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**EDITORIAL: A MEETING OF MINDS? INSIGHTS FROM  
INTERSECTIONS BETWEEN INTERNATIONAL STRATEGY AND  
CROSS-CULTURAL MANAGEMENT RESEARCH**

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## **Editorial: A meeting of minds? Insights from intersections between international strategy and cross-cultural management research**

Rebecca Piekkari, B. Sebastian Reiche, Markus Pudelko and Chris Carr

The purpose of this Special Topic Forum is to invite scholars to engage in a productive dialogue between the fields of International Strategy and Cross-Cultural Management. Since the two fields are distinct in that they have their own journals (e.g. *Strategic Management Journal* and *International Journal of Cross Cultural Management*), separate conferences and tracks (e.g. Strategic Management Society, Business Policy and Strategy in Academy of Management) as well as their own academic associations (e.g. Strategic Management Society, International Association for Cross-Cultural Psychology) special effort had to be made to cross boundaries and bring scholars from the two fields together. With this purpose in mind, the 7<sup>th</sup> EIASM (European Institute for Advanced Studies in Management) workshop on International Strategy and Cross-Cultural Management was organized and hosted by the Aalto University, School of Economics in Finland on September 25 – 26, 2009. The workshop consisted of over forty contributions, out of which three papers and one key note speech were selected and further developed for the theme of this Special Topic Forum.

Bringing scholars together, however, does not in itself guarantee a fruitful dialogue. While researchers in the two fields tend to subscribe to positivist assumptions and seek for universalist knowledge that allows them to make broad generalizations (see Shukla & Dow; Zander & Butler, this issue) they work at different levels of analysis and are occupied by different concerns. Cross-cultural researchers typically compare national cultures and leave the analysis of how culture affects firm performance to international strategy researchers (see Brannen & Doz, this issue). Within the Cross-Cultural Management tradition, researchers in International Human Resource

Management, in turn, tend to focus on the individual expatriate manager and ponder upon his/her selection, adjustment, return and career considerations. Given such differences it is easy to misunderstand the scholars associated with 'the other tradition'.

Yet, in this Special Topic Forum we argue that there is considerable potential for a productive dialogue across the fields. International strategy researchers would benefit from returning to the micro-foundations of strategy work. While it is commonly acknowledged that strategies deliver promises and people deliver results, the human dimension of international strategy research is often forgotten. Cross-cultural researchers would gain from considering the organizational implications of their findings (see Gertsen & Sørderberg; Zander & Butler, this issue) and both groups of researchers would benefit from valuing more context-specific, localised knowledge. Such detailed contextual knowledge would assist them in defining more precisely the scope of their generalizations and invite them to go beyond the dominant positivist paradigm (Piekkari, Welch & Paavilainen, 2009). After all, the two fields belong to International Business which as a discipline focuses on capturing phenomena in their national, cultural and institutional contexts.

The primary aim of this Special Topic Forum is therefore not only to present state-of-the-art research in International Strategy and Cross-Cultural Management but to disentangle areas of intersection. We would argue such intersections can easily be found in the four 'Cs' centering around 'comparison', 'criticality', 'context' and 'characters'. When the international strategy researcher meets the cross-cultural researcher the following questions are likely to be asked: How does your study conducted at the national or individual level compare to the firm level? How critical are your findings for the success of the multinational company? The cross-cultural researcher, in turn, would probably pose the following questions to the colleague from International Strategy: How does the cultural context in which international strategy work takes

place affect your findings? What role do key characters such as managers and employees play in designing and implementing international strategy?

In the four papers selected for the Special Topic Forum the dialogue between International Strategy and Cross-Cultural Management is achieved both within each contribution as well as between them. Together they capture what is distinct about research in International Strategy and Cross-Cultural Management but also stretch beyond the boundaries that have traditionally separated the fields. We believe that it is precisely at these intersections where new and exciting insights can be gained.

#### **Papers in this Special Topic Forum**

The first paper by Brannen and Doz sets the scene by reflecting upon the troubled status of International Business and International Management in today's universities. They return to the origins of International Business as a discipline, review its evolution and the emergence of the two perspectives, International Strategy and Cross-Cultural Management. They offer a critique of the positivist paradigm and consider the separation of the discipline into strategy and cross-cultural research as a disintegrating force. Brannen and Doz capture the key differences between the two fields by describing international strategy research as 'distant and detached' and cross-cultural management research, particularly the work conducted in International Human Resource Management, as 'close-up and personal'. They argue that in-depth contextual knowledge is a critical resource for scholars conducting research across borders and it should be turned into shared competitive advantage of the discipline as a whole. They call for mixing levels of analysis and developing mid-range process theories that would better address the increasing complexity of

cultural phenomena. This critical, self-reflexive piece adds 'complexity' as a fifth 'C' to our list of intersections between the fields.

