

INTERNATIONALISATION, COOPERATION AND ETHNICITY IN THE TELECOM SECTOR

An Ethnographic Study of the Cross-cultural
Cooperation of PTT Telecom in Unisource,
the Netherlands Antilles and Indonesia

Alfons van Marrewijk

Eburon

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Preface

Studying cultural anthropology is not generally perceived as a very wise step in terms of the career development of a telecommunications engineer. According to Bate (1997: 1151) '*anthropology can seriously damage your career!*'. However, studying anthropology has offered me a scientific framework in which I can combine both personal interests and professional experience in the international arena.

I first began this business anthropological research on the cross-cultural cooperation of PTT TELECOM in 1995 and was privileged to spend the four years that followed on a subject of such special interest to me. The field work in the Netherlands, the Czech Republic, the Netherlands Antilles and Indonesia were indeed most rewarding and the planning and writing of this dissertation has certainly been a great and welcome challenge.

I would like to express my gratitude to PTT TELECOM for its open attitude and support without which my research would not have been possible, in particular Hans Lipman, Derk Poot, Doke Pelleboer and Arianne Boon, Erik Duim and the (ex-) TeleSolutions colleagues for their support. I am also indebted the PTT TELECOM office Jakarta, and to all of the Dutch and Indonesian PTT TELECOM employees who participated in this research. Thanks are also due to the University of the Netherlands Antilles and all of the Curaçaoans who participated in the research.

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Alfons van Marrewijk
Delft, May 1999

Glossary

ABVO	<i>Antilliaanse Bond Van Overheidspersoneel</i> [Antillean union of government employees]
AT&T	American Telephone and Telegraph Company
AUCS	AT&T-Unisource Communication Services
BT	BritishTelecom
CANTV Venezuela	<i>Compañia Anónima National Teléfonos de</i> [Venezuelan PTO]
CEO	Chief Executive Officer
EC	European Community
EVUA	European Virtual Users Association
GATS	General Agreement on Trade in Services
GSM	Global System for Mobile Communication
IB	International Business
IS	International Support
ISDN	Integrated Services Digital Network
IT	Information Technology
ITC	International Trade Centre
ITU	International Telecommunication Union
IVPN	International Virtual Private Networks
JMDP	Joint Management Development Program
JTS	Joint Training Service
KDD	<i>Kokusai Denshin Denwa</i> [Japanese PTO]
KPN	<i>Koninklijke PTT Nederland</i> [Dutch PTO]
KS	<i>Kamera Sindical</i> [labour union on Curaçao]
KSO	<i>Kerjasama Operasi</i> [joint operating schemes]
MTPT Telecommunication	Ministry of Tourism, Post and Telecommunication
NCF and Telecom	Netherlands Consultancy Foundation for Post and Telecom
NIS	Netherlands International School
NTT PTO]	Nippon Telegraph and Telephone [Japanese PTO]
OPTA	Independent Post and Telecom Authority
PABX	Private Automated Branch Exchange
PRX	Private Redial Exchange
PTO	Public Telecommunication Operator
PTT	Post, Telegraph and Telephone Administration
PT TELKOM	<i>Telekomunikasi Indonesia</i> [Indonesian PTO]
PT INDOSAT	Indonesia Satellite Corporation
SETEL	<i>Servisio Di Telekomunikashon</i> [Curaçaoan PTO]
SPT	<i>Správa Post a Telekomunikací</i> [Czech PTO]
STET	<i>Societa Finanziaria Telefonica</i> [Italian PTO]
STTK	<i>Sindikato di Trahadornan den Telekomunikashon Korsou</i> [Curaçaoan telecom labour union]
TISA	Telefónica International SA
TPG	TNT and Post Group

UBN
WTO

Unisource Business Networks
World Trade Organisation

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**Room for St. John of the Cross,
1983**

Bill Viola

Video/sound installation

Collection:

The Museum of Contemporary Art Los Angeles

A black cubicle stands in the center of a large dark space. A small window reveals the illuminated interior where a color video monitor, a metal pitcher and a glass of water sit on a wooden table. A voice quietly reciting the poems of St. John of the Cross in Spanish can be heard from within. Outside in the main room, a large image is projected on the wall behind the cubicle showing black-and-white images of snow covered mountains in constant, wild, chaotic motion. A loud roaring sound fills the space like a storm.

(Stedelijk Museum Amsterdam, cat. No 829, September 1998)

1 INTRODUCTION

The study presented in this thesis focuses on the reaction of Dutch Public Telecom Operator PTT Telecom to the restructuring of the telecom market and concentrates in particular on the strategy of internationalisation. The research takes up the period from 1989 to and including 1997 in which the organisation was in its first phase of internationalisation. This introduction provides a brief outline of the study followed by a discussion of its scientific and social relevance. The basic assumptions on which the study is based are first explained after which the central research questions are introduced. In order to form answers for the latter a research design is used that explores the field of study in four stages. At each stage newly collected data are used to select the next level of exploration. The motivations for selecting one telecom operator, two departments and three cases of cross-cultural cooperation are discussed. Finally, the structure of the study is given.

1.1 The Death of Distance

In the last decade a wide interest in the fast changing market of telecommunications has grown. Almost every week, magazines and newspapers report on new strategic alliances, competition, the Internet, huge profits and technological inventions. The technology revolutions, the deregulation of telecom laws, the privatisation of Public Telecom Operators (PTOs) and the demand for cheap international telephony by multinational corporations have dramatically changed the context of the domestic telecom operators. For many years, national Post, Telephone and Telegraph companies (PTTs) controlled the national telecom markets. The closed and static structure of these markets has recently been restructured to allow for a more open and dynamic market structure. In losing their monopoly, national PTTs have had to compete with foreign and new telecom operators and the resulting turbulence in the telecom market has created an atmosphere of uncertainty, fear and hope for both Public Telecom Operators (PTOs) and customers.

The restructuring of the market of telecom operators started in the United States of America in the eighties and has since swept across the rest of the world. As of 1998, European PTOs no longer hold monopolies in their domestic markets but instead compete on data networks, cellular telephony and fixed telephone networks. Moreover, it is becoming increasingly difficult to draw clear boundaries around the telecom sector. In this study the telecom sector includes the telecom companies that offer speech and data carrier services. There is now substantial evidence to support the hypothesis that the new *telecom revolution* has radically changed the boundaries and structure of the market for telecom operators. Estabrooks (1995) has observed a technological convergence of information structure, telecom infrastructure, access media and services and *The Economist* (1995) has made note of the new competition and the economic growth of the telecom market. Others focus on the new policies of restructuring in the European telecom industry (Crandell and Flamm 1989, Caby

and Steinfield 1994, Noam and Kramer 1994, Steinfield, Bauer and Caby 1994, Comor 1994). Sussman and Lent (1991) examine the developments of telecommunications in the third world, while Smith and Staple (1994) concentrate on the growing telecom business in Asia. All of the authors came to the conclusion that the market for telecom operators has changed dramatically during the last decade and has become one of the major industries.

In reaction to the restructuring of the telecom market PTOs have recently expanded beyond their traditional national markets, creating dynamic networks of cross-border strategic alliances. National European, Latin American, Asian and American telecom operators now work together in consortia all over the world and have thus transformed into international operators. In this process of change, PTOs are confronted with new questions on international business and cross-cultural management. One might have the perception that PTOs and their employees have little or no international experience and many questions arise with regard to how former national government owned PTOs have been transformed into commercially operating international companies. How do the PTOs deal with cultural diversity? How do they manage strategic alliances and local joint ventures? How do they select and train employees for international posts? How do the individual strategies of the employees of PTOs support the transformation? The aim of this study is to explore the strategies of PTOs and their employees as they cope with the cultural complexity of the international telecom market focusing mainly on the strategy of internationalisation.

1.2 Outlining the Field of Study

In recent years researchers have become increasingly interested in cross-cultural management in international business (Schneider and Barsoux 1997). Cross-cultural management is the comparison between distinct ways of managing organisations in different cultures. Differences in national, corporate or professional cultures are generally seen as separate factors of risk in international business in the same way as local politics and weak currencies are regarded (Deresky 1994, Schneider and Barsoux 1997). Cultural differences are seen as an important factor in the lack of success of strategic alliances (Lorange and Roos 1995, Yoshino and Rangan 1995, Cauley de la Sierra 1995, Hoecklin 1995, Lewis 1996). Cross-cultural management is frequently studied and described from the perspective that views culture as a system of shared values. Researchers like Hofstede (1991) and Trompenaars (1993) use a limited number of dimensions to describe different national cultures. The dimensions give an indication of a potential cultural misfit between two companies of different cultures.

What do we learn from the growing body of information on cross-cultural management? We neither get an insightful perspective on daily experiences nor learn much about its connections to political, social and cultural processes. The literature on cross-cultural management gives us almost no information on the employees' perspective of cultural differences and their interpretations of cross

cultural strategies. Most literature lacks detailed information on cross-cultural management as a result of expensive and time-consuming fieldwork and due to the lack of access to execute fieldwork within the companies. Till now, little or no attention has been given to the cultural complexity of cross-cultural management. Hannerz' (1992) concept of cultural complexity focuses on the complex relation of three dimensions of contemporary culture; (1) ideas and modes of thought, (2) forms of externalisation and (3) social distribution. Researchers of cross-cultural management give the most attention to the first dimension, the shared values of people in a social unit (Hoecklin 1995, Lewis 1996). This is surprising, because while globalisation processes may have resulted in technical and economic integration, they have certainly not led to cultural integration or, to what might be called a global culture. The studies of Featherstone (1990), Hannerz (1992) and Friedman (1994) seem to show that contemporary culture has become more complex yet almost no detailed studies have been conducted on the cultural complexity in cross-cultural management that provide a clear understanding of the ideas and modes of thoughts in corporations, the ways in which meanings are made public and the ways in which these cultural meanings are distributed. Research on cross-cultural cooperation in organisations therefore lacks a historical, processual and contextual approach that is focused on actors (Bate 1997).

A holistic anthropological approach is applied in this study to support the connection of the restructuring of the telecom market, the history of the PTO and the change of organisational culture of the PTO with the daily life of PTO employees. I support Mansell (1994: 40) who stressed the need to combine the analysis of the social, cultural, political and economic constraints that shape institutions in order to understand the process of globalisation of the PTOs. Behaviour of employees in organisations cannot be understood without our knowing the context in which they are situated and cross-cultural management cannot be studied separately from organisational cultures. The individual employee plays an important role in the reproduction and renewal of organisational culture. Tennekes (1995) points at the dynamic character of culture, which cannot be separated from social action and therefore, is subjected to permanent change. Galjart (1993: 8) also argues that reproduction and change of culture have to be at the interaction level. The question is not whether a new element will be accepted but whether people can convince each other about what is right and what is wrong. In this way, employees try to establish their position within the organisation. Changes in the organisational culture depend on the power and position of the employees introducing them. The success of internationalisation therefore is strongly related to the change in organisational culture of the PTOs.

To obtain detailed information on cross-cultural cooperation the daily life in an organisation is studied. Even if detailed information has been presented on cultural complexity as was done by Deresky (1994) and Schneider and Barsoux (1997), it is still limited to a mosaic of small cases from a diversity of companies, industries and countries. Latour (1988, 1994 and 1997) studied the daily world of scientists in laboratories, offices and construction places. He

concluded that in the daily practice of technicians, administration workers, managers and business developers it is impossible to study the social and technical artefacts separately because they are strongly intertwined. In their daily practices employees connect social and technical artefacts to different levels in and outside the organisation and their exchange does not stop at five o'clock. Informal activities in the evening such as sporting events, going to a bar, social telephone calls between colleagues and friendships are part and parcel of the daily activities of employees. Koot (1995) also noted the importance of observing daily life rituals of employees in order to obtain a detailed and more accurate picture of the organisational culture and to understand the culture through the eyes of the employees. I agree with Bate who emphasised that *'insight always comes from the inside'* (Bate 1997: 1161).

Apart from scientific interests, the study presented in this thesis also serves public and corporate interests. In recent years, telecommunication users have developed a growing interest in the telecom market. The turbulent changes in the telecom market, the use of cellular telephony, the spectacular growth of the Internet, the profits on international telephone traffic and the rapid technological inventions have made the telecom sector a 'hot' topic. The restructuring of the telecom market has indeed brought about many changes for the users but has not always contributed to a clear understanding of the world of telecom technology. A clearer perspective of the changing world of telecommunications, the technical background and the daily practices of international operating telecom employees could however, clarify and add to the public's knowledge of the telecom sector.

This study provides more than just analyses of the cross-cultural experiences. It contributes to a growing awareness of the importance of cultural processes in the international telecom and also gives suggestions for improvement. It is clear that the growth of international business is an important pillar for the future success. The evaluations of the cross-cultural experiences as presented in this study should assist PTOs in its planning for improvement of its international business, cross-cultural preparations of employees about to be sent abroad, the management of international joint ventures and the mutual understanding between the head office and regional offices.

The aim of this ethnographical study is to contribute towards a greater sensitivity and a better understanding of cross-cultural management by Western PTOs when co-operating with foreign partners, especially those in developing countries. According to the head of the International Telecommunication Union this is necessary if a new 'colonisation' of the PTOs in developing countries by dominant western PTOs (*Newsweek*, September 19, 1997) is to be avoided.

1.3 Research Questions

The cultural complexity within a PTO can be studied in many different ways. The aim of this study is to picture the common life experiences of the PTO

employees in connection with the collective strategies of PTOs in the fast changing telecom market. Therefore it is necessary to define assumptions and starting points on which the research is based.

- The study is a qualitative research with an interpretative approach because the cultural processes in a PTO are for a large part unpredictable and a result of social construction of the PTO employees in interaction with others.
- An ethnographic approach is used to picture the everyday experiences of PTO employees.
- The study is actor centred, which means that cultural processes in the telecom sector are understood from the perspective of the PTO employees. This is called an emic perspective.
- It is necessary to have an in-depth study because cultural processes cannot be understood without knowledge of the context. Therefore, the study gives an adequate description of just one PTO. Within this one PTO however, distinct and contrasting cases are chosen. The selection of these cases is based upon theoretical presumptions, in this way applying the concept of theoretical sampling.
- The anthropological method of observation and participant observation is used. To obtain a detailed picture of the daily practices of the employees by means of documents, interviews and surveys is insufficient.
- The study has a longitudinal component because the research question addresses the process of internationalisation from the end of the eighties up to and including 1997.
- The study can be classified as an action research because the feedback of the results during the research can lead to changes in the organisation.

The central research questions are:

Which strategies of cross-cultural cooperation have been used by the Public Telecom Operator in reaction to the restructuring of the telecom market? How do employees deal with these strategies at the individual level? And how can these corporate and individual strategies be explained from an organisational cultural perspective?

The research questions, which are general in character, are defined more specifically in section 1.4 in the discussion of the selection of organisations and cases. But first, the concepts used in the research question need to be explained.

In this study, strategies at the collective level refer to the different ways in which the PTOs react to the restructuring of the telecom market. These strategies include cost reduction, client orientation, changing the organisational culture, creating new businesses at the home market, creating international alliances and entering new international markets. Although these strategies are interconnected and do influence each other, the main focus of this research is the strategy of internationalisation of the Public Telecom Operators (PTOs).

Public Telecom Operator (PTO) is understood here to be the telecom unit of the former state owned Post Telegraph and Telephone (PTT) organisation. PTOs

share several common characteristics in that many of them are old national companies with little international experience. Initially they were fully state-owned, technically orientated, had strong connections to the national politics and were rather bureaucratic. Because the restructuring of national telecom markets is governed by national telecom policies PTOs are in various stages of transformation. Some of them have been privatised and some, such as American AT&T, have even split up into smaller corporations and work in a fully liberalised market while others still function in fully protected monopolistic markets.

Strategies at the individual level are defined here as the different ways in which the PTO employees cope with new work related situations. Various factors influence the former stable organisation life of the PTO employee such as the new organisational strategies, the fear of a big lay-off, the unrest resulting from continuous reorganisation, better jobs offered by competitors and cultural diversity in new countries. The new cultural environments can be demanding for employees working abroad or in international strategic alliances and can create feelings of tension, fear and insecurity.

Employees are defined as all people working with the PTO in both the national and international context. It must be stressed that employees of all levels are included in this research, work floor technicians as well as top management executives. Although the restructuring affects all of the employees, some departments are influenced more and at an earlier stage than others.

To answer the central research question a theoretical framework needs to be developed that includes theories on cross-cultural management and organisational cultures. To develop this framework the next question has been formulated: How can the cultural complexity of the telecom market be described and analysed? As mentioned earlier, many studies on cross-cultural management and organisational cultures lack a historical, processual and contextual approach and are not focused on actors. However in this study, a theoretical framework that helps the unravelling of cultural complexity by conceptualising different levels has been constructed. Chanlat (1994) distinguishes five distinct levels that influence the organisational culture: world level, society level, organisational level, interaction level and individual concept of theoretical sampling is applied by selecting all level. Each level is analytically independent and contains elements that are linked to each other in relatively stable relations. There is no hierarchy between the different levels; the levels are contingent in nature and the relationships can move in any direction. To trace these relationships Latour's (1994) network theory offers a solution. He pleads for an anthropology that suits modern societies: the anthropologist has to place himself in the centre of an organisation and to describe the micro- and macro processes from a holistic perspective, in the same way anthropologists have often done in the case of studies focused on 'primitive' societies. This symmetric anthropologist follows complex networks in an organisation and by doing so crosses different levels. Section 2.5 combines the network theory of Latour and the multi-layer model of Chanlat to create a suitable theoretical framework for this study.

1.4 Research Design

The research questions are related to different levels of the telecom market: Which strategies of cross-cultural cooperation are being used by the Public Telecom Operator in reaction to the restructuring of the telecom market? How do employees deal with these strategies at the individual level? How can these corporate and individual strategies be explained from an organisational cultural perspective? To allow for clear and systematic research the field of study is explored step by step, starting at world level with the global restructuring of the telecom market. At each stage newly collected data are used to select new units of research, in other words, the next level of research. In this manner, the multi-layered cultural complexity is unravelled step by step and, a clearer understanding of the context is accomplished (see Figure 1). Wester (1991) calls this approach the 'phased analysis'. In this approach the general research question leads to a period of exploration in the field of study, while in later periods the gained knowledge is selectively worked out.

The first step in the phased approach of this study is an exploration of the international telecom market in order to get a broad understanding of the restructuring which effects the national telecom markets all over the world. Because of the many different phases of restructuring as well as the different policies held by various governments, a first selection of national telecom markets to be studied is required. In this study the European Community (EC) telecom market has been selected for a number of reasons. Firstly, the EC has been engaged in restructuring the European telecom markets since the early nineties and opened their telecom market for full competition in 1998. Secondly, the European PTOs have expanded their markets to former colonies. A third reason is simply the better availability and accessibility to and knowledge of the European PTOs.

The central question in the first step is: *What are the causes and consequences of the restructuring of the international telecom market?* The answer to this first question is analytical in nature and strongly related to the earlier mentioned world, society and organisational levels. Starting at the world level, the purpose of the question is to establish an understanding of the relationship between the restructuring of the telecom markets on the one hand, and other processes of globalisation and localisation on the other hand.

The second step of the phased approach is the selection of a European PTO for an N = 1 or case study. In the case of this study, the N = 1 research has been chosen because of the explorative and in-depth nature of the study and its historical, processual and contextual approach which demands a great deal of time to implement (Bate 1997). The study aims to be a 'true' ethnographical research with a long-term stay in the organisation instead of a 'jet-plane' ethnography as Bate (1997: 1150) ironically described contemporary organisational ethnography. Hence, the number of PTOs that can be effectively studied in this way is limited by this research design to N=1. The selected PTO should invariably be representative of the contemporary changes in the

European telecom market, have foreign offices, international strategic alliances and some cross-cultural experience. The final decision to focus on Dutch PTT Telecom was based upon arguments that the organisation:

- was privatised in 1989 and in 1993 introduced at the stock market.
- has followed an active process of change since 1990.
- has operations in West European, East European and Southeast Asian telecom markets.
- is an initiator and member of the pan-European strategic alliance Unisource.¹
- has met full international competition at the national Dutch telecom market since 1995 (cellular telephony) and 1997 (fixed telephony).
- has long-standing international experiences with the Dutch ex-colonies.
- is willing to co-operate for the purposes of this study.
- is familiar to the researcher.²

The central question in this second step is: *What strategies has PTT TELECOM used in reaction to the turbulence of the telecom market?* In this phase of this study the corporate goals, structure, strategy, history and organisational culture of PTT Telecom are explored. The central focus of this second step is the strategy of internationalisation, the international strategic alliances and the cross-cultural strategies used. The research takes up the period from 1989, when KPN was privatised, up to and including 1997.³ The speed of developments in the telecom market and in PTT TELECOM has not slowed down ever since. As a result, the contemporary situation can differ from the described situation in the study presented in this thesis.

The third step of the phased approach is the selection of two different departments in PTT TELECOM from which a detailed picture of the daily lives of the employees can be traced. The selection is necessary because the organisation has over 30.000 employees. Choosing two different departments makes it possible to compare differences and similarities. The choice for the department of International Business (IB) and International Support (IS) was based upon the international experiences of the employees and accessibility. The department of International Business (70 employees in 1996) is orientated towards the expansion of PTT TELECOM in international markets and deals with foreign offices and international alliances. The consultants of the department of International Support (80 employees in 1996) support the national and international projects. For more than two years, from December 1995 till January 1998, I participated in the department of International Support.

¹ Unisource was the strategic alliance of Dutch KPN, Swiss Telecom, Swedish Telia and Spanish Telefónica formed in 1992. Later Unisource founded together with the American AT&T the AT&T-Unisource alliance. In this study the AT&T-Unisource group consists of the AT&T-Unisource strategic alliance and the Unisource strategic alliance.

² From 1985 till 1988 I worked with the Centrale WerkPlaats (CWP) department of PTT. From 1989 till 1994 I worked in a job closely related to KPN (see Curriculum Vitae).

³ In this study the name of PTT Telecom is being used for the Dutch PTO. From 1989 up till 1997 PTT Telecom and PTT Post together formed the Koninklijke PTT Nederland (KPN). With the split off of PTT Post, PTT Telecom was renamed in KPN and its activities reorganised in KPN Telecom and KPN International.

The central question in the third step is: *What kind of individual strategies do the employees of PTT TELECOM use in reaction to the restructuring of the telecom market?* The answer to this third question is descriptive in nature and is related to the interactional and individual levels of the multi-level model. It therefore requires a detailed study of the daily activities of the employees and their individual strategies in coping with uncertainty, fear, change and turbulence in different cultural contexts.

The fourth and last step in the phased approach is to achieve a detailed and accurate picture reflecting the daily practice of cross-cultural cooperation of PTT TELECOM and its employees.

The central question in the fourth step is: *What cross-cultural experiences do PTT TELECOM and its employees have with international alliance partners?* To answer this question an analytical approach is needed and thus demands an evaluation of the cross-cultural experiences of PTT TELECOM and its employees. By selecting distinct cases an understanding of the differences and similarities in cross-cultural management is accomplished. Moreover, the influence of cultural processes on the process of internationalisation can be better understood. The tendency of PTOs to focus on ex-colonial countries in particular needs further attention. Do relationships with ex-colonial countries favour European PTOs in starting up business overseas? Within this fourth step the international experiences of PTO employees and the experiences of the international alliance partners are taken into account.

A first case for studying cross-cultural cooperation is selected from the strategic alliance AT&T-Unisource. PTT TELECOM started Unisource together with Swedish Telia in 1992. Later Swiss Telecom, AT&T and Telefónica joined the strategic alliance. For five years Unisource was the major strategy of internationalisation of PTT TELECOM. The cooperation in the strategic alliance AT&T-Unisource however, proved to be very difficult. The AT&T-Unisource alliance fell apart with the leaving of Telefónica and AT&T and PTT TELECOM's alliance with the American Qwest. The wide cultural diversity and the difficult cross-cultural cooperation make the AT&T-Unisource case a must for exploring the cross-cultural experiences of PTT TELECOM. Two months were used to study cross-cultural cooperation in the Unisource alliance.

The second case consists of a comparative study of two strategic alliances with PTOs in the Dutch ex-colonies, the Netherlands Antilles and Indonesia. A comparison of both experiences could give answer to the question as to whether relations with ex-colonies favour in starting up business overseas. The acquisition in the Netherlands Antilles occurred in the early 1990s when the organisation had almost no experience with cross-cultural cooperation. Cultural differences have played an important role in the failure of this acquisition. In the contemporary strategy of PTT TELECOM the Netherlands Antilles no longer play a role. In contrast, the acquisition of a share in an Indonesian GSM operator, which took place in 1995, was a success. For purposes of this study, an inside understanding of the daily cross-cultural management was obtained through participant observation for a period of three months in both the Netherlands Antilles and Indonesia.

With this research strategy, the field research, data collection and data analysis are two intertwined processes. In the exploration phase, the field of study is first quickly scanned and subsequently the data are analysed and a selection of cases is made. Contrasting cases are chosen, based upon theoretical presumptions, in order to allow for the discovery of similarities and differences. Soon after starting the exploration, the concepts are developed. This is what Wester calls the formulation of central concepts (Wester 1991: 57). The research is a cyclic process of ongoing development and control which stops at the point where almost no new data can be gathered (Wester 1991: 77). In this cyclic process four kinds of research objects can be distinguished: events, meanings, products and behaviour ('t Hart *et al.* 1996: 266). Data in this research have been collected by means of the method of triangulation. Triangulation is the method of investigating an object from distinct perspectives and distinct kinds of perspectives. 't Hart *et al.* distinguish four different perspectives on triangulation; theoretical -, data -, methodological- and researchers-triangulation ('t Hart *et al.* 1996: 270). Several instruments and sources of data are used to gain an insight into the field of study. In this research data have been obtained through the studying of documents, newspapers, reports, interviews, participant observation, open interviews, topic interviews, life history and observations.

