

Culture and International Business: An Exploratory Review of the Empirical Research in JIBS and MIR from 1992 to 2002

Daniel W. Baack

Boeing Institute of International Business
Saint Louis University
458 Davis-Shaughnessy Hall
3674 Lindell Boulevard
Saint Louis, MO 63108
314-977-3810
baackdw@slu.edu

Donald Baack

Pittsburg State University
1701 South Broadway
Pittsburg, Kansas 66762
620-235-4583
debaack@pittstate.edu

ABSTRACT

The study of culture is an important component of international business research. This article reviews 111 empirical papers on the topic from Management International Review and International Business Studies. The review finds that the theoretical framework presented by Hofstede (1980) dominates the literature. Additionally, the literature can be organized into three broad research streams: 1) international expansion decisions and performance (including articles on internationalization and entry mode); 2) business differences (both on the individual and firm level); and 3) cultural differences. Based on the review areas for future research are suggested.

CULTURE AND INTERNATIONAL BUSINESS

The study of culture is an important component of international business, both in terms of research and theory building. Culture may be viewed as both a cause and an effect. The culture of a nation or region may affect how work is performed. A governmental overthrow or revolution may have dramatic effects on the culture of a country.

Over the years, academics have created several theories that include culture as part of the framework. For example, some suggest that culture affects the level of uncertainty present in transaction cost theory. Culture has also been operationalized as psychic distance in internalization theory. Beyond these theoretical applications, cultural differences have important practical management and marketing implications for multinational firms.

The theoretical and practical importance of culture has drawn the attention of business researchers, and many studies have been the result. These studies have either investigated culture

itself or applied cultural models to international business activities. One group of articles looks at how culture should be operationalized. Others examine how countries differ in cultural terms. The seminal work by Hofstede in 1980 is the primary example of this type of research. In his work [Hofstede, 2001], a cultural typology is introduced that categories work values into: (1) individualism/collectivism, (2) uncertainty avoidance, (3) masculinity/femininity, (4) power distance, and (5) long-term/short-term time orientation.

A second type of culture-focused research is broader in scope. These studies explore how culture affects a variety of topics including entry mode decisions, joint venture success, and negotiation. In these studies, different theoretical concepts drive the research, and culture plays a peripheral role.

This lack of focus on culture creates a gap in the literature. It is difficult to find literature that discusses the effect culture has within these various topics as a whole or to examine how culture is used across topics. This paper attempts to address the gap by completing a preliminary review of the different articles featuring culture in two major international business journals: *Management International Review* and *International Business Studies*. The goal of the review is to extract culture-related findings from studies focusing on other issues. Then, it may be possible to provide a more precise view of the role culture plays in international business.

This study begins with a discussion of the sample to be reviewed and the method used to analyze this sample. Then, we will present an organizing framework for a more detailed examination of the articles. Using that framework as a guide, a more detailed discussion of the articles will be undertaken. The objective is to help fine tune future research involving culture. We conclude by suggesting directions for future research.

RESEARCH METHODOLOGY

Sample

This study is a review of articles that investigate culture from two business journals. Since cultural factors have been extensively studied in almost all disciplines of management, this study is limited to international business literature. Two leading international business journals, the *Journal of International Business Studies (JIBS)* and *Management International Review (MIR)* are used. By focusing on these two journals, the scope of this exploratory review is kept manageable, while the breadth of the articles is sophisticated enough to meet the review's goals.

Reviewing the journal issues published from 1992 to November of 2002 further focuses the review. The review encompasses Volume 23, Issue 1 to Volume 33, Issue 3 for *JIBS* and Volume 31, Issue 1 to Volume 42, Issue 3 for *MIR*. In an attempt to be as comprehensive as possible, all special issues were included.

The search of the journals was completed by first examining on-line titles and abstracts for each article in each issue of both journals. Then, using the on-line search engine of the academic database ABI/Inform, a key word search was completed for the words "culture" and "cultural." Since the focus of this study is on empirical research involving culture, theoretical articles were

excluded. In addition, case studies proved difficult to code and were also removed. If there was doubt regarding the inclusion of the article, it was read in detail and then included or excluded. This process yielded a sample of 111 articles from both journals. Seventy-two of these articles (65%) were published in *JIBS*. The remaining 39 (35%) were published in *MIR*. The initial sample size is large enough to meet the exploratory nature of this review.

Analysis and Framework

To review the articles a cursory form of meta-analysis was used. The methodology is based on the approach used in a review by Zou & Stan [1998]. It involves counting the number of times a specific feature is used and then focuses on these counts as the basis for discussion. By combining a simple procedure with a narrative discussion, this approach allows readers to draw their own conclusions regarding the relationship strength while still providing a solid body of data for analysis.

The list of features to be counted was kept short and simple. The features include the countries sampled, whether the countries are compared, the investigatory variables in the study, the relationship found between the variables, the culture theory or theories referenced in the paper, the instrument used to measure cultural distance, the business field the article investigates, the topic of the article, the year of publication, and the journal in which the article was published.

The list of topics was reviewed and from this review a framework emerged that serves as the basis for discussion of the articles (see Figure 1). This framework focuses on how culture affects the decision of a Multinational Enterprise (MNE) to expand into international markets.

The first group of articles focuses on the effect culture has on the International Expansion Decisions and the Performance of firms who take this step. These articles apply culture to internationalization, entry modes, and performance.

The second group of articles examine the effect culture has on business activities and focuses on the Business Differences between cultures. These articles focus on either individual level or firm level differences. The individual level articles investigate intrapersonal and interpersonal differences across cultures. The firm level articles examine organizational, strategical, and human resources differences.

The remaining articles do not fit well into any of the above categories. They typically focus on methodological issues [e.g. Au, 1999, Stottinger & Holzmuller, 2002], cultural changes and divergence [e.g. Chatterjee & Pearson, 2000; Heuer, et al., 1999; Ralston, et al., 1993], or cultural level value differences [Beldona, et al., 1998; Abramson, et al., 1996]. Because the focus of this study is culture's influence on MNE activities, these articles (17), while analyzed, are not included in this discussion.

Article Breakdown

The year of publication for the articles in the review is analyzed. Of the 111 articles found, the greatest number was published in 2000 and the fewest in 1992. The mean number of articles

focusing on culture for the first five years is 8.0 (s.d. = 2.9). The mean for the second five years is 11.8 (s.d. = 3.1). This shows that the number of articles focusing on culture in *JIBS* and *MIR* increased over the time period reviewed (see Figure 2). A look at the publication patterns by journal reveals that this increased focus is fueled by an increase in articles in *JIBS*, not *MIR*. The mean number of articles published in the first five years reviewed in *JIBS* is 4.8 (s.d. = 3.6) while the mean for the second five years is 8.6 (s.d. = 2.7). Compare this to *MIR*, where the means for each five-year period is identical -- 3.2 in the first five years (s.d. = .084) versus 3.2 in the second five years (s.d. = 1.64) (See Figure 3).