In the second paper Gertsen and Sørderberg respond to Brannen and Doz' criticism of the dominance of the positivist paradigm and ground their fieldwork in social constructivism. They use narration as an approach to dig deep into how expatriates socially construct and make sense of the cultural encounters they have experienced during international relocations. Through four narrative interviews in Danish multinationals, Gertsen and Sørderberg identify critical incidents that represent opportunities for cultural learning. They find that the narrated stories convey information not only about specific *behavioral* strategies that expatriates apply in dealing with cultural encounters, but also about *emotional* reactions as well as *cognitive* or *meta-cognitive* processes that may lead to a reflection and more in-depth understanding of one's own culture. These three dimensions form part of what scholars call cultural intelligence (e.g. Ang & Van Dyne, 2008), that is the ability to interact in culturally diverse settings. Gertsen and Sørderberg discuss different ways to enhance cultural intelligence in multinationals, including the use of narrative therapy as part of cross-cultural training programs or the provision of host-country mentors. To this end, their paper points to several intersections between International Strategy and Cross-Cultural Management. By incorporating multiple levels of analysis Gertsen and Sørderberg also explain how narration may stimulate collective cultural intelligence in multinationals. In particular, they hint at expatriates' role as boundary spanning characters that may facilitate ties between units. Scholars have argued that expatriates link previously unconnected knowledge across units (Kostova & Roth, 2003; Reiche, Harzing, & Kraimer, 2009). Therefore, stimulating and diffusing the cultural learning through expatriates may also make those who devise international strategies and, by extension, the multinational as a whole, more culturally competent.

The third paper by Zander and Butler develops a conceptual model of team leadership in multicultural settings. The authors call for a better understanding of leadership challenges in multicultural teams that are at the “heart of globalization”. By focusing on leadership rather than the characteristics of individual leaders Zander and Butler offer four leadership modes which are labeled as single, rotated, paired and shared. Based on a literature review they identify a recent shift from single to collective leadership which can be found in several cultural contexts. Similar to Gertsen and Sørderberg, they also move beyond the individual as the primary level of analysis. The suitability of one of the four leadership modes depends on the composition of the multicultural team which Zander and Butler determine by faultlines and status characteristics. According to their model, different team compositions produce different managerial challenges. In this way, they show the complexity of capturing today’s cultural phenomena. Zander and Butler argue for viewing team leadership mode as an informed strategic choice. While their discussion is grounded in cross-cultural management and leadership literatures they introduce success strategies for multicultural teams that have broader organizational implications. Their pragmatic approach resonates well with international strategy research that tends to incorporate performance effects. Zander and Butler bring the all too often separate discourses of International Strategy and Cross-Cultural Management together.

In the fourth paper by Shukla and Dow we link back to the tradition and methodological conventions of international strategy research. Their paper is grounded in the familiar Uppsala stages model of internationalization, hitherto primarily applied to the manufacturing sector. By contrast, Shukla and Dow test this model in a sample of service firms. Their longitudinal quantitative study surveyed 160 foreign-owned service firms in Australia to explain how resource commitment of service firms changes after the initial foreign market entry. The authors distinguish

between capital intensive and knowledge intensive service firms because capital intensity has been identified as a factor guiding the pace and nature by which firms commit their resources to further penetrate host markets. Shukla and Dow find that capital intensive and knowledge intensive service firms follow very different penetration patterns within host markets. Capital intensive service firms tend to follow the stages model more closely as they undertake additional investments at a slow pace. On the other hand, knowledge intensive service firms tend to speed up their penetration in the host market by increasing their resource commitment at almost double the pace of capital intensive service firms. These firms do not necessarily change the operation mode over time but expand their geographical base inside the home market. Shukla and Dow bring to the fore the well educated and qualified employees who form the key resource of knowledge intensive firms. Yet, whilst their paper is clearly positioned in the tradition of international strategy research, the authors finally incorporate a discussion about the positive contextual effects of Australia on their findings.

We hope that this Special Topic Forum will encourage scholars of International Strategy and Cross-Cultural Management alike to engage in more research endeavours that explicitly span the boundaries between the fields and aim to cross-fertilize them.

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