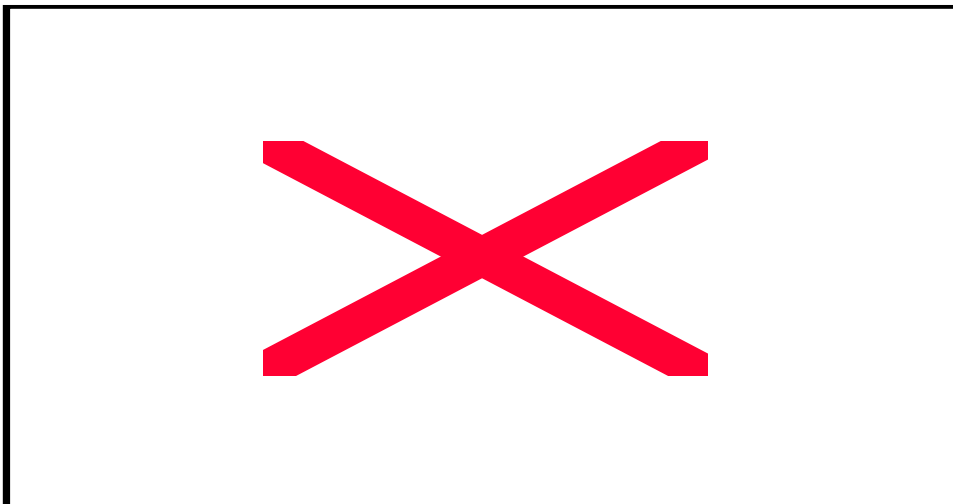


Figure 1. Approach of the field of research

The daily activities of employees are a central theme in this study. To collect information on their interaction, behaviour and actions, special methods of observations are used. Describing daily activities by means of participant observation is one of the strongholds of the anthropological tradition (Bate 1997). The aim of business-anthropology is to give an insight into the daily activities of the employees, to give the impression of having 'been there' and, to describe the connections of these employees with social, historical, cultural, political and economic processes from outside the organisation (Koot 1995, Bate 1997). I have chosen to investigate the process of internationalisation from

within PTT TELECOM. Anthropologists in the scientific tradition have always been experts in describing cultural processes from a holistic perspective in remote tribal societies. However, on returning home, most anthropologists are afraid of doing the same in Western society. Even when they do investigate cultural processes in Western society they usually choose to investigate the peripheral instead of the central processes. I fully agree with Bate (1997: 1150) who voices his frustration with ethnographic studies, claiming that they are never focused on the 'organisational' but are just studies about marginal groups such as football hooligans, cocktail waitresses, girl scouts or punks. Hence with this study, I have undertaken the task of presenting a truly ethnographic study based on lengthy and intensive fieldwork in a large business and technology orientated Public Telecom Operator.

1.5 Structuring the Study

The study is structured in four parts and consists of ten chapters. Part one, which consists of this introduction and the chapters two and three, deals with the theoretical framework and the methodology of studying the deconstruction of cultural complexity in the telecom industry.

In *chapter two* a theoretical framework for studying the cultural complexity of the telecom industry is developed. To develop this framework theories on intercultural management and organisational culture are discussed. Each of the debates is discussed briefly in relationship to the object of study. To place the internationalisation of the PTOs in a wider theoretical perspective, the debate on globalisation is also dealt with in this chapter. Results from these debates show the need for a new approach to cultural complexity based upon Latour's network theory (1994) and the multi-layer model of Chanlat (1994).

Chapter three expands upon the methodology of the study. The step by step research strategy of the approach is made operational and the methodology of data collection and analysis of data are presented. Attention is brought to the specific problems of anthropological research within organisations that need special attention and the ethical questions on the freedom of the researcher and the relation of the researcher with the objects of research are thoroughly discussed.

The second part of the study, the chapters four, five and six, is totally dedicated to the exploration of the context of cross-cultural cooperation in the telecom sector. The historical, institutional, economical, temporal and personal context is unravelled according the multi-layer model.

Chapter four explores the world and society levels of the multi-layer model and discusses the causes and consequences of the turbulence at the international telecom market. The convergence in technology, the World Trade Organisation (WTO) agreement and the telecom requirements of multinationals are shown to be the primary causes and the consequences for the PTOs and their reactions to the restructuring of the telecom market are discussed.

Chapter five explores the society and organisational levels of the multi-layer model and discusses the restructuring of the Dutch telecom market and the Dutch telecom operator PTT TELECOM. The history of the Dutch telecom market and how it is closely related to the history of PTT TELECOM is discussed followed by a description of the reorganisation of PTT TELECOM and the process of cultural change throughout the last ten years. Finally, the strategies of internationalisation and the formal cross-cultural strategies are examined.

Chapter six explores the interactional and individual levels of the multi-layer model and discusses individual strategies of PTT TELECOM employees in coping with the new situations. A description of a typical day in the life of an International Support and an International Business employee is presented to introduce human beings in the study and to show the strategies these employees use to cope with insecurity, fear, cultural diversity and fundamental changes.

In the third part of the study, chapters seven, eight and nine, the results of the study on the cross-cultural experiences of PTT TELECOM are presented. Three cases have been studied; (1) the temporary participation of PTT TELECOM in the strategic alliance Unisource, (2) the failed acquisition of a minority share in the national PTOs of the Netherlands Antilles and (3) the contemporary activities of PTT TELECOM in Indonesia.

In *chapter seven* the cross-cultural cooperation within the strategic Unisource alliance is discussed. The experiences of PTT TELECOM and Dutch AT&T-Unisource employees with their international colleagues are 'viewed' from the perspective of a Dutch AT&T-Unisource employee. The cultural differences in the alliance interact with power related issues among the shareholders and the splitting of the Spanish Telefónica and the organisation politics are discussed to show the dynamic changes within the AT&T-Unisource group.

Chapter eight presents the attempt of PTT TELECOM in the early nineties to expand their international activities to the Netherlands Antilles. First the political, cultural and economic relations of the Netherlands Antilles with the Netherlands and the telecom market at the Netherlands Antilles are discussed. The results of the cross-cultural experiences are presented by observing a PTT TELECOM employee in the contemporary activities of the Netherlands Consultancy Foundation (NCF) at Curaçao and discussing his personal strategies in coping with cultural differences. These strategies are in turn used to explain and discuss the corporate cross-cultural strategies of PTT TELECOM in the early nineties in its attempt to acquire a minority share.

In *chapter nine* the cross-cultural strategies of PTT TELECOM and its employees in Indonesia are discussed. The history and the context of the cooperation between PTT TELECOM and the Indonesian PTOs are first presented followed by the individual and corporate strategies of PTT TELECOM and its employees to deal with cultural diversity. The personal strategies of a PTT TELECOM employee of the Jakarta office are used as the basis to discuss different types of strategies used by PTT TELECOM expatriates in Jakarta.

Finally, in *chapter ten* the conclusions are drawn and reflections upon the research questions and comparisons between the results of the three cases are made. The differences and similarities between the two ex-colonial relationships and the advantages and disadvantages of choosing alliance partners from ex-colonial countries are discussed. The results of the cases are placed into theoretical perspective and their consequences for present theories on cross-cultural cooperation are presented. Finally, the empirical implications of this study for PTT TELECOM are presented in the form of a workshop for its managers, consultants, expatriates, and project leaders.

PART I
THE THEORY

2 INTERCULTURAL MANAGEMENT, ORGANISATIONAL CULTURE AND GLOBALISATION

Chapter two deals with the theoretical framework for studying the cultural complexity of the telecom industry. To develop this framework three major areas of debate in social science must be discussed: (1) intercultural management, (2) organisational culture and (3) globalisation versus localisation. Each of the debates is discussed briefly in relationship to the object of study. Results from these debates show the need for the introduction of a new approach to study cultural complexity in organisations. Hence, a multi-level model is developed.

2.1 Introduction

To answer the central research questions formulated in this study, it must first be determined *how the cross-cultural cooperations in the telecom market can be explored, described and analysed*. In order to do this it is necessary to construct a theoretical framework. This study takes into account three major scientific debates that took place during the 1980s and 1990s: one on intercultural management, one on organisational cultures and a third, on the globalisation of trade and services. In section 2.2, the scientific debate on intercultural management is discussed and the results of this debate indicate the need for including the scientific debate on organisational culture into the theoretical framework. The points raised by the discussion on organisational culture in section 2.3 show that the restructuring of the telecom industry also exerts influence on cross-cultural cooperation and that this restructuring supposes knowledge of the scientific debate on the globalisation of trade, services and culture.

Surprisingly few cross-references linking these debates can be found in published literature. The debates were argued separately due to the highly specialised nature of each subject and due to the excessive division of labour within Western academic culture. I would however argue that linking the three debates and transcending the disciplinary boundaries are necessary in order to effectively study the cultural complexity in the telecom industry. Since there are large bodies of literature available on these debates (e.g. Trice and Beyer (1993) on organisational culture, Ruigrok and vanTulder (1995) on globalisation, Schneider and Barsoux (1997) on intercultural management), the presentation of each of these debates is restricted here to the major points of academic discussion. Furthermore, this study will not construct a large theoretical framework for studying cultural complexity but concerns itself with providing a profound understanding of the daily practices of cross-cultural management in a complex cultural context. Until now, very little literature on cross-cultural management is based on extensive and detailed empirical research (Bate 1997). The aim of this study is therefore, to collect empirical data to support the debate with a detailed case of cross-cultural cooperation that is related to different levels of culture.

2.2 Debate on Intercultural Management

Two Dutch scientists have dominated the international scientific debate on intercultural management with their models of national cultural differences: Hofstede and Trompenaars. Both have used bipolar dimensions to analyse culture at a national level. Hofstede (1991) uses four value dimensions, i.e. (1) low and high power distance, (2) high and low uncertainty avoidance, (3) high and low individualism and (4) high and low masculinity. A dimension is an aspect from which a culture can be compared with another culture. The first value dimension is the level of acceptance by a country of the unequal distribution of power. The second value dimension refers to the extent to which people in a country feel threatened by ambiguous situations. The third value dimension is the level in which people look after themselves and neglect the needs of the country. The fourth value dimension refers to the level of dominant values such as assertiveness and materialism in a country. To analyse Asian values of long term versus short-term orientation, Hofstede (1991) also included a fifth value dimension; the Confucian dynamism. These five value dimensions can be integrated in seven diagrams with each being a combination of two dimensions. Hofstede calls these diagrams the cultural maps of the world in which each country can be placed based on their score on the different indexes. As a result clusters of countries can be recognised in the diagrams. Within these clusters, countries are considered to have a number of cultural similarities. Of course, these cultural value dimensions are a generalisation and run the risk of being an oversimplification.

Trompenaars (1993) uses seven dimensions to describe a culture in a country: (1) universalism versus particularism, (2) individualism versus collectivism, (3) neutral versus affective relationships, (4) specific versus diffuse relationships and (5) achievement versus ascription, (6) attitudes to time and (7) attitudes to the environment. In the first set of dimensions universalism refers to the view that norms and values can be applied everywhere. Particularism in contrast, is said to prevail where the unique context and relationships are more important than universal abstract rules. The second set of dimensions refers to the level in which people regard themselves as a part of a group or society. Trompenaars follows the definition of Hofstede in this dimension. The third set of dimensions is related to the way in which emotions are generally expressed in a country; people can let themselves go and react emotionally or they might instead tend to intellectualise their emotions and remain controlled in their responses. The fourth set of dimensions refers to the degree of involvement individuals are comfortable with when dealing with other people. The fifth set of dimensions deals with how status and power are attributed in a country. In achievement-orientated countries the power and status of someone depends on the position of employment he has reached in the course of his career. In ascription-orientated cultures status is attributed to someone and in general independent of a specific task or function. The sixth dimension shows

the way in which societies look at time. The seventh dimension deals with the attitude of societies with the environment.

Both Trompenaars and Hofstede have used research questionnaires for a large population and a diversity of countries. Hofstede started with a large database of a sample of IBM employees from 50 countries, which led him to produce his bipolar dimensions. The findings were based upon data from only one company. Trompenaars in contrast, started with dimensions and produced questions for a sample of 14,993 managers from different industries in 47 countries (Trompenaars 1993: 179). Undoubtedly, these two Dutch scientists have contributed towards giving cross-cultural studies a prominent place in the international management studies and laid the groundwork for later multicultural research. These studies have helped us to understand the reasons behind cultural differences among countries and to realise how an understanding of these differences is crucial in order to know what is appropriate management behaviour with regard to specific cultural contexts. However, they have also stimulated a rather over-simplified and static perspective on cultural differences. Distinguishing value dimensions and the quantification of these dimensions with indexes have stimulated the assumption that cultural differences are stable, measurable and universal within a given country. It is assumed that cultural differences are expressed in a stable and quantified distance between two national cultures. Furthermore, it has generated the assumption that cultural differences are determined by national cultural differences and can be overcome by being aware of the 'do and do not' facts of a country.

This assumption has stimulated a body of popular and management literature on cross-cultural management with a simplistic perspective. The popularity of cross-cultural comparisons has also generated public debate in newspapers, magazines and management literature. Examples can be found in studies like *Managing successfully across cultures* (Lewis 1996) that deals with the USA, Britain, Australia, Finland, France, Germany, Italy, Portugal, Russia, Spain, Sweden, the Arab countries, Japan, China and 'India and South East Asia' in 136 pages. The list of books with handy tips on how to do business in countries such as Tokyo, Jakarta and Brazil is growing fast. These books do not really contribute to a better understanding of intercultural management and the public debate should therefore be kept separated from the scientific debate on intercultural management for which Hofstede and Trompenaars have laid the groundwork.

For a number of reasons, a larger part of the studies on intercultural management do not deal with the cultural complexity and the dynamic environment. Firstly, the simplified perspective of cross-cultural complexity offers an attractive impression of strength, control, opportunities and the promise of synergy. Consultants generally aim to communicate the message that cross-cultural problems can be overcome, utilised and used for competitive advantages. A second reason is that studying cross-cultural cooperation from a dynamic and holistic perspective is difficult, expensive and time consuming. Authors of cross-cultural handbooks are largely part-time or full-time consultants. The third reason is that organisations do not need a deep academic

insight into cross-cultural situations but need Human Resource Management instruments, clear strategies and training programs on cultural awareness. Lastly, there is a large market for practical cross-cultural handbooks that offers models, training programs and a list of points on 'what to do' for managers working abroad. The Indonesian based German chamber of commerce employee Thomas Brandt interviewed more than 150 managers from nine countries on Indonesian management culture and consequently decided to write a management handbook instead of a PhD study (Brandt 1997). Needless to say, the temptation to produce another pragmatic handbook on cross-cultural management is high.

2.2.1 *Strategies for Cross-cultural Cooperation*

While the previous section described the influence of national culture on business practice and how it might constrain the effectiveness of cooperation, this section addresses the different strategies multinationals employ to deal with cultural diversity in complex and dynamic environments.⁴ Four perspectives on strategies to handle cross-cultural differences by the following scientists are discussed: (1) Adler (1986), (2) Adler and Ghadar (1993), (3) Fung (1995) and (4) Schneider and Barsoux (1997). However, before proceeding further it is first necessary to define what is meant by strategy.

Mintzberg distinguished five definitions of the concept of strategy: (1) strategy as a plan of action, (2) strategy as a ploy to competitors, (3) strategy as a pattern in a stream of actions, (4) strategy as a position in the environment and (5) strategy as an organisational culture (Mintzberg 1987). In the ordinary use and in the greater part of management literature, strategy is perceived as a plan of action. Organisations are seen as rational thinking 'machines', a metaphor introduced by Morgan (1987), that execute intentional plans. But strategy needs to be seen in a broad and dynamic perspective. A strategy of internationalisation can involve an intended plan of action to win advantage over international competitors, a positioning in the international business market, a chaotic pattern of individual actions or, a cultural transformation to an international organisation.

The first perspective on cross-cultural strategies concerns Adler (1986) who sets out the different forms of cultural adaptation on a continuum. At one end of the continuum the strategy of *cultural dominance* is used. Managers do not accept cultural differences but try to avoid these by sticking to their own cultural behaviour. Halfway through the continuum, the strategy of *cultural compromise* teaches managers to react in a way that is respectful to another culture. The manager monitors his behaviour in specific situations and acts according to his own values or in accordance with other cultural values. At the other end of the continuum is the strategy of *cultural synergy* in which elements from different cultures are integrated or combined. The manager thus develops a new cultural behaviour that is not present in involved cultures.

⁴ A multinational is a company that has considerable direct investment in more than two foreign countries. Furthermore, it is not only concerned with export but has a management that is actively involved in its international activities (Bartlett and Ghoshal 1993: 2).

The second perspective on cross-cultural strategies by Adler and Ghadar (1993) relates the corporate strategies to the phase of internationalisation. Adler and Ghadar (1993: 60) give a cultural perspective on the life cycle of international production. In the first phase of this life cycle, the domestic phase, the organisation operates from an *ethnocentric* perspective and uses a 'one best way' strategy to approach the local market. The processes of planning, organising, managing and controlling are developed in the home country and distributed to all host countries. Cultural sensitivity is seen as unimportant and foreigners have to absorb existing cultural differences. Control in this phase takes place by means of a highly centralised organisation in the home country. In the second phase, which is called the phase of growth and internationalisation, the organisation uses a *regiocentric* or *polycentric* strategy to handle cultural differences. The organisation rejects a universal approach towards management style and perceives the local processes of planning, organising, leading and controlling as best. Cultural sensitivity is seen as critically important and the home country employees and managers have to absorb cultural differences. There are many ways to achieve the corporate objectives. Control takes place by means of international divisions and host-country offices. In the third phase, the phase of multinationalisation, the organisation operates from a *multinational* strategy. The cultural differences are perceived as marginally important because price competition forces the organisation to minimise the cost of production and control is centralised by means of global lines of business. In the fourth phase, the global-multicentric phase, the organisation operates from a *multi-centric* strategy. The organisation acknowledges that there should be some institutional rules but these rules should respond to the host-country market conditions. Cultural sensitivity is very important for both home and host country managers and is essential in order to compete in a highly competitive global market in which the activities of an organisation are co-ordinated from different local centres rather than from one centre.

In the third perspective on cross-cultural strategies Fung (1995) explains how three strategies in the handling of cultural diversity are related to the corporate orientation, culture and its objectives. With the first strategy, the *ethnocentric* strategy, the management tries to impose the headquarters' world-view upon locals in foreign subsidiaries while the organisational culture of the home country organisation is imposed upon other local offices. In such a situation the Western management is regarded as superior and universally applicable. The second strategy, the *polycentric* strategy, is one that assumes that the host-country perspective is the most suitable for local business. The organisational culture is constructed and reconstructed in a search for a balance between the local and the home country demands. Fung (1995) also calls this strategy the *local ethnocentric* strategy. The third strategy, the *geocentric* strategy, tries to find a balance between global co-ordination and local adaptation to create synergy.

The fourth perspective on cross-cultural strategies concerns Schneider and Barsoux (1997: 211) who distinguish three different strategies for managing

cultural differences. The first strategy, which is called *ignoring*, assumes that 'business is business' all over the world. Culture is seen as an irrelevant factor for the success of international business because the convergence of management practices and the rationality of doing business and earning money are assumed. Therefore, headquarters' bleu-prints are transferred to host country organisations. Profits are expected by the standardisation of production, financial systems and management control. The headquarters' management dictates the management practices, values and behaviour in order to establish a shared organisational culture. The second strategy concerns the *minimisation* of cultural differences. Cultural diversity is seen as a problem that has to be solved because it threatens efficiency and communication. The impact of cultural differences can be minimised by reducing potential conflicts, creating uniformity, isolation, creating segregation, adapting to the local context, the developing of a global organisational culture and by allowing autonomy. *Utilisation* of cultural differences in which cultural diversity is seen as a potential for competitive advantage and an opportunity to improve business is the third strategy. Benefits from innovation and new management practices are expected. In the relationship between headquarters and subsidiaries, local managers are included in the development of strategic plans. In this way, the company hopes to create synergy.

Adler (1986)	Adler and Ghadar (1993)	Fung (1995)	Schneider and Barsoux (1997)
Cultural Dominance	Ethnocentrism	Ethnocentrism	Ignoring
Cultural Compromise	Regiocentrism	Polycentrism	Minimisation
Cultural Synergy	Multi-centrism	Geocentrism	Utilisation

Figure 2. Types of strategies on cross-cultural management

The discussed strategies on the handling of cross-cultural differences show a great deal of similarities and can be divided into three groups (see Figure 2). The first group of strategies concerns ethnocentric strategies that support the cultural dominance of home country companies. Unity, control of the headquarters or parent company, home country values and home country management models characterise this group of strategies. The second group of strategies concerns polycentric strategies that stress the importance of host country culture. The acceptance of cultural diversity, the relative autonomy of local branches and the minimalisation of cultural distance to the local market, are all characteristics of this group of strategies. The third group of strategies concerns strategies that suggest a combination of the first and second group of strategies. Fung (1995) for instance, explains the origin of the three cross-cultural strategies from a cultural historical perspective and proposes the geocentric strategy as an attractive alternative to western and local

ethnocentrism. This concept as well as the concepts of the global multi-centric strategy (Adler and Ghadar), the utilising strategy (Schneider and Barsoux) and the synergy strategy (Adler) are all based on the assumption that cultural differences can be overcome or constructively used for competitive advantage. Koot (1997: 332) stresses that strategies of tolerance, harmony, interdependence and synergy are instruments of the dominant Western companies and states that *'harmony is the catchword of those who want to maintain the status quo'*. The powerful company uses these strategies to 'manage' the cultural differences that exist between the powerful and the 'inferior' company. In contrast, the less powerful partner is more interested in balancing the differences in power and uses its ethnic identity as a source of power in the struggle against the dominant company. This concept is further elaborated upon in the next section.

2.2.2 *Strategic Use of Ethnicity in Organisations*

Koot and Hogema (1989) connect theories of ethnicity to the studies of organisational culture and argue that organisations do have similarities with ethnic groups. They use theories on social categorisation to support a critical perspective on the static and limited perspective of organisational culture. Their theory also exerts influence on the perspective on cultural differences. From their perspective it is not so much the dichotomised cultural differences but the process of interaction that produces these cultural differences that must be studied. Koot (1995, 1997) applies this perspective to two cases. He describes the Carinthian employees of a Philips plant in Austria who were successful in their competition with the Vienna Philips plant. They used their cultural identity as a source of power against the dominant Viennese. The second case is on the strategic use of ethnicity in international management practices at the island of Curaçao where the oil company Shell operated its refinery till 1985. The refinery was then leased to a Venezuelan oil company. In the period under the Dutch Shell management the Curaçaoan employees labelled themselves as *'Latinos'*, stressing upon the cultural elements shared with the neighbouring country Venezuela. However, when the Venezuelan oil company took over power, the attitude of the Curaçaoan employees on Venezuela changed. The Curaçaoan employees then saw and highlighted important cultural differences between themselves and the Venezuelans, the period under the Shell management was praised to the skies and their identity as Dutch citizens and similarities with the Dutch were emphasised (McCreedy 1996).

Theories on ethnicity can be helpful in providing a different perspective on corporate identity and processes of social identification in organisations. To do so it is first necessary to introduce the concept of identity. The concept of social identity is defined as the self- and public image of a person constructed in interaction with members of distinct social groups. Identity is always a result of defining similarities and difference with other individuals and groups (Jenkins 1997). Identity also provides continuity, safety and stability for both individuals and groups. Interaction is seen as a prerequisite for identification (Barth 1969, Royce 1982, Jenkins 1997). The identity of a person is constructed of distinct social identities. Turner states that a person is *'a basket of selves which come to*

the surface at different social moments as appropriate: the basket is the individual's identity' (Turner in Cohen 1995: 11). In distinct situations a person can arrange his social identities differently, which is called the hierarchy of social identities (Jenkins 1997). Two of these social identities; the ethnic identity and cultural identity are further being worked out here.

Culture and identity are strongly related and therefore difficult to distinguish. Cultural identities are defined on the basis of social categories, which in their turn are based upon cultural differences between groups of people. The external categorisation of a group by another more dominant group can result in confirmation and acceptance of the group identity in which the dominant group has more authority or power. The group identity can also be rejected which can result in the struggle for autonomy (Jenkins 1997: 70). Cultural identities are therefore important in the construction of social identity, and therefore a very sensitive issue in the struggle for power. Cohen (1995) even speaks of 'the politisation' of culture:

In part, therefore, it is a claim to a particular culture, with all that such a claim entails. They are rarely neutral. The statement made in Ethiopia, I am Oroma (or in Northern Ireland: 'he is a Prod'), is clearly not merely descriptive: it has an added negative or positive value, depending on who is speaking and to whom (Cohen 1995: 119).

The other social identity that is discussed here is that of ethnic identity which is based upon ethnicity. Ethnicity is primarily been seen as a coherence of physical and cultural elements that are inextricably connected with a specific group of people. This approach of ethnicity, called the ascriptive approach, is based on the so-called 'objective' social cultural marks that are unprejudiced and unbiased. Barth (1969) however, shows in his anthropological work '*Ethnic Groups and Boundaries*' that ethnicity is a social construction which is determined by social interaction and interdependence. This approach of ethnicity is called the interaction approach. The supporters of this interaction approach (e.g. Barth 1969, 1994, Royce 1982, Baud *et al.* 1994, Jenkins 1997) stress that ethnicity is constructed in interaction. Jenkins (1997: 13) gives four characteristics of the basic social anthropological model of ethnicity: (1) ethnicity is about cultural differentiation, (2) ethnicity is rooted in social interaction, (3) ethnicity is not fixed and (4) ethnicity as a social identity is collective and individual.