This difference in journal is partially explained by the overwhelming management focus of the articles reviewed. 103 or 92.7% of the articles fell within this business field, and this management emphasis was found for both journals. Therefore, culture appears to be largely investigated by management researchers, at least within this sample, and based on this, it would be expected that management journals (e.g. *MIR*) would have been investigating this issue longer than broader scoped journals.

The country sampled is also tallied. A country is counted if it is either the host country or a foreign location of the investigated MNE. The different countries sampled are too extensive to list here, but primarily include countries in Europe, Asia, and North America. Africa and South America, while occasionally investigated, are not sampled as frequently. In terms of specific countries, the United States is sampled the most, followed distantly by Japan, China, England, and Germany. The average number of countries sampled per study is 8.8 (s.d. = 12.65). Many of the studies do not explicitly compare countries. Instead, the countries were combined into a large pool. When countries are compared, the typical comparison is between Eastern and Western countries where there are more obvious differences between cultures.

DISCUSSION

Before starting any discussion, it may be helpful to note a couple of broad trends present in the articles. First, the cultural models used were counted. While a variety of models were discussed [e.g. Schwartz, 1994; Rokeach, 1968; Hall, 1976], the cultural model proposed by Hofstede [e.g. Hofstede, 1980] dominates the literature. Additionally, many of the articles reviewed apply the concept of cultural distance. The instrument used to measure cultural distance in the majority of these articles is the one introduced in Kogut and Singh [1988]. This cultural distance measure is based on Hofstede's typology.

International Expansion Decisions and Performance

The first segment of articles investigated decisions by firms to expand into international markets, the steps taken do to so, and the performance of these steps. The articles in this group are divided into those examining internationalization, entry modes, and performance.

Internationalization. One important international business theory is the theory of internationalization. In brief, this theory discusses the steps a MNE takes as it moves from its domestic market to foreign markets. An important component of the theory is psychic distance, that is, the difference between the domestic market and the foreign market. According to the

theory, firms will first expand into countries closer to them in terms of psychic distance [Johanson & Wiedersheim-Paul, 1973; Bilkey & Tesar, 1977].

The literature in the sample addressed the issue of psychic distance, usually operationalizing it in terms of culture distance. Some studies did find that firms expand into less distant countries first [Li, 1994] while other studies fail to find this effect [Benito & Gripstrud, 1992]. In addition, internationalization theory holds that as firm experience and knowledge of foreign markets increases, MNEs will begin expanding into markets with further cultural distance. There is evidence in the articles reviewed for and against this relationship [Eriksson, et al., 2000; Benito & Gripstrud, 1992]. Finally, the expansion pattern of lowest cultural distance first and then movement into more distant markets was not linked to firm performance [Gomez-Mejio & Palich, 1997]. The literature on internalization in the sample is contradictory and warrants further investigation. The number of articles in the sample focusing on this issue is small and hinders the generalizability of these results. Further research on the role cultural distance plays in internationalization is needed.

Entry Mode. The next group of articles discusses the entry mode decisions of firms. Entry mode types range from complete ownership to exporting. Joint ventures are a frequently researched middle ground between these two extremes. The majority of the articles in this group focus on how culture affects a MNE's tendency to use a specific mode of entry. Some studies find that as the cultural distance between countries increases, the level of ownership increases [Pan, 1996]. Other studies concluded that the higher the cultural distance the greater the likelihood of a joint venture [Hennart & Larimo, 1998; Brouthers & Brouthers, 2001]. Still other studies discovered that as cultural distance increases, MNEs are likely to use licensing, specifically to exploit technological advantages [Arora & Fosfuri, 2000]. Some studies did not find a relationship between cultural distance and control structure [Burton, et al., 2000; Li, et al., 2001].

As noted, cultural distance is typically operationalized as an aggregate measure based on Hofstede's typology. The relationship between the specific categories of this typology and the MNE entry mode choice is also investigated. In Barkema & Vermeulen [1997] differences between countries in terms of uncertainty avoidance and long-term orientation are found to have a negative influence on the likelihood of setting up a joint venture rather than a wholly owned subsidiary while differences in masculinity and power distance lead to a preference for joint ventures over complete ownership. This differing effect for the factors is not found in Brouthers & Brouthers [2001]. Instead, this research finds that high levels of difference between countries in each of the factors leads to increased use of joint ventures.

Another group of studies looks at how the home culture of the MNE, not the distance between cultures, affects entry mode decisions. They find that the likelihood of establishing majority-owned subsidiaries increases as power distance and uncertainty avoidance increase [Erramilli, 1996] and that American firms prefer joint ventures [Makino & Neupert, 2000].

Finally, the articles reviewed mention a variety of moderating factors on the influence of cultural distance, beyond the moderating factor of attention included in the framework. First, investment risk in terms of cultural risk and control risk may moderate the relationships discussed above. When risk is high and cultural distance, either as aggregate measure or distance in terms of any

of Hofstede's specific factors, is high, then the likelihood of a wholly owned subsidiary is high [Brouthers, 2002; Brouthers & Brouthers, 2001; Brouthers, 1995]. Cultural familiarity and the firm type also may play a moderating role [Laroche, et al., 2001; Brouthers, 2002; Arora & Fosfuri, 2000].

The articles investigating entry mode have dissimilar findings. There are many possible reasons for the contradictory results including failure to control for possible moderating variables and poor operationalization of cultural distance. Future research is needed to address these issues.

Performance. The last group of articles in this category examines the relationship between culture and expansion performance. Again, a variety of results are found. Some studies find that as cultural distance increases performance increase. [Li, et al., 2001; Morosini, et al., 1998; Pothukuchi, et al., 2002]. Other studies find that increased cultural distance results in poorer performance [Lin & Germain, 1998; Glaister & Buckley, 1999; Barkema & Vermeulen, 1997; Reuer, 2002; Luo, 2002]. A third group of studies reveal only a marginal link between cultural differences and performance [Zeira, et al., 1997; Evans & Mavondo, 2002].

What is leading to these contradictions? One potential explanation, especially for some of the financial findings, is that culture may influence the structure of the financial activities of firms. Research finds a link between culture and capital structure in terms of debt ratio [Chui, et al., 2002], equipment purchases [Li, et al., 2001], levels of foreign direct investment [Loree & Guisinger, 1995; Grosse & Trevino, 1996], and resource commitment [Randoy & Dibrell, 2002]. These activities may moderate the relationship between cultural distance and performance.

