner’s members (Ibid). And the determinants are dynamic in themselves, such as trust, which will be discussed in the following section, or socialization, and complex – considering the multiple levels at which learning occurs.

5.4.3. Process of learning
According to Inkpen & Crossan (1995), learning in organizational settings occurs at three levels: individual, group, and organizational (Inkpen & Crossan, 1995). Each level encompasses different processes. At the individual level, the critical process is interpreting; at the group level, integrating, and at the organisational level, institutionalizing. Learning originates at the individual level when individuals make sense of new information in search of a shared organizational meaning (Inkpen, 1995:48). Crossan et al (1999) added to the individual level a process of intuiting, i.e. recognizing patterns in terms of similarities and differences. The result or outcome of the learning process at each level is changes in cognition, manifested by corresponding changes in behaviours.

Doz (1996) views learning in an alliance context as a cyclical process of learning through joint activities and interaction with each other, followed by re-evaluations and readjustments. The process starts with an observable set of initial conditions which may facilitate or hamper learning, including task definitions, partners’ routines, interface structure, and expectations
regarding the alliance’s performance and partner behaviours. Here learning is assessed along five dimensions: environment, task, process, skills, and goals. The empirical evidence from two alliances suggest certain initial conditions of mutual trust, adaptive flexibility and relative compatibilities in partners’ routines and frames of reference may be associated with alliance success. It is also emphasized that initial conditions should reflect “a relative clear sense of strategic priorities” and at the same time, “the ability to learn from the alliance”, including willingness and flexibility to learn, or room for “joint-sense making” (Ibid).

In the process of learning conceptualized by the above authors, trust appears to be an important relational factor that contributes to a successful alliance partnership. A discussion of trust in IJVs is presented in a separate section that follows (Section 5.5.3).

5.4.4. Learning in IJVs in emerging economies
In the context of IJVs in emerging economies, learning has primarily concerned the transfer of product-related knowledge and skills from the foreign partner to the local JV. Indeed, IJVs within transitional economies are not typically parent-parent “learning races” as described by Hamel (1991), but rather collaborations which foster competitive advantage by using the joint venture organization to create, store, and apply knowledge (Grant & Baden-Fuller, 1995). Thus, a central concern of all parties is how to manage foreign parent-IJV learning to enhance the JV’s capabilities and performance (Lane et al., 2001).

Anand & Kale’s (2006) empirical investigation suggests that the MNC partner usually learns better as it scores higher on learning capacity and intent when compared to the local partner. Some studies suggest that it is because the local partner lacks the absorptive capacity. Another interesting argument for this finding is that the IJVs are situated in the local market, and it may therefore be easier for the foreign partner to learn context-specific capabilities. There is an asymmetry of context to the advantage of the MNC partner.
Within IJVs between developed country partners and developing country partners, learning appears to be one-way-oriented, insofar as developed country partners assume superiority in both technology and management (Liu & Vince, 1999). Reverse learning, however, has been studied elsewhere in international management literature (e.g. Dao, 2009; Napier, 2006), but it has not been a direct issue of concern within IJV literature focusing on emerging contexts.

To summarize, learning in IJVs is complex, dynamic, multi-level, and multi-dimensional. Extant IJV research recognizes learning as a (social) process, but often focuses on the structural determinants and outcomes of learning and not on the underlying processes. There is likewise a research bias in favour of the MNC partner’s perspective of learning, and of cognitive aspects, in particular absorptive capacity, rather than social aspects of learning.

5.5. Relationship Management in IJVs

Relationship management in IJVs has mainly been operationalized in terms of independent relational bonds between joint venture partners.

5.5.1. Managing cultural differences

Managing cultural differences is a subject of major concern in mainstream IJV literature when it comes to managing partners’ relationships (Beamish & Lupton, 2009). Underwriting this research area is an essentialist view of culture mainly with a focus on national culture.

Cultural differences and similarities have also been investigated in relation to IJV performance and similarly identified to have non-homogeneous effects on performance (Beamish & Lupton, 2009; Yan & Luo, 2001; Lu, 2006, 2007). In a number of studies (e.g. Li & Guisinger, 1991; Shenkar & Zeira, 1992; Hennart & Zeng, 2002; Sirmon & Lane, 2004), partners’ differences in national cultural origins, and to a less significant extent, in organizational origins, are found to have a negative association with JV stability. A popular finding maintains that the more culturally-distanced the two partners are, the poorer the JV is likely to perform. Other empirical studies suggest that the impact of cultural differences on IJV performance is not significant (e.g. Luo, 2002a) or even not existent (e.g. Zeira et al., 1997). Most studies adopt the concept of cultural distance measured by the Kogut & Singh’s (1988) index or Hofstede’s (1980, 2001) cultural dimensions.

Having addressed the inconsistencies of results in the impact of cultural factors, Beamish & Lupton (2009) hinted at the need for ‘a closer examination of how different cultural traits interact’, and continued by highlighting the reviewed research stream on culture differences which focuses on raising the awareness of differences between partner’s national and organizational cultural traits, without elaborating on any research dealing with the raised question, i.e. the interaction of those traits.
In most studies, managing cultural differences appears to be a distinct area of relationship management in the sense that the cultural differences have been considered a problem distancing the partners instead of developing any form of relational bonds. However, some IJV scholars have drawn attention to the notion of cultural fit as a relational linkage in response to the issue of cultural discrepancies (see e.g. Yan & Luo, 2001). But this notion relates to the partner selection phase rather than to the implementation phase.

5.5.2. Conflict
Conflict seems not clearly defined in IJV research but basically refers to the consequence of inter-partner differences in goals, values and routines. Perceived conflict is regarded as “the frequency of serious inter-partner conflict in co-managing the IJV and the perception of the extent to which co-management was problematic” (Yan & Gray, 2001:402). Extant literature distinguishes between task conflict and relationship (emotional) conflict. Interestingly, the two categories of conflict have been found to have adverse moderating effects on IJV performance (Ren et al, 2009). The argument for the positive effect of task conflict is that different viewpoints pertaining to a particular task increases the diversity of ideas under consideration. Whereas, relationship conflict results in mistrust and therefore badly affects IJV operation.

Shenkar & Zeira (1992) have studied role conflict and role ambiguity of CEOs in IJVs and have tested the impact of cultural variables. Role conflict is defined as a situation in which the priorities of one system conflict with the priorities of the other systems. The authors argue that with their inherent system of multiplicity the CEOs of IJVs are prone to such conflicts. Among their other key findings, one suggests that CEOs who are more experienced suffer less from both role conflict and role ambiguity. Role ambiguity occurs as a consequence of insufficient information, communication or contradictory messages from different role senders. Role conflict was found to be lower when the number of parent firms was higher and when the CEO had spent more years with the organization. Role ambiguity was found to be lower when the CEO had more years of education, when the Power Distance and Masculinity/Femininity gaps between parents were lower, and when the Individualism/Collectivism and Uncertainty Avoidance gaps were higher.

Not only role conflict but conflict in general is found to be culturally embedded (e.g. Ren & Gray, 2009), as conflict is perceived, evaluated, and resolved differently in different (national) cultures. According to Ren et al (2009), conflict in IJVs is inevitable to a certain extent, and thus the question of how to resolve the arising conflict is of greater importance to, and greater effect on, IJV performance.

Conflict resolution is also found to be among determinants of IJV performance (Ren et al., 2009). The authors argue that the effectiveness of conflict resolution is a related, but separate, issue from the level of conflict in IJVs. It is the conflict-solving skills and conflict-resolution mechanisms that determine the effect of a given conflict. Studies on conflict in IJVs have not sufficiently addressed the particular domain of conflict resolution (Ibid).
5.5.3. Trust

Trust within IJV literature can be defined as the expectation that the partners will act in good faith (Inkpen & Currall, 1997). Most research has been concerned with whether trust has a direct or indirect effect on IJV performance. Some studies suggest that trust has a direct effect while other studies contend that it has an indirect effect on IJV performance (Ren et al., 2009). While early IJV research emphasized the role of inter-organisational trust in IJVs, more recent research has adopted a multi-level approach to trust. For instance, Curra ll & Inkpen (2002) developed a concept of trust at three levels – interpersonal, intergroup and interf firm, and proposed a framework for measuring multi-level trust in IJVs. They define trust as a decision of one partner to rely on another or “to act in ways that places one’s fate in another’s hands” (p. 484).

Four dimensions of trust have been proposed with empirical support: (1) Open communication and information exchange, (2) Task coordination, (3) Informal agreements, and (4) Surveillance and monitoring – which signifies low trust (Inkpen & Currall, 1997). These dimensions are deemed to apply to all three levels of trust. Moreover, trust from one level may facilitate trust at another level, for instance trust among JV managers may stimulate trust between these managers and parent firms, and similarly between parent firms.

Whilst there has been limited research on the development and effects of trust in the particular context of IJVs, as claimed by Curra ll & Inkpen (2002), alliance research in general has undertaken numerous studies on the subject, offering interesting insights into the phenomenon of trust across organizational and national borders. Zaheer & Harris (2006) have presented a comprehensive review of extant literature on inter-organisational trust with four significant themes of inquiry: the nature of inter-organisational trust, the development of inter- organisational trust, the role of inter-organisational trust and the outcomes of inter- organisational trust.

As regards the nature of inter-firm trust, extant alliance literature identifies trust as reciprocal and relational, with the latter implying both relational-as-social in contrast to calculative trust, and relational-as-dyadic, i.e. relative to an identified other and in favour of a dynamic view (Zaheer & Harris, 2006). Some studies describe relational-as-social trust as goodwill trust, in distinction to competence-based trust (e.g. Lui & Ngo, 2004). Trust in strategic alliances is often asymmetrical as the “bases” of trust across the dyad may differ, including the degree of vulnerability each party is exposed to. Trust asymmetry may also be part of a dynamic cycle of trust creation and development and may shift as the interfirm relationship matures (Narayandas & Rangan, 2004). Besides, the dynamics of trust has been examined along the time dimension by Zaheer and Harris (2006), who regard trust as being shaped by a history of part relations as well as expectations of continued exchange in future.

The development of interfirm trust concerns notably the costs of creating trust, and the role of interpersonal trust, as well as institutional factors, mostly referring to the national and cultural context. Antecedents of trust are found to differ across national settings. Some studies in this
vein extend the contention to include that partners from the same country trust each other more than partners from different countries (e.g. Gulati, 1995). It is indicated that identifying boundary conditions of trust have only been limited to national boundaries (Zaheer & Harris, 2006).

In summary, trust in alliance settings or IJVs, in particular, is a multi-level construct claimed to have direct and indirect effects on performance. Trust may be an expectation (Zaheer & Harris, 2006) or a decision to act (Currall & Inkpen, 2002). Trust is not always the cue to opportunism (i.e. calculative) as it is also social by nature. And it is culturally specific. The significance of trust and the meaning of trust applied to a given IJV seem subject to unknown contingent factors (Zaheer & Harris, 2006).

5.5.4. Commitment
Commitment concerns a partner’s positive valuation of a collaborative relationship. Commitment is therefore positively related to IJV performance (Ren et al., 2009). Commitment may be psychological or behavioural, i.e. involving action to express one’s positive attitude, e.g. commitment in terms of resource devotion to JV activities. Psychological commitment may lead to behavioural commitment and vice versa. The dynamics of commitment lies in the interactive effects of these two sides of commitment (Ren et al., 2009).

5.5.5. Cooperation
Cooperation is defined as “a process of mutual forbearance in the allocation of resources so that no party is made better off and no one is worse off than he would otherwise be” (Zaheer & Harris, 2006). It is also viewed as “sustained by altruism, trust, or pro-social behaviour”, i.e. opposite to opportunism (Luo & Park, 2004). Cooperation is found to be closely related to a shared control structure and mediated JV performance (Zaheer & Harris, 2006; Luo, 2002b).

In a similar vein, coordination and communication between partners are found to be associated with alliance success in general (Leung & White, 2006). For instance, Gong et al. (2001) suggested that effective communication within and between an IJV and its parents are negatively related to role conflict and role ambiguity of their CEOs. Yet, neither communication nor effective communication was further defined or described in their study.

5.6. Non-mainstream dynamic aspects of IJVs
Leung & White (2006) have drawn attention to the dominance of strategy-based research in extant alliance literature, which has largely overlooked the interpersonal dynamics underlying any alliance or inter-organisational relationship. This seems to hold true of the above-discussed process-oriented aspects, most likely with the exception of IJV learning literature, which has dealt significantly with the individual (interpersonal) level. Other conceptualizations are primarily pitched at the group and organization levels of analysis, though in certain recognition of the individual level as the root level. Consequently, they have captured insufficiently the
cognitive social-psychological dimension, which offers far greater dynamic richness from an organizational standpoint. An organisational behaviour view sees multiple identities and relationships in an alliance, which influences the interpretation and effort exerted toward achieving diverse goals, processing emergent conflicts and handling decision making. Leung & White’s (2006) review of a stream of alliance research inspired by the organizational behavioural view identifies the following domains of interest: identity and intergroup issues, positive interaction and alliance performance, cultural clash and third culture.

5.6.1. Multiple identities and identification process

Alliance scholars interested in identity take point of departure in the multiple-identities view to examine the evolution of particular identities in an alliance context. For instance, Salk & Shenkar (2001) suggest that identities are fixed in the early life of an IJV, while Johnson (1999) finds that IJV managers are relatively more committed to the JV than to their respective parent firms. In a similar process of identification, some IJV managers are found to have a tendency to favour employees of their side, described as in-group favouritism, primarily associated with national grouping (Salk & Brannen, 2000).

Considering the multiple-identities view of IJVs, some scholars suggest “positive interaction”, termed by Leung & White (2006), as a means of breaking though intergroup barriers and identity conflicts. Lin & Germain (1999) introduced interaction frequency, i.e. the magnitude of ongoing interactions between IJV partners, as a measure of IJV performance. The scope of the studied interaction not only refers to interaction routines but also informal interaction in form of relationship commitment and cross-cultural adaptation. Zollo et al. (2002) examined the development of inter-organisational routines, defined as stable patterns of interaction among the two partnering firms, and empirically justified that partner-specific experience has a positive impact on alliance performance.

Culture is another domain of interest among IJV scholars focusing on behavioural aspects. The development of a negotiated culture perspective in documentation for an emergent IJV working culture (Brannen & Salk, 2000; Brannen, 1998) has been discussed in the previous chapter reviewing intercultural interaction research.

In an attempt to address the gaps in alliance research by integrating the strategy and behavioural perspectives, Leung & White (2006) proposed a behavioural model of alliances highlighting the central role of interpersonal and intergroup collaboration in stimulating alliance success. Three major antecedents of such collaboration are derived from prior research: identity conflict, incompatible goals, and cultural dissimilarity. These effects are moderated by integration vigilance, which is a kind of conscious goodwill enhanced through alliance experience and stakes involved. Integration vigilance has not yet been operationalized or empirically measured.
5.6.2. Another process model

Ring & Van de Ven (1994) developed a framework for explaining how cooperative inter-organisational relationships emerge, grow, and dissolve over time. Their framework consists of a repetitive sequence of three phases, i.e. negotiation, commitment, and execution stages, each of which is assessed in terms of efficiency and equity. Each of the three phases features the interaction between formal and informal processes, namely between formal bargaining and informal sense making in the negotiations stage, between formal contract and psychological contract in the commitments stage, and between role interactions and personal interactions in the executions stage. The informal processes highlight the underlying socio-psychological dynamics, which involves individual sensemaking toward congruent or mutually-agreed expectations and accordingly a mutually-agreed course of action. Important elements in this model include trust in a goodwill-based sense, which over time emerge in the relationship as a base on which psychological contracts and personal relationships incrementally compensate or supplement formal procedures. The model, however, does not take into account any particular inter-organisational context nor does it consider conditions of cross-border aspects such as socio-cultural differences and commonalities. Besides, the assumptions underlying the conceptualization of efficiency and equity originate from the social exchange perspective, which primarily views social interaction occurrences on a reciprocal basis, endorsing the idea that individual views are “a function of their organizational roles” (Ibid:95). However, in a symbolic interactionist lens, interaction symmetry on the basis of reciprocity is hardly justifiable considering the various power relations between individuals and groups within a collaborative relationship.

**Figure 5-4**: Process framework of the development of cooperative inter-organisational relationships (Ring & Van de Ven, 1994:97)

A direct examination of Ring & Van de Ven’s process model, supplemented by Doz’s (1996) learning framework has been made in Ariño & de la Torre’s longitudinal case study of a 50/50 joint venture between a U.S.-based company and a French company within ecological products.
Here, the authors suggested relationship quality as both an outcome and a mediating variable of learning in IJVs.

More recently, a study by Clark & Soulby (2009) moves one step further in advancing the theory of IJV process by elaborating on three inter-parental processes central to JV operation, which are power and dependence (i.e. the dynamic of bargaining power), learning, and relationship quality. The third process, relationship quality, encompasses a number of relational constructs such as commitment, trust, consensus and conflict, and partner complementarity. An interesting contribution in this single-case study is perhaps marked by the adoption of the critical incident method and the findings regarding the role of parent managers’ sensemaking in stimulating shifts in the JV processes. Initial JV arrangements are at a later point outweighed by parents’ expectations about the *venture-in-action*.

**5.7. Research on Vietnam-based or Danish-involved international joint ventures**

The IJV literature reviewed in the above sections are largely based on a few dominant empirical polars, namely North America (i.e. US and Canada) representing the western side while China and Japan represent the eastern side (ref). The western polar is often known as the MNC partner or the developed country partner, while the eastern polar is the local partner or the developing country partner. However, western representation has recently expanded to specific Western European contexts, and eastern representation has expanded to a few Eastern European and Asian countries other than China and Japan. The literature above offers irresistibly numerous conceptualisations which may speculate IJV reality in a particular bi-national context such as Vietnam and Denmark.

Meanwhile, Vietnam has recently captured international research interest in the topic of international business due to its increasing attraction as an FDI destination (Meyer *et al.*, 2006). The following sections are dedicated to obtaining an overview of current research in a Vietnamese context and involving Danish partners.

**5.7.1. IJV research in a Vietnamese context**

Research on IJVs in Vietnam has addressed the following IJV issues: culture and performance (Phan & Ngo, 2009), trust control, knowledge acquisition and performance (Lyles *et al.*, 2000; Phan *et al.*, 2006), relational capital and performance (Lai & Truong, 2005), effective leadership (Truong *et al.*, 1998), HRM practices (Bartram *et al.*, 2009), conflict management (Quang, 1997). However, few other scholars have investigated inter-firm issues based on empirical experience in Vietnam, such as learning effects (Napier, 2006), international management skills (Neupert *et al.*, 2005), inter-firm trust (Nguyen, 2005), knowledge acquisition and learning within MNCs in Vietnam (Dao, 2009).
In the following section is a summary of key IJV issues which have been examined in the context of Vietnam as the geographical location of IJVs with a local partner.

Culture in IJVs
Phan & Ngo (2009) appears to be the first published research directly examining the culture phenomenon in IJVs in Vietnam, while other studies in the same empirical field have addressed cultural issues to varying extents as a moderating effect. Following mainstream IJV literature, the authors adopt the traditional cultural-distance approach to IJVs and measure its impact (both on national and organizational levels) on IJV performance in 154 out of the registered total of 630 manufacturing IJVs active in Vietnam at the time of study. As regards cultural distance, they found that it has a negative impact on particular performance measures such as satisfaction and competitiveness. Interestingly, the interaction between national cultural distance and organizational cultural distance, defined loosely by the blending of the two levels of culture in “a single way of working that distinguishes one entity from another”, is also found significant for these two performance indicators. They also extended the cultural impact by including the dimension of cultural attractiveness. Organisational cultural attractiveness is measured by the extent to which the venture is expected to benefit from adopting problem-solving methods, management style, organizational practices, and the corporate culture of the parent firm. National cultural attractiveness is measured by the extent to which the respondent has a favourable attitude toward the people, lifestyles, values, products, companies, business culture, government policies, and national culture of the partner’s country of origin. The study found that only organizational cultural attractiveness is positively related to performance in terms of efficiency, learning, business results, and satisfaction. The study, however, does not clarify the conceptual ground of the notion of cultural attractiveness and its variables.

Another study by Truong et al. (1998) applied a cross-cultural perspective to the question of effective leadership in IJVs in Vietnam. The study design was based on the ASEAN Perspectives on Excellence in Leadership (APEL) research project undertaken by the University of Brunei in 1991. Following the ASEAN research project, the study adopted the same 94-item questionnaire on 127 Vietnamese and foreign managers representing 35 joint ventures in Vietnam. The survey covered four dimensions of effective leadership, namely leadership characteristics, leadership behaviours, organizational demands, and environmental awareness. The key dimension concerns the requirements which organizational demands have on leadership behaviours such as performance, productivity, and strategic vision. Answers from the Vietnamese managers were compared to those from the international managers. The results were mixed. There were compatibilities in some items but incompatibilities in others. The study concluded that successful joint ventures should emphasize relationship building, creating a mutual understanding and shared values, and added it would be advantageous for Vietnamese managers to take over JV management tasks to reduce the involvement of expatriates.

Using a similar approach, Bartram et al (2009) looked at HRM practices in Vietnam comparing state-owned enterprises (SOEs), private companies (PCs), and IJVs. The character of HRM is
found to vary according to the organizational type. While SOEs still practice largely personnel management, IJVs practice a cost-focused HRM, and private companies adopt a range of approaches to HRM. A commonly-shared view on HRM is that the strategic integration of HRM is not as important as an operational emphasis on improving individual and organisational performance. Besides, the study also reveals the increasing importance of private firms and their innovative role in the practice of HRM in Vietnam. The implication of this study for an IJV context could have been more beneficial if it had been able to infer the relationship between the IJV’s HRM practice and its respective parents’ HRM practices, since the local parent is either an SOE or a PC.

**Knowledge acquisition and learning**

Lyles *et al.*, (2000) conducted a survey study of 73 IJVs’ general managers and presidents in Vietnam during 1998\(^8\). The study departed from Lyles and Salk’s (1996) model of knowledge acquisition and performance in IJVs and extended to examine the relationship between learning-based performance, and trust, and control. The results of the study confirmed the original model in several aspects. Knowledge transfer was an important factor but it did not directly determine IJV performance, as originally articulated in the 1996 paper. Significant organizational factors include direct foreign parent involvement, foreign parent assistance and articulated objectives. Interestingly, it was found that the IJV’s capacity to learn (creativity, flexibility, and management knowledge of employee activities) is positively related to performance while negatively associated with knowledge acquired. Possible explanations for this may be the unexpected complexity of the learning requirements in terms of learning structures or modes and corresponding control mechanisms, given the Vietnamese context and cultural characteristics. Moreover, trust is found not to be directly associated with learning. The effect of culture was not examined in this study and all the considered variables are organizational-level factors.

Phan *et al* (2006) investigated the relationship between elements of absorptive capacity and knowledge acquisition in IJVs in Vietnam, represented by a survey sample of 173 top management members\(^9\). The authors developed an elaborate concept of absorptive capacity on the three known levels, each of which was measured by two factors: (1) the ability to recognize (external) knowledge measured by relatedness between the IJV and its foreign parent’s business, and investment in training; (2) the ability to assimilate knowledge measured by employees’ ability to learn and cultural distance; and, (3) the ability to apply knowledge determined by joint participation and written goals and plans. Each of the six proposed components was empirically evidenced to have a significant impact on knowledge acquisition, with the exception of cultural distance. The lack of support for the impact of cultural distance was speculated through the likely dominant culture of the foreign parent in these JVs, partially due to the representation of JVs with an Asian partner who is presumed to be culturally similar to the Vietnamese counterpart, or partially because the studied JVs are established and thus have successfully

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\(^8\) The study’s sample included one joint venture between a Vietnamese and a Danish firm (Lyles *et al*., 2000).

\(^9\) The inclusion of any joint venture with Danish partners is unknown in this study (Phan *et al*., 2006).
adjusted to cultural differences. Similar to Lyles *et al.*, (2000), the investigated variables in Phan *et al.*’s survey (2006) are limited to organizational-level factors, even though employees’ ability to learn may sound close to the individual level. Another limitation lies in the loose placement of cultural distance as a measure of the ability to assimilate knowledge which resulted in lack of empirical support, particularly considering the confirmed importance of cultural distance in the same context documented in Phan & Ngo’s (2009) study as mentioned above.

A recent study examining the roles of individual factors in knowledge acquisition and learning in Vietnam is my colleague Lam Dao’s (2009) doctoral project. Her study of a sample of foreign and Vietnamese managers from 68 MNC subsidiaries and JVs based in Vietnam has presented some interesting findings. The examined knowledge here distinguishes between professional knowledge and cultural knowledge. The factors are grouped into three categories, namely individual, relational, and organizational factors. Individual factors include experience, cross-cultural skill, and openness to learning, and relational factors, i.e. interaction ties, trust, and shared cognitive ground, have a strong impact on knowledge acquisition by individual managers. Organisational factors, which refer to subsidiary autonomy in decision making, expatriate policy, and expatriate roles, have a strong impact on knowledge acquisition on the organizational level. It is also emphasized that culture is embedded in all the individual and relational factors, while power is present in trust and the organizational factors. Some limitations are, however, noted. First, the study does not look at how the effects of the identified factors on knowledge acquisition differ between an MNC subsidiary and an IJV setting. Second, the notion of interaction ties is only limited to the general degree of interaction between expatriate and local managers assessed at the point of the survey being conducted. Third, the cross-level and within-level relationships between the identified influential factors are not conceptually elaborated, although they are hinted at to a certain extent.

**Trust, relational capital and conflict management**

Mistrust is found to be the most likely problem area of IJVs in Vietnam (Lyles *et al.*, 2000), with trust defined as one party’s expectation of the likelihood of having a desirable action from the trustee (p. 11). The issue of trust in IJVs in the Vietnamese context has only been directly examined in the mentioned study, in connection to its relationship with knowledge acquisition and IJV performance. Apart from the claim that the study was the first to empirically demonstrate the positive benefits of inter-firm trust in IJVs, it is also found beyond conceptual deduction that trust is not directly associated with learning in the studied IJVs.

Nguyen *et al* (2005) studied the development of trust among new entrepreneurial firms in Vietnam. Although this study does not provide direct insights into trust in IJVs in Vietnam, it gives interesting implications for understanding the perception and development of trust in a local perspective in the context of Vietnam, which is described as lacking effective market-based institutions and legitimacy. The development of trust in this particular context is argued to rely significantly on personal relationships and networking. Their single case study of a local garment firm’s relationship with its subcontractors suggested three mechanisms of constructing
trust: third-party channels, business interactions and personal interaction. It also hypothesized that firms in such a context tend to actively construct trust with their partners through the three mentioned mechanisms. The authors also proposed a process model of inter-firm trust construction.

Meanwhile, Lai & Truong (2005) examined trust incorporated in a broader concept termed relational capital. They measured relational capital by “the extent to which mutual trust, respect, understanding, and close friendship that reside at the individual level between the IJV partners” (p. 399). Their study of 113 joint venture management representatives of the local partners in Vietnam revealed that relational capital is critical to IJV performance and dependent on flexibility (the degree to which the parties adjust their own behaviour to accommodate each other’s objectives), conflict management (referring to formal joint mechanisms for conflict handling, exemplified by monitoring potential conflict situations), and goal clarity. The speculated relationship between cultural sensitivity, understood as “the partners’ mutual understanding of and attempt to manage cultural differences” (p. 392), and relational capital is not supported by the empirical data. An interesting note is the inclusion of conflict management for the human-relational argument that conflict is inevitable and thus should be dealt with as ‘a natural occurrence’.

A study by Nguyen & Meyer (2004) on IJVs with SOEs as the local partner in Vietnam drew attention to some interesting distinctions of this type of IJV. In this transition period, Vietnamese SOEs still play a central role in the national economy, so much that they are subject to governmental control in conformity with macro policies and societal development targets. As a consequence, SOEs often suffer from conflicting interests between different stakeholders and different layers of decision making; and their organizational structures and cultures may reflect different objectives and ideologies. The authors’ two illustrating cases suggest that knowledge management and the creation of a market-oriented organizational culture are crucial success factors which are particularly challenging given the local partner’s roots in a centrally-planned management approach.

5.8. Research gaps and implications for the present study
Extant literature on IJVs is vast and rich in conceptualisations. The transaction cost and resource-based perspectives have been useful in explaining why IJVs are created and how they should be structured. As a result, the economic rationale for IJVs appears predominant in guiding our understanding of IJVs. Since Hamel (1991) introduced the “learning race” explanation of international strategic alliances, IJV scholars have adopted this view on IJVs and produced far from consistent results (Inkpen, 2001). The competing side of IJV motivations has been overtly addressed, while the “joint” aspects, or cooperating side, remain relatively underexplored. Economic rationales may be the driving motivation for entering a JV, yet it is always accompanied by social rationales (Sørensen, 1998). Moreover, most IJV research has been done from the perspective of JV parents (mostly the relatively more proactive western
parent) rather than the IJV itself - as an independent entity. One explanation for the predominance of the foreign parent’s perspective lies in the accessibility of data and research sites (Beamish & Lupton, 2009).

On the operational level, research has mainly been concerned with articulating a framework of more or less universal measurements for predicting IJV performance. The status is described by Ren et al (2009) as “extensive but fragmented and piecemeal”. The relationship between identified determinants often turns out more complex than initially proposed. Moreover, literature remains overloaded with structure-oriented and mainly organisational-level performance measures and ambitious statistical validations of these measurements (Ren et al., 2009; Salk, 2005). The lack of insights into how interpersonal processes work in an alliance context has been recently marked by e.g. Contractor (2005); Salk (2005); and Leung & White (2006). This is also the case in an IJV context (e.g. Clark & Soulby, 2009).

Doz & Hamel (1998) claimed that “managing the alliance relationship over time is usually more important than crafting the initial formal design” (p.xv). It is most likely due to the unforeseeable contingencies facing the new venture which requires handling beyond the initial design. Indeed, the ongoing management of IJVs or post-formation processes remains underexplored. Few studies have addressed this domain as reviewed above and partly in the previous chapter.

With regard to cultural issues, extant IJV research is clearly dominated by the cultural-distance approach inspired by mainstream positivist cross-cultural management literature. The cultural-distance approach has its limitations as discussed earlier. A cross-cultural perspective has been incorporated into the study of learning, trust, and other relational factors within IJVs, yet the cultural unit has been mostly equated to national culture. Besides, culture has primarily played the role of a contextual variable, and the nature of cultural effect in IJVs remains an issue of contradictions and complexities.

In short, implications of the existing IJV literature for the current study can be summarized in a few important points. First, the literature has been largely represented by studies adopting a functionalist structure-oriented perspective and quantitative tools with the focus of analysis on organisations, not individuals. It is now evidenced that the dynamics of IJV development is under-represented in extant literature and therefore in need for more process-oriented studies with a particular focus on individual-level issues and interpersonal processes. Second, most studies have been concerned with the perspective of developed country partners rather than that of developing country partners, or a mutual perspective in the interest of both partners. Third, the empirical coverage of existing research is still concentrated on a few well-researched national contexts, whereas emerging contexts like Vietnam offer interesting new insights. This research seeks to fill these gaps by extending research in emerging contexts and adopting a multiple case study exploring in-depth processes and the role of individuals within the IJVs under investigation. Recent efforts in advancing the theory of the IJV process from a
sensemaking perspective (Clark & Soulby, 2009) are an interesting reference supporting the methodological and conceptual orientation of the current study. Moreover, despite the lack of insights, certain processes have been highlighted by the extant literature as critical to IJV development and are good points of departure for exploring interaction processes. These involve the rather well-articulated learning process, the processes of power bargaining, trust construction, conflict management, identification, routinization, and communication processes. These will be inputs, together with insights from the cross-cultural and intercultural interaction research, to the construction of the pre-understanding framework in the next chapter.
Chapter 6: Developing a pre-understanding framework

The objective of this chapter is to develop a pre-understanding framework for interaction processes in IJVs through integrating constructively extant research in cross-cultural management and research in IJVs as reviewed in the three previous chapters. This pre-understanding sets out expectations of how intercultural interaction processes evolve in an IJV context, which are then constantly modified as the field is gradually uncovered, in accordance with the Explorative Integration approach.

As articulated in the methodology chapter, the viewpoint of the current research is a social constructivist lens in which reality is constantly constructed, featuring the interplay between structure and process, between underlying patterns and changing appearances, between expectations and actual performance. This view has enabled me to view mainstream structure-oriented perspectives as providing supplementary insights into possible expectations and references which joint venture members may draw upon in their interaction. A Danish manager, for instance, without any prior experience related to Vietnam might come to the joint venture with the perception and expectation that the Vietnamese behaviour would be very different from what he is used to. Chapter 4 has also shown evidence from process-oriented studies that national stereotypes are significant in the initial identity construction process in IJVs. The body of mainstream literature in cross-cultural management is therefore useful in suggesting that the divergence in cultural norms and values across nations, and to a lesser extent across organizations, has an impact on international inter-firm collaboration, including IJVs. Whilst the predicting power of cultural dimensions with regard to individual behaviour is largely doubted in the social constructivist perspective, their role in creating a sensemaking anchor for individuals in their interaction may hold the knowledge of cultural dimensions relevant in constructing a pre-understanding of the subject under investigation. Some topic domains of this literature, notably cross-cultural communication and expatriate adjustment, have been more useful than others in advocating the effect of a number of factors, including individual factors and constituents of the adjustment process.

Meanwhile, the emergent stream of research with a focus on intercultural interaction as socially constructed, which has been reviewed in Chapter 4, provides direct insights for the pre-understanding framework developed in this chapter. Intercultural interaction research to date suggests that a working culture may emerge in an IJV as individual members interact and make sense of the joint venture issues. In particular, contributions of the negotiated culture perspective, the social identity approach and the sensemaking perspective offer interesting insights into the dynamic development of a joint venture, and are therefore important conceptual anchors for the development of the pre-understanding framework.

The third body of literature reviewed, i.e. IJV literature, presents structural and process aspects of IJVs so far captured by mainstream and non-mainstream IJV scholars. Whilst mainstream
theory with primary focus on the structure-performance domain of IJV inquiry appears useful in indicating partners’ initial expectations of a joint venture, non-mainstream efforts shed light on dynamic processes in the post-formation phase of the joint venture.

When compiling all the prior research of this dissertation, I see mainstream insights into culture as informing possible initial sensemaking anchors or partners’ expectations rather than pre-determined rules of interaction. Adding these insights to the non-mainstream perspective, a pre-understanding framework can be constructed through integrating dynamic interaction processes into three main processes: influencing process, learning process, and relational process.

In adopting this position, I have been guided in my meta-theoretical (ontological and epistemological) consideration by scholars that endorse multiple paradigmatic approaches to research. To recapitulate, these scholars argue that paradigmatic interplay in research (Schultz & Hatch, 1996) enriches scholars’ understanding of complex human phenomena such as intercultural interaction processes. It will also help researchers to accommodate surprises that their empirical data may produce.

For the sake of expositional convenience, I have presented different parts of my pre-understanding framework in the different sections and then pulled them together as an integrated framework in Figure 6-1. Presenting my pre-understanding in figures serves the purpose of communicative simplicity and must not be seen as a preference for a systemic theoretical view on the investigation.

The chapter consists of five sections. Section 1 discusses elaborately the nature and basic assumptions about interaction in an IJV. Section 2 presents initial conditions for interaction processes. Section 3 argues for the significance of the three central interaction processes. Section 4 discusses possible interaction outcomes. Section 5 integrates the first four sections into a pre-understanding framework and concludes the chapter.

6.1. Nature of interaction and culture in an international joint venture
The literature review in Chapter 5 reveals that IJVs are established for various motives by parent organisations and people are employed in them to perform job functions, i.e. play roles designed to fulfil the prescribed objectives. This is the organizational premise that guides individuals’ interactions within the joint venture. On the other hand, seen from a symbolic interactionist perspective, as discussed in Chapter 2, interaction is an interpretive process involving role-taking and identity construction. The interactionist thinking views individual managers taking on their roles in an active manner in response to others’ actions. Hence, there are two levels of expectations guiding interaction of IJV members: role-based or organizational-level expectations and individual-level expectations.
Second, the rationale behind interaction in an IJV seems to be a blending of economic and social calculations, just as Granovetter (2005) indicated. On the one hand, IJV research is preoccupied with economic rationales for inter-firm cooperation and notably the transaction cost perspective assumption that human behaviour is opportunistic, and the nature of the relationship between JV partners is characterized by their competition to learn from one another (i.e. the learning race). On the other hand, sociologists assume that humans are engaged in cooperative behaviour in social interaction (e.g. Goffman, 1959), and those who oppose to the learning race thesis applied to IJVs, as shown in the literature review (Chapter 5), would much likely agree to such an assumption. Joint venturing embraces both competition and cooperation, as envisioned by IJV scholars such as Hamel, Doz & Prahalad (1989). Thus assuming one or the other upfront cannot anticipate actual behaviours of joint venture members.

Third, interaction in a rather complex organizational setting like an IJV encompasses multiple levels and layers of hierarchies with embedded role structures and role expectations. Apart from certain mutually agreed objectives and structural arrangements including role descriptions, each parent may assumedly have secondary or hidden expectations serving its strategic plan. Joint venture members therefore often carry more than one role which is enacted by them, depending on the context of interaction. These roles are unlikely to be transparently prescribed or consistently taken by the individual in interaction. Ambiguities about roles are likely to occur in the course of interaction.

Interaction processes in IJVs inform dynamic aspects of culture as it may evolve in such an organisational setting. Culture as embracing emergent meanings and practices may be thought of as ongoing outcomes of interaction processes. At the same time, culture is also an antecedent of such processes (Hansen, 2003). It carries both essences, due to rather widely-accepted meanings and practices, and irregularities and ambiguities in areas lacking common consensus, yet it allows for personal creativity as a consequence of individual sensemaking. The webs of agency and power in which such meanings and practices emerge refer to the institutional context featured by a complex scenario of roles and power relationships.

### 6.2. Sensemaking anchors of interaction processes

As people make sense of the social world and interact, they tend to “draw on” some sort of frame to generate and communicate meanings (Weick, 1995). Such frames contain particular sets of assumptions, values, beliefs, norms, and preferences and expectations of appropriate behaviours which are historical outcomes of human interaction within various social settings. These can range from abstract categories such as ideology (including culture) to less abstract categories such as tradition and personal experience told in the form of stories (Ibid). The aim of this section is to bring the reader’s attention to a number of frames of reference within an IJV setting that have been signified in existing literature as reviewed in the previous chapters. In the proposed pre-understanding framework, I term such frames of reference “sensemaking anchors” to stress their role as the logical thread with which individuals may choose to build their
sensemaking. Sensemaking anchors are not permanent, but flexible, in the sense that individuals subjectively enact them into their interpretations and simultaneously modify them by constructing new meanings.

Pulled together from the reviewed literature in Chapters 3 to 5, potential sources of sensemaking can be condensed into two categories: cultural sources and structural sources. While cultural sources have been highlighted and documented in intercultural interaction research as sources of enactment and identification (i.e. sensemaking) (Brannen & Salk, 2000; Salk & Shenkar, 2001); structural sources have been the focal sources of influence in IJV research, and particularly addressed as “initial conditions”, which are subject to adjustment in the collaborative process (Doz, 1996). In this pre-understanding, structural sources are not necessarily limited to the initial stage of joint venture processes. As also implicated by some process-oriented IJV studies (e.g. Doz, 1996; Arinõ & Torre, 1998), structural arrangements in IJVs are continuously evaluated and readjusted through interaction and negotiation between the involved parties. Together with cultural sensemaking anchors, structural sensemaking anchors claim a dynamic role in constituting an interactive platform for interaction processes in the IJV setting.

Sensemaking anchors are identifiable on three levels of socialization: the societal level, the organisational level and the interpersonal level. These levels are presented in the following sections. Each level contains both cultural and structural anchors, though at varying degrees of representation. The sensemaking anchors that are discussed in the following are representative, yet not exclusively, of the vast pool of raw materials for sensemaking which may become salient during interaction processes through individual enactment.

6.2.1. Macro sensemaking anchors
Macro cultural origins relate to the various cultural memberships of individuals in social groups beyond the organisation. In this regard, I endorse the view of the negotiated culture perspective, as reviewed in Chapter 4 that macro cultural origins serve as initial sources of identification, and macro cultural characteristics as initial sources of enactment in interaction between individual members in IJVs. Knowledge of macro cultures vary from individual to individual depending on the experience with the related macro culture, and hence may not be compatible with any cultural frameworks known in comparative literature. What we know from cultural frameworks like that of Hofstede (2001) or Trompenaars (1993) may become a point of reference for joint venture participants, particularly in the early phase of the collaboration when the parties have relatively little knowledge of one other. On the other hand, individuals’ cultural stances (Brannen, 1998) inform diverse representations of macro cultural origins and thus make macro cultural anchors become a dynamic source of sensemaking. Over time, individuals tend to create their own generalized perceptions of the cultures they interact in and anchor their sensemaking in these subjective generalizations.

Another related category of macro sensemaking anchors relates to the multiple identities which joint venture participants enact in their interaction in the new organisation. Similar to the case of
national cultures, current literature suggests that national identities are a dominant sensemaking vehicle used by joint venture participants, particularly in the early phase of the joint venture (Salk & Shenkar, 2001).

The less abstract structure-oriented category refers to environmental forces which may become important points of reference in particular joint venture issues. These forces include relevant legislative and administrative systems (Yan & Gray, 1994) which apply to particular arrangements in the joint venture partnership, such as the Business-to-Business framework of the Danish International Development Agency (Danida) in the studied empirical setting.

In short, macro sensemaking anchors in the current understanding framework plays an important role, particularly in the initial phase of the joint venture. Although the national level has been the central focus on the macro range, macro sensemaking anchors are not limited to nation-level anchors but extend to include other settings of socialization beyond the organisational level that feature a distinct set of assumptions, preferences and/or practices.

6.2.2. Organisational sensemaking anchors
The second source of sensemaking anchors concerns sources of sensemaking on the organisational level, involving the joint venture organisation as well as the parents’ organisations.

Cultural sources of sensemaking on this level concern the cultures of partners’ organizations, which may be either explicitly expected by respective partners to be integrated into the new venture, or to be enacted by individual members representing their respective organizations in their interaction. It is important to note here that the dynamic view of culture and identity as socially constructed as applied to the joint venture organisation is also characteristic of partners’ organizations and any involved organizations. In this view, organizational culture origins of the involved individuals may reflect different versions of the same parent organisation, or in other words, only fragments of the organizational culture they represent.

As the joint venture moves on, and its members generate new meanings and practices through interaction, a joint venture culture is believed to emerge (Brannen, 1994), which thus becomes a new anchor for its members to make sense of in the ongoing venture. Even in the initial phase, I propose that on the basis of a certain pre-joint venture relationship between the partners, elements of an emergent culture may already be present with some commonly-known meanings and practices. This emergent anchor may gradually take over the initially predominant role of macro and parent organizational culture origins in the sensemaking process.

In terms of structural sources, the joint venture is evidently the focal organisational unit since structural arrangements are most likely to be made in the first place and therefore most likely to pre-empt the parents’ organisational structure from exerting influences, though not in the case of emergent issues at a later phase of the joint venture. The IJV structure, in the first place, is a
result of the pre-formation phase which involves assessing the rationale for venturing, selecting a partner and negotiating terms (Beamish & Lupton, 2009). As reviewed in Chapter 5, the initial IJV structure informs the extent to which agreements have been made between involved partners regarding how the new venture should be organized. They reflect partners’ mutual expectations and a somewhat compromised “fit”, to borrow the term from mainstream literature (e.g. Yan & Luo, 2001) between partners’ motives for joint venturing. Prior IJV research, as reviewed in Chapter 5, has shown most structure-oriented accounts in IJVs in the domain of joint venture governance, where issues of ownership, control and bargaining power are central and prominent in providing an organisation-level frame of reference for JV operation. The initial organizational frame of reference, however, will become less significant as partners’ expectations about the venture-in-action become critical in response to emergent issues (Clark & Soulby, 2009).

Partners’ organizations have certain expectations of individuals appointed to key positions in the joint venture organization. Through the negotiation process these expectations may be represented in commonly-agreed prescriptions of roles or tasks (Doz, 1996) to be performed by JV members, particularly JV managers. These prescribed roles also act as a structural anchor for JV members to interact in the venture setting. However, the role-taking thesis adopted in this study suggest that prescribed roles are not predictive of how individual members interact, but they are rather and modified as individuals make sense of one another’s actions and underlying role-taking. Prescribed roles are thus a source of sensemaking in interaction processes, which embed the negotiation of roles and construction of new meanings about roles.

6.2.3. Interpersonal sensemaking anchors

Previous research has primarily concentrated on sources of influence on macro and organizational levels, while few exceptions have drawn attention to interpersonal factors or the interpersonal level of social constructs which influence IJV operation (e.g. Brannen & Salk, 2000) and particularly in learning (e.g. Dao, 2009).

Culturally, two individuals’ interaction with one another, over time, may construct a common culture as a result of the negotiation of meanings and practices. In an IVJ setting, the partners may during the pre-joint venture cooperative relationship find such a common ground for making sense of emergent issues in the new venture. Dao (2009) refers to such interpersonal construction as “shared cognitive ground”, defined as “the extent to which expatriates and local managers understand each others’ goals, work practices and daily professional language” (p. 116).

In terms of structure, interpersonal bonds are unlikely to directly result in any formal structure; they rather stimulate some kind of informal structure which embodies commonly-agreed procedures or courses of action among the involved individuals. In this regard, Granovetter’s notion of social ties, which has been highlighted and reflected in the notion of interaction ties in Dao (2010), seems relevant in describing the informal relationship between individuals which may assumably be enacted into sensemaking, particularly in such an empirical context (i.e.
Vietnam) where personal relations, known as “quan he” (\textit{kwan heh}) in Vietnamese or “guanxi” in Chinese, have been theoretically recognized as a significant social construct (Luo, 1997).