Barth (1969) stresses the strategic behaviour of actors in creating and maintaining ethnic boundaries. These actors become aware of their ethnicity in interaction with other ethnic groups. They use cultural elements to draw clear ethnic boundaries and distinguish themselves from the other ethnic groups. Ethnic identity is constructed and can be the object as well as the purpose in a political struggle. These ethnic boundaries can be newly invented and don't have to be based on communal ancestry or historically justified facts (Barth 1969, 1994, Baud *et al.* 1994). According to Royce (1982) Barth concentrates too much on the creation of ethnic boundaries. Maintaining ethnic boundaries cannot be explained without knowing the cultural elements used by the

members of a group. Ethnic groups distinguish themselves from other groups by symbols, language, rituals, signs and other outward appearances. Ethnicity can be emphasised or concealed and thus be used strategically by individuals or groups. Groups can point out shared cultural elements for social or political purposes, reinvent non-existent or lost cultural traditions and create new ethnic boundaries. This is called the manifest form of ethnicity. Baud *et al.* indicates three conditions for the start of manifest ethnicity (Baud *et al.* 1994: 129). Firstly, there has to be interaction between the distinct ethnic groups. Secondly, there has to be limitations of ethnic boundaries from which a sense of community can emerge. Thirdly, the life security, the autonomy and the identity of one of the involved ethnic groups has to be under the pressure of external forces such as foreign occupation.

Barth (1994) stresses that the flux of contemporary cultures in the world causes difficulties for ethnic groups to distinguish themselves based on cultural elements. These endangered ethnic groups sometimes strategically use and over estimate the cultural differences between themselves and other cultures. Royce (1982) also states that cultural elements are created or invented by members of an ethnic group to distinguish themselves from another group. Cultural differences can be understood as the result of social interaction that can change over time and in situations (Royce 1982, Cohen 1994, Jenkins 1997). It is therefore important to understand manifest ethnicity in relation to the 'the politisation' of culture (Barth 1994, Cohen 1995, Koot 1997). Commenting on his own work, Barth (1994) states that:

We need to recognize that the dichotomized cultural differences thus produced are vastly overstated in ethnic discourse and so we can relegate the more pernicious myths of deep cultural cleavages to the category where they belong: as formative myths that sustain a social organisation of difference, but not as descriptions of the actual distribution of cultural stuff (Barth 1994: 30).

In the cross-cultural cooperation between organisations ethnicity can be used as an informal source of power. Power is the practised possibility to influence behaviour of people in organisations in a desired direction (Pfeffer 1992). An organisation has formal and informal sources of power. Examples of formal sources of power are finances, know-how, human resource capital and business agreements. Examples of informal sources of power are informal networks, access to markets, resistance and history. Not all of the business enterprises have equal access to all types of resources. Power is exercised through the medium of resources, which are defined as the facilities or bases of power that someone manipulates to influence the course of action with others. Power is not only based on access to physical resources but moreover, on the social forces that mobilise, shape and influence its exercise (Fung 1995: 98). In the struggle for power between two organisations therefore, ethnicity can be used strategically.

Koot (1997) addresses the need to expand the current practices of cross-cultural research serious and sees possibilities for multinationals to stimulate

ethnic identities for competitive use. To use this ethnic rivalry two conditions have to be fulfilled. Firstly, autonomic competitive units have to be created; within each unit a distinct ethnic group. Secondly, the manager has to mobilise the existing energy by identifying himself with the ethnic ideals. He has to be a representative of the ethnic group or perceived as someone who helps with the realisation of ethnic ambitions. Koot (1997) thus stresses the importance of the impact of ethnic, politic and economic processes in organisations.

So far, cross-cultural cooperation has been discussed at three different levels: at national level where the national cultural differences exert influence on business practice; at corporate level where the distinct corporate strategies determine the attitude to cross-cultural differences and; at group level where the strategic use of ethnicity and cultural differences demonstrated the dynamic aspect of cross-cultural cooperation. In the next section, questions with regard to the individual level are addressed.

2.2.3 *Human Beings Back in Cross-cultural Studies*

We must remember that the objects of study in cross-cultural cooperation are human beings. Human beings that cannot easily be squeezed into simplistic models and schemes. Human beings that can act, speak, think, have desires and drives, exist in space and time and, are simultaneously the object and subject of science (Chanlat 1994). People construct their social reality through their actions and in turn, this social reality prescribes the behaviour of the people. Human beings always constructing, deconstructing and reconstructing their reality from both old and new experiences. Through this process culture is reproduced. Strategic behaviour of people can transform social reality because culture is constantly being reproduced. Giddens (1990) calls the reflective ordering and reordering of social relations that exert influence on the actions of individuals: 'the reflexive monitoring of action'. In their daily activities people reflect on their interactions because *all human beings routinely keep in touch with the ground of what they do as an integral element of doing it* (Giddens 1990: 37). In traditional cultures each new generation honours the past and reproduces a larger part of the cultural patrimony of the last generation because of a relatively unchanged context. Giddens (1990) states that in modern society the daily routines of individuals have much less connection with the traditions of the past. As a result, the reflexivity of new knowledge, which is absorbed and applied by groups or individuals, is faster. Social practices are constantly being reordered by means of incoming information. Because reproduction is based on information, reflexivity in modern society is even faster than it was before. Modern society is created on reflexive knowledge and generates expert systems in which individuals have to trust. These expert systems such as financial and technical systems organise the daily reality of individuals. The daily reality of human beings therefore needs more attention in the study on cross-cultural cooperation.

To understand the logic of the daily life behaviour of human beings it is necessary to focus on the routine of every day life. In *The Logic of Practice*, Bourdieu (1990) focuses on the *habitus*. The *habitus* uses schemes of past

experiences to produce individual and collective actions. People are capable of generating thoughts, perceptions, actions and expressions that are not limited in number and are relatively unpredictable. However, people are also limited in the production because of the schemes of past experiences. The *habitus* therefore tends to produce unlimited actions determined by the schemes which, at the same time, are limited by the schemes. Bourdieu calls these *regulated improvisations* (1990: 55). These regulated improvisations allow a relationship between the individual schemes and the collective common sense. Individual history models the individual schemes. The harmonisation of experiences takes place by the individuals receiving reinforcement from individual or collective activities such as ceremonies. The harmony of practical sense and objectified meaning produces a common sense world.

The practical world that is constituted in the relationship with the habitus, acting as a system of cognitive and motivating structures is a world of already realised ends paths to take procedures to follow (Bourdieu 1990: 53)

Strauss and Quinn (1994) use Bourdieu's concept of regulated improvisations to emphasise the role of social actors and to introduce the concept of individual schemes in studying the relationship between individuals and their cultural environment in modern societies. They conclude that current anthropological theories do not have a strong tradition in explaining the relationship of individuals with their cultural environment. While Bourdieu (1990) stresses the habits of people, Strauss and Quinn (1994) focus on variation and changes in the habits of people. They stress upon the role of motivations and emotions in the construction of schemes. The cultural schemes are learnt by experiences that remain in the memory and mediate the behaviour and actions of an individual. These schemes consist of loose networks of associations, which have been learnt by previous experiences. The outcomes of these networks of associations are not fixed but can vary in their prescription for human behaviour. In this way, individual actions are not directly determined by the social-cultural environment but mediated by learnt schemes. Tennekes (1995) also points out that the structures are simultaneously sources as well as restrictions of actions. He distinguishes three sources of and conditions for action: culture, society and personality. Through their actions people generate culture, society and personality at the same time. Tennekes stresses the dialectics of action and structure in which people generate structures by means of actions that can lead to new independent structures (Tennekes 1995: 25).

Previously learned patterns of association guide the employee in the process of adaptation to new or ambiguous situations in organisations. The environment can be demanding or stressful for the employees. Large-scale social changes, changes in government regulations and organisational restructuring can lead to feelings of tensions, fear and, insecurity with the employees. When government regulations were changed towards the American PTO AT&T this resulted in 13.000 early retirement packages in 1983 and 11.000 positions in 1984. These layoffs produced a shock in the AT&T culture (Trice and Beyer 1993: 315). The change of cultural environment for an expatriate also creates feelings of tension,

fear and insecurity. Employees use different strategies to cope with these emotions and to regulate their behaviour. Coping is an informal personal evaluation of the resources that one has at one's disposal to deal with a problematic and stressful situation (Skinner 1995). Coping therefore is;

Constantly changing cognitive and behavioural efforts to manage specific external or internal demands that are appraised as taxing or exceeding the resources of the person (Lazarus and Folkman 1984: 141).

Coping is not just a fixed set of strategies that have to be used whenever they are needed but depends on the situation being faced (Lazarus and Lazarus 1994). In order to be successful, coping needs to be flexible and adapted to the requirements of the situation. Coping strategies can be divided into two main strategies: coping by finding new solutions and challenges and coping by regulating emotions (Lazarus and Folkman 1984). Problem solving strategies such as information seeking, observing, escaping and strategizing are determined to change the actual situation. In these problem-solving strategies the first step is to define the problem then to generate the alternatives and the altering of alternatives and finally, to execute the alternatives. Emotion regulating strategies such as pessimism, avoidance, reappraisal of personal meaning, denial, anxiety, guilt, distancing and self-doubt are not focused on real changes but on the creation of a bearable status quo. This happens if a person estimates that the given situation is very difficult to change. Emotion regulating strategies change the meaning that is given to a certain problematic situation. In this way a 'problematic' situation can be redefined as 'non-problematic'.

In short, the results of the debate on intercultural management show that cross-cultural cooperation is not only connected to national cultures, but also to corporate cultures and even to individual coping strategies. To understand the complexity of cross-cultural cooperation the debate on organisational culture is also included in this chapter. In this way, a more open system research model is constructed that includes the dynamic processes of national culture, regional culture and organisational culture. There is a need for open systems models of cross-cultural management, which view the entire situation as a dynamic, interdependent system. Researchers recommend integrating the research and development in related fields such as organisation theory and industrial organisation into cross-cultural research (Deresky 1994: 29).

2.3 Debate on Organisational Culture

2.3.1 Controversial Aspects of Organisational Culture

It was the famous work of Peters and Waterman (1982) on the necessity of 'strong' organisational cultures for the success of a company that attracted wide public interest in organisational cultures. The works of Schein (1985) and Deal and Kennedy (1982) signified a breakthrough in management literature. Managers of Western organisations thought a new key to success was found because in that period Japanese companies appeared to be more successful in

business than their American counterparts. The Japanese organisational culture was seen as an important factor in that success. In the 1990s a large body of literature on organisational culture was published in which the concept of organisational culture was the object of much academic and non-academic discussions. The academic debate on organisational culture is characterised by four major controversial aspects: (1) single culture versus multiple cultures, (2) rigid versus malleable cultures, (3) distinctive versus universal elements and (4) consensus versus dissensus (Trice and Beyer 1993: 13).

For a long time, scientists studying organisational culture with the assumption that there is only one organisational culture shared by all employees have dominated the debate on *single culture versus multiple cultures*. These scientists presume an organisation wide consensus on cultural elements and focus primarily on the shared elements of the organisational culture. The 'strength' of a single organisational culture can be measured and classified. A 'strong' organisational culture has many shared cultural elements. Managers and scientists have seen this as a competitive advantage (Deal and Kennedy 1982). In order to create such a 'strong' organisational culture it is necessary that all employees share the same values and norms in an organisation. Conflicts are not studied and subcultures have no place in this perspective on organisational culture. Martin (1992) calls this single culture perspective the integrative perspective. The concept of a 'strong' organisational culture has grown very popular and has frequently been used as a management tool for intervention in the organisational culture. In the non-academic debate on organisational culture the integrative perspective is still adhered to by managers, consultants and even some scholars.

In the academic debate on organisational culture however, there has been a long tradition of social scientists, in particular anthropologists, with interests in abnormalities and subcultures. Already in 1931 the young Harvard professor of anthropology Lloyd Warner was asked to join the Hawthorne studies. He used the traditional anthropological field research methodology to study the community's culture inside Western Electric (Trice and Beyer 1993: 25). William Foot Whyte studied the Cornerville society in 1937 for a housing project by means of participant observation. He focused upon the daily life experiences of people living in one particular block and distinguished different clans within the Cornerville society. He was interested in the cultural values and codes of clans such as the Nortons and the Italian Community Club. The anthropologist Keesing of the Stanford University explored in the 1950s the relation of social anthropology and industry. His working paper on *The Anthropology and Overseas Business Enterprises* (1957) is among the first that concerns cross-cultural cooperation in overseas business. Van Maanen (1984) is among the first to stress the existence of different subcultures within one organisation, after the concept of a 'strong' organisational culture had become popular, contending that not just one single culture but multiple cultures can exist. Koot (1989) also states that the integrative perspective on organisational culture and the instruments developed for intervention result in the opinion that organisational cultures could be easily modelled. With empirical data from

different cases, Koot and Hogema (1989) show that the concept of culture that has been used in the integrative perspective is far too simple. The existence of multiple cultures, abnormalities and ethnicity processes is slowly gaining more attention of social scientists (e.g. Czarniawska 1992, Martin 1992, Koot 1995, Tennekes 1995, Koot 1997). They now tend to focus more on the creation of subcultures, the use of power, organisation conflicts and organisation politics.

It will be made clear that the assumption proposed in this study is that multiple cultures are likely to exist in an organisation. An important subculture within an organisation is the occupational culture of employees (Trice and Beyer 1993). In modern society, people are identified by their occupations and are given exclusive rights to perform and control the tasks related to their respective occupations. People with the same occupation develop shared ways of coping with shared task-related demands and uncertainties. These ideas are work related and originate for a larger part from outside the organisation through means of occupational socialisation at schools and universities during education and training. Occupational socialisation can be both formal and informal. Trice and Beyer (1993) give six characteristics of occupational cultures. (1) Members identify themselves with their profession. Self-definition of members determines the boundaries of occupations. (2) The members of the occupational group use each another as point of reference. They seek for support and confirmation of the meanings they ascribe to work related events. In this manner, they develop shared occupational ideologies. (3) Members of an occupational culture use stories, language, myths, taboos and rituals to cope with the emotional demands related to their work. (4) Members derive favourable self-images and social identities from their respective occupations. Three features contribute towards favourable self-image: the personality traits that arise in the face of danger, fundamental esoteric skills and socially valuable services. (5) Members tend to mix their work life with their private life. In some professions such as that of fishermen, international consultants and police officers little space is left for a separation between private and work life. (6) Occupational cultures stimulate ethnocentrism in particular when they become communities. Outsiders are treated with suspicion and 'our way' of doing things becomes the right and only way.

The controversy over *rigid versus malleable cultures* concerns the possibilities of change in an organisational culture. In the integrative perspective, the stubborn character of corporate cultures is emphasised (Schein 1985). By using different layers of culture Schein wanted to demonstrate that the deepest layer of the organisational culture is the most difficult layer to change. The highest level of culture contains artefacts and constructions such as technology, art and visible behaviour patterns. This constructed physical and social environment is visible but often not decipherable. The second layer comprises the values that people are aware of. For a larger part, the founder of the company establishes these values on what ought to be and what is right and wrong. The deepest layers are the basic assumptions that are related to the environment, human nature, the nature of human activity and the nature of human relationships. These are taken for granted and mostly invisible.

The concept of a culture with an unchangeable core is the result of a long anthropological tradition. Anthropological studies focused on the core elements of tribal cultures and tended to exclude modern influences from outside because these were negatively valued. Archer calls this the myth of cultural integration (Archer 1988, 1990). She uses distinct arguments to claim there isn't something such as an unchangeable core of a culture. Firstly, the inconsistency of the cultural system is denied. The transfer of the cultural system is an active interaction instead of a passive transfer. The relation of the cultural system and the actor is under exposed in this perspective. Secondly, there is no space left for alternative choices of members in a cultural system. In traditional communities there are not many alternatives to choose from, resulting in little change in the cultural system. Thirdly, there is a failure to see differentiation in the cultural unity. Cultural differences can result in changes because members of a traditional society have a choice. Fourthly, traditional daily behaviour is not shared because of a shared cultural system. Archer states that the daily traditional way of living fosters uniformity and continuity in collective patterns of behaviour (Archer 1990). Although modern life in organisations offers employees many alternative ways to choose from, Archer's arguments are useful. Other scientists have also recognised this. Galjart calls this the myth of the unchangeable core (Galjart 1993: 23). These myths prevent social scientists from having a more dynamic perspective on cultures.

In the controversy over *distinctive versus universal elements*, researchers on organisational cultures discuss two traditions of cultural research: (1) the functional tradition and (2) the phenomenological tradition. In the functional tradition, culture is seen as a functional element or part of an integrated and consistent system. This cultural structure secures individuals in their daily living and determines their behaviour patterns. Social facts do have a function within the cultural context and can be traced to other social facts. In this approach, the collective structures can be discovered by means of objective analyses and applied to other cultures (Veenswijk 1995). The macro and micro level are connected in the assumption that individuals in an organisation internalise the cultural elements. The employee in this approach is nothing more than a passive bearer of the collective norms and values (Trice and Beyer 1993).

In the phenomenological tradition the concept of an objective reality is criticised. In this tradition, members of a culture are human beings who do things not only because of external forces but also because of inner motivations. Cultural analyses therefore, do not focus on the cultures as systems but on the meanings of the context given by the actors. The world of daily human life has to be discovered by actors in an intensive relation with their context (Strauss and Quinn 1994). Therefore, it is necessary to see the daily world through the eyes of the studied subjects, to come to a '*verstehen*' of the constructed social reality. In this tradition culture is a result of processes of meaning giving to situations. In processes of interaction meanings are created and reproduced. The actor is a dynamic human being with goals and interests, in interaction with others and their world of daily life. In this way, the daily world is socially constructed.

A larger part of the contemporary approaches to organisational culture originate from the functional and phenomenological approach to culture. Although researchers on organisational culture are influenced by both traditions and a clear dichotomy is difficult to make, the two approaches can still be recognised in contemporary studies on organisational culture. The functional perspective on organisational culture is reflected in literature that presumes an organisation wide consensus on cultural elements and primarily focuses on the shared elements of the organisational culture (e.g. Peters and Waterman 1982, Deal and Kennedy 1982). In this perspective the organisational culture is an instrument that can be used for organisational change. This instrument perspective has three elements that originate from the functional approach of culture (Veenswijk 1995: 40). (1) The organisational culture is functional for the organisation in order to survive. (2) The organisational culture is reduced to the level of behaviour patterns. (3) The research in this tradition is primarily focused on basic patterns in organisational cultures. Because of the similarities, Veenswijk (1995) connects the functional tradition of cultural research to the instrument approach on organisational cultures.

Veenswijk also connects the phenomenological tradition of cultural research to the interpretative approach of organisational cultures. Veenswijk (1995: 42) distinguishes three elements in the interpretative approach. (1) The organisational culture is approached analytically. (2) The approach is limited to the level of making sense. (3) The approach focuses on the '*verstehen*' of an organisational culture. The analytical concept of organisational culture concerns the reconstruction of sense making concepts within an organisation. The daily world of the employees is central and social behaviour is not free of values. I disagree with Veenswijk in labelling the work of Hofstede as an analytical concept of culture. Because Hofstede defines culture as a mental programming of individuals in a group I would rather see this as an expression of the instrumental approach in which the actor is determined by the cultural system. The interpretative approach rejects the idea of causal relations between cultural elements because the cultural background of the researcher is always influencing the results. The study presented in this thesis uses an interpretative approach in which the relation of the researcher with the object of study is extensively discussed in section 3.3.

In the controversy over *consensus versus dissensus* scholars discuss the question as to whether culture includes a rather fragmented collection of people with different, conflicting and situational identities. Some scholars reject the universal elements of an organisational culture and focus on questions of ambiguity, fragmentation and insecurity. They perceive culture as a dynamic flow in which members of an organisation can have different identities at the same time such as professional identity, organisational identity, membership of a sport club and private identity. The choice for an identity depends on the particular circumstances an employee is situated in. There is no such thing as a consensus but rather a strong ambiguity in the complex relation of cultural elements within an organisation. An organisation is seen as an anarchic chaos in

which control is very difficult, decision-making processes are unclear and organisational boundaries are vague. Martin explains:

Ambiguity is perceived when a lack of clarity, high complexity, or a paradox makes multiple (rather than single or dichotomous) explanations plausible (Martin 1992: 133).

A certain level of rationality, control, clear boundaries and shared cultural elements are present in an organisation. An increase of complexity in an organisation does not however necessarily result in an increase of ambiguity, chaos and vagueness. The complexity of an organisation is reduced when the focus is on the behaviour of employees in their world of daily life. Employees have a strong capacity to absorb information, to order this information and, to cope with new situations. Employees organise chaos, new developments that cause insecurity to a comprehensive level, in order to control their situation. An example is the use of the Internet, where diversity, ambiguity and chaos are concentrated. People know how to reduce this complexity to usable proportions. Koot (1995) thus criticises post-modernist scientists who see a constant flow of change in organisations without noticing the institutional side of these organisations. He points out the paradoxical relation between integration and differentiation '*what looks at first glance as chaos, seems to have logic after a close inspection*' (Koot 1995: 23). Without integration there is no differentiation and without diversity there will be no unity.

We must always relate the meaning we ascribe to certain acts and words to the psychic framework from which they have sprung. In so doing, we can get a better grasp of certain behaviours that may seem quite ambiguous, paradoxical or even totally irrational at first glance (Chanlat 1994: 180)

2.3.2 *Anthropological Perspective on Organisational Culture*

The discussion on the controversial aspects of organisational culture has shown that anthropologists have already studied organisational culture for a long time but never have been large in number nor gathered authority on organisational culture studies. The famous William Foot Whyte hoped in 1978 that the renewed interests in organisational culture would become a major field of study for applied anthropologists (Trice and Beyer 1993: 25). Cultural anthropologists however, have shown little or no interest in the culture of workplace. It was not an anthropologist but a professor of the Massachusetts Institute of Technology, Van Maanen, who first started studying occupational cultures. And it was not an anthropologist but an economist, Hofstede, who began studies on cross-cultural management. It was only toward the end of the eighties before cultural anthropologists showed any interest in organisational cultures (Bate 1997).

Not surprisingly, anthropologists such as Koot (1989, 1995, 1997), Chanlat (1994) and Tennekes (1995) criticise the existing perspectives on organisational cultures that were already developed by scholars of other scientific traditions. By then it was necessary to again review the position of the anthropological perspective on organisational culture. In the Netherlands, the cultural anthropologists Tennekes (1985, 1995) and Koot (1989, 1995, 1997) have done

pioneering work to position business anthropology in organisation studies. The anthropological perspective on organisations distinguishes itself from other organisational perspectives as a method of fieldwork activity (the “doing”), as a paradigm (the “thinking”) and as a narrative style (the “writing”) (Bate 1997).

The major invention of anthropologist is the “doing” of ethnographic fieldwork by means of participant observation. Bate’s (1997: 1151) states that there is a very fussy methodology in doing ethnographic research and criticises the ‘mystique’ attitude of some anthropologists. The “thinking” of anthropologists concerns looking critically at organisations and perceiving the organisation as a cultural phenomenon. An organisation is seen as a modern ‘tribe’ with its own cultural values and norms that prescribe the behaviour of employees. Finally, the “writing” of ethnographies by anthropologists distinguish organisational anthropology from other organisational studies in that it can be narrative, poetic, fictional, autobiographical and postmodern (Bate 1977).

What can be learned from the anthropological perspective on organisations for the construction of a theoretical framework needed to study the telecom industry? One of the root notions of anthropology is that cross-cultural cooperation can only be understood in the context of the telecom sector. To understand this context it is necessary to include the debate on globalisation in trade and services in the theoretical framework.

2.4 Debate on the Globalisation and Localisation of Industries

2.4.1 Globalisation of Trade and Services?

Theodor Levitt, a Harvard Business School professor and the former director of McKinsey Japan, Kenichi Ohmae, were among the first to introduce the globalisation thesis. They predicted the rise of a liberal trade regime which would result in a world market open to competition for all international companies. The supporters of the globalisation thesis suggest that the globalisation of trade and services would bring about a new area of international business in which national borders would disappear. National cultures would converge into one ‘global culture’ dominated by symbols of Coca-Cola, McDonald and CNN. It was predicted that Western management practices and models would spread all over the world. It was also foeseen that technological innovations would lead to the integration of world wide financial markets and trade. As a result, national and international companies would expand their international activities to become true global players under pressure of possible foreign competition. To become a global player at the world market would be the only strategy to survive this competition. For a long time, newspaper articles and optimistic prognoses of fast growing markets have dominated the debate on globalisation.

The scientific debate on globalisation is and can be divided into five different discussions: (1) the globalisation of finances, (2) the globalisation of competition and of companies, (3) the globalisation of technology, (4) the political unification of the world and, (5) the globalisation of culture. These

different forms of globalisation are interconnected but the debates on the forms are discussed more or less separately (Ruigrok and van Tulder 1995: 140).

In the first discussion on the globalisation on finances, Lash and Urry (1994) show that the capital market has changed into a non-organised hybrid network of financial organisations because there is no hegemony. Dezalay (1990) shows that the traditional form of professionals dealing with financial matters is no longer bound to traditional aristocratic characteristics and the nation state. In the financial capitals of the world such as London, Tokyo and New York, enormous flows of money are being transferred around the world. Not the banks but the financial centres of these cities have become important. Not the money itself but its representation on the electronic networks and computer screens has become important. In the debate on the globalisation of finances the economic growth is no longer based on local financial conditions but on world wide financial flows.

The second discussion on globalisation concerns the globalisation of competition and of companies. Some important stages can be recognised in the recent history of the change in competition. In the 1960s the labour-intensive textile and shoe industries were transferred to developing countries. In the 1970s the capital-intensive shipbuilding and automobile industries followed the same path. In the 1980s telecom equipment, computers and consumer electronics were relocated to cheap labour countries. Finally in the 1990s financial, software and administration services are now located to low cost countries such India and Ireland by means of data networking (Esch 1994). Companies use strategies of relocation of production to geographical regions with cheap labour or to countries with good distribution possibilities to gain competitive advantages (Porter 1990, Dunning 1993).