All of the articles in the International Expansion Decisions and Performance group are inconclusive regarding the influence of culture. A number of possible reasons for these inconsistencies are discussed above, but this review also found a number of articles presenting an additional explanation for these discrepancies. These articles find that national culture distance is an ineffective measure partially due to the over-generalized nature of the measures used. Hofstede's work-value typology is often used, and these values may ineffectively link to the business factors related to expansion decisions and performance. Instead, distance in terms of differences in actual business practices may be a more effective measure [Pothukuchi, et al., 2002; Evans & Mavondo, 2002; Lin & Germain, 1998].

Business Differences

The second category of articles emerging from the literature review investigate the effect culture has on business activities. These articles do not frequently apply measures of cultural distance, instead typically linking theoretical culture differences to actual country-to-country business activities differences. The articles are broken into those examining individual level differences and those examining firm level differences.

Individual Level Differences. There are many different articles which examine the ways in which individual level differences influence business activities between firms. These articles can be divided into two types of individual level differences, intrapersonal and interpersonal. This discussion will begin with the intrapersonal articles.

Intrapersonal Differences. The articles in this grouping investigate how countries differ in terms of internal individual level features. The first group discusses how individuals, specifically expatriates, adapt to foreign environments. Studies have found that successful adaptation leads to better firm performance [Liouville & Nanopoulos, 1996]. They have also reveal differences between countries regarding responses to adaptation [Pornpitakpan, 1999]. Studies examining the impact of culture on adaptation have found that while cultural distance does not affect adjustment [Caligiuri, 2000], knowledge of the host culture and culture related international experience does [Jun, et al., 2001; Selmer, 2002].

The articles focusing on intrapersonal differences find some interesting value based differences beyond those discussed in the various cultural typologies. For example, Salter & Niswander [1995] found a relationship between accounting values and Hofstede's cultural typology. Additionally, Husted [1999] found a link between Hofstede's typology and levels of corruption.

There is also a group of articles that focus on entrepreneurship. These articles reveal some notable cultural differences regarding entrepreneurship-related beliefs. Begley & Tan [2001] discovered differences between East Asia and the Western countries regarding attitudes toward entrepreneurship. Some of this research suggests that the relationship between entrepreneurship and individualism/collectivism is curvilinear [Morris, et al., 1994]. Also, innovativeness, locus of control, risk-taking and energy level are all found to decrease as the cultural distance from the United States increases [Thomas & Mueller, 2000].

Information seeking is another intrapersonal business activity where culture related differences are found. Dawar, et al. [1996] found that high levels of uncertainty avoidance and power distance are associated with less seeking of product information from impersonal sources and more personal sources, while individualism does not influence information seeking behavior. In contrast, Zaheer & Zaheer [1997] suggest that high levels of individualism result in low levels of information seeking and that uncertainty avoidance had no effect on information seeking behavior. Lyles & Salk [1996] found that cultural conflict impedes knowledge acquisition in joint ventures when the ownership structure is 50/50.

Bailey, Chen, & Dou [1997] compare Americans, Japanese, and Chinese desires regarding performance appraisals. Chinese and Japanese desire failure feedback more than Americans. Americans also show more initiative to seek individual performance feedback than Japanese, but again there are no differences from Chinese individuals. [Bailey, et al., 1997]. Motivational differences may also exist between countries. Lenartowicz & Roth [2001] examined cultural differences in terms of motivation domains in Brazilian subcultures. These motivational differences were linked to business performance.

The last study deals with how workers in New Zealand and Hong Kong react to poor job satisfaction with New Zealand representing countries with high individualism and Hong Kong representing countries with high collectivism. New Zealand's individualism is theoretically linked to an increased use of a voice response to low job satisfaction while Hong Kong's collectivism is positively related to a passive response to neglect [Thomas & Au, 2002].

Interpersonal Differences. The next groups of individual focused articles discuss how culture influences interactions between peoples. This group of articles is divided into articles focused on negotiation, leadership and managerial styles, and those looking at inter-personal relationships. It is important to note that studies have found that effective interpersonal skills are strongly related to overseas effectiveness [Lin & Germain, 1998; Clarke & Hammer, 1995].

Negotiation. Negotiations are an important intrapersonal business activity affected by cultural differences. Articles on this topic focus on negotiation tactics and goals are an important issue. Studies reveal that negotiation tactics and goals differ by from country to country and additionally, that tactics used with one country may not be used with another [Rao & Schmidt, 1998; Tinsley & Pillutla, 1998; Kozan, 2002]. Specifically, both social harmony and face/etiquette are found to be important for Eastern-Chinese business negotiations in Shi [2001]. Also, when compared to Canadians, Chinese managers have different negotiating styles. The Chinese are more likely to avoid conflict but also more likely to recommended more negative strategies (discontinue negotiation, withdraw negotiation) when conflict emerges. They also prefer to consult a superior, but not to delay decisions [Tse, et al., 1994].

Some studies revealed differences regarding cross-cultural relationships. For example, one study suggests that Japanese and Australian individuals both have misconceptions regarding the values of the other country [Soutar, et al., 1999]. This affects negotiations between these groups. In addition, Chinese managers prefer to negotiate with Chinese managers, and Canadian managers prefer to negotiate with Canadians managers [Tse, et al., 1994].

Relationships. There are a variety of miscellaneous relationship oriented articles. These articles deal directly with important business practice issues. For example, Griffith, et al. [2000] applies Hofstede's typology to a variety of intra- and inter-cultural relationship issues by examining relationship formation between professionals in Canada, Chile, Mexico and the United States. The study suggests that trust is related to commitment, but there is no moderating effect for cultural type. This is related to findings that cultural sensitivity is an important contributor to trust [Johnson, et al., 1996]. Griffith, et al. [2000] also found that commitment is negatively related to conflict for both intra and inter cultural relationships. Commitment is positively related to satisfaction in the relationship, and this is stronger for inter-cultural relationships. Interestingly, this study did not find a general effect for culture.

Manev & Stevenson [2001] also found that cultural distance affects the types and strengths of ties between groups. They find that respondents separated by a large cultural distance are more likely to have strong instrumental ties. In contrast, managers of the same nationality are more likely to develop expressive ties [Manev & Stevenson, 2001].

These articles, while broad in scope, paint a picture of culture directly affecting the formation and maintenance of relationships. More research is needed on these topics. It might be helpful to apply some of these findings to theories of social capital formation.

Leadership and Managerial Styles. The last section of interpersonal articles deals with differences in terms of managerial and leadership skills. While some of these articles discuss the

internal beliefs or feelings of managers, they are still applicable to how the managers behave in interpersonal relationships with employees, peers, etc.