Brannen & Salk (2000) drew attention to an interesting aspect of interpersonal sources of influence, namely relations of power and interdependence among individuals. While this interpersonal level of power has been underexplored in existing IJV research, it has been emphasized in sociological studies in social interaction (e.g. Giddens, 1984). In an interpersonal interaction setting, one person tends to assume or be attributed with more influential power than the other, and thus dominate the construction of meanings. In theorizing sensemaking, Weick (1995) did not really capture the importance of power, yet indicated at some point that “power privileges some meanings over others” (p. 38). Power in this sense may be understood as the ability of a person to influence another person through dominating a common situation with his interpretations. Power balances between individuals are quite independent of formal organizational power structures.

In summary, it is important to note that the discussed sensemaking anchors above in this pre-understanding framework are viewed in a dynamic perspective driven by the individual uniqueness thesis which implicates that the enactment and identification of such anchors vary from individual to individual. Hence, all such sensemaking anchors embody an individual level of operationalization, despite their aggregate levels of manifestation. Individual sensemaking is driven by the individual’s past experience, preferences as well as expectations, i.e. basically by who the individual is and how he/she views the world. In this regard, the notion of individual cultural stance developed by Brannen & Salk (2000) captures the individual dynamics in enacting cultural anchors, yet, in this pre-understanding framework, it is reflected in terms of process (i.e. enactment) rather than an individual attribute. Similarly, the notion of personal identity elaborated by Goffman (1963) and primarily associated with the uniqueness of an individual (e.g. Vryan et al, 2003) is manifested through the process of identification of social identities by which individuals are bound. The individual uniqueness is to be uncovered in the sensemaking process in the narratives of the studied joint ventures.

As a concluding point of this section, initial conditions of interaction set out the frames of reference or sensemaking anchors from which individuals interact. To what extent these frames or a combination among these become the actual sensemaking lens in the course of interaction depends on individuals enacting them. The individual and his/her uniqueness play a particular important role in creating the scene for interaction in this sense.

6.3. Processes of interaction in IJVs
Extant IJV research reviewed in Chapter 5 has informed IJV post-formation dynamics in three major processes, namely learning, bargaining power, and relationship management (See Clark & Soulby, 2009). I include these processes in the pre-understanding framework to represent the most expected domains of interaction where critical incidents might be identified and the
emergence of a possible working culture might be salient. I view these processes as interdependent and overlapping, yet a closer elaboration of each of the processes in its own right is useful for the current pre-understanding.

Central in the above interaction processes is the negotiation of roles and identities (Goffman, 1959). The importance of role relationships in inter-organisational processes has been well documented by Ring & Van de Ven (1994) while the enactment of social identities in IJVs has been conceptualized by Salk & Shenkar (2001). The pre-understanding in this research takes on the perspectives of the mentioned literature with some reservations to follow. First, role-based interaction and interpersonal interaction are not necessarily separable as suggested in Ring & Van de Ven (1994). The interpretive view of individuals as actors taking on social roles in social settings (Goffman, 1959) allows us to see the person in the (taken) role as soon as it is taken, and thus the role and the person are intertwined and manifested in the same interaction. Role relationships are not to be understood as the result of the performance of organisational prescriptions and expectations, as opposed to “qua persona” relationships yielded from sensemaking and bonding processes (Ring & Van de Ven, 1994). Role relationships in this framework are also subject to individual interpretations and sensemaking in context. Second, the social identification process is embedded in the enactment of particular social identities followed by the enactment of related cultural as well as structural anchors (Salk & Shenkar, 2001). The documented salience of national identities in the mentioned study falls in consistency with the proposition of the negotiated culture perspective that national cultures are important sources (Brannen, 1998). However, other identities may emerge and take over the predominance of national identities over time.

Third, while most process-oriented IJV studies have grounded their process conceptualizations in the fundamental assumptions of efficiency and equity as the criteria for assessing an IJV relationship (Ring & Van de Ven, 1994; Doz, 1996; Ariño & de la Torre, 1998), these assumptions are perhaps too narrow to capture the hardly predictable subjective motivation of actors in the IJV setting. Therefore, rather than seeing the development of interaction processes through the re-evaluation of issues in terms of efficiency and equity, this pre-understanding framework proposes a process of enrichment as a subsequent process following the enactment process.

6.3.1. Learning process
The scope of learning in IJVs embraces both cognitive and behavioural changes (Inkpen & Crossan, 1995). Through interaction, individuals construct new meanings which stimulate cognitive learning and new practices which reflect behavioural learning. Learning is therefore a manifest of the dynamics of culture.

Albeit most understanding about learning is drawn from IJV literature (Section 5.4), particularly the concept of learning, the learning process here does not embed a single parent perspective. It is rather an emergent process reflecting the interaction between IJV members in search for a
common ground of knowledge. It is not either simply a one-way perspective of learning where the knowledge receiver learns from the knowledge sender in the context of knowledge acquisition. It is rather a mutual perspective of learning where each individual in the organisation is a learner. Such a perspective is highly relevant in a joint venture setting featured by the mutual contribution of resources as sources of (new) knowledge.

Following Inkpen & Crossan’s (1995) typology of learning outcomes, the dynamics of learning in IJVs may be interpreted to be a complex process of “complete” learning (i.e. cognitive and behavioural change, or integrated learning), “incomplete” learning (either cognitive or behavioural change), and unlearning (the situation where learning is “back to zero”). These are the outcomes of individuals identifying and seeking to fill gaps or resolve conflicts between their experiences and beliefs. It involves the interpretation of one’s experiences, i.e. sensemaking. The issue of concern is then in which context such gaps or conflicts can be identified and resolved, i.e. which of the sensemaking anchors conceptualized above are enacted in a learning situation, and how are they enacted and eventually adjusted in search for a common ground of sensemaking.

Another issue of concern appears to be the learning from one level to another level. Learning starts at the individual level with the process of intuiting and interpreting, i.e. learning involves sensemaking. In articulating the learning process in IJVs, Inkpen & Crossan (1995) interestingly drew upon Weick’s (1995) sensemaking theory, in particular the notion of enactment as referring to the “stimulus encounter”, through which one detects a mismatch between one’s beliefs and perceptions of stimuli and then resolves it by modifying the beliefs (Inkpen & Crossan, 1995:601). Thus, the learning process in IJVs may embrace a process of detecting gaps between the knowledge providers and knowledge receivers and acting toward closing such gaps.

The learning process overlaps with the power bargaining process and the relationship building process. In the former case, overlapping occurs most likely when actors assume certain power related to the ownership of the knowledge in question and as knowledge is acquired by the other actor(s), a shift in power division follows subsequently. In the latter case, the emergence of certain relational bonds such as trust facilitates the learning process may also be resulted from the learning process, as for instance evidenced by Ariño & de la Torre (1998).

6.3.2. Power bargaining process
In IJV literature, power has been a central issue, yet much attached to the structural aspects of IJVs. I endorse the view of a few process scholars that there is a process of power bargaining in which initial conditions degenerate, i.e. decline in their significance, through ‘micro bargains’ and new power balances emerge over time (Clark & Soulby, 2009). The process of power bargaining, or influencing, is relevant for understanding the “webs of agency and power” in which a culture of the joint venture may emerge.
The scope of power in this framework extends beyond the organisation-based power often discussed in IJV literature to include the individual manifest layer of power. The symbolic interactionist perspective is useful in bringing the individual power notion relevant to the study of interaction processes like this one (e.g. McCall, 2003). That is, interaction concerns exerting particular influence over others, and the social construction of meanings and practices are unequally distributed due to varying degrees of influences among individuals. In the IJV context, such unequal distribution of power is not something predetermined by the joint venture’s ownership structure (Yan & Luo, 2001) or something which can be attributed to the power distance dimension of national cultures (Hofstede, 1980). It is dependent on a variety of sources depending on individual enactment.

However, the organizational hierarchical structure is assumed to create different roles each with an expected degree of decision making power, and key decision makers are assumed to have greater power in interaction. This is also the underlying assumption why the empirical data collection of the current study is targeted at managerial members of the joint ventures under investigation. However, as individuals take on roles in accordance with the way they interpret them, the extent of power is also subject to individual interpretation and enactment.

As briefed in Chapter 2, power in social interaction has been highlighted by symbolic interactionist writers like Goffman (1959) & Jenkins (2008). This power is attributed to the assumption of human inequality with regard to an interaction context. Thus, power distance in an interaction context differs from power distance rooted in a macro culture of origin that has often been mistaken as a way to explain a cross-cultural social phenomenon (see Chapter 3). Putting an individual from a low power-distance Denmark and an individual from a high power-distance Vietnam into interaction, for example, we can hardly tell the actual power exerted without uncovering the interpretation and negotiation of power between the involved individuals. Such power relations between JV members have been proved to be salient in the negotiation of a JV working culture (Brannen & Salk, 2000).

The sources of power available for enactment cover both organization-based and individual-based sources. Organisation-based sources of power, as have been discussed by IJV literature, are either context-based or resource-based. These sources translate into prescribed roles to be taken by JV members. Individual sources of power may likewise be seen in terms of resource-based (e.g. knowledge and skills) and context-based (e.g. home ground). The enactment of both sources reflects interaction between roles and individual role takers which may result in the construction of new power balances diverging from the initial power division embedded in the structure of the joint venture.

**6.3.3. Relationship building process**

The third domain of interaction in the current pre-understanding framework concerns aspects of relationship building in an IJV. Again, this domain reflects the discussion of “relationship quality” in IJV literature (Clark & Soulby, 2009) which encompasses a number of relational
phenomena such as trust, commitment, cooperation, consensus and conflict. I suggest that we call it the process of relationship building, or indeed a process of relating, rather than relationship quality which sounds more as an outcome than a process. Relational concepts have in general been well articulated in mainstream IJV literature and appeared useful to take into consideration in the current pre-understanding framework, though with the exception of the domain of managing cultural differences underlying the essentialist conception of culture (Section 5.5.1). Instead, the social constructivist conception of culture adopted here allows culture to break through all aspects of relationship building in search for a common ground of mutual identification and representation. Understanding the relationship building process therefore sheds light on the vulnerability of cultural negotiation over time.

Similar to bargaining power, initial relational bonds from pre-joint venture relationship are reflected in the venture’s initial formal arrangements. These bonds are cumulative and subject to change over time of interaction, as the JV members come to know each other. Although some relational bonds, such as trust and commitment, have been accorded more significance than others according to its emphasis in the IJV literature, any relational bond is expected to be an emergent construction subject to the sensemaking lens of the involved individuals. With regard to the specific context of Vietnam, a study by Lai & Truong (2005) has advocated the relevance and significance of ‘relational capital’, defined as mutual trust, respect, understanding, and close relationship between individuals in a business relationship, in determining the success of IJVs. Relational capital in this context can be approximated to the notion of guanxi (i.e. quan he in Vietnamese), which highlights reciprocity, trust and interdependencies for an effective use of social capital in the Chinese context (Wong & Leung, 2001). Although, to my knowledge, the phenomenon of quan he has not been directly researched in English-written literature, its proximity to the well-theorized guanxi and the articulation of relational capital in the Vietnamese context, as shown above, has hinted at its relevance and conceptual value with respect to understanding relationship building in Vietnam.

Again, the relationship building process is concurrent with the two other processes and they are mutually supportive. For instance, as the partners get closer to a common knowledge base as a result of the learning process, some form of trust may emerge as the parties can now rely on each other’s competence in the related area (e.g. Lui & Ngo, 2004); and in return trust may encourage the parties to share further knowledge and thereby enhance the learning process. It is, however, not a cause and effect relationship between trust and learning in this pre-understanding, just like between any other emergent relational bonds and the learning outcome or power distribution.

To summarize, this section on the three key interaction processes in IJVs set out the scene within the joint venture organization where JV members actively construct the joint venture life by making sense of joint venture issues embedded in learning, power bargaining and relationship building. Such sensemaking occurs at various levels of the joint venture hierarchy.
(e.g. from board level to managerial to cross-functional level) producing different effects to the negotiation of a common working culture.

6.4. On-going outcomes of interaction processes
Outcomes of interaction processes in an IJV setting may in the first place be thought of in terms of economic performance assessed by the JV parents. Such outcomes are not the concern of the present research. The question of outcome here concerns whether or not an IJV culture is emergent, and how can we describe such a culture.

The negotiated culture perspective has articulated that a negotiated culture is emergent in IJVs embracing negotiated roles and identities. This new culture may have characteristics of the parents’ organizational cultures or macro cultural origins and simultaneously feature its own unique elements featuring the common sensemaking among joint venture members.

From a learning perspective, outcomes are not measured by the knowledge acquired by a partner as often studied in the alliance learning literature. Rather, they point to elements of the emergent working culture which demonstrate the common ground of knowledge constructed by JV members over time. The nature of this common ground of knowledge is a complex of integrated learning and non-integrated learning (i.e. indicating a gap between cognitive and behavioural learning). From a power perspective, the emergent culture should reflect some “negotiated order” in terms of power relationships among JV members, which is not the product of the organizational hierarchy but of informal power division embedded in common meanings of organisational roles. And from a relationship perspective, outcomes of interaction processes are cumulative products of emergent relational bonds like trust and commitment.

On the one hand, the working culture expected to be emergent in the IJV setting may reflect an “interaction order” with mutually agreed and routinized practices and meanings in relation to relatively frequent issues or situations. On the other hand, it also embraces ambiguities as a consequence of non-integrated learning, unattended relational bonds among other incomplete processes; as well as diversifications from the commonly-agreed arrangements in favour of individual interpretations and preferences.

Previous research has focused on order, regularities and less on emergence and irregularities. This study seeks to draw attention to both and to explore their relative influences on the overall sense-making process. Seen in this light, the conceptual level of the current pre-understanding framework is not elaborate in terms of speculating the tendency of development in interaction processes. Some studies, however, are useful to inform this. For instance, Ring and Van de Ven (1994) suggest that formal interactions will be gradually overweighed by informal interactions. Or, a conventional approach to joint venture development has been revisited by intercultural interaction scholars (Brannen & Salk, 2000), seeing IJV going through a start-up phase, an adjustment phase, and a stable growth phase. How processes underlying such phases of
development is left to be uncovered through empirical exploration with the critical incidents approach and narratives.

Figure 6-1 illustrates the framework for intercultural interaction in an IJV setting as so far reconstructed from existing literature, i.e. the pre-understanding framework. Intercultural interaction here concerns an iterative process of sensemaking (on both individual and collective levels) where individual members subjectively identify and enact various frames of reference (sensemaking anchors) in order to solve joint venture matters. Such joint venture matters are captured in three main domains: learning, power bargaining, and relationship building. Each of the issue domains embeds a particular web of role taking and identity construction as individuals interact, ‘negotiate’ their interpretations, and construct some mutual understanding. Outcomes of such negotiation are elements of the emergent working culture.

In summary, this chapter has presented to the reader with an integrative pre-understanding framework of intercultural interaction processes in IJVs drawn from both mainstream and non-mainstream literature. The framework acts as a guiding, not predictive, frame of reference for the researcher to make sense of interaction processes in the studied IJVs. It is an elaborate and integrative reflection of the negotiated culture perspective, the sensemaking perspective, and relevant joint venture process domains, where the emergence of a working culture is displayed through individual processes of enactment, identification and enrichment in handling joint venture issues. The emergent nature of culture in a IJV lie in how its members learn, i.e. toward a common knowledge ground, how they negotiate power relations across the organisational hierarchy and power perceptions, and how they relate to each other in search for identity. How such pre-understanding guides me through the field is accounted for in the following section.

**Figure 6-1:** Pre-understanding framework for intercultural interaction in an IJV.
6.5. Making sense with the pre-understanding framework

In line with the propositions of the Explorative Integration design (Maløe, 2002), the pre-understanding framework will be carried along in the empirical investigation as the initial expectation of the interaction scenario within IJVs. The framework takes a leading role in defining the case protocol (Appendix A) and creating a platform for the empirical data analysis. That is an open-ended platform which may accommodate emergent critical process domains of interaction other than learning, power bargaining and relationship building, and more importantly which may embody the complexities and diversities of individual enactment and identification processes across such domains.

In operational terms, the pre-understanding framework has taken a closer step toward the research problem, rendering the research questions to be broken down into several issues to be explored as follows.

- How do different members enact sensemaking anchors on the different levels? What drives their enactment of such anchors? To what extent do various factors ranging from national backgrounds (e.g. Danish or Vietnamese) to personal experience and preferences influence such an enactment process?
- Are there any patterns of sensemaking within and across the three domains of learning, power bargaining, and relationship building?
- What are the outcomes of interaction and sensemaking processes across the three domains? Do these outcomes converge toward a common working culture or diverge in different directions and between different groups of members? Are there any conditions for such convergence identifiable in the studied cases?
- Can the dynamics of cultural negotiation be uncovered in terms of the dynamics of learning, power bargaining and relationship building in the IJV setting? Or is there any insight into new emergent interaction domains that plays an important role in the negotiation of culture?
- Are there any particular individuals (e.g. managers) who exert a dominant influence in the process of sensemaking and cultural negotiation in the IJV context?

The above questions reflect key expectations of the empirical field to be uncovered, guide the researcher’s sensemaking of field stories collected from the IJV actors/ informants, while opening up for the unexpected and unique experiences in acknowledgement of the selected cases with their particular contexts. Just like the dissertation is expected to be validated by the logic of coherence (see Chapter 2), the interaction between the pre-understanding and the experienced field is expected to shed light on a coherent post-understanding with respect to the meaning of culture in context. Before the dissertation reaches this step, the reader will in the next part be brought to the field of the five joint venture cases, first prepared with an account of the general empirical scenario and then taken through a narrative of each individual case on a descriptive level followed by a reflexive level using the researcher’s interpretive lens, which has by now been justified.
PART THREE – EMPIRICAL STORY

The empirical part of this dissertation presents the stories of intercultural interaction processes of the five chosen joint ventures between Danish and Vietnamese companies, namely Boiler, Mould, GIS, Fruit, and Design. Each case is a narrative in its own right, with emergent events/issues in interaction and individual sensemaking as central highlights.

Since the pre-understanding framework presented in Chapter 6 has hinted at the significant role of macro contexts of the joint ventures, the first chapter of this part, Chapter 7, is dedicated to presenting the macro empirical scenario on which the five joint ventures operate. Chapters 8 through to 12 are each dedicated to one joint venture story constructed primarily from the interview data, followed by a discussion of the individual cases. These five chapters adopt the following structure. An overview of the joint venture and the related context of data collection are first provided as background information. The reader is then introduced to the parent organizations, which bring insight into part of the initial organizational sensemaking anchors. The main narrative of each joint venture is presented in its “naïve” form. That is, it is narrated as it is told by the informants, and then followed by the researcher’s interpretation, i.e. sensemaking notes, in accordance with her pre-understanding. As mentioned earlier, I have chosen to disguise the case companies and informants due to confidentiality concerns expressed by some of the informants. All names have been created for convenient reading. Initials are used for addressing individuals, with an added “-dk” or “-vn”, where necessary, to remind the reader of the person’s country of origin.
Chapter 7 – Empirical scenario

The current chapter presents the macro empirical scenario of the joint venture cases being studied, namely Vietnam and Denmark, and the business linkages between the two countries. Since all the five joint ventures are established in Vietnam under Vietnamese laws, more focus will be placed on Vietnam with regard to the business environment and contextual influences. The objective of the chapter is, first, to provide the reader with insights into the contextual anchors which members of the studied joint venture cases might lean on in their sensemaking; and second, to construct the contextual premises for (the researcher’s) sensemaking of the joint venture stories. The reader should be mindful about the relative significance of the Vietnam-based context as most of the interactions take place in the joint venture situated in Vietnam and they are regulated by Vietnamese law. This explains the relative weight given to the background information about Vietnam in this chapter. Industry background could be deemed relevant in creating a context for the studied cases, but it has not been included in the scenario since industry structure per se is not expected to have any significant influence on the processes of interaction.

The chapter is composed of three sections. Section 7.1 provides an overview of Vietnamese history and economy with emphasis on its FDI performance. Section 7.2 describes the business relationship between Vietnam and Denmark. Section 7.3 discusses what has been known to be the cultural roots of Vietnamese and Danes, respectively. Data provided in this chapter is mainly secondary data obtained from official Vietnamese sources as well as publications from relevant international organisations.

7.1. Vietnamese Business Environment

7.1.1. Vietnam – from centrally-planned to market economy

In the last fifteen years, the Vietnamese economy has been a “miracle” in the eyes of foreign investors and analysts. With an average economic growth of 7-8% (5.3% in 2009), Vietnam has the second highest growth in Asia, (just behind China). The government’s major renovation reform in 1986, known as the Doi Moi policy, has turned the nation from a centrally-planned economy characterised by heavy industry and import-substitution policies, suffering stagnation, high inflation and serious trade imbalances, into a market-oriented economy promoting export activities and foreign direct investment, later stimulating private business development (Meyer et al., 2006).

The history of Vietnam before the 1986 economic reform has some important points to note. During the first millennium, the nation went through almost thousand years of Chinese governance and was significantly influenced by the Chinese culture and Confucian teachings, in particular. By the end of the first millennium, Vietnam had regained independence, and for most of the next millennium it went through a feudal era marked by the popularity of Buddhism, territorial expansion southward, civil wars and a north-south divide. When the nation was
reunified in the early 19th century, it was not long before the French gradually took control of Vietnam and turned it into a colony until the Vietnamese communists won the nine-year long Indochina War in 1954. With the effect of the 1954 Geneva accords, the country was again divided into North Vietnam under the control of the Communist Party, and South Vietnam for former French supporters. The year was also marked by a 300-day period of free movement between north and south, resulting in the southward movement of almost a million northerners, mostly Catholics. Instead of being reunified through election as agreed between the parties, the country remained divided, and South Vietnam was taken over by the Americans. The well-known Vietnam War which was fought during the 1960s-1970s between the Americans and the North Vietnamese, ended in 1975 with the liberation of South Vietnam and the final reunification of the two regions. The country has since been named the Social Republic of Vietnam, and governed by the Vietnam’s Communist Party. Between 1975 and 1985, the domestic economy was completely planned and controlled by the government, and foreign trade was limited to the former Soviet bloc. Vietnam suffered from severe shortages of food and basic consumer goods, a high budget deficit, three-digit inflation, chronic trade imbalances and deteriorating living standards (Meyer et al. 2006).

The history of “war after war”, western colonization, north-south divides and movements, communist mentality as well as various foreign influences from East and West makes Vietnam unique in its culture and identity, potentially diverse in value orientations, though still deeply rooted in Confucius-inspired norms and traditions. More historical influences on the Vietnamese culture are elaborated on in section 7.3.

The government’s Doi Moi policy in 1986 created a new era in Vietnam’s history. The policy set out five main objectives: 1) to give farmers the right to lease land from the state for a long period; 2) to restructure state-owned enterprises (SOEs); 3) to legitimize the private sector; 4) to encourage foreign investment; and 5) to replace the monobank system by a two-tier banking system (Phan, 2007). Following the Doi Moi, the country made significant progress in the liberalization of the economy towards a market-driven one and in business connections to the outside world, primarily through export promotion and foreign direct investment (See e.g. Schaumburg-Müller, 2009).

Today, in international eyes, instead of simply being associated with its famous war against the Americans, Vietnam is increasingly known as an emerging economy with high growth, attractive investment opportunities, and active integration into the global economy. In the annual EM20 Index conducted by the consulting giant PricewaterhouseCoopers (EM20 Index, 2007), Vietnam was ranked number one out of 20 selected emerging economies in investment attractiveness within manufacturing. Vietnam’s entry into ASEAN in 1995 and WTO in 2007 underlies a significant effort in regional and global integration respectively. With a population of over 87 million people, Vietnam is a promising market for consumer goods and services, particularly for foreign investors given the growing westernized consumption trends; and at the
same time it has emerged as a production/outsourcing hub for MNCs taking advantage of the
abundant well-educated local labour force (Meyer et al., 2006).

**Figure 7-1**: Vietnam’s export, import, inward and outward FDI values (1989-2008)

![Graph showing export, import, inward, and outward FDI values from 1990 to 2008.](image)

Source: General Statistics Office of Vietnam

As shown in Figure 7-1, international trade has increased significantly in the last decade. Vietnam has been a major exporter of agricultural products, in particular rice and coffee. Recently light industrial goods such as garments, footwear and furniture, as well as crude oil have been added. Major export markets include USA, Japan, China, Singapore and other East Asian countries. On the import side, machinery and equipment have always led the import demand, particularly in export-oriented industries. Other major import items include electronic components, input materials for garment, furniture and assembly industries, and oil and gas products (Schaumburg-Müller, 2009).

In terms of business ownership, the economy is still largely dominated by SOEs which contribute almost 40% of the total annual GDP, followed by household businesses and collective enterprises. As targeted in the Doi Moi policy, SOEs have gone through a lot of restructuring and have obtained greater managerial autonomy. The state sector has undergone a process of equitization, i.e. transfer of equity to private owners who are mainly managers and employees of the SOEs. Meanwhile, the private sector has taken advantage of new market opportunities and recent favourable policies, for example the new Company Law of 2000, to develop its own premises for entrepreneurship, leading to a growing number of private limited companies active in various domestic industries and gradually grasping internationalization opportunities (Meyer et al., 2006; Schaumburg-Müller, 2009).

Despite rapid economic growth and significant liberalization attempts, Vietnam is still facing a number of challenges. For instance, the 2007 Business Environment Sentiment Survey
conducted by Vietnam Business Forum (VCCI) reported shortage of skilled labour, bureaucracy and corruption, and poor infrastructure as the major obstacles for firms’ business expansion. Apart from the shortage of skilled labour, the other factors have been issues of concern for years, reflecting the inadequate government effort in rationalizing the administrative system as well as in developing the country’s infrastructure. The issue of skilled labour has emerged in recent years due partly to inefficiencies in Vietnamese education and training system and its inability to forecast the demand for skilled workers. Vietnam’s membership of WTO has increased its international market opportunities. Taking advantage of these opportunities requires the development of substantial skilled labour force, since cheap skilled labour has been one of the major determinants of foreign investments flows into the country in recent decades.

In short, Vietnam has outgrown its old memories of war and centrally planned economy to become an interesting economic phenomenon of the Far East, making remarkable progresses with a positive outlook. But at the same time, it faces major economic challenges. The next section will continue to uncover the new Vietnam in the area of foreign direct investment with a particular focus on an overview of characteristics and trends of joint venture projects.

7.1.2. Foreign direct investment in Vietnam
Since Doi Moi started, foreign direct investment (FDI) has been among the major drivers of economic development in Vietnam. The total amount of registered FDI rose from 328 million USD in 1991, to 64 billion USD in 2008, according to the General Statistics Office (GSO). FDI has provided employment for 1.4 million people, creating as many as 200,000 new jobs in 2008 alone\(^\text{10}\). It also constitutes about 15.5 % of GDP (in 2005). About 59% of the total registered FDI come from five regional top economies, i.e. Taiwan, Japan, Singapore, Korea, and Hong Kong. Most of FDI capital goes to the manufacturing sector, followed by real estate business and then hotels and restaurants, construction and transport. In terms of location, most FDI concentrates in major cities and provinces in the North and South of Vietnam, including Hanoi and Hochiminh City.

FDI has taken effect since the Law on Foreign Investment was first launched in 1987. Under the law, FDI may be established in three forms: business corporate contract (BCC), joint venture (JV), and 100% foreign-ownership (i.e. wholly-owned enterprises [WOE]). In this regard, certain limitations apply to particular industries. For instance, in the sectors of oil and telecommunications, only the BCC form is allowed, whilst joint ventures are required for other sectors such as transportation, tourism, culture, airport terminals and explosives production. None of the five cases in this dissertation operate within these industries. Another mode of establishment, namely build-operate-transfer (BOT) contracts, applies to investment in the construction of infrastructure, including water and electricity supply (Leproux & Brooks, 2004).

Table 7-1 shows the percentage of each form of investment of the total FDI in the period 1988-2005 (Bui et al. 2009:101). In the first years of the FDI law, joint venture projects accounted for the majority of FDI projects, both in terms of number, and the registered amount of capital, e.g. 75.7% between 1988 and 1990. In the following periods, the number of JVs continued to go down steadily in percentage of the total FDI projects, landing at only 22.4% between 1988 and 2005. The statistics indicated the gradual shift in the preferred mode of FDI establishment from joint venture to wholly-owned establishment. Several arguments have been made to explain the tendency. First, it has, in part, been a consequence of the amendments to the Law of Foreign Investment in respectively 1996 and 2000, opening up more sectors and industries to 100% foreign investment. Indeed, the survey by Bui et al. (2009) showed that legal requirements are the main factor affecting the selection of entry mode. The survey reported more than 257 FDI projects converted from one form to another form of investment between 1997-2005, of which 228 projects were converted from JVs to wholly-foreign-owned companies, whereas only 12 wholly-owned companies were converted to foreign JVs and eight from BCC to JVs. Second, from the judgement of the foreign side, the general need for the Vietnamese partner decreases as the foreign firm gains experience in the local market or learns about the difficulties of operating with local counterparts (Leproux & Brooks, 2004). It may also decrease because of the local partner’s poor performance or failure to raise the required capital for the project (Bui et al., 2009). However, not all converted projects have been initiated by the foreign investing partner. According to Bui et al. (2009), Vietnamese partners may want to withdraw as they expect to earn short-term profit instead of reinvesting, or because they want to operate independently.

| Table 7-1: FDI projects in Vietnam by form, 1988 – 2005 |
|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|                                | Project % | Registered capital % | Project % | Registered capital % | Project % | Registered capital % | Project % | Registered capital % |
| BOT                            | 0.02      | 0.21                | 0.15      | 1.14                | 0.09      | 2.68                |
| BCC                            | 18.22     | 38.33               | 8.13      | 13.11               | 4.94      | 10.44               | 3.0       | 8.17               |
| WOE                            | 6.07      | 9.33                | 21.91     | 18.27               | 55.51     | 29.39               | 74.1      | 50.1               |
| JVs                            | 75.7      | 52.33               | 64.55     | 74.33               | 39.38     | 59.01               | 22.4      | 38.3               |
| Joint-stock foreign invested   | -         | -                   | -         | -                   | -         | -                   | 0.13      | 0.39               |
| Holding company                | -         | -                   | -         | -                   | -         | -                   | 0.02      | 0.10               |
| Total in %                     | 100       | 100                 | 100       | 100                 | 100       | 100                 | 100       | 100                |

Source: FDI Agency, Ministry of Planning and Investment

Despite the convergence trend from JV to wholly foreign ownership as noted above, the number of JV projects has, in recent years, been increasing steadily with a relatively stable representation in the overall FDI scenario. Data from the Ministry of Planning and Investment in Vietnam shows that there were 1849 registered joint venture projects in Vietnam by the end of 2008. They accounted for 18% of the total number of FDI projects and 33% of the total FDI registered capital. These joint ventures were located in industries attracting most investment capital as well as leading in the number of projects included heavy industry, building and
construction, and hotel and tourism; followed by agriculture, food processing, light industries and aquaculture. Oil and gas were also among the leading industries attracting FDI, but the investments were concentrated in only two projects.

Leproux & Brooks (2004) reported that 98% of the joint ventures were with Vietnamese state-owned enterprises (SOEs), reflecting the dominance of the state sector in FDI activities. Foreign investors are likely to choose SOEs to achieve administrative and bureaucratic advantages, such as the allowance given exclusively to SOEs to contribute land use rights as equity in JVs. The recent development of the private sector, particularly endorsed by the new Enterprise Law since 2000, has gradually reduced this dominance reflected in the case of Danish – Vietnamese joint ventures as elaborated in the section to follow.

In terms of the legal environment, the Law of Foreign Investment has gone through a number of amendments and revisions since its debut in 1987, showing the government’s attempts to open more sectors to foreign investors, create more equal opportunities for foreign investors vis-à-vis local enterprises (e.g. unified corporate tax rate), and increase the transparency of legislative procedures related to investment applications and project implementation (e.g. the “one-door” policy). However, the general investment climate is still associated with inconsistencies between legal documents and legal practices, lack of transparency in the responsibilities of authorities, as well as cumbersome administrative procedures (Phan, 2007; Meyer et al., 2006).

Certain restrictions in the joint venture category regulated by the Law of Foreign Investment are noted. In terms of capital contribution, the foreign partner(s) is/are generally required by law to contribute no less than 30% of the legal capital. In terms of management appointment, the general director or the first deputy general director must be a Vietnamese citizen.

To summarize this section: in the last two decades Vietnam has earned significant economic achievements and taken active steps in integrating into the global economy. But it still faces critical challenges that it must overcome in the next decade. The FDI inflow has grown to be a major driver of the economy, therefore the issue remains for the government and local companies to sustain the attractiveness / competitiveness of the business environment, particularly compared with neighbouring China and other emerging economies. Despite a relative decline, joint ventures in Vietnam still play an important part in the FDI sector, and are, even from now on, more open to market competition.

In such a context, Denmark is not a major trading partner of Vietnam but has recently been increasingly engaged in this market through the growing number of partnerships and business initiatives. A historical overview of Danish-Vietnamese business cooperation with emphasis on Danish-Vietnamese joint ventures is presented below.
7.2. History of Danish – Vietnamese business cooperation

7.2.1. Denmark at a glance

Unlike Vietnam, Denmark has an economy grounded in market capitalism and early internationalization. This internationalization has traditionally been trade-based rather than FDI-oriented. However, the last fifteen years have seen Denmark moving up in the FDI outflows, first appearing in the top 20 rankings by outward FDI index in 2007 (UNCTAD World Investment Report, 2007).

Globalisation trends and outsourcing waves have reached Denmark in the last decade, challenging Danish firms to cut down on costs by moving traditionally wage-heavy job functions abroad, mostly production, and / or expanding to overseas markets to sustain their competitive advantage. The Danish government has been active in supporting domestic firms’ internationalization through an initiative combining development aid to developing countries and overseas business opportunity, namely the Business-to-Business (B-2-B) programme (earlier known as the private sector development programme).

Hansen (2006) identified eight most important motives for Danish companies’ investments in developing countries, including Vietnam to be the following: market access (74%), customer proximity (51%), labour cost savings (45%), Danish subsidies (i.e. B-2-B support) (28%), expertise know-how (20%), supplier proximity (15%), raw materials (11%), and local subsidies (11%).

7.2.2. Danish - Vietnamese trade and investment

A quick glance at recent Denmark – Vietnam trade is provided by a report from the Danish embassy in Hanoi to the Ministry of Foreign Affairs of Denmark dated June 2009. According to this report, Vietnam was Denmark’s 51st largest export market in 2008 with an export value of DKK 952 million, which corresponds to a rise of 13.1% compared to 2007. Import from Vietnam amounted to DKK 1.091 million in 2008, which equals a rise of 14.3% compared to 2007. Major products of Danish export to Vietnam include machinery and equipment, chemicals and foodstuffs. Major import items from Vietnam include footwear, furniture, and garments.

With regard to services, sea transport accounts for a major percentage of both export and import values, e.g. approximately 65% of the total export of services and 50% of the total import of services in 2007. An overview of Danish export to and import from Vietnam in the period of 2000 – 2008 is provided in Table 7-2.

*Table 7-2: Danish export to and import from Vietnam, 2000-2008*

<table>
<thead>
<tr>
<th>Year</th>
<th>Import</th>
<th>Export</th>
<th>Trade balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>1153</td>
<td>497</td>
<td>-656</td>
</tr>
<tr>
<td>2001</td>
<td>1168</td>
<td>733</td>
<td>-435</td>
</tr>
<tr>
<td>2002</td>
<td>1156</td>
<td>658</td>
<td>-498</td>
</tr>
<tr>
<td>2003</td>
<td>1276</td>
<td>722</td>
<td>-554</td>
</tr>
<tr>
<td>2004</td>
<td>1374</td>
<td>757</td>
<td>-617</td>
</tr>
<tr>
<td>2005</td>
<td>758*</td>
<td>421*</td>
<td>-337*</td>
</tr>
<tr>
<td>2006</td>
<td>877*</td>
<td>538*</td>
<td>-339*</td>
</tr>
<tr>
<td>2007</td>
<td>952*</td>
<td>724*</td>
<td>-228*</td>
</tr>
<tr>
<td>2008</td>
<td>1086*</td>
<td>837*</td>
<td>-249*</td>
</tr>
</tbody>
</table>

Source: Various sources in the Ministry of Foreign Affairs of Denmark, esp. ExportFokus No. 0506. (*): estimated
Danish FDI into Vietnam amounted to nearly USD 435 million registered capital in 2008, ranking as the 24th largest FDI investor in Vietnam (FIA). The oldest FDI project was established in 1992. Yet, Danish investments were very few in the early 1990s, and have only risen in recent years along with the global outsourcing trend and significant steps in Vietnam’s opening up, as noted above (see also e.g. Schaumburg-Müller, 2006).

According to a database obtained from the Danish Embassy in Vietnam in October 2007 in connection with field preparations for this study, there were more than 100 Danish affiliated companies present in Vietnam in the form of representative offices, joint ventures, BCCs and 100% foreign-owned entities. The number had almost been doubled compared to the 2004 statistics presented by Schaumburg-Müller (2006) indicating that 54 Danish companies were active in Vietnam at that time. When the 2007 statistics is re-grouped along industry categories and compared with the data from 2004, they show that there had been a significant growth in the number of Danish firms that have been active in industrial goods manufacturing, consulting and design, shipping and transport, and other trading services. This shows a shift in Danish investments away from the food & beverages, textiles, and furniture documented in Hansen’s (2006) survey.

The embassy’s 2007 list also shows a better balance between private and state-owned local firms in joint venture projects involving Danish partners, compared to the complete dominance of SOEs in overall joint venture scenario as mentioned earlier. One explanation for this can lie in the recent development of the private sector endorsed by the new Enterprise Law of 2000. Most business collaborations between Danish and Vietnamese firms have evolved in this period of time, when more private Vietnamese firms became attractive to foreign investors in terms of capacity and development opportunities.

A distinct characteristic of the business linkage between Denmark and Vietnam, together with particular developing countries, has been the supporting role of the Danish government in form of various development agendas. The overall objective of Danish development assistance (Danida) to Vietnam is poverty reduction through promotion of sustainable, private sector-led development and the strengthening of democratisation, respect for human rights and good governance (Danida). Among the key development agendas has been a focus on the development of the private sector as the engine of growth, i.e. through the currently-named Business-to-Business (B-2-B) programme.

The B-2-B programme, originally the Private Sector Development (PSD) programme (until 2006), supports partnerships between Danish companies and local companies from particular countries, including Vietnam. The programme is open for all business sectors as long as the partnership has a long-term development incentive in the interest of the host country. B2B support is given as advice and finance and may last from the pre-formation to the implementation of the given partnership. The programme has three phases and a partnership has
to cover at least two of three phases. The phases are (1) the contact phase, which refers to partner identification (matchmaking), study visits and other pre-investment arrangements; (2) the pilot phase, which concerns implementing a Pilot Project in order to test the cooperation and evaluate training needs\(^{11}\); (3) the project phase, which includes training and technical assistance, environmental and CSR-related evaluation and actions. The maximum level of support is DKK 125,000 for the contact phase, DKK 1 million for the pilot phase, and DKK 5 million for the Project Phase (Danida, 2010)\(^{12}\). According to Schaumburg-Müller (2006), only one Danish – Vietnamese joint venture so far did not receive support from the B2B programme.

Another third actor also active in Danish-Vietnamese business collaboration is the Industrialization Fund for Developing Countries, known as IFU. IFU was founded in 1967 with the aim of promoting economic activity in developing countries in collaboration with Danish trade and industry. By the end of 2008, IFU had invested in over 650 projects in 79 countries. Total investments in these projects exceed DKK 80 billion, of which the IFU’s contributions amount to DKK 7.6 billion. Since 2005, IFU has shifted its investment target to poor developing countries selected primarily on the basis of their GNI per capita income – which should be below USD 3,084 in 2008. IFU’s scope of activities concerns participating in the investments by Danish companies in such countries through: 1) share capital; 2) providing loans and guarantees on current market terms; and 3) providing advisory services.\(^{13}\) In Vietnam, IFU has participated in a total of 25 projects, and was still active in 16 of them during the period my data were collected. Two of the five joint venture cases used in this study are among IFU’s 16 active projects.

In sum, the context of Danish – Vietnamese business cooperation features a relatively young yet steadily growing FDI flow from Denmark to Vietnam diversified in terms of industry and establishment mode, with recent focuses towards businesses serving the local as well as regional market rather than merely seeking efficiency among labour-intensive sectors. The extensive involvement of Danish development aids and IFU in facilitating and financing business partnerships has inferred development incentives which may exert a particular impact on the operation of the partnerships, including joint ventures.

### 7.3. Macro cultural backgrounds

This section reports a brief profile of the socio-cultural foundation of Vietnam and Denmark respectively. It is useful, at this stage of the study, since it provides insights into one of the initial sources of sensemaking, namely macro cultures of origin, which Danish and Vietnamese managers may enact in their interaction within the joint venture context. These include characteristics of major belief systems and consequential practices and norms which have

\(^{11}\) The pilot phase replaces the Start-Up Facility (SUP) phase in the frame of the former PSD programme.

\(^{12}\) The quoted statistics are updates available from Danida’s online source, but it may not be applicable to the investigated joint venture cases which were qualified in previous years. The statistics is thus to be viewed as a relative point of reference.

\(^{13}\) Source: [www.ifu.dk](http://www.ifu.dk)
appeared to influence the way of thinking and acting of their respective members. A secondary objective of the section is to elaborate on a complex of possible contextual influences on what has been conceptually simplified into the construct of distance between Vietnamese culture and Danish culture in an essentialist sense. The reader should be aware that the ambition of the following account is not to provide a comprehensive background of macro cultural traits and thus may need to refer to original works for further elaboration.

7.3.1. Vietnamese socio-cultural background

Seen from a historical perspective, Vietnamese culture has been influenced by different foreign cultures at different time spans, notably the Chinese culture during the feudal era, and the French culture and the American culture in modern times. Indeed, Vietnam has been exposed to foreign cultural contacts since the early formation of its own culture associated with traditional wet rice-based agriculture through different trading channels from east and west, north and south. A prominent Vietnamese cultural scholar has in his book (Do, 2005) described Vietnam as the crossroads between peoples and civilisations ('carrefour des peuples et des civilisations’, a term borrowed from Olov Jansé); and illustrated Vietnamese culture as interaction between the local wet rice-based culture and religious and cultural influences from China, India (to a lesser extent), and the Western world.

The early days’ tradition of wet rice agriculture is said to have created certain footprints in Vietnamese mentality and lifestyle. In conducting wet rice agriculture, people had to rely on the natural supply of water and the climate in general. Evidence from Vietnamese folklore has illustrated a rather passive relation between man and nature (Do, 2005). Second, a social order in this era is central on the village as the fundamental social unit, where members were an integral part of the community, belonging primarily to the family, the parentage, the village, the nation, etc. before being oneself (Ibid:113). A sense of community in Vietnamese thinking probably emerged from this context.

The Chinese influence with particularly Confucian teachings has firmly laid a value foundation for the Vietnamese cultural development with major values such as strong family connections, stable social order, and morality. Confucian morale has also nurtured among Vietnamese a high sense of obedience and respect for the superior like the father, the teacher, and the boss; which has consequently lead to the establishment of a class-based societal hierarchy, and the preference of a hierarchical structure in an organisational context. To illustrate the Vietnamized adoption of Confucianism, however, Do (2005) emphasizes that when entering Vietnam, Confucian elements had been refracted by the local cultural tradition so that they became partly transformed, weakened, exaggerated, or misinterpreted (p. 84). Positive examples included the appreciation of the woman’s ‘hidden’ role in family and society despite the Confucian view of the woman as inferior to the man. Negative examples highlighted the misinterpretation of the value of studiousness into a pragmatic attitude toward learning, i.e. learning in search of

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promotion and recognition. Foreigners often find Vietnamese “eager to learn”, which in many contexts may embed a positive routine of acquiring knowledge, yet in others may well imply a pragmatic learning incentive.

Apart from Confucianism as the main source of Chinese influence, another religious and philosophical school of thought was also expanding from China to Vietnam, namely Taoism, though to a limited extent. Taoism basically values the harmony between man, nature, and a universal order in promotion of a natural mode of behaviour. Unlike the introduction of Confucianism mainly for the ‘elite’ circle and with a focus on creating an institutional social order, Taoism as a religion is said to have been widely spread among the Vietnamese people and practised through a number of symbols and rituals, such as the Yin-Yang principle and symbol (of harmony) and the worship of the earth god (also known as the kitchen god) which can today be seen in houses and even offices.

Meanwhile, the evolution of today’s most popular religion in Vietnam, i.e. Buddhism, has been influenced by forces from its birthplace India as well as from China, with the former influence being gradually overweighed and filtered by the latter influence (Do, 2005:51). Scholars have provided accounts of variations of Buddhist practices between the North and the South of Vietnam (see e.g. Do, 2001, 2005). In general, the Buddhist-inspired values include humanity, the law of causality and gratitude, which have over time been internalised into a Vietnamese way of thinking. In terms of practice, Buddhism has today become integrated into most Vietnamese’ spiritual lives and popularized with worshipping rituals, e.g. going to the pagoda to pray for fortune, as well as meditation-oriented activities.