The third discussion on the globalisation deals with the globalisation of technology. In the study presented in this thesis the globalisation of technology, in particular telecom, occupies a major place. The globalisation of technology contributes for instance to the use of the Internet. A larger part of the writers on the globalisation thesis point out technology as an important force in the globalisation process. The access and control over technology has become an important factor for companies in international competition. Technology has broken the connection of time and place and created numerous possibilities for information flows.⁵

The fourth discussion on globalisation discusses the political unification of the world. There is much discussion on the possible political unification of the nation-states (e.g. Featherstone 1990). On the one hand, the role of the nation-state is said to become more vague because of transnational problems of natural environment, financial crisis and war. The nation-states are very effective

⁵ An extreme example of the globalisation of technology and the disconnection of time and place is the use of satellite telephony. When New Zealand's experienced mountain climber Rob Hall led his expedition in May 1996 to the summit of the Mt. Everest he took along an Imarsat satellite telephone. He already climbed the 8848 meter high mountain five times before but this time his expedition was caught in a heavy snowstorm unusual for that time of the year. At 8400 meter the storm forced him to stay overnight without extra oxygen, tent, sleeping bag, food or drinks. Seriously frozen and facing another fatal night outside he phoned his pregnant wife in New Zealand. Satellite technology helped him to discuss the name of the unborn child with his wife in his last contact with her before he died because there was no way to rescue him.

administrative powers that can mobilise economic and social resources and are therefore seen as the major force of globalisation. On the other hand, scientists warn of the decline of the western hegemony that will result in global competition and the western nation states losing power (e.g. Friedman 1994). New centres of accumulation of power and wealth can then emerge. This cyclic process can be dated back thousands of years (Friedman 1994). Others fear that the multinationals might take over the role of the nation-states (Featherstone 1990). I, however, agree with Giddens (1990) when he states that the multinationals cannot compete with nation states because the state has a monopoly on armies and multinationals cannot control territory.

The fifth discussion of globalisation concerns the globalisation of culture. On the one hand, scientists predict the emergence of a global culture or global village (e.g. Robertson 1990). Robertson (1990) stresses the construction of a common global context by the nation-states and sees this as a historical process that has already been going on since 1880. This process leads to the production of so-called 'third cultures' that exceed national borders. Nowadays a 'global citizen' can sleep everywhere in the world in identical 'Best Western' hotels, eat a Big Mac menu in a McDonald's restaurant, watch the developments in his or her favourite soap and keep track of the latest news on CNN. These 'global citizens' work in international offices in inner parts of world cities, dominate financial markets, speak English with their local colleagues and are not confronted with local cultural difference. Together with financial markets and banks they are creating their own global world (King 1990). Appadurai (1990) concentrates on five global cultural forces that produce this 'third culture'. (1) The first one he calls *ethnoscapes*, which comprise tourists and immigrants who travel throughout the world. (2) The second force, *technoscapes*, is a world wide connection of technology through which multinational companies expand their business internationally. (3) The third force is *finanscapes*, which concerns the connection of stock markets with banks and financial centres. (4) The fourth force is *mediascapes*, which revolves around the distribution of information by film, television and the Internet. (5) The last force, *ideoscapes*, is centred on the spread of ideas on human rights, democracy, liberty, freedom of speech and religion. The 'global citizens' are a creature of the organisation of diversity in a world culture, which results in a 'third culture'. Hannerz (1992) suggests that the so-called 'third culture' does not mean that a real cosmopolitan culture exists. The real cosmopolitan is never quite at home again and has a feeling of detachment. A great deal of the 'global citizens' such as diplomats, tourists, scientists and expatriates have strong ties with their domestic country and would rather not leave their homes.⁶

In these five discussions the term globalisation has been defined differently and has regularly been confused with the term internationalisation. By the term *globalisation* I refer to the intensification of world wide social relations which

⁶ Lash and Urry (1994) separate the world into three parts: (1) the 'global citizens' who live permanently like tourists, (2) the people that work all year and are tourists in their holidays and (3) those who polish the shoes of the tourists. Through this image they want to stress the non-existing interaction of those groups.

link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa (Giddens 1990: 64). By the term *internationalisation* I understand it to mean the evolutionary process of a national company developing into a company that operates internationally. By *localisation* I understand and refer to the ways in which external cultural elements brought to the periphery are or are not incorporated into already existing cultures or organisations (Olwig 1993). Globalisation and localisation are two concepts that are intertwined. Without localisation there is no globalisation. Globalisation therefore, is about the processes of localisation in which cultural elements of a global character are being incorporated. Olwig (1993) shows in her study of the West-Indian immigrants from the Caribbean islands St.Kitts and Nevis the localisation of Caribbean cultural elements in England. With the introduction of the West-Indian carnival in England the immigrants strengthen their cultural bindings with St.Kitts and Nevis and their own cultural identity. According to the Giddens' definition of globalisation, there is an intensification of world wide social relations that link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa.

Anthropologists have especially criticised the convergence of culture in a 'global culture' (e.g. Featherstone 1990, Hannerz 1992, Friedman 1994, Koot 1995). They argue that processes of globalisation do not create a 'global village' but lead to processes of localisation. People become aware of their own culture when confronted with global cultural elements. Therefore, the intensification of global contacts and the awareness of global systems lead to stronger local ethnic identities. Friedman (1994) sees the discussion on the convergence of culture as a product of the western academic world at the end of the 20th century. He criticises the assumption that cultural elements are easily distributed over the world. The fact that the same cultural elements can be found all over the world does not say anything about their use or the meaning it has for people. Thus the interpretation of and the meaning given to western television soaps by African viewers can be totally different from that of the American viewers. Western products can become central symbols in the construction of local identities. Friedman (1994) gives the example of '*Le Sape*', which is a Congolese citizen who travels to Paris to buy clothes of the latest fashion. On returning home to Brazzaville, he parades in his new expensive apparel sometimes even wearing the clothes inside out so that others will notice the designer labels. Through this concrete manifestation of wealth the position of the local elite is challenged. The adopting of French clothing is not seen as a sign of westernisation but as a local creation of identity, a direct expression of life-power.

The global character of multinationals is also criticised (e.g. Ruigrok and van Tulder 1995). The growth of economy and the international expansion of companies are said to result in 'footloose' corporations whose nationality can no longer be traced. Because joint ventures and cross-border alliances are moulding the ownership of the multinational companies it would have become increasingly difficult to indicate the geographical base of multinational companies (e.g. Dunning 1993, Bartlett and Ghoshal 1993). But have

multinational companies really become global? The optimistic perspective on globalisation does not fit contemporary reality. In spite of footloose global corporations, most multinational companies still have their home base in one country. The Italian automobile industry Fiat that operates in 52 countries and has 290.000 employees with 20% working abroad answers the question as to how international they really are.

In analyzing the international nature of jobs, they found four types of managers: transnationals (300) who lived abroad mostly on aeroplanes, multinationals (1700) who travelled extensively but lived in Turin, 'open locals' who received foreigners and locals who had little international contact (Schneider and Barsoux 1997: 223)

Ruigrok and van Tulder (1995: 175) counted only two foreigners in the board of twenty Japanese companies, four foreigners in the boards of fifteen German companies, one foreigner in the boards of eight French companies and two foreigners in the boards of four Italian companies. Mintzberg (1993: 102) found only 13 of the 3,847 top managers of the 150 largest US corporations being foreign nationals. They have been transferred from foreign operations to their positions at headquarters. The 'global' labelled multinational companies proved to be firmly rooted in their own national culture. Ruigrok and van Tulder (1995: 140) concluded that there is a myth on globalisation because:

The word globalisation suggests harmony and appeals to the hope that old rivalries be overcome between different people. In short, the word globalisation carries the promise of a better tomorrow.

But isn't there a fast growing global market? The growth in the volume of international trade and financial flows has not changed very much during the last eighty years. Ruigrok and van Tulder (1995: 125) show in their study that the degree of economic globalisation has not grown in the period from 1913 till 1950. From 1950 onwards, there has been a growth of international trade but the ratio of export and import dependency in different countries has not changed much in 80 years. They conclude that in history there always have been periods of more intensive global trades. Mansell (1994) criticises the globalisation of the telecommunication market and wonders whether the mystified concept of the globalisation of economic markets is the driving force behind it. The globalisation of the telecom market is extensively discussed in chapter 4.

The term globalisation in fact covers only a particular geographical part of the world economy. In general it covers the Triad nations - North America, Europe and Japan - and Southeast Asia. Latin America, Africa and large parts of Asia are not included in the global economy. An astonishing 85-90 per cent of all high-tech goods are produced and consumed in the Triad nations, while the population of these countries only accounted for 15 per cent of the total world's population in 1987 (Ruigrok and van Tulder 1995: 151). Ruigrok and van Tulder therefore suggest, changing the term globalisation into *triadisation*. Mintzberg (1993) also stresses the geographical limitations of the so-called global economy.

Well, sometimes I think the idea of the globe is a swath that cuts across the middle of the Northern hemisphere starting, say in Seattle and continuing around to about Vienna, then skipping across to about Hong Kong and ending up in Tokyo (Mintzberg 1993: 101).

2.4.2 *Four Phases in the Expansion of Internationalisation*

The evolutionary process of a national company that develops into a company that operates internationally can be divided into different phases. These different phases are discussed based on the models of Adler and Ghadar (1993) and Bartlett and Ghoshal (1993). The model of Adler and Ghadar (1993) has four phases and interprets the evolution of a company on the basis of its products. In each phase different competitive strategies, products, perspectives, markets and the importance of international activities can be distinguished. (1) The first phase is the high tech phase in which a company produces a new innovative product. The importance of international activities in this phase is marginal. New products are only produced for the national market and international sales are incidental activities. The international activities are individual initiatives and cannot be recognised in the organisational structure. (2) The second phase is the phase of the growth of production and internationalisation of sales. In this phase the international activities grow in importance. The company recognises the necessity to develop a distribution structure for growing international sales. The international activities are embedded in an organisational structure by means of international divisions. (3) The third phase is the phase of multi-nationalisation in which local subsidiaries are opened and production is relocated to local markets. In this phase the international activities become dominant and take over the importance of the home market activities. The international activities however, are still co-ordinated from the home country. (4) The fourth phase is the phase of globalisation in which competitive local production is globally co-ordinated. In this phase the company is continually and completely focused on its international activities. The role and responsibilities of the head office in the home country is reduced and new centres of co-ordination emerge.

Bartlett and Ghoshal (1993) relate the evolution of a national company to an international operating company to, the changing motivation of companies in the expansion of their activities to international markets. They concluded that the importance and the strategic role of international activities changed during the international growth of a company. The model of Bartlett and Ghoshal distinguishes four phases. (1) In the first phase, the international phase, the national company is largely orientated at the home market and has only incidental international activities. The new product is manufactured and sold at the home market based on home country technology. In this phase the international activities are seen as marginal appendixes and the managers sent out for these activities are seen as adventurers holding special relationships with the specific regions. (2) In the second phase, the multinational phase, the importance of the international activities slowly grows to a significant level. In this phase strategic alliances and the company's own subsidiaries are founded in foreign markets. Technology is shared with foreign subsidiaries and production

is relocated to local markets. The company now operates using a multinational strategy from a local market perspective and is aware of the cultural context. Managers of local subsidiaries use their knowledge of the regional market to create growth and more independence from the head office. (3) In the third phase, the mondial phase, the possible low efficiency caused by the production in local markets is improved by means of a better co-ordination. If necessary, production is relocated to other low cost countries. The international market orientation of the company grows and the importance of international activities is dominant over national activities. This phase can be characterised by: presence in the important markets, international competitive products, global sources of production, international marketing and, global competition. (4) Finally, in the fourth phase of the evolution of the company, the transnational phase, products are no longer homogeneous all over the world market but need to be adapted to local demands. In this phase the companies adjust their strategy to compensate for the disadvantages of treating the world market as one homogeneous market. The location of production is based on strategy, given production costs, markets, competitors, external political context and economic environment.

The discussed phases of internationalisation do not completely reflect reality. In the first place, the model is no linear evolution. In his study of the strategy of internationalisation of 25 Dutch international companies Vermeulen (1999) comes to the conclusion that after a good start all of these companies lost ground. Sometimes the foreign activities were even stopped. Experiencing adversity appears necessary for the management of these companies to realise that their ethnocentric strategies do not work in foreign subsidiaries. In the second place, although some organisations have gone through the first two phases few or no organisations at all can be found in the last phase. Ruigrok and van Tulder therefore call the perception that a company can easily grow to a truly global company the myth of globalisation (Ruigrok and van Tulder 1995: 152). In the third place, the model suggests that an organisation can choose its own phase. Vermeulen (1999) concludes that internationalisation is a long drawn out process. Successful strategies of internationalisation depend heavily on the unique context of the company and the industrial system involved. In their research, Ruigrok and van Tulder (1995) conclude that the world's most internationalised companies tend to originate from small industrial systems in regions. Hence, in the third and fourth phase of internationalisation there is no real global market or global competition but rather a localisation of markets and competition. They call this *glocalisation* which is based on a geographically concentrated inter-company division of labour (Ruigrok and van Tulder 1995: 181).

2.4.3 *Cultural Diversity in International Strategic Alliances*

In the process of expansion to international markets companies use among others, two strategies: the 'going-it-alone' approach and the strategy of strategic alliances. The 'going-it-alone' strategy is the expansion of international activities by means of a company's own subsidiaries in foreign countries. This

strategy offers a clear organisational structure with short lines of decision-making processes and a strong control of the home country management on the international activities. An example of this strategy can be found in the expansion of the Swedish IKEA as is described in Bartlett and Ghoshal (1993: 156). The unfamiliarity with local markets, problems with local acceptance, problems with the local cultural context, the fragility in the face of strong international companies and the high costs of research and development can be seen as the disadvantages of the strategy of 'going-it-alone'.

The strategy of strategic alliances doesn't have the disadvantages of the 'going-it-alone' strategy. A strategic alliance is a cooperation in which two or more partners participate but stay independent. The partners all have their benefits, each control the execution of tasks and equally support the joint venture at one or more strategic key areas (Yoshino and Rangan 1995: 17). According to Glaister and Buckley (1996) the company's motivations for a strategic alliance are: risk sharing, product rationalisation and economies of scale, transfer of complementary technology, shaping competition, conforming to host government policies and facilitating international expansion. They studied motivational factors of UK partners in selecting partners of Western Europe, the United States and Japan since 1980 and found, that the linking to a market and geographical expansion are the two key motives of international strategic alliance formation. This strategy generates benefits, particular so in fast changing markets and difficult accessible local markets. Surprisingly, neither the advantages of economies of scale nor the reduction of risk with new research and development projects seem to be of overriding importance. Strategic alliances are therefore designed to shape competition and have become very popular with companies in the late eighties and nineties. Dunning therefore claims:

That strategic alliances have to be integrated in the major economic theories and to be analysed both within the framework of the internationalisation of firm's activities and of the intra-/intercompany exchanges as well as intra-/interindustrial exchanges (Dunning 1993: 219).

Studies on strategic alliances frequently publish dramatic percentages of failed alliances (e.g. Cauley de la Sierra 1995, Spekman *et al.* 1996). Lorange and Roos (1995: 197) however, claim that the problems of managing an international joint venture are exaggerated. They state that there is no hard proof to show that international strategic alliances fail more often than comparative companies owned by one company. Yoshino and Rangan (1995) also criticise the pessimistic scientists who focus on the problems of strategic alliances. Yoshino and Rangan fail however, to support their positive perspective on strategic alliances with supporting hard evidence. They rather speak of challenges and consider that there is no real alternative of strategic alliances. Nonetheless, many scientists are not very optimistic on the success and survival of strategic alliances. Spekman *et al.* (1996) estimates that nearly 60% of all alliances fail. Porter (1990) is also very critical of the stability of a strategic alliance and concludes that they are fated to fail. Cauley de la Sierra (1995: 190)

studied 26 strategic alliances that had been the object of a 1987 study and found that 38.5% of the companies remained in operation, 38.5% of the alliances dissolved and the management of 23% of the alliances declined to comment. The conclusion that the strategy of cross-border strategic alliances includes big risks might thus be justified.

Different factors are mentioned for the failure of a strategic alliance. Faulkner (1995: 49) gives five reasons. (1) The partners can each have different agendas, which can be hidden from each other. (2) When there is inadequate mutual reporting by both partners, feelings of distrust can emerge. (3) There is always the fear that the partner will be the future competitor. In a fast changing telecom market for instance this is a very likely situation. Today's partner can easily be tomorrow's competitor. (4) When there is a cultural incompatibility at corporate and national level the cooperation can be expected to be very difficult. (5) When there is a lack of commitment with top and/or middle management the strategic alliance slowly but surely dies.

Cauley de la Sierra (1995) suggests a number of reasons as to why strategic alliances break up. (1) When partners change in strategic objectives or focus it is difficult to hold the alliance together. This has also to do with the incompatibility of partners' agendas and unrealistic market expectations of one or both partner. For instance, the mythical convergence of telecommunications and computers has appeared to be very difficult. (2) On the forefront it is necessary for the partners to know each other well. Changes in corporate leadership have less influence on the alliance when a larger part of the management of both partners are familiar with each other. False expectations with regard to partners' capabilities can be thus avoided. (3) When the partners are unable to cope with diverse management styles and cultures the alliance is under tension. The strengthening of a company's presence in Japan by establishing a strategic alliance with a Japanese partner for instance can lead to cultural problems. (4) Cooperation can sour because 10%-20% of the companies uses a strategic alliance to exit the industry. Financial crunch can also force a premature exit because the partner fails to contribute to the strategic alliance. (5) The partners also can decide to cash at the right time by selling or buying the strategic alliance.

Lorange and Roos (1995: 198) see five difficulties that have to be addressed. (1) It is very hard for a company to give up autonomy and decide everything in consultation with the partner. (2) Politicisation of the alliance has to be avoided in order to create trust among the partners. (3) There is a danger that the alliance slowly dies after the signing of agreements has taken place. The alliance has to be kept active and alive, in particular when the progress is becoming dependent of the CEOs only. Long term cooperation is needed to keep the alliance vital. (4) When the external orientation on customers is overshadowed by internal affairs the alliance loses competitiveness. (5) There has to be a positive attitude towards mutual learning.

Finally, Yoshino and Rangan (1995: 140) also see a number of difficulties in alliances. (1) The ambivalent relation of former and possible future competitors can result in distrust. There is always a fear that the partner will be a future

competitor. (2) The management culture of one of the partners is not prepared for a different form of control in an alliance. In particular, in minority participation, the desired control of the partners can give problems. (3) The mutual relationships of alliances, subsidiaries and business relations can produce tension. The connection of an individual alliance to the management of a network of alliances can result in opposing interests. (4) Attention for small details in the cooperation helps to prevent the alliance slowly dying. (5) Giving attention to the holistic relations of structure, organisational culture, national culture and strategy helps to prevent problems.

Faulkner (1995), Cauley de la Sierra (1995), Lorange and Roos (1995) and Yoshino and Rangan (1995) frequently mention cultural factors as causes of failing. Barkema *et al.* (1996) concludes that cultural barriers were more pronounced when the company had to accommodate both strange corporate and national cultures in a joint venture. Cauley de la Sierra (1995: 195) therefore claims with reason, that the managing of cultural diversity is '*one of the greatest challenges of alliances*'. The managing of cultural diversity however, as has been discussed earlier in section 2.2.2, includes the managing of manifest forms of ethnicity. Other scientists also recognise the connection of culture and the struggle for power in an alliance. Faulkner (1995) states that with the selection of a possible partner two major qualities are sought: a strategic and a cultural fit. Lorange and Roos (1995: 174) also stress the need of studies on strategic intention and cultural diversity when two or more companies want to establish a strategic alliance. Both the strategic intention and cultural diversity also have a strong influence on the establishing and managing of strategic telecom alliances. Cultural differences can be held responsible for the collapse of many outwardly logical partnerships set in motion with the best of intentions (*Public Network Europe* 1998, May Issue, pp. 27).

The cultural factors mentioned involves different 'levels' of culture: organisational cultures, industrial culture, management culture and national culture. This raises the question as to how cross-cultural cooperation at these different levels can be studied.

2.5 Model to Unravel Cultural Complexity in Organisations

In the previous sections the debates on intercultural management, organisational culture and globalisation have been discussed to construct a theoretical framework for studying cross-cultural cooperation in the telecom sector. This anthropological framework includes distinct levels of culture. Chanlat (1994) points out the necessity of a true anthropology of organisations by focussing on human behaviour and at the same time exploring all the relationships within the environment that runs through organisation life at different levels.

The complexity of the problems that confront us both on national and an international scale, the importance of cultural elements, the emphasis on individual aspirations...all of these influences have, in effect led us to

propose models of management that will henceforth be based on a true anthropology of organisations (Chanlat 1994: 160).

Alvesson and Berg (1992) therefore stress the need to separate these different levels involved with organisational studies. They distinguish six levels of culture: (1) national cultures, (2) regional and industrial cultures, (3) company culture, (4) professional culture, (5) department culture (6) and worker culture. Schneider and Barsoux (1997: 47) also distinguish six different cultural levels or spheres, which exert influence on business practice. Each sphere of influence has its own set of artifacts and behaviours, beliefs and values and, underlying assumptions. Schneider and Barsoux stress that it might not be useful to argue which sphere is more dominant because the spheres interact in complex ways. (1) The first sphere concerns the national cultures. National cultural differences have been discussed in the debate on intercultural management. (2) The second sphere concerns the regional and community cultures. Within national borders strong regional ties can maintain a strong sense of regional identity. Regional differences derive from history and language. (3) The third sphere focuses on the industry cultures. An industry culture is a subculture of a specific industry or sector. For instance, the industry culture of the telecom sector differs from the health care sector. Industry cultures can rise from the unique activities and problems encountered within industries. (4) The fourth sphere deals with organisational cultures. The organisational culture has been discussed in the debate on organisational culture. (5) The fifth sphere focuses on professional culture. The professional culture has also been discussed in the debate on organisational culture. (6) The sixth sphere concerns the functional cultures. The nature of the task of the different functions such as finances, production, marketing and research & development results in different cultures. The complexity and interdependence of local and global processes within international organisations makes it also necessary to conceptualise different levels, without establishing a hierarchy between the different levels.

In order to grasp human reality within organisations Chanlat (1994) distinguishes five closely linked levels of organisational reality. (1) The first level is the individual level, in which Chanlat sees human reality as a subtle interaction of the biological, the psychic and the social. At this level individuals construct and deconstruct their own reality and cope with conflicts, tensions, uncertainties and ambiguities. (2) At the second level, the interactional level, the identity of the individual is formed in interaction with others. The interactions, both formal and informal, can appear between two different individuals or two different groups. (3) The third level, the organisation level, focuses on the organisational cultures. (4) The fourth level, the society level, concerns national cultures. These national cultures have involved due to geography, history, political and economic forces, language and religion. (5) The fifth level, the world level, deals with transnational ideologies such as religion, globalisation and liberalisation. This model has been successfully applied to the cross-cultural

cooperation between three Dutch development organisations and their Bolivian counterparts (van Marrewijk 1996a).

It is now possible to create a conceptual framework, which can be used to explore the complex telecom sector. Chanlat's framework is used to approach the telecom industry starting at world level and to study it level by level in order to unravel its cultural complexity. Each level of this multilevel model is analytically independent and contains elements that are linked to each other in relatively stable relations. Each of the levels is contingent in nature and the relationships between the levels could go in any direction (Chanlat 1994: 174). This multilevel model helps in the exploration and unraveling of the telecom industry. Mansell (1994a) also suggests the integration of macro-, meso- and micro-institutional analysis in order to get a complete and more holistic understanding of the consequences of the transformation of the telecom sector. She also stresses the need to combine the analysis of the social, cultural, political and economic constraints which shape institutions in order to understand the process of globalisation of the telecom market (Mansell 1994a: 40). One of the strengths of anthropology is the establishing of links between the individual and his social context, the micro and the macro (Bate 1997). This however, brings along another problem with regard to how these links can be studied? The links of cross-cultural cooperation namely, are connected to all levels of the model.

To study cross-cultural cooperation the 'symmetric anthropology' of Latour (1994) is used. The aim of symmetric anthropology is, according to Latour, to study the processes of hybridisation from a holistic perspective. Latour (1994) concludes that 'traditional' anthropology is not suitable for studying modern cultural complexity because of the distinction that has been applied in a 'natural' and a 'social' world. This separation is based on the idea that nature has always existed as it is while society has been created by people. Latour states that nature and natural artefacts are created by human beings and he criticises the scientists who construct nature and at the same time 'discover' it. The exactness and objectiveness of science depends heavily on assumptions and negotiations. Facts are interpretations and research is by definition part of a construction. For instance, in her research on the ethnography of the immune system, the anthropologist Emily Martin (1996) studied the formation and interpretation of scientific knowledge in and outside science. She used micrographs of the HIV virus, hugely magnified visual representations of microscopic biological entities. These microscopic entities are radically decontextualised from the context of the body and become open to imagination and are free for interpretation. The main thrust of these pictures in science is to clinch an argument by revealing visual evidence of what one is claiming. The micrographs have been shown to students in the laboratory and to non-specialists. The findings show a particular and local interpretation of the micrographs rather than a global and universal interpretation. This example shows that the exactness and objectiveness of the products of natural sciences depend heavily on assumptions and negotiations as part of a construction.