Many of the articles find national differences in managerial style. For example, although they all share a common cultural root, Australian managers put less emphasis on interaction facilitation, a laissez-faire style and more emphasis on benevolent autocratic style than managers from the United States, Sweden, or Norway [Gibson, 1995]. Furthermore, in India leader membership is not linked to procedural justice as it is in the U.S., Australia, Colombia, Saudi Arabia, and Jordan; instead leader membership is linked to distributive justice. Also, in India there is no link between transformational leadership and job satisfaction, but leader member exchange is linked to job satisfaction [Pillai, et al., 1999].

Boldy, et al. [1992] also compare nations, this time in terms of what managerial skills European countries value. Sweden, Belgium, Germany and Spain all value the skill dimension as the most important dimension, but Germans view this as significantly less important. Belgium and Spain value knowledge and learning more than other nations, but all four nations see this as the second most important dimension. Germany also did not value the personality dimension as much as the other four, and Sweden valued the beliefs/values dimension more. The research revealed a managerial style break between North and South Europe.

More drastic differences are found when comparing Eastern and Western managerial styles. For example, one study suggests that American and Japanese managerial styles are completely opposite in terms of supervisory style, decision-making, communication pattern, control mechanism, interdepartmental relationships, and paternalistic orientation [Culpan & Kucukemiroglu, 1993]. Also, Chinese, Indian, and Philippino managers were more likely to use an avoiding style while American managers typically use a competing style [Morris, et al., 1998].

Continuing the East versus West comparison, some studies suggest that Chinese managers tend to rely on rules more than their American or English counterparts. In contrast, reliance on colleagues and on self is greater in America and England [Smith, et al., 1996]. These differences even result in disparity regarding such fundamental tasks as budget planning. Ueno & Sekaran [1992] found that Americans use more communication and coordination than Japanese when budget planning. On the other hand, Japanese used more broad evaluation time horizons.

This Western versus Eastern distinction is not always applicable. Neelankavil, et al., [2000] compare India, the Philippines, China and the United States in terms of what factors affect managerial performance. Broadly, India and Philippines were similar while the United States and China were on the polls. The unexpected finding was that India and the Philippines are more related to the United States than to China.

Also, there may be growing differences between Asian countries. For example, Thailand and Malaysian managers prefer a formal structure and like to use measurable standards as the basis for control. Indonesian managers also stress control, but this appears to be beginning to change [Vance, et al., 1992].

Firm Level Differences. The last section of business differences articles deal with firm level differences. These differences can be regarding organizational structure, strategical approaches, or human resource policies. It is important to note that studies have linked firm level issues including managerial strategy and human resource practices to firm performance [Zeira, et al., 1997; Liouville & Nanopoulos, 1996].

Human Resource Practices. The first human resources practice to discuss is pay level. Research finds that the link between pay level and job satisfaction is stronger in the United States than in Japan. It also partially supports that idea that the influence of valence of pay on performance and in turn, the relationship between performance and pay is lower in Japan. Finally, there is partial support for idea that the influence of value congruence on performance is higher in Japan [Money & Graham, 1999].

Schuler & Rogovsky [1998] also investigated compensation practices, but they apply Hofstede's typology to the issue. They show that countries with high uncertainty avoidance have more certainty in their compensation system. Also, countries with high individualism are more likely to use individual incentive compensation practices and stock options or stockholder ownership plans. Finally, high masculinity countries are less likely to use flexible benefits, workplace child-care programs, career-breaks schemes and maternity leave. Hofstede's typology is also found to influence the extent of welfare / benefit plan coverage [Oliver & Cravens, 1999].

Organizational Issues. The next group of articles deals with organizational differences between countries. First, differences are found for organizational commitment and the underlying structural issues related to this. Agarwal, et al. [1999] found, in a comparison of India and the United States, that the relationship between initiation of structure and role ambiguity and role conflict is negative in the United States, but not significant in India. On the other hand, the relationship between consideration and role ambiguity is negative for both the U.S. and India but there was no difference in the strength of the relationship between the countries. Another article examines differences in organizational intervention and found that Western firms are more receptive to organizational intervention than Asian firms, but the interventions have similar effect regardless of country of origin [Lau & Ngo, 2001].

There is also a group of articles addressing more broad organizational structure issues. For example, research reveals that German firms are clan oriented and have higher levels of organizational involvement than more adhocratic Anglo-Saxon firms [Meschie & Roger, 1994].

Strategy. The last firm level difference to discuss involves strategic differences based on cultural differences. First, there are differences in terms of management strategy. Japanese firms are more likely to use differentiated, local country oriented management strategies than US. Japan employees also have more autonomy and participation in decision-making [Kriger & Solomon, 1992]. This finding is supported by research by Yuen & Kee [1993], which finds that Japanese firms tend to follow a "wholesale" localization policy and closely follow the human resource management practices of local companies. In contrast, American personnel practices reflect a greater influence from headquarters [Yuen & Kee, 1993].

On the other hand, Markoczy [2000] finds that national culture is not an important factor affecting strategy related beliefs. Child & Yan [2001] did not find a relationship between nationality and strategic orientation in terms of reliance on contracts, formalization vs. personalization, emphasis on training, and integration between parent and affiliates. Yip, et al. [1997] revealed that MNE firms with a global culture do not definitely use a global strategy. Furthermore, the study finds that American firms have a negative tendency to use a global structure, Japanese firms have a weaker negative tendency, and European firms have a positive tendency to use a global culture.

A last group of strategical studies apply Hofstede's typology to strategic issues. First, Steensma, et al. [2000] find that entrepreneurs from feminine, collective and high uncertainty avoidance cultures have a greater appreciation for the strategic importance of cooperative strategies. Also, feminine cultures place greater emphasis on partner commonality while individualistic cultures emphasize contractual safeguards. High uncertainty avoidance countries emphasize both contractual safeguards and partner commonality.

FUTURE RESEARCH

This review was completed with the goal of finding emerging trends that can help drive future research applying culture to international business, and this goal has been met. First and foremost, this review reveals major contradictions regarding the affect on culture on internationalization, entry mode decisions, and MNE performance. While many different explanations are possible for these discrepancies, our review suggests that the problem may revolve around the use of national cultural distance as a measure. National cultural distance is a broad and generalized rubric and this may prevent it from effectively measuring the affect cultural differences have on actual business activities.

While the individualism/collectivism dimension has been highly researched and does help explain value differences between cultures, it is more difficult to apply the dimension to international business activities. It is difficult to link individualism/collectivism to the entry mode decision and studies attempting to do this have found mixed results [Barkema & Vermeulen, 1997; Brouthers & Brouthers, 2001].

This review presents a second option for investigating these issues – the focus on differences in business activities. These differences are often linked to cultural differences, but by focusing on more detailed aspects of international business, more explanatory value may be found. During the review, many different aspects of international business activities were covered with the hope of suggesting areas that need future research and to help structure this research. One key step will be to more clearly apply cultural models to these business differences. Many of the study used country of origin as a proxy for cultural differences, and while this is a convenient approach, it lacks the explanatory power of actual measures of cultural differences.