Historically, the three religious streams described above were at some point merged together in a phenomenon called Tam giáo (i.e. the three religions) which incorporated the co-practice of Confucianism, Buddhism, and Taoism from the 11th century up to the Communist domination in the 1930s. The movement indicated a preference for seeking convergent aspects of the three religions rather than critically contrasting them. An explanation may lie in the remark made by the mentioned scholars that these religions were generally adopted by the contemporary Vietnamese more on a practical level than on an underlying philosophical level, implying a relatively easy-going attitude towards new beliefs.

In terms of western influence, Vietnam has been exposed to early imports of Christian beliefs (mainly Catholic), western educational systems (significantly enabled by the development of the new alphabetical system replacing the Chinese-modified writing system) and lifestyles, notably since the French colonization, and later more thoroughly to capitalism and a consumption culture as the Americans came. During this influence, the Vietnamese were introduced to values like democracy, freedom and an individualist lifestyle which have brought them closer to the capitalist western world.
At the turn of a republic era, Vietnam was ruled by the communist party and significantly influenced by Marxist-Leninist ideology embracing collectivism and a sense of equality in economic relations, through activities like collectivizing agriculture and controlling the economy with central planning. This has, over time, affected the working culture in Vietnam, particularly in the state sector, creating a non-productive labour force that lacks the individual-based incentive to work. Besides, in the early days of communist rule, religious freedom was suppressed in Vietnam, preventing any of the above religions from being formally practiced.

Until recently after the liberalization of economic activities, the growing FDI and outsourcing inflow embodying greater interaction with the western consumption culture, new consumption behaviour has been observed, particularly in big cities. Above all, the traditional collectivist thinking and identity seem to be challenged more than ever by the overwhelming significance of individual needs and materialism, putting the younger generation of Vietnam at exposure to identifying themselves in the midst of the apparent contrast between tradition and westernization.

In short, Vietnam today is a culture of paradoxes - influenced by multiple belief systems embodying even contrasting values and meanings in the particular context of the presence of power and political incentives in enacting such systems. It is not easy to be a Vietnamese in such a historical context, understood in the sense that there is no uniformity in the manner in which people make sense of their daily lives and construct a national identity, or other social group identities, to which they feel attached.

7.3.2. Danish socio-cultural background

Denmark is relatively homogenous in terms of religion and social structure, which is based on democratic values and thinking with a touch of Protestant Christian tradition. Democracy and Protestantism in Denmark have a long history, dating back to the 1500s when the protestant reformation in 1536 succeeded in spreading Lutheranism throughout Denmark and resulted in the formation of the Danish People’s Church (Folkekirken). Up to the 19th century the Danish People’s Church had great influence in creating the conditions for supporting modern democratic values as well as the foundation of the present welfare state. The 1848 revolution put an end to the system of absolute monarchy and turned Denmark into a constitutional monarchy marked by the Constitution of 1849 laying the ground for a new democratic era in the country. In this Constitution, a number of civil rights based on democratic thinking, such as freedom of speech and private property rights were ensured and have been preserved up to today through the Constitution. With major revisions in 1915 and 1953, the Constitution has manifested emphasis on gender equality by granting equal rights to women vis-à-vis men. Freedom of religion is also ensured, although the majority of Danes are members of the People’s Church.

Interestingly, Protestant Danes are said to have a rather relaxed relation to their Church and very few show their commitment on the practising level like going to church on Sundays\textsuperscript{16}.

Much of Danish morale is reflected in Jante’s Law (Janteloven), a concept first mentioned by the Danish/Norwegian author Aksel Sandemose in his 1933 novel \textit{A refugee crosses his tracks} to describe the behavioural principles of the focal Danish village called Jante. Jante’s Law is composed of ten principles converging on one theme: Don’t think you are anyone special or that you are better than us. On the one hand, it is a symbolic manifestation of the above-mentioned values of the Danish society. On the other hand, it has been like a mirror for Danes, particular younger generations, to reflect upon and question traditional values.

To a large extent, a business culture has emerged over the years and is known for its emphasis on flat organisational structure, a democratic decision-making process in favour of consensus and responsibility (see Kuada, 2008). At work, Danes often prefer a pragmatic problem-solving approach where the participation of all involved members is appreciated. Besides, they work on the basis of relatively high ethical morale (Ibid). In terms of communication, the society’s democratic base has nurtured a so-called “debate culture” (e.g. raised by the Danish philosopher Kai Sørlander) with open forums for everyone to express their opinions and discuss common problems.

By now, the reader should have the background information about possible forces that constitute the essence of Vietnamese and Danish culture respectively. The above accounts may not do justice to the given country in a holistic view, but are meant to keep open the reader’s expectations about behaviours of the Vietnamese and the Danes in the studied interaction context, once both consistencies and contrasts noted, e.g. between tradition and modern preferences as well as between the different cultural forces.

\textbf{7.4. Summary}

This chapter has presented the macro nation-based context of the studied IJVs. Such contextual information serves as part of the initial conditions for individual actors to make sense and interact in the joint venture setting. It also informs and helps the reader to understand the historical background of the scenario in which the joint venture processes occur. As indicated in the pre-understanding framework, however, macro initial conditions are subject to individual enactment in particular joint venture situations. Therefore, the above-presented information is mostly of informative, not normative, value.

In the chapters to follow, as each joint venture story unfolds, the relevance of contextual information will be determined. The order of presenting the joint ventures should not be taken as reflecting the sensemaking progress in the actual fieldwork, since the collection and analysis of

\textsuperscript{16} This is interesting compared to the few percent of Vietnamese as registered Buddhists whereas many more as practicing Buddhism.
data across the cases have been conducted simultaneously. However, the order has been an attempt to place things into an order of sensemaking to connect the stories together within the overall understanding of the intercultural interaction in the studied IJV setting as discussed later in Chapter 13.
Chapter 8: The Boiler Case – Bypassing the “romance”

This chapter, as well as the following four chapters, is devoted to the stories of the selected joint ventures. The structure of these chapters consists of four sections. The first section provides the reader with background information about the joint venture in focus including details of related data collection such as informants and interview contexts. The second section introduces the company profiles of the two joint venture parents in focus. The third section presents the story of the joint venture through the stories of the informants. And immediate sensemaking notes are made in the last section.

8.1. Background

Danboiler Vietnam started as a 75/25 joint venture in 2004 between Danboiler, a Danish company and Vietshin, a Vietnamese state-owned company. The Danish partner held the majority shares. The Vietnamese partner sold the 25% shares to the Danish partner in 2009, thereby making Danboiler Vietnam a wholly owned subsidiary of Danboiler A/S. But since I have collected the data for this study before the transfer of ownership, I have treated the case as a joint venture. That is, the change of ownership has not affected the substantive issues investigated in the study.

Table 8-1: Overview of interviews and informants in the Danboiler case

<table>
<thead>
<tr>
<th>Informant(s)</th>
<th>Title, company</th>
<th>Date and place of interview</th>
<th>Data type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ms. H-vn</td>
<td>Head of International Dept, Vietshin</td>
<td>Hanoi, 7th Jan 2010</td>
<td>Primary</td>
</tr>
<tr>
<td>Mr. S-dk</td>
<td>Managing Director, Danboiler VN</td>
<td>Haiphong, 20th Dec 2007</td>
<td>Primary</td>
</tr>
<tr>
<td>Mr. D-vn and Mr. Th-vn (same interview)</td>
<td>Quality Manager &amp; Production Foreman, Danboiler VN</td>
<td>Haiphong, 20th Dec 2007</td>
<td>Primary</td>
</tr>
<tr>
<td>Ms. E-vn</td>
<td>Logistics Manager, Danboiler VN</td>
<td>Haiphong, 20th Dec 2007</td>
<td>Primary</td>
</tr>
<tr>
<td>Mr. S-dk</td>
<td>Managing Director*, Danboiler VN</td>
<td>Hanoi, 4th Dec 2007</td>
<td>Primary</td>
</tr>
<tr>
<td>Mr. B-dk</td>
<td>Managing Director*, Danboiler VN</td>
<td>Haiphong, 25th Aug 2006</td>
<td>Secondary</td>
</tr>
<tr>
<td>Mr. T-vn</td>
<td>Sales Manager, Danboiler’s Hanoi sales office</td>
<td>Hanoi, 16th Aug 2006</td>
<td>Secondary</td>
</tr>
<tr>
<td>Mr. J-dk</td>
<td>General Manager, Business Intelligence &amp; Marketing, Danboiler</td>
<td>Aalborg, 12th Jul 2006</td>
<td>Primary</td>
</tr>
</tbody>
</table>

*Mr. S-dk took over Mr. B-dk as Managing Director of Danboiler Vietnam from September 2007.

The present account of the Danboiler joint venture case has been constructed based on eight interviews with eight informants with key positions in the parent companies as well as in the joint venture company (See Table 8-1). Six of the eight interviews were conducted by me while the other two were done by my Ph.D. colleague Ms. Lam. The first interview back in 2006 was an explorative one done by me together with Ms. Lam when we were gathering data in preparation of a case material. Five of the remaining seven interviews were conducted during my fieldtrip to Vietnam. Two of these interviews were done with the new managing director of the joint venture, Mr. S, with the first one in Hanoi and the second one to follow up upon my
visit to the factory in Haiphong. The two interviews conducted by Ms. Lam focused on learning between expatriate and local managers. We agreed that she did the interviews and we could share the information – especially issues of general nature that both of us would like to cover in our interviews.

8.2. Parent profiles

8.2.1. The Danish Partner

Danboiler A/S – The old shipyard grows global

Danboiler A/S has a long history dating back to 1912, when its mother shipyard was founded in Aalborg by a chief engineer from Frederikshavn Shipyard together with his brother. Already in 1919, the first boiler was designed in-house and produced for the shipyard’s own vessels. During the 1920s-30s, the shipyard continued to develop its boiler business. In 1937, it was suffering such a difficult time as a consequence of the Depression era that it almost collapsed, but then was recovered with investment from the city of Aalborg, who wanted to secure the working place. However, by the end of the year, it was sold again to a Danish shipping giant, and run by the same owner until 1987. During these years, Aalborg Shipyard, as it was then renamed, continued to develop and diversify its range of boiler products, supplying to an increasing number of international shipyards and ship owners. It was in this period that the first foreign subsidiary was set up in the Netherlands, i.e. in 1978, to take care of after-sales services.

Today, Danboiler is recognized as a world leading marine boiler engineering company and a major supplier of inert gas systems, thermal fluid systems, and shell and tube heat exchangers. The company’s activities are divided into two main areas, i.e. marine and industrial. The marine area is the focal area which accounts for more than 85% of the company’s total sales. Its products and services have always been characterized by excellent performance, and over the years it has earned a ‘Best in Class’ quality. This has resulted in long-term relations with its customers, and up till now the company has delivered more than 5,000 boilers and thermal fluid heaters and more than 25,000 marine boiler concepts to hundreds of customers.

Since its first subsidiary abroad was established in 1978, Danboiler has expanded globally and today has about 10 sales / after sales subsidiaries and branch offices, 20 marine global sales representatives; and three production subsidiaries in Brazil, China, Vietnam apart from the production unit in Aalborg. A production subsidiary in Indonesia, specializing in industrial boilers, has recently been liquidated in order to maintain a focus on marine boilers. The existing production subsidiaries were created in China in 1995, Brazil in 2000 – both as a result of acquisition of a local boiler company - and Vietnam in 2004 in the form of joint venture. Danboiler also has sales offices in these three countries, and the sales office in Vietnam is attached directly to the Aalborg headquarters, unlike the other two that are branch offices of their country production subsidiaries.
By 2010, Danboiler had nearly 3000 employees worldwide. The top management of Danboiler is composed of a Board of Directors with five members and three employee representatives, and an Executive Management with three members, i.e. the President/CEO, Vice President/CFO, and Vice President/Global Sales & Marketing.

Danboiler describes itself as “ONE Global Company”. With such a long history of serving the maritime sector worldwide, while being an important workplace in the local Aalborg, Danboiler seems to take a pride in having a unique corporate identity grounded in rich history and strongly supported by “a flexible set of mission, vision, and values”. To illustrate this, the company has adjusted its mission and value statements in the new corporate strategy for 2007-2009, compared to the strategy for 2004-2006. According to its 2007-2009 strategy, the company’s mission is “to provide, on the basis of world leading technology, reliable, innovative, and optimal solutions that are environmentally friendly and ensure lowest life cycle cost”. Its vision is to be “Your Preferred Partner”. And the number of values has been reduced from over ten to seven so that “the employees can remember them more easily”, as explained by Mr. J-dk. These refer to sustainable growth, value creation, high employee performance, innovative and firm leadership, total care, respect of cultural and religious differences, and high moral and ethical behaviour.¹⁷

These formalized corporate values are important to note in the light of the objectives of the present study. The extent to which “respect of cultural and religious differences” as well as “high moral and ethical behaviour” is reflected in the interaction processes between Danish managers and the Vietnamese managers / employees require attention in my sensemaking process.

8.2.2. The Vietnamese Partner

**Vietshin – a giant enterprise dominating the domestic industry**

In 1996, Vietshin was founded by the Vietnamese government in an attempt to consolidate the existing shipyards and shipbuilding-related companies following the industrialization and modernization policy. Together with the establishment of Vietshin, the government launched a national plan for developing the shipping industry in 2001 – 2010, where Vietshin is targeted to become the leading shipping agency with modern technology, guiding the national shipping industry to become one of the nation’s leading industries. In 2006, in a new restructuring attempt, Vietshin was experimentally transformed into a business group holding a major share (up to 100%) in its associated companies.

Today, the Vietshin Group has more than 100 subsidiaries including shipyards, finance companies, steel manufacturers, construction companies and supporting industry companies.

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¹⁷ Source: company homepage.
The local shipyards have received heavy investments for increasing production capacity, and have since 2007 been able to deliver 53,000 DWT vessels.

On the international scale, Vietshin has been active in a number of projects. Earlier collaboration includes a joint venture with a leading Japanese shipyard since 1996 and a joint venture with a Korean partner in recycling shipping materials. In recent years, Vietshin has partnered with a Korean company in the manufacture of marine interior equipment, a Taiwanese in container manufacturing, and a Japanese in ship design and repair. Danboiler became the first collaboration with a Danish partner, starting in 2005. The second collaboration with a Danish partner was a licensing agreement for the production of diesel motors made in the same year. The latest partnerships are another licensing agreement for diesel motors with a Japanese producer in 2009 and a joint venture with a Malaysian company in steel manufacturing. More joint venture projects within shipbuilding are under negotiation with a Korean and a Dutch partner, respectively.

The organisational structure of Vietshin is composed of a Board of Directors (BoD) with eight members and a Board of Management (BoM) with nine chief officers, most of whom are also members of the BoD. The Chairman of the BoD is also the Chairman of the BoM. There is also an International Department headed by Ms. H. The Chief Business Officer sits in this department and is mainly responsible for the management of international partnership projects.

Since its establishment and with heavy investments as well as consolidation attempts, the mission of Vietshin has been to lead and enhance the competitiveness of the domestic shipping industry. The spirit of this mission is, to a certain extent, reflected in Ms. H’s description of Vietshin when asked about a working culture at the organisation: “It has to do good for the nation rather than just make profit… and we are working hard to serve the nation”.

8.3. The joint venture plot

Danboiler Vietnam – grasping the promising market potential while locals long for technological lessons

In September 2003, together with a Danish business delegation came three top management representatives of Danboiler to Vietnam for the purpose of promoting the company’s marine products and after sales service. Following this visit, Danboiler opened a sales representative office in Hanoi in February, 2004. The office was headed by a sales director from the Aalborg headquarters, but as he was only there on short visits, the daily running was actually undertaken by a local deputy chief, Mr. T-vn.

About the same time, Danboiler participated in an international shipbuilding exhibition in Hanoi, organized by Vietshin. The two parties met and discussed possibilities for cooperation. As a result, a few months after, in October 2004, Danboiler entered a joint venture agreement
with Vietshin for the production of marine boilers. The joint venture was named after its Danish parent company, namely Danboiler Co. Ltd. The two parties invested a total of three million USD in a new plant that would supply marine boilers to the rapidly growing shipbuilding industry in the region. Danboiler contributed 75% and Vietshin 25% of the total capital. This joint venture became the fifth manufacturing unit in the Danboiler Group at that time.

For Danboiler, Vietnam seemed to be an interesting destination for setting up production. In Mr. J-dk’s words, “Because we see potential market in Vietnam, that is why we have a joint venture. We also want to export from Vietnam to Singapore, Korea and Japan... It (the motive) was not low cost in Vietnam compared to China, as they are at the same level. But we want to diversify risks...The incident of SARS in China in 2003 created an alert...” And the market motive, as well as the risk diversification, was unanimously confirmed by both the first and the second managing director of Danboiler VN. The top management was consistently clear about the promising growth of the shipbuilding industry in Vietnam. And access to this market was expected to be gained through the partnership with Vietshin. As Mr. B-dk, the first MD of Danboiler explained, “Danboiler contributes technology, and Vietshin contributes market value”; but he also added, “We can only get Danida support if we have a local partner”. On the part of Vietshin, according to Ms. H-vn, the joint venture was largely motivated by the opportunity to learn western technology.

In May 2006, the new plant was inaugurated, after exactly one year of construction. It was built on a 17,000-square metre plot in an industrial zone of the Haiphong coastal province, about 100 km to the east of Hanoi. In the beginning, there were a total of 44 employees, of whom seven were white-collar workers. The board of directors consisted of three members, two from Danboiler, the vice president of Danboiler Aalborg who was also the board chairman of Danboiler VN, and Mr. T-vn, sales manager of the Hanoi sales office; and Ms. H-vn from Vietshin was to be vice chairman. In the daily management, a managing director was appointed by Danboiler, i.e. Mr. B-dk, and a deputy by Vietshin, Mr. D-vn.

Before this inauguration, all staff underwent nearly a year of a stringent training programme conducted by the Danish management and engineers. The factory is equipped with all pertinent machinery and automation for production of the high-quality boilers. The period from when the joint venture agreement was made till about a year after the new plant went into operation was described as “a set-up phase” and was headed by Mr. B-dk, the managing director.

**Set-up phase – Training from A to Z**

In the first year of establishment, the new joint venture company went through heavy construction and technology transfer from the Danish partner. The person responsible for all this was the Managing Director, Mr. B-dk.

Mr. B-dk took the job as MD of Danboiler VN in the beginning of 2005. Before joining Danboiler VN, Mr. B-dk had been employed at Danboiler A/S for only nine months. But when
it came to international work experience, Mr. B-dk told that he had been to 50 countries on jobs, and that Vietnam was number 51. The Vietnam mission was, however, his first time as a long-term expatriate. He described this as different compared to his earlier experiences abroad, as he explains it, “…If you are alone (as an expatriate) and you need to make the local people work for you, then you see the situation very differently. So, this is the first time I am on my own in a country (i.e. Vietnam) responsible for building a factory. I do everything - training people, buying equipment, construction.”

Indeed, Mr. B-dk was there not only to manage but also to train the local staff. His role as a ‘training manager’ was recognized by Danida and specified in the contract with Danida, as Danida paid his salary. According to this contract, he should spend 50% of his time as a trainer in the first year, 40% in the second year, and 30% in the third year. As far as training was concerned, Mr. B-dk was both a trainer and a training coordinator, who planned all training activities and accordingly requested instructors from Denmark, insiders or outsiders, for the Haiphong unit. With a technical background, he was providing both technical and management training.

The training involved sending local staffs to the headquarters and in return Danish experts to the Haiphong unit. In fact, during the first period, only the local quality manager was sent to Aalborg for six weeks for on-the-job training in production techniques and quality management, and two Danish workers came to Haiphong in the role of technical advisors. Speaking of the effect of training in both ways, Mr. B-dk expressed his experience of the greater benefit of having a Dane in Haiphong compared to sending a Vietnamese to Denmark for training. As an example, he was comparing one of the Danish technical advisors and the local quality manager.

“…Also in the office, sometimes he (the technical advisor) can help the girls, you know, to purchase the order. Anything. We can discuss how to solve human resource problem, calculations, bonus compensation for this and that. He worked in China, Egypt. So, he is very helpful in the company. The quality manager sent to Denmark, he could learn something, but most of the knowledge stays inside; and if he leaves the company, the knowledge is gone.” …“It is not that he is not sharing his knowledge but he is not in a position in the company where he can actually influence so many people. It’s not possible even if he tried to share his knowledge, how should he do that, should he make speeches or…? But if we bring in a Danish supervisor who is following all blue-collar workers, following all boiler production, the influence this person has on these blue-collar workers is much, much higher. I am surprised how effective a Danish boiler maker is… He’s also teaching our garden worker to cut trees. It just proves that he influences us a lot…”

The consequence of this experience is that Mr. B-dk stopped sending the Vietnamese employees to Denmark, after the quality manager. Meanwhile, in the interview I made later with the quality manager - Mr. D-vn, he saw the challenge of sharing his acquired knowledge in a different way. He said, “I think the systems are similar. But the working attitude of the people there is much, much better – so much that when a manager wants something done, it will be done immediately.
Whereas, here, you may have to tell it again and again without getting it done, which is not easy. There is a big difference.” During the same interview, as we also discussed Mr. D-vn’s and Mr. Th-vn’s experience with the Danish technical advisors, they were hinting at the extent to which these Danes were helpful during their stays. “They are intermediaries between us and Denmark when there are problems. They report the problems to Denmark quite accurately, as they are technical guys... whereas, the director (Mr. S-dk) upon a short daily visit taking a look at the boilers cannot know what is happening inside the boilers.” Yet, the limit of these people, as assessed by Mr. D-vn, was due to them only being blue-collar workers, not engineers, “…so their level of expertise is that of workers... Of course, the level of workers over there is higher than here. And they have been doing this for years. So they do their jobs very well. But in case of bigger technical issues, we have to contact the right decision-maker in Denmark.”

Just like his Danish colleagues in the role of technical advisors, Mr. B-dk’s training scope turned out not to be limited to the professional area, i.e. from “teaching some of the girls to clean the sink, teaching the secretary to use the keyboard in Excel” to “cleaning the floor in the kitchen or how to store food...”. Let us hear his account of the food incident.

“I was very surprised at the beginning because I have never expected that I should spend time discussing how to store meat. But you know, when I came to the kitchen, I was seeing girls sitting on the floor with a big knife just hacking meat, and meat and bone just flying around the kitchen. I just realized that someone needed to do something. And I tried half an hour to explain how to do it. It just went (happened) with the Managing Director of Aalborg... My training involved everything, (though) not boiler making. I do not know how to produce a boiler - I need a supervisor from Denmark. But the simplest thing in management is decision-making. People here have no experience in decision-making.”

Among highlights of the training agenda in this phase was the introduction of work security practices in accordance with Danboiler standards. Two examples emerged in the stories of the informants: the helmet incident and the protection shoes incident. Both items were part of security standards applied in all Danboiler’s production units in Denmark as well as overseas, where workers’ resistance against the new practices were observed at varying degrees. In the case of the joint venture in Vietnam, such resistance was reflected in the story told by the later MD, Mr. S-dk, in a little fragmenting manner as he tried to reconstruct what he had been told.

“...And we had a long fight with the security shoes. It was before me, now I’m just telling what I’ve heard. But I’ve heard they invested a hell lot of money in these expensive shoes to keep their feet safe. These shoes have to be used in Denmark in such places. So they should also be used here. And they were suddenly fighting against it (i.e. wearing shoes)... They went around without wearing any shoes at all. Then suddenly they were expected to use the shoes. Three days later, all the shoes were to be picked up in the canteen. They told Mr. B-dk that they were not good quality shoes and they would not wear them. Then he found out that one pair had a defect. All the shoes were stacked up and (they insisted), ‘we don’t want to use them, we want to use our own’. But half a minute later, they went for them again... and now they are using them. It’s very complicated. But it’s really a fight, all the time.”
The resistance of the local employees was elaborately reflected in my interview with the local quality manager and production foreman, as they tried to explain the differences in the perception of risk among Vietnamese and the Danes. A risk perceived to be high by the Danes may be perceived by the Vietnamese to be low and therefore unnecessary for elaborate protective measures. Mr. S-dk recounts a similar incident of wearing the protective helmets. The Vietnamese employees finally accepted to use the helmets and adopted them even at a faster tempo than what he had experienced from Poland or Romania.

The last piece of training mentioned by Mr. B-dk was concerned with the decision-making skill, which appeared to cost him a lot of effort, because it was not as easy for him to find qualified staff in Haiphong compared to Hanoi. He explained: “We have tried different things. We have tried to hire elder and more experienced people, and it gave problem with the mentality. The mentality was wrong – stealing, corrupting, and lying. That’s what stays with these people. It is very normal and very acceptable to get the kick back from suppliers.” Having learnt this lesson, Mr. B-dk admitted he would rather hire younger open-minded people without work experience, he found very much aware of the difference in culture and more eager to learn the western way of thinking and doing things, which was in his experience “the only way to build an organisation”. But on the other hand, he saw a challenge in the fact that the local people had work experience with Asian employers, e.g. Japanese, Taiwanese, Korean, and Chinese who were largely represented in Haiphong, often “never been working on their own... (or) tried problem-solving; they have been working not as slaves but... They have been instructed very careful what to do and what not to do. This is a little bit difficult to work with...”

Such experience as above seems to have been commonly shared among an expatriate network to which Mr. B-dk was attached. “You just hear the same story again and again”, he told, while adding that members of the network were “very interested in talking with each other and learning from each other”. Besides this expatriate network, visiting auditors were also for him interesting to talk with because he “learned a lot from problems” told by the auditors.

Again, my interview with the Vietnamese managers provides a different side to the story. As I later discovered, the quality manager and production foreman, whom I talked to, came from previous jobs respectively at a Korean and a Singaporean joint venture company in the Haiphong area. During my interview with these two, they told me about some disagreements in quality standards between them and the Danish supervisors (or technical advisors) and how they attempted to voice themselves. “Sometimes, decisions made by them (the Danish supervisors) are in our opinion not correct... even contradicting the targets. But they are the specialists... If we don’t follow they will report to the director and then we will be forced to follow”, explained the quality manager. Then the production foreman elaborated, “for instance, Mr. D-vn is in charge of the quality area, he knows well about international quality regulations... Whereas the international standards do not require such a high level of quality as they require. And if we have to follow their standards it is time-consuming and costly.” However, it is not always the case, as Mr. D-vn added, “some decisions are contradictory to the quality requirements, not
always higher than these, because then we may still agree... They make their decisions based on their subjective judgments, regardless of what, and they think they are always right.”

[Mr. D-vn:] (Of the decisions) very imposing... In many cases, we even end up with quarrelling in the workshop.

[Mr. Th-vn:] Of course, we argue, but... they speak the same language so they understand each other...

[Mr. D:] “In most cases they impose their opinions... And in their minds, they were born from the boiler, so it is very difficult to change their minds, for instance when you go out there and tell this guy has 15 years of experience with the boiler, then they will listen to whatever he says”; “they were born from the boiler...”

The interview also required them to talk about their responses to the Danish attitudes that they have described. They maintained that they gave up providing suggestions to the Danish instructors because they felt their views were not taken seriously. Mr. D-vn put it this way:

“The decisions are basically imposed on us. Indeed, as we started, we had our own routines and thought we were right. But gradually, as our opinions became ignored over time, we started to make fewer suggestions and then stopped making any suggestions at all, i.e. we did as they told us to do. It was like giving them an inch and they would take a mile. Generally, it is ok if the specialist is here for only two or three months.......”

“...The problem here is that particular tools are not available in Vietnam, that’s why we do things manually, which also means we do them in our own way. But they insist that we do them in their way, despite the lack of relevant tools. So that is why we fight...”

**Board management – Issue of partner interests and transparency**

At the top of the joint venture management is the board of directors consisting of three members: the president / CEO of the Danboiler Group as chairman, the sales manager from Danboiler sales office in Hanoi, Mr. T-vn, and Ms. H-vn, the head of Vietshin’s International Department, as vice chairman. The board was required by the charter to meet once a year. But they had three meetings in the first year, since the joint venture partners had to agree on a wide range of issues. Mr. B-dk informed that they would subsequently have only one board meeting per year, as the structure of Danboiler worldwide was changing.

According to the interview with Mr. T-vn conducted by my colleague Ms. Lam, Mr. T-vn was explaining his role as a board member.

“Something I could contribute with was about contacts, which is very essential, as the nature of business in Vietnam puts emphasis on contacts and networking... Then my contribution was also to handle cross-cultural matters, because the two parties have completely different cultures, different human values, different ways of doing business, and what is usually seen in joint ventures is somehow a conflict of interests...Before the meetings, I prepare for the two parties issues that are outstanding, so that when they sit down at the meeting, they know beforehand what the issues are. Partners’ mentality, approach, and solutions which the two sides can agree on, are my contributions.”
From his background, Mr. T-vn had experience working with western companies and also joint venture companies before joining Danboiler. He also had experience working with Vietshin in his previous jobs. He found himself to have the right profile to contribute to the joint venture management. Besides, he was also helpful to Ms. H-vn as he sometimes helped her in the communication, as she said her English was not very good. Outside the scope of the board, however, he was not technically involved in the joint venture company because the Hanoi-based sales office was run on a daily basis by Mr. T-vn who was to take care of local customers and to report to the sales division in Aalborg, whereas the Haiphong joint venture sold exclusively to Aalborg, but did not handle Aalborg’s customer side.

Ms. H-vn recalled her concerns about the transparency of information and activities as she was sitting in the board of the joint venture. “I only got informed when everything was done. I never knew how the expenses were calculated… I could not understand how come this or that item ended up with that number. The people they sent down here, who they are, I don’t know… What they do, I don’t know…and they had a new chief accountant all the time…” She also expressed the disappointment in learning expectation of the local partner whom she represented. “In the beginning, we thought we could learn some technology. But it turned out to be nothing. They brought nothing out here, but the cover (i.e. the boiler cover).”

**Operational management – “Joint venture is not a romance”**

The daily management of the joint venture was to be shared between the Vietnamese deputy MD, and Mr. B-dk, the MD. Before joining the joint venture, the local deputy MD had been with Vietshin for six months after having worked for another joint venture company before as a supplies manager. Rather than gaining insights into what this man actually contributed with in the management of the joint venture, I received accounts of the uneasy relationship between him and Mr. B-dk. In a way, it was told indirectly, as in the following quote from Mr. T-vn, the sales manager of the sales office.

“A Vietnamese when entering a joint venture in the position of deputy MD, of course he assumes that he has some sort of authority and power, showing up in front of all the workers and introducing himself, “everyone, I am the deputy director here...”; and right away there is a ‘clash’ between the two, in front of the workers, as for Danes, this is not nice, and perhaps there is also a personal issue here, and the other guy may think, “I am the boss, you are employed”, while the Vietnamese is also saying, “I am also the boss, I am not employed but appointed by Vietshin for this position”. The Vietnamese perception is: I am in this position representing the capital contribution of Vietshin, whereas the Danish perception is: you are in this position, you are paid to do the job, and we do not accept if you are lazy, cheating, playing around... no way.”

According to the joint venture charter, the deputy MD should report to the MD, just as specified in most joint venture charters, as Mr. B-dk explained. What Mr. B-dk experienced about this structure was that it reflected the issue of what he called “double management”.

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“...in most joint venture companies, there is a double management; and this is the reason why in many joint venture companies, this is disaster... But, in our company, we try very hard to keep the management as limited as in the charter, meaning that the MD refers to the Board and the Vice MD to the MD. And this is something that we have spent quite some time discussing at the Board Meeting because this is very unusual, it is not usual that it is meant to be so.”

Again and again along the interview with Ms. Lam, Mr. B-dk was pointing to the issue of having a local partner as a negative sign. He was speaking out of his experience through observation through his ‘joint venture network’.

“...in the beginning I tried not to be straight forward when talking about the joint venture, because most people have a very romantic way of looking (at joint ventures). They think that partners just need to share knowledge and then they can work very well together. But that’s not what I see. I see a lot of fighting for power, I see a lot of fighting for money, I see a lot sneaking around the company - spying, releasing information that should never have been released etc. It’s daily business.”

Then Mr. B returned to his experience with the joint venture which he was running, just as a confirmation of his generalization.

“We have seen also in our company very aggressive and hostile attitudes between partners fighting for power. I don’t know why and what. ...It’s an aggressive attitude. That’s why many have said that we work hard to keep it according to the charter, this is the way we have agreed, this is the way it has to be, we do not separate this building into two floors with a Vietnamese office and a Danish office, no chance...”

The daily management with Mr. B-dk was dealing with 44 Vietnamese employees, of which seven were white-collar workers. Asked about the role of the middle managers, he said they acted simply as links:

“The managers? But I know what you are heading at. I can just call them white-collar workers. All of them they are the links to the blue-collar workers. We are here to produce boilers, and they are produced by blue-collar workers. So we really need the link between me, who only speaks English, and the blue-collar workers, who only speak Vietnamese. So the white-collar workers, i.e. Vietnamese nationals spending (interacting) with the Western culture speaking English, are a link. They don’t know how Danboiler operates; they don’t know how to produce boilers, etc. They are the link between the people who know Danboiler, who know the customs, who know what we should do (i.e. us from Denmark) and the people who actually do it (i.e. the local workers in Vietnam). So they are really important. But I really can’t distinguish between managers and non-managers. They are just white-collar workers.”

Mentality and communication mismatch
We also discussed the challenges of cross-cultural communication within the joint venture with Mr. B-dk. In his view, the challenge was not an issue of “culture” but one of “mentality.” He
explained it in the following words: “It’s not culture, not the language that is the problem. It is the communication problems, something about mentality.” He was telling about a welding test as an example, where a conversation arose between him and the Quality Manager, Mr. D-vn.

[Mr. D-vn]: - We only have five welders.
[Mr. B-dk]: - I hope it is not correct … Can you please make measurements on the test materials and then make a list of all the materials we have and we can use for the test?
[Mr. D-vn]: - Yeah, I can do this.
(The next day, he came back with a nice, professionally done list)
[Mr. D-vn]: - 25 welders.
[Mr. B-dk]: - I thought you said five welders, but now you say 25.
[Mr. D-vn]: - Yeah, 25.
[Mr. B-dk]: - OK. Then we don’t have any problems.
[Mr. D-vn]: - No, not problems.
(Two or three weeks later, when Mr. B-dk had to check again)
[Mr. B-dk]: - We talked about the DNE class. Do you remember how many welders we have…?
[Mr. D-vn]: Yeah. Four, five.
[Mr. B-dk]: - But you know, you showed me a piece of paper, and if I’m not wrong you said 25. Maybe you should bring back the paper and we have a quick look.
[Mr. D-vn]: - We have only five.
[Mr. B-dk]: - Why did you say we have 25 then?
[Mr. D-vn]: - Oh, no, I said, what we should have is 25.

“And then I gave up”, concluded Mr. B-dk, admitting that he experienced the same thing “ten times a day with different people”. “I don’t know what it is…” he continued, “This is something really Vietnamese or Asian, but it happens very often…I have the feeling that they are trying to run away from problems. You know, the Danish attitude is if you see a problem, then you should focus on it, you need to solve the problem. We are not talking about if it is your fault or my fault but we need to solve the problem. I have the feeling that a lot of Vietnamese people do exactly the opposite: they turn away.”

In the meantime, the experience of the two Vietnamese managers offered completely new insights into communication issues at the Haiphong factory. The issue came up as we were talking about how they experienced moving from their previous Asian joint venture workplaces to the Danish joint venture workplace. “…The first shock was a culture shock”, Mr. D-vn reflected immediately, “The way of working, the way of speaking, and the way they treated us, were a little different. That was a shock, but we adjusted ourselves and got used to it.” When I asked for example, Mr. D-vn said it was not easy to give an example, but then he hinted at the lack of respect he saw among the westerners due to their use of language. “I think it depends on one’s perception”, he explained, “Maybe they think it is normal, but for us the Vietnamese, that kind of language is only spoken among the motorbike chauffeurs or the fish sellers at the market, not in an office… That was the shock in the beginning… It happens again and again…”
And we are now used to that, we just don’t need to listen...” And to his surprise, during his trip to Denmark, Mr. D found the people in Denmark much more polite than he had expected. The unpopular communication style of the Danish MD, which it turned out to be, had a certain consequence, as Mr. D-vn told, “...It discourages the employees’ enthusiasm. If they would leave, that would be easy. They don’t leave, but they hang around in a drowsy manner... They lose respect...”

During my interview with Ms. H-vn, she expressed her unpleasant feelings toward what she called “an arrogant attitude” of the Danish MD, Mr. B-dk. whilst for Mr. T, the sales manager and board member, Mr. B-dk’s style was related to his preconceptions of the Vietnamese as “often bad, mis-conducting, corrupt and cheating”.

**A closing mission**

As a general assessment, however, Mr. D-vn expressed his (conditional) respect for Mr. B-dk by concluding “(of the early stage) Difficult... He was very successful. Fairly speaking, even though his temper was frustrating, he still succeeded. He is a real manager.” Mr. Th-vn, the production foreman, added nodding his head, “He speaks and acts accordingly”. In my first interview with Mr. S-dk, Mr. B-dk’s successor, he expressed a similar impression of Mr. B-dk, though from his indirect experience – unlike the two above Vietnamese managers; and gave an analytical summary of Mr. B-dk’s mission and its outcome: “Mr. B-dk is a very clever entrepreneur and project manager. And he succeeded in building up this factory in three years... Definitely, I couldn’t have done it so quickly... But... when you do it so quickly, then you’re not thinking about the people, further about relationships or such things; you only think about reaching the goals: the factory should stay there, without any doubt. So he’s really such a guy who builds up such a thing. And normally he should be taken away when it’s built up. And somebody should come...”

This seems to have reflected the decision of Danboiler to cease the employment contract with Mr. B-dk in the middle of 2007 and to send Mr. S to Haiphong as his replacement. The decision must have been unexpected by Mr. B-dk. Earlier in the interview, he told that his contract was permanent, – “until I retire at 65”, he said.

**A new phase – New management and relationship building**

Mr. S-dk took over the MD position in September 2007, three months before I first met him in Hanoi. He was in his 50s, easily remembered with a smiling face and catching laughter. He had held various management positions over the last 40 years. After high school in Hjørring, Denmark, he took over a family-owned brick business and later gained quite a remarkable profile of international working experience, including stints in Poland for two and a half years, Kenya for half a year, Burma for shorter periods between 1980s and early 1990s. However, the MD job at Danboiler was at the time something new to Mr. S, as it was his first time working “with the Asian culture”, given the nature of his past expatriate missions which he described as only involving “working in the culture, not with the culture”. On the other hand, the industry
and the organisation, i.e. Danboiler, were also new to Mr. S-dk. Indeed, in preparation for his new job, he only spent one month at the Danboiler headquarters to receive all kinds of training from production and quality issues to reporting systems between Aalborg and Haiphong.

By the time Mr. S-dk started, Danboiler Vietnam had been running with 100% capacity and 100 well-educated employees. Only a chief accountant was missing. The Vietnamese deputy MD had left the company three months before. Mr. S-dk managed to make an agreement with Vietshin that no deputy MD was needed and that he would run the joint venture alone.

Adjustments in training and management
With regard to training and supervision, Mr. S-dk realized that the role of the two Danish technical supervisors had somehow extended beyond a proper line. In his observation, “they did not train at all… They took over instead of training the people.” Then he decided to cut down on them. “First of all, I changed from two guys to one guy. One is enough… Now I’m going to let this company be run by the Vietnamese people, not by the supervisor and me. It’s a change. They should really be responsible, they should not rely on us controlling and assisting them, and that we will solve the problems with Aalborg and the customers. Now I am changing so that they should run the company, as an independent Vietnamese company, with a Danish manager, ok, but they should run the company. I should not run the company. And the supervisor shouldn’t either. So we should take out the supervisor from the daily work, bring him to what he is, the supervisor of the people in quality, in training, and welding, and these things.”

For this initiative, Mr. B-dk set up a management group composed of the production manager, the quality manager, the logistics manager, and the chief accountant, to take back the ground so far occupied by the Danish supervisors. He insisted on frequent meetings between him and this group in the beginning. Planning was done in-house 100%, in fact, “97-98% by the Vietnamese”, according to Mr. S-dk. Interaction with Aalborg was gradually limited down to communication in relation to sales orders and deliveries.

On the other hand, Mr. S-dk was aware of an increasing need for checking, as he assigned more responsibility to the local employees. “Now we are documenting much more… and now they have to sign that they have to check this and that. And the checklist is getting longer and longer. So in fact, we are doing the same as the Russian guys… If you’re not checking it, I'm not checking it, if they are not told they should document that they have checked it to me or so, I'm sure it (the performance) will go down. But I also think it will happen in Denmark. But maybe a little faster here.”

Mr. S-dk later gave an example with the extended coffee break, where he had to remind the (production) manager to make sure the break was to be held within the given time span. But at the same time, Mr. S emphasized the transition at some point to the opposite, i.e. “nobody is checking”, as he had done successfully with his former family business in Denmark. His attitude
was optimistic, as he mentioned that he had team leaders who were “very good and very responsible”.

Personally, Mr. S-dk did his routine tour of the factory everyday and otherwise let people come to him when necessary. He communicated with everybody in the factory, generally as far as the English skills of the employees did not pose a barrier. In some cases because of certain language barriers (e.g. as was the case with a local technician who did not speak English) he managed to exchange technical information quite well non-verbally.

**Rebuilding the relationship with the local partner**

Upon the beginning of his mission in Vietnam, Mr. S-dk received a long to-do list from Danboiler headquarters. And the first thing on the list was to “get a good connection with Vietshin”. According to Mr. S, the situation, at that time, was problems between Mr. B-dk and Vietshin as well as between the local deputy MD and Mr. B-dk which had resulted in almost blocked communication and coordination between the partners.

Mr. S-dk appreciated Vietshin as “a valuable partner”, by which he meant “a partner from whom we could get a lot of benefits if we handle things in the right way”. He recalled the rationale behind Danboiler’s taking Vietshin as a partner to get “help from a local partner” who “knew everything about Vietnam”. Indeed, Mr. S-dk was trying to “involve” the partner in joint venture issues, making frequent visits to the Vietshin office in Hanoi and to have meetings with Vietshin leaders, including Ms. H-vn. Upon his request, they became helpful in a number of issues, such as handling Danboiler’s discarded manufactured articles, assisting in the recruitment of a chief accountant. In his description of the partner’s contribution, he said, “It is service they are doing... I think it’s a good way to call it service...” and, as a concluding point, “Now we have a much better relationship. We can use them.”

Speaking of the cooperation with Vietshin on the board level, Mr. S-dk described the board meetings as “the meeting between the two cultures”, and explained the differences he observed with regard to the partners’ expectations. “Vietshin expects rights to control”, he said, “– how many stamps we are using, how many people are sitting there and what they are doing and such things. And we only bring to the board what we think should be brought to the board. It means the results, the strategy, the policies, and nothing more. They want to go down and control invoices, purchases, why did he (this guy) get the job, but not him (that guy), and such things...This is not for the board in our culture. But we know in the Vietnamese culture it is really what they are discussing. So the board meetings sometimes are such things. It should be handled the right way. And when it’s handled the right way, it’s clear that both cultures can understand each other. Sometimes we give the information to the board that we would never agree to do (in Denmark)...”

Moreover, it was not only Vietnamese culture that Mr. S-dk saw in the partner’s behaviour, but also a “Vietshin culture” as he came into contact with them. As he put it, “I am feeling very
much the Vietshin culture when I’m calling Ms. H-vn or Mr. E-vn, my contact person. They are really… they are a state-owned company. And Ms. H-vn… was trained in Moscow, and we can feel that – she seems (to behave as a manager from) an old system of planned economy … In their office, it is quite clear when I go there. I’ve been in Poland, and I’ve seen the same office…” In his opinion, such a culture is “not flexible in the modern world” and “must be changed”.

So much was spoken about a Vietshin culture, but for Mr. S-dk, the joint venture should always be “an Aalborg company”, never “a Vietshin company” for the simple reason that Vietshin as a customer was in competition with other customers buying Danboiler’s boilers worldwide.

8.4. Sensemaking notes
My immediate reading of the Boiler story is that this is a case where the joint venture went through two developmental phases featuring two different expatriates in the MD position with two different managing approaches which really characterize the joint venture in the respective phase. The earlier phase primarily involved the setting up of a working organisation and the transfer of boiler know-how from the Danish parent to the Haiphong venture through intensive interaction between members of the two entities. Central issues in this phase include quality gaps, decision-making, and power as well as personal conflict in the exercise of shared management. The later phase followed after one and a half year with follow-ups on quality issues, new solutions to the decision-making gap and a shift in the management structure from a shared to parent-dominated board of management, i.e. without a local deputy MD. This phase may well be described as an adjustment phase, while the beginning phase a setup phase is (Brannen & Salk, 2001). The following notes seek to analyse (make sense of) the logic underlying the sensemaking of the salient issues across the joint venture phases in the presence of the pre-understanding framework constructed in Chapter 6.