Latour (1994) calls these products of the interaction of nature and society hybrids. He propounds that the more modern science tries to separate the two different zones of nature and society, the larger the production of hybrids will be. One of the examples of a hybrid is the Eclipse MV/8000 mini-computer described by Latour in his book *The Action of Science* (1988). The construction of the computer prototype was delayed by the close down of the computer chip production line, by social problems in the research team, by the debugging program and met pressure by the sales department to develop the computer as fast as possible. By the time the construction of the mini-computer was it was perceived as a black box. Latour claims that the Eclipse MV/8000 computer was constructed out of natural artefacts, such as the computer chip and societal artefacts, such as the interaction in the team. The computer is thus not a black box but a hybrid.

The 'symmetric anthropology' investigates these hybrids by assuming them as networks, which like a railway never goes beyond the local as long as one stays on the rail. In this way, large organisations can be studied.

The organisation of an American company is not like the Kafka organisation. It is a basket-work of networks that is embodied by order notes and organisation flows, local procedures and specific arrangements that can stretch over a continent just on the condition that it does not cover the whole continent. One can follow networks in an organisation without ever a change of level or without ever discovering a deconstructed rationality (Latour 1994: 171).

The anthropologist follows networks within the organisation and by doing so he does not go beyond the local level. As a result the global always stays local. The hybrids can be unravelled by means of following the local network of connections because macro actors are constructed with micro actors. Latour therefore, proposes to follow the construction and production of hybrids. If this is done it will become clear that at a specific point the 'quasi object' has the character of a natural artefact and at another point it assumes the character of a societal artefact and at other times it has the character of a social relationship.

This theoretical perspective of Latour can be used as a methodology to study cross-cultural cooperation in the telecom sector. By following the network of an actor different connections can be made. These connections lead to technical artefacts, social constructions, national cultures, the restructuring of the telecom industry and to personal coping strategies. The network of the actor is approached from the actors' perspective and follows the actions and daily activities. The connections are made by free associations and are not restricted by presuppositions of its reality. Latour calls the mapping of heterogeneous associations 'sociologica' (Latour 1988: 261). The connections in the actor's network are always 'logical' from the actor's perspective even when different levels within or outside an organisation are being passed. The theoretical framework constructed to study the cross-cultural cooperation in the telecom sector is thus a combination of Chanlat's multi-level model and the 'sociologica' of Latour. Chanlat's framework is used to explore the telecom

industry. Exploration of the telecom sector is essential in order to comprehend the context of PTO employees and their cross-cultural cooperation cannot clearly understood without knowing the context. This context can refer to the temporal, physical or institutional context (Bate 1997: 1156). The theoretical framework thus explores the human reality of the PTO employees from world to individual level. Following the exploration of the five different levels, the making of 'free associations' suggested by Latour (1988, 1994) are used to study the cases of cross-cultural cooperation which interact with all of the levels. The daily world of the actor is studied by following the connections at different levels. The two approaches have been combined in a multilevel model to unravel the cultural complexity in the telecom sector (see Figure 3). The consequences of the theoretic framework for the research questions and research design are then discussed.

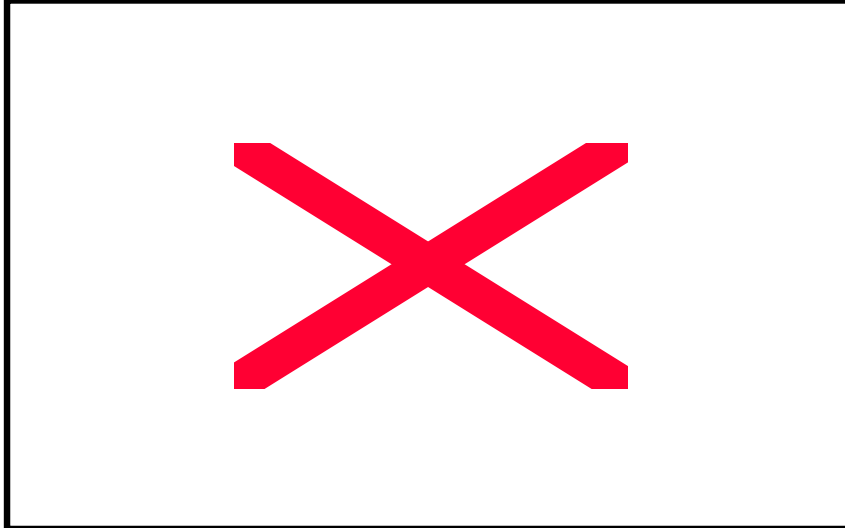


Figure 3. Multi-level model for the exploration of cultural complexity

3 METHODOLOGICAL REFLECTIONS

This chapter concerns the methodological consequences of the choice to use field research as the research design. The research questions are made operational for field research by means of a four-step approach of the telecom sector. The research design brings about ethical and methodological questions. The production of an ethnographic text and the researcher's relationship with the field of study is discussed. The chosen role as researcher-consultant for the purpose of field research, the considerations accompanying this choice and the consequences it has on the results of this study are addressed. The influence of financial and logistic support of PTT TELECOM results in ethical questions and this is presented along with a short overview of the research experiences in the field and the changes in research design. Finally, the internal validity and external validity of this study are dealt with.

3.1 Introduction

The aim of this chapter is to explore the central research questions and to discuss the ethical and methodological consequences of the chosen research strategy of field research. In July 1995, I started the ethnographic PhD study on the cross-cultural cooperation of PTT TELECOM. In selecting an appropriate role in which I could execute the ethnographic study, different elements had to be considered. The degree of participation in the field, the choice for a hidden or open role, the degree of commitment with the object of study and the choice for an actual or created role were the four major selection criteria for the role as a researcher ('t Hart *et al.* 1996: 279). As a business-anthropologist, I wanted to participate in PTT TELECOM in an actual position within the company that was directly related to cross-cultural cooperation. These requirements would make the access to the organisation not easy, in particular for an anthropologist. A number of presentations were needed to interest PTT TELECOM in a business-anthropological research on cross-cultural cooperation.

The International Support (IS) department of PTT TELECOM was interested in co-operating in the study for a number of reasons. Firstly, the department was keen in becoming a professional consultant office and therefore wanted up-to-date information on telecom and organisational studies. Secondly, the transfer of knowledge by means of discussions, lectures, relevant literature and articles would stimulate employees in their professional careers. Thirdly, the reports on the results of the study would attract the attention of the top management. The organisation required an agreement to determine what the 'spin off' of the study would have for their business, what it would require in terms of their cooperation and the terms surrounding confidentiality. The agreements with PTT TELECOM on the conditions of the study were negotiated for three months and finally agreed upon in a contract that was jointly signed by the Vrije Universiteit Amsterdam and PTT TELECOM in December 1995 (see annex I).

To meet the corporate demands, and to collect data needed for the study I worked as a consultant-researcher within IS. In exchange, I received financial

support and obtained free access to the organisation, to corporate information and to its international joint ventures. A business-anthropologist is forced to negotiate with organisations in order to execute ethnographic research. Because the outcomes of these negotiations can exert influence on the results of the study and because anthropological organisational studies meet criticism with regard to the objectivity of observations (e.g. Hofstede 1991: 308, Bate 1997: 1152) I stress the importance of reflection on the methodology used. Preoccupation with methodology in social sciences results from the effort of dealing with the influence of the researcher on the object and with the consequences of this influence for the process of knowing and the knowledge yielded (Ellen 1984).

3.2 The Step by Step Exploration of the Telecom Market

A strategy of field research was selected to explore the central research question. The concept of fieldwork has a long history in anthropology and has been used in both 'exotic' and in Western societies (Ellen 1984: 82). Bate (1997) sees fieldwork, which he calls the 'doing' of ethnography, and especially the attitude of 'suck and see' as a major characteristic of anthropological organisation research (Bate 1997). The definition of field research:

Field research is a research strategy to describe, to interpret and to explain behaviour, meaning and cultural products of persons involved in a general limited field by direct data collection of researchers who are physically present and disturb this field as little as possible ('t Hart *et al.* 1996: 265)

The 'general limited field' mentioned in the definition above was neither very clear nor very well defined at the beginning of the PhD research. Hence, a preliminary investigation was conducted from September 1995 till November 1995 to get a better idea of the field of research. I started with a number of open interviews with telecom scientists and employees of PTT TELECOM working in the international field of telecommunications. Newspapers and relevant literature were also studied in order to gain an overall view of the world-wide changes in the telecom market and the new positions of the PTOs. This preliminary period helped me to prepare the field research, to gain insight into the complexity of the field, and to assess the possibilities and impossibilities of doing field research within PTOs.

Together with the multi-level model of chapter 2 (see Figure 3), the results of the preliminary research were used to construct a multi-level research design (see annex II). The world and national level of the multi-level model are investigated in the first step of the multi-level research design. The organisational level is investigated in the second step. The individual level is explored in the third step. Finally, in the fourth step the interactional level of the multi-level model is examined. At each level a new research question is formulated for the exploration of that level. Each research question is worked out into topics. Data on these topics are collected and made directly suitable to the qualitative computer program for a first analysis. On the strength of this

analysis a selection is made of the field of study for the next step. At the next level a new research question is formulated. Although the different levels can be distinguished analytically, the collection of data is not finished with the formulation of a new research question. Hence the time spent on each level of research sometimes overlaps. This method has aspects of the cyclic approach as described by Wester (1991). In the cyclic approach a topic is studied and with the results of the analysis new research questions are formulated, until the topic is known thoroughly.

Fieldwork for research was carried out from September 1995 till December 1997 (see annex II). The exploration of the first level revealed that PTT TELECOM is one of the European PTOs that is strongly affected by the restructuring of the telecom sector. From the findings at the second level, it was learnt that PTT TELECOM had selected the strategic alliance Unisource and new foreign markets in Europe, Eastern Europe and South East Asia to compensate for the decrease of home market revenues. But how do employees cope with these changes? PTT TELECOM is an organisation with more than 30.000 employees and therefore it was necessary to select two departments for a more in depth study. In the third step the departments of International Business (IB) and International Support (IS) were selected because these departments are strongly involved in the process of internationalisation.⁷ From the analysis of data collected in this third step, I learnt that employees are employed all over the world but not many have previous international experience or are sufficiently prepared. The employees had to be studied in their local context in order to get an inside view of the daily practises of cross-cultural cooperation. After analysing the collected data of the second and third level a selection of three cases was made.

3.3 Personal and Ethical Reflections on Anthropological Research in Organisations

It is only in recent times that anthropologists are looking seriously at how ethnographic texts are produced and presented. The transformation of collected facts into ethnographic texts can be seen as a process of translation from one cultural context to another (Ellen 1984). This process of translation, or rather 'construction', is highly personal (Bate 1997). Therefore, in this section my personal and professional background, my role as researcher/consultant and my activities with PTT TELECOM will be presented in order to lend a clearer understanding as to the construction of this thesis. However, the presentation of the research data is first discussed.

3.3.1 Presentation of an Ethnographic Text

The presentation of ethnographic study needs a format in which the employees come alive, detailed observations are highlighted and all in a way that does

⁷ The names of the departments, employees and situations have been made anonymous in order to avoid recognition.

justice to the holistic character of the study. The narrative tradition of presenting ethnographic material would appear a plausible form for all these intents and purposes. In his book *'Interpretative Ethnography'* Denzin (1997: 33) discusses two forms of narrative strategies for ethnographic situations: the modernist and the post-modernist strategy. The modernists (also called the realists or positivists) believe that the world of real experiences can be represented by means of transcription. They use traditional ethnographic methods to produce text and do consider themselves as relative outsiders. The post-modernists criticise the exclusion of the writer of ethnographic text. They state that the qualitative research text is a cultural production that embodies cultural meanings based on the interpretation of transcriptions. The text is seen as the product of an interactive process between the described and describer (Ellen 1984). The describer introduces meaning and morality into the discourse by developing a personal style. The post-modernists see the narrative tradition as a scientific method in which the ethnographic story is constructed with scientifically collected facts. This method is non-biased, discusses underlying values, is a description of the reality and, gives a voice to the object of study (Denzin 1997: 253).

Critics of the post-modernists state that their strategy is pure fiction, too literary, offers no method of verification, has strong personal biases, presents no hard facts, is not valid or reliable, is not objective and gives unrepresentative samples. These criticisms are to an extent justified. The line between fiction and non-fiction can be very thin and raises questions. Can a scientist reconstruct a dialogue between two general managers that has probably taken place but that has in fact never been recorded? A writer using the narrative strategy to present ethnographic data has to be aware of his personal biases, the object of study and also of his audience. It is in these last two aspects that I think the post-modern narrative strategy is more applicable to 'traditional' ethnographic studies than to the ethnographic study of organisations. Of course there are scientists searching for new ways of presenting ethnographic data in organisational research. Czarniawska (1998) for instance, wants to demonstrate in her book *'A Narrative Approach to Organization Studies'* that narratives are still the main carriers of knowledge in all societies. She describes a narrative approach to qualitative research in organisations and discusses the process from the collection of data in the field to the presentation of the results of the research. This is all very interesting, but colleagues of other scientific disciplines on organisational studies have almost no experience with narrative texts. These scientists are not acquainted with the idea that an organisation can be described from an ethnographic perspective. In the study on the internationalisation of the telecom operators I have to deal with a multi-disciplinary audience: economists, anthropologists, engineers, and scientists on quantitative research of cross-cultural differences. Therefore, in this study, different strategies of presenting the ethnographic data will be used.

The first method, public ethnography, is used in this thesis to present a part of the research findings. Public ethnography is the merging of journalism and social science (Denzin 1997). Public ethnography combines the best aspects of

both disciplines: excellent journalism and rich ethnographic details. I have indeed found inspiration with writers such as Tom Wolfe, who has himself developed a narrative style that brings subcultures to life and clearly depicts authentic, bizarre lifestyles, and status rituals of modern America. He focuses on symbolism and attempts to probe and reveal profound cultural experiences. In his book *'The Bonfire of Vanities'* Wolfe (1987) portrays in detail the daily world of a rich stock market trader and the elite of New York. Wolfe describes the protagonist's cultural shock when confronted with lawyers and the power of the black movement after getting involved in a car accident in a ghetto. Wolfe constructs the story from facts, among other ways he uses the method of participant observation and presents the story through the eyes of the stock market trader. Recent Dutch examples of this public ethnography can be found in Mak (1997) who uses the narrative method to present the changing social cultural conditions in a small Dutch rural village and links stories of individual people to meso and macro level. Other Dutch examples of public ethnography can be found in a number of corporate biographies on, for instance, the beer-company Heineken (Metze 1993) and the electronics-company Philips (Metze 1997).

The second method that is used in this thesis is the traditional presentation of ethnographic material by means of separate text-blocks with observations, participating observations or, extracts of interviews. The text-blocks consist of basic research data and can be easily recognised. The combination of different styles is not new to ethnographic writing. Bate (1997: 1154) concludes *'that commitment must also stretch to experimentation with different styles'*.

3.3.2 *Production of an Ethnographic Text*

Ethnographic text is a cultural production that embodies cultural meanings based on the interpretation of transcriptions. The author can be seen as a performer that has to combine arts, science and craft in order to write ethnography (Bate 1997). I have decided not to use the narrative approach as a scientific method in which the ethnographic story is constructed from facts that are scientifically collected. But I think that the personal motivation and working experiences of the researcher need special attention in order to understand his or her relation to the object of study. In too many cases the reader doesn't know much about the researcher's motivation, emotions, background, involvement and reflections with regard to the construction of ethnographic text. Similar, most organisational studies lack information on the construction of text and on the researcher. There is of course a risk that more personal information deteriorates into an 'ego-show'. Therefore, autobiographical information on motivation and working experiences as a cultural anthropologist and as a telecommunication engineer are not included in the ethnographic text but is presented as follows:

It must have been in the autumn of 1983 that I first met a cultural anthropologist. At that time I was working as a telecom engineer and was a respondent in, what I later realised, was a life history interview. The anthropologist was collecting data on the subculture of young people in a

village community of the Westland.⁸ In his report the anthropologist classified me as a member of the group of persons 'looking for new frontiers'. Indeed, the search for new frontiers has been very much part of my personal life. In 1971 at the age of 11, I experienced cultural differences for the first time when I went to secondary school. Coming from a village community with a small junior single-sex school headed by a priest, the new school with more than 1100 students in The Hague felt completely alien for me. At the new school I was classified as a 'Westlander', which I soon enough understood was not a positive qualification.⁹ I had very good memories of my childhood playing and working in the greenhouses of my father's market garden, but then I found myself in a totally new situation in which I had to learn a completely new set of values and norms in order to cross that first frontier.

The second frontier crossing was at the age of 16 when I entered a new world of electronics and technology at the College of Technology.¹⁰ At that time, studying technology seemed to be the only logical choice since, in contrast to all of my friends, who would succeed their fathers, I had no desire to succeed my father in the agricultural market business. At the College of Technology I was introduced to a new subculture of technology and computers. I had to learn the values and norms of that new subculture in order to communicate with students who, for a larger part, had technological backgrounds. After four years of study I mastered the world of electronics, computers and telecommunications and entered the occupational subculture of engineers.¹¹

The third frontier crossing was at the age of 20 when I literally crossed national borders and went to Canada after finishing my studies at the HTS. Before that point I had never been out of the Netherlands! I worked for two months on a tobacco plantation in Ontario with people of different ethnic backgrounds. Afterwards I travelled from Ontario to the west of Canada, then south along the West Coast of the USA to Mexico and experienced completely different cultures. Ever since, I have loved travelling. Travelling inspires me greatly and both generates and feeds my sense of curiosity and interest in the world. Ten years of travelling in Central and Latin America and Central Asia have enriched me and given me a vivid insight into distinct cultures in developing countries. The periods of travelling alternated with working periods in the Netherlands, first as field engineer in seismic exploration and later on as a telecommunications engineer.

On my return from a trip to South America in 1985, an employment agency offered me a temporary job at PTT TELECOM, which was a very dull government owned company at that time. I worked there as a manager of a computer and telecom equipment repair unit of the department called the

⁸ The Westland is an agricultural region in the west of the Netherlands enclosed by the North Sea and the cities of The Hague, Delft and Rotterdam. Local economy is heavily based on market gardening of vegetables and flowers in the so-called green houses.

⁹ Although the Westland is located near the big cities of The Hague and Rotterdam, it has its own culture. A typical 'Westlander' is classified as a hard working, business orientated, non-academic, beer drinking, coarse, honest, co-operative and conservative person.

¹⁰ In the Netherlands the more practical Hogere Technische School differs from the more theoretical Technische Universiteit.

¹¹ Trice and Beyer (1992) have described the occupational subculture of engineers.

Centrale Werk Plaats (CWP). The forthcoming liberalisation of the sales and repair of peripheral telecom equipment threatened the continued existence and concerns of this department. After three years in a management position I left PTT TELECOM in 1988 for a 6-month trip to Central America. My next job was with the telecom department of the Rotterdam City police in which I was interacted closely with PTT TELECOM, but this time as a client. During these two jobs I realised that to be successful in work it is necessary to have a thorough understanding of the context one is working in. The so-called 'soft skills' are a necessary tool engineers need in order to better understand the corporate politics, the decision making processes, working attitudes, cultural differences and attitudes towards leadership. As a result of these and other international experiences, the focus of my work has since slowly shifted from a technical towards an organisation-cultural perspective.

A fourth frontier crossing came at the age of 29 when I started a part-time study on cultural anthropology at the University of Utrecht. A new world of science opened for me and I absorbed the literature and loved the field work experiences in Guatemala, Ladakh and Bolivia. At the same time, I became increasingly involved with organisational changes of the city police of Rotterdam and decided to specialise in business anthropology. Anthropology, which started as an interesting hobby, has now replaced my technical professional interests. This PhD study is thus the ultimate synthesis of my accumulated work experience, international experience and interest in business anthropology.

This double identity as both telecom engineer and cultural anthropologists is indeed a methodological advantage in the ethnographical study of the telecom sector. As a telecom engineer it is easy for me to penetrate a PTO and participate in the cultural world of PTO employees. I have the same professional background and speak the same technical language as the PTO employees and do not lose my professional identity. Czarniawska (1998: 42) gives a personal account of losing her professional identity when doing fieldwork in Warsaw and concludes that the threat of losing one's identity is the most painful aspect of field organisation studies. In contrast, in the course of my field research I did not lose my professional identity but was able to accentuate my technical identity over my anthropological identity. When entering the field of research I did not experience feelings of '*being dumb*' and neither did I find myself '*continually running up against blank walls*' (Czarniawska 1998: 42). I had already undergone enculturation in the 'alien culture' of PTT TELECOM. On the other hand, as an anthropologist it is easy for me to detach from the PTT TELECOM culture. This double identity thus made access to the organisation and the execution of the ethnographic research much easier.

3.3.3 *Do Anthropologists Fear Studying Commercial Enterprises?*

Isn't it strange that Western anthropologists take great pains to study the daily life and the spiritual world of so-called primitive people, but hardly ever devote their energies to the study of the daily life of employees in organisations in their own contemporary society? Even when Western society is the topic of study,

anthropologists tend to study eccentric sub-cultures and marginal groups such as hooligans, girl scouts, punks and dance companies (Ellen 1984: 130, Bate 1997: 1150) or the like.

In the book *'The Future of Anthropological Knowledge'*, effort is invested in finding new fields of anthropological research in the contemporary society (Moore 1996). In this book, anthropologists explore new fields of research but still have a preference to the local and the periphery, without using the holistic perspective, as anthropologists would have done with the so-called 'primitive' societies. One of the few exceptions is Warnier's (1995) case study on the ethnography of a plantation in Cameroon. He connects the business at the plantation to the life history of the plantation owners, the local ethnic diversity, the historical context of Cameroon, the France development agencies in Cameroon and the France development departments in Paris. Latour (1994) pleads for the extension of anthropological research to Western society. The anthropologist has to make connections between the local and the global by portraying the daily life and daily practices of technicians, managers and administration employees.

It would appear that the anthropologist is apparently afraid of cooperating with Western commercial organisations. Where does this fear come from and what is it in essence? Is it the ever-existing anthropological fear of capitalism? Or is it the fear of being dominated by multinationals? Perhaps it is the fear for the abuse of information, as was the case in the Project Camelot in Vietnam.¹² Or is it maybe the fear for the lack of protection of the employees involved in the study? Whichever the case might be these fears have led to the evolving of a new breed of anthropologists and a new focus for research in the 1970s. Increasingly, anthropologists have put their skills at the service of minority groups and threatened communities. As a result, a new set of ethics has been developed in which the interests of the people studied are protected. Ellen (1984: 228) calls this identification with one's informants 'studying up'. This attitude has affected the relationship between anthropologists and the sponsoring agencies such as governments, development agencies and other sponsors (Ellen 1984: 136). Bate (1997) explains the lack of interest for true ethnography of western organisations from the fact that it takes too much time, it results in lengthy articles that are difficult to publish and, it takes the researcher away from the academic scene.

It would be a pity if these cultural assumptions prevent anthropologists from doing research in multinational organisations because so much valuable and interesting work can be conducted in international business and development cooperation. My personal experiences as researcher and consultant in development organisations and international business have shown that there are more than enough possibilities for anthropologists to explore. Managers and

¹² In 1965 the American government hired American anthropologists to work for the Camelot Project. In this project the culture and daily world of Vietnamese tribes were studied. The American government used the results of the study to fight the Vietcong in the Vietnam War. The American Anthropological Association investigated the relation between anthropologists and sponsoring agencies resulting in the establishment of the Committee on Research Problems and Ethics (Ellen 1992: 135).

consultants with an economic training use anthropological knowledge, dominating the contemporary coaching of international projects, cultural changes and international acquisitions. This raises the question as to why anthropologists with a thorough knowledge of local cultures, cultural processes in temporary organisations and international management should not use economical knowledge to acquire work and research commissions. That is very well possible if anthropologists are willing to profile themselves to become relevant for other disciplines and for the practice, and sell their 'products' and 'services'.

3.3.4 *The Researcher/Consultant*

The business anthropologists Olila and Teunissen (1989) see four different roles for business anthropologists in organisations. The first role is the intercultural specialist who supports the organisation in questions of intercultural management. The second role is the 'parachutist' who intervenes in actual crisis in organisations that need a quick solution. The third role is the expert of organisational cultures who diagnoses and discovers cultural strains in the organisation. The fourth role is the expert in change management who designs and supports corporate strategies for cultural change. Schein (1985: 21) also recognises the difference between the ethnographer and the consultant. He describes the difference between the ethnographic and the clinical perspective on organisational culture. The ethnographer collects data of the organisation out of scientific interests by means of participant observation to understand the culture from an inner perspective. Whereas the consultant, who is hired by the company to investigate or solve a problem, uses a clinical perspective for collecting his data by means of a quick scan or a limited number of interviews. Schein stresses that these different research perspectives result in a different relationship to the object of study and can therefore result in different findings.

Olila and Teunissen (1989) point out three differences between the business anthropologist and organisation advisors. The first and most important difference is related to the question: 'whom are you working for?' The business anthropologist tends to work with employees on the work floor. In contrast, organisation advisors rather work with the top management, which gives more status, clearer results and new commissions. The business anthropologist is interested in the emic or native view: the view of the employees. The business anthropologist can help management to understand cultural processes on the 'work-floor'. He or she is more capable of working on the 'work-floor' than the organisation advisor who is inclined to adopt the management perspective:

Microstudies are more often than not on the side of the underdogs, be they managers or workers and, on the side of the rebellion. By showing how macropictures are drawn, microstudies problematize the taken for granted (Czarniawska 1998: 49).

The second difference between business anthropologists and organisation advisors is the time they need for the research. While business anthropologists need two years to uncover and unravel the organisational culture, organisation

advisors do this in a much shorter period (e.g. Czarniawska 1992, Bate 1997). Not only the method of participant observation used by the business anthropologist, but also the historical, contextual and process based approach is very time-consuming. The third difference between business-anthropologists and organisation consultants is located in the presentation of data. The business-anthropologist tends to include sensitive data in the presentation because of the commitment on the 'work floor'. This presentation concerns the difference of rule and reality, shows pitfalls in the way of changes and confronts the management with the opinions of the 'work floor'. The organisation consultant in contrast, presents a route to the new desired organisational culture. The presentation concerns the desired solutions, the management perspective and, the resistance of the 'work floor'.