As more detailed studies of these topics are completed, future research needs to link these results to the broader issues of internationalization, entry mode decisions, and MNE performance. There are many different ways that this process can be completed. As a brief example, consider the issue of inter-firm negotiation. The research reviewed shows that culture affects the approach

firms take to negotiations, and that this affects the outcome of the negotiations [Tse, et al., 1994; Rao & Schmidt, 1998]. This concept has obvious implications for many facets of international business. Negotiation, for instance, is important for joint ventures. Do these culture-based negotiation differences influence the decision to form joint ventures or their success?

By linking the negotiation literature to the entry mode literature, interesting avenues of research are exposed. This basic process can be used for the other business difference topics reviewed above, and may help drive research that can help explain the contradictions found throughout this review.

In the end, this literature review has scratched the surface of a large and complex body of research investigating a complicated aspect of international business. The goal of findings topics for future research is met, but on the whole, the review revealed more questions than it answered.

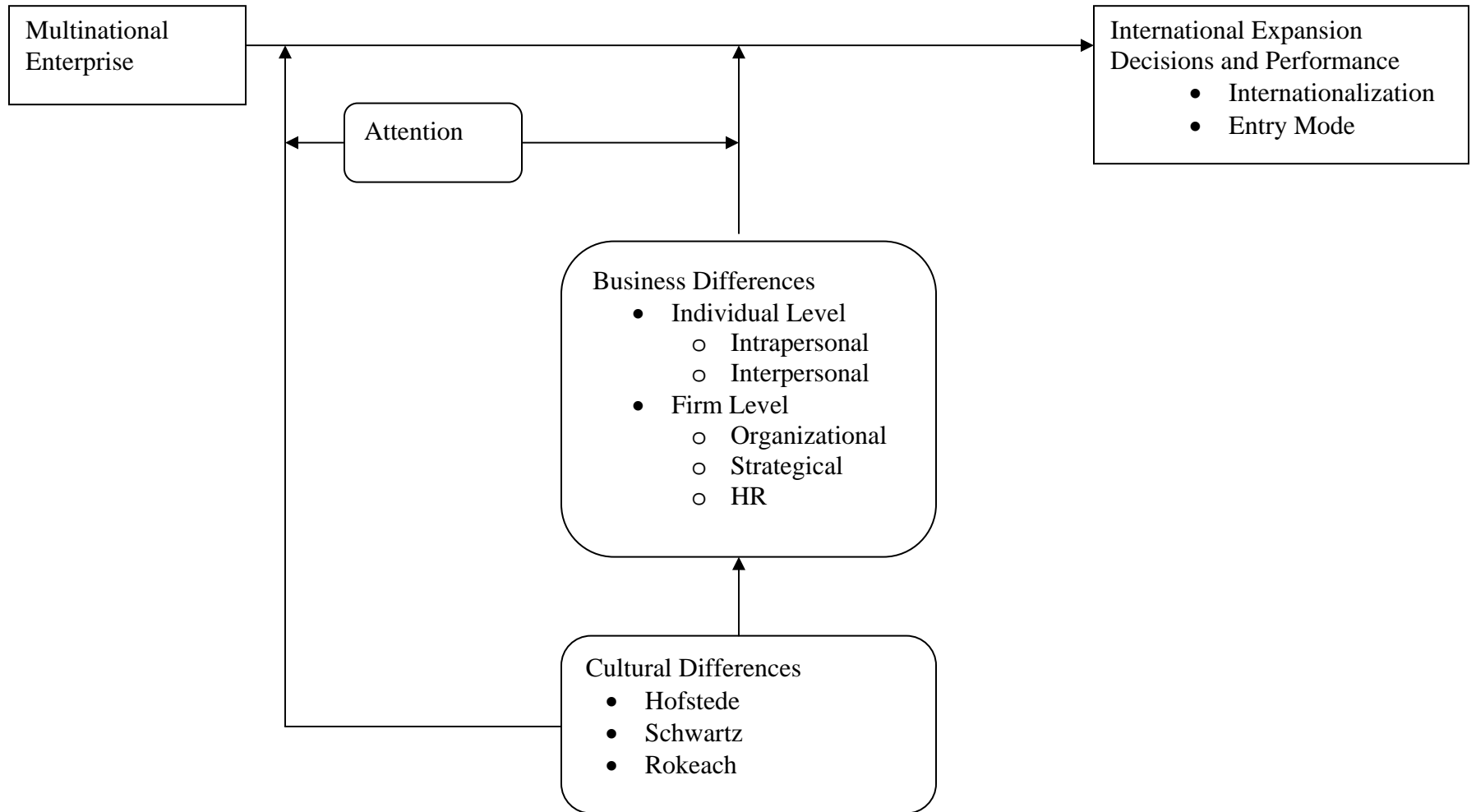
CONCLUSION

To conclude, certain limitations of this meta-analysis need to be discussed. First the narrow scope of the review, both in the journals and time period reviewed, limits the generalizability of the results discussed. While the sample used meets the needs of exploratory study, future research using a larger sample would add insight. Also, the use of a single researcher (the first author) to review the articles raises issues of reliability. Future research should have more researchers analyzing the articles.

Even with these limitations, this paper meets the modest goals proposed. It effectively reviews cultural literature in two major international business journals and from this review paints a broad picture of both the current research on the topic and of the direction future research should take.

APPENDIX

Figure 1: Framework for Discussion of Culture Related Articles in JIBS and MIR from 1992 to 2002