Learning – identifying the learning gaps, defining the trainer roles and approaching the gaps with style
Learning in the Boiler Case appears to be an exclusively one-way flow of transferring boiler know-how from the Danish parent to the new venture. In this setting, both the knowledge senders, i.e. the Danish members, and the knowledge receivers, i.e. the local employees seem to have taken on their roles naturally in the sense that they were well aware of the knowledge flow (e.g. “know what we should do” (Mr. B-dk) versus “they are the specialists” (Mr. T-vn)). In the set-up phase when the joint venture was led by Mr. B-dk, the mentioned Danish MD shared the trainer role together with his two technical colleagues from the Danish headquarters, called “supervisors”. In this role taking instance, I see the enactment of a macro cultural anchor, namely a western way of doing things which seems to have been assumed as superior – “the only way to build an organisation”, which translated into a trainer role as basically involving changing the local way of doing anything. The incident of meat chopping as well as Mr. B-dk’s appreciation of the supervisors’ help, not only in boiler making but also in gardening on the
venture site prove the underlying perception of an unquestionable superiority of western approach to doing things. Meanwhile, there is an enacted boiler culture within the context of learning and training of boiler production, with an attempt to impose the Aalborg-based norms and practices (with regard to the making and maintaining of boilers) on the new venture. That is a product-driven culture having its roots in years of experience and expertise in the industry worldwide as well as in the company’s effort in preserving a consistent corporate image as a boiler producer which is “internationalized and standardized”, to borrow Mr. H-dk’s words. However, the enactment of the Aalborg boiler culture was confronted by local perceptions on two levels – one being the international standards which the local managers were familiar with as their frames of reference and the other being the category of local customs and norms which appeared contradictory to the Aalborg-based practices. Let us take a closer look at these sensemaking gaps in three major issues in the learning interaction domain: quality, decision-making and knowledge-context gap.

The quality gap seems to be the major challenge in the learning process. The incident of the helmet and that of the protection shoes provide evidence of the local employees’ resistance against the new practices which did not primarily fit into their perception of work security, and later a growing acceptance attitude in reaction to continuous imposing of the practices. There is here a process of routinization on the floor level. On the decision-making level, however, the resistance appeared more critical since quality issues were interpreted differently using different anchors, namely the Aalborg standards versus so-called international standards. Underlying the fragmented quality disagreements mentioned by the local managers in their interview was the emerging gaps in interpretations and thereby the lack of clarity in quality requirements. The Aalborg standards were said to be international but they appeared to be distinct from international standards and rather to be an Aalborg version of international standards resulting from, and attached, to the organisation’s history of expertise development. With particular reference to the area of quality management, the emerging quality perception gap seems to contradict the MD’s claim that the quality management system differed between the boiler production entities and embodied its own quality procedures. Rather than being a problem of quality perception gap, it is a problem of the taken-for-granted enactment of the Aalborg standards without recognizing the local need for understanding such standards.

In the same instance, one might easily spot the emergent role of context in mediating the effect of learning. That was when the local managers found the new knowledge incompatible with local conditions and attempted to voice their opinions yet without supportive response from the Danish actors. Similar to the local employees’ resistance against new practices which might well be attached to their own quality perceptions, there was a kind of resistance among the Danish experts who were found to be “highly theoretical” and “very difficult to change” (Mr. D-vn), as they insisted on their ways of doing things seemingly without taking local conditions into consideration. Their ignorance of context became a blockage in the learning process, pinpointing the rigidity problem in transferring knowledge from one context to another context. Perhaps a proper explanation here is that the Danish technicians had hardly taken on their roles
in a more flexible way than simply transferring, i.e. doing what they had been used to at their manufacturing setup back in Denmark. Such role-taking might have been the result of a complex of enactments from role expectations embedding the (Danish) parent’s perception of knowledge transfer and a well-grounded product-driven organisational culture; to the bargaining power in favour of the Danish expatriates. The transfer of knowledge does not seem to have captured the learning potential of the given IJV setting where knowledge of local conditions if well-treated could have contributed to the integration of the product-driven knowledge. Even the learning intent from the assumed knowledge sender was hardly present considering the MD’s distinction between “the people who know” and “the people who actually do it” and the local office staff as the “link”, which seems to endorse a scenario of practices transfer without the transfer of knowledge per se in terms of its ownership.

In the above instance, the expectations of the then managing director, Mr. B-dk, seem to have indeed played an important part in enacting the knowledge – context gap between the expatriates and the local employees. His extension of training to include non boiler-related activities such as meat chopping, gardening, or food storing, seems to have been driven by a preconception of western superiority which made him look down on the ways things were done locally. No doubt such an attitude was explicity attached to the decreasing commitment among the local employees, as noted by the quality manager. From a learning perspective, which the local managers advocated, the learning appears to have been constrained at the cognitive level.

In contrast to the training approach observed in the early phase, a learning-by-doing approach was adopted by the new managing director (Mr. S-dk) as he took over. This embraces a redefinition of the Danish supervisors’ roles back to their supervision and accordingly adjustment of the local employees’ roles enabling them to take responsibilities and build the new knowledge in their own way.

In another instance, context continued to prove its salience as the place of training, i.e. whether training should take place at the joint venture site or in Denmark. The important role of the training site for its effectiveness is manifested in the individual evaluations of training programmes. The case provides interesting evidence of a situation where managerial perception of the learning effect created a learning blockage. Mr. B-dk’s negative evaluation of the training of the local quality manager in Denmark seems to reflect one side of the reality, namely the inability of the quality manager to share his knowledge when back to the joint venture. On the other side, the learning of the quality manager as regards the system and a working culture at Danboiler Denmark, which indeed eased the communication between him and the headquarters, was not realised by Mr. B-dk to be helpful in the joint venture’s learning process. The relevant managerial perception here was perhaps in favour of behavioural learning rather than cognitive learning, even though cognitive learning might stimulate behavioural learning afterwards (Inkpen & Crossan, 1995). In that sense, such managerial evaluation appears to have been a blockage in the learning process, in particular the process of filling the above mentioned knowledge – context gap.
The third issue in the training process was the general gap in decision-making ability as transpired in the Boiler Case. Both MDs in this case drew attention to this culturally-rooted gap as an obstacle in the learning process, yet interpreted it in slightly different ways and tackled it in completely different ways. Whereas Mr. B-dk emphasized his preference to employ young people with presumably open mindsets and willingness to learn, Mr. S adopted a learning-by-doing approach by giving the local employees responsibilities and room for making decisions. If we link Mr. B-dk’s treatment to his instrumental view of the local white-collar workers, i.e. as the link between the knowers and the doers, without calling them or attaching them to the role of managers, it seems clear that despite his awareness and recruitment-based cue (or more exactly, because of his awareness), the local employees were not encouraged nor conditioned to make decisions.

In short, evidence from the learning process in the Boiler case provokes a lot of thought about the rather narrow benefits of one-way knowledge transfer in ignorance of the contextual embeddedness of the given knowledge. On the one hand, it questions the conventional thinking of knowledge transfer, particularly in IJVs in emerging economies where the knowledge sender role and the knowledge receiver role are clearly distinct. On the other hand, it gives rise to the question of the power of context in settling certain premises for negotiating meanings and practices.

**Power bargaining – shifting structure and role authority**

In terms of power bargaining, the Boiler case exemplifies a shift in the management structure as well as role expectations at the replacement of the MD position. In the first phase, the shared management structure involving the managerial participation of the local partner was confronted by a strongly negative preconception of the assumedly inherent power conflict in a joint venture, which was captured by the Danish MD’s term “double management”; and subsequently it was worsened by some kind of personal conflict between the Danish MD and the Vietnamese deputy MD. In this phase, it was in the quality perception conflict that some negotiation of personal power occurred and ended in favour of the Danish actors underlying the common submission to “western superiority”. In terms of decision-making, power seems to have been centralized at the top management as the role of the local functional staff was only recognized to be a connection role rather than a managerial role as would have been expected from their “manager” titles. Hence, the formal role structure has been attached to particular informal role arrangements as a result of individual interpretations, i.e. Mr. B-dk’s definition of the role of the local white-collar staff including the functional managers. Another concern in this domain is the “power distance” between Mr. B-dk and the local staff which emerged in the communication as embracing the assumption that bosses do not make mistakes and need to be addressed in a distinguished manner, e.g. “Mister”. There are two types of power noted here. One is a power attached to the decision-making capacity (actual power), and the other is a more formal power attributed to the organisational role. And the two types of power do not seem to correspond with each other, as
the evidence shows effort from the Danish MD’s part in closing the formal “power distance” but no adjustment in terms of decentralizing the decision-making power.

In the later phase, the management structure was changed from a Danish-Vietnamese to a one-Dane board of management in an attempt by the new MD (Mr. S-dk) to restructure the joint venture. His learning-by-doing approach had enabled the local employees to take on their functional roles and challenge their decision-making capacity to make an influence on the joint venture. The same decision-making gap has been approached differently by Mr. S-dk, than Mr. B-dk, i.e. with a learning intent having enacted a learning environment in the joint venture and thereby turned the knowledge transfer process into a learning process along which power could be freely negotiated. However, it is a learning process “control”. Interestingly, the reason for control argued by Mr. S-dk was not in the name of “people are cheating” as emphasized by his predecessor, but in the name of “systems”, i.e. “the open one and the closed one”, which is likely to address the non-transparency of the local administrative system in which people could easily find ways to cheat and so on. The same thing just appears to have been interpreted in different ways.

In this power bargaining process there is hardly any reference to the formal control structure of the joint venture including the 75/25 ownership structure. Instead, the interaction scenario was driven by preconceptions of a joint venture and decision-making-based role assignments made by the Danish expatriate MD in their respective phase.

**Relationship building – A matter of personal initiative**

Evidence hardly shows any effort in establishing relational bonds between joint venture actors in the set-up phase. Stereotyped preconceptions of joint venture as a setup for cheating and fighting for power as well as the use of colloquial language in communication seem to have blocked the process of socialization between the Danish MD and the Vietnamese partner as well as the local employees. The only bond which emerged as a consequence of this communication process is some attitude of ignorance among the local employees. In another instance, we may find Mr. B-dk making an effort in relating to the local staff is when he was trying to “keep a lower power distance” in order to ease the communication between them. However, relationship building as a whole was never an item on the Danish expatriate’s agenda.

However, as relationship building was expected to be the first priority in the new MD’s agenda, a lot of interaction was targeted toward this objective, such as frequent contact with the local employees, frequent visits to the local partner and attempts to get the partner involved in the joint venture’s operations by making use of their knowledge. Indeed, the rationale behind such partner involvement is just the same as the rationale behind Mr. S-dk’s arrangement to encourage the local employees to perform tasks and take part in the decision-making process, i.e. making use of their capabilities. It is about a positive view of the local people and the appreciation of the local expertise which could not have been visible in the presence of stereotyped preconceptions of joint venture and local culture.
In brief, intercultural interaction in the Boiler case is unique in each of the two developmental phases. Sensemaking in each phase appears to be much in consistence with the responsible Danish MD’s preconceptions and assumptions enacted in the course of interaction. The salience of expatriate perceptions seems to have been relevant in the Vietnamese context where the local employees were seen to easily give up in the negotiation of roles and related meanings; and it was particularly relevant in the Boiler Case since the joint venture was almost exclusively managed by the Danish partner. Interestingly, issues across interaction domains appear to be connected to each other and to the outcomes expected by the respective MDs. While the first MD showed his satisfaction with the result that the local employees had “learnt to produce very good boilers” and that the Danish parent had benefited from the outcome in terms of “low cost”; the second MD set out his mission to make necessary changes to turn the joint venture into an independent company, i.e. a company run by its people.

The emergent culture in the boiler venture appears to be a hybrid made up of a product-driven parent culture and a local workforce with locally-embedded knowledge. Put in a simplified way, it may be identified as a hybrid culture shifting from an identity as an extended Aalborg company into a Vietnamese company producing an Aalborg product. Not so much as an organisational culture with a flexible set of missions and values transmitted to the joint venture, but more as a production culture with know-how as its central focus. Underlying this culture is the struggle of the local employees who were both resistant and eager to learn what they perceived as western ways of doing things, - i.e. the paradox of having a local partner which was both demanding and useful when properly treated. In particular, the hybrid culture features contrasts between two expatriates’ individual cultural stances, which to a certain extent, share a Danish working culture, highlighting individual independence and decision-making ability. But the expatriates also differed greatly in their enactment of preferences and preconceptions.

In the absence of the local partner’s participation in the daily management or even in its presence on the top management level with the joint venture appears to be deprived of local knowledge advantage, and its culture may be described as a product-based expatriate-driven working culture. The emergent knowledge-context gaps are, however, not properly recognized since knowledge is imposed from one side to the other. The case therefore raises questions as to the circumstances in which circumstances a joint venture working culture may emerge and how the emergence can be properly identified and understood.

To sum up, there are a few lessons learnt from the Boiler case. Sensemaking anchors may be seen in terms of ‘hard’ anchors, i.e. primarily the product, representing structural frames of references, and ‘soft’ anchors, i.e. cultural stances of key actors in the joint venture driven by their preconceptions and preferences. As observed from the case, the learning process from the joint venture’s perspective may be unconditionally blocked by such soft anchors, particularly in the absence of the proper awareness of a reverse learning potential in relation to contextual knowledge, which could have been translated into better role prescriptions in the “knowledge
transfer” setting. Decision-making appears to be the major issue linking learning and power bargaining, i.e. the overlapping area, in the context where it is a subject for learning. Power in interaction may be enacted on two distinct grounds: power in the name of “we know” or knowledge-based power and power in the name of a given role in the organisational hierarchy, i.e. role-perceived power attached to the ‘power distance’. The latter meaning of power appears to be the connection point (overlap) between power bargaining and relationship building in the context embodying the assumption of human inequality.

In the next chapter, the reader will be taken to the narrative of another joint venture, ViGis, of which the local partner is also an SOE, yet hardly characteristic of a “troublesome” and bureaucratic partner, but rather the opposite; and which has undergone an almost conflict-free and consensus-based management process. Bearing the above sensemaking notes in mind, we will be able to gain better insights into salient sources of individual influences on interaction processes as well as the moderating effect of a relative power balance in both a structural and a resource-based sense.
Chapter 9: The GIS Case – Combining Danish technology and local people

9.1. Background

ViGis was established in 2003 as a joint venture between Vietmap, a Vietnamese cartographic publishing house, and Vantek A/S, a Danish consulting company within water and environment, and the Industrialization Fund for Developing Countries (IFU). After a management buy-out at Vantek in 2007, Vantek’s shares, and later IFU’s shares of the joint venture were taken over by the newly-established company Dava A/S. Today, Vietmap holds 51% and Dava holds 49% of ViGis’ shares.

ViGis specializes in the development and application of the Geographic Information System (GIS), an IT-based technology within electronic mapping, information control and database management. The company is located in Hanoi and has today a total of 30 employees of which the majority are IT engineers and university-degree surveyors.

Table 9-1: Overview of interviews and informants in the ViGis case

<table>
<thead>
<tr>
<th>Informant(s) (w. nationality)</th>
<th>Title, company</th>
<th>Date &amp; place of interview</th>
<th>Data type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. J-dk</td>
<td>CEO, Vantek/ Dava</td>
<td>15.10.07, Aarhus</td>
<td>Primary</td>
</tr>
<tr>
<td></td>
<td></td>
<td>07.12.07, Hanoi</td>
<td></td>
</tr>
<tr>
<td>Mr. T-vn</td>
<td>Deputy Managing Director, ViGis</td>
<td>29.11.07, Hanoi</td>
<td>Primary</td>
</tr>
<tr>
<td>Mr. Z-vn</td>
<td>Director, Vietmap</td>
<td>30.01.08, Hanoi</td>
<td>Primary</td>
</tr>
</tbody>
</table>

My first contact and also informant in this case is Mr. J-dk, the director of Dava A/S and the former CEO of Vantek. I made the first interview with him at Vantek headquarters in Aarhus in October 2007, and the second follow-up interview in Hanoi, since he coincidentally was also there on one of his frequent business trips to Asia. The second interview was, however, in the form of an informal dialogue over dinner in a restaurant in Hanoi, and it was noted but not audio-recorded. My second informant is Mr. T-vn, the Deputy Managing Director of ViGis, with whom I had two interviews, the first in English together with a Danish senior colleague from Copenhagen Business School, who at that time was conducting his research in Vietnamese-Danish business linkages as part of a Danida-supported research project; and the second as a follow-up interview in Vietnamese. My third and last informant is Mr. Z-vn, the General Director of Vietmap, with whom I managed after several attempts to conduct an interview. In short, the following account is mainly constructed on the basis of these five interviews, supplemented by two follow-up email correspondences with Mr. J-dk and the company brochures provided by the informants and related articles published electronically by the Danish government.\(^\text{18}\)

\(^{18}\) I had an interview with Mr. AP, who represented IFU in this joint venture, but the interview was made before this case was selected and the focus of the interview was on Mr. AP’s general experience in the different projects in Vietnam where IFU was present as an investing partner.
9.2. Parent profiles

9.2.1. The Danish parent

*From Vantek to Dava, a single-man trip*

Vantek A/S was founded in 1998 as the joint effort of ten experienced and respected professionals within the field of water and environment. And Mr. J-dk was one of them. He was a major shareholder and managing director of the company.

The company was engaged in the development of a knowledge base within water and environment. Its business area covered all aspects of water cycles and related environment, basically divided into six activity domains: Water Resources, Water Supply, Water Distribution Management, Wastewater and Sewage Systems, Environment and Nature impact, and IT solutions within Water & Environment. In terms of human resources, Vantek had developed a Danish-based team of 50 specialists in water and environment, of whom one fifth had PhD degrees.

As a knowledge-based company, Vantek focused on research and development, which was a financially demanding function. The Danish market was too small to earn good returns on R&D investment, explained Mr. J-dk. This was why already in the early years after the establishment there was a need for a big enough market to finance R&D, i.e. a need to expand to overseas markets. And an obvious advantage was that water and environment issues are relevant all over the world. From 2000, Vantek have been involved in projects in more than 15 countries in Europe, Asia and Africa. In terms of market share, the Danish market accounted for 80% while overseas markets accounted for 20%.

As Mr. J-dk recalled, at some point, IT became a critical issue as there was a growing need for developing certain computer-based tools (software) for handling data on various water and environment aspects. These tools would help to collect, understand, store, and present data to clients better. An example of such software is Geographical Information System (GIS), which later became the focus of the joint venture partnership in Hanoi.

Mr. J-dk had a clear strategy for internationalizing his company's activities. “*We start by forming an overview of a given country*,” explained Mr. J-dk, “*then we choose a partner and establish a 50/50 (joint venture) company. From Denmark we supply training, technology transfer and interim management. The partner supplies local knowledge and networks. The company typically passes break-even point in one to two years, after which the division of input is usually 20% from Denmark and 80% from the local company.*” Early in the internationalization process, Mr. J-dk also went to China in search for a partner but without success.
Indeed, the early years of the new 21st century saw the establishment of a number of Vantech foreign subsidiaries, starting with Vietnam. In 2000, encouraged and supported by the B-2-B programme, Mr. J-dk came to Vietnam for the first time in Asia, and started two “start-up” projects with two local companies, which proved to be unsuccessful due to lack of language and communication skills from the local side. Later, he bought some minor shares in a Danish-Vietnamese joint venture specializing in water and environment services. In this joint venture, however, Mr. J-dk saw problems of a Vietnamese managing director with an autocratic and old-fashioned managing style, who was never involved in the daily management. In 2003, after initial contacts had been successfully made, Vantek went into a joint venture agreement with Vietmap, and the new-born company, ViGis, has since been active in GIS-based activities in Vietnam.

Following the establishments in Vietnam, Vantek created another subsidiary in Thailand in 2004, then in Malaysia in 2005, in the Philippines and Germany in 2006. All of these foreign subsidiaries were created with the ownership participation of a local partner.

In 2007, after long consideration, Mr. J-dk and his partners decided to sell Vantek to a big Danish consulting company and step down from the daily management. At the same time, Mr. J-dk founded his own company Dava A/S and bought out all the overseas operations from Vantek. However, he remained active at Vantek as an external consultant and at times hired the experienced Vantek specialists for the overseas activities. For him, it was a big step to pace down after almost ten years working hard for Vantek, and to do business in a more “relaxing” way.

In late 2008, the German subsidiary was closed down. Some of the German staffs have since continued working for Dava in the Malaysian subsidiary.

Today, Dava is exclusively run by Mr. J-dk from his home office in the little Jutlandic town of Ry. The overall task of Dava is to control and support its four South East Asian subsidiaries with international technology and staff secondment through an international network. Only ViGis concentrates on the development and application of GIS technology, while the other three units have a similar focus on water consultancy. Altogether, Dava has nearly 100 employees on an international scale.

9.2.2. The Vietnamese parent

Vietmap – the “big brother” opens up for western know-how
Vietmap is a Vietnamese state-owned cartographic publishing house established in 1995 under the direction of the Ministry of Natural Resources and Environment. Following the decision of establishment, a number of local state-owned mapping and printing units were merged into the newly-born Vietmap.
In accordance with the missions and functions specified by the Ministry, Vietmap was specialized in producing all kinds of maps as well as diverse publications, ranging from legal documents to books and magazines, for the government as well as for private customers in Vietnam. Already at the start, Vietmap was a member of the International Map Dealers Association. With investments from the state over the years, Vietmap has been equipped with modern computer-based technology for producing maps ranging from high-quality paper to electronic versions. GIS is also among the technologies given priority at the publishing house.

On an international scale, Vietmap has had experience in cooperating with partners from many countries, including New Zealand, Canada, Japan, Germany, and China. However, Vietmap has only been involved in two partnerships at the joint venture level, i.e. ViGis internationally and another domestic joint venture. The domestic joint venture engages in the development and application of GIS technology in different sectors other than water and environment. Mr. D, the director of Vietmap, emphasize the need for international cooperation among the Vietnamese enterprises in terms of four elements: technology, human capacity, market, and capital, to appear in his order of priority. “Capital is not the highest priority as mistaken by many”, he elaborated, and “They look around for capital and then end up with the wrong product or technology. That is a waste of investment, as is the case of many projects in Vietnam.”

Mr. D has been the director of Vietmap since the beginning. He did his doctoral degree in the former Soviet Union. He is the eldest brother in a royal-related family with nine brothers and sisters holding high positions in the state. The youngest brother is Mr. T, the director of ViGis.

Today, Vietmap has a total of 464 employees working at its headquarters in Hanoi and branch office in Hochiminh City. The organisation is divided into functional departments and production units. The Department of Technology is responsible for international cooperation and dealing with foreign partners.

9.3. The joint venture plot

ViGis – the result of a promising partner match
With some effort and energy Mr. J-dk and Vantek were able to find the “right” partner in Vietnam. Two unsuccessful “start up” projects (SUP) with two local companies and an unsatisfactory involvement in an existing joint venture did not make Mr. J-dk give up. Fortunately, through networking, he met a well-respected Vietnamese water specialist. The man told Mr. J-dk about one of his nephews, Mr. T-vn, who had just been back from the Netherlands with a degree in GIS education, and who was then very excited to set up a business on his own. They met each other between late 2001 and early 2002; and agreed that they could do business together. Mr. T-vn then introduced Mr. J-dk to his eldest brother Mr. Z-vn, the CEO of Vietmap. He could see the opportunity for cooperation, as Vietmap at that time also had a need for IT upgrading and hence shared the interest in GIS development business.
In 2002, the cooperation started in the form of an SUP project with an objective of developing some commercial software. Unlike the previous two SUP projects, this one turned out to be satisfactory and laid the ground for a long-term cooperation between the two parties. In April 2003, ViGis was legally established. Vietmap contributed 51% capital, while Vantek contributed 25% and IFU 24%.

The board of directors consisted of four members: Mr. Z-vn and Mr. D-vn representing Vietmap, Mr. J-dk representing Vantek (now Dava), and Mr. AP from IFU. Mr. J-dk was appointed Chairman of the board. The board of management consisted of Mr. D-vn as Managing Director and Mr. T-vn as Deputy Managing Director. In fact, Mr. T-vn was meant to be responsible for the day-to-day management of the joint venture company but was not chosen, at the authorities’ request, for the MD position due to his family connection to Mr. Z-vn. That was why Mr. D-vn was nominally appointed as MD though he was only active on the board level. Besides, upon the establishment of ViGis, a Danish specialist from Vantek, Mr. H-dk, was sent to Vietnam to join the management as deputy MD. Mr. H-dk was paid by Danida.

2003-2004 Expatriate management and a small team

Between 2003 and 2004, a lot of training and technological assistance activities took place. Mr. H-dk was mainly in charge of this, with support from visiting experts from Vantek. The training of the local staff took place not only in Vietnam but also in Thailand, Denmark, and the Netherlands – where Mr. T-vn did his degree and thereby created a supporting network. During this period, Mr. H-dk also introduced certain business behaviours from Denmark, e.g. reporting financial status, time registration, project management practice, market competition issues (such as how to make a proposal and how to advertise) as well as strategy-related practice.

Speaking of the role of Mr. H-dk, Mr. J-dk explained, “he was at ViGis more to train and develop technical skills among the Vietnamese staff than management, but somehow he was also my internal “spy”, but I don’t need that in ViGis because I trust Mr. T-vn and it is sufficiently transparent what is going on in the company. My experience from other countries is different and in Malaysia I definitely need a spy.”

In 2004, Mr. H-dk ended his 12-month mission at ViGis, leaving the management task to Mr. T-vn. He himself moved on to a new mission with the Malaysian subsidiary. After Mr. H-dk left, no other Danes took over the expatriate position, and Mr. T-vn continued to be responsible for the day-to-day management at ViGis.

ViGis already made a profit in the first year of operation. Export began the following year, starting with Thailand and then Malaysia. According to Mr. T-vn, the provider-customer relationship between VIGIS and both its parents was the same in terms of order negotiation and treatment, except that the negotiation with Vietmap was slightly easier due to the level of requirements.
2005-2006 Local management and expansion

As Mr. T-vn recalled the early phase of his management turn, a pressing concern was to restructure the organization in a more effective way. He saw the flat structure left by Mr. H-dk, by which he meant one big boss and others equal in the management, was not sustainable in the local settings. “Take a Dane and a Vietnamese. The Dane is independent, self-responsible and well-disciplined, while the Vietnamese needs supervising, watching, at times nursing, and a little pushing to do his job... Therefore applying the Danish management model here won’t work for sure. The Vietnamese cannot handle it.” When asked about the effect of the flat organization during Mr. H-dk’s time on the employees’ working attitude, Mr. T-vn continued to elaborate on the need to localize the organization. As he interestingly put it, “If you put a Vietnamese in a Danish team, this individual will learn the Danish way quickly. But if you put a Dane in a Vietnamese team, this guy will not change, he will still keep his discipline, and the team will not follow him either, as for the Vietnamese an individual cannot outweigh a team…” “Actually, in 2003,” continued Mr. T-vn, “if we had had more available capital, we should have invested in the organisation rather than in projects, then the development of the company might have been better…” There were some routines that became so firmly established that they were difficult to change. At the end of 2006, Mr. T-vn succeeded in transforming the company into a functional structure, which he perceived as more appropriate for a Vietnamese workplace. The new structure which has been organized up to date is a functional structure consisting of four departments: Finance, Business Development, Administration & Human Resources, and Technical Dept. The Technical Department is organized into project-based groups with group leaders.

2007 New owner and ownership take-over

In 2007, there was a double change in ViGis’ ownership. The new Danish company Dava took over the share of Vantek in May, followed by the exit of IFU from the joint venture, with all its shares sold to Dava according to agreement. It is IFU’s standard policy for joint venture involvement, i.e. to make exit agreement on ownership take-over by the Danish corporate party after two years from the establishment of the joint venture. The new ownership ratio became 51:49. According to Mr. T-vn, this was almost the same as a 50:50 structure, which had not been legally allowed by the local law until July 2006. The new ownership had indeed much to do with paperwork and legal procedures rather than with structural change or personnel replacements.

By 2008, ViGis had employed a total of 35 people and reached a position as an exporter of knowledge and know-how to the entire region.

Interaction on the board level

On the board level, a meeting has been held among the board members almost every quarter so far. Mr. J-dk has been the Chairman of the Board since the beginning and reappointed twice at the biannual vote. Generally, Mr. T-vn has also been present at the board meetings to provide
insights and updates about ViGis. The third board member, Mr. AP-dk from IFU has also been active in board meetings, particularly concerning financial issues, as he is experienced in this area.

Mr. T-vn was normally present at board meetings to provide information about ViGis. Before each meeting, he normally had a discussion with the two sides separately, so that they were informed about and prepared to discuss key issues at the meeting. In terms of management issues, the parties were clearly specialized, i.e. Mr. J-dk and Mr. T would talk together about the company development, while Mr. T-vn and Mr. Z-vn would discuss issues relating to the government or the local authorities. When asked about the influence of the family relationship between them, Mr. T-vn admitted that “it was an advantage in terms of sharing information and making agreement”. Despite this, he emphasized a normal work-based relationship between him and his brother, adding that “there is nothing he (Mr. Z-vn) does in the name of brotherhood”.

Interaction on the managerial level
According to Mr. J-dk, the overall management of ViGis was a continuous development process which had been more or less positive, as remarked by Mr. J-dk, adding that mutual understanding and interests were important for the cooperation. A similar evaluation was given by his Vietnamese partner, Mr. Z-vn, in my interview with him, with the following elaboration:

“For any issue upon which we have not reached agreement, we do so by discussing. So far there is not any issue of disagreement. We may argue with each other, but normally end up with some agreement. I may take his opinion, or he may take mine, as long as the opinion is right. In short, cooperation only works if you understand each other and show goodwill toward the cooperation rather than just keeping your own interests.”

As experienced by Mr. J-dk, communication with his partner could only work face-to-face, while email would not help much. When discussing important issues, Mr. Z-vn would prefer to speak Vietnamese and communicate through a translator. He was described by Mr. J-dk as an open-minded businessman who understood what was important for ViGis and for business development.

In return, Mr. J-dk was also appreciated by his partner, Mr. Z-vn, for understanding the Asian mentality in general and the Vietnamese, in particular. Mr. J-dk showed a taste for South East Asia, as he said, “I like the SEA spirit and the region... I like the way people here can combine business and pleasure, and treat business partners as friends... I even feel home when I am in Vietnam”. The partners often went out for a ‘board dinner’ after each board meeting, drinking the ‘Vietnamese way’, saying cheers in Vietnamese, going to foot massage together, and so on and so forth. In Germany, where Dava also has a joint venture, partners never socialize after work, said Mr. J-dk. His partner, Mr. Z-vn, considered his Asian taste and understanding of the Asian mentality as something that made him different as a partner from a western world. He added that an American or a German tends to be straightforward and impatient; which is good yet not favourable among the Vietnamese.
Mr. J-dk mentioned to me two major concerns in the management of ViGis. The first one was about financing development. The cash flow is under pressure. There is a big need for developing new products, and Mr. T-vn can see a lot of opportunities in that direction. However, Mr. J-dk prefers a steady development strategy for ViGis. A lot of communication between Mr. J-dk and Mr. T-vn centred on such financing and new product idea issues, creating certain pressure. But it was not considered a big negative thing. The issue of financing sometimes concerned making the Danish partner understand the local needs of the venture company, such as a new car. Mr. T-vn mentioned this instance to me and explained, “*the Vietnamese can understand why we need an image like a car, while the Danes cannot understand: “Why do you need a new car? You can rent one?”*” The second concern is labour. ViGis also faces salary competition with big MNCs in Vietnam. Labour here mainly refers to programmers and GIS specialists. People are leaving because of salary. And ViGis is trying to keep its staff.

Mr. J-dk appreciated the fact that Mr. T-vn had spent some years studying in the Netherlands. Though, in Mr. J-dk’s words, Mr. T-vn had a “100% Vietnamese mindset”, he was open to modern behaviour and had an understanding of international business methodology. This made it easier for their cooperation, as he trusted the staff and wanted to develop their skills to the benefit of them and the company.

On the other hand, Mr. J-dk recognized that ViGis was still a Vietnamese company. “*I cannot, and do not, want to make it a Danish company. If I try to interfere more, it will be complicated*”, he said. Respect is for him important in such cooperation.

Mr. Z-vn views ViGis as a combined organisation which carries the characteristics of both parent companies. “*Any company in Vietnam should have some characteristics of Vietnam, even if it is 100% foreign owned... The company (ViGis) on the one hand has inherited the efficient organization from its foreign parent... On the other hand, it still has certain Vietnamese characteristics such as arrangements associated with the Party and labour union.*”

### 9.4. Sensemaking notes

Again in the GIS case, we observe interaction to be distinct in two phases: the early phase with an expatriate manager and intensive interaction between the Danish parent and the joint venture within the frame of a technical transfer agenda, and a later phase under the management of a local manager who make structural adjustments in the joint venture. However, this case has not significant contrasting effects of individual perceptions and preferences, but rather a localized perspective of joint venture management which was believed to fit better with the local workforce. Compared to the Boiler case, the localized adjustment of the post-expatriate phase in the GIS case under the management of a local MD appears to share the same rationale in relation to joint venture management as under a Danish MD.
Another note to be made on this case with regard to sensemaking anchors is that the Danish CEO appears to have a positive view of joint venture in general perceiving his extended joint-venturing strategy as equal ownership in the operating overseas markets. Such a view can be contrasted to the view of joint venture as a power battle between partners, as in the Boiler case, grounded in the expectation of close collaboration between partners. Besides, evidence also indicates that the Danish CEO has a positive impression of Vietnam as well as other Southeast Asian countries with regard to the local exotic attractions and even the relationship-oriented business style. Such a signal of an optimistic attitude toward the locals has properly laid the groundwork for trustworthy interaction in the joint venture. On the professional side, the case is an example of relative knowledge symmetry since both partners have experience in the joint venture’s core area, namely GIS, which has in a sense ensured a common knowledge ground as a point of departure.

The fact that the local parent is an SOE, like in the case of Danboiler, may at the start link the reader to the conventional knowledge of distinct problems in collaborative relationships with SOEs in Vietnam, in particular, and in emerging countries in general (see Nguyen & Meyer, 2004). Yet, evidence from the interviews has shown no negative experience in dealing with the local parent as an SOE organisation despite its typically hierarchical organisational structure led by a graduate from the former Soviet bloc. Rather, the image of the company, represented by Mr. D-vn, the General Director, appears to have been business-oriented and open to international collaboration. The salience of an individual leadership style seems to have overshadowed the identification of the local partner organisation as an SOE.

**Learning - without signs of complication**

The overall theme of learning in this case is the development of GIS-based knowledge in the joint venture, which first and foremost concerns the training of the local employees in related technological capabilities. Basically, the training process here was divided into three sub-domains of interaction: the training at the joint venture, the training in Denmark, and the training given by a professional GIS training provider in a third country. Evidence from the interview data does not point to any salient issues or gaps between the parties in the training settings. A number of arguments appear relevant in explaining such a problem-free learning process. One argument lies in the well-recognized relative balance of parent knowledge in relation to the joint venture’s area of expertise, i.e. GIS technology. This balance might have acted as a common vocabulary (Weick’s term to refer to frames of sensemaking) for the partners to handle learning-related issues. Another argument appeals to the nature of knowledge with high computer-based content which may be relatively free of physical context. Compared to the Boiler case in which manufacturing knowledge has been seen to be exposed to a knowledge-context discrepancy, the GIS case has exemplified the joint venture’s acquisition of computer-based knowledge beyond physical contextual barriers.

**Power bargaining – autonomy and compromise**
On the strategic level involving board interaction, the scenario for power bargaining seems to have been influenced by several factors. First, decision-making on the board level seems to have been facilitated by the understanding relationship between the partners. Second, in the functioning of the board we see the importance of an intermediary role played by the Vietnamese MD in relation to preparations for board meetings. Considering the Boiler case where we observed a similar arrangement as evidenced by the Vietnamese sales manager who was also a board member, there appears to be a need for bridging (or boundary spanning in interaction) at the decision-making level. The person who takes on this role is likely to be a local actor who is either directly involved in the strategic or operational management of the joint venture, and who in that capacity, may assume a certain amount of power in the decision-making process.

Another issue in this domain concerns the turn of joint venture operation marked by the completion of the expatriate manager’s mission and the informal take-over of the local management. The decision to restructure the organisation from a Danish-inspired flat structure to a functional division said to suit better the local workforce explains the enactment of a local collectivist working culture in which interdependence is preferred to independence and command is more effective than autonomy. The level of ambition from a local MD’s perspective is to adjust the organisation to the local conditions; whereas from an expatriate MD’s perspective as observed in the Boiler Case, it seems to have initiated change in local behaviour.

Overall, the decision-making process in the GIS venture appears to have been characterised by consensus and compromise in the spirit of mutual interests. A minor issue indicated by both partners during their interviews pointed to a gap in strategic orientations, as one side (i.e. Vietnamese) had a preference for diversifying investments in the light of the local market potential and financing new facilities such as a new car for the venture company, whereas the Danish partner showed greater caution about new investments. Despite a certain pressure, the discussion did not turn into a power fight and did not seem to have affected the partners’ relationship. Rather, both partners expressed a great amount of autonomy given to the joint venture in the presence of trust in the local MD’s (officially deputy MD) competence.

Conventionally, the exercise of relative power is initially associated with the ownership structure of the joint venture, according to mainstream IJV literature. However, the participation of the third investor, i.e. IFU, in this case, has appeared minimal in the decision-making process for the stated purpose of later withdrawal according to agreement without influencing the joint venture. Therefore, discussing the role of the third investor in power bargaining here seems irrelevant, particularly since no problem in investor relationships has been reported. The donor role, which concerns the financial support of the Danish in the early phase of cooperation, has appeared significant in constructing a training agenda as an initial scenario for interaction between the Danish parent and the joint venture.
**Relationship building – understanding, respect, and trust**

Relationship building in the GIS case has a positive anchor, namely the relation between partners described as featuring understanding and respect, which according to the two parent CEOs may explain that decisions are made together where relevant knowledge of each partner is commonly acknowledged and taken into consideration. Evidence has also pointed to an appreciation of informal interaction in socialized settings between the two partners, which appears consistent to the Danish partner’s positive impression of a relationship-based working culture that he found in Vietnam and in Southeast Asia in general. Socialization has likely contributed to the partners’ “understanding” relationship, which was interestingly described by both partners as some kind of friendship. Also significant in this domain is the issue of personal trust. The form of trust relevant in this case is one to which an open attitude and understanding based on personal background is attributed. It is a combination of competence-based trust and goodwill trust.

In summary, the story of the GIS venture seems to have given us different insights into intercultural interaction processes, compared to the Boiler Case. Notably, it is a story of interaction on the basis of an understanding and respectful partner relationship. It has a relative balance in power order and the joint venture enjoyed relative independence. The Danish partner had a positive attitude towards the host nation. The daily management of the joint venture, in the hands of a local executive, has featured adjustments rather than dramatic changes in local behaviour. In this regard, the joint venture can be identified as an independent venture with a local competent and trustworthy leader receiving minimal influence from either parent organisation. On the conceptual level, the choice of MD (local or Danish) may influence the level of learning to the extent that it influences the level of enactment of foreign practices as a subject for learning. Without the presence of an expatriate in the joint venture operation, the process of cultural negotiation in an IJV like ViGis does not seem to differ significantly from a domestic firm if it does not feature a unique local leadership style. The proposition may gain more insight as we stroll through the narratives of the other three cases.
Chapter 10: The Fruit Case – Finding a way to become independent

10.1. Background

Danfruit Vietnam was founded in 2001 and is equally owned by Danfruit A/S, a Danish supplier of fruit-based manufactures, and Veta Co. Ltd., a Vietnamese company active in the food industry. The joint venture specializes in the production and sale of fruit-based semimanufactures for dairy, beverage, and catering industries in the Vietnamese as well as regional markets. Its production facility is located in an industrial zone in Hochiminh City.

This is a case where I have gained broader insights as a result of my experience as a trainee at both the Danish parent’s headquarters and the joint venture company for a six-month period between August 2003 and January 2004. The traineeship was divided into two phases. In phase one, I was sitting at the Danish headquarters, assisting the Area Support Manager, Ms. U with paperwork and correspondence with the Saigon unit in particular. In phase two, I was with the joint venture company in Saigon, assisting with the administrative management while working on a report on the joint venture organizational structure and information flow. Most of my administrative task was concerned with the preparation of ISO job descriptions / work procedures for the company. While doing this task, I had a lot of informal dialogues with the key employees in all the departments in order to write up the work procedures that could strike up a compromise between the local way of doing things and the management’s expectations.

During the three months at Danfruit Vietnam, interacting on a daily basis with the employees, sharing office with the quality manager, attending some of the staff meetings, I was able to do some participant observation concerning the functioning of the communication, interaction, and day-to-day problem solving within the organisation. Those observations are partly noted and reflected upon in my traineeship report and my related semester project, which focused on control, competence transfer, and communication linkages between the Danish parent and the joint venture. For this study, I have taken these materials as the starting point and as part of data inputs for understanding the early phase of the joint venture. Supporting data includes a number of monthly reports made by the expatriate deputy MD and meeting minutes of staff meetings at the joint venture.

Table 10-1: Overview of interviews and informants in the Danfruit case

<table>
<thead>
<tr>
<th>Informant(s)</th>
<th>Title, company</th>
<th>Date &amp; place of interview</th>
<th>Data type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. C-vn</td>
<td>Managing Director, Danfruit Vietnam</td>
<td>04.01.08, HCMC (office)</td>
<td>Primary</td>
</tr>
<tr>
<td>Mr. H-vn</td>
<td>Quality Manager, Danfruit Vietnam</td>
<td>09.01.08, HCMC (factory tour)</td>
<td>Primary</td>
</tr>
<tr>
<td>Ms. A-dk</td>
<td>Product Manager, Danfruit</td>
<td>09.01.08, HCMC (factory)</td>
<td>Primary</td>
</tr>
<tr>
<td>Ms. T-vn</td>
<td>Acting MD, Danfruit Vietnam</td>
<td>09.01.08, HCMC (factory)</td>
<td>Primary</td>
</tr>
<tr>
<td>Ms. P-vn*</td>
<td>Business Coordination Manager, Danfruit Vietnam</td>
<td>09.01.08, HCMC (factory)</td>
<td>Primary</td>
</tr>
</tbody>
</table>

*Ms. P is Vietnamese-born but has Dutch nationality.
The second body of materials for this case comes from five interviews I made during my field trip in 2007-2008, when I made a visit to their new office in the centre of Hochiminh City and, a few days later, another visit to the factory in the industrial zone. An overview of the interviews and informants is summarized in Table 10-1.

10.2. Parent profiles

10.2.1. The Danish parent

Danfruit – the fruit expert
Danfruit A/S’s history dates back to 1984 when it became an independent division of the big Danish juice producer, DanJuice, which continued to grow through corporate mergers and acquisitions. During these years, the division was more and more engaged in the development and sale of fruit-based semi-manufactures for dairies, soft drinks, bakeries, and other foodstuffs. In 1999, as a result of a management buy-out, Danfruit became an independent company, though still partially owned by DanJuice. The man behind the management buy-out was Mr. X-dk, the major owner and director of the new company.

The product range of Danfruit include fruit concentrate for juices and nectars, fruit compounds for soft drinks, fruit preparation compounds for dairy products and ice cream, and baking jams. Its main markets include Scandinavia, Europe, the Middle East, Africa and South East Asia. Danfruit has been operating on the global market while developing high-quality tailor-made products/solutions for individual markets.

For the last decade, Danfruit has been increasingly engaged in various fruit-based projects, e.g. fresh fruit processing order to strengthen and develop its core business. Furthermore, it provides technical advice and assistance to existing and new customers in the production of end-products based on Danfruit semi-manufactures, as well as areas of fresh fruit processing, production line design, quality control, and marketing.

In general, Danfruit’s business strategy was illustrated in the following statements.

- “To assist existing and new customers in upgrading their production processes and product assortment, in order to stimulate an increase in the overall demand for raw materials supplied by Danfruit and to promote the marketing and sale of end products on the nearest export markets.

- To cooperate with existing and new suppliers in order to secure the procurement of raw materials at competitive prices.

- To be more engaged in the local production of fruit-based products for domestic markets to avoid the barriers of high import duties and to benefit from relatively low production costs. This can lead to an increase in the domestic demand for products produced under supervision/license from Danfruit.”
By 2008, Danfruit had about 30 employees in Denmark, who were mainly food technologists and food engineers. The organisational structure was basically divided into two sub-systems, one comprising the administration and project management, accounts, R&D, and sales functions, while the other concerned production-related functions. The management of Danfruit consisted of the top and middle level management teams as well as a general coordination group and a project-coordinating group.

10.2.2. The Vietnamese parent

Veta – A family business early in international cooperation

Veta Co., Ltd. was established in 1993 as a private company acting as a sales agency for products from ingredients to packaging and machinery within the food industry. In 1995, Veta invested in equipment for meat processing, supplying the local market with standard products such as bacon, ham, and sausages. In 1997, Veta expanded its meat processing activities with considerable investments in machinery and production facilities. Today, Veta is known in the domestic market for its own-brand high-quality processed meat products made according to French standards. These products mainly serve high-end catering customers, i.e. international hotels, restaurants, and resorts in Vietnam.

In 2000, Veta Co. Ltd. diversified into the production of dairy products, i.e. whipping cream and pasteurised milk with dairy processing equipment imported from Denmark. The production of whipping cream in the beginning was assisted by Danfruit in the form of a Start-up Facility (SUP) project between the two partners in 2001.

By 2008, Veta was a well-recognised company on the Vietnamese market and a new exporter to neighbouring countries. The company had a total of 240 employees.

The man behind Veta is a high-spirited middle-aged man with blond-dyed long hair and smart clothes and generally a relaxed style of living. Mr. C-vn, is the man’s name. He and his family moved from the north to the south of Vietnam in 1954. He started small local trading activities at a relatively young age, i.e. after finishing his high-school education. In the late 70s, he worked in the state-owned textiles industry. In 1986, he became an unofficial representative for a major Swedish MNC operating within the packaging industry. His tasks included investigating the Vietnamese packaging market and looking for customers. During this period, he learnt English from a kind technician and this exposed him further to the western business world. “It was the best time in my life, a time which formed me into who I am today”, recalled Mr. C. In 1993, he founded PCM and worked as a marketing agent and distributor for some North European companies he had come to know through his network from his previous work experience. Later in the same year, he and Mr. X-dk met and quickly became business partners.
10.3. The joint venture plot

Danfruit Vietnam – a long history of pre-venture cooperation

As early as in 1993, Veta began to act as a sales representative for Danfruit in the Vietnamese market. Danfruit was then exporting its products to Vietnam. After a few years, as import taxes increased from 20-30 percent to 50 percent, as Mr. C-vn recalled, it was no longer profitable to sell through exports. In 2000, the two companies began to consider whether, instead, to produce in Vietnam and thus avoid the high taxes. The idea was supported by Danida’s PSD programme, and the two parties started a start-up project (SUP) project. After some successful trial productions in this phase, they decided to take the cooperation a step further, i.e. a joint venture.

