

# National Organizational Professional culture and International Joint-Venture (IJV) Performance

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## ABSTRACT

We would suggest a model of cultural distances and IJV to explain the effect of national organizational and professional culture distances on IJV performance. Based on data from a survey of executives from IJV between Tunisian partners and partners from other countries, it is found that culture is a multi-level construct. The effect of cultural distance relative to the national, organizational and professional characteristics of partner companies on IJV performance is examined through a questionnaire survey. The results of the study suggest that differences in national organizational and professional culture between partners have a negative impact on IJV performance.

**Keywords**—Performance IJV, National culture distance, Organizational culture distance, Professional culture distances.

## I. INTRODUCTION

Liberalization of international trade led to the emergence of new organizational forms such as IJV. It involves interaction with partners of different nationalities, belonging to diverse organizations with different professions.

A question can be asked what's the relative effect of national, organisational, and professional distance culture on IJV performance?

This study assumes the notion of cultural distance to explain how the performance of IJV is influenced by the distance on given cultural dimensions the national and the organizational and professional levels of culture. It departs from past studies in two ways. First, IJV research has focused primarily on the influence of national culture distance and has not adequately examined the role of organizational and professional culture distance. Second, this study consists of viewing culture as a multi-level construct. The objective of this article is reviving discussion on the problem of distance culture and performance of IJV.

## II. MATERIALS AND METHODS

This research tests the effect of cultural distances (national, organizational and professional) on the IJV performance. The hypothetical deductive method permits posing the following hypothesis:

H1: National culture distance between partners negatively influences IJV performance.

H2: Organizational culture distance between partners negatively affects IJV performance.

H3: Professional culture distance between partners negatively influences IJV performance.

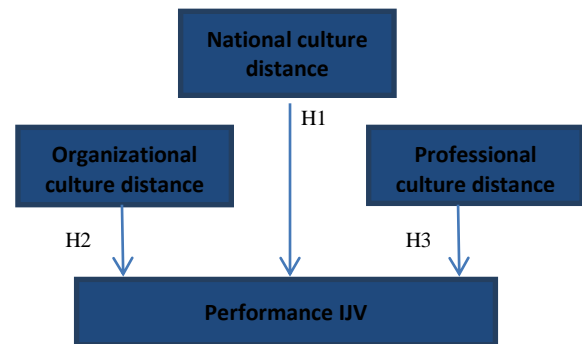


Fig.1 Conceptual Model

Data were collected from executives of IJV between Tunisian partners and partners from other countries by structured interviews. The questionnaire was pretested in ten organizations, and was modified to accommodate relevant comments. A total of 300 executives have participated. Several items were used to measure dependant and independent variable.

**Dependent variable:** Performance IJV is measured by partner satisfaction, achieving business objectives [1].

### Independent variable

- **National culture distance:** [2] have developed five dimensions to measure national culture dimension: individualism/collectivism, power distance, uncertainty avoidance, masculinity/femininity and long-term orientation.
- **Organizational culture distance** the six dimensions describing practice of organisational culture are defined by [3] as follows: Process oriented/result oriented, employee oriented/job oriented, Parochial/Professional, open system/closed system, loose control/tight control, Normative/Pragmatic.

- **Professional culture distance:** is measured by Technical dimension, skills, thinking modes and language [4].

### III. RESULTS

A structural equation model has been proposed to evaluate the effect of differences culture distances on IJV performance. The internal reliability of the four constructs (national, organizational, professional culture distances and performance IJV), and the initial proposed model was improved by eliminating variables with low factor loadings that were not statistically significant at  $\alpha = 0.05$ . Table 1 shows results of partial least squares path modelling.

TABLE I

	Standardized Regression Coefficients	CR	P	Result of hypotheses
H1	-0,585	2,064	0,001	Supported
H2	-0,510	2,126	0,001	Supported
H3	-0,393	2,435	0,000	Supported

### IV. DISCUSSION AND CONCLUSION

The aim of this paper was to investigate how differences culture distances impact IJV performance. Results indicate differences national organisational and professional culture distances influences negatively IJV performance.

National culture distances between partners caused problem communication, cooperation and commitment. Value and behaviour differences caused interaction problem between partners which influence negatively IJV [5,6,7,8]. Values and behavioural differences between culturally distant partners affected interpretation and responses to strategic and managerial issues, compounding transactional difficulties in IJV [9]. However, national culture distance creates significant barriers to effective cooperation [10]. Commitment generating mechanisms are also affected by different cultures because it disrupt generate commitment between partners in IJV [11]. Priorities and expectations of parent firms may be different; managers of IJV are prone to role conflict [12]. Distance national culture may affect also culture methods of resolving conflicts [13].

Organizational culture distances affect management practices partners, which have a significant role for functioning of their organizations. Differences in practices led to conflict expectations and incompatible organizational practices. Partners with dissimilar organizational cultures expended more time and effort to establish managerial practices and routines to facilitate interaction and integration of employees [9]. Similarity in partners' organizational cultures and practices increase the performance of IJV [13]. Researches on organizational climate similarity and performance have found that firms having a partner that has a similar organizational culture will have superior performance [15].

When IJV require employees from different professional culture common goal of the IJV cannot be achieved. Member of organization cannot interact effectively because their occupational socialization and resulting professional cultures are distinct. First, employees from separate professional cultures don't share a common basic knowledge because their occupational socialization have different content material, and enhanced by different professional experiences. Second, these employees didn't use to communicate with an auditing audience outside their professional cultures. These factors inhibit the achieving of a common goal from which relation-ship cannot be developed [16]. Developing communication with member of organization having differences professional culture requires time, which lead to increased frustration between partner [9]. Professional culture distance between partner affected negatively IJV.

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