In summary, the business anthropologist is, according to Olila and Teunissen (1989), making a film of the organisational culture rather than a photo. The film concerns the cultural process in an organisation and is in sympathy with the employees rather than with the management. The organisation consultant in contrast, makes a photo that gives a static image of the organisational culture. The photo is made from an outsider's perspective and is framed to suit the purposes and needs of the management.

This raises the question as to which role the researcher needs to fill in order to learn about the employee's world, to observe their activities and to wander around in the organisation at national and international level. To stay anonymous, for instance, in a role as a temporary worker, brings along many problems. Although it would have been very well possible to find a full time 'undercover' job within the telecom operator because of my professional experiences, such a position would not have left enough freedom, time and energy for the research. Moreover, I do not think it is ethical to conduct research within PTT TELECOM without informing the relevant authorities of organisation. Consequently, for the duration of my PhD research I worked as a consultant-researcher with the International Support (IS) department of PTT TELECOM, mainly as an intercultural specialist who supported the organisation in questions of intercultural management.

A number of reasons played a part in the decision to assume a formal position as consultant-researcher. Firstly, this position would provide an excellent starting point for the necessary in-depth research. Detailed observations of the daily world of employees are difficult to conduct if one is not working in the company itself. Being present each day within the organisation itself made it possible to develop an inside perspective. Secondly, being open with regard to the research objectives and the formal position in the department of International Support would increase both my credibility and trustworthiness in the organisation. Thirdly, actual participation in the department would stimulate me to work efficiently, to present results, to discuss all findings and outcomes with colleagues and to maintain the high tempo of work. Finally, the financial support of such a position was a welcome supplementary payment to the small university salary and research budget.

Some may find it objectionable to search for financial and logistic support from the company being studied but I am of the contrary opinion. Anthropologists have always had help from the government, the local military, the missionaries, development corporations or even multinationals. Research of the Dani people in the Irian Jaya highlands for instance, could not have been completed without the financial and logistic support of the former Dutch colonial government, the missionaries' aeroplanes and local protection of the Dutch military. In accepting financial and logistic support the researcher does run the risk that he might be limited in selecting cases, executing research and opens himself to possible criticism. However, in this PhD study, PTT TELECOM has given logistic and financial support but has not exerted any influence on the research questions, the selection of the cases nor the execution of the research. One might however wonder if there have not been any limitations placed with regard to the publication of the results of the study.

The delicate question of freedom of publicity is further discussed in the agreement with PTT TELECOM (see annex I). Within social science, a contract is a commonly used form of dealing with the issues of access and financial support (Ellen 1984, 't Hart *et al.* 1996). In an interview, a Dutch social scientist admits that he nearly always has to negotiate with potential clients. Consequently, he collects 'interesting information' for the employer while simultaneously collecting his own data for scientific research (*De Volkskrant*, August 4, 1997). Latour's story of the scientist Pierre Kernowicz in '*A Portrait of a Biologist as a Wild Capitalist*' (Latour 1997) is another example of the daily commercial practices in other areas of science. Latour portrays science as a business: with the power of money, the organisational politics, the importance of gaining status, the occupying of new research projects, the snatching of talented researchers and the production of publications, in the quest to reach the top. The researcher is confronted with a difficult dilemma: on the one hand, wanting full freedom to publish all the confidential findings while in the full knowledge that it is nearly impossible to find an organisation that will give such consent. On the other hand, when the researcher requests the permission of an organisation, full freedom of publishing is inevitably again a problem. Therefore, it is necessary to negotiate with the organisation over the possibilities of studying the daily activities of employees. Consequently, in this PhD study, the freedom of publication had to be negotiated and it was agreed upon that a selected person would first review the results of the study before the final publication (see annex I).

To my own surprise, over the four years of conducting research and writing articles, the organisation has never blocked my publications (e.g. Marrewijk 1996b, 1996c, 1997). Because of the fear of the possibility of limitations being imposed, I have myself experienced a kind of self-censorship in publishing the results of this study. Much of this self-censorship has to do with my preoccupation in keeping a good balance between being committed and keeping a detached distance to the object of study. Time has also been a friendly factor that has allowed me to publish results; often by the time an article was published, the actual situation in the company or telecom market had already

changed. The freedom of publishing company secrets is of course limited by the contract which of course is not a new situation in anthropology (see annex I). In recent years, the limitations on traditional anthropology increased because of a growing ethnic awareness among the people studied. In the course of conducting my anthropological fieldwork on village oracles in a Tibetan Buddhist village in Northern Ladakh, I had to ask permission from the head of the monastery. I had to promise to confer with him with regard to the results of the research before returning home and he appointed a close friend of his own as my guide and translator during my field research. The prohibition by an American judge of paleo-anthropological research on the ancestors of North-American Indians only further proves that the future research possibilities of traditional anthropologists will be limited. The field situation is now so complex that legal consultation at an early stage of project design is required (Ellen 1984: 146). In summary, although I had expected limitations in the execution of my PhD research and the publishing of the results, PTT TELECOM has been very open and co-operative.

3.3.1 *Involvement and Detachment of the Researcher*

This section focuses on the classical dilemma of how the researcher must commit to the object of study while maintaining a degree of detachment (Ellen 1984: 227). Due to my daily presence in the company for more than two years and my experience with PTT TELECOM prior to the period of research, a certain degree of commitment to the organisation was to be expected. In combination with the active role of consultant, there was even a risk that I would 'go native'.¹³ An example that clearly illustrates this dilemma is my experience of studying the international human resource policies of PTT TELECOM. Very soon after the start of the research, it was clear that the human resource policies needed improvement in the co-ordination of selection, preparation, coaching and repatriation of internationally operating employees. From the perspective of a researcher, it was interesting just to observe how the co-ordination failed to work. From the perspective of a consultant, these policies had to be discussed with the Human Resource Department in order to be improved. The dilemma was eventually solved with a presentation of the findings to the Human Resource department and by taking note of the various efforts towards improvement that were made.

My professional experience helped to prevent me from becoming overly engaged with PTT TELECOM. In the first place, my identity as professional anthropologist, as earlier discussed, was very helpful in helping me to maintain an adequate distance between the organisation and myself. In the second place, the friction between my own academic and practical interests demanded constant attention. While on the one hand, PTT TELECOM was interested in

¹³ In traditional anthropology the concept of 'going native' is used when an anthropologist identifies himself too much with the objects of study and turns away from his or her own cultural background. The anthropologist who 'goes native' takes the cultural values and norms of the host country as his or her basic assumptions and rejects his/her own culture. Ellen (1984: 88) names this 'overengagement'.

quick and applicable solutions on the other hand, the Vrije Universiteit Amsterdam was interested in scientific results based on time consuming and in-depth research. Each day I was reminded of the differences between both organisations. This manifested itself for instance in the different codes of dressing. Going to work at the International Support department required that I be neatly attired and well groomed; a clean shave, well ironed shirt and tie, matching trousers and polished shoes would be the norm. In contrast, days at the Vrije Universiteit Amsterdam meant donning black jeans and a jacket.

Thirdly, my previous professional experience and background in telecommunications and consultancy helped me to manage the different interests and the different roles. In a commission in the development sector in Bolivia for instance, five different parties claimed my loyalty. The Dutch client claimed me because I am Dutch. The local Dutch developing organisation claimed me because I had worked there earlier. The anthropologist-director of the Bolivian organisation asked for my support because of my anthropological profession. The local Indian organisation wanted me to subscribe to their point of view because of my political sympathies and finally, the employees of the Bolivian development organisation claimed me based on our friendly relations. Compared to the Bolivian experience the complexity of the PhD study was therefore by far much easier to manage.

It can be said that working for the two organisations, PTT TELECOM and the Vrije Universiteit Amsterdam, has in fact had a positive effect and stimulated this PhD study. The close relationship between research and the practical implementation of the results have been an impetus and a motivating factor. The commercial attitude of the International Support department stimulated me to keep strictly to planning and maintain a high work rate while the enthusiasm and constructive criticism of my university colleagues stimulated me to keep focus in my study and to maintain an intellectual detachment.

3.3.2 *Interventions by the Consultant in the Organisation*

The combination and simultaneously conducting of research and consultative work does give vein to another dilemma. Should the researcher intervene in the field of study? According to the definition of 'pure' fieldwork an anthropologist should interfere as little as possible in the field of study (Ellen 1984: 80). It appears that traditional anthropological research veils the impact of the researcher. It is of course impossible for an anthropologist to be an 'invisible' participant without influencing the field of study to some extent. Anthropologists have always influenced their objects of study. In many cases, the anthropologist has come in the trail of the missionaries to make a transcription of so-called 'primitive' societies. One might question if an anthropologist participating full time in a small Guaraní Indian village in the Chaco of Bolivia does not have much more influence on the objects of study than an anthropologist in a western organisation with more than 30.000 employees. In the course of the research I have indeed given feedback of the results of my findings to the organisation and sometimes, initiated changes.

To provide feedback to the objects of research is called action research ('t Hart et al. 1996, Swanborn 1987, Ellen 1984). The goal of action research is to change a society or organisation by means of helping the involved persons develop a process of awareness ('t Hart et al. 1996: 132). Swanborn (1987: 385) puts more emphasis on the coaching aspect of action research. For instance with the introduction of a new style of working results are evaluated and feedback is given to the company. In the anthropological tradition of fieldwork four variants of action anthropology can be distinguished: applied-, partisan-, missionary- and salvage-anthropology (Ellen 1984: 80). They vary in their intentions but all are directed at developing the solution to a practical problem and all are mostly short term. The anthropological study of organisations can be defined as applied anthropology. The aim of the PhD study discussed in this thesis is to support the process of internationalisation of PTT TELECOM. By bringing in new knowledge and helping to evaluate prior experiences, the organisation can be transformed into a more internationally orientated organisation. Hence, I did not want to stand apart from the organisation, but to participate in an active way and to contribute towards helping the organisation in learning to cope with and successfully manage cross-cultural differences. An illustration of this is when the co-ordinator of the project that trains employees called to ask me for support. The co-ordinator had neither international experience nor experience with intercultural management training and therefore asked a commercial training office to send their proposal for cross-cultural training. The coordinator asked me to use the results of my study to formulate a list of needs for the training and discuss these with the commercial training office.

The interventions took place at different levels of PTT TELECOM: the PTT TELECOM management, the colleagues of the IS and IB departments, the office in Jakarta and the human resource department. The interventions could be divided into two groups: the intentional and non-intentional interventions. By non-intentional interventions I refer to those incidental interventions that arose as a result of my daily presence in the organisation such as the interaction with colleagues of the department, the informal lunches etc. Intentional interventions would comprise to the planned interventions such as presentations, lectures, the sharing of advice and contributions during discussions. To measure the impact of the interventions I have used parts of the Delphi research method.¹⁴ The Delphi method is based on inter-subjectivity that results from discussion with experts and persons involved ('t Hart *et al.* 1996: 47). The Delphi method was not consistently used because there was no official panel group within PTT TELECOM. Although feedback was given by means of publications, discussions and presentations, only a limited number of people were interviewed a second, third and fourth time.

The largest impact of the interventions on the studied cases has been on the department of International Support (IS) because of the many lectures, personal

¹⁴ The Delphi method is based upon the informed opinion of experts and/or participants. In the first round the researcher probes for opinions. The results of this first round are presented immediately to the participants. With these results, participants can construct their opinions. The participants are interviewed for a second, a third and a fourth time. After each round of interviews results are presented. In this way a kind of panel discussion is constructed ('t Hart et al. 1996).

discussions and the intensive participation. IS colleagues became more interested in the cross-cultural cooperation and managers saw it as a new advice product that could be commercialised. An example of successful feedback was a discussion with an international manager who had serious problems selecting capable local employees for positions in a joint venture. The transformation of new technology knowledge from PTT TELECOM to the local PTO was explained three times by a Dutch expert without success. By trusting the local manager more and by building personal relations with the manager of the counterpart, the Dutch manager was able to select people according to local standards. A month later this appeared to be a success. But not all of the interventions were successful. In the case of the earlier-mentioned coordinator for instance, two months after I provided a list of necessary points of attention for the cross-cultural component, the cross-cultural training was cancelled due to financial cutbacks. The impact on the department of International Business was smaller because of irregular contact. Unisource had already been active and focused on questions of cross-cultural management. Thus the results of my study did not have much impact on that joint venture. The results of the case studied in Indonesia however, did have an impact on the management of the Jakarta office. As a result, the topic of cross-cultural management drew more attention there. On the whole, I have the impression that the feedback of the results of my PhD study has no large impact on the organisation.

3.4 A (re)Construction of the Research Process

3.4.1 Changes in the Research Design

Writing this dissertation is in a certain way a reconstruction of the accomplishment of an empirical study. This can of course be done so that everything seems to fit perfectly afterwards. Just as in a photo report of my field trip to the highlands of Irian Jaya over Christmas in 1997, in which I constructed an 'authentic' anthropological view of the Lani tribe by concentrating on pig-festival rituals and leaving out pictures on contemporary Irian Jaya. In reality some of the rituals were 'reinvented' because of my interests and I had paid to have them performed. However with regard to this study, I would rather give an account of the more realistic process of doing explorative research.

To explore the field of the telecom business, I conducted a preliminary investigation within the PTT TELECOM organisation in the autumn of 1995 followed by a short field research in the Netherlands Antilles and Venezuela in February 1996. Results from the preliminary investigation within PTT TELECOM showed that the organisation was interested in supporting the research. The company was particularly interested in practical advice on cross-cultural cooperation, in co-operation in the strategic alliance Unisource, in information on minority participation in local strategic alliances and, in improvements of the international human resource management. Three interesting cases for research on cross-cultural cooperation surfaced in the preliminary investigation: the Netherlands Antilles, Indonesia and the strategic alliance Unisource.

Preliminary investigation in the Caribbean region showed an interesting connection between the ex-colonial relations and the processes of localisation. I was thus eager to compare two cases of cross-cultural co-operation of PTT TELECOM in the Netherlands Antilles and Indonesia and two cases of Spanish Telefónica in Latin America. At that time both companies were partners in Unisource. During the negotiations with PTT TELECOM on the contract and in the final subject of study it became clear that it would be difficult to do the same in Madrid with Telefónica. Moreover, to get a detailed perspective of the process of globalisation and localisation in the telecom business it would be necessary to conduct an in-depth study. Because the field research had to be finished within 18 months, it would be impossible to study both organisations. The choice to drop the comparative design worked out for the best for in April 1997 Telefónica left the Unisource alliance, which would have made it impossible to continue the research after the break up of the alliance.

3.4.2 *Evaluation of the Fieldwork Experiences*

The department of International Support (IS) was in fact my 'home base' for more than three years (after finishing the data collection period I continued working there). The manager of this department helped me first with introductions to his and other departments. I had full support from the department in executing my research. Because of my dual identity as anthropologist-engineer and because of my former experience with PTT TELECOM it was relatively easy for me to find my way around. More than once, I recognised former colleagues, who were not surprised to see me, because they did not know I had in fact left the organisation ten years before. Because of regular and long term contact, the employees of the IS department became actual colleagues. Some of these colleagues have helped facilitate a deeper understanding of their personal strategies in coping with the changing context of their job. My giving feedback of scientific and practical knowledge on the subject of globalisation, cross-cultural management and organisational culture helped to support the internationally operating employees of the IS department,

Because my office was in the IS department, research in the department of International Business was slightly more difficult. Information on the activities in the IB department to support the company's transformation into a competitive international telecom operator was difficult to gain access to. I had no official role there, which made participant observation more difficult. However, because the IB department was located near the IS department I was able to participate regularly there.

The research at the international strategic alliance Unisource in Hoofddorp was more difficult. I didn't have an official role, which made participant observation more difficult. The human resource department was very helpful in finding respondents. A major problem in this part of the field research was the turbulence in and outside the organisation. During the research, the shareholder Telefónica broke with the alliance Unisource in April 1997 and in July 1998 AT&T announced the splitting of the alliance AT&T-Unisource.

The fieldwork in the Netherlands Antilles, which was necessary to investigate a failed acquisition of a Public Telecom Operator (PTO) by PTT TELECOM, was conducted very efficiently. The introduction by Prof. Dr. Koot to the Curaçao society in February 1996 helped me with the building of personal networks and in finding an office at the University of the Netherlands Antilles (UNA). In the second period from January till April 1997, I was very fortunate to be able to live in a student house of the UNA. The house was located in the Otrabanda quarter of Willemstad where Antillian daily life could easily be observed. Moreover, the Antillian students gave me feedback and information on the Antillian-Dutch relationship at Curaçao. Although promised, participant observation in the local PTO Antelecom proved to be impossible because of the refusal of the Dutch general manager. My role as consultant-researcher was for the general manager, an ex- PTT TELECOM employee, to difficult to accept. So in place of participant observation, I conducted more interviews in the PTO and took part in more participant observation in the Antillian society to get a better understanding of the Dutch-Antillian co-operation. The intensive contacts with other Dutch and Antillian anthropologists have been very helpful in verifying observations and discussing conclusions.

The fieldwork period in Jakarta, which was focused on an investigation of the contemporary cross-cultural experiences of PTT TELECOM, was a totally different experience from that in the Netherlands Antilles. I was in Jakarta from September 1997 till January 1998, a very exiting period with the downfall of the rupiah, the economic crisis, the forest fires in Kalimantan and Sumatra, the rumours of Suharto's death, two major aeroplane crashes and, the dismissal of Indonesian PTT TELECOM employees. The management of the Jakarta office of PTT TELECOM was in need of information on the cross-cultural co-operation with its Indonesian counterparts and was very helpful in supporting my research. Here, my role as consultant-researcher could be used to advantage. In exchange for giving information on cross-cultural management, the management supported the research with a place in a lodging house and a desk at the Jakarta office. Because of earlier experiences, I knew that accommodation in a lodging house would have great impact on the study. Selecting the PTT guesthouse would mean close contacts with the four or five other PTT colleagues and close observation of their activities when not at work. The disadvantage would have been the detachment I needed to maintain. I therefore selected the very friendly Netherlands-Indonesian Association guesthouse. A second methodological problem was the question of how to get in contact with the Indonesian telecom employees. The Dutch expatriates' circle in Jakarta attracts newly arrived Dutch employees but once absorbed in the Dutch circle, it is difficult to get into contact with Indonesian colleagues. Therefore, I had to be very careful no to be absorbed in the Dutch expatriates' circle. During the weekends I travelled by public transport in West-Java to learn about daily rural life and to learn Bahasa Indonesia.

3.5 Internal and External Validity

After having discussed the course of the research, the question can be raised as to whether the research is in fact valid. Have I found out what I wanted to know? There are four methodological instruments to guarantee the reliability of the research instruments and the internal validity ('t Hart *et al.* 1996: 286). Firstly, the researcher has to use systematic working methods and the explicit reporting for the collection of data (see section 3.2). Secondly, the researcher has to use data and methodological triangulation to gain an insight into the field of study by using distinct perspectives and distinct kinds of perspectives (see section 3.3). Thirdly, a systematic handling of field data helps the researcher to develop theoretical concepts. This process is executed systematically and with precision, which give a sound theoretical basis for developed concepts. Thus in this PhD research I have given much attention to the systematic and precise handling of data. During the research, four kinds of field notes were made: (1) observational notes, (2) theoretical notes, (3) methodological notes, and (4) reflective notes (see annex III). Fourthly, giving feedback to the informants help the researcher to check his findings.

3.5.1 *Feedback of the Results of Study*

The feedback from the research to the informants enables me to improve the internal validity. In section 3.3.6 of this chapter, the feedback from the study was discussed in connection with the action research and the Delphi method. Informants give their opinion on the tentative conclusions. As a result, the researcher gets an inter-subjective image of the field situation. However other types of feedback can also be used. For this discussion I want to use a model taken from 't Hart *et al.* (1996: 329) shows a model for different forms of feedback of the results of the study:

Who says	What	Against who	How	The effect
Researchers	Scientific Publications	Scientific Forum	Book, Article Presentation	Scientific Knowledge
	Research Report	Principal	Report, Presentation Computer-program	
	Professional Publication	Practical Forum	Book, Article Presentation	Practical Knowledge
Journalists Advisors	Publication in media	Media Public	Popular scientific book Newspaper,	Daily Knowledge

			TV – radio	
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Figure 4. Model for communication on the results of study

Firstly, the findings of this study have been used to write this thesis for a scientific forum of social scientists. A selected number of PTT TELECOM informants have given their opinion on the draft of the thesis. The results of the study have also been used for educational purposes at the Vrije Universiteit Amsterdam. Furthermore, an article has been published in a scientific journal and a presentation has been given for a scientific forum at an international seminar on telecommunications (e.g. Marrewijk 1997). Secondly, the results of the study have been presented to PTT TELECOM by means of written and verbal reports (see annex I). The feedback from these written and verbal reports has been used to check the conclusions of the study. Thirdly, the results of this study have also been published in magazines in which practical knowledge is discussed for a practical forum (e.g. Marrewijk 1996b, 1996c). These articles have been given to PTT TELECOM informants who have in turn been asked for their opinion. Feedback on these articles has also been used to improve the quality of the findings. Finally, in the position of consultant I have given many lectures and work shops for PTT TELECOM employees. The feedback from these discussions has also been used.

3.5.2 *Levels of Generalisation*

For the study presented in this thesis an explorative design was chosen. First the context of the telecom sector was extensively explored to obtain a clear perspective on the field of research. Then new cases for further research had to be selected on the basis of the theoretical outcomes in the exploration phase. In the new case, information was then gathered and compared with earlier findings. As a result deeper insight in theoretical concepts and relations between concepts could be obtained. The findings of the new case were also compared with the outcomes of other cases. On the basis of the comparison of theoretical concepts new comparative cases were selected. This is called 'theoretical sampling' (Wester 1991: 27). As a result of the theoretical sampling method the findings of the three cases of cross-cultural co-operation: Unisource, the Netherlands Antilles, and Indonesia could then be generalised and compared to other joint ventures of PTT TELECOM.

Can the results on this study of PTT TELECOM be generalised and justifiably compared to other PTOs? The idiographic perspective, which assumes that each case is unique and isolated, denies the statistical generalisation because this study is an N=1 case study ('t Hart et al. 1996: 288). Although I agree on the unique character of this studied case, generalisation with respect to the content is possible. The Dutch history, the PTT TELECOM organisational culture and the Dutch telecom market are of course unique but, other European PTOs such as Deutsche Telekom and France Telecom

experience also difficulties in international co-operation. Therefore, the results of this study can also be applied to other PTOs if one proceeds with caution.

3.6 Conclusion

In Chapter 3 the ethical and methodological consequences of the chosen research strategy of field research have been discussed. The preoccupation with methodology is based upon the negative perception of anthropologic field research (e.g. Bate 1997). Autobiographical information presented has informed of my identity as both anthropologist and engineer and how this has supported the execution of the field research. The access to the organisation and the participant observation has proven to be easier when using my identity as engineer. Because of my formal position with the IS department, I was able to penetrate into different departments of the organisation and its joint ventures. The position as consultant also made it possible for interested clients within PTT TELECOM to ask for advice or assistance in questions on intercultural management. This further offered me the opportunity to gain insight into the daily practices of the cross-cultural co-operation. The maintaining of close contacts with consultant colleagues allowed for a clearer perspective of their personal lives and the strategies they employed in coping with cultural differences.

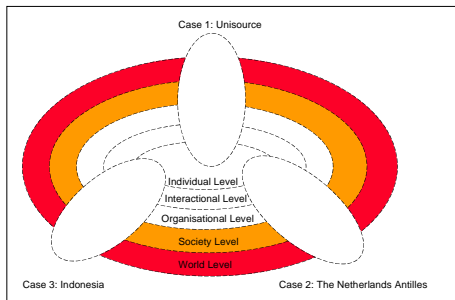
I have expressed my fear that the logistic and financial support of PTT TELECOM would limit my freedom as a business-anthropologist and it has been explained how getting access to the organisation was indeed very difficult. However, once working inside the organisation, I was free to execute my ethnographic study and to publish the findings. It can therefore be said that anthropologists have to be commercially sensitive in the execution of ethnographical fieldwork in an organisation. The anthropologist can combine consultancy work with the research activities needed to collect ethnographic data. Acquiring access and support of an organisation may require much effort but that counts for little compared to the rich ethnographic data that can be collected. I therefore call on anthropologists to profile and sell their 'products' and 'services'. There is so much interesting research work to do for anthropologists in contemporary multinational organisations and international business. It would be a shame not to use these opportunities.

To answer the central research question a multi-level research design was developed. This multi-level approach was used to structure the presentation of the findings in this thesis. Part II, the chapters 4, 5, and 6, explores the telecom sector at five different levels. Chapter 4 starts with the exploration of the restructuring of the telecom sector at world and society level. Chapter 5 concerns the restructuring of the Dutch telecom sector and its consequences for PTT TELECOM at the society and organisational level. Finally, chapter 6 focuses on the PTT TELECOM employees Robert and Ad at the interactional and individual level. In part III, the chapters 7, 8, and 9, three cases of cross-cultural co-operation of PTT TELECOM are presented. The earlier discussed

'free associations' approach will be used for the presentation of the findings. Chapter 7 introduces employee 'Hans' and follows his network of associations in the strategic alliance AT&T-Unisource. Chapter 8 introduces employee 'Niels' and follows his network of associations in the Netherlands Antilles. Lastly, chapter 9 introduces employee 'Leo' and follows his network of associations in Indonesia.