In July 2002, Danfruit Vietnam was established. Each partner contributed 50% of the total investment. Danfruit contributed 100% cash, while Veta contributed about half of its share in cash and half in the form of equipment for the dairy production line. Construction of the plant began two months later, and in January 2003, the new factory was opened with 25 employees in one of Ho Chi Minh City's industrial zones.

Shortly after the opening, the Industrialization Fund for Developing Countries (IFU) entered the partnership as the third shareholder. The ownership structure became 33.4% owned by Danfruit, 33.4% by Veta, and 33.2% by IFU. An agreement was made between Danfruit and Veta that the two parties would be obliged to buy back IFU shares in five years, i.e. at the end of 2007. At the end of the same year, i.e. 2003, as a consequence of a positive evaluation of the joint venture’s performance, IFU decided to pump into the company a new investment loan of DKK 3.1 million, which was equal to its total shares.

During the first two years of cooperation, the joint venture went through an intensive programme of training and technical assistance (TTA) supported financially by Danida, where know-how and production knowledge in the area of fruit-based raw materials and semi-manufactures were transferred from the Danish parent to the local entity. Cooperation objectives and an activity plan were set up in association with the TTA programme. The stated objectives are as follows.

- "To enable Danfruit VN to carry through an entire production process including purchasing, sourcing of raw materials, planning, processing, quality control and quality assurance in connection with the production of milk and fruit products.
- To source and, if possible, make use of local fresh and processed fruit, and locally produced additives for Danfruit VN’s product range.
- To enable Danfruit VN to perform quality control on raw materials and finished products, and to implement and audit ISO 9000 Quality Assurance System.
- To enable Danfruit VN to continuously follow up on existing market strategies and to sell and distribute the planned product range according to approved budgets.
- To enable Danfruit VN to continuously keep up the after-sales services, financial calculations and economic evaluations.
To realise these objectives, the TTA activities were divided into 13 categories: 1) Good Manufacturing Practice (GMP); 2) Sales and Marketing, Budgets, Forecasts and Estimates; 3) Mapping of Fresh Fruit; 4) Good Laboratory Practice (GLP), Quality Control and R & D; 5) General Management; 6) Raw Materials: Purchasing, Planning and Quality Control; 7) Production; 8) Project Evaluation; 9) Accounting; 10) ISO 9000; 11) Sourcing, Supply and Processing of Fresh Fruit; 12) HACCP; and 13) Long-term Advisor.

Most of these TTA activities were carried out at Danfruit VN with the participation of visiting Danfruit employees acting as trainers. A few of them were realized in Denmark. For instance, the Vietnamese production manager of Danfruit VN and the chief accountant each visited Danfruit headquarters once and received training in production and accounting practices respectively. The 13th TTA category, i.e. Long-term Advisor, allowed the joint venture to finance the employment of an expatriate to take care of the training process in a two-year period. This position was first taken by one of the area sales managers of Danfruit. But only one month after the opening of the new factory, as this man left his job at Danfruit, the position was then taken over by another Dane, this time a lady, Ms. L, who was at that time the technical manager of Danfruit.

The following story is divided into two phases. The first phase is connected to the mission period of Ms. L-dk in the first two years of the joint venture life. The second phase follows the period when the position of deputy MD position was taken over by another Danfruit manager, who was not permanently in the joint venture company but was only involved on a short-term visit basis. This change in management creates a distinction between the two phases, one with intensive day-to-day interaction between Danfruit Vietnam and Danfruit – through Ms. L-dk as well as a deputy MD’s role as a communication interface, while the other with a much smaller degree of interaction and communication. The account of the first phase is mainly based on my materials and my participant observation as a trainee during that period. The account of the second phase is the result of my interview data, supported by secondary materials such as Danida’s publications and a recent dialogue with Mr. X-dk, the director of Danfruit A/S.

**Phase 1 – Intensive interaction and communication interface**

As soon as the new factory was opened in January 2003, two production lines were already up and running with trial productions. One line was for the production of milk and whipping cream, transferred from Veta to Danfruit VN as part of the local partner’s capital contribution. The other line, imported from Denmark, was for the production of fruit preparations and compounds.

The daily management of the new factory was taken care of by Mr. C-vn in the position of managing director, and Ms. L-dk as deputy managing director. Some of the key staffs were
transferred from the local parent Veta, including the production manager and the chief accountant, a few quality control (QC) and production employees.

The newly-built two-floor factory was quickly occupied by a total of 30 local employees, with office staff sitting on the second floor and production on the first floor. The scheduled trial productions for the first domestic customers and training agenda kept the organisation busy from day one.

Indeed, this phase of the joint venture was tightly scheduled with training activities. Table 10-2 provides an overview of the visitors from Danfruit to Danfruit VN factory, each with a training assignment, in the first nine months of 2003, with names (i.e. project titles) appearing in order of visiting time. Each of them was given a project title that best described their specific area of training focus and expertise. The project title of a Danfruit employee was not necessarily the title that he or she held in the Danish organization. The average stay was ten to fourteen days.

| Table 10-2: Visiting schedule of Danish trainers to Danfruit VN in 2003 |
|--------------------------|------------------------------------------------------------------|
| January 2003             | Mr. X-dk; Production Manager; Production Officer (1); Specialist in Product Development and Quality (PD&Q); |
| February 2003            | Production officer (2); Sales Support Manager; Accountant; Quality Manager |
| March 2003               | Sales Support / Project Assistant; Production Manager; Technical Project Manager; Production Officer (3); Technical Manager; Production Officer (2) |
| April 2003               | Technical Manager; Order Manager ; Technical Project Manager; |
| May 2003                 | Production Officer (2); Mr.X-dk; Sales Support/Project Assistant; |
| June 2003                | Production Manager; Maintenance Manager; Specialist in PD&Q |
| July 2003                | Quality Manager; Production Officer (1); Mr. X-dk |
| August 2003              | Specialist in PD&Q; Technical Project Manager; Production Manager; |
| September 2003           | Sales Support / Project Assistant; Mr.X-dk; Technical Manager |

In the beginning, the focus of training was placed on production and product quality. The travel overview was scheduled so that in the first months, i.e. from January to early April, there was a Danfruit DK production employee on duty at the new Vietnamese factory all the time.

As shown in the above visiting agenda, the flow of training mostly took place in one way, i.e. from Denmark to Vietnam. The other way, from Vietnam to Denmark, in the same period, only concerned three visits to Danfruit DK almost at the same time in June, 2003, which were made by Mr. C-vn, Mr. H-vn, the Production Manager, and Ms. P-vn, the chief accountant of Danfruit VN. Mr. H-vn recalled his experience of the Danish workplace, “their production system is more automated and complicated than ours, and their production employees are quicker than the Vietnamese”.

During the following months, i.e. from October 2003 to January 2004, when I was at Danfruit VN for the second phase of my traineeship, the number and frequency of visits by Danfruit people went slightly down. At the same time, there was a gradual shift in training focus, i.e.
from production and quality areas to administration and product development areas. The production-related visits were then mostly concerned with training by problem-solving on the lines, while the other visits were emphasizing the establishment of work procedures throughout the organisation. The latter was mainly handled by the Sales Support / Project Assistant, and the Quality Manager, together with me, who was responsible for documenting job descriptions.

Apart from the scheduled training, administration was gradually organized. Indeed, a reporting procedure was established right from the beginning. A monthly report was prepared by Ms. L-dk to Danfruit headquarters, concerning the status of activities and outstanding issues in the joint venture factory, as well as a schedule for the following month’s activities. Each visiting Danfruit employees also made a “visiting report” to his or her headquarters after each visit to Danfruit VN, with focus on the status of the training, problems and solutions within his/her specialized area. The latter report was in English and accessible to relevant managers at Danfruit VN. Moreover, there was a discussion about implementing an internal system, which basically means a common document folder made accessible to responsible staffs. The idea of a common folder came from Danfruit headquarters, where it was widely used, and even accessible to a trainee like me. However, in Ms. L-dk’s opinion, the common folder solution appeared to be difficult to implement. She explained it this in her monthly report as follows: “...I am a messy type, but there are others who are even worse than me, and I doubt how much difference the use of the folder will be in this situation. It will require thorough training in both setup and use, and unfortunately I have to skip this over.....”. Later, it took some time to get a solution from a local IT supplier, but it was never implemented.

The importance of the administrative system was emphasized by Ms. L-dk in her monthly report for February-March 2003. “As regards the administrative system and procedures, it would be of great importance to prioritize and bring this into discussion, because it is necessary to have more control over, for instance, order implementation... The message to me is TIV, meaning “This is Vietnam”, and I cannot expect to have 14 days’ delivery time, but I find this not completely satisfactory, as our planning in this way will be on a very short term each month.”

At the same time, she was referring to a general problem called “This is Vietnam”, to address the experience that things were done differently in Vietnam compared to what could be expected in Denmark. Such impression had been caught as early as when preparations were made for the factory’s opening, where Ms. L observed that “everything gets done in the last minute – T-shirts, caps, ordering a crank for the reception, etc.”

Over the months, the issue of permanent staff was of constant concern at the new factory, as people kept coming and leaving, particularly in the production area. And this was well addressed in the reports as a challenge for the training programme. New production workers were employed through the industrial zone’s employment authority. Some others, e.g. the stock manager and the accountants, were replaced due to lack of competency. In particular, the position of secretary was discontinuously occupied by a newly-employed person two or three
times. Since this position required a lot of communication with Denmark and the administrative tasks within the organisation, the company critically suffered delays and disorder in periods when the position was idle and when a new secretary came.

**Management as a matter of how to understand each other**

On the strategic level, Danfruit VN was directed by a management board of five members: Mr. C-vn and his son representing Veta, Mr. X-dk and a female Danfruit technical manager representing Danfruit Denmark, and a Danish investment officer representing IFU. The meeting schedule for the board consisted of two plenary meetings and two “telephone meetings with written attachments” each year. Mr C’s son was at that time a university student studying abroad and only visiting home on special occasions.

The daily management was shared between Mr. C-vn and Ms. L-dk. Although not specified in the written job descriptions, Mr. C and Ms. L each appeared to have distinct roles in their management tasks. Mr. C mainly took care of general administration, recruitment, domestic sales and marketing, while Ms. L concentrated on production, quality, as well as other linkages between the joint venture and the Danish parent. In fact, Ms. L was more often involved in the day-to-day operations at the factory, since she was there more often than Mr. C.

The rest of the Danfruit VN organisation was organized in functional departments such as administration, accounting, purchasing and delivery, production, warehouse, maintenance, and quality control lab. The administration was undertaken by the secretary in coordination with the two directors, while each of the other functions had a manager in charge. All the functions were directly connected to the corresponding functions at the Danish headquarters in form of email correspondence. In particular, among the local middle management, there were two persons who with their English proficiency and somehow communication advantage, became an active link in the information and communication flow between the local staffs and the visiting Danes. They were the newly-employed secretary, whom Ms. L-dk characterized as “full of energy” and who she felt very “relieved” to have; and the production manager, who had a fair command of English and became a popular contact point of the visiting Danes.

At Danfruit VN, an internal management staff meeting was held once a week, with the language being Vietnamese or English depending on whether Ms. L-dk was present. I was able to attend some of these meetings and at the same time was able to notice the differences between these meetings and the meetings in Denmark, which I also attended. The communication at the local (Vietnamese) meetings was mainly one-way, in the sense that issues and problems were reported by the managers and very often Mr. C-vn replied with a solution that did not receive any immediate reaction from the participating managers. On the other hand, in the meetings at Danfruit headquarters, there was much dialogue between Mr. X-dk and the participating employees before a solution was decided on. And the question “What do you think?” was often heard, followed by active discussion involving all present participants. This was not the case in Vietnam.
Ms. L-dk seemed to keep her involvement as far as the production, product quality, and order implementation were concerned during the meetings. Outstanding issues within these areas were then followed up upon in production meetings between her and the production leading team. Reflecting upon the internal meetings, however, she told me that she would like to change the way the meetings were held so that the staff could be more actively involved in the discussions. This was never done while I was there.

From my observation, interaction between Ms. L-dk and the staff was often constrained by some perceived distance from the local side. As she recalled, “they (the local staff) are having a hard time knocking on my door to say something”. The white-painted wooden doors in a French style nicely decorated the narrow lobby area, as they were kept shut at all times. On one side of the lobby, the doors belonged to the office room shared by the purchasing and the accounting department, and the next-door room where I was sitting, but was later joined by a newly-employed quality assurance manager. On the other side, the two other doors each belonged to the two executives’ offices. More than one time, for instance, the purchasing manager dropped into my office and asked for my opinion about a pending issue that I was not at all in a position to judge, and hesitantly moved on to knock on Ms. L’s door after my suggestion to do so. Personally, Ms. L appeared to be an understanding and attentive person – i.e. a style that could hardly scare people away. But she was relatively quiet and serious in her look, and would most likely speak only when necessary. She never joined the canteen lunch with the employees while I was there.

Not only for Ms. L-dk was it a challenge to deal with the local employees. Mr. C-vn also found it challenging “how to organize the employees, who work emotionally and impulsively” in the sense that “if they do not like each other, then they do not work together”. It was likely because of this challenge that he saw management of the joint venture as “a matter of how to make the Danes understand the Vietnamese and vice versa”.

In fact, it was not too difficult to hear such understanding. For instance, it was reflected in Ms. L-dk’s experience in interacting with the local employees, and also in her experience of “This is Vietnam”. Likewise, the Vietnamese production manager reflected upon his interaction with the Danes: “Normally we as employees are afraid to make decisions. And as managers, we do not want to show if there is anything we do not know about. But here we are not afraid to ask. We have learnt that it is alright not to know everything, and if we are in doubt about anything, an email is sent to Denmark right away”, he said in a Danida special publication on Vietnam (Danida 2004).

And perhaps the visiting Danes could also feel a Vietnamese touch, a different rhythm of the working day at Danfruit VN. It was a little longer day with a routine nap of about 30 minutes after the lunch break, when the local staffs were lying and sleeping in all corners of the factory – under their office desks, behind the reception, in group or separately, getting the energy for the
afternoon workload. I was told that there had been an attempt to arrange a common sleeping room, but without success because the employees did not want to sleep all together in the same room. And with its Vietnamese rice and varying food as the daily lunch the canteen created a local atmosphere. Sometimes the visiting Danish colleagues took their lunch there, though not Ms. L-dk or Mr. C-vn.

Additionally, some other local cultural norms were practiced at the joint venture. For instance, the first working day at the joint venture after the Vietnamese New Year holiday was not a fixed day every year, but instead decided by Mr. C-vn’s fortune teller. The recruitment of an assistant to each of the key staffs was also found to be something typical of the local context. As Ms. L-dk told me, “Here everybody has to have an assistant”. It was planned to have an assistant to the production manager, an assistant to the chief accountant, and even an assistant to Mr. C-vn and one to Ms. L-dk. The assistant to Ms. L was recruited shortly after I came to Danfruit VN. We shared the office, and quickly became friends. I was the one with whom she could share her day-to-day experiences at the factory. She was a person full of good spirit but also full of temper. Her main task at that time was to help Ms. L with production planning and quality coordination. In performing her tasks, she worked closely with the QC manager, but not with much goodwill since they experienced clashes due to different personal styles.

**From production training to training administration and development**

The first months were intensively spent on setting up production with a lot of training, successive supervision by the Danish colleagues, and considerable order activity. Ms. L-dk made a remark in her July-September 2003 report, “Danfruit VN is now more or less out of the start-up phase and will now prove to be able to maintain the quality. The next task is to systematize Danfruit VN’s routines and work procedures and especially to market itself as a sales, development and production company”. Indeed, the succeeding months had seen more focus on the development of products with visits by Ms. A-dk, the Danish product manager in her role as specialist in product development and quality; and similarly on administrative procedures to prepare for ISO implementation.

During her visits, Ms. A-dk started developing samples of new products to the local market. It was a detailed process from selecting fruit materials, cooking, tasting, to adding different ingredients so that the final result would give the right taste. The first Vietnamese R&D employee was recruited while I was there. She was a young food chemist with a modest work experience in an international company. She became the first trainee of Ms. A within product development at Danfruit VN.

Meanwhile, with visits by the project assistant and the quality manager from Danfruit DK, emphasis was placed on setting up administrative procedures in order to gain control over the growing scope of activity at the new factory, in particular compliance with ISO standards. To prepare for the ISO implementation, the local managers, together with the Danfruit DK quality manager and I, went through a three-day introduction course provided by an authorized ISO
certification agent. In this course, we were introduced to the ISO standard system, the updates and improvements of ISO 9001:2000, and ISO documentation. It was agreed that the local QC manager and I should prepare level-three documents, i.e. work instruction, flowcharts and the like, which describe various functional tasks to be done in each function (department). The DK quality manager took care of level one, i.e. a quality manual, and level two, i.e. procedural documents. All the documents should be bilingual, i.e. in English and Vietnamese. Some of these documents had been drafted before by the Danish project assistant and quality manager with inspiration from the Danish organization. The new drafting of the documents was the result of continuous dialogue with the managers in charge, observation in some cases, and improvement afterwards based on feedback from Ms. L-dk. The documents were taken over by the project assistant when my traineeship ended in January 2004.

In brief, in less than a year, Danfruit VN had grown from a total of five to more than 30 employees, with two production lines running more or less at full capacity for domestic orders and the first export orders. An R&D lab was already put into use, and the first R&D employee recruited. Interaction between the joint venture and its Danish partner was intensive through a tightly-scheduled agenda for training and administrative coordination. The Vietnamese partner’s involvement in the joint venture operations was to contribute one of the production lines, i.e. the dairy line, a few key staffs and Mr. C-vn’s contribution in the board and the management. In the monthly reports for this period, Ms. L-dk remarked that the setup of the joint venture “had been managed without big problems, despite a period of shortage in particular production personnel and a period of predominantly manual work in both production and administration”. And to borrow her words again as to its future development, Danfruit VN “will certainly become a company of international standard, but there is still a huge gap bridge and TIV (This is Vietnam) mentality cannot be erased as yet”.

**Phase 2 – Toward an independent sales and development company**

**New investment and expansion**

In 2004, Danfruit VN took over a neighbouring facility and expanded from a 1400 square metre area to a 5000-square metre area. The newly-owned building was immediately used to accommodate the growing R&D department (upstairs) and, later in 2006, a new, large cold storage for raw materials and products, worth of one million US dollars was added. Production has also been upgraded with new equipment, such as a filling machine using no added preservatives to meet the demand of customers. In particular, a third, small production line to produce jams was introduced. Mr. C-vn appeared to be satisfied with the developments: “I see these developments positively”, he said, “Growing from 30, 40 to more than one hundred employees and having equipment to meet the growing market is simply a good sign of development.”

Together with the expansion in facilities, the local R&D department grew from a one-person lab at the end of 2003 to a bigger, well-equipped room with two busy teams of more than ten employees in 2007. One team was the dairy team responsible for dairy products, and the other
was the beverage team focusing on fruit-based beverages. They were all very young food chemists and university graduates. The first R&D girl to contribute to this lab in its early days, however, had left the company in 2005.

Apart from the growing production facilities, Danfruit VN opened a new office in the centre of Hochiminh City in 2005. The new office has since accommodated part of the administrative functions including Accounting and Purchasing to begin with. As for the internal IT system which had been discussed in the early days of the joint venture. This was in 2008, i.e. four years after the need for it had been presented, the partners planned to invest in an IT server worth 100,000 US dollars.

**Daily management without the Danes**

In late 2004, Ms. L-dk ended her mission as the long-term advisor and deputy managing director of Danfruit DK. Her daughter, who had been in Vietnam with her, was to begin her schooling, and this was the reason why they decided to go back to Denmark, Mr. C-vn told me. She continued working at Danfruit DK until June 2006. After Ms. L, the position was legally taken over by the technical manager from Danfruit DK, who had been involved in the joint venture as a board member. She was not present in the company except on a few short visits for technical supervision. After Ms. L-dk’s departure, the daily management of the company was, in effect, undertaken by Mr. C-vn and the local middle management. More focus was now put on what Mr. C called “correlate coordination”, meaning function-to-function links between Danfruit VN and Danfruit DK.

When asked about what happened after Ms. L-dk had left, Mr. C-vn started to share with me the issues around this function-to-function coordination in Ms. L’s absence. “After she left”, he began, “we had a problem that, due to different cultures, different ways of thinking, different levels of competency, the correlate coordination was often not so thorough. At times because one side was right the other wrong, at other times the opposite. For instance, Danfruit VN would like to consult DK, but Danfruit DK thought, “No, you are grown up now, you can do it yourself, do not just ask me anything”. So it is complicated… People here thought that they should consult Danfruit about anything, small or big, but for the other side it would be time-consuming, or they think that such a little matter was not worth consulting about, then they didn’t reply or said “don’t ask me next time…Then the two sides began to complain, and when Mr. X-dk [the Danish partner] was in Denmark he was listening to the Danish version, and while here he was listening to the Vietnamese version…”

Yet, the issues did not appear to have a big consequence. “This had little influence”, continued Mr. C-vn, “but it took a lot of our time for me and Mr. X-dk… It was just small issues not really calling for a solution, either they arose from incomplete training from the Danish side, or from the Vietnamese not questioning what they thought they understood but actually did not… Instead of dealing with these things, we could have spent time on worthier matters...”
Nevertheless, the board did feel that a person like Ms. L-dk was missing in the factory. They considered finding someone to replace her. As Mr. C-vn explained, “That was why we were looking for someone to take over Ms. L, like a European, so that when he speaks to the Danes, he can understand them, and when he speaks to the Vietnamese, he can also understand them...” It could not be someone from Danfruit DK this time. “We were looking among some expatriates here, from Germany, Holland, and even Denmark”, told Mr. C, “but they do not have a fruit or at least food background”. It turned out not to be easy to find the right profile for the position. “We finally decided that now we should let the Vietnamese do all the work so that they could progress”, continued Mr. C, “Just do it, and they (the Danes) would help us, not like before when we would ask them all the time whether this or that was okay.”

In the absence of a deputy MD at the factory, Mr. C-vn appeared to be more occupied with day-to-day management. “For the last four years”, he explained, “I have hardly been able to step away. It is just not my strength. The factory could suddenly call upon me to solve this or that, and I had to move back and forth just to have meetings or such things, which I don’t like. I am a guy who should go and see and talk to customers, to persuade them to buy our products. I can’t sit still in one place...” Besides the small issues he had to deal with, Mr. C was also involved in the increasing R&D activities, since a technical leader like Ms. L-dk was no longer there. As to how much time he spent on management tasks, he made an estimation, “Let's say, about 30% here (in office) and 20% at the factory. Here, I have to sign papers like tax documents, etc. And at the factory, I have to work with R&D - I join them in testing samples, tasting, etc. The 50% remaining time is "sortie" time.”

The 50% “sortie” time was made possible by a recent new organizational structure with a new management team that Mr. C-vn, together with the board, had decided upon. The new structure basically divided administration tasks into three groups of functions led by three persons. Mr. C himself was responsible for (domestic) Sales, R&D, Sourcing, and Import-Export. Since November 2007, a young woman, Ms. P-vn, had been recruited for the position of Business Management Coordinator, responsible for Administration, IT, Human Resources, and the Supply Chain. And from January 2008, another woman, Ms. T-vn was employed to take over Mr. C’s chair and office in the factory, and take care of Accounting, Production, QC/QA & Production Construction, and Maintenance. Mr. C continued to legally act as the MD of Danfruit VN, but he now called himself the general director. The MD title was transferred to Ms. T-vn, who would “actually take care of all the internal management of Danfruit VN”. With this split, Mr. C could concentrate on the external relations of Danfruit VN besides his continued involvement in R&D.

During my visit to Danfruit VN in January 2008, I had the chance to do an interview with Ms. T-vn and Ms. P-vn respectively. They were both short interviews, as Ms. P-vn was having meeting after meeting with some of the staffs (of which the atmosphere seemed quite intense), whereas Ms. T-vn had only started with the new job a few days before. Ms. P-vn had a background as a boat refugee who came to the Netherlands at the age of ten, settling down, later
receiving her degree in economics and gaining some work experience before moving back to Vietnam to work for a North-European MNC in chemicals and paints as assistant MD and later IT manager. During the first two months at Danfruit VN, Ms. P-vn made one visit to Danfruit DK and registered the situation of the internal coordination at the company. “As I see it, the employees’ working style is still very Vietnamese, not professional as it should be as a foreign-trained company. For example, in a professional international company, an employee on the management level should have a broader vision than just limited to his/her own department... Here they only care for their departments, so it is a little blocked.” Ms. P-vn compared the situation with what she observed at Danfruit DK, as she said, “In DK, they have much better coordination between the departments.”

Although it appeared on the new structure that Ms. P-vn should take care of particular functions, she described her administrative task as the expectation of a business management coordinator. “My job is like a bridge between the Vietnamese and the Danes”, she explained, “for instance, if any division has a problem, I will come in.” She also gave an example of the latest board meeting where she assisted in making a meeting agenda and making necessary preparations with each partner. Here, she noticed that the Danfruit board “was more smooth than other boards”, especially when she compared Danfruit with her previous employer, which had originally been a Dutch-Vietnamese joint venture. She found that in Danfruit “the partners had a close relationship”, compared with the Dutch-Vietnamese joint venture which was characterized by “lots of partner conflicts”.

Ms. T-vn was new to the organisation. She had for many years worked in the PS programme at the Danish embassy’s Saigon office. Mr. C-vn could not hide his pleasure in having Ms. T-vn join Danfruit VN. “...She stopped at the Danish embassy and Danfruit picked her up right away”, he recalled, “Why? First, she has been working for Denmark the last six, seven years, so she more or less understands the Danish mindset and culture”. Speaking of the reason behind her recruitment, Ms. T explained, “In running a company, the most important thing is to manage the people. In a manufacturing company like this, I have no relevant technical knowledge, but Mr. X would not require me to know the technical aspects, as management has in fact something to do with the people. That is the interesting thing...”

With the new management positions, Mr. C appeared confident about the future of Danfruit VN. As he put it “I believe it will be better from 2008 with this (new) structure, with a leading team of three: Ms. T-vn, Ms. A-vn, & Ms. (chief accountant)”. The chief accountant’s area of responsibility was not extended to more than the accounting and finance function, but she had been with Danfruit VN since the start and followed all the strategic management since she had been assisting and attending all the board meetings.

According to Mr. C-vn, the rationale behind the new organizational structure was, to make Danfruit VN become independent. By independent, he was referring to the past years at Danfruit VN, when “everything had to be consulted with the Danish side, which was sometimes good but
sometimes just a waste of time”. With this new team in mind, he continued, “I think Danfruit VN today is about 85% independent in decision-making, especially concerning domestic issues…”

In fact, visiting specialists from Danfruit DK in this period were only a few, and were mainly the technical product manager, the product manager (Ms. A-dk), a product specialist from Ms. A-dk’s R&D department, and the chief accountant. The technical product manager, who had been visiting Danfruit VN since the start, was in this later phase mainly concentrating on the sourcing of local fruits19, processed and non-processed, for the fruit production line. Ms. A-dk, the product manager, was mainly involved in the development of dairy products, while her colleague from the same department helped with the development of beverage products in the local R&D lab. And the chief accountant was coordinating the financial flow together with his local counterpart. Ms. A-dk had been with Danfruit VN since the start, just as she had been with Danfruit DK for the last 27 years. She seemed to enjoy being at Danfruit VN, where she now worked with a team of young and competent food chemists. She was not there to train anymore but to advise when the locals needed her and had questions to ask her. “The questions are just as many as before”, explained Ms. A-dk, “they are more and more competent, and the questions become more and more detailed”.

The implementation of ISO standards did not seem to receive enough attention. When asked about how ISO progressed, Mr. C-vn shared his concern. “I have to admit that ISO has been set up and taken effect for a limited period. For instance, 2004 was a very good year... but what we missed was continuity... ISO was just the certificate to show the customers, whereas inside we did not really have it. In the first year we managed 70-80%, then in 2005 it went down to 50-70%, 2006 under 50%, and recently it has recovered to about 50-60%... We had the documents edited in 2007... One of Ms. T-vn’s tasks is actually to continue with ISO... I believe in 2008 it will be up to 80%...”

In short, Danfruit Vietnam has grown up, year after year, from a production company to a sales and development company with an R&D team with the competence in developing dairy and fruit-based products. A working day at the joint venture was described by Ms. A-dk as “hectic and busy”, which she found similar to her Danish workplace. And with the new local management team, the partners expected the company could manage the internal coordination issues well, bridge the gap between the Danish partner and the joint venture, and gather resources, i.e. Mr. C-vn’s job, for marketing investment.

**Becoming 'international’**
Recently I had the opportunity to meet Mr. X-dk, the director of Danfruit A/S, at a seminar on “Doing business in Asia” in connection with a master programme, where he came to tell the story of Danfruit in Vietnam. During the session, he informed that Danfruit Vietnam had in 2008 changed from a 50/50 ownership structure to 75/25 structure, with Danfruit DK as the
major shareholder. Following the change in ownership there was a change in the joint venture management i.e. Mr. C-vn stepped down from the board of management, and Ms. P-vn was appointed to the position of Chief Operations Officer responsible for all the day-to-day operations at Danfruit VN. The rationale behind this new frame, in Mr. X-dk’ own words, was a need for “restructuring everything” in the joint venture company. As he was elaborating on such a need, he mentioned the challenges posed by the Vietnamese employees who (still) could not manage to work independently and who sometimes were involved in corruption at work. Mr. X-dk repeatedly emphasized his idea of how to deal with the local employees, which he briefly described as “check, check, double-check, and ‘triple-check’”, adding that the procedure would “go on forever”. On the other hand, he also expressed an initiative to make the local employees work more independently, for instance to “let them talk” at the local meetings, as he said, “We go out; then we come back, and hear their conclusion”.

The generalized picture of the joint venture development that Mr. X-dk gave the seminar audience was a Danfruit VN shifting from the “Vietnamese way” phase to the “International way” phase. And it was his message that the challenges with the first phase centered on “small details”, but it was important that they “did not give up”.

10.4. Sensemaking notes

The Fruit case is a case featured by a long and well-established pre-venture relationship between the two owners and CEOs of the parent firms. Unlike the Boiler Case, where the local partner was involved to a minimal extent, or the GIS Case where the joint venture gradually gained autonomy from the parents, the Fruit Case has exemplified closer managerial involvement by the local partner, as well as a rather long struggle with the question of independence or dependence on the Danish partner, both in terms of decision-making in progress and managerial control through the presence of an expatriate manager. Moreover, the case has also offered more in-depth insights into the training process in such an IJV setting, particularly in quality management, where the role of an international standard like ISO has been seen salient in creating a platform for negotiating meanings and practices between the Danish parent and the local joint venture. The following sensemaking notes will elaborate on these key highlights of the case with reference to the theoretical pre-understanding presented.

Major sensemaking anchors have emerged from the case to include the Vietnamese context, the Danish partner system with standardized work procedures in consistence with the international standard ISO, and the well-established pre-venture relationship between the two partners. In terms of macro anchors, the Vietnamese context known in the case as “This is Vietnam” (TIV) has appeared to embrace both structural attributes, e.g. administrative procedures, and cultural attributes, e.g. the norm of doing things without advance planning (or “in the last minute”, the meaning of language use like the ambiguous signal of a Vietnamese saying “yes” etc. As a result of generalization from personal experiences, the term seems to explain any discrepancy that Ms. L-dk might have experienced in the joint venture compared to what was known to be common
knowledge in the Danish headquarters. Indeed, the identification of TIV seems to have been understood from the perspective of a kind of counter-anchor, namely the Danish partner system with particular procedures and embedded meanings with regard to the production of fruit-based materials. Meanwhile, the Danish partner system also appears to have been a constant anchor present in the intensive interaction between Danish experts and the local employees as well as in the introduction of task procedures into the joint venture.

The pre-venture relationship represents the source of sensemaking on the inter-personal level, though it also reflects the inter-organisational level between the two partner firms. Almost a decade of business cooperation on the Vietnamese market has been recognized as facilitating the joint venture management in terms of strategic decision-making and partner relationship (i.e. strategic interaction). The effect of the considerable length of the relationship, however, has hardly appeared to be significant on its own when compared to the previously presented GIS Case where a compatible level of partner understanding was based on a much shorter pre-venture course of interaction.

Individual uniqueness in the Fruit venture seems to highlight a local MD and an open attitude to learning yet still bound by a local way of leading (e.g. the meeting style);. His open attitude to learning seems to be attributed to an open personality and flair for western business style which he built through his earlier interaction with the western business circles. . However, he was more concerned about making the Danes and the Vietnamese understand each other than enacting a learning structure in the joint venture. Another central figure in the case is the Danish deputy MD with a rather introvert personality, trying to make sense of local behaviour but at the same time somehow keeping a distance to the locals.

**Learning – Negotiating standard procedures**

Learning in the fruit venture concerned mostly the training of local employees and the construction of a quality standard system. As shown by the evidence, the construction of the standard system at the joint venture was greatly inspired by the relatively well-established standard system at the Danish parent built in consistence with ISO standards. The “this is Vietnam” syndrome has prompted the Danish side’s awareness of the need to build a system of standardization that could accommodate local conditions, while conforming to the Danish parent’s requirements. In such sensemaking, international standards like ISO became an anchor for both Vietnamese actors and Danish actors to negotiate meeting points with respect to the joint venture’s work flows. In this case, compared to the Boiler Case in Chapter 8, ISO has played a more direct role in mediating the transfer of the Danish parent’s work norms and practices to the joint venture as initial points of reference in building its own quality system. The implementation of ISO standards was indeed a process of social construction between Danish actors and Vietnamese actors in search for a negotiated order where local conditions, represented and interpreted by the Vietnamese actors (i.e. mainly the MD and functional managers), as well as foreign partner requirements, represented by their own standards together with interpretations of the involved Danish actors, were taken into consideration. These
documents and the construction of new quality documents based on them have functioned as an
interface of learning and negotiation of roles between the Danish parent and the joint venture
functions. However, it seems to require extra effort which is not easy to set aside in the daily
task performance and interaction. It was why the ISO construction work at Danfruit was
discontinued shortly after I handed the job over at the end of my traineeship. Just as the MD of
Danfruit admitted, ISO seems more as a facial (marketing) value. It was not as well recognized
as a learning interface. The discontinuation of the ISO work at the phase-out of the intensive
training programme has marked a negotiated order being left incomplete.

The thorough challenge of the learning process and the technology transfer, in particular, seems
to be the local employees’ capability to work independently, i.e. to make decisions in connection
with their tasks, to coordinate with each other (cross-functionally), and to be competent enough
to deliver expected results. This issue has been identified to be a gap sensed from a Danish
perspective, but also endorsed by the local MD and later by the new business coordination
manager. In the early phase of the joint venture, the expatriate manager became aware of an
emerging gap and adopted reactive responses such as adjusting control where necessary,
including the appointment of a middle management team. In this phase, local practices such as
meeting procedure involving one-way communication were still kept despite management’s
awareness of the inherent weaknesses of such forms of communication. The subsequent phase,
as the expatriate ended her mission and left, there was an attempt to restructure the joint venture,
recruiting management staffed with highly-qualified Vietnamese natives with relevant
intercultural experience. The aim was to facilitate the negotiation of better practices where the
employees take a more active and effective part in the joint venture’s work flows.

So far, the sensemaking of the learning process has mainly been based on the Danish system.
The case has hardly presented evidence of the enactment of a local parent culture. On the
contrary, the joint ventures also brought some learning experience to their local parents, as the
Vietnamese MD admitted: his learning from the managerial experience in the joint venture
enabled him to develop his own company from a family entrepreneurial business into a
professional enterprise. The effect of reverse learning has evidenced the role of the local parent
organisation not as a source of influence, yet rather, as a consequential subject for change.

Power bargaining – Dealing with the question of control
Highlights of power bargaining in the Fruit venture centre on operational interaction with a
particular concern on the extent to which some form of control is needed to ensure the work
flows perform as expected. It is indeed seen as a dilemma between control and independence,
which is an ongoing negotiation.

Much of the power bargaining process has been attached to the role taking of the expatriate
manager (Ms. L-dk). The termination of the expatriate’s one-year employment at ViGis was
easily accepted, and the localization of the joint venture management followed rather smoothly,
but the presence of the expatriate in the fruit joint venture was so critical that doubts were raised
regarding whether the system could function properly in her absence. The critical areas were competence (production capabilities) and independence. This is a case where production know-how seems largely dependent on experience (tacit knowledge), thus making the knowledge transfer rather complex and, therefore, close collaboration with the Danish side becomes rather critical to ensure product quality. From the daily management perspective, the role of the expatriate manager (Ms. L-dk) became less critical as the local middle management grew over time. At times knowledge transfer even appeared to be a constraint in the day-to-day interaction because the local employees found it hard to cross the psychological distance and knock on the almost closed door. The selected local team began therefore to take on the role of boundary spanning based on certain knowledge of western behaviours, English proficiency and socializing skills.

As the later phase uncovered through the narrative of the Danish MD (Mr. C-vn), the issues of control and independence were of some chronic concern despite the growing competence of the local employees. The restructuring attempt particularly with the appointment of a business coordination manager and an acting managing director was a step further in the enforcement of boundary spanning. However, the brief update of the Danish partner (Mr. X-dk) on the latest development of the joint venture has shown the persistent need of control on the Danish parent’s part and the relative failure of the new local management team in assuming operational autonomy over the joint venture.

**Relationship building – Emergent trust and small ties**

The initial point of departure for relationship building in the Fruit venture is a pre-venture relationship between the two partners, which has contributed to the relatively smooth and consensus-oriented strategic interaction process. However, the pre-venture relationship has been limited to strategic interaction and has little to do with the emergence of relational bonds between the Vietnamese and the Danes during the course of the joint venture operation. One such emerging line concerns the attribution of trust between the Danish deputy MD (Ms. L-dk) and selected local staff through task-based interaction. The sense of trust shown by Ms. L-dk embraces a personal evaluation of the local staff’s reliability in terms of competence and honesty, e.g. whether they could do the task and keep the information confidential. Based on the varying degrees of trust, there was a formation of a work group assisting the expatriate in her day-to-day management. In that sense, the emergence of trust is related to an ongoing decentralization and gradual transfer of operational control to eligible local staff as a middle layer.

The other emerging line of relationship refers to interaction ties between some Vietnamese staff and Danish experts as the outcome of some close interaction setting. For instance, through frequent interaction with the production experts from Denmark and his training experience at the Danish headquarters the local production manager developed some personal relationship with some Danish actors.
At this point, the question of how a working culture has emerged in the Fruit venture is worth elaborating on. In the set-up phase where training was intensive and the leader role was split between the local partner and an expatriate, the process of cultural negotiation was a process featuring the invasion of the Danish parent practices over the joint venture. At the same time, there was a resistance in the form of “This-is-Vietnam” within the local context. Later the filter of ISO as a consensus base for joint venture practices was introduced. In the localization phase, when the expatriate as negotiator was no longer present and ISO was discontinued, the negotiation was disrupted in the sense that where consensus was being reached in the first phase, e.g. the work procedures as constructed and described in ISO documentation, it now became incomplete and broken.

In conclusion, the Fruit Case has brought a number of interesting insights. First, it shares with the Danboiler Case the experience of a local managerial team taking the role of boundary spanning within the joint venture. Second, it has highlighted the role of ISO as a kind of interaction interface where joint venture members could make a mutual attempt to codify common practices. Third, the lack of initiative to change in the board of management seems to have overshadowed the effect of shared management. While the three cases so far accounted are examples of joint venture management shared between a Danish expatriate and a local MD in the early phase, the next case to follow is an account of a Danish managed joint venture from the start.
Chapter 11: The Design Case – Placing autonomy in context

11.1. Background

Alfa Design is a 50:50 joint venture established in 2004 between Dandesign A/S, a Danish industrial design company, and Alfa Group, a Vietnamese advertising agency. Alfa Design is committed to product design and related consulting services for local and overseas customers.

The story of Alfa Design is based on three interviews, as described in the following table. Additional material for the case has been collected from the parent company’s homepages and online publications of the Danish embassy in Hanoi.

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<tr>
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<td>International Managing Director, Dandesign</td>
<td>25.10.07, Copenhagen</td>
<td>Primary</td>
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<tr>
<td>Mr. J-dk (DK)</td>
<td>Managing Director, Alfadesign</td>
<td>10.01.08, HCMC</td>
<td>Primary</td>
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<td>Ms. D-vn (VN)</td>
<td>CEO, Alfa Group</td>
<td>11.01.08, HCMC</td>
<td>Primary</td>
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11.2. Parent profiles

11.2.1. The Danish partner

Dandesign A/S – the industrial design consultancy

Dandesign has been in the design industry for more than 30 years. Founded in 1974 by a well-known Danish industrial designer and his partners, Dandesign soon became a strong-profile design studio in Copenhagen, bringing a number of successful, award-winning products to the market.

In the late 1980s, Mr. H-dk joined the company and soon after became a shareholder. Today, Dandesign is owned and managed by Mr. H-dk and his colleague/partner, who are both industrial designers.

Following the waves of internationalization of European companies in late 1990s, Dandesign saw a need to go abroad, and it was Asia that caught the managing partners’ interest and vision. As a result, they began to make contacts and investigate the market potential in Vietnam and China almost at the same time. New offices were opened through partnerships in Hanoi in 2000 and in China in 2003. Today, apart from the Copenhagen headquarters, Dandesign has offices in Hochiminh City, Beijing and Hangzhou, and a production partner in Taiwan.

Dandesign’s service portfolio includes Strategic Design, Industrial Design, Graphic Design, Exhibition Design, and Technical Design. More than 95% of their industrial design projects
have had commercial success in their markets. Since the start, Dandesign has won a number of Danish design prizes for its design solutions, and thereby become the preferred innovation, branding and design partner for a long list of prominent international clients.

Today, Dandesign has grown into an internationally acclaimed design consultancy with no fewer than 100 employees on a global scale. On the service side, it has expanded from a design consultancy to a “full-scale” agency covering idea generation, design, construction, and manufacturing, with the most recently established division taking care of the manufacturing phase. “In the next 20 years”, Mr. H-dk assured, “Dandesign will expand in technical design, move from the design approach to the engineering approach and do production as well.” On the organisation side, the company has moved “from being a purely Danish company to an intercultural company”, again in Mr. H-dk’s words, “which means that we have to have all kinds of personalities and nationalities in our company. Our business language is English, and we have a lot of people from Sweden, England, France, and Denmark, of course. We will continue looking for persons with different backgrounds.”

Speaking of what characterizes Dandesign, Mr. H-dk emphasized responsibility taking and continued, “We have a very flat structure – it’s very important for me and my partner that people have the skill of being very responsible for what they are doing... And that’s absolutely the core of our world here in Dandesign, that everybody has to be responsible to the company and to our own clients as well, because if we are not responsible to the clients, we’ll be out of business very quickly.” And this has been somewhat a challenge when Dandesign started out in Vietnam.

11.2.2. The Vietnamese partner

Alfa Group – bringing professional advertising to the market

Alfa started out in 1998 as a representative office in Hochiminh City for a parent printing company in Hanoi. With about 10 employees working non-stop Alfa developed and prospered in a short span of time. Over a few years, the Hanoi company and the Hochiminh office could not see themselves going in the same direction, as the advertising industry in Vietnam became ever more competitive. In response to this, in 2001, Alfa became independent from the Hanoi company, after a management buy-out involving several board members, led by Ms. D-vn, now the President and CEO of the group. Their target was to turn Alfa into a major player in the advertising industry. In 2003, Alfa ranked among the top 10 advertising agencies in Vietnam. One year later, in 2004, it became the second largest advertising agency in Vietnam.

After standing on its own two feet, Alfa reinvented its image and refreshed its vision. In 2006, the Alfa Group was born with a strategy to be different: “Different in structure to maximize effectiveness; different approach in client service; different in goal to become the best communication organization in Vietnam delivering international quality communication solutions.” The business idea is to be a pioneer in the market serving as a “One Stop Shop” with
a full range of services and to offer the “360-degree brand experience”, which “enables customers to reach consumers in different ways beyond conventional media channels”.

Today, the Alfa Group today consists of six highly specialized communication companies that work together in the “One Stop Shop”. Alfa Advertising provides services including branding, television and newspaper advertisement creation, and product positioning. Alfa Event specializes in providing public relations (PR) services, organizing events and activating trademarks. Alfa Media specializes in building media strategies, setting media plans on specialized software, and media booking and monitoring. Alfa Screen organizes television programmes and marketing films. Alfa Digital, the newest member company created in 2007, helps brands manage their communication in the online and new media environment including banner and website design, online media booking and digital brand experiences. These first four companies are fully owned by the Alfa Group and are all based at the Group’s headquarters in the very centre of Hochiminh City. The fifth company is the joint venture Golden Design, which has their separate office, also in the city centre. Totally, the Alfa Group is home to more than 120 employees.