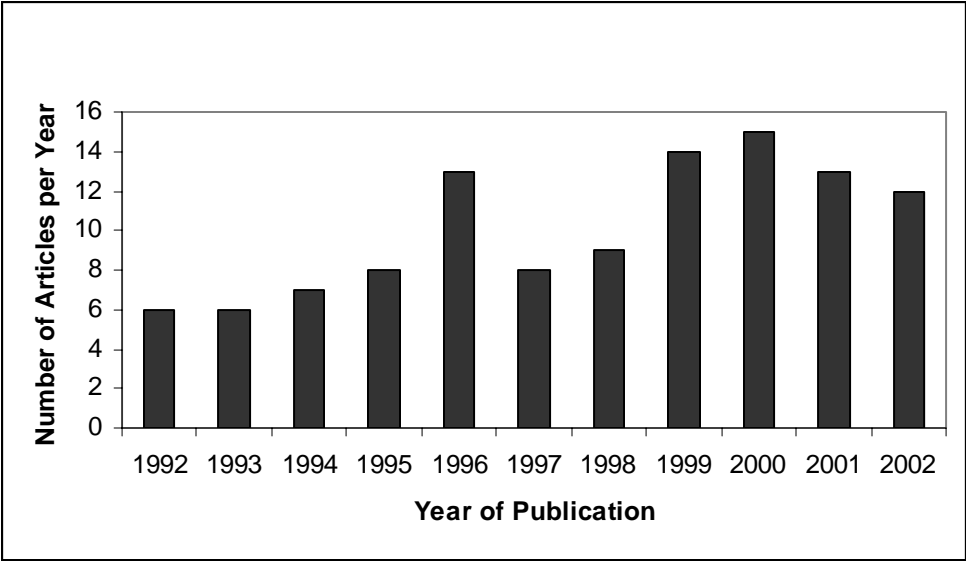


Figure 2: Culture Articles Published per Year – Entire Sample

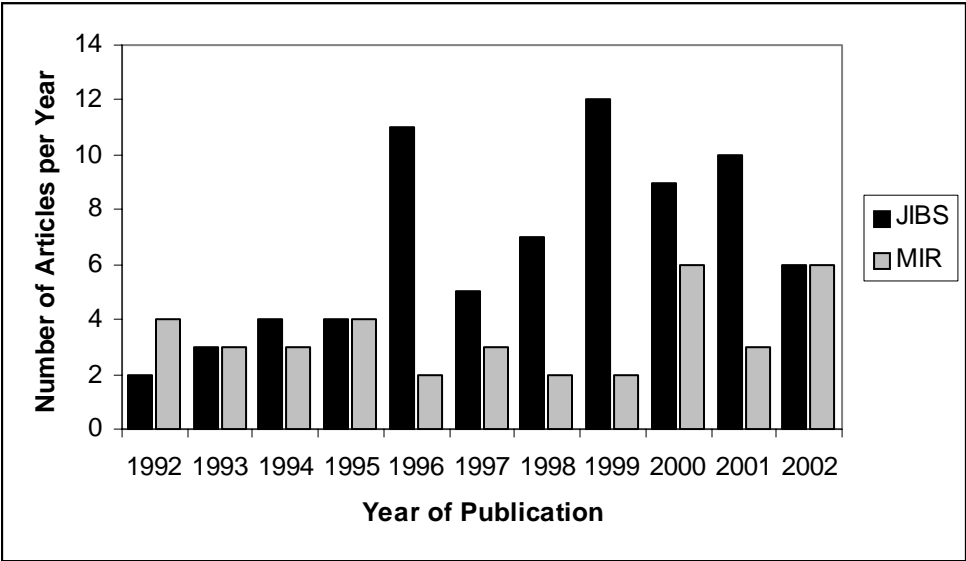


Figure 3: Culture Articles Published per Year: Comparison between JIBS and *MIR*

REFERENCES

- Abramson, N.R, Keating R.J. & Lane, H.W. (1996). Cross-national cognitive process differences: A comparison of Canadian, American and Japanese managers. *Journal of International Business Studies*, 36(2), 123-147.
- Agarwal, S., DeCarlo, T. E. & Vyas, S. B. (1999). Leadership behavior and organizational commitment: A comparative study of American and Indian salespersons. *Journal of International Business Studies*, 30(4), 727-743.
- Arora, A. & Fosfuri, A. (2000). Wholly owned subsidiary versus technology licensing in the worldwide chemical industry. *Journal of International Business Studies*, 31(4), 555-572.
- Au, K. Y. (1999). Intra-cultural variation: Evidence and implications for international business. *Journal of International Business Studies*, 30(4), 799-812.
- Bailey, J. R., Chen, C. C. & Dou, S. G. (1997). Conceptions of self and performance-related feedback in the U.S, Japan and China. *Journal of International Business Studies*, Third Quarter, 605-625.
- Barkema, H. G. & Vermeulen, F. (1997). What differences in the cultural backgrounds of partners are detrimental for international joint ventures? *Journal of International Business Studies*, Fourth Quarter, 845-864.
- Begley, T. M. & Tan, W. L. (2001). The socio-cultural environment for entrepreneurship: A comparison between East Asian and Anglo-Saxon countries. *Journal of International Business Studies*, 32(3), 537-553.
- Beldona, S., Inkpen, A. C. & Phatak, A. (1998). Are Japanese managers more long-term oriented than United States managers? *Management International Review*, 38(3), 239-256.
- Benito, G. R. G. & Gripstrud, G. (1992). The expansion of foreign direct investments: discrete rational location choices or a cultural learning process? *Journal of International Business Studies*, Third Quarter, 461-476.
- Bilkey, W. J. & Tesar, G. (1977). The export behavior of smaller Wisconsin manufacturing firms. *International Journal of Business Studies*, 9 (Spring/Summer), 93-98.
- Boldy, D., Jain, S. & Northey, K. (1992). What makes an effective European manager? A case study of Sweden, Belgium, Germany and Spain. *Management International Review*, 33(2), 157-169.
- Brouthers, K. D. (2002). Institutional, cultural and transaction cost influences on entry mode choice and performance. *Journal of International Business Studies*, 33(2), 203-221.

- Brouthers, K. D. & Brouthers, L. E. (2001). Explaining the national cultural distance paradox. *Journal of International Business Studies*, 32(1), 177-189.
- Brouthers, K. D. (1995). The influence of international risk on entry mode strategy in the computer software industry. *Management International Review*, 35(1), 7-28.
- Burton, F., Cross, A. R. & Rhodes, M. (2000). Foreign market servicing strategies of UK franchisors: An empirical enquiry from a transactions cost perspective. *Management International Review*, 40(4), 373-400.
- Caligiuri, P. M. (2000). Selecting expatriates for personality characteristics: A moderating effect of personality on the relationship between host national contact and cross-cultural adjustment. *Management International Review*, 40(1), 61-80.
- Chatterjee, S. R. & Pearson, C. A. L. (2000). Indian managers in transition: Orientations, work goals, values and ethics. *Management International Review*, 40(1), 81-95.
- Child, J. & Yan, Y. (2001). National and transnational effects in international business: Indications from Sino-foreign joint ventures. *Management International Review*, 41(1), 53-75.
- Chui, A. C. W., Lloyd, A. E. & Kwok, C. C. Y. (2002). The determination of capital structure: Is national culture a missing piece to the puzzle? *Journal of International Business Studies*, 33(1), 99-127.
- Clarke, C. & Hammer, M. R. (1995). Predictors of Japanese and American managers job success, personal adjustment, and intercultural interaction effectiveness. *Management International Review*, 35(2), 153-170.
- Culpan, R. & Kucukemiroglu, O. (1993). A comparison of U.S. and Japanese management styles and unit effectiveness. *Management International Review*, 33(1), 27-42.
- Dawar, N., Parker, P. M. & Price, L. J. (1996). A cross-cultural study of interpersonal information exchange. *Journal of International Business Studies*, Third Quarter, 497-516.
- Eriksson, K., Majkgard, A. & Sharma, D. D. (2000). Path dependence and knowledge development in the internationalization process. *Management International Review*, 40(4), 307-328.
- Erramilli, M. K. (1996). Nationality and subsidiary ownership patterns in multinational corporations. *Journal of International Business Studies*, Second Quarter, 225-248.
- Evans, J. & Mavondo, F. T. (2002). Psychic distance and organizational performance: An empirical examination of international retailing operations. *Journal of International Business Studies*, 33(3), 515-532.