PART II
THE CONTEXT

4 THE RESTRUCTURING OF THE TELECOM MARKET: CAUSES AND CONSEQUENCES



In this chapter the world and society level of the telecom sector are investigated. Developments at these levels have caused fundamental changes in the telecom sector. Institutions like the World Trade Organisation (WTO), the International Telecommunication Union (ITU), the national governments and the Public Telecom Operators (PTO) are the main

players in the telecom arena at world level. National governments have committed themselves in the General Agreement on Trade in Services (GATS) to restructure their national telecom markets according to a specified time schedule. The telecom policies, technological innovations and a growing awareness that telecommunication is an important aspect of the international trade system have caused fundamental changes in the telecom sector. As a consequence, each government faces at national level the difficult task of dismantling the power of the local, mostly state owned, PTO and opening up the home market for new and foreign competitors. In turn, the European PTOs have chosen different strategies to strengthen their position at the domestic markets and to expand their activities in new markets. In the search for new markets PTOs have first expanded their activities in countries with cultural and historical relations with the home country.

4.1 The Causes of the Telecom Revolution

The changes in the telecom sector in the last decade are best described as a revolution. Although Mintzberg (1987) warns against a deflation of terms such as revolution, turbulence and hyper-turbulence to describe the changes in the context of the organisation, the fundamental changes in the telecom sector justify the use of the term revolution. In this study the phrase 'telecom revolution' or the term 'revolution' will be used to express the fundamental changes in the telecom sector. Three major causes for this telecom revolution can be identified. First are the technological innovations responsible for a convergence of different sectors. Second is the growing number of multinationals, which has led to an increase in the demand of cheap global telecom networks. Third is an ideological wave of free market competition, liberalisation, privatisation and deregulation that has changed the telecom sector. These three causes are discussed in this section.

4.1.1 Technological Innovations Stimulate the Convergence of Industries

Technological innovations, which are responsible for the radical changes in the telecom sector, can be seen as a first cause of the telecom revolution. Since the invention of the telegraph in the early 1880's, technological innovations have rapidly succeeded each other in the Western Hemisphere. Estabrooks (1995) distinguishes seven major innovations: (1) telegraphy, (2) telephony, (3) wireless radio, (4) television, (5) computer, (6) satellite communications and (7) cellular communications. The number of innovations is of course disputable due to many smaller innovations, resulting from the convergence of computers, telecommunications, cable television, banking and financial services, consumer electronics, publishing, motion picture and entertainment industries. This convergence leads to the creation of a heterogeneous network to meet all of the information and communications needs of individuals, homes and business (Estabrooks 1995: 156):

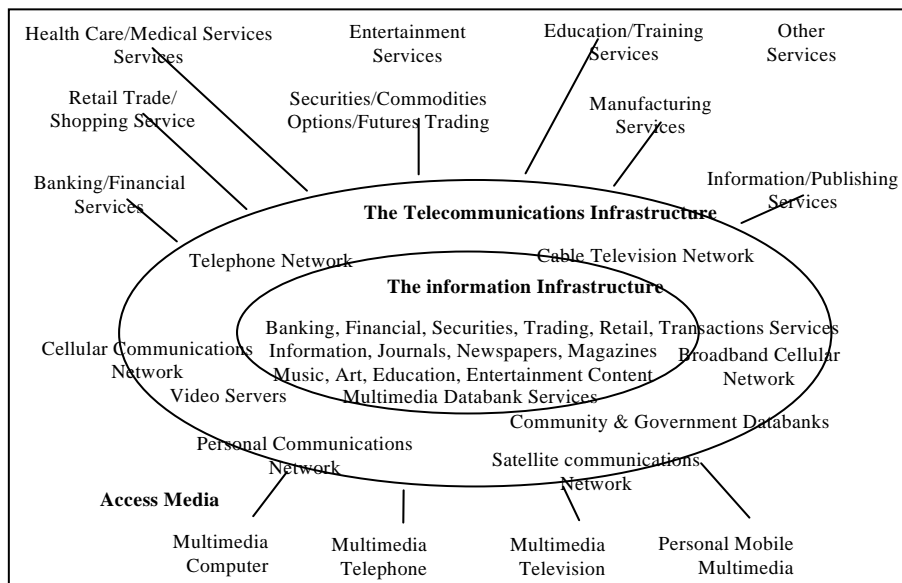


Figure 5. The universal, intelligent, multimedia communication infrastructure

As a result of the convergence of technology, the borderlines of the traditional telephony, cable television, banking, multimedia and publishing markets are crumbling. Companies with large traditional business under regulatory or technological threat are moving to invest in new areas to compensate for the actual or expected decline in their core businesses. Large companies have taken a leading role in cross industry investments in multimedia content, multimedia distribution, hardware, software and telecommunications (ARC Associates overview of world convergence in *The Wall Street Journal Europe*, June 1995).

As a result of the convergence new and cheaper technologies for telephony emerge in the second half of the nineties. When inhabitants of the Caribbean island of Curaçao for instance call their family in Amsterdam they pay US\$ 7.00 for a 5-minute call. If they use one of the USA based call-back centres the price

decreases to US\$ 3.50.¹⁵ But if the computer is used to download software from the www.net2phone.com they can call for less than a US\$0.50. The American-Israeli company VocalTec that distributes the program 'Internet Phone' has introduced Internet-telephony in 1995. Nowadays Netscape delivers the browser Communicator with extended phone software and Microsoft has also presented telephone software in the Internet Explorer 4.0. The software can also be used for sending pictures by which people can talk and see each other. Microsoft and Netscape distribute the software for free on the Internet to get marketing leadership. The Internet providers offer customers an easy access to the Internet telephony by means of a normal telephone. Customers have to call a computer and the provider transports the call by means of the Internet to a local computer where the connection is made with the local telephone network. Other alternatives for Plain Old Telephony (POTS) is offered by the cable companies that offer telephony by means of cable networks.

These possibilities still lack user- friendly interfaces, connections, quality and competitive prices but the convergence has definitely started. In the near future all of the telephone traffic will be data and no longer the telephone switches such as PABX and AXE are needed.¹⁶ A number of routers will be sufficient to handle all of the international telephone traffic of a nation.¹⁷ Telecom equipment companies are trying to keep up with the speed of new development. Lucent for instance, has developed a computer for voice traffic on the Internet (*NRC Handelsblad*, May 22, 1997). PTOs have in turn developed new technologies such as ASDL technology that compress information through copper wired telephone infrastructure to compete with the fast Internet access by cable. How long the traditional telephone infrastructure can compete with the computer-based infrastructure is however still in question.

4.1.2 *The Growing Demand of Cheap Global Telecom Services*

A second cause of the 'telecom revolution' is the growing telecommunication demands of Western multinationals. Since as far back as in the 1970s, multinationals have been unhappy with the tariffs and the services of the monopolistic national PTOs. Multinationals wanted cheap and easy to reach international services, reliable service, local presence and just one provider to deal with, a service called 'one-stop-shopping'. PTOs have not managed to meet these needs for a long time, which led multinationals to invest huge budgets to

¹⁵ Call-back services are telephone services of foreign, mostly American, telecom companies with low international tariffs to America and Europe. Because of different tariff agreements customers can call cheaper via these American telecom operators than direct to the country of their destination. The user calls a number in the USA and also gives the number of destination. The user waits for the computer to pick up the line, lays down the telephone and waits to be called back. The computer now has made a telephone connection to the number of destination.

¹⁶ Traditional telephone traffic is handled by the automatic telephone exchange, which is an exchange or telephone switch that route calls automatically to make the connections requested by calling parties without the intervention of an operator at an exchange.

¹⁷ A router is equipment that connects a data communication network at one location to outside services and networks and to networks at different locations. A gateway enable devices attached to a network to communicate across networks, such as public packet switched networks with other computers within a corporate data centre that does not use the same communication protocols or procedures.

create their own global private networks. The telecom requirements of multinationals however, constitute a very lucrative market segment. In order to tempt multinationals back to the public network, PTOs have offered services such as IVPN (International Virtual Private Network).¹⁸ New international strategic alliances were formed to build these IVPNs. In the beginning the cooperation appeared to be troublesome and multinationals with strong influence in different countries were sometimes more successful than PTOs in building an IVPN.

The growing importance of telecommunication has resulted in multinationals paying much more attention to the quality and costs of the telecom networks. Telecommunication is responsible for bridging time and place and is therefore seen as an important force behind the globalisation of economy and technology. Furthermore, telecommunication supports the transport of cultural elements of social systems, organisational structures and economic systems to the periphery (Crandall and Flamm 1989, Featherstone 1990, Lash and Urry 1994, Noam and Kramer 1994, Estabrook 1995). Therefore, multinationals have put much emphasis in the development of a high quality networks.

Next to services the tariffs were also subject of lengthy discussions between the multinationals and the PTOs. In Europe, the fifty largest multinationals that united to form the European Virtual Users Association (EVUA) negotiated with PTOs on discounts on tariffs for international telecom traffic. Although the members of the EVUA claimed the need for one-stop-shopping, they use the concept of dual outsourcing as bargaining power. The negotiations of the EVUA forced the telecom providers to drop their international tariffs for the multinationals.

Although the 800 largest multinationals in the world spent US\$ 8-9 billion of the total telecom market of US\$ 325 billion their influence on the business strategies of PTOs is large (*Financial Economic Time*, February 3, 1996). The PTOs had little or no international experience and found themselves confronted by demands for high quality by the big business customers. PTOs assumed that if they could deliver the international services to multinationals they were better prepared for the other customers such as small and medium businesses and private businesses. Furthermore, by accompanying the multinationals to foreign markets PTOs had the advantage of acquiring positions in these new telecom markets. The priority that PTOs have given to multinationals has been a driving force behind the restructuring of the telecom market.

4.1.3 *An Ideological Wave of Free Market Politics Engulfs the World*

An ideological wave of free market competition, liberalisation, privatisation and deregulation can be seen as a third cause of the 'telecom revolution'. The ideological wave has spread all over the world, starting in the eighties in the

¹⁸ This service included the construction of virtual telecom networks for large multinationals based upon public infrastructure, leased lines and multiplexers. VPN is a network using virtual circuits in a packet switching network where messages share links between various nodes using some form of multiplexing. There is no access path associated with each call to provide an end-to-end connection for the duration of the call. Messages are transmitted as a number of small packets of binary information.

USA with the splitting of AT&T in local networks companies: the 'baby Bells'. The closest European ally of the USA, the United Kingdom, opened their telecom market in 1981 for the private owned Mercury Communications (Crandall and Flamm 1989). In 1985 the British government sold 50.8% of its stake in British Telecom. Japan followed in 1985 with the liberalisation of the Japanese telecom market. By 1987 more than ten carriers of transmission facilities were operating in competition with the Nippon Telegraph and Telephone (NTT). Competition on the international market dominated by Kokusai Denshin Denwa Corporation (KDD) started after 1985. In 1987, the Japanese government sold 35% of NTT in the biggest private securities offering in Japanese history (Crandall and Flamm 1989, Estabrooks 1995).

After nearly three years of extended negotiations in the WTO, a total of 71 governments signed February 1997 the agreement on Basic Telecommunication in the General Agreement on Trade in Services (GATS). The markets of the 71 participants accounted for more than 91% of global telecommunications revenues in 1995 (Report of the Group on Basic Telecommunications, WTO, February 15, 1997 and Fourth Protocol to the GATS, WTO Report, WTO, 1996). The monopolistic character of basic telecommunications has for a long time been a point of conflict amongst the members of the WTO. Basic telecom services encompass local, long distance and international services for public and non-public use. This may be provided on a facilities-basis or by resale of services through any means of technology: all kinds of cable, wireless and satellites. The services include voice telephony, data transmission, telex, telegraph, facsimile, private leased circuit services, fixed and mobile satellite systems and services, cellular telephony, mobile data services, paging and personal communications systems (Newsletter January 16, 1997, Group on Basic Telecommunications, WTO).

The official implementation of the WTO agreement was January 1998 but the actual dates of implementation specified in the respective country schedules were varied. The GATS formally consists of 29 articles, 8 annexes and 130 schedules of commitments on specific services or service sectors (Newsletter of the Negotiation Group of Basic Telecommunication of the WTO, February 15, 1997). Each schedule contains agreements on market access, treatment of the national PTO amongst other things. The additional commitments make it possible for a country to exclude certain parts of the telecom sector. The WTO had to find a balance between the needs of users for fair terms of access and the needs of regulators and PTOs to maintain a system that works and that meets public service objectives. The cornerstone of the agreement is the most favoured nation treatment: the prohibition of members to discriminate against other countries, rules of fair play for regulations, rules on monopolies and exclusive service providers and rules on restrictive business practices.

Each of the countries has used different strategies for the restructuring of the national telecom markets. Noam and Kramer (1994) identify eleven fundamental building blocks of national strategies for telecommunications. (1) *Liberalisation*, (2) *devolution*, (3) *consolidation* and (4) *deregulation* are

strategies to restructure and to reform the telecom sector.¹⁹ (5) *Corporatisation* and (6) *privatisation* deal with the question of ownership and control of the PTOs.²⁰ (7) *Transnationalisation*, (8) *international alliances* and (9) *harmonisation* are strategies towards international collaboration.²¹ (10) *Vertical integration* and (11) *industrial policy* are a set of strategies used by local governments to support national technology. The employed strategies differ from country to country due to the historical processes in the development of the liberalisation, variations in the structure and function of regulatory authority, the status of the PTO, the degree of extension of competition and the authorisation of competitive infrastructures (Caby and Steinfield 1994). Prof. Dr. J.A. Arnbak, the Danish educated engineer and head of the Dutch regulatory authority OPTA (Independent Post and Telecom Authority), sees the European differences resulting from cultural differences. He explains it in this way:

The liberal telecom countries Sweden, Denmark, Finland and Great-Britain are situated at the edges of the European Union. These countries have a different history. There has been an attitude of stimulating technological innovation. Furthermore, the long distances in a greater part of these countries favoured a quick acceptance of cellular telephony (Interview with Prof. Dr.J.A. Arnbak of the OPTA in: *NRC Handelsblad*, October 24, 1998).

4.2 The Consequences of the Telecom Revolution for PTOs: In Search for New Markets

¹⁹ Liberalisation should not be confused with deregulation. One may have a deregulated monopoly or a tightly regulated multi-carrier system. The replacement of a century old monopoly has proved to be very difficult by means of deregulation. Instead of fewer regulations, governments have recognised that a strong regulation is needed for the restructuring of the telecom market. Devolution is the opposite of consolidation and is a policy of dismantling a single monolithic structure into several units of which AT&T is a prime example of. Consolidation has been used where a country's telecom has been divided into international and national providers, as in Denmark, Indonesia and the Netherlands Antilles.

²⁰ Corporatisation is the transformation of the PTT into an autonomous unity with its own responsibility and managerial functions separated from the state. With privatisation the national governments brought the state-owned PTTs to the international stock markets or/and sold a share to international consortia. In this way governments have collected enormous amounts of money. Because corporatisation and privatisation loosens direct administrative controls, it is usually accompanied by the creation or strengthening of a government regulatory mechanism (Noam and Kramer 1994, Crandall and Flamm 1989). The formation of regulatory institutions clearly shows the political character of the deregulation. Because of the fragile position of the regulatory institutions *Public Network Europe (PNE)* gives ten rules for European regulators (*PNE* October 1995: 61-63): (1) A maximum distance is needed between the regulator and the government. (2) Outsiders are needed for the jobs in the regulators. (3) In-house telecom experts are needed for backing up these outsiders. (4) A simple framework has to be designed for control and enforcement of regulations. (5) Regulators need mechanisms to estimate and verify costs borne by network operators. (6) The former national PTT is the primary concern of the regulator. (7) The goal of the regulator has to be the consumer. (8) Valuable assets should be taken care of. (9) The regulator has to think international to cut international tariffs. (10) National regulators should do more than the EC has decided upon.

²¹ PTOs have used the strategy of transnationalisation and international alliances to expand beyond home markets. These strategies are discussed throughout later on in this chapter. International organisations like the WTO, ITU and EC have used the strategy of harmonisation to co-ordinate telecom policies among countries.

The discussion on the causes of the revolution in the telecom market show that the context for the PTOs has changed dramatically. New technological innovations, the convergence of technology, the growing demands of international telecom facilities and the new telecom policies have changed the telecom market. What are the consequences of this restructuring for the PTOs? To answer this question the competition at the national and international telecom market is discussed along with the consequences of the changes for the turnover and profits of the PTOs.

4.2.1 *The Emergence of World-Wide Competition for PTOs*

The new telecom policies suggest the creation of a fully competitive marketplace where all companies have access. Section 2.4 discussed the idealistic character of globalisation and concluded that ‘true global’ companies do not exist. Mansell (1994) states that the globalisation paradigm has mystified the analysis on the determinants of change in the telecom sector and resulted in the assumption of an ‘idealistic model’ of change. This ‘idealistic model’ assumes a fully competitive marketplace where the combined forces of technological innovation and competition will erode monopolistic control of the PTOs. All actors in this model have equal access and knowledge, sufficient resources and control over networks. The idealistic vision of globalisation envisages an open telematics network system and effective competitive markets (Mansell 1993, 1994, Mansell *et al.* 1995).²²

An idealist model of telecommunication development would be reflected in trends toward a fully competitive marketplace with a large number of sellers and buyers, i.e. a ‘perfect’ market, where all actors have sufficient resources and knowledge to engage in informed choices with respect to the production and consumption of telecommunication products (Mansell *et al.* 1995: 26).

Mansell *et al.* (1995) suggest a more realistic perspective on the restructuring in the ‘realistic model’. In contrast with the idealistic model, the strategic model gives a more realistic view on the development of organisations and markets. In this model there is continuous rivalry among a relatively small number of dominant companies. Rivalry, monopolisation and institutional restructuring do not serve all market participants equally well. The strategic model of telecom network development forecasts increasing segmentation and lends doubt to the effectiveness of the markets.

A strategic model would be reflected in trends towards imperfectly competitive markets, various forms of monopolisation of markets and oligopolistic rivalry expressed through a variety of technical and non-technical barriers to entry by producers and consumers in the marketplace (Mansell *et al.* 1995: 26).

²² Telematics services are services that combine electronic technology for collecting, storing, processing and communicating information. Such technologies may process information, such as computer systems, or they may disseminate information, such as a telecommunication network.

From an idealistic model perspective the costs and qualities of the company telecom networks are a critical aspect in the success of multinational operations. Companies that are able to integrate the use of advanced telecom services within their overall business strategy are widely believed to have a greater likelihood of achieving sustainable competitive advantage in the market place. Examples of the competitive advantages of telecom networks can be found all over the world. In India, companies are doing on-line back-office work for airlines, banks and insurance companies. Australian firms control systems that monitor the air-conditioning, lighting, lifts and security in office blocks in Singapore, Malaysia, Sri Lanka, Indonesia and Taiwan (*The Economist* 1995).

From a strategic perspective however, neither competition nor markets are perfect. The global character of the 'global market' can be questioned. Section 2.4.1 showed that most of the trade is within the Triad nations. The telecom market is not 'global' but in fact can be divided into different regional markets such as the North American, the South American, the West and East European and the Asian telecom markets.²³ Within these regional markets telecom operators are connected in loose strategic alliances which compete with other international alliances.

The American telecom market was among the first to be restructured. This restructuring in 1984 resulted in its splitting into a local and a long distance telephone traffic operator. In this long distance market new telephone operators such as MCI, GTE, WorldCom and Sprint forces AT&T, "ma Bell", reduced the international telephone tariffs in order to increase customer services. The new long distance operators have acquired a position in the American telecom market, developed an aggressive attitude and a strong market orientation. Seven subsidiaries of AT&T, the so-called "baby Bells", handled local telephone traffic: BellSouth, US West, Nynex, Bell Atlantic, Ameritech, Pacific Telesis and SBC Communications. These "baby Bells" have since slowly grown to "adolescent Bells". The hegemony on local traffic by these telecom operators and the hegemony on long distance telephone traffic have been intensively discussed in USA politics resulting in a new telecom law. The replacement of the old Telecommunications Act from 1934 with a new one in February 1996 has opened the American local telephone market for AT&T, MCI, Sprint and hundreds of small long-distance companies. As a result of this act the long distance traffic is now also open to the former "baby Bells". This stimulated the merging of former regional operators: Nynex merged with Bell Atlantic and Pacific Telesis with SBC Communications. In a contrary move, AT&T have split into three companies: Lucent Technologies Inc., AT&T Wireless Services and AT&T International. This restructuring of the former monopoly AT&T has not been executed without great pains. In 1996 the organisation announced the loss of 40.000 out of 300.000 jobs, which were mostly managerial positions.

²³ An example of this can be found in the creation of a Pan-American strategic alliance with Telefónica España, Telecom Portugal, MCI and BT. This Iberian, British and American link create a powerful group in the Americas with strong positions at national telecom markets from Canada to Chile.

Deregulation and privatisation trends engulfing Latin America in the last decade have also changed the Latin American and Central American telecom market. After decades of dominant political dictatorships the political climate changed towards the end of the 1980s towards a more democratic system with a need for economic restructuring and foreign investment.²⁴ The privatisation of state owned companies, like mining, oil and gas, banks, water supply and the telecom industry generated money needed to develop local economy. Chile (1988), Argentina (1990), Mexico (1990), Venezuela (1991) have been among the first countries to privatise their telecom operators and invite foreign investors. Later on the interesting telecom markets of Argentina and Brazil (1997) were opened for foreign investors.

Unlike in America, the Latin American PTOs needed foreign investors to expand the number of telephone lines and to improve the quality of the telephone network. Long waiting lists of people wanting a telephone connection have been quite common in developing countries. In most of Latin American countries less than 10% of the population have a telephone line and the quality of the network has traditionally been poor (ITU Report 1996). Foreign PTOs were invited to invest capital and knowledge to improve the telephone networks and to support the restructuring of the state-owned PTOs. Political influence and local management practices resulted in the inefficient management of PTOs.²⁵

For a long time only American operators like GTE, AT&T, MCI and the Spanish Telefónica International S.A. (TISA) have given attention to the opening of the telecom markets in Latin America. Without any doubt TISA is the dominant foreign operator in Latin America. This operator has been very successful in the acquisition of shares of local telecom operators in Latin America. TISA controls 43% in CTC 19% in Telefónica de Argentina, 31% of ENTEL Peru, 79% of TLD Puerto Rico and 30,65 % of COCELCO in Columbia. Furthermore they have a small share of the consortium Venworld with GTE (General Telephone Company) and AT&T in the national telecom operator CANTV. In 1997 the Brazilian PTO Telebras was privatised and TISA was the first foreign group to take an operating stake in a Brazilian public telephony buying 35% of the CRT operator in the southern state of Rio Grando do Sur. The consortium has exceeded an international consortium led by STET Italia. As a result of the restructuring of the Latin American telecom markets, local Latin American operators are looking for international partnerships.

For a long time, western PTOs perceived the Asian telecom market as a gold mine of opportunities. The fast growing economies in Asia and the low density of telephone connections attracted many foreign PTOs and investors. The Asian

²⁴ Three key trade agreements between Latin American countries that have stimulated economic regional growth are NAFTA (Mexico, USA and Canada), the Andean Pact (Colombia, Venezuela, Ecuador, Peru and Bolivia) and Mercosur (Brazil, Argentina, Uruguay).

²⁵ The strong connections of political parties and employees of the Latin-American PTOs resulted in a dismissal of a larger part of the employees after the installation of each new government. The supporters of the new government were appointed for the open positions in the PTOs. The continuation and quality of the PTOs were thus under pressure. Furthermore, practices such as 'moonlighting' adversely affected the motivation and efficiency of employees. Many employees have another job in the evening apart from their official telecom job to help compensate and maintain a reasonable income.

telecom market can be divided into the Indian, the Chinese and the Southeast Asian markets. The Chinese market is without doubt, potentially the largest and fastest growing telecom market in Asia. The estimated growth of 20 million lines in 1992 to 140 million in 2000 will not be enough to cover the demand of new lines. Already, China Telecom, a subsidiary of the Ministry of Post and Telecommunications, is the world's largest mobile telephone operator.

The Asian governments have been very interested in foreign investments in telecommunication infrastructure, but have also been reserved in their participation in order to avoid too much foreign control. In the WTO agreements, the Asian countries such as Japan and Indonesia have limited foreign participation in a local PTO to 25%. Asian governments are slowly opening up their telecom markets and restructuring their PTOs. The Japanese government plans to separate NTT in three companies: NTT east, NTT west and NTT Long Distance. Each of these companies has full access to the local and long distance markets. Some Asian operators such as Singapore Telecom and NTT have become major players in other international telecom markets in Europe, USA and Asia. NTT expand their activities to the international market in 1997 but chose to enter the market independently rather than as part of a global telecom alliance like Singapore Telecom.

The European Community initiated and managed the restructuring of the European telecom market. The 15 EC countries, Switzerland and Norway participate with just one commitment because the liberalisation trend was already initiated in 1987 by the European Community (EC) with a 'green paper' in which the creation of one single competitive European marketplace for telecommunication equipment and services is suggested.²⁶ In July 1993, the European Commission on Telecommunication agreed to fully liberalise the telephony services on January 1998. However, Spain, Portugal, Greece and Ireland have not as yet participated in this liberalisation although they have to liberalise telecommunications before 2003. The independent position of the EC trade commissioner on telecommunications greatly helped the process of restructuring. He had no direct political responsibility to the European Parliament and was therefore more or less autonomous in tackling telecom monopolies speedily and thus able to curtail the power of PTOs (Caby and Steinfield 1994, Estabrooks 1995). Competition in the European home markets is introduced in two different phases. In the first phase a small number of competitors is given access to the domestic market to protect the local PTO from radical attacks and give the organisation time to reduce costs, improve quality and change their organisational culture. In the second phase a greater number of competitors is allowed into the domestic market.