Ms. D-vn has held the position as CEO and Chairwoman of Alfa since she successfully led the management buy-out at the age of 27. With a bachelor degree in English, she started her advertising career quite early - through a number of international advertising agencies present in Vietnam before creating her own advertising company in the beginning of the 1990s. She has now worked in advertising and marketing in Vietnam for over 15 years and is widely active in the Vietnamese business industry. Since 2006, Ms. D-vn has broadened her interests and experience by becoming a partner in the Vietnamese subsidiary of a large Danish-born asset management company.

11.3. The joint venture

**Alfa Design – The design idea travels north to south**

The initiatives behind Alfa Design appeared as early as in 1999 when Mr. H-dk decided to go to Vietnam, following his judgement that Vietnam could become an interesting market given the increasing foreign investment into the country, and the appealing advantage that he could get support from the Danish government. Moreover, Mr. H-dk had a personal interest in Vietnam for its culture and architecture, as he had for some other parts of Asia, and a desire to do something to help Vietnam to grow after its long history of war. The first trip to Hanoi made him even more positive than he had expected. “Everything was totally opposite of what I imagined”, he recalled, “It was even more beautiful. People were even more open-minded. I was very fascinated about the education level. And I could see a lot of opportunities to build up a business bridge between Denmark and Vietnam.”

After some initial contacts in the north supported by a start-up project (SUP), Mr. H-dk met the first local partner, which was a ship design company and agreed upon a joint venture focusing
on the construction and design of ships for the domestic shipyards. For the day-to-day management of the joint venture, a Danish designer couple was sent out from the Copenhagen headquarters to Hanoi on a permanent basis. Nevertheless, after one and a half years of operation, the joint venture could not live up to the Danes’ expectations. “We could see that it went too slowly”, Mr. H-dk explained, “we used too much energy on educating staff, but they couldn’t understand why they should be educated that way, couldn’t see the benefit in what we were doing... It was quite a hard time…”

In the middle of the disappointment with the joint venture development, the Danish designers were introduced to Ms. D-vn through a local network for young and promising entrepreneurs. “She was interested in what we wanted to do and she would definitely like to take over the JV from Shiptech. The only condition was that we should move to HCMC.” And as Mr. H-dk joined Ms. D-vn to visit the south of Vietnam, he began to recognize that the new business environment was different from the north. “We met a lot of companies in her network, and I was totally convinced...” said Mr. H-dk. Meanwhile, Ms. D-vn also recalled the early initiative in a similar way. “When I met them, I told them that, first, this industry was something new in Vietnam”, she said, “second, it was (therefore) very challenging; and third, the companies in the north would not invest in this. So I said that they should move to the city (Hochiminh) if they wanted to be successful.” Networking, a customer base, and the close connection between advertising and design were among the key advantages as DanDesign decided to switch partner.

It was in 2004 the Danish design idea moved from the north to the south of Vietnam. The joint venture agreement started the same, with the exception that the local joint venture partner was now the Alfa Group, which took over the shares from the ship design company. The Danish couple followed the new agreement and moved south to continue their management tasks in the new joint venture company.

In terms of product portfolio, Alfa Design was engaged in graphic design (logos, trademark identities), packaging design (product identities, labels, containers, etc.) product design (consumer goods, B2B solutions) and showroom design. Examples of Alfa Design’s products were a DVD player, a perfume, and a motorbike for the domestic market, or a pen targeted at an export market. This was quite a new business in Vietnam but there is a promising market, and the partners believed they would be a pioneer in a growing industry. “It was hard to convince the Danish authorities to send a consulting company like ours to Vietnam in such an early stage of development of the country”, said Mr. H-dk, “But I definitely believed that it could be possible. And we have shown that it is possible.”

**Joint venture management**

On the board level, Alfa Design was led by a team of four members: Mr. H-dk and Mr. J-dk representing DanDesign, Ms. D-vn and one of Alfa managers representing the Alfa Group. The board met two to three times each year. Ms. D-vn’s management policy from a parent perspective was to interfere only when needed or requested... “If I try to get involved for no
reason, I cannot even interfere.” She spoke for a flexible management approach, as she pointed out that “management practices from one place could not apply to another place, even from the Hanoi branch to the Hochiminh branch, or from headquarters to a foreign subsidiary, from Denmark to Vietnam”. Indeed, since the beginning, Alfa Design has been exclusively Danish-run at the daily management level.

In the first year, Alfa Design was run by the Danish designer couple coming from the Dandesign Group. The husband took the position of MD and his wife Project Manager. This early phase of the new joint venture was not much disclosed by my informants, except that the idea was to “copy and paste”, according to Mr. H-dk. In his words, “because in Vietnam at that time there was no consulting company in design, so it should be a copy-&-paste of what we are doing here, just transformed into a Danish-Vietnamese company”. The copy-and-paste idea seemed to be realized in an informal on-the-job training approach adopted by the Danish management. In my interview with the current Danish MD, he elaborated on the copy-and-paste rationale with an interesting remark that he found the Danish expatriate couple before him to be “different people – very traditionally Danish thinking”.

It was soon recognized that the market for industrial design was very small in Vietnam, as the Vietnamese manufacturers were used to relying on copying western products and not thinking much about a new product design. Gradually, as a consequence, the company had to adjust its focus from product design to graphic design where they saw a relatively higher market demand. And the new focus was also new to the managing Danish couple who were originally trained in industrial design. Another challenge for the new company was how to convince local companies to think of a design for their products. A lot of start-up effort was spent on numerous sales talks with local clients rather than having to tackle internal management issues.

Within the first year, Alfa Design grew from three to 15 employees, and the first graphic design projects were initiated. At the turn of the second year, i.e. 2005, the Danish expatriate couple decided to resign, leaving Vietnam and Dandesign at the same time in order to start their own business back in Denmark. The MD position was taken over by another Dane coming from Denmark, i.e. Mr. J-dk.

Mr. J-dk had an education background as a graphic designer from the Royal Danish Academy of Fine Arts, and many years’ experience working as a freelance and then having his own company in the design industry. In 2005, he sold his company and started looking for a job. And it was by coincidence that he saw a job ad for the joint venture MD position from DanDesign, whose owners were actually his schoolmates. And Vietnam was just another coincidence in his story. Moving from an independent entrepreneur to an employee, Mr. J-dk felt “relaxed” about the new job at Alfa Design. “I am hired… and I can just leave”, he added.

By the beginning of 2007, Alfa Design had grown to 19 employees, including 10 designers, a sales team of four, a project management team and administrative staffs. Interestingly, out of the
19 employees, there were four non-Vietnamese designers - one Indian American, one Chinese Australian, one Filipino, and one Dane, i.e. Mr. J-dk. The Indian American had a year ago been appointed executive manager to assist Mr. J-dk with the general management especially in his absence, but also for Mr. J-dk to concentrate more on the technical part of work. Meanwhile, the sales team was led by a Vietnamese manager. Besides, a Vietnamese accountant was also considered a key management staff by Mr. J-dk, especially in the context of Vietnam, where he saw a lot of bureaucracy, a lot of “stamps and signatures” to prevent cheating and mistakes.

With such diverse ethnic backgrounds, it appeared that Alfa Design became more international than just a Danish-Vietnamese company. However, when asked about this, Mr. J-dk described the way he saw the company, despite the presence of some international profiles, as having some Danish character and eventually “very Vietnamese”. The Danish character of Alfa Design is reflected in the way the company was run when compared to other Vietnamese companies.

“...You know, I am the boss”, told Mr. J-dk, “and the way it's run is very Danish compared to Vietnamese companies, trying to make a very flat structure, a lot of openness, no harassment of the staff, nice details... nice conditions for the people - they have good salaries, they have benefits, for instance we have a canteen here where we offer them free lunch every day. That's a very unusual thing down here where everybody is rushing out of the office and spreading out in a corner to eat some street food...” For Mr. J-dk, the Danish way of running a company was much based on “consensus” like the Danish cartoon figure Rasmus Klump that he used for exemplification. On the other hand, he acknowledged that he was not dealing with the same people as he would in Denmark. “Of course we have to be straight in many ways”, he continued, “but you get no way here scolding people, terrorizing anyone or getting angry... It's impossible. If you get angry because they do something stupid, you have to do in a way so that people don't lose face, don't get sad. I mean people get sad very easily... You have to think about how you deal with these kinds of things. I have this technique -just sending a look... if somebody has done something wrong... I just send them a terror-look "I'll kill you", right, they could get scared, you know, but nobody around them can notice, and then they know... It's very primitive, but this works much better than shouting...”

Not only did he find that the local employees should be handled in a different way, but also he himself was treated differently by the local employees. “...When you are here, you are very much like a father figure, you know”, he explained, “I look different, I'm taller, I have a completely different background, I have a very high education... So they really listen to what I'm saying.” But this is not all about the image of the “father figure”, as Mr. J-dk continued, “I have to take care of them. I even support one of them privately with the money he/she needs, you know, this kind of things. Not that I want to do that, but these little things... In DDenmark, you know, you never go to your managing director and ask for a private loan...Do you understand? So I'm the one who help them. And we have parties... but there's a lot of respect. So it's very easy for me to command.”
On the other hand, acknowledging that the Vietnamese employees listen to a foreign expert did not mean that the expert should just “command” without listening to these local employees, who in Mr. J-dk’s opinion acted as “advisors” in terms of how things were done in Vietnam. Sharing his experience in this regard, he said, “I have seen many examples of Danish managers coming down here and telling those little yellow people what to do. And they all went wrong. They underestimated people. This is very, very stupid. We have very intelligent managers out here, and very smart people, there are lot of things they don't know, but they are eager to know and learn from you, but ... I mean, don’t tell them everything like what to do... sometimes you run into people who are very highly educated...So, respect for the people. It's very simple.”

Telling all the above, Mr. J-dk every now and then added that similar things to a certain extent could happen in Denmark, such as employees listening to the boss or keeping face when somebody has done something wrong. “Of course they also do in Denmark”, to quote his words again, “but in Denmark we have consensus, we're not used to this... You have to be careful how you manage. This is all about style...”

Interaction links between joint venture and parents
Apart from the in-house training, there has been some training at both parents’ companies as well. Two designers among the employees have visited DanDesign for training purposes, on a one-month and three-month period respectively. Meanwhile, Alfa Group also offered lectures, once every week, in all kinds of topics related to advertising and branding to all the group’s employees, including the Alfa Design employees. Besides, Ms. D-vn also did some training at the joint venture’s sales team.

The designers from DanDesign got to know about their Vietnamese colleagues and the joint venture in Vietnam only through interaction with the visiting Vietnamese, through daily communication via email and phone, and through Mr. H-dk’s briefing at a weekly staff meeting on Mondays. In Mr. H-dk’s words, “I can sit and talk here every Monday about what is going on in our company in Hochiminh, and nobody can understand. They haven’t got the smell, they haven’t got the noise, they haven’t got the feeling of talking with the staff, they simply can’t understand...”

Nevertheless, the limited interaction and the leaders’ Monday stories and perhaps small Vietnam chats in the organisation already created an effect. Mr. H-dk really expressed the pleasure in seeing a positive influence of all the new ventures in Asia on his Danish company. “I also see a lot of changes in our own company, by bringing in new people from abroad, which was quite a good experience. Some of the workers were afraid of foreigners while some others were open-minded. But it gave me a good feeling that we should do something, we can’t only be ourselves – Danes and Danish citizens, and we really had to open our minds so that we could make a cultural exchange. So it was a very interesting way and political way of looking at people and the interaction between people. I really like the situation because it brings so many things up, and it is so inspiring...”
On the other side, Ms. D-vn saw the joint venture as part of the Alfa Group, together with the other five companies adopting the “One-stop” approach and thereby creating synergy. In this connection, she saw a disadvantage of the physical distance, though only a few kilometres, between Alfa Design and the other Alfa companies, which all were based at the group’s head office. “Our Danish partner wants to have independence”, she explained, “but I actually think it would be better if they all sat together... That would create synergy and a closer relationship. Distance is also an issue.” It was already in Ms. D-vn’s plan to build a bigger building which could accommodate all the six Alfa companies and even ‘new companies’ in the future.

When asked about the Danish management of the joint venture, Ms. D-vn did not give any particular comment about the three expatriates, but expressed her general opinion about having a foreign MD. “As I told Mr. H-dk, I think this business is not as effective as I expected. The reason to me is that in this industry we need experienced people in the areas requiring expertise, and for these I hire foreigners, but for a manager/director’s position I hire a Vietnamese. It is more efficient in that way, because the manager has to make a lot of decisions in business aspects, and those who are Vietnamese know well about the (Vietnamese) market. Alfa Design does the other way around. They use a foreign manager for both design and business aspects. I don’t think such a guy understands well the Vietnamese market and environment… and he doesn’t speak the local language, whereas the Vietnamese managers speak the local language, they just need some experience and good English skills, then they can work with both Vietnamese and foreign customers. Of course in technical matters, the foreigners are more professional. So I think it will be more effective if we replace the foreign MD with a Vietnamese MD… Such an MD should manage people and understand the local customs…”

Recently, the Alfa Group has made a new presentation of the group on its webpage, where it also provides an update of its management team. The MD position in the Alfa Design is now held by a Vietnamese lady, and Mr. J-dk, as far as I could track him online by means of a professional e-network20, left the position in March 2008, and is now the MD of another branding company operating in Vietnam.

11.4. Sensemaking notes

Unlike the other cases, this is a case where the joint venture management has been constantly dominated by the Danish parent despite its equal ownership structure. Much of the joint effort and the related interaction between the two partner companies were realized in the setup phase of the new joint venture and on the strategic level through board meetings. Little was coordinated in the operation of the joint venture. In other words, Alfa Design was more closely associated with the Danish parent on the day-to-day management level, featured by the appointment of a Danish expatriate in the MD position.

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20 LinkedIn
Sensemaking anchors in this case draw largely on macro cultural origins, i.e. the Danes versus the Vietnamese as the actors made sense of what they experienced as discrepancies in behaviours. In particular, an emergent source of reference was found enacted in association with the design profession as the business core of the Danish parent and the joint venture. It is a professional culture where aesthetic aspects of the product are highly valued and desired in harmony with its functional features. The design culture seems to have been repeatedly enacted into diverse relationships of the Danish design firm including their customers in Europe and now in Vietnam, as well as its local employees in the new joint venture.

The early phase of the joint venture was featured by the “copy-and-paste” implementation of the system from the Danish parent to the local unit in accordance with the parent’s expectation. This phase seems to feature the unconditioned import of Danish practices, however not much in terms of the decision-making structure but more in the sense of practices related to the design business in recognition of being the pioneer as setting the scene in the industry in Vietnam. The second phase features adjustment to the Vietnam context in two ways: adjustment to the local market in favour of graphical design rather than industrial design, and adjustment of the new MD to the local staff who were perceived to look up to and relate to their boss in a different way than Danish employees.

**Learning – adjusting to market and people**

Although the early phase of the joint venture under the management of the Danish industrial designer couple has not been uncovered in detail, the impression made mainly through the story of the expatriate MD sketches a period of mostly informal on-the-job training. It seems that the “burden” of learning was not intensive compared to the other cases, perhaps because of the nature of the joint venture’s business and therefore not so much concerned with learning gaps between the Danes and the Vietnamese. Rather, learning can be observed with an emphasis on adjusting to the local market need, i.e. graphical design rather than industrial design as originally expected, and simultaneously constructing the market need through communicating the power of design.

An interesting highlight hinted by the Danish CEO was his appreciation of interactional experience through e.g. having a Vietnamese employee visiting the Danish headquarters, as well as sharing cultural experience at the headquarters, e.g. by arranging Monday talks on Vietnam. In terms of learning, receiving Vietnamese staff in Denmark was interpreted as a chance of creating changes in the Danish workplace, namely toward becoming “an intercultural company”. Such vision has been missing in the story of the Boiler case as the effect of training in Denmark also emerged as a salient issue. This is interesting evidence of the reverse effect, on the one hand, of partner learning through joint venture, and the dynamics of organisational culture as a sensemaking anchor on the other hand.
**Power bargaining – Both consensus and command**

In the Design case, for example, the Danish culture which the Danish managers enact into their sensemaking is mainly about a flat and open (consensus-based) structure where managers and employees should be treated equal and may equally raise their voices, and where the working environment is of a high concern in the interests of the employees, e.g. “no harassment”, “nice details” and “nice tone”, to borrow the informants’ words.

The MD seems to have assumed certain power of the perceived differences differentiating him from the locals, in the sense of “command” due to certain superior qualities. The recent appointment of the Indian American employee in the position of executive manager is however an act of empowering the local staff.

**Relationship building – Employee care and respect**

The relationship between the current MD and the local staff emerged as a result of his growing awareness of the differences in behaviour and perceptions, embedded in the taken “father figure” role with some signal of sympathy toward the private lives of the staff (e.g. the instance of lending money to an employee). The notion of respect as highlighted by the expatriate brings some sense of humility, which in a way ironically reflects the generally perceived arrogance of Danish managers – coming from a Jante’s Law tradition but not necessarily acting accordingly.

In terms of partner relationship, a sense of trust seems to have underscored the arrangement of the Danish dominant management despite the equal ownership structure. However, the initial positive relationship between the two partners seems to have been gradually exaggerated by the somewhat “cold” relationship between the Danish MD and the Vietnamese partner, as hinted at by the MD during the interview. Taking into consideration the Vietnamese partner’s preference to a local MD and not least her ambition to integrate the joint venture into her advertising group in accordance with its One-stop business concept, may reveal a hidden identity conflict partly explaining the nature of the relationship.
Chapter 12: The Mould Case – Constructing a common vision

12.1. Background

Viemou is a joint venture specializing in the manufacture of moulds, established in 2003 between the Danmou Group, a Danish supplier of metal and plastic products and related services, and Au Cuh Co. Ltd., a Vietnamese moulding company. The joint venture is located in Hochiminh City.

In 2006, I made the first interview with the two co-founders and co-owners of the joint venture company. The Vietnamese partner, Mr. H-vn, who was also the managing director of Viemou, was by coincidence in Denmark at that time on a visit to his Danish partner, Mr. S-dk, and his company, i.e. the Danmou Group. The interview was made in the company of three Vietnamese visiting research colleagues as part of an EU-funded project concerning the development of an interdisciplinary master programme in Asia European Management. The purpose of the team was to develop a company case for the related curriculum, while mine was to make an explorative interview to gain insight into cultural issues that a joint venture might have. Considering these, we decided to make an open-ended interview where we each were prepared with our own agenda and supplemented each other along the dialogue. The interview was followed by a thorough tour of the production facility and departments of Danmou guided by Mr. S.

The other three interviews were made at Viemou in Hochiminh City in January 2008. The first interview was a follow-up interview with Mr. H, which took place at Viemou’s neatly-organised canteen on the top floor of the seven-storey building. Mr. H had his late lunch while talking with me, and as he wished, the interview was not taped. A week later, I came back to Viemou to do an interview with Mr. C, the Danish Project Manager of Viemou. Again, by coincidence, Mr. S this time was present in Vietnam on one of his regular visits to Viemou, and agreed to give me a follow-up interview. I ended the visit with a factory tour guided by Mr. C.

Table 12-1: Overview of interviews and informants in the Viemou case

<table>
<thead>
<tr>
<th>Informant(s)</th>
<th>Title, company</th>
<th>Date &amp; place of interview</th>
<th>Data type</th>
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<td>Mr. H-vn</td>
<td>MD, Viemou</td>
<td>17.10.06, Skive</td>
<td>Primary (co-interviewed)</td>
</tr>
<tr>
<td>Mr. S-dk</td>
<td>CEO, Danmou</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr. H-vn</td>
<td>MD, Viemou</td>
<td>04.01.08, HCMC</td>
<td>Primary</td>
</tr>
<tr>
<td>Mr. S-dk</td>
<td>CEO, Danmou</td>
<td>11.01.08, HCMC</td>
<td>Primary</td>
</tr>
<tr>
<td>Mr. C-dk</td>
<td>Project Man, Viemou</td>
<td>11.01.08, HCMC</td>
<td>Primary</td>
</tr>
</tbody>
</table>
12.2. Parent profiles

12.2.1. The Danish Partner

The Danmou Group – Early outsourcing to Asia

The Danmou Group has created a strong profile in the plastic and metal industry in the past three decades or more. It started as a privately owned moulding company in the small town of Skive. Mr. S was one of the four founding partners. Danmou Alpha, the name of the original company, concentrated on the development, prototyping and production of moulds, as well as services and maintenance. Between the late 1990 and early 2000s, two new sister companies were created by the same owners with focus on the plastic section and the metal section respectively. Through a close cooperation, the three companies offered metal and plastic solutions to a number of Danish and international industrial customers, including well-known brands in electronics and telecommunications.

As early as in the beginning of the 1980s, Danmou started sourcing in China, and then Taiwan. Only when Mr. S met his Vietnamese partner from Au Cuh in 2001 did Danmou become more engaged in international sourcing cooperation, which resulted in the foundation of Viemou joint venture in 2003.

In 2005, the Danmou Group was established as an ‘umbrella’ company with the management’s aim of gathering the existing companies, including the Vietnam-based joint venture, in one company acting as the supplier of total solutions regarding plastic and metal projects. In 2007, the three Danish companies were merged into the Danmou Group after a management buy-out of the companies by Mr. S and one of his partners. With the newly-merged competences, together with Viemou, the Danmou Group was targeted to become an “OneStop Partner” made possible by the adopted “OneStop Concept”. The key words that describe the Danmou Group’s “OneStop Concept” include consulting, engineering, prototypes, tools, plastic, metal, assembly, and logistics. As elaborated on Danmou’s homepage, “the OneStop Concept is based on flexibility and a dynamic willingness to make changes – factors that are the key to growth for our customers. This philosophy is reflected throughout our organisation and production. And with the new global focus, more and more stages are being incorporated in the phases at the Danmou Group.”

And as a sign of successful cooperation in Vietnam, Danmou has since 2007 entered into a second joint venture with the same partner for the production of plastics, metal parts, and assembly for the Danmou’s “OneStop Concept”. Like Viemou, Delta, the name of the new joint venture, is also equally owned by the two partners. It is situated on a large part of land in the commercial harbour city of Vung Tau, about 100 km from Hochiminh City, where access to industrial land has been easier than in Hochiminh City.
By 2008, Danmou had more than 100 employees in Denmark.

12.2.2. The Vietnamese Partner

**Au Cuh – the local entrepreneur with a sense of quality**

Au Cuh was started by Mr. H in 1985 as a private workshop producing moulds for the local market. Mr. H had only some hands-on experience apart from his secondary school graduation. Within a few years, however, the workshop became locally known for making quality moulds. In 1996, after the new enterprise law, Au Cuh was established as a limited company, and shortly after became one of leading companies in mould manufacturing in Vietnam.

As to international collaboration, Au Cuh had only a few foreign customers on a short term basis before entering the joint venture partnership with Danmou, first Viemou in 2003 and recently Delta in 2007.

Today, Au Cuh is located on a spacious land of 12,000 square metres with 200 employees and equipped with up-to-date machines. The company offers products and services within plastic injection moulds, metal stamping moulds, plastic moulding, metal parts, and assembly.

12.3. The joint venture

**Viemou – The story of finding the right partner**

In the spring of 2001, Mr. S was introduced to Danida’s PSD programme in Vietnam, and made his first trip to the country in search for a partner. Vietnam made a positive first impression on the Danish businessman, as he recalled. “I did not find the right person. But I felt good in Vietnam. It is easier for me to be in Vietnam than in China... When I’m in China, China is only for business.” The expression came from more than 20-year’s experience in sourcing in China and Taiwan, where he had only managed to have “a basic relationship” with local suppliers.

The positive impression of Vietnam was partly supported by the fact that the Vietnamese language was written using the alphabet system, unlike most of Asian languages, which Mr. S. found “extremely important for technical people” and considered to be a great advantage, as “you can discuss without (speaking) the same language”.

Already in the autumn of the same year, Mr. S. went back to Vietnam in his second attempt to find a partner. He had a local marketing man to help him make contacts with moulding companies in the south. Among the contacts was Mr. H from Au Cuh. At that time, Mr. H was not very interested in meeting Mr. S, because he had experienced before several inquiries from foreign companies who came with business minds and did not show an interest in the technical quality of the local products. Finally, the marketing man managed to arrange a meeting between them. And as Mr. S recalled, “I could feel that he was not so interested at that time, as he showed us his products, just like that (casting something on the table) and said “these are our products”... Exactly, he was testing me. I took the parts and said “OK, this is very nice...” and
told him how he made them and how I would have done my way. So he began to get a little interest in me. And since that time, we have had no problems.”

Mr. H also recalled the pleasure of meeting a rare foreign businessman showing a technical interest. “When Mr. S came, he could see that I was making competitive high-quality products, which I have been proud of. He was even particularly impressed considering that we made those products with our old machines…” This was confirmed by Mr. S as he told, “…I could see that Mr. Hai was the right guy for developing a company together, because he has technical knowledge, which I was looking for. I was not looking for a nice factory or anything…”

With all these positive impressions, the two partners decided to enter a start-up project (SUP) where Au Cuh would perform several outsourcing tasks for Danmou, after receiving training from Danmou experts. The SUP phase lasted four months in 2002 and went beyond the partners’ expectations. As a result, a joint venture contract became a reality.

Viemou, the new joint venture, was equally owned by the two partners. Speaking of the ownership structure, Mr. S elaborated, “In our mind, if one of the partners has 48-49% then he’ll be the little boy and the other one with 52% will be the big boy, and it is not good for the cooperation. We have to be equal.”

In terms of location, Viemou took over the location from its Vietnamese parent Au Cuh, located in a busy district of Hochiminh City, and upgraded it into a new seven-floor building, which was officially brought into use in May 2005.

In terms of human resources, 12 employees from Au Cuh moved to Viemou. These employees were trained in the production of high quality moulds by Danmou visiting experts. New employees were recruited later on and trained by their senior colleagues and the visiting Danes. Over the years, the competence of the local employees was enhanced to a level which both partners saw even higher than those in Danmou in Denmark. The number of employees had grown to more than 70 by 2007.

The rationale for cooperation was obvious, as Mr. S shared with us during the first interview. “The cooperation does not simply rely on labour in Vietnam, but more importantly focuses on high-tech production, so that the Vietnamese can enter high-tech sectors to the benefit of both parties… In the future, the production at Viemou will be automated using e.g. robots. We will not be only content with production by hand.”

**Double shared management**

On the strategic level, Viemou was led by a board of four: Mr. S-dk and his partner representing the Danmou Group, while Mr. H-vn and an Au Cuh employee who was a family member of Mr. H represented Au Cuh. The last board member was only nominal, as he never joined the board meetings or any board decision. According to Mr. H, the actual three-member board had one to
three meetings each year regarding new investments and the development strategy for Viemou.
The meetings took place either in Vietnam or in Denmark. Mr. S was present in Vietnam about
six, seven times a year, while Mr. H visited Denmark once or twice a year in connection with
scheduled board meetings and customer visits. Mr. H emphasized that “the board meetings are
usually in a friendly atmosphere and based on absolute trust toward each other”. Both partners
expressed a clear division of management tasks between them, i.e. Mr. S concentrated on
marketing while Mr. H took care of the factory management, which was likely to be connected
to the partners’ area of expertise. “What is important is that we respect each other”, told Mr. S,
“and when I am in Vietnam, Mr. H is the expert - he knows how to do things in Vietnam. And
when we sell our products in Europe, Mr. H knows that I am the expert in doing this.”

Decision-making on the strategic level was based on consensus between the two partners even
concerning the parent companies. “If I make a decision in Danmou”, said Mr. S, “I always talk
to Mr. H and tell him now I am going to do this and this, and it will also benefit Viemou and so
on. So we do not only discuss Viemou; we also discuss Danmou or Mr. H’s Au Cuh.”

On the day-to-day management level, Mr. H was responsible as Managing Director (MD). The
middle management was shared by a Danish expatriate, Mr. C, in the position of Project
Manager, and a Vietnamese, Mr. B, as Production Manager.

According to the first interview with both Mr. H-vn and Mr. S-dk, the management of the joint
venture was facilitated by copying the system from Danmou in the beginning. “Viemou is a
mirror of the system here in Denmark, as it has been furnished with the same CAD/CAM system,
same technical procedures, and the same way of how to do things”, said Mr. S-dk. Later in the
follow-up interview at Vietmou, he admitted that they had to work “a little different here than in
Denmark”, adding that “you have to learn then adapt to the culture you are living in – that is the
way it is”.

Mr. C came to Vietnam for the first time in 2003, together with two Danish colleagues of his, to
assist with the installation of some machinery at Viemou not knowing he would later stay much
longer in the company. The delivery of the machine was delayed and they were to stay for
another two weeks. However, only Mr. C did while the two others went back to Denmark. “They
missed the food and everything”, recalled Mr. C, “…that time, I knew I liked to stay.” In January
2004, he came back upon the leaders’ call to fill the position of project manager. It was also here
he met his Vietnamese girlfriend and married her.

Like the division of management tasks between the top leaders, the division of tasks between
Mr. C and Mr. B was well clarified in the sense that they split the tasks but still worked together
as a team. As Mr. C explained, “The way we do it is like two men in this company, like Mr. H
and Mr. S who are the directors is this company, and the next step is Mr. B and I. We work
together, we have the same position. I report to S and Mr. B reports to Mr. H. It’s not like he is
my boss or I am his boss. We have a team, and we share the job. I do a lot of the customer side
because our main customers are in Europe. And he handles a lot of the local issues, about the production and everything.”

The two managers had their office desks opposite each other in an open office shared with other administrative staffs. Their daily working hours usually extended some hours into the evenings, either to handle some emerging issues or to stay in contact with the parent office in Denmark, where the day was five, six hours behind. In the beginning, it was mainly technical and production-related issues they had to deal with. But gradually, they were spending more time at their desk handling paperwork and the customer side. The gradual shift was enabled by the growing competence in the production, as the employees received training and more responsibilities. As Mr. C expressed his opinion, “We also try to update the staffs here. I try to put some of the responsibilities to some of the people here. Purchasing, overseas and many small things, like local customers, sometimes we don’t have people to take care of this. We have to update the people here. We don’t want to keep the people down, we want them to grow.” Indeed, he emphasized that it was only a matter of time, considering that the Vietnamese employees were very quick to learn.

When asked about problems with communication with his Vietnamese colleagues, Mr. C mentioned a gap in communication from his “headache”-generating experience that the Vietnamese “just say what the other wants to hear”. “If I ask him (Mr. B) whether something could be finished tomorrow”, Mr. C gave an example, “then the automatic answer before I finish my sentence is always yes. So it is not the language that is the main problem... It is okay now. But of course sometimes, as I have been doing this for many years, since 1996... if I want to know, every day I go around, I look at the machine, so I have an idea if the time we agree upon is possible or not. But of course sometimes it’s difficult. You still get surprised to hear about it, but it is better now.”

Nevertheless, the communication problem would not prevent Mr. C from transferring jobs to the local employees. In his own experience, “some people when they come here, they don’t want to send any of their tasks to the local; they want to keep them, but that’s not the way we do. I delegate more and more tasks and I receive more and more tasks. And everybody is updated and everybody grows up in the system.”

The only challenge that Mr. C saw was in the transfer of the European quality as a demand for products made at Viemou. That was part of what he meant by giving the local employees an “update”, as he continued, “It is also the updated quality. Even if you have a good engineer, and do very good design, our products must also have a good manufacturing and a good finish... We have to update the level of our product. We meet a higher demand from our customer. So the process is going on all the time. But it is better now than four years ago.”
Indeed, quality was vital for Viemou’s products, as it was what Danmou’s customers would be willing to pay for instead of sourcing directly, for instance, in China or Vietnam, where they would most likely get poor quality from the local suppliers.

**Employee care**

As Mr. H was letting me interview him during his late lunch in the company canteen, he pointed to the white ceramic plates of food that were served on the table and said, “You see, a lunch meal served in such white ceramics is neither the idea from CSR (Corporate Social Responsibility) nor from Denmark, but from the entrepreneur’s mind…”

During the interview, Mr. H appeared open to share his concern about the importance of a good employee treatment. He expressed that the greatest sign of success of Viemou was the low resignation rate, about 3%, i.e. only one or two out of over 50 employees had left their jobs, proving a high degree of employee satisfaction created at the company. Making this point, he also referred to the fact that it was not unusual elsewhere in the industry to see a 100% job-quit rate. The low rate at Viemou was said to be the result of an employee treatment policy with three highlights: “a competitive salary which was higher than the local rate, a friendly working atmosphere – among colleagues as well as between management and employees, through small canteen parties, gentle discussion and no punishment, and a hygienic, cool working environment.”

The statistics together with the fact about Mr. H’s special employee treatment were coincidentally confirmed by Mr. C. as he was telling about the “updates” and improvements in the factory. He started by saying “Mr. H is different from other Vietnamese… He always takes care of the people working for him, which is the main reason why we still keep the staff here. I think the last four, five years we lost two to three people. It’s not much.” At Viemou, Mr. H sometimes held small meetings with the employees, where he talked about “basic issues” from the lavatory to the issue of “love-your-workplace-rather-than-bothering-about-your-salary”. “I am even more special than any Dane I know – I really dislike uncleanliness…” he added as an explanation.

As he kept on speaking of the cooperation with Danmou, Mr. H made a remark concerning the cultural experiences. “With the previous foreign clients, our Au Cuh has had a pure buy-sell connection, not involved in cultural issues. Only when we started cooperating with our Danish partner could we see the culture more clearly. The most fundamental thing is about assessing matters. We have different ways of assessing things. The Europeans have an overview assessment of things whilst the Asians do not… A newspaper reads that Asians tend to buy piles of toilet paper every time it is on sale…” Briefly speaking, Mr. H described this as a general “vision gap” between Europeans and Asians. On the other hand, he indicated that “the vision gap could be present between the Danes or between the Vietnamese”, adding that he and Mr. S shared the same vision, and therefore could easily agree on, for instance, new investments or purchases.
On the part of Mr. S, he saw mostly a Vietnamese way of doing things at Viemou, rather than something from Au Cuh in particular. On the one hand, he saw a need to adapt. “I always say that you have to learn then adapt to the culture you are living in, that is the way it is. That is also what we are doing here, if we don’t do that we cannot do the same business here as we do in Denmark.” On the other hand, he mentioned the new focus on management improvement through management standards, namely CSR and the standard system of OHSAS 18001, with which Viemou expected to be certified in 2009.

12.4. Sensemaking notes
Viemou is a case with highlights of consensus-based management initially thanks to an understanding relationship between the two parent owners in such an open manner that they could sit together in an interview to tell the story about their cooperation assuming that it would just be the ‘same’ version in another language. The relationship has indeed been justified throughout the cooperation by their common expertise-based interest in technical details, common preference of a 50/50 ownership structure, and a correspondingly shared management structure, and, not least, shared view of developing business together, which was most recently evidenced by the formation of their second joint venture. Again in this case, a positive impression of Vietnam as a country seems to have contributed to the Danish partner’s (Mr. S) commitment in the business relationship. Contribution from the other side is evidently attributed to the individual style of the Vietnamese partner, Mr. H, showing a preference for quality and a vision for development. Doing things with a vision, as identified by Mr. H to be a major difference between the Danes and the Vietnamese, appears to be the sensemaking anchor for the Vietnamese partner to find consensus in the venture’s decision-making process.

Unlike the other cases, Viemou has not demonstrated a phasal development shaped by a managerial restructuring related to the expatriate role. The participation of the Danish expatriate, Mr. C, in the operational management of the venture since the early days until today seems to have ensured certain continuity in the joint venture’s development. Similar to Mr. S-dk, Mr. C was also captured by some fascination with the host country and its people, which seems to have underlied his tolerance toward his experiences of contrasts in Vietnam versus Denmark. Moreover, the positive relationship between Mr. C and his Vietnamese counterpart laid another consensus layer in the functional operation of the joint venture, in which the division of roles was undoubtedly based on expertise, and backup of each other was not a problem.

Learning as a process of updating
A metaphor of learning repeatedly used by the Danish expatriate manager is “update”, a process in which he referred to the local staff’s learning by doing and growing through taking

21 In the first minutes of the first interview with both Mr. S and Mr. H at the Danish headquarters, when asked how they met, the two men made quickly agreed that Mr. H would answer after smilingly confirming to each other that it would be the same story. Mr. H began in Vietnamese, while once turning to Mr. S asking (in English) for confirmation about the time he came to Vietnam.
responsibilities. There is a time dimension behind updating, i.e. based on the assumption that the local staffs were behind the Danes, or the Europeans as generalized by Mr. C-dk, in terms of knowledge and practices. The updating process, though not explicitly described, was also endorsed and enforced by the MD’s employee care policy which to some extent contributed to bringing a sense of quality into day-to-day routines.

Learning was not unidirectional in the Mould venture. On a strategic level, with an attitude of “developing the company together” and sharing technical knowledge the partners have accordingly created an open platform for mutual learning. The importance of getting into contact with the joint venture context, i.e. in Vietnam, can be identified in Mr. C’s perception of the reverse learning benefit of having Danish experts visiting the joint venture for training purposes. All in all, Viemou has appeared to be a learning venture with shared commitment and converging perceptions of all the involved parties.

Power bargaining
The issue of power took up little space in the story about the Mould venture, as told by the involved informants. In the context of shared management arranged with an expatriate on the middle managerial level, much of the power bargaining was theoretically attached to the day-to-day decision-making agenda. The power of most relevance here seems attributed to expertise contributed by each partner and was well respected by each other.

What emerged as interesting in the reporting relationship as described by Mr. C, i.e. he reported to Mr. S-dk while his co-manager reported to Mr. H-vn, seems to look like what was described by Mr. B-dk in the Danboiler case as “double management”. Double management embraces a double reporting relationship where, basically besides the responsibility of the deputy MD to report to the MD, each also reports to their represented parent respectively. The interpretation of double management, as seen here, has proven not necessarily negative when taken and commonly understood as part of the embedded role.

Relationship building as understanding and creating a shared identity
It appears that relationship building over the development of the Mould case was very much grounded in the partners’ common interest in joint venture development as a technology-based enterprise. Particularly, it is elaborately embedded in the construction of a shared identity through integrating the joint venture as well as the Vietnamese parent firm into the Danish parent firm’s corporate image (e.g. shown on Danmou’s homepage).

Meanwhile, the focus on employee care by Mr. H-vn in the MD role has appeared to be an effective policy recognized by his Danish counterpart, contributing to ensuring employee commitment (proven by the relatively low resignation rate) as well as bringing a sense of quality into daily routines. Care seems to be a salient relational bond desirable on the employees’ side, as illustrated in the role adjustment of the Danish MD in the Design case.
Overall, the Mould case has been a case of primarily interaction in the name of updating the local staff and pulling technical expertise together in a thoroughly shared venture company. The message from the case with regard to intercultural interaction seems so far unique: the enactment of a common vision for the joint venture development based on synergizing partners’ expertise premises is far more significant than the enactment of macro anchors.
PART FOUR – THEORETICAL POST-UNDERSTANDING

Chapter 13: Cross-case and Post-understanding Discussion

Through Chapter 8 to Chapter 12, stories of interaction processes in each of the five investigated joint-venture cases have been unfolded and analytically discussed in the light of the pre-understanding framework developed in Chapter 6. This chapter takes the subsequent step to pull together insights from all the five cases to develop a new understanding of intercultural interaction in IJV settings by making sense of the empirical findings by collectively using the initial pre-understanding framework, delimiting, and eventually adding dynamic aspects to the framework.

In accordance with the Explorative Integration design (Maløe, 2002) chosen for this study, the pre-understanding framework has been presented as a scenario of expectations with regard to the reality to be explored, rather than a subject for testing as in deductive research. To a large extent, the framework has been able to accommodate the five empirical stories of the studied cases, in which interaction has focused on the domains of learning, power bargaining and relationship building embedded in individual enactment of particular sets of sensemaking anchors. However, as the stories unfolded, several emergent themes have evolved beyond the sensitiveness of the pre-understanding framework and called for extended conceptualization. These themes, as will be elaborated in this chapter, include the overarching salience of the knowledge-context gap, the emergent role of boundary spanning and interaction interfaces, the influence of individual perceptions and attitude, and an emergent culture-in-action.

The chapter is composed of three sections. Section 13.1 discusses general findings with regard to interaction processes in the five joint-ventures. Section 13.2 challenges the pre-understanding framework by explicating the extent to which the collected empirical evidence has been able to fit into the framework, i.e. to be understood in light of the framework; and the extent to which it has been useful for understanding the empirical data and identifying the need for new theoretical insights. Section 13.3 proposes a new understanding of interaction processes in the studied IJV setting.

13.1. Mapping interaction processes

This chapter pulls together empirical findings from the five cases to answer the question of how intercultural interaction processes unfold within a Danish-Vietnamese joint-venture setting. As the empirical stories have revealed a far more complex physical scenario of interaction unfolds than what is conventionally referred to as interaction between Danish and Vietnamese actors. Therefore the mentioned question can perhaps better be answered by means of a textual map of interaction in terms of scope and content.
13.1.1. Types of interaction
There are three major categories of interaction from the collected empirical evidence: competence-building interaction, decision-making interaction, and socializing interaction. They are discussed in details in this section.

**Competence-building interaction**
Competence building is undoubtedly crucial for an organisation’s survival. All the cases have shown an activity agenda filled with competence building in terms of pooling parent resources, mainly transferring Danish resources, as reflected in the various training programmes. Training has been observed to be a central activity domain in the initial phase of the joint-ventures with respect to technology transfer from the Danish parent. Since all the five cases received support from Danida’s B-2-B programme, the training was particularly highlighted within the frame of the Training and Technical Assistance (TTA) agenda. The training setup in general encompasses interaction between the Danish partner and the joint-venture, since skills and know-how originate from the Danish partner. This has mainly taken the form of a one-way learning structure with the Danish actors in the role of knowledge providers and the Vietnamese actors in the role of knowledge receivers. Two main types of training interactions have been seen: short-term training involving either visits made by Danish experts to the joint-venture, or visits by selected Vietnamese managerial staff to the Danish headquarters, the latter being less frequently observed; and long-term training taken by a Danish expatriate appointed to a managerial position in the joint-venture for an average period of one to two years from the start of the joint-venture. In particular, training in the Danish headquarters has been limited compared to training in the joint-venture.

Competence building interaction constructs the ‘hard’ side of a working culture. The internalization of foreign practices in boiler, mould or fruit-based manufacturing, the training of GIS technology, and the upgrading of design competences which was central in the cases all formed the knowledge-based core upon which the joint-venture life is constituted.

**Decision-making interaction**
The second category of interaction in the joint-ventures is about decision making. This has taken place on two levels: the strategic level and the operational level.

Strategic interactions refer to interactions between actors involved in the strategic decision making process of the joint-venture, such as interaction between board members or between board members and members of the top management, i.e. the MD or deputy MD. Strategic interaction has mostly taken place on short-term visits with follow-ups on a virtual basis, e.g. phone or email. Strategic interactions appear to be relatively frequent in the initial phase of the joint-venture, including e.g. three to four board meetings a year. These are later reduced to one to two meetings. Apart from those formal meetings, a significant number of informal interactions have also taken place between the partners, depending on the personal relationship
between them. Central issues discussed during these interactions often concern recruitment, investment, auditing, and financial reporting.

Operational interactions embrace all forms of interaction on a day-to-day basis at the joint-venture with regard to the operational decision making process and task performance. This category may be distinct between within-venture, i.e. between managerial actors (either Danish or Vietnamese or both) and subordinates (mainly Vietnamese); and parent-venture interaction such as coordination between a joint-venture function and a corresponding function in the parent organisation, usually the Danish parent, or project teaming like in the GIS Case, where engineers from the Danish partner and the joint-venture work together on a project basis.

**Socializing interaction**

Socializing interaction has appeared to be an important part helping joint-venture actors to get to know each other and to strengthen the bonds of relationship between them. The relevant context of socialization here is one involving at least a Dane and a Vietnamese, although socialization among the Vietnamese was an indispensable part of their working lives. Apart from a significant amount of socialization between the parent owners as observed in most of the cases, other active individuals in the joint-ventures also found room in one way or another to socialize with each other, such as having lunch together while at work, or outing together or visiting each other’s home outside work hours. While socialization among colleagues outside work hours is a natural part of the working life in Vietnam to which different expatriates and visiting Danes adapt in different degrees, socializing has been different in Denmark. Here Danes have extended invitations to the visiting Vietnamese colleagues as more or less some kind of privilege. Even socialization at work in terms of small dialogues, mostly on non-work matters, is more likely to take place in the joint-venture workplace or in Vietnam in general. Some Danes have chosen to participate in such socialization more than others, depending on their individual styles and preferences. Some have shown a pleasure in doing that, like the CEO of the Danish parent in the GIS case; or felt a need for doing that, like the MD of the Design venture who took the “father figure” role towards the local employees.

The socialization processes have been found to be a useful means of creating mutual understanding. Compared to the other two types of interaction, socializing interaction is rather a matter of choice in the sense that individual members choose to socialize to the extent they prefer.

**13.1.2. Interaction in phases**

Evidence from the five cases has indicated that the nature and intensity of the interactions tend to vary with the two main phases that the joint-ventures have gone through. The setup phase features intensive training and competence building in the joint-venture’s core activities, operational management driven by a Danish expatriate, and relatively frequent board interaction. In this phase, interaction between the Danes and the Vietnamese is both intensive (frequent) and extensive (in terms of the number of actors involved). In this phase in particular, the expatriate
manager takes the leading role in training and managing. Therefore, the early period can also be described as an *expatriate-driven phase*. This phase is also characterized by interactions with Danida (the donor organisation) in the form of coordination meetings and submission of formal reports on training activities, etc.