- Gibson, C. (1995). An investigation of gender differences in leadership across four countries. *Journal of International Business Studies*, Second Quarter, 255-279.
- Glaister, K. W. & Buckley, P. J. (1999). Performance relationships in UK international alliances. *Management International Review*, 39(2), 123-147.
- Gomez-Mejio, L. R. & Palich, L. E. (1997). Cultural diversity and the performance of multinational firms. *Journal of International Business Studies*, Second Quarter, 309-335.
- Griffith, D. A., Hu, M. Y. & Ryans, Jr., J. K. (2000). Process standardization across intra- and inter-cultural relationships. *Journal of International Business Studies*, 31(2), 303-324.
- Grosse, R. & Trevino, L. J. (1996). Foreign direct investment in the United States: An analysis of country of origin. *Journal of International Business Studies*, First Quarter, 139-155.
- Hall, E. T. (1976). *Beyond Culture*. New York: Doubleday.
- Harrison, G, McKinnon, J. L., Wu, A. & Chow, C. W. (2000). Cultural influences on adaptation to fluid workgroups and teams. *Journal of International Business Studies*, 31(3), 489-505.
- Hennart, J. F. & Larimo. J. (1998). The impact of culture on the strategy of multinational enterprises: Does national origin affect ownership decisions? *Journal of International Business Studies*, 29(3), 515-538.
- Heuer, M., Cummings, J. L. & Hutabarat, W. (1999). Cultural stability or change among managers in Indonesia? *Journal of International Business Studies*, 30(3), 599-610.
- Hofstede, G. H. (1980). *Culture's Consequences, International Differences in Work Related Values*. Thousand Oaks, CA: Sage.
- Hofstede, G. H. (2001). *Culture's Consequences: Comparing Values, Behaviors, Institutions, and Organizations Across Nations*. Thousand Oaks, CA: Sage.
- Husted, B. (1999). Wealth, culture, and corruption. *Journal of International Business Studies*, 30(2), 339-360.
- Johanson, J. & Wiedersheim-Paul, F. (1973). The internationalization of the firm – four Swedish cases. *Journal of Management Studies*, 12(3), 305-322.
- Johnson, J. L., Cullen, J. B., Sakano, T. & Takenouchi, H. (1996). Setting the stage for trust and strategic integration in Japanese-U.S. cooperative alliances. *Journal of International Business Studies*, Special Issue, 981-1004.

- Jun, S., Gentry, J. W. & Hyun, Y. J. (2001). Cultural adaptation of business expatriates in the host marketplace. *Journal of International Business Studies*, 32(2), 369-377.
- Kogut, B. & Singh, H. (1988). The effect of national culture on the choice of entry mode. *Journal of International Business Studies*, 19(3), 411-32.
- Kozan, M. K. (2002). Subcultures and conflict management style. *Management International Review*, 42(1), 89-105.
- Kruger, M. P. & Solomon, E. E. (1992). Strategic mindsets and decision-making autonomy in U.S. and Japanese MNCs. *Management International Review*, 32(4), 327-343.
- Laroche, M., Kirpalani, V. H., Pons, F. & Zhou, L. (2001). A model of advertising standardization in multinational corporations. *Journal of International Business Studies*, 32(2), 249-266.
- Lau, C. M. & Ngo, H. Y. (2001). Organization development and firm performance: A comparison of multinational and local firms. *Journal of International Business Studies*, 32(1), 95-114.
- Lenartowicz, T. & Roth, K. (2001). Does subculture within a country matter? A cross-cultural study of motivational domains and business performance in Brazil. *Journal of International Business Studies*, 32(2), 305-325.
- Li, J., Lam, K. & Qian, G. (2001). Does culture affect behavior and performance of firms? The case of joint ventures in China. *Journal of International Business Studies*, 32(1), 115-131.
- Lin, X. & Germain, R. (1998). Sustaining satisfactory joint venture relationships: The role of conflict resolution strategy. *Journal of International Business Studies*, 29(1), 179-196.
- Li, J. (1994). Experience effects and international expansion: Strategies of service MNCs in the Asia-Pacific region. *Management International Review*, 34(3), 217-234.
- Liouville, J. & Nanopoulos, C. (1996). Performance factors of subsidiaries abroad: Lessons in an analysis of German subsidiaries in France. *Management International Review*, 36(2), 101-121.
- Loree, D. W. & Guisinger, S. E. (1995). Policy and non-policy determinants of U.S. equity foreign direct investment. *Journal of International Business Studies*, Second Quarter, 281-299.
- Luo, Y. (2002). Stimulating exchange in international joint ventures: An attachment-based view. *Journal of International Business Studies*, 33(1), 169-181.

- Lyles, M. A. & Salk, J. E. (1996). Knowledge acquisition from foreign parents in international joint ventures: An empirical examination in the Hungarian context. *Journal of International Business Studies*, Special Issue, 877-903.
- Makino, S. & Neupert, K. E. (2000). National culture, transaction costs, and the choice between joint ventures and wholly owned subsidiary. *Journal of International Business Studies*, 31(4), 705-713.
- Manev, I. M. & Stevenson, W. B. (2001). Nationality, cultural distance, and expatriate status: Effects on the managerial network in a multinational enterprise. *Journal of International Business Studies*, 32(2), 285-303.
- Markoczy, L. (2000). National culture and strategic change in belief formation. *Journal of International Business Studies*, 31(3), 427-442.
- Meschie, P. X. & Roger, A. (1994). Cultural context and social effectiveness in international joint ventures. *Management International Review*, 34(3), 197-215.
- Money, R. B. & Graham, J. L. (1999). Salesperson performance, pay, and job satisfaction: Tests of a model using data collected in the United States and Japan. *Journal of International Business Studies*, 30(1), 149-172.
- Morosini, P., Shane, S. & Singh, H. (1998). National cultural distance and cross-border acquisition performance. *Journal of International Business Studies*, 29(1), 137-158.
- Morris, M. H., Davis, D. L. & Allen, J. W. (1994). Fostering corporate entrepreneurship: Cross-cultural comparisons of the importance of individualism versus collectivism. *Journal of International Business Studies*, First Quarter, 65-89.
- Morris, M. W., Williams, K. Y., Leung, K., Larrick, R., Mendoza, M. T., Bhatnagar, D., Li, J., Kondo, M., Luo, J. L., & Hu, J. C. (1998). Conflict management style: Accounting for cross-national differences. *Journal of International Business Studies*, 29(4): 729-748.
- Neelankavil, J. P., Mathur, A. & Zhang, Y. (2000). Determinants of managerial performance: A cross-cultural comparison of the perceptions of middle-level managers in four countries. *Journal of International Business Studies*, 31(1), 121-140.
- O'Grady, S. & Lane, H. L. (1996). The psychic distance paradox. *Journal of International Business Studies*, Second Quarter, 309-333.
- Oliver, E. G. & Cravens, K. S. (1999). Cultural influences on managerial choice: An empirical study of employee benefit plans in the United States. *Journal of International Business Studies*, 30(4), 745-762.
- Pan, Y. (1996). Influences on foreign equity ownership level in joint ventures in China. *Journal of International Business Studies*, First Quarter, 1-26.