The second phase mostly concerns adjustment of the transferred system to the local context, i.e. a localization phase. In this phase, the expatriate executive is usually replaced with a local one, or a local middle management layer is usually strengthened. The reason for withdrawing the expatriate tends to be a financial one, namely the expiration of the B-2-B financial support in expatriate employment and the limited self-financing ability of the joint-venture, as evidenced in the GIS and the Fruit case. The termination of the expatriate position marks the completion of a critical competence building process in the joint-venture. The joint-venture is then deemed to be able to operate without technical supervision on a daily basis. In this phase, interaction between the Danish and the local actors is limited to problem solving and task performance, either face-to-face on a visiting basis or through correspondence. A major part of interaction remains between the local actors under the management of a local executive who in a way places greater emphasis on adjusting to the local conditions. In cases where the operational management is still headed by an expatriate, the new expatriate executive tends to function as a manager rather than a trainer, since by this phase the core capabilities and practices have generally been in place as a result of the intensive training in the setup phase.

The shift in management teams revealed in the joint-ventures is very relevant in understanding the socially-constructed dynamics of cultural negotiation. The presence of expatriate managers in the joint ventures has created distinct premises with individual perceptions and behavioural expectations which drive the interaction processes. The nature of such dynamics is not one of an incremental development as suggested in previous joint-venture research, e.g. Brannen & Salk (2000), but one of shifting meanings and negotiated orders in interaction as a consequence of individual sensemaking.

Apart from the two phases discussed above, a third phase seems to emerge particularly considering evidence from the Fruit Case. This third phase may be described as the *identification phase*, embracing an emergent need for the joint-venture to prove itself to be an independent entity that can operate on its own. This phase features the management’s concern about how much independence the joint-venture has achieved in terms of production competence and operational decision making, as well as the ambiguities among the local employees in finding out whether or not, or the extent to which, they should consult with the Danish parent in the day-to-day work performance. Such evidence is, however, unique to the Fruit venture. The other joint-ventures have enjoyed a relatively high level of independence from both parents or have adopted shared-management or expatriate-driven management approaches to reduce uncertainties in the management processes.
13.2. Understanding interactional dynamics through the enactment of sensemaking anchors and major interaction domains

The purpose of this section is to discuss findings from the cases in accordance with the pre-understanding framework in order to justify the extent to which the framework has been useful in informing the field. The discussion shows that the pre-understanding framework has been relevant in informing the scenario of intercultural interaction in the studied IJVs, but several dynamic aspects signified by the empirical evidence deserve further conceptual development. These aspects include the role of individual influence, boundary spanning effects, interaction interfaces, and contextual dynamics.

13.2.1. Sensemaking anchors for different purposes

In Chapter 6, the pre-understanding framework of the dissertation proposed two sources of sensemaking anchors, namely cultural and structural anchors, on three levels: macro, organisational, and interpersonal. The effects of these sensemaking anchors have been seen to vary according to their sources of reference and therefore play different roles in interaction processes in the IJVs.

Macro cultural sensemaking as contrasting anchors

Evidence from the cases has shown that certain Danish and Vietnamese cultural characteristics were repeatedly referred to as central themes for the informants to make sense of their experiences in the joint-venture organisation. In all the cases, the Danish business culture was referred to as a consensus-based culture with a flat organizational structure in which the employees work as independent individuals. This was contrasted with the preference for hierarchical organisational structure and interpersonal interdependence in Vietnam. Another salient cultural attribute which appeared to be commonly sensed concerns the power distance between the Vietnamese employees and their Danish managers. These cultural attributes were emphasized by the actors as they compared what they experienced in the joint-ventures (as well as in Vietnam in general) with their experiences in Denmark. For instance, a typical cultural difference is apparent in the way the first MD of the Boiler joint venture described his interactions with the local employees, “This is something really Vietnamese or Asian... You know, the Danish attitude is if you see a problem, then you should focus on it, you need to solve the problem. We are not talking about if it is your fault or my fault but we need to solve the problem. I have the feeling that a lot of Vietnamese people they do exactly the opposite – they turn away.” The issue of shying away from problems, together with the related inability to make a decision, have been commonly found in all the cases and are commonly referred to as part of the Vietnamese national character.

As advocated in the pre-understanding based on existing literature, macro cultural anchors are only expected as salient anchors in the initial phase of the joint-venture. However, the sensemaking of various joint-venture actors as shown in their stories tends to repeatedly rely on their perceptions of national culture differences. For instance, a persistent comparison of Vietnamese vis-à-vis Danes was enacted by the local MD in the Fruit Case. In another example,
Restructuring attempts are often grounded in the need for localization because of certain behavioral discrepancies between Danes and Vietnamese (e.g. the GIS case and the Fruit case).

**Macro structural sensemaking as converging anchors**

As discussed in the pre-understanding framework, the involvement of third-party institutions, namely Danida’s B-2-B programme and the Industrialization Fund for Developing Countries (IFU), has influenced the joint-venture to varying extents. Generally, the two initiatives have created a frame of action to regulate interaction between the parties, with particular reference to technical and financial aspects of the joint-venture. However, the two agents have played different roles in the joint-venture operation, e.g. a donor role with no managerial involvement versus an investor role with participation in the joint-venture’s strategic management. But their actual influence on the joint-venture management seems similar in the role of advising and using institutional tools to create a common base for interaction between the partners within their areas of focus.

In particular, the B-2-B initiative has been referred to as a motivation for the Danish partner to enter into the joint-venture agreement. In all the cases, the partners took advantage of Danida B-2-B support in establishing their joint-venture project. During the interviews, some partners have stated this to be a motivation in addition to business motives such as market-seeking and strategic positioning. The B-2-B support seems particularly important in financing a long-term expatriate who takes a managerial position in the associated JV. The acceptance of the Danida B-2-B support creates a general common frame for the joint-venture activities, particularly within training and technical advice, where its reporting requirements function as a kind of evaluation frame in terms of efficiency, equity and adaptability (Doz, 1996). In this respect, the B-2-B programme plays an important role in facilitating interaction between the partners and the joint-venture. Moreover, the B-2-B involvement also acts as an intermediary boundary spanner in the sense that coordination activities help break down the social and cultural barriers between interacting partners.

Meanwhile, IFU has only been involved in two of the five cases, i.e. the Fruit Case and the GIS Case. As mentioned in Chapter 6, IFU does not only provide capital but also advisory services for cooperation projects. In this regard, my interview with an IFU representative in Vietnam-related projects, including the two above-mentioned joint-ventures, has given interesting additional information about the major contributions of IFU, which concerns “corporate governance” in terms of the functioning of the board, generalized experience of joint-ventures in developing countries and financial advice. According to my IFU informant, consultancy within corporate governance was particularly useful to projects involving small companies which often had relatively little experience in board-related activities. The benefits of IFU participation have also been confirmed by the informants of the two involved cases. However, they indicated that IFU’s subsequent withdrawal from the joint-venture would not affect the management of the companies since IFU was not directly involved in operational activities. In short, IFU’s influence seems to be recognized in its advisory role on the board level. Through this role, it is
in a position to enact particular generalized standards of board functioning into interaction between board members.

Apart from the above two foreign institutional sources of influence, the cases have underscored the value of relevant international standards such as ISO (International Organisation for Standardization), CSR (Corporate Social Responsibility) and OHSAS 18001 (Occupational Health and Safety Zone) in constructing a quality management system in the joint-ventures. These standards, in particular ISO, have been utilized by both Danish and Vietnamese actors as frames of reference in discussing quality issues. This is particularly true in cases where ISO was introduced by the joint-venture management as a strategic tool or in situations where it is referred to simply as quality-related experience, as observed in the Boiler Case. In the case where ISO was used as a strategic management tool, like in the Fruit Case, it seems to have created a platform for joint-venture actors to construct and negotiate a common set of work procedures in compliance with standard requirements. This platform is a product of “international consensus”\(^{22}\), as described on ISO’s homepage. The ISO homepage also stresses that ISO standards only set requirements to be met. But how to meet them is subject to individual implementation which may vary from sector to sector and from culture to culture. In so doing, ISO functions like an interface for interaction in joint-venture work processes.

**Organisational structure as initial sensemaking anchors**

Structural anchors on the organisational level concern structural arrangements of the joint-venture in terms of ownership and control, as well as those from its parent organisations as sources of inspiration for the Danish managers to construct joint-venture practices.

Ownership appears to have been a limited source of sensemaking. Of the five cases, four represented an equal ownership structure while only one (the Boiler Case) represented a dominant ownership structure. Evidence has shown the influence of the equal ownership structure (whether it is a 50/50 structure or 51/49 structure) on joint-venture processes to the extent that it has laid a reciprocal platform allowing the involved partners to actively join the decision making process. For instance, the equal structure was regarded as creating “a win-win situation”, as the Danish CEO in the Design venture put it when explaining their choice of the 50/50 structure, adding that it is conditioned by mutual trust between the two partners. The other cases of equal ownership have similarly defended their ownership structure to benefit from equality (“*We have to be equal*” to be “*good for the cooperation*”) as expressed by the Danish CEO in the Mould Case, or as a preferred strategy for entering overseas markets in the GIS Case, as proven to be the case in all the overseas setups of the Danish water consulting agent, including ViGis. In the latter case, the Danish CEO also hinted at the importance of “*mutual understanding and interests between the parties*” with regard to equal ownership, and he

\(^{22}\) “Consensus” is officially defined (in ISO/IEC Guide 2) as “general agreement, characterized by the absence of sustained opposition to substantial issues by any important part of the concerned interests and by a process that involves seeking to take into account the views of all parties concerned and to reconcile any conflicting arguments”. The definition notes, “Consensus need not imply unanimity”. [http://www.iso.org/iso/about/how_iso_develops_standards.htm]
stressed the equal roles of the two partners in the joint-venture describing the linkage as one between father, mother and child. Interestingly, a similar view was expressed by the local CEO partner. In short, the equal ownership has been referred to as a positive initial platform that is expected to mediate the development of the joint-venture in the interest of both parties.

Besides, ownership structure has been enacted in the arrangement of a control structure comprising the board of directors and the board of management, so that the representation of each partner in these boards should correspond to the respective partner’s capital contribution. Although the cases tended to follow the ownership-based principle, most evidently in the composition of the board of directors, some of them have demonstrated a unique arrangement in these boards already in the early phase. Within the board of management, for instance, the arrangement of 100% expatriate-driven management in the Design venture, or a Vietnamese-driven top management supported by a shared middle management between an expatriate and a local manager in the Mould venture, does not seem to represent a 50/50 ownership. Within the board of directors, the appointment of a local partner employee in the Mould venture or a family member (partner’s son) in the Fruit venture as the second board member who had not been active in the board appears to be a matter of formality; the same seems to be the case for the second board member of the Danish partner in the Boiler Case who happened to be a Vietnamese (sales manager of the partner’s local sales office). In terms of actual arrangement of the control structure, the ownership anchor has been partially taken over by partners’ individual agreements.

Another structural anchor on the organisational level observed in the cases concerns the parent organisations’ structural sources. Empirically, the sensemaking context was mostly embraced by established norms and practices of the Danish parent organisation, rather than from the local parent. Part of the explanation for this lies in the fact that products and services and their related know-how in all the five cases originated from the Danish parent firm with embedded meanings and practices. Thus, the transfer of these products/services indispensably called for the reference to the related organizational culture underlying them. On the whole, the cases have demonstrated the Danish parent’s expectation to implement the (Danish) parent system in terms of procedures and task descriptions in the local venture. In an explicit manner, such an expectation has been expressed by the Danish informants through the intention to “copy-and-paste” the Danish system, as found, e.g., in the Design, the Mould, and the GIS cases.

In short, organisational structure-related anchors contain joint-venture structure in terms of ownership and control, and parent structure primarily on the part of the Danish partner. As discussed in the IJV literature as part of the pre-understanding, joint-venture structural arrangements have been a sensemaking anchor limited to setting an initial ground for interaction processes, e.g. a ground of reciprocity in the case of equal ownership. The Danish parent structure has largely been enacted as an initial source of procedures that the Danish actors attempt to implement in the joint-venture.
Organisational culture as emergent sensemaking anchors

On the organisational level, observation from the five cases has highlighted the enactment of a version of foreign parent culture which is driven by product-related knowledge resources contributed to the joint-venture, i.e. the enactment of organisation-based experience of technical know-how. The Boiler Case has demonstrated most evidently the salience of the Danish parent’s participation in the joint-venture as the knower, i.e. referring to many years’ experience in making boilers. Other cases, though to a lesser extent, have also emphasised the Danish parent’s organisational expertise as an anchor used by its members in their sensemaking in terms of explaining their behaviour and evaluating local behaviour within the joint-venture. In other words, there was a boiler culture was enacted in which members coming to the joint-venture were identifiable as boiler makers (or the boiler makers), just as there was a GIS culture with the GIS specialists, a fruit processing culture with the fruit experts, a design culture with the design engineers, or a mould culture with the moulding engineers. Interestingly, there is some implicit agreement between the Danish and the Vietnamese actors in the overwhelming demonstration of the Danish actors in the knowledge provider role. In other words, such an expertise-driven culture of the Danish parent has also been sensed by the Vietnamese employees as explaining the Danish managers’ insistence in doing it their ways. There is some convergence of sensemaking.

Apart from expertise, the enactment of the parents’ organisational cultures is hardly consistent with what they claim to be mission, vision or corporate strategy or any formal statements. As we shall see later in this chapter, there is a significant discrepancy between what is claimed to be the culture of the parent organisation and what is actually enacted by individual members representing the parent organisation. Insights from the cases have shown that these written cultural statements were too vague an anchor for the individuals to make sense of and interact in the joint-venture context. This will be elaborated in the following sections as joint-venture issues are uncovered.

As mentioned above, the local parent cultures seem to be less represented among sensemaking anchors than Danish parent cultures. However, as the literature has suggested with empirical evidence attention to certain distinct features of local organizations such as state ownership versus private ownership, it appears relevant at this point to question the influence of such a local-parent ownership-based culture to influence the joint-venture process. I have studied three cases with local private firms and two cases with local SOEs, namely the Boiler Case and the GIS Case. The two local SOE partners feature some common characteristics of a big hierarchical organization under the general guidance of a government body (i.e. a ministry), and leaders with education backgrounds from the former Soviet bloc (i.e. Mr. Z-vm from Vietmap and Ms. H-vm from Vietshin). Through expressions such as “to serve the nation” or “labour union activities”, etc., they seem to carry some distinct mentality with some concern of societal and political duty besides business motives. And particularly, Mr. S-dk’s experience with Ms. H-vm from Vietshin reveals an SOE culture embedded in the “old plan economy” system often known for bureaucracy and overwhelming government control. Meanwhile, the local partners in
the other three cases are privately owned and run by entrepreneurial individuals who seem to be more business-oriented. The three Vietnamese entrepreneur partners share a domestic educational background and an early move into the entrepreneurial world. Yet, they have quite different management styles, as will be uncovered in the discussions to follow.

**Interpersonal sensemaking anchors as emergent and informal**

As discussed in the pre-understanding framework, some interpersonal factors may become a source of enactment in the sensemaking process. Evidence from the cases has identified the personal relationship between a Danish actor and a Vietnamese actor as a relatively salient anchor. Initially, the pre-venture relationship between the partners, particularly those with a significant length of interaction like in the Fruit Case, seems to have been enacted as a basis of mutual understanding, as reflected in the comment by the Vietnamese MD of the Fruit venture through statements like “Mr. N-dk and I are no strangers”. Over time, new relationships emerged between the key actors as the result of visiting experiences, work-based interaction and socialization. Gradually these relationships often became a point of reference in conversations as an argument for informal interaction rather than formal interaction. Interestingly, these emergent acquaintances seem to be drawn on by the Vietnamese more frequently than the Danes, and they are often referred to as “friends” in the sense of knowing each other well, not only from work but to a certain degree privately as well. These are partly the outcome of the process of relationship building which is discussed in a later section in this chapter.

**13.2.2. Salient factors of individual uniqueness**

That individuals are unique in their sensemaking has been a central thesis endorsed by the current study. In the pre-understanding framework, it has been conceptualized as a kind of driving force in the enactment and identification of sensemaking anchors drawn primarily from the three given collective levels (i.e. macro, organisational, and interpersonal). Although it has been rather well postulated in the negotiated culture perspective through the notion of individual cultural stance, as discussed in Chapters 4 and 6, the scope of individual uniqueness has been left open to incorporate individual attributes rather independently of his or her cultural memberships. Evidence from the studied cases has revealed the significance of the following individual factors: joint-venture attitude, country attitude, and leadership style. The following discussion addresses how these individual factors have shaped the enactment of sensemaking anchors in interaction processes.

**Joint-venture attitude**

The story of the Boiler Case has stood out as a case of contrasting attitudes toward joint-venture on the part of the Danish expatriate manager which especially influenced the interaction processes as well as outcomes. The expatriate manager had a negative perception of joint-venture and considered a joint-venture as a setting where involved partners are more concerned with power and control in their own interests than cooperation in common interests. Such a perception has been seen as a result of selected personal experience through a combination of networking and direct involvement rather than a consequence of the enactment of any related
cultural anchors. It is rather an individual characteristic that may tell something about the person’s personality underlying his or her preference in the way he or she perceives the world.

Indeed, the same joint-venture with similar motives has presented to us two expatriate profiles with two different views. One of them (i.e. Mr. S-dk) is more relationship-based, i.e. more focused on the positive side of the local partner in terms of their (resource-based) contributions to the joint-venture. However, considering that Mr. S-dk was given the mission to create a relationship with the local partner as he took over from Mr. B-dk, his personal profile seems to be a good match with the role he was to undertake. This role has made his relationship-based view of the partnership a salient anchor for sensemaking. This is in contrast to his predecessor (Mr. B-dk) whose transactional view of joint-ventures and assumption of human opportunism were rooted in a personal preference to interpret joint-venture experience to his own liking.

The issue of concern at this point is perhaps the extent to which individual perceptions of joint-ventures influence interaction processes between the involved parties. In the above case, the opportunistic view of joint-venture appeared as a salient factor hampering the process of relationship building as well as learning in the joint-venture. During the later phase of the Boiler joint-venture, a more relationship-based view was adopted by the expatriate. This created a relatively reciprocal scenario facilitating interaction processes.

Have the perceptions of the partners changed over time? There is no clear evidence to this effect. There appears, however, to be some degree of consistency and dominance of the perceptions serving as a salient characteristic of the individual manager throughout the process of handling emergent issues. That salient characteristic has indeed shaped the scenario for interaction in the given joint-venture, overshadowing any direct touch of structural or cultural factors.

Joint-venture attitude seems to be embedded in particular interpretations of joint-venture motives. In the Boiler Case, the first MD’s negative perception of joint-venture appears to be consistent with his interpretation of the Danida motivation of the Danish parent, which can be compared to the motive of mandated regulation (Keil, 2000) as found to be relevant in IJVs in emerging contexts. The situation in the case changed when the new MD came with an initiative to make use of the local partner’s resources. The case gives rise to the question of whether the enactment of the joint-venture motive or, rather, the individual interpretation of the partner need has influenced the interaction scenario. Evidence from the case seems to have signified the individual interpretation of the partner need in terms of a negative perception, i.e. meaning, of joint-venture which, most likely as a coincidence, happened to endorse the Danish partner’s motive for donor support. Meanwhile, in the other cases, the motivation for obtaining donor support was present, yet with an emphasis on the partner need in terms of, for instance, providing local human resources (the GIS Case) and sharing a technical interest as well as “developing a company together” (the Mould Case).
**Positive country impression**

Apart from the conventional business-driven motivations, some Danish parent owners in the cases express positive impressions of Vietnam as an additional motivation for their commitment to the joint-venture. These include Mr. S-dk in the Mould Case, Mr. H-dk in the Design Case, and Mr. J-dk in the GIS Case, who all show a certain interest and even sympathy toward Vietnamese culture and people. This is close to the notion of national culture attractiveness articulated by Phan & Ngo’s (2009) yet distinct in as far as the attractiveness of the host country is not something which can be objectively determined, but it is rather the result of personal experiences prior to the joint-venture agreement; and that the one signified here is an individual-level notion. Positive country impression seems to have been enacted by the Danish partners not as some initial sensemaking anchor but rather as indicating some relatively broad range of tolerance for perceived discrepancies.

**Leadership style**

An emergent theme from empirical data is individual leadership styles. Each of the studied joint-ventures has featured a leader (or two), being an expatriate or a local, with a personal style.

The cases have suggested different leadership approaches in different joint-venture phases. The early setup phase tends to feature an expatriate manager with a technical focus and task-based orientation while the localization phase favours a type of leader with an organizational focus and human / employee orientation. Such leader emphases may reflect respective priorities in the joint-venture’s agenda in each phase. Yet, evidence has hinted at the reverse effect of a task-oriented expatriate manager, such as Ms. L in the Fruit venture, or a determined leader like Mr. B in the Boiler venture, in facilitating the interaction processes and thereby cultural negotiation process in the given joint-venture.

With respect to a leader’s influence on interaction processes, a salient leadership attribute is an initiative to change compared to an adaptation attitude. Mr. B of Danboiler is a good example of strong change initiative embedded in his reaction to the local employees’ behaviours and routines, through his overwhelming impression that “I just realized that someone needed to do something” as he saw the (Vietnamese) girls chop meat on the floor in preparation for the factory meal. A change initiative does not merely carry a change attitude but a will to change in action, just like Mr. B assumed his role as a trainer-teacher in ‘everything’ – in the sense of transforming local practices into a western perspective. Meanwhile, a relatively moderate change initiative can be attributed to an emphasis on educating the staff like that of Mr. H-vn (Viedam), or ‘updating’ them in the words of Mr. C-dk (Viedam); or a determination to give the local staff more responsibilities to let them learn by doing, e.g. as Mr. S-dk (Danboiler) or Mr. C-dk (Viedam) did. Whereas, an adaptation initiative can be traceable in the adjustments to identified local conditions, such as the restructuring attempt of Mr. T-vn (ViGis), the adoption of a more or less employee-defined manager role as done by Mr. J-dk (Dandesign). In a special manner, an adaptation initiative can also embrace a leader style like the local MD of the Fruit venture raising his high concern of how to make the Danes understand the Vietnamese and vice
versa, whereas a much lower commitment in acting accordingly, e.g. through his dominating manner in the staff meeting.

A leader’s style as salient here is composed of a unique combination of cognition, i.e. in terms of perceptions of e.g. behavioural discrepancies between the Vietnamese and the Danes, affection in some form of attitude toward solving the perceived discrepancies, as well as action. The leaders in the studied joint-ventures - be they Vietnamese or Danish - tend to share the cognitive awareness of discrepancies, but they vary in their attitude and action commitment. As will be discussed in the following sections, their style and ways of handling discrepancies appear to facilitate or hamper interaction processes and the construction of a common base for understanding.

13.2.3. Learning

This section discusses findings from the five joint-ventures on the learning process, how the joint-venture actors have learnt and made sense of their role in this process. The overarching theme in this analysis is perhaps the emergence of role taking as individuals interpret discrepancies underlying perceived learning needs. Whereas the formal setting for the learning to take place has primarily been in the form of a training agenda in a knowledge transfer setting where the Danish actors have the role of knowledge providers and the Vietnamese actors have the role of knowledge receivers, the actual learning process has involved individual learning to varying degrees through informal interaction as well.

Scope of learning

As indicated earlier, an action agenda focusing on training and the transfer of technology and know-how from Denmark has been seen as a dominating scenario for the formal learning process in the joint-ventures. However, as training proceeded, primarily on an on-the-job basis, emergent on-the-job issues seem to have initiated individual members’ interpretations of the trainer – trainee role which reflect an individual elaboration of general role expectations. And from a learning perspective as informed by the embedded literature in the pre-understanding framework, learning in the setting of the seemingly one-way training setting has indeed been present across different levels and directions.

Although the formal learning scope in the joint-ventures has been limited to knowledge transfer activities, an informal learning process was observable among joint-venture members as they gained new insights in the course of interaction. In the formal training-based learning structure, the Danish actors, e.g. the expatriates, have taken the role of trainers – knowledge providers. But they have simultaneously taken on a learner role in a unique manner, i.e. there was a unique intuiting process (Crossan et al., 1999) and subsequent interpreting process (Inkpen & Crossan, 1995), through which emergent discrepancies and gaps were identified and enacted as subjects for learning. In this sense, informal learning from the part of the decision makers, Danish or Vietnamese, may occur as a precondition for formal learning taken by joint-venture members in the role of trainees, marking individual influences on the organisation’s learning process.
Discussion continues as we move on to the next sections conceptualizing the learning process in the studied IJV settings.

**Learning as identifying knowledge gaps and learning needs**

The empirical stories have revealed a process of joint-venture actors making sense through identifying discrepancies in behaviour basically between the Vietnamese and the Danish actors. This is what has been described in organisational learning literature as the process of intuiting, i.e. recognizing patterns of similarities and differences (Crossan *et al.* 1999). We can recognize intuition through the instances of interaction from joint-venture stories. For instance, the repeated experience of the Danish MD with the Vietnamese employees’ communication style where answers did not appear to be consistent with each other, exemplified in the instance of the welding test (Chapter 8) gave rise to a generalized conclusion of a “mentality” difference between the Vietnamese / Asians and the Danes / Europeans. Or in the Fruit Case, the experiences of the Danish expatriate, i.e. Ms. L-dk, with the local staff was summarized in the metaphor of “This is Vietnam”, mentioned in her reports, as a reflection of her intuition. In similar ways, discrepancies between the Vietnamese and the Danes were identified across the cases, primarily including a quality perception gap, a decision making capability gap, and mentality discrepancy. The question here is to which extent such discrepancies have become critical to the learning process and what have been major sources of enactment. Through enacting particular frames of references (sensemaking anchors) to justify such discrepancies, the actors are in a process of interpreting, which is the next process in individual-level learning (Crossan *et al.*, 1999). Whereas the Danish actors tend to refer to their organisational standards and self-perceived Danish working culture characterized by independence and transparency, the Vietnamese actors tend to justify the significance of local contextual conditions underlying why things are done the way they are. The overarching discrepancy between them seems to be one between the knowledge with embedded know-how, practices and routines which they initially expected to implement in the local venture and the context of Vietnam with embedded conditions and routines which appear resistant against the approaching new knowledge. It is a gap between knowledge and (new) context. For instance, the Boiler Case has seen a kind of mental fight between the Danish boiler men expecting to implement their production practices in the joint-venture unit and the Vietnamese managers attempting to raise their voices in favour of adjustments to local conditions. In terms of cultural knowledge, the GIS Case and the Design case have seen the discontinuation of a Danish-inspired “flat” organisational structure after the first expatriate generation was over at the respective joint-venture.

**Autonomous vs. constructive role taking**

The default role structure in the studied joint-venture setting is evidently one of the Danes as knowledge providers and the Vietnamese as knowledge receivers, at least within the formal framework of technology transfer supported by the B-2-B initiative. Perceptions of these roles were different among different role-takers, reflecting a certain degree of awareness of the knowledge-context gap. At one extreme end, we have seen a Danish MD (Mr. B-dk of Danboiler) assuming the responsibility to train the locals in ‘everything’ with the underlying
assumption of the superiority of western knowledge/practices. The locals appear to accept this knowledge superiority and played the role of passive knowledge receivers. His role perception drew a sharp line between the knowers (“the people who know how to do it”) and the doers (“the people who do it”). The two Danish technicians playing ‘supervisory’ roles in the case have also been noted as holding a similar attitude. At the other end, most Danish expatriates adopted a constructive approach in providing knowledge by encouraging learning-by-doing whereby the local employees were given certain freedom to adjust the knowledge they received to their local conditions. The relevant dimension is the awareness of the contextual embeddedness of knowledge, along which one may distinguish between the relatively autonomous knowledge provider and the constructive knowledge provider.

However, the contextual embeddedness of knowledge must be seen in the relative context of the nature of that knowledge. For instance, whereas the boiler product is highly standardized across the Danish parent’s production entities and is controlled by a number of international classification standards (e.g. Det Norske Veritas); the other products (i.e. fruit-based materials and moulds) as well as services (i.e. design and GIS) appear to be customer-driven to a certain extent that involves some product/service development on-site. This distinction may partly explain the relatively autonomous knowledge-provider role taken by the first MD of the Boiler venture in its set-up phase.

One emergent aspect of role taking refers to a reverse learning attitude of the knowledge provider, namely learning about the Vietnamese context. Those Danish actors adopting the constructive approach tend to attach an informal learning role to the Danish side in connection with gaining firsthand experience in Vietnam. For example, the technical manager of the Mould venture, Mr. C, said, “Officially they (the Danish experts) came here to train the Vietnamese, but unofficially they came here to get some experience about Vietnam”; some of the expatriate managers across the cases showed their concerns about making their colleagues back in Denmark understand what was going on in Vietnam. Such experience seems to embed a “seeing is believing” principle as a step toward consensus, since “It is much easier to work together”, as elaborated by Mr. C. In a similar logic, the issue of “This is Vietnam” as raised in the Fruit Case needed to be seen, or felt, in order to be understood. The same attitude is observable in the Design Case with the Danish CEO being mindful about sharing Vietnam experience with his employees through arranging internal Monday “Vietnam talks” and bringing Vietnamese employees to the Danish headquarters on a visiting basis.

Meanwhile, the context of the foreign knowledge also emerged as a subject for learning, though not to such a critical extent that it became a managerial concern in the studied cases. The issue was raised by, for instance, the quality manager of the Boiler venture, i.e. Mr. D-vn, in connection with his training experience at the Danish headquarters through which he was able to

23 In contrast to the notion of ‘believing is seeing’ used by Inkpen & Crossan (1995) to address the significance of managerial beliefs in shaping the learning process.
observe the independently working Danes and the facilities underlying the given boiler production procedures. Similar impressions were expressed by the local managerial staffs in the Fruit venture, who had been sent to Denmark for training. To some extent, there was a need for learning the contextual background of the transferred knowledge in order to understand it. The failure of the joint-venture management (i.e. Mr. B-dk), as observed in the Boiler Case, to properly assess this learning effect and create favourable conditions for internal knowledge sharing seems to have created a blockage in the joint-venture’s learning process as a whole. The explanation that the local manager was “not in a position where he can actually influence so many people” was consistent with Mr. B-dk’s perception of the role of the local middle management, i.e. simply the “link”.

**Learning interfaces**

In relation to closing the knowledge-context discrepancy, the negotiation of joint-venture procedures and work processes seems to have been significantly facilitated by a third-party standard system such as ISO. Evidence from the cases has suggested that ISO and, to a smaller extent, CSR, were often enacted in the sensemaking process as common points of reference (or sensemaking anchor), as mentioned earlier in this chapter. For instance, for an Aalborg boiler standard to make sense to the local joint-venture members, it seems that it has been translated into the language of ISO which is for them already familiar. And the ISO construction process in the Fruit Case seems to have created a meeting point for members of the two sides to pull together their common knowledge base to make sense of the new knowledge. With the instance of CSR in the Mould Case, the joint-venture partners have enacted a mutual frame of reference for personnel policy activities, among others, to identify and to be negotiated in a common “language”. Such interaction interfaces differ from boundary spanning individuals in that they do not bridge interaction gaps themselves but may be enacted in sensemaking as tools for bridging such gaps. The explanation for the interface effect of such standard systems may lie in that to a varying degree they have become commonly recognized and adopted across organizational boundaries and national boundaries such that they are almost free of context, or at least, open to local contextualization as the consequence of the internal negotiation process).

**Boundary spanning role**

In relation to the documented need for closing the knowledge-context gap, and partly as a result of individual re-contextualization associated with either ongoing joint-venture experience or prior experience, a process of bridging the gap may occur in the form of joint-venture members through interaction taking on a bridging role or spotting particular individuals as a bridge in their interaction. As suggested by evidence from the cases, two issues are central here: one is the significant role of multicultural profiles and two is the gradual shift from expatriate-oriented to local-oriented bridging. A common example of a boundary spanning situation concerns board meeting preparations where a Vietnamese member had some pre-meeting interaction with each party separately in search for a common board agenda. This role has been taken by a local MD such as Mr. T-vn (GIS), a local sales manager / board member such as Mr. T-vn (Boiler), or a coordination manager such as Ms. P-vn (Fruit). In other situations, in daily interaction, however,
boundary spanning is rather an emergent role given to particular Vietnamese managerial staffs to handle the communication between the Danes and the locals.

**Learning as routinization by force of new practices**

The instances of the helmet and protection shoes with regard to work security in the Boiler Case are examples of this gap in action – it is not a “fight” as such understood from the MD’s story, but rather a fight between action and mindset, between the new western standard-based routine which has been imposed on the local workers at some earlier point and the old mentality not willing to accept it. It is an internal resistance so as to finally accept the new routine, as they do at the end of the “fight”. Rather than a gap between West and East, I see here a gap between behavioural learning and cognitive learning in action toward closing itself. If it is problematic, it is perhaps because it needs some kind of “mental support”, or more practically, some conditions for the cognitive learning to occur more properly and more quickly.

Overall, the learning process as it has unfolded in the stories of the cases has been characteristic of individual learning by both Vietnamese and Danish managerial actors in terms of intuition and interpretation, i.e. identifying and enacting discrepancies which appeared to hamper the formal process of knowledge transfer. Recognized or not, an informal role of learner taken by these managers had a primary influence on the enactment of their formal roles. Macro cultural perceptions, professional cultures and knowledge-driven power sources were primary sensemaking anchors used by the Danish expatriates and affected the negotiation of roles in the training context. The interesting highlight in the learning process is that the negotiation between roles, i.e. between the knowledge provider and the knowledge receiver, seems to have been overshadowed by the negotiation between knowledge (i.e. professional knowledge) and context (i.e. the joint-venture context) where negotiating actors might represent either the knowledge or the context or both. The latter case includes those expatriate managers as well as visiting Danes who become aware of the contextual challenge through their firsthand experience and adopt a constructive approach toward competence building in the joint-venture. The Vietnamese actors take a more active part in such negotiation as they similarly gain firsthand experience in the foreign partner’s context, depending on the extent of influence they may exert. The embedded process is one of re-contextualization where managerial perceptions of learning gaps including contextual awareness, taken roles, power relations and the nature of the knowledge all contribute to the generation of learning outcomes. These outcomes do not necessarily result in shared knowledge, but rather, commonly agreed practices to which individual members may be cognitively resistant yet behaviourally acceptant. In this regard, the learning perspective of interaction has revealed the incomplete nature of an emergent working culture.

**13.2.4. Power bargaining**

This section moves on to the second domain of interaction in IJVs, namely the domain of power bargaining which embraces the enactment of power, underlying processes and outcomes. As discussed in the pre-understanding framework, power bargaining is understood as a process through which initial conditions degenerate through micro bargains and new power balances
emerge over time. The following discussion is dedicated to identifying critical micro bargains based on the narrated joint-venture stories, which have stimulated the process of empowerment and shifting power balances underlying the negotiation of meanings and practices.

Initial power bargaining

Initial power division in IJVs is often formally manifested through the initial management structure which regulates the degree to which each partner may participate in the joint-ventures’ decision making process. On the strategic level, the power balance is reflected in the board structure, which is often determined by the ownership structure. Of the five cases, only the Boiler Case represents a Danish dominant ownership structure which translated into a Danish partner – dominant board of two members representing the Danish partner while one member represented the local partner. However, the second member representing the Danish partner is a Vietnamese sales manager who seems to have taken well on a boundary spanning role within board activities thanks to his diverse experiences with the western working culture. Across all the cases, it seems that primary power bargaining has been a dual performance between the owner members of each partner firm, while the other board members have been either nominal or in a supporting role. Even the participation of a third investor like IFU has been described as having a neutral influence on power bargaining so that it could later withdraw “quietly”. Negotiations in details within formal board arrangements are beyond the scope of data collection in this study. Yet, the data have revealed two situations in which bargaining power has occurred in a distinct way, namely in situations featuring consensus, compared to situations highlighting conflict between the partners. In the case of consensus, such as in the GIS, Mould, and Fruit cases, the influential power of each partner appears to have been enacted within the area of respective partner expertise in the light of such awareness as “we bring the technology and they know how to deal with the Vietnamese people” (Danish CEO in the GIS case). In the case of conflict, exemplified by the Boiler Case, the informants have pointed to disagreements between the partners regarding what should be the issues of concern on the board level. The lack of clarity in the board agenda, as claimed by the local partner, turned the power bargaining process to the disadvantage of the joint-venture and misbalance of the power relationship between the partners, i.e. the dominance of the dominant partner.

Management structure shift

In terms of management structure, four of the studied joint-ventures started out with a model that is often referred to as ‘shared management’ in IJV literature. Interestingly, three of the four joint-ventures had shared management on the top managerial level while the fourth one (Mould) on the middle managerial level. The management of the fifth joint-venture (Design) was dominated by the Danish parent, despite its equal parent ownership. Three of the five cases experienced a shift to a different structure (see Table 13-1), while two other cases had the same management structure at the point of data collection. Shifting from a shared management involving the employment of a long-term expatriate toward an independent venture, Danfruit and ViGis shared a similar cost concern as the B-2-B financial support covering the expatriation expenses was available only in a limited period. Meanwhile, for Danboiler to shift from a shared
management to a Danish management with a new MD was a decision most likely in response to emergent personal/partner conflicts.

**Table 13-1:** The shift in management structure in the five investigated joint-ventures

<table>
<thead>
<tr>
<th></th>
<th>Setup phase</th>
<th>Adjustment phase</th>
</tr>
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<tbody>
<tr>
<td>Boiler</td>
<td>Shared management (Dk)*</td>
<td>Dominant (Dk)</td>
</tr>
<tr>
<td>Fruit</td>
<td>Shared management (Vn)</td>
<td>Independent</td>
</tr>
<tr>
<td>Design</td>
<td>Dominant (Dk)</td>
<td>Dominant (Dk)</td>
</tr>
<tr>
<td>Mould</td>
<td>Shared management (Vn)</td>
<td>Shared management (Vn)</td>
</tr>
<tr>
<td>GIS</td>
<td>Shared management (Vn)</td>
<td>Independent</td>
</tr>
</tbody>
</table>

(*): Dk = Danish MD; Vn = Vietnamese MD.

The Mould Case offers an interesting case of shared management where the top management was taken by the Vietnamese parent owner alone while the middle management was shared by a Vietnamese and a Danish expatriate project manager, who first came to the joint-venture on a short-term mission but later decided to stay because of his positive country impression and his new Vietnamese wife. Although the structure might look like a dominant parent structure, evidence from the interviews has shown that much of the strategic management was done on a consensus basis between the two owners/CEOs of the parent firms. Hence, with both top management and middle management being shared, the Mould case indeed is the most thorough example of shared management. The positioning of a Danish expatriate in the middle management teaming up with a local manager and reporting to a Vietnamese MD seems to have facilitated the transfer of knowledge and practices from Denmark, and has particularly been active in closing the distance effect by skipping the hierarchical distance. However, the functioning of such arrangement as well as a shared middle management seems to have been enabled by a trustful relationship between the partners and both partner engagement in the top management.

The shared management structure set out a scenario in which each participating manager takes on his/her managerial role in relation to one another. Here we have cases where the negotiation and role-definition occurred in a relatively conflict-free manner and in accordance with the expertise of respective individual managers. When conflicts emerge between the managerial members, shared management becomes problematic, as exemplified by the Boiler Case and consistent with the speculation of IJV literature (See section 5.3.3). Evidence from the case has given insights into how individual interpretations of roles and power together with a stereotyped preconception of joint-venture actually played a part in constraining the potential synergy of shared management and consequently deteriorating the partner relationship.

**Empowerment as role taking**

With regard to power bargaining in interaction, the cases have demonstrated a gradual transfer of decision making power, formally and informally, from the joint-venture leaders to the lower level of organizational hierarchy. Such empowerment has first and foremost been a consequence of knowledge acquisition. As the local employees gradually acquired knowledge from the Danish partner in relation to the given joint-venture’s production processes, they also gained
some decision making autonomy in the expertise area they were responsible for. This category applies mostly to production employees and represents the most likely expected power shift in relation to competence or knowledge-based power (e.g. Inkpen & Beamish, 1997). However, in this empowerment process, the concern for the local employees’ decision making ability was raised as a critical challenge commonly faced by the Danish managers.

In contrast to the formal power bargaining in terms of the above management structure shift, empowerment is a process of emergent role taking and role giving. For instance, in perceiving the role distinction between the people who know what they should do (the Danes) and the people who actually do it (the Vietnamese), Mr. B-dk of the Boiler venture seems to have taken away from the local employees any authority to influence the production processes. In the case of emergent boundary spanners as discussed above with focus on the learning process, these individuals were given an informal power to influence through their interpretations and perceptions. Examples include Mr. T-vn in the Boiler Case or Mr. T-vn (MD of ViGis), who before a board meeting communicated with each partner separately the issues from the meeting agenda to reach certain possibilities for common solutions, or the local middle management team in the Fruit Case and the Boiler Case in the later phase when they were given more decision making autonomy.

Together with empowerment emerged a control need among the expatriate managers, as evidenced in the Boiler Case and the Fruit Case. Both cases have demonstrated a lack of trust in the local employees’ work performance in the sense of misuse of working time and information. In particular, the Fruit Case offers an interesting example of a seemingly unresolved problem of opportunistic behaviour among the local workforce, as indicated by the Danish partner through our short conversation regarding the recent development of the joint-venture. Whereas the evaluation of the joint-venture’s independence from the Danish parent in terms of decision making was positively made by the Vietnamese partner with regard to the adjustment phase, the recent tightening of control reflects unsatisfactory results of leaving the joint-venture on its own and to some extent the inability of the local staffs to cope with the given autonomy. Empowerment has appeared not to be so effective without parent control. Yet, since control has resulted in more documentation of work procedures (e.g. an extensive checklist), it creates new interaction interfaces which facilitate related work flows in the joint-venture.

To summarize, power bargaining is a complex process not simply between the partners – on the organizational level, but more relevantly between the individuals, i.e. between the expatriate managers and the local managers, and even between the individual expatriate managers and the local culturally-embedded context.

13.2.5. Relationship building
As informed in the pre-understanding, the idea of uncovering the process of relating or relationship building in the studied joint-ventures is emergent, i.e. letting the informants speak out their connections with other joint-venture members and the way they prefer their
relationship with others, without guiding them into any pre-conceived relational concepts gained from existing literature. Indeed, their narratives have shed light on the significance of several relational bonds in the studied IJV context in consistence with speculations from IJV literature. These relational bonds include trust, respect, and "quan he" in terms of close and informal interaction. Yet, such bonds have emerged on an interpersonal interaction level rather than on an organisational level as often conceptualized in IJV literature.

Initial relationship building starts with the partner level and often features a certain interpersonal bond between the top most-involved executives of each partner developed during the pre-venture phase. Such a relationship varies significantly in length and quality between the studied cases. The exception in terms of relationship length is the Fruit Case. Ten years of doing business together in the Vietnamese market seems to have created a certain level of mutual understanding between the partners, demonstrated in their board meetings and general strategic decision making as evidenced by the local partner (Mr. C) and the latest administrative manager (Ms. P). However, a similar sense of mutual understanding can be found in cases with a much younger pre-venture relationship like the Mould, the Design and the GIS case. In these three cases, clearly in addition to human factors, the partners without much effort quickly found their common language in the technical area, i.e. moulding, design and GIS technology respectively, and thus saw a solid foundation for a mutually understanding relationship. However, in the Design Case, the initial positive relationship between the two partners turned out to be gradually replaced by the somewhat “cold” relationship between the Danish MD and the Vietnamese partner.

The emergence of trust
During the joint-venture process, relationship linkages between individual actors evolve increasingly contributing to the joint-venture relationship complex. The most salient bond on this level seems to have been trust. In the Fruit Case, trust emerged right in the early joint-venture process as a necessary bond between the expatriate manager and the local staffs. The situation was faced with the risk of information leakage, as Ms. L-dk had to consider whom among the employees she could trust. Empowerment, as discussed in the section above, appears to have been enabled with a sense of trust.

In the Boiler Case, the issue of trust was almost absent in the early set-up phase where the relationship between the Danish MD and the Vietnamese employees was overwhelmed by the expatriate’s stereotyped preconceptions and misleading communication style. Later, in the adjustment phase with the new MD, the relationship became more visible as the local managers were entrusted with more responsibilities and managerial tasks. But at the same time, the exercise of tighter control reflected the MD’s experience of local employees who were used to work under supervision. The issue of reliability and trust was consequently raised following the redefinitions of roles and responsibilities in search for independence from the parents, i.e. in a similar way to the Fruit Case.
Another aspect of trust which arose from the above case is that although it is an interpersonal construct, it is likely to be associated with the degree of transparency of the institutional setting. Linking the absence of trust in the Boiler Case to the enactment of the first Danish MD’s negative joint-venture attitude, the local partner’s claim about the non-transparency of joint-venture activities, as well as indications of the second MD about the joint-venture company being “an Aalborg company”, appears to be an indication of difficulties in communication and the clarification of role expectations between the partners.

Respect as a matter of neutralized preconceptions

Another relational bond found to be salient in the cases is respect. We have again the story of the first Danish MD as well as the factory opening incident without the Vietnamese flag in the Boiler Case as instances of lacking respect, which created particular harm to the working attitude of the local employees and to the partner relationship respectively. The Boiler Case was an example that illustrates the observation of Mr. J-dk in the Design Case pointing to a tendency among western expatriates to look down on the local people or to underestimate their competences. His early-drawn lesson of “respect for the people” was enacted into the interaction with the employees in a positive way. The notion of respect has a double meaning in the joint-venture context: respect in the sense of nice (polite) treatment, and respect in the sense of appreciating local competences. The notion has often been treated as a taken-for-granted concept in literature.

“Quan he” as part of recontextualization

Throughout all the cases, there has been a growing awareness of the need to socialize with locals to a far greater degree than what the Danish expatriates are used to in a Danish context. "quan he”, or informal non-task-related interaction, seems to be an integrated part of the partner relationship maintenance. Some Danes adopted the practice easily, even with pleasure (like the CEO in the GIS Case); while others resisted and failed to recognize its significance or simply ignored it.

Various activities indeed occurred in light of the “quan he” development, ranging from informal conversations or joint lunch at work to social dinners, home visits and joint events outside work hours. The “quan he” aspect of the partner relationship was often referred to as one kind of friendship in the Vietnamese sense. Some Danish partners appeared to enjoy “quan he” – related interaction and being called a “friend” better than others. These are people like Mr. J from Dava having a passion for the Asian cultures, or Mr. S from Danmou placing emphasis on finding a partner not only to work with but also to have fun with. At the other end of the personality orientation, those with a straightforward attitude toward business relationship like Mr. B in the Boiler Case are likely to fail in their expatriate mission. The expatriate managers who took over or stayed in the later phase of the joint-venture continued their attempts to maintain an informal “flat” and open organisation through daily interaction, while adjusting their managerial approach to the local employees, such as taking the “father role” to help them with private financial problems or handling issues in a face keeping manner like Mr. J-dk did at Alfa Design.
The development of “quan he” creates a dynamic process in the joint-venture relationship through informal interaction or socialization alongside joint-venture decision making formalities.

As the relationship building process evolved, some Danish expatriates seem to have adjusted better to the local way of managing than the others, as partially discussed above with regard to their day-to-day managerial roles. Among the adjustments was a process of getting closer to the employees through keeping daily contact, showing attention or care towards the local employees. Examples include the father-role incident told by Mr. J of Dandesign; the daily greetings, the joint lunch break and the “great contact” maintained by Mr. S-dk with the local workers at Danboiler. It is maybe something that was missing in the connection between the expatriate deputy MD and her local staffs as I observed during my traineeship stay. Meanwhile, the local MDs like Mr. C (Danfruit) or Mr. H (Viemou) paid similar attention to the personnel care policy yet with slightly different emphases, one on the after-work socialization activities, and one on employees’ working conditions, including hygienic conditions in particular.

13.2.6. Nature of the emergent working culture
By now, the three interaction processes in the studied joint-ventures have been uncovered in the light of emergent issues and individual sensemaking. As already argued, these processes occur simultaneously, overlap and supplement each other. As early clarified, culture in this dissertation is defined as emergent, incomplete meanings and practices in webs of agency and power. The three joint-venture processes guiding the pre-understanding and the empirical exploration have been argued to manifest key dynamic intertwined aspects of such a culture.

With regard to the degree of macro cultural enactment, the study has found across the cases a pattern of generalizations perceived by both Danish and Vietnamese managers and used to explain behavioural and cognitive discrepancies identified by them. On the one hand, the Vietnamese culture has been a salient feature of the joint-venture’s working culture. Particular references have been made to power distance and collectivist orientations as sense-making anchors. On the other hand, the significance of the Vietnamese culture has reduced by division of roles and responsibilities managerial adaptation demanded by Danish managers. The Danish culture was mostly salient in the early phase as enacted in the initially - expected democratic way of organising and managing through participation by the Danish expatriate managers. Over time, evidence has shown that the Danish culture has lost its relevance in the new context, as a need for localization emerged, and turned its significance to a profession-based organisational culture such as a design culture or a boiler culture. Meanwhile, not so much cultural knowledge has been transferred from the local parent organisation to the joint-venture. The learning was indeed the reverse. That is, the new practices and meanings that evolved in the joint-ventures have been selected and applied by the owners/executives of the local parent companies in their own organisations. The previously anticipated effect of local partner ownership (i.e. SOE versus privately-owned) was not observable in the studied cases - the two cases with a local SOE partner were rather independent of their local parents.
The dynamics of an emergent organisational culture at the joint-ventures has clearly been marked by the short visits of the expatriate managers, in particular in the early phase when the ventures were new and when the expatriates took an active role in creating the initial ground for interaction in the joint-ventures organisation. These expatriate managers, as seen in the cases, featured diverse individual cultural stances characterized by their preconceptions, preferences and social orientations. At the same time, the local executives were also seen to leave certain footprints in the joint-venture organisations.

From the learning perspective, the emergent organisational culture centres around situations dealing with the gap between the knowledge and the context which most likely lead to incomplete learning, i.e. either behavioural learning or cognitive learning which is often bound by contextual constraints and thus prevented from transforming into “complete” learning. These incomplete learning incidents were embedded in some negotiated power-driven order between the knowledge owners and the context owners. The flow of learning remained one-way, following the flow of the product/service knowledge once the interacting actors failed to recognize the potential knowledge of the context. The effect of learning or the chance of complete learning seems to rely largely on the management’s open attitude and action toward change.

From a power bargaining perspective, the emergent joint-venture organisational culture may take departure from formal control structures expected by the parents yet later travel though the process of informal interpretations and enactments of such structures bound by managerial preferences of the individual executives. The power of the culturally-embedded context may become dominant calling for some form of localized management with redefined roles and responsibilities in the joint-venture organisation. An enabled middle management appears to be characteristic of the increasingly independent venture regardless of how the top management is adjusted. Yet, the independent development is not without paradoxes between independence from the parent (mainly the Danish parent) and dependence. The local employees’ decision making ability is critical to the joint-venture’s independence but it seems not yet recognized as a critical domain for learning.

From the relationship building perspective, the emergent joint-venture organisational culture features a complex of relational bonds in the various relationships between individual actors, and an ambiguous definition of the joint-venture organisation – is it a Vietnamese company or an Aalborg company?

All in all, the story of the emergent joint-venture culture is a story of finding (negotiating) the line between adopting the Danish way of organizing and adapting to the local attitude, reconciling the expected and emergent leader role, and compromising the degree of partner control through management appointment. It is also a story of enacting a professional culture in a new macro and organizational context, bringing issues of identity and culture into daily
dialogues and knowledge sharing, opening up for a common understanding. An open attitude toward learning and respect for local practices has been proved to be an individual attribute which positively affects the relationship between the partners and the management of the joint-venture.

13.2.7. Summary

Overall, the pre-understanding framework has been useful to a significant extent in identifying the major interaction processes in the investigated joint-venture setting. The emergent interaction map fits well into the expected domains of interaction which are evidently interdependent and overlapping. Individual actors take on their roles in a personally unique way driven by their perceptions and preferences.

Despite its high relevance and reference value in the empirical investigation, the pre-understanding framework has not properly accommodated the following findings, which demands further conceptual development.

- The knowledge-context gap has been identified as a significant challenge in the interaction processes and is a consequence of the general knowledge transfer mentality among the Danish actors who took the local context more or less for granted. Interaction toward closing this discrepancy entails a complex process of bridging the gap and constructing a commonly shared context on various interpersonal levels within the IJVs. Such a process has been inadequately anticipated in the pre-understanding framework.
- Boundary spanning emerges in the interaction processes of the IJVs as a major process of bridging the above knowledge-context gap, where the boundary spanner role is initially taken mainly by the expatriates but over time it is gradually taken over by the local middle managers.
- Sensemaking anchors as enacted by joint-venture actors are overwhelmingly driven by individual perceptions and styles. The thesis of individual uniqueness and its influence on sensemaking have been expected in the pre-understanding framework. But this expectation has not received elaborate discussion. The empirical evidence has confirmed the role of individual actors.
- The identified interaction map with three salient interaction categories has been consistent with the highlighted focus of interaction in the pre-understanding framework, namely learning, power bargaining, and relationship building. However, the overlap between these interaction domains has appeared to be greater than expected since outcomes of the processes are interdependent. Such interdependence reflects the ambiguous aspects of interaction and thereby the negotiation of a working culture in the IJVs.
- The role of international standard systems (esp. ISO) in laying the ground for the negotiation of joint-venture practices has not been articulated in the pre-understanding framework. Such third-party standards which are internationally applicable are not static.
or fixed at all, but rather, open as a consensus ground for involved partners to build their own standards. Their role as interaction interfaces is worth a conceptual attempt.

These five areas provide opportunities for extending existing conceptualizations and IJV theories. They are the main components of the post-understanding discussion in the following section.

13.3. Constructing a post-understanding
Taking departure from the above-mentioned new empirical insights, this section seeks to formulate the post-understanding framework of intercultural interaction in Danish – Vietnamese joint-venture settings.

13.3.1. The contextual dynamics of IJVs
Having indeed been given emphasis yet somewhat taken for granted in the dissertation until now, the notion of context given its empirically salient emergence deserves a proper conception. Several authors have pointed out the underexplored conception of context within international management research (e.g. Wensley, 2001; Johns, 2006). At the same time, there seems to be a growing understanding of context as dynamically embedded in and enacted through social interaction (Nonaka & Toyama, 2003). To illustrate, I find the concept of *ba*, defined as a shared context in motion for knowledge creation (Nonaka *et al.*, 2000) highly relevant. *Ba*, which originally means place in Japanese, involves a time-space nexus and interacting individuals in that nexus, with space ranging from physical to virtual (e.g. email). *Ba* is a place where information is interpreted to become knowledge (Ibid).

The notion of *ba* is very inspiring since it reflects much of the context that has emerged in the studied joint-ventures as the result of interaction between the Danes and the Vietnamese, as well as the shared time and space between them. Initially, it is the context underlying the metaphor “This is Vietnam” with embedded routines and practices which have appeared as obstacles in the joint-venture’s acquisition of the foreign partner’s knowledge. That context is shared, i.e. communicated, to varying extents between the Vietnamese employees and the Danish expatriate managers while they together actively operate the joint-venture organisation. The sharing of that context is extended as Danish colleagues visit the joint-venture or, partly, as Vietnamese staffs visit the Danish headquarters in Denmark. This has been evidenced by some informants as they noted the importance of face-to-face interaction – in both cases, and being in the particular place of Vietnam – in one of the cases. It can be between a visiting Dane as trainer and a Vietnamese employee as a direct trainee, or between a visiting Vietnamese as a trainee and the Danish colleagues at the headquarters, in both cases through on-the-job training. It can be between the Vietnamese partner and the Danish partner through their formal board interaction and informal socialization; between the expatriate project manager and his Vietnamese counterpart through sharing the day-to-day managerial task; or between members of a project team involving experts from both partners. In similar interaction settings, the context of the Danish parent in Denmark is shared between the Danes and the Vietnamese.
In brief, “This is Vietnam” may have both negative and positive connotations. But whichever perspective adopted, it highlights the importance of context – physical, social, cultural, economic, and legal. It defines the socially accepted rules of behaviour in Vietnam. In this regard, it is socially defined and constructed. It represents a summary construct for Vietnamese business culture. At the same time, it is dynamic and subject to individual interpretations and frames of reference enacted in interaction processes within each IJV. In other words, it becomes a unique joint-venture context with collectively perceived components of “This is Vietnam”.

Such a dynamic conception of context appears to be compatible with the culture concept as embedded in this study. Culture here represents the meaning layer of context. The knowledge from the Danish partner covers one major part of the input in the construction of a working culture in the joint-venture. While the knowledge contribution from the Vietnamese side is generally not core to the joint-venture, the knowledge to be developed in the joint-venture is subject to the sharing of a context in action.

Borrowing the notion of *ba* or a dynamic shared context to articulate the understanding of the issues of context in the studied joint-ventures, however, may risk being normative. Taking into consideration multiple factors including the parents’ joint-venture motives, the executives’ joint-venture attitudes, and the joint-venture’s structural arrangements, the initiative for knowledge sharing is not one of certainty, as assumedly underlying the conception of *ba*.

13.3.2. Individually unique sensemaking
The pre-understanding has proposed salient sensemaking anchors along two dimensions: cultural dimensions (macro and organizational) and structural dimensions (interpersonal). Insights into individual enactment of sensemaking anchors have suggested a dominant effect of individual perceptions and preferences in such enactment. This means the sensemaking process has been guided less by organizational issue than by individual preferences. Thus, the usefulness of my initial classification of sensemaking anchors into the two dimensions above has been somehow compromised. It appears more meaningful to group individual actors according to their sensemaking tendency, based on intuiting from the joint-venture stories. These stories suggest the following three types of tendencies: (1) The *stereotyper*, (2) The *sympathizer*; and (3) The *insider*.

The stereotyper refers to the expatriate manager who tends to generalize from his or her past experiences to explain and make sense of a given joint-venture situation or issue. As an example, the first MD of Danboiler reconstructed the story of the boiler venture with his pre-perceptions of the Vietnamese as well as joint-venture in a sense that confirmed such pre-conceptions. The stereotyper clearly identifies her/himself against the local subordinates through clear role distinctions. The sympathizer or the sympathetic sensemaker tends to refer to the historical background of a given situation or of particular behaviours with a view to acting to influence or to change such behaviours if necessary. The second MD of Danboiler, for instance,
can represent this type by signifying the contextual background, i.e. communist versus capitalist governance, of behavioural discrepancies between the Danes and the Vietnamese. This is reflected in his comment that “the communism has taken away their ability to make decisions”, recounting his similar experiences across countries sharing a communist background. The sympathizer is highly aware of contextual embeddedness of companies and is likely to approach joint-venture issues in a constructive manner. A Danish MD taking the father role as perceived to be expected by local employees, i.e. in the Design venture, is also a sympathetic sensemaker. The sympathizer is also generally willing to compromise and construct a common identity among joint-venture members. The last type of sensemaker, i.e. the insider, is also a sympathetic insider, but differs in the extent to which he or she identifies himself/herself as part of the joint-venture identity. An example of this type tendency is found in the Viemou Case where the joint-venture is perceived as part of the parent’s identity. In contrast to the stereotyper, the insider manager is not interested in macro categories but cares more about the situations and actively involved members.

The above typology of sensemakers can be justified along two continua: the contextual awareness and the attitude towards a common (joint-venture) identity. It may apply to both Danes and Vietnamese, although the Vietnamese manager in the given joint-venture setting will seldom fall into the category of the (pure) stereotyper.

**13.3.3. Boundary spanning as a bridging strategy**

Evidence from the cases suggest that in attempts to bridge the knowledge-context gap and other perceived discrepancies between Danes and Vietnamese, particular individual members in the IJVs took on the role of a boundary spanner. Boundary spanning has originally been conceptualized as an organisational role with regard to information transfer within the organizational context (e.g. Tushman & Scanlan, 1981; Aldrich & Herker, 1977). According to Tushman & Scanlan (1981), informational boundary spanners have been defined as individuals who are to gather information externally and disseminate information internally and thus must be well linked both externally and internally. Intercultural boundary spanners then must somehow be well linked to the local cultural system as well as to the foreign cultural system. This means that they can be locals with foreign experience or foreigners with local experience, such as expatriates.

Nevertheless, boundary spanning behaviour in extant research seems to be associated almost exclusively with expatriate managers (e.g. Johnson & Duxbury, 2010; Au & Fukuda, 2002). Few authors have discussed the boundary role of expatriates in IJVs (see e.g. Luo’s (2006) study on the concept of interactional justice in IJVs from a boundary-spanning perspective). However, the conventional view in extant literature on the expatriate role is likely to assume the unending journey of the expatriation mission. On the contrary, the current empirical study of the five joint-ventures has shown that when boundary spanning roles are effectively performed right from the beginning of an IJV’s establishment, the need for expatriate presence in the JV may decline over time. There will be a gradual shift of the spanning role from the expatriates to the
local managers. The formal positions of these boundary spanning individuals may range from a local board member or a local managing director to a local secretary. But most often, a middle level manager functions as an important boundary spanner. Whereas the spanning role of the expatriates has been derived from the initial expectations of the foreign parent, the boundary spanning role of the local managers were more emergent during the joint-venture interaction processes. Informal interaction is the interaction channel where much negotiation of meanings and roles or much sensemaking occur between the boundary spanners and employees on the two sides of the boundary, i.e. the Danes and the Vietnamese. The sensemaking of the boundary spanners can thus be the manifest layer of an emergent working culture in the joint-venture organisation. The question of managerial concern then is how reliable these individuals are in their emergent role of boundary spanning as they enact a particular degree of influence (power), and how they can be supported in this role.

Boundary spanning is critical for generating positive dynamics within the IJVs in the sense that it facilitates the creation of consensus between involved individual members. Such consensus is, to some extent, subject to interpretations of the boundary spanner which are communicated and negotiated with each party separately. It is therefore subject to which type of sensemaker the boundary spanner is. Effective boundary spanning in this regard seems only possible if the boundary spanner is a constructive sensemaker with an insider view in the sense of having an interest in constructing a common identity. An expatriate manager in the boundary spanning role speaking on behalf of the joint-venture, for example, can be more effective than one speaking on behalf of the Danish parent. The above mentioned shift from expatriate to local boundary spanning reflects the emerging salience of a “This is Vietnam” context with which the local boundary spanners are relatively more familiar and therefore in a better position to represent and share it with the Danes.

Part of the boundary spanning process is enforced by the introduction of third-party international standards like ISO and OHSAS. These standards function as consensus premises for the negotiation of a standard system to be applied to the joint-ventures.

13.3.4. Cultural emergence as emerging webs of significance
At this point, I believe it is appropriate to address the question of how a new culture emerges in the interaction scenario so far described. An emergent culture in the IJV setting is a complex outcome of interaction processes as articulated in the above discussion. Individuals, i.e. mainly managerial actors, in interaction are captured in a complex intertwined process of attempting to influence others with their knowledge, while learning from others’ new insights and relating to others in search for mutual understanding. The actors initiate an ‘informal’ sensemaking process as soon as the ‘formal’ joint-venture structure is enacted. Informal and formal interactions are simultaneous rather than one preceding the other. With respect to learning, apart from a competence building (i.e. training) process, there is an informal learning process starting from the individual level regardless of whether the joint-venture is associated with a learning intent from a partner’s perspective. With respect to power bargaining, during the formal decision
making process implemented through the joint-venture’s functions, some actors exert more influence via sense giving, e.g. defining their roles and others’ roles. With respect to relationship building, certain relational bonds may emerge during the process of socialization and work-based interactions, such as trust or respect.

The meaning of power in IJV interaction is one that is socially constructed, implying that power relations are mutually accepted. It can be a power derived from the experience or expert knowledge (e.g. the boiler makers or the designers). It can also be attached to the local context with embedded routines that may act as resistance to the imposition of new knowledge. The power of context emerges when the embedded routines or practices arise as obstacles to the implementation of Danish know-how (e.g. the “This is Vietnam” instance) or as ambiguous meaning conveyors as in the communication about the welding tools between the former Danish MD and a local employee in the Boiler venture. The nature and strength of this power was reflected in his expression of frustration when he said, “And then I give up”. The third source of power is a perceived superiority as a result of organisational roles, which seems to have consensus between the Danes and the Vietnamese. Power belongs to the perceived decision makers in this context. It is a negotiation between power-as-perceived and power-as-assumed. Power-as-perceived refers to the extent of influence one joint-venture member perceives to be exerted by another member because of some superiority. Power-as-assumed refers to the extent of influence assumed, i.e. undertaken, by a joint-venture member in the negotiation of meanings and practices.

The meaning of relationship in the IJV context of the study is likewise one of social construction. The context of Vietnam sees relationship as a natural part of work life and this national character is enacted by Vietnamese actors in interaction with the Danes. Business partners as friends, the father figure role taken by a Danish MD, or certain close bonds based on socialization between some Danes and some Vietnamese are examples of negotiated outcomes in relationship building in the studied IJVs that reflect the adaptation to the Vietnamese context. Meanwhile, the family relationship in the GIS case is not given any role in influencing the work relationship between the local partner and the MD of the joint-venture. As a result, the negotiation of roles in the IJVs is embedded in a web of socially constructed relational bonds (or “quan he”).

**A culture in action**

At this point, I believe that a joint-venture working culture as so far documented in the dissertation can be very well described by the notion of culture-in-action\(^2\) (Kuada & Sørensen, 2010) or, in a similar way, argued as culture-in-context (Berregaard et al. 2009). The two constructs both emphasize the contextual embeddedness of the emergent culture rather than the

\(^2\) Culture-in-action has indeed been discussed in a paper by Swidler (1986) as an action-based view of culture in contrast to the value-based view of culture. However, the focus was on the causal relationship between culture and action with the underlying assumption that culture shapes action, though to different degrees in (two) different periods.
negotiation of cultural stances as highlighted in the negotiated culture perspective. Empirical evidence of the present study has justified the relevance of most of the components of culture-in-action, including the emerging new culture, the personalities and leadership behaviours of interacting parties, and the cultural meeting place (Kuada & Sørensen, 2010). However, rather than squeezing the contextual relevance of culture into the notion of meeting place implying simply a physical dimension of culture, this study has elaborated a dynamic context that is subject to enactment in individual sensemaking, i.e. a knowledge-based context rather than a purely physical context. Culture-in-action in this study is, moreover, mainly concerned with the meaning layer embedded in the negotiation of roles and identities in the central interaction processes rather than the deep value layer which is believed to be a less significant source of reference in a sensemaking perspective. The relevance of personalities is demonstrated by a typology of sensemakers who with their sensemaking styles contribute to the consensus of the emergent culture at different degrees. On the one hand, the consensus aspect of the emergent culture can be facilitated by a number of conditions including boundary spanners with appropriate styles (i.e. the sympathizer or the insider) and skills (e.g. language and communication skills), the implementation and maintenance of interaction interfaces like ISO or other international standards that are open for internal standard construction. On the other hand, just like in the spirit of ISO, consensus in the emergent culture does not have to mean unanimity. Each group in the JV may have a unique level of consensus, e.g. a board-based consensus, a project team-based consensus, and a quality-function consensus.

The negotiation of meanings and practices are indeed not simply between Danish and Vietnamese actors. It actually occurred between those who assumed a certain understanding of the Vietnamese context, including particularly expatriate managers and partner CEOs, and those who represented the new knowledge and embedded systems of meanings and practices.

In sum, the emergence of a working culture in the studied IJVs is not an issue of doubt at this point. It is not simply a hybrid culture reflecting the parent organizational cultures or a working culture dominated by one of the national cultures of origin, as it may appear to be generalized by the informants. In line with the negotiated culture perspective, the current study has provided a narrative documentation of a working culture where individuals enact different sensemaking anchors with their own interpretations and consequential role taking in relation to emergent issues and situations in the joint-venture process. The study has extended the negotiated culture perspective in a number of aspects. First, it has documented the issue domains in the three major processes in the IJV setting, namely the learning, power bargaining and relationship building processes as well articulated in IJV research. Learning is embedded the construction of (new) meanings and practices, while power bargaining uncover the various sources of dominance enacted by individuals creating webs of significance influencing the outcomes of the construction of meanings and practices. Relationship building embraces emergent needs for particular relational bonds in the interest of the working relationship among joint-venture members and the interaction toward these bonds. Second, the study has documented the significance of particular power sources and power shift in the interaction processes by
integrating the propositions of symbolic interactionism and the nature of interaction seen from this perspective.

**Figure 13-1**: Post-understanding framework of intercultural interaction

13.4. Summary

The post-understanding framework (Figure 13-1) of this dissertation has presented highlights of conceptual development with evidence from the stories of the investigated joint-ventures. In conformity with the pre-understanding, the post-understanding confirms the relevant scenario of intercultural interaction in terms of learning – competence building, power bargaining – decision making and relationship building – socialization, in which the Danish and Vietnamese actors together construct some order based on the negotiated role. Starting out as an extension of the negotiated culture perspective, the model of intercultural interaction as proposed above converges with the culture-in-action perspective while making distinct contributions grounded in sensemaking and symbolic interactionist thinking. These contributions open new opportunities for future research as discussed in the next chapter where a reflection of the research process in theoretical and methodological aspects is also made.
Chapter 14 – Summary, reflections and conclusion

This chapter summarizes and reflects on the research process and its outcomes. The chapter consists of six sections. Section 1 revisits the research questions and summarizes the main findings of the dissertation. Section 2 presents the main contributions of the dissertation, while Section 3 discusses some important reflections. Section 4 suggests possibilities for future research, and Section 5 practical implications based on the dissertation’s findings. Section 6 concludes the chapter as well as the whole dissertation.

14.1. Revisiting the research questions and main findings
The dissertation started out with two research questions. The first question addresses how intercultural interaction processes unfold within a Danish-Vietnamese joint venture setting. This question has been answered by integrating existing literature and empirical insights from the five chosen joint venture cases. Intercultural interaction has been analyzed from the anchor of social constructivism endorsing culture as socially constructed through social interaction. This is an interpretive process embracing the exchange and negotiation of meanings between the involved individuals. The analyses on which this answer is based have been presented in my pre-understanding framework of intercultural interaction in IJVs (Chapter 6), and the investigation of interaction processes in the five Danish-Vietnamese joint-ventures (Chapters 8 to 12). The main findings from the empirical investigations are summarized as follows:

- The empirical evidence from the cases has revealed three major types of interaction: competence building interaction, decision making interaction, and socializing interaction. These three types of interaction represent rather formal activities in the three processes of learning, power bargaining, and relationship building in the joint-ventures.
- The personal characteristics and dispositions of the individual actors have far greater influence on shaping interaction processes in the IJVs than anticipated by existing literature. The results of the study show that individual pre-conceptions of cultural differences and attitudes toward e.g. the host country and joint venture serve as the main drivers of sensemaking in the interaction processes.
- I have classified the individual actors into three categories of sensemakers: the stereotyper, the constructive sensemaker, and the insider sensemaker. Each type of sensemaker represents a distinct range of combination of the degree of contextual awareness and the attitude toward a common joint venture identity.
- Some Danish experts tend to disregard the contextual embeddedness of knowledge and assume straightforward application of the knowledge they bring to the joint venture. This has resulted in disruptions in the interaction process.
- Some individuals served as boundary spanners that facilitated the re-contextualization process. This enabled the joint ventures to accommodate the knowledge acquired from their parents. The boundary spanning role tended to shift over time – being initially
assumed by the expatriate managers from Denmark and later by certain qualified local middle managers as the joint ventures moved from a set-up phase to a localization phase.

- Apart from the individual boundary spanners, certain standard procedures from outside (third) parties have played facilitating roles in generating consensus between the interacting individuals. These include international standards like ISO, which is meant to be an open-ended consensus base for the parties to construct their own standard system. The proper implementation and maintenance of ISO or similar standards may help to enhance the interaction processes towards mutual understanding.

The second research question, which concerned how the unfolding processes enhance our understanding of cultural dynamics in international joint ventures, has been answered in the form of a cross-case discussion and a post-understanding framework (Chapter 13). This chapter also reflects the extent to which the empirical insights from the studied cases are generalizable. The theoretical discussion in this chapter has confirmed that the interaction processes manifest themselves as webs of interpersonal consensus with respect to joint venture issues and processes. This process may be described as “culture-in-action” that produced an emergent joint-venture culture.

14.2. Contributions
This dissertation serves to bring our knowledge about culture in IJVs forward by making both theoretical and empirical contributions to the existing literature. The highlights of these contributions are discussed below.

14.2.1. Theoretical contributions
First and foremost, the dissertation contributes to non-mainstream intercultural interaction research with a model of intercultural interaction in an IJV setting in which culture is to be understood via the interaction as the negotiation of meanings and practices between individual members. Sharing much of the conceptual anchor with the negotiated culture perspective, the conceptual development in the dissertation has extended the negotiated culture perspective to include learning and a knowledge-based perspective as important themes in IJVs. Second, as the dissertation has integrated the process-oriented view of IJVs into the conceptual framework, it does contribute new insights to this non-mainstream body of IJV research. These new insights include the salience of individual unique factors in interaction processes which has so far mainly been regarded as evolving from a premise of initial organisation-level conditions (e.g. Doz, 1996; Ring & Van de Ven, 1994).

Another contribution of the present research is the investigation of IJVs from a dual perspective involving informants representing both joint venture partners. Considering that the IJV literature has been dominated by the western parent perspective, this dual perspective draws scholars’ attention to the complex and dynamic nature of the interaction, involving interacting parties from both home and host countries. It reveals how the multiplicity and possible divergence in motives and organizational routines influence the interaction process.
14.2.2. Empirical contributions
Thinking culture from a social constructivist point of view is not new. But thinking culture as a social construction in an international business context involving an emerging economy like Vietnam is perhaps something new in the research arena. The empirical evidence provided in this dissertation attests to the relevance of this type of research. Historical constraints may produce a tendency among Vietnamese to accept an order arranged by superiors relatively easily without reflexive questioning. Similarly, the knowledge disadvantage in the global competitive environment may be translated into “eager-to-learn” Vietnamese who appear to be willing to absorb any kind of foreign (western) knowledge. The study shows that the Vietnamese do reflect on the given order or knowledge, in form of e.g. opposing opinions, resistance, or attempts to de-routinize old practices; all of which may lead to negative interaction effects if not properly handled.

Another empirical contribution of the dissertation can be claimed in connection to the literature’s call for more indigenous studies (e.g. Boyacigiller et al., 2004). Indeed, the choice of the social constructivist approach to understanding culture in this study has somehow reconciled possible constraints between the chosen western methodological ground with much likely rationality as the overriding principle and the eastern context embedding different philosophical influences.

14.3. Reflections
The research process and outcomes have provided me with many useful learning experiences. I have summarized the main ones in this section.

14.3.1. Theoretical reflection
In this dissertation, the process of constructing a pre-understanding framework has moved from criticizing the mainstream cross-cultural comparative stream of research, for its static concept of culture as essence and its limited guiding value in understanding the phenomenon of intercultural interaction. If it were not for the purpose of addressing the easy-going application of cultural value dimensions in cross-border organisational settings which has overshadowed dynamic aspects of culture, the dissertation could have taken departure in the realm of organisation theory where the conception of culture as a social construction has been so well articulated. The effect of national boundaries on individual sensemaking, whether as a matter of personal identity or a matter of contextual boundary, is undeniably significant. This has been felt and evidenced through the case stories of this study. It is primarily what makes a cross-(national) border context of investigation different from within-border types of studies. Taking an anchor in cross-national comparative research as a contrasting literature yet with relevant insights therefore has added to the validation of the present study’s conceptual justification.

One challenge in this regard is actually the limited perception of culture as almost only a national-level construct found among the actors in the studied IJVs. The exploration of an
emergent culture as socially constructed in the IJV setting has been possible through the conduct of open-ended interviews with no direct questions about culture as such. But emergent dialogues and statement in the informants’ narratives were mainly concerned with national culture and to a lesser extent organisational culture as a reflection of national culture (e.g. the Danish ‘flat’ structure). My attempts to communicate briefly to the informants about the idea of an emergent joint venture culture did not seem to find any sympathetic reaction or interest from the field. Is that a signal of scepticism as a normal reaction to a relatively new conceptual development or the emics – etics dilemma of any emergent social phenomenon to be captured by a label? This question invites further research.

It seems that the dissertation has overlooked a source of sensemaking and influence in the joint ventures’ interaction processes, i.e. the suppliers and customers of the joint venture. For instance, the Design Case has presented some evidence about interaction between the venture’s sales team led by the Danish MD and its local customers where the value and meaning of design was brought up for discussion and negotiation. The Fruit Case, the involvement of local sourcing as a growing significant linkage in the joint venture’s operation where the Danish fruit sourcing experts interacted with local fruit farmers may have some impact on an increasing contextual awareness demonstrated by the Danish actors.

Sackmann & Philips’ (2004) made a call on advancing to the multiple culture perspective, upon justifying the out-of-datedness of the intercultural interaction perspective given new contextual influences. Nevertheless, the dissertation’s view shares much of Boyacigiller et al.’s articulation of the common ground of the two perspectives, i.e. a concept of culture as socially constructed, and intercultural interaction perspective. The two perspectives may combine to produce an understanding of multiple cultures and contexts. These have been exemplified by the context of international joint ventures presented in the dissertation.

14.3.2. Methodological reflection
With regard to the philosophical ground, the dissertation has chosen the primary anchor in social constructivism while adopting a pragmatic approach to paradigms that allows for possibilities of paradigm interplay. I feel confident at the concluding stage of this research to confirm that the pragmatic approach has been properly accommodated within the social constructivist perspective. Mainstream literature which is primarily anchored in functionalism has acted as a source of reference that organisational actors may enact in their sensemaking. The culture in action as identified in the investigated joint ventures has been presented as the current essence of the culture. The essence of culture in a social constructivist sense is an ongoing essence that is characteristic of particular sensemaking styles, role divisions, salient identities, power relations and relational bonds between individual actors. The development of the joint ventures in phases as identified from the empirical evidence also carries implications for the essence of the culture in action in each phase. Following the social constructivist perspective, the cultural analysis in this dissertation has highlighted divergence in terms of unique individual sensemaking and the incomplete sharing of meanings and practices and simultaneous convergent sensemaking within
the frame of the negotiated joint venture structure and toward interaction interfaces as a consensus ground.

During a recent conference in Hanoi, a German-origin American scholar in the tradition of social constructivism posed this question to me over the lunch table: “How come does an Asian like you, studying in Aalborg, prefer to do a social constructivist study?” 

The context of the question was a conversation about the social constructivist tradition in Denmark, which he found only in some research groups at the University of Southern Denmark in Odense, but not in Aalborg to his knowledge. Recalling my answer to his question is not my point. By this question I want to illustrate that no matter how much we are constructivists, our sensemaking tends to find some stereotypes to lean on, or at least to take departure from, particularly if we do not have prior experience in the questioned context.

Interestingly, the fact that I am an Asian, i.e. a Vietnamese, conducting this research, is also a relevant matter when it comes to the validity of the research. As mentioned in Chapter 2 of the dissertation, I belong to a category of what is called halfie researchers (Czarniawska, 1998). I have done a study of the culture I come from through the theoretical lens of the culture I now live and work in. While in Chapter 2 I have discussed the advantages of this halfie position, I will now concentrate on the challenges, or bias, as experienced in the research process. Firstly, while conducting the interviews with the Vietnamese informants, I felt myself sometimes falling into my “comfort zone”, dropping my role, and taking for granted the assumptions underlying the informants’ experiences. For example, when Mr. T-vn of ViGis was telling about minor disagreements between the partners with regard to investments like buying a new car, I tended to share with him the understanding that the Vietnamese view a car as an image of the company and let him continue without finding out how the Danish partner reacted to that investment request. Interviewing in this regard was a learning experience for me. Secondly, in this study, language has been a challenge to the accuracy of research since it involved interviews in both English and Vietnamese.

The data collection process has been laced with additional challenges. First, the data collected were in some situations rather emergent than guided by the interview protocol. For instance, an interview with a Danish MD ended up almost like a monologue, i.e. with little interruption with questions from me, as he was eager to tell instances of interaction which seemed to cover the expected issues. In another instance, a Vietnamese MD took me through his narrative emphasizing on one main message right in the early minutes of the interview, i.e. his vision for development and how he implemented that in his local company as well as in the joint venture, and how he found that to be in alignment with Danish thinking. The phenomenological approach requires that the respondent is in control of much of the interviewing process and the data generated reflects the respondents' sense making of the issues at hand. It means that the interview guide serves as a "fall back" instrument. It is therefore appropriate that you do not

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25 The question is rephrased according to my memory.
follow the guidelines. One of the dangers of the phenomenological approach is that the researcher ends somewhere different from where he/she intends to go as reflected in the original research questions. That is, the research questions may not be fully answered because the respondents "derail" the data collection process (as it were). I had such experiences.

The second challenge addresses the varying depths of the five joint venture cases due to the different combinations of informants and interview data. This has created a challenge to the generalization of the findings. Within a given time and travel budget, it was not possible to arrange interviews so that the representation of informants across the cases in terms of positions was the same. But the argument for this varying richness has been the consideration of some of the cases as lead cases in identifying themes and the other cases as supporting cases. In this study, the lead cases have appeared to be the Boiler case and the Fruit case. In particular, the Fruit case has provided a notable enriching value thanks to the use of participant observation in connection with my internship.

Third, some of the interviews were done jointly with or by other researchers in a similar research context, i.e. in the Boiler case and the Mould case (the first interview). The negative side of this was that I felt some expected issues were ‘missing’ when I was analysing the data. The project timeline did not, however, permit me to revisit these informants.

14.4. Future research possibilities
Considering the status of the dissertation as so far summarized and reflected, a number of research ideas have already at this stage been conceived with regard to future work. Examples of such research ideas are proposed in the following.

Exploring a joint venture culture from a knowledge management perspective
The present research shows that learning is major process in the negotiation and construction of a common culture in IJVs, i.e. a knowledge-driven culture. This assertion finds endorsement in recent attempts to integrate organisational culture and knowledge management research (e.g. Holden & Glisby, 2010). The concept of culture in action in Kuada & Sørensen’s (2010) work has likewise claimed to be consistent with the communities of practices perspective of learning (Brown and Duguid, 1991; 2001). I believe that such perspectives have a lot to offer in terms of insights into e.g. how individual learning and learning in group work settings develop into organisational knowledge in the interest of a sustainable working culture.

Identity perspective
The salience of individually unique sensemaking in terms of perceptions and attitudes calls for integrating psychological aspects of the individual into the understanding of culture in international settings, which has so far been dominated by the value-based approach in mainstream research. This is consistent with Brannen et al.’s (2004) comprehensive review of culture in international management research that other individual attributes besides values also influence behaviour in cross-cultural settings.
Further work on the impact of professional culture

The dissertation has presented evidence of the enactment of a profession-based organizational culture by Danish actors in joint venture interactions, such as a design culture or a boiler culture. Yet, implications and discussion of this finding have been very modest. A professional culture is assumed to embody a distinct composition and nature of knowledge and thereby have a distinct influence on the cultural negotiation process. A multiple-case study in the same industry can be an example of extended empirical work in this regard.

More insights from local managers

Although the dissertation has involved local managers as informants in some of the cases and gained interesting insights from them, it is convinced that we need more narratives from these actors in order to gain a holistic understanding of the working culture in action in their joint ventures.

A comparative view of culture in IJVs versus mergers and acquisitions

Joint ventures and mergers and acquisitions (M&As) share the common domain of inter-organisational linkages often found in an international context. IJVs and international M&As are similar research contexts in the sense that they both involve at least two organisations from the home and the host country respectively. But they are also distinct research contexts. However, Teerigankas (2007) has drawn attention to ‘areas of cross-fertilization’ between cultural researches in the two inter-firm domains. Indeed, research in M&As (notably the works of Søderberg and colleagues, 2000, 2006) has had interesting contributions from a sensemaking perspective which may be relevant for further development in the context of IJVs. And of course, the general international context could narrow down to a bi-national context between a developed country and an emerging country like Vietnam.

14.5. Practical implications

Managerial implications

The present research has drawn on empirical evidence of five joint venture stories with direct contribution from their key leaders and managerial members. It speaks to both partners in the interest of effective joint venture management. Any message of the dissertation to the joint venture leaders should not be deemed as a guideline for improving management practices, but rather, as a point of reflection with regard to their current views of and approaches to managing the joint venture organisation. Major implications I consider to be necessary to highlight in the dissertation are as follows.

- Contextual challenges in the process of competence building in an IJV should be dealt with in a constructive way and training in both contexts should be more balanced.
- Training or learning: although training is the preferred term in the joint venture vocabulary, leaders should be aware that how individual members learn in different work
settings will affect the training outcomes. Taking resource-based considerations for granted the benefit of learning needs greater awareness from the joint venture management. Possible learning blockages because of individual pre-conceptions and negative attitudes could be avoided in the recruitment process. In the particular context of Danish – Vietnamese joint ventures, some training in general employee competence like decision making process, project management, work flow management, etc. besides training in core competences is worth considering.

- Thinking knowledge management, or learning, rather than thinking knowledge transfer, might help facilitating the knowledge transfer process itself.
- As relationship building is important in this IJV context. Leaders should see it as a value-adding activity domain in the joint venture. The strength of weak ties matters, i.e. emergent interaction ties between certain key actors among the local managerial staff and the Danish parent staff who are involved in the venture’s operation in various role settings need to be treated as a source of constructing mutual understanding.
- Boundary spanners should be considered as an organisational role with flexibility.
- ISO or other consensus-facilitating standard systems should be properly maintained in a way that practically brings foreign actors and local actors together to construct work procedures and act accordingly.
- Story telling or some kind of reflection or stimulation activity on a frequent agenda would benefit both sides in obtaining mutual understanding.

**Policy making implications**

- The Danish donor Danida has been an influential actor in the IJVs through their support in training and technical assistance activities. It would be of better facilitating value if the training agenda concerned training skills like decision making or problem solving, etc. in particular consideration of the Vietnamese context.
- Arrange seminar or experience meetings involving both Danish and Vietnamese partners and key JV managers in the interest of experience sharing.

**14.6. Conclusion**

An overarching message from this study is that the cultures of international joint-ventures are dynamic and emerge from unceasing interactions of the actors engaged in the daily operations of the joint-ventures. The emergence of a joint venture culture through intercultural interaction processes is characterized by interconnected negotiated orders in interpersonal sub-settings dealing with a particular joint venture issue or interaction domain. These negotiated orders embed a particular role division and a particular power relation between involved individuals.

The insight provided in this study draws mainly on the social constructivist view of culture but does not entirely disregard knowledge from the essentialist perspective on culture that has, hitherto, dominated the IJV literature. I strongly believe that I have gone the right path in researching culture in the chosen context using this pragmatic approach. My work has opened new potentials for developing a theory of intercultural interaction in inter-firm settings in
emerging contexts. Speaking of the social constructivist perspective, I feel in line with Søderberg & Gertsen’s (2000) remark: “Some sceptical readers will possibly be disappointed and claim that they are left without any concrete guidelines, just with a sense that everything is relative, ambiguous, context-bound, and ever changing. But critique also gives way to emancipation, and social constructionism opens up for alternative visions of knowledge production and for new practices engaging researchers and practitioners in dialogue.” (p.31)

My research has also brought the phenomenon of culture one step closer to IJV leadership. I adapt from Smircich & Morgan (1982) to regard leadership as an emergent process where leaders attempt to negotiate their meanings with their employees and thereby stimulate new knowledge as well as new structure on a day-to-day basis. Moreover, in a national context of complex social transformation like Vietnam today, true insights into business collaboration between local and foreign firms cannot be obtained without unfolding the “micro bargains” and sensemaking of insiders.
Appendix A

Initial interview protocol
The following interview guideline was used for the main interview round in connection with my field trip to Vietnam between November 2007 and February 2008. It was meant as an open-ended guideline in the sense that emphasis on some questions compared to others varied according to who the informant was, e.g. a Danish owner/partner, a Danish expatriate, a Vietnamese owner/partner or a Vietnamese middle manager.

1. Personal profile
   - What is your education background?
   - What is your prior work experience, including work experience at the related parent company, if relevant?
   - Do you have any experience in studying, working or living overseas? If yes, please elaborate.
   - When and how did you start at this company? What were and are now your main tasks?

2. Profile of parent company (in case the informant represents a parent company)
   - Brief history of parent company including product/market portfolio, organisation, management structure and international activities.
   - Company’s identity: Could you describe your company in a few words?

3. Profile of joint venture (in case the informant represents the joint venture)
   - History of joint venture including pre-formation background, ownership structure, organisation structure, and parents’ resource contribution.
   - What are the major developments of the joint venture since the beginning? Have there been any important changes in ownership, management, and organisation?

4. Parent involvement in and interaction with the joint venture company
   - At what levels does the parent company get involved in the joint venture (e.g. board level, day-to-day management)?
   - What are the issues of concern at the board level? How do the board members reach agreement on such issues? What are the major challenges in the related decision making process?
   - How do you communicate? Have you experienced any problems in communicating? And how have you dealt with those problems?

4. Management of joint venture
   - What are your main managerial tasks?
   - With whom and how do you interact in connection with the performance of these tasks?
   - What are the major challenges you have experienced in the management of the joint venture? How have they been handled?

5. Learning and knowledge transfer in the joint venture
   - What is your role in the transfer of parent knowledge to the joint venture?
   - With whom and how do you interact in connection with the performance of this role?
   - What are the major challenges you have experienced in the learning process? How have they been handled?
6. Relationship building
   - With whom do you work closely with in the joint venture and in the parent company respectively?
   - How is your relationship with these members? What are the major challenges?
   - Do you socialize at work and/or outside work?

7. Working culture of joint venture:
   - How do you find the joint venture company in terms of working style, procedures, etc.?
   - Has it been a copy of the Danish parent or a copy of the Vietnamese parent or has it become a separate entity with its own culture? How would you describe it?
## Appendix B

Contextual influences on the shaping of two streams of research in international management (Adapted from Sackmann & Phillips, 2004:373)

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<td>Finite set of cultural dimensions allows other disciplines to use cultural variables</td>
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<td>Increasing knowledge of management practices beyond G-7</td>
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</tbody>
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Economic forces

- Culture is socially constructed
- National culture/identity of critical importance
- Generalized national work culture
- Organisational culture may be salient

Emergent/ negotiated culture derived from:

- Organisation culture research
- Interpretive paradigm
- Anthropological theories
- Intercultural communication model

- What is the nature of bicultural interaction and its perceived impact on organisational life?
- What are the characteristics and processes of culture formation/ evolution/ emergence from bi-national interactions?
- Interpretive
- Anthropological ethnography thick
- Description
- Long-term case study
- Primarily qualitative analysis

Kleinberg, 1989+
Sumihara, 1992+
Brannen, 1994+
Salk, 1992+

- Importance of contextual analysis
- Process-orientation
- Emergent ‘negotiated’ culture
- Attention to intercultural communication in the workplace
- ‘thick descriptions’ of cultural contexts

Bridge to multiple cultures perspective
Bibliography


Søderberg & Gertsen’s (2000) Tales of trial and triumph: A narratological perspective on international acquisition”. Working paper, no. 36, Department of Intercultural Communication and Management, Copenhagen School of Business


**Vietnamese Literature**


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26 Own translation