- Pillai, R., Scandura, T. A. & Williams, E. A. (1999). Leadership and organizational justice: Similarities and differences across cultures. *Journal of International Business Studies*, 30(4), 763-779.
- Pornpitakpan, C. (1999). The effects of cultural adaptation on business relationships: Americans selling to Japanese and Thais. *Journal of International Business Studies*, 30(2), 317-338.
- Pothukuchi, V., Damanpour, F., Choi, J., Chen, C. C. & Park, S. H. (2002). National and organizational culture differences and international joint venture performance. *Journal of International Business Studies*, 33(2): 243-265.
- Ralston, D. A., Gustafson, D. J., Cheung, F. M. & Terpstra, R. H. (1993). Differences in managerial values: A study of U.S., Hong Kong and PRC managers. *Journal of International Business Studies*, Second Quarter, 249-275.
- Randoy, T. & Dibrell, C. C. (2002). How and why Norwegian MNCs commit resources abroad: Beyond choice of entry mode. *Management International Review*, 42(2): 119-140.
- Rao, A. & Hashimoto, K. (1996). Intercultural influence: A study of Japanese expatriate managers in Canada. *Journal of International Business Studies*, Third Quarter, 443-466.
- Rao, A. & Schmidt, S. M. (1998). A behavioral perspective on negotiating international alliances. *Journal of International Business Studies*, 29(4), 665-694.
- Reuer, J. (2002). Incremental corporate reconfiguration through international joint venture buyouts and selloffs. *Management International Review*, 42(3), 237-253.
- Robertson, C., Hoffman, J. J. & Herrmann, P. (1999). Environmental ethics across borders: The United States versus Ecuador. *Management International Review*, 39(1), 55-69.
- Rokeach, M. (1968). *Beliefs, Attitudes and Values*. San Francisco, CA: Jossey-Bass.
- Salter, S. B. & Niswander, F. (1995). Cultural influence on the development of accounting systems internationally: A test of Gray's [1988] theory. *Journal of International Business Studies*, Second Quarter, 379-397.
- Schuler, R. S. & Rogovsky, N. (1998). Understanding compensation practice variations across firms: The impact of national culture. *Journal of International Business Studies*, 29(1), 15-177.

- Schwartz, S. H. (1994). Beyond individualism/collectivism: New cultural dimensions of values. In Kim, U., Triandis, H.C., Kagitcibasi, C., Choi, S-C. & Yoon, G. (eds.), *Individualism and Collectivism: Theory, Method and Applications*. Thousand Oaks, CA: Sage, 85-99.
- Selmer, J. (2002). Practice makes perfect? International experience and expatriate adjustment. *Management International Review*, 42(1), 71-87.
- Shi, X. (2001). Antecedent factors of international business negotiations in the China context. *Management International Review*, 41(2), 163-187.
- Smith, P., Peterson, M. F. & Wang, Z. W. (1996). The manager as mediator of alternative meanings: A pilot study from China, the USA and U.K. *Journal of International Business Studies*, First Quarter, 115-137.
- Soutar, G. N., Grainger, R. & Hedges, P. (1999). Australian and Japanese value stereotypes: A two country study. *Journal of International Business Studies*, 30(1), 203-216.
- Steensma, H. K., Marino, L. & Weaver, K. M. (2000). Attitudes toward cooperative strategies: A cross-cultural analysis of entrepreneurs. *Journal of International Business Studies*, 31(4), 591-609.
- Stottinger, B. & Holzmuller, H. H. (2002). Cross-national stability of an export performance model – A comparative study of Austria and the US. *Management International Review*, 41(1), 7-28.
- Thomas, D. & Au, K. (2002). The Effect of Cultural Differences on Behavioral Responses to Low Job Satisfaction. *Journal of International Business Studies*, 33(2), 309-326.
- Thomas, A. & Mueller, S. L. (2000). A case for comparative entrepreneurship: Assessing the relevance of culture. *Journal of International Business Studies*, 31(2), 287-301.
- Tinsley, C. H. & Pillutla, M. M. (1998). Negotiating in the United States and Hong Kong. *Journal of International Business Studies*, 29(4), 711-728.
- Tse, D. K., Francis, J. & Walls, J. (1994). Cultural differences in conducting intra- and inter-cultural negotiations: A Sino-Canadian comparison. *International Journal of Business Studies*, Third Quarter, 537-555.
- Ueno, S. & Sekaran, U. (1992). The influence of culture on budget control practices in the USA and Japan: An Empirical Study. *Journal of International Business Studies*, Fourth Quarter, 659-674.
- Vance, C. M., McClaine, S. R., Boje, D. M. & Stage, H. D. (1992). An examination of the transferability of traditional performance appraisal principles across cultural boundaries. *Management International Review*, 32(4), 313-326.

- Welge, M. K. (1994). A comparison of managerial structures in German subsidiaries in France, India, and the United States. *Management International Review*, Special Issue, 33-49.
- Yip, G. S., Johansson, J. K. & Roos, J. (1997). Effects of nationality on global strategy. *Management International Review*, 37(4), 365-385.
- Yuen, E. C. & Kee, H. T. (1993). Headquarters, host-culture and organizational influences on HRM policies and practices. *Management International Review*, 33(4), 361-383.
- Zaheer, S. & Zaheer, A. (1997). Country effects on information seeking in global electronic networks. *Journal of International Business Studies*, First Quarter, 77-100.
- Zeira, Y., Newburry, W. & Yeheskel, O. (1997). Factors affecting the effectiveness of equity international joint ventures (EIJVs) in Hungary. *Management International Review*, 37(3), 259-279.
- Zou, S. & Stan, S. (1998). The determinants of export performance: A review of the empirical literature between 1987 and 1997. *International Marketing Review*, 15(5), 333-356.