The competition in the regional telecom markets does not only come from other European PTOs but also from new telecom operators and new competitors from cross-industries. The convergence of technology has resulted in new

²⁶ In 1983, the British government allowed a second operator, Mercury, at the telecom market. In 1984 BT was privatised and employment reduced by more than 160.000 employees. The Office of Telecom (OFTTEL) was also created in 1984. After seven years of duopoly the system was reviewed and extended with other competitors. More than 60 licences have been given to operators.

competitors on telephone traffic from other industries. The American Communications Act of 1996 has torn down the walls between telephone companies, cable television companies and publishers. Cable television companies are allowed to offer telephone services on their network and telephone companies can sell television products. Chairman Gerard Levin of Time Warner, the world's biggest media concern and owner of the New York cable company, predicts that his company, will in the year 2000 earn one milliard billion dollar on telephony. The new law enables the convergence of computer, telephone and television. As a result, the Internet is a fierce competitor of the traditional Plain Old Telephone Service (POTS) because software giants have developed software for Internet telephony. What is the consequence of this competition for the business and profits of the PTOs?

4.2.2 *Cross Subsidising, Tariffs and Profits Under Pressure*

As a result of the emergence of competition at national and international telecom market tariffs are under pressure. PTOs have lowered their prices of international telephone calls under competition of call-back services, small resellers, call cards and Internet telephony. At fully liberalised markets such as Sweden, the UK and USA, the long-distance prices have decreased as much as 40% or more as a result of competition. And competition has just begun in a larger part of these countries. Telecom providers hire huge transcontinental telephone capacity and resell their capacity for very low prices. Prices of telephone traffic to developing countries however, are fixed by international interconnection tariff agreements.²⁷ The USA has fiercely discussed these agreements in the WTO to lower the interconnection tariffs. International calls are relatively expensive because developing countries demand high interconnection tariffs for the passing of the telephone traffic. This is ironically called 'development aid' by Western PTOs. The USA has not succeeded in their attempt to agree upon a new maximum interconnection tariff in the new WTO agreement.

New competitors concentrate on the highly profitable segments of the markets such as international telephone traffic, which results in heavy competition. These newcomers can offer low international tariffs because of strategic alliances with foreign operators. As a general rule, capital and know-how of foreign network operators back these newcomers and give access to international networks. The decrease of international tariffs has hurt the PTOs greatly because the profitability of these calls ranges from 50% to 200% and contributes for a larger part to the profits of the operator. The decrease of international profits is partly compensated with a growth of international telephone traffic. Dutch PTT TELECOM for instance lost more than 10% income from international calls, although the growth of international telephone traffic was 9% (Annual Report 1997 PTT TELECOM). The decrease of income from international traffic is very painful for the PTOs and has to be seen as one

²⁷ Interconnection tariffs have been a point of discussion between AT&T and TISA. AT&T wanted to use its connections with Latin American countries to reduce the international phone tariffs while TISA having large stakes in Latin American PTOs wanted to sustain the high price level.

of the most important consequences of the telecom revolution. The profits on international telephony could no longer be used for cross subsidising. The new regulations on the prohibition of cross subsidising have been related to two different fields. Within the traditional PTTs the losses of the Post department have been compensated with profits from the Telecom department. To stop this cross subsidising the PTTs have been split into separate financial units: Post and Telecom. The Telecom units have been renamed as Public Telecommunication Operators (PTOs). The second form of cross subsidising has had more impact on the telecom tariffs. Traditionally, the low profitability of national telephone traffic has been compensated with the high profits of long-distance traffic (see Figure 6). National telephone networks have a low profitability because the investments are high and the tariffs are low. Furthermore, national PTOs are obliged to guarantee universal telephone service for every citizen, even for the most poor and remote people. In the Netherlands, this kind of customer is called '*de weduwe in Appelscha*'.²⁸ The profitability of international telephone traffic has been enormous because the investments for international networks are relatively low and the tariffs are high. For a long time the profits from international calls have been used to upgrade the national telephone infrastructure. Business customers are likely to save the most because international tariffs decrease fast, while local tariffs do not. In contrast, as a result of competition and the prohibition of cross-subsidising customers have to pay higher local tariffs. The local customers now have to pay the high costs of the local network while the international customers make profit over the low cost international networks. The higher costs for local telephony can go together with lower local tariffs. In the Netherlands the regulatory institute OPTA forced PTT TELECOM in 1998 to raise the prices of connection by 40% while the tariffs of local telephone traffic had to be decreased. Although everybody involved in the fast growing telecom industry talks about the digital multimedia future, the technologic possibilities and the advantages for customers, nobody really knows what the customer is going to pay for these services. The legal barriers might have been cut, but huge technological and financial barriers have still to be surmounted. Until recently, the European PTOs have as institutions benefited from the reforms, restructuring and the growth of global telecom industry (Noam and Kramer 1994, Hulsink and Davies 1997).²⁹

²⁸ The expression 'the widow in Appelscha' (*de weduwe in Appelscha*) has been used for the first time in 1984 by Prof. Dr. J.C.Ambak of the Delft Technical University. The widow symbolises the poor, the social oppressed, the social isolated, in short those who should have a telephone connection but cannot afford it. Appelscha is a tiny country village in the very north of the Netherlands and symbolise the remoteness of the telephone connection. The expression is used in the discussion on the obligation for PTOs to guaranty non-profitable connections access to services.

²⁹ The European telecommunications market is expected to grow to a \$ 204 milliard in 1998. 73% of this market is voice traffic of which 58% is fixed and 15% is mobile (*Financial Economic Time*, February 3, 1996).

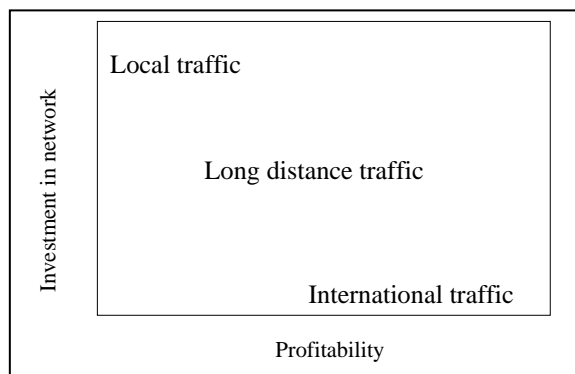


Figure 6. Profits of international and national telephone traffic

4.3 European PTOs Forced to Cross Borders in

Search of New Telecom Markets

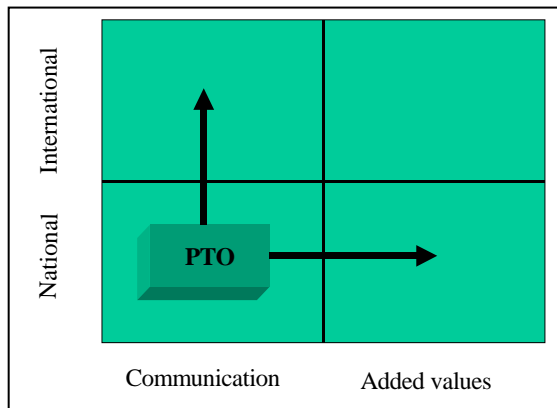
The telecom revolution has fundamentally changed the context for the PTOs. PTOs are no longer monopolies. The opening of domestic telecom markets confronts PTOs with competition. Competition with other PTOs, new telecom operators, competitors from other sectors and international strategic alliances has lowered international telecom rates. As a consequence PTOs face serious risks of decline in turnover and profits. Cross subsidising can no longer help to finance local telecom networks. European PTOs have used different strategies to prepare themselves for the new competitive European telecom market. The national diversity in Europe presents a wide variety of nine distinct strategies chosen by European PTOs. Seven of these strategies are focussed on the national markets (see annex III). Two of these strategies concentrate on the internationalisation of business.

The first strategy is the search of PTOs for cooperation with other European PTOs to strengthen their position at the European telecom market. European PTOs engage in co-operative partnerships with other European PTOs in order to launch new services. Originally designed to meet the requirements of multinationals of one-stop-shopping, cooperation with other partners later resulted into the acquisition of positions in new telecom markets. As a result a hectic network of telecom operators are linked into clusters.

The second strategy is the expansion of PTOs to new emerging telecommunication markets to compensate the loss of turnover at home markets. European PTOs are participating in PTO's of new emerging telecom markets. The PTO's of new telecom markets are still at the dawn of transformation. To raise the shareholders value of these local PTO's the European PTO's support their process of transformation into world class telecom operators. This process of transformation has generally three objectives: (1) the expansion of the number of telephone-lines, (2) the modernisation or digitalisation of the infrastructure and (3) the change of the organisational culture. These European PTO's want to generate a large part of their turnover at these new emerging telecom markets. For instance, by the end of this century almost a quarter of the turnover of Dutch KPN has to be generated at the international market. Some of the European PTO's such as France Telecom, Deutsche Telekom and Telefónica have adopted this international strategy while their national markets are still protected from competition. These PTO's have especially benefited from the growth of the telecom industry. Still the turnover of international business is very small for a large part of the European PTO's. An exception is the Spanish

TISA that increasingly contributes the profits in Telefónica (Annual Report Telefónica 1996). Other PTOs have goals to generate 10-25% of their turnover abroad by the year 2000.

In summary, two trends can be analysed (see Figure 7). First, a larger part of the European PTOs expand their business from national markets to international telecom markets. Home markets are still important, but the strategic position in the international telecom market and new emerging markets are equally important.



Second, PTOs expand their traditional business, the transport of telephone traffic, to other telecom related services that add value to the traditional business.

Figure 7. Strategies of Survival of European PTOs

4.3.1 *Strategies of Internationalisation of European PTOs*

It is necessary to have an understanding of the strategies discussed in order to better understand the fundamental character of the restructuring of the telecom sector. The strategies used by PTOs differ from country to country and sometimes, various strategies are used simultaneously. This study concentrates mainly on the earlier discussed two strategies: PTOs search for cooperation with other European PTOs and PTOs expand to new emerging telecom markets. The internationalisation of the former national monopolists is executed along two different paths. First, forced by a decrease in turnover at the domestic market, the PTOs search for turnover in new telecom markets. Here, two strategies of internationalisation for the European PTOs can be distinguished: (1) the 'going it alone' approach and (2) the creation of strategic alliances. Both have been discussed in section 2.4.3.

In the first strategy of internationalisation subsidiaries of national operators are opened in other European countries. KPN for instance, has opened offices in Brussels, Milan, Germany, Budapest, Kiev, Jakarta, New York, Tokyo, Chicago, San Francisco, Washington and Houston. BT has also opened offices throughout the European continent, in the USA, in and Japan. Local presence in foreign telecom markets is important for the national PTO to look for new opportunities, to be available to their international clients and to try to attract local clients. For the same reasons non-European operators like the American AT&T and the Japanese NTT also opened offices in Europe. NTT openly declared that they choose the 'go it alone' approach because of expected difficulties in cooperation with foreign PTOs.

In the second strategy of internationalisation PTOs are engaged in cooperation with other PTOs to offer new border crossing services to international customers. The formation of these strategic alliances in the European telecom market has attracted a lot of public attention in the last decade. In an attempt to meet the telecom needs of large multinationals, as discussed in section 4.1.2, PTOs created strategic alliances to offer one-stop-shopping services. Initial motivation of PTOs to create these strategic alliances concerned the telecom needs of multinationals. Later on, the transfer of complementary technology among the partners of the strategic alliance, economy of scale, shaping competition and facilitation of international expansion also became motivations to strengthen and expand the strategic alliances.

A larger part of the European PTOs have used both strategies but a larger part of the international acquisitions have been conducted together with other PTOs since the financial and managerial consequences are more easily borne when shared with another PTO. The market however is not stable. In each new telecom market other coalitions are formed. The partners in one country can be the competitors in another country. Therefore strategic alliances such as Unisource, Global One and Concert have been formed to compete at the European telecom market.³⁰

Dutch KPN and Swedish Telia for instance have founded the Unisource alliance in 1992. The objectives of Unisource have been defined as defending the home markets, generating new international revenues and sharing the cost of international development. In January 1993 all services on data networks of Dutch KPN were transferred to Unisource 'daughter' Unisource Business Networks Netherlands (UBN NL). In the same period Swiss Telecom joined Unisource as a third partner. In May 1993 Unisource joined World Partners in which many big PTOs co-operate (see Figure 8). The fourth parent, Spanish Telefónica joined Unisource in July 1994 but left the alliance again in 1997. In December 1994 Unisource (60%) and AT&T (40%) announced the establishment of a new strategic alliance named Uniworld. In May 1996, AT&T and Unisource announced a closer cooperation in the new strategic alliance AT&T-Unisource Services. AT&T-Unisource employed 2000 people, was present and active in 17 countries and was serving 390 of the world's leading international companies. Although the study ended in December 1997 some important developments have occurred since then. In the spring of 1998 AT&T announced a new alliance with BT and their break up with Unisource. KPN announced the end of the Unisource alliance by announcing a strategic alliance of KPN and the American cable company Qwest in November 1998.

4.3.2 *Old Colonial Bonds Used for New Telecom markets*

It is remarkable that the European PTOs have started their expansion of business in countries that already have cultural, political and historical connections with

³⁰ Global One was a consortium of French Telecom, the German Telecom and the American Sprint. Global One was formally launched in January 1996. Concert was the alliance of MCI, BT and recently Telefónica. Concert started their activities in 1995.

the domestic countries of the PTOs. Of course, a larger part of the European PTOs have opened subsidiaries in the important telecom markets in the Triad nations. But the distribution of offices and commercial activities of PTOs reflects the historical connections with former colonies. The European PTOs have been interested in the PTOs of the former colonies and in their telecom markets. The best example is that of the Spanish Telefónica International S.A. (TISA) that has activities in all of the former Spanish colonies in Latin America and Central America. Starting in Argentina, Chile, Columbia, Venezuela and Puerto Rico, TISA is now the major foreign operator in the Latin American region. Their presence is felt so strongly in the telecom market that local newspapers have named the advance of TISA 'the second Spanish *conquista*' of Latin America. The traditional division of Latin America in Spanish and Portuguese territory can still be seen nowadays. Although Portugal Telecom is mainly focused on the Portuguese telecom market, they were the first to have international activities in the former Portuguese colony Brazil. The Iberian operators Portugal Telecom and Telefónica are now working together to form a stronghold in Latin America. In April 1997 Portugal Telecom and TISA swapped shares that also opened possibilities for TISA to enter the Brazilian market. Telefónica and Portugal Telecom also have plans to jointly penetrate neighbouring Northern Africa. Finally, Portugal Telecom owns a 28% stake in Telefónica de Macau in the former Portuguese colony of Macau.

French Telecom has activities in the French speaking quarter of the Caribbean islands and in the former French colonies of Lebanon and Vietnam. French Telecom is serving the national and international telecom carriers in Polynesia and has a long-standing partnership with the government of the islands of Vanuatu. Through its subsidiary France Cables and Radio (FCR) France Telecom is also present in the former French colonies Central African Republic, Djibouti, Equatorial Guinea, Gabon, Ivory Coast, Madagascar, Mauritius and Senegal. Partnering with carriers in a number of other African countries, France Telecom assists in the development of local and international telecommunications network in a region in which France has traditionally strong colonial ties. This helped France Telecom to a 51% stake in the telecom operator in the Ivory Coast (*The Financial Times*, January 9, 1997).

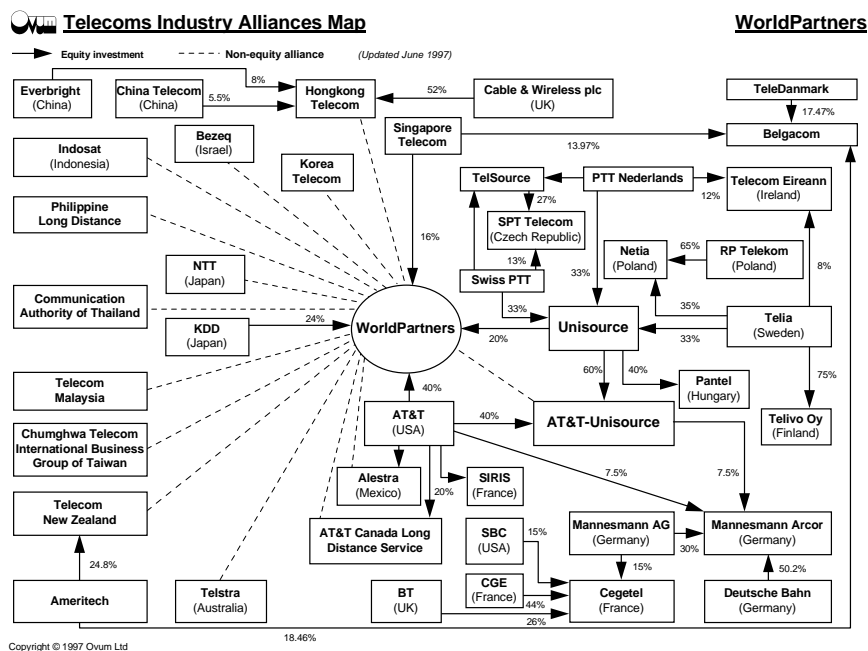


Figure 8. The complex of organisations in the strategic alliances WorldPartners (source: Ovum Ltd.)

British Telecom has offices in their former colonies USA, Australia, Hong Kong, India, Singapore, Malaysia, Sri Lanka, Thailand and the Caribbean Islands. In January 1997, British Telecom moved significantly into the Indian telecom market taking a 22.5 % share in India's largest mobile phone operator Bharti Cellular (BCL). The deal was concluded during the British Prime Minister's tour of India, Pakistan and Bangladesh. The BT chairman was among the 60 business leaders accompanying the British Prime Minister.

Dutch KPN has in the early 1990s also explored possibilities of expanding business to ex-colonial territories of the Netherlands. Participation in local telecom operators has been sought in the former Dutch colonies Surinam, Indonesia, South Africa and the Netherlands Antilles. Although the Netherlands Antilles is officially not an ex-colony because it is still an autonomous part of the Dutch Kingdom, in this study it is perceived as an ex-colony.

The European PTOs have used not only colonial relations but also other historical and political connections to expand their international activities. Telia Sweden for instance, has strongholds in the Nordic region because of Sweden's traditionally strong political dominance. Telia Sweden has fully owned subsidiaries in Norway, Finland and Denmark. In the Telia Annual Report of 1996 the international activities are divided in and outside the Nordic region. Outside the Nordic region the Baltic Region is the most important region. Activities in Estonia, Latvia, Lithuania, the St. Petersburg region and Poland are chiefly based on partnership with Nordic and local partners. Furthermore, the Swedish company has expanded into the telecom markets of the sea-going nations such as the UK and Ireland. This has resulted in participation in Eireann

Telecom. The non-European activities in India, Sri Lanka, China, Namibia and Ecuador have been classified in Telia as 'Overseas' (Telia Annual Report 1996). Deutsche Telekom traditionally has strong ties with the Eastern European countries. Therefore Deutsche Telekom can be found in Ukraine, Hungary, Poland and Russia. Swiss Telecom has business in the central European countries the Czech Republic and Hungary (Annual Report 1996 PTT Switzerland).

The international expansion of telecom business by means of traditional cultural relations can also be observed in other continents, such as Asia. The Chinese market is a glittering diamond for foreign PTOs. By the year 2000 China might have 140 million telephone lines, nearly as many as the USA. A larger part of the foreign companies hope to wire a couple of these millions of telephone lines. Hong Kong companies use their cultural bindings with Mainland China to compete with foreign companies. Peter Chang, the managing director of New Worlds Telephone, runs one of Hong Kong's new fixed line telephony operators. He hopes that his Chinese cultural identity and his experience with the Communist Party since 1978 will help his company with the acquisition of assignments from the Chinese government. In an interview with *The Economist* he says about the Chinese authorities: "They look after their old friends". Mr. Tsang has already won many contracts because "he says with a twinkle, he is a 'Chinese patriot'". He further claims that "New Worlds Telephone has a greater sensitivity to Chinese concerns and an ability to act more flexibly than other foreign investors". The final argument Peter Chang uses is that the transfer of sovereignty will mean that Hong Kong companies will probably be treated as local Chinese companies (*The Economist*, February 3, 1996).

These examples show the close relation of European PTOs with local telecom markets in ex-colonial countries and raises questions as to why European PTOs have used colonial ties to expand their business. The European PTOs have had next to no other international experiences. Their cross-cultural strategies therefore, are mainly based upon these first international connections.

4.3.3 *Early Cross-cultural Experiences of European PTOs*

The expansion of the telecom business of European PTOs in the markets of its ex-colonies can be said to be based upon six main reasons.

Firstly, the PTOs of the former colonies have been dependent on foreign loans and aid to maintain and modernise their local telecom infrastructure. Formal and informal governmental relations between the former colonies and the European countries resulted in mutual agreements on loans for telecom investments. For these investments European national telecom-equipment industries have prevailed over foreign competitors thus giving the European PTOs of the former colonial power opportunity to form connections with the PTO of the ex-colony.

Secondly, the International Telecommunication Union (ITU) has always been active in stimulating exchange of knowledge between PTTs of developed and developing countries. PTT employees from developed countries with

technological knowledge that was needed in less-developed countries were sent to PTTs in developing countries. Salaries were paid by the ITU and the jobs varied from between one week to three years. The qualifications needed included technological knowledge and language skills. The host-country PTT made the final selection. If for instance Telebras Brazil needed an AXE expert to train local employees in the Amazon region, an AXE expert of Portugal Telecom would have more chance applying for the job than a non-Portuguese speaking employee of France Telecom. Consequently, employees former colonial powers visited ex-colonial PTTs.

Thirdly, the telecom technological staff from developing countries had traditionally studied at the European technological universities. After the former colonies gained their independence, the formal technological education of the ex-colonies was for greater part handicapped and thus 'forced' students to choose for European or American Universities. These telecom students later became the new leaders in the local telecom industry. European PTOs recognise the power of these educational ties. Telia Sweden for instance has educated more than 500 telecom managers from 60 countries at the Telia Academy in Kalmar, Sweden. Dutch KPN has the Netherlands International Telecommunication Training Centre (NITTC) for training and exchange of expertise in telecommunication.

Fourthly, the international telephone traffic between the former colonial power and the ex-colony is of particular interest to the European PTO because of the many immigrants, which has significantly increased the international telephone traffic between the former colonies and the European countries. The comparing of routes of international telephony traffic is called Tele-Geography. The larger number of tourists and amount of business in the former colony makes the international traffic interesting for the European PTO.

Fifthly, PTOs in developing countries have been in need of up to date technological knowledge. European telecom equipment industries are also in need of qualified telecom support for their business at telecom markets in developing countries. Both asked for assistance from the European PTOs. The European PTOs offered employees temporary projects, 'independent' advice and acted as consultants. Swedtel, of Swedish Telia, for instance carried out projects in 60 countries of which Poland, India, Sri Lanka and Philippines were the largest accounts. The Netherlands Consultancy Foundation (NCF) of Dutch KPN has projects in the Caribbean region, Latin America, Eastern Europe, Africa and Asia. Because the bureaucratic PTOs did not suit the flexible support of expatriates, special organisations were formed within the PTO. Initially organisations such as these were non-profit, but after the privatisation of European PTOs their goals changed. These organisations are now seen as explorers of potentially promising emerging telecom markets.

Sixthly, European PTOs perceive existing cultural knowledge of the local PTO and the local telecom market as an advantage in doing business. European PTOs therefore see the expansion of business to their former colonies or to their cultural neighbours as a first step towards the rest of the world. Some of the European PTOs have succeeded in this strategy. Spanish Telefónica appears to

be very successful in Latin America. It is clear that the Spanish PTO is far more successful in Latin America than the American PTOs. Despite many attempts, AT&T has not been successful in establishing a major joint venture, while Telefónica International has strategic alliances all over Latin America. Cultural factors are important in the success or failure of strategic alliances because partners make strategic use of language, culture and history. I witnessed an example of this during a recent visit to the Venezuelan telephone company Compañía Anónima Nacional Teléfonos de Venezuela (CANTV).

I was waiting in one of the rooms of the immense CANTV building in Caracas for an interview with a Telefónica manager. Next to me, an American GTE manager and his Venezuelan assistant were waiting for another CANTV manager. The American, who did not speak Spanish, said he was furious at the CANTV manager for not showing up at the meeting the day before. The American asked the Venezuelan to explain this to the CANTV manager, which the latter promised to do. When the door of the CANTV manager's office opened the Venezuelans hugged each other cordially. The Venezuelan told the CANTV manager that the American had lost its temper. "*Pero no te preocupes, son Americanos, no saben nada de nuestra cultura!* [But don't worry, you know the Americans, they do not understand a thing about our culture]", said the Venezuelan.

These findings show strong cultural, technological, financial and educational links between European PTOs with PTOs from the former colonies. This cooperation can be seen as the first cross-cultural experiences of European PTOs. It can thus be expected that because of the ex-colonial relationships the first cross-cultural strategies of European PTOs have been ethnocentric (Adler 1993, Fung 1995) and/or their approach, one of cultural dominance (Adler 1986). The internationalisation of western PTOs therefore poses the danger of unequal development and cultural domination.

Pekka Tarjanne, the General Director of International Telecommunication Union (ITU), warned of a new form of imperialism in the developing countries (*De Volkskrant*, October 3, 1995). It is obvious that for the time being the telecommunication giants in the developed world are dominating the telecom markets. Now and in the near future they shall also operate at the world's fastest growing telecom markets in the developing world. The telecom market in the developing world is a golden opportunity for the developed world telecommunication operators. A very low percentage of the population in developing countries have telephone services and the operators in developing countries still worry about their endless waiting lists. But the question is if this contemporary expansion of the telecom operators will lead to a global market and global competition.

The one-direction expansion of the telecommunication market can be temporary, as competitive operators from emerging developing markets capture the market. Specific regions, which are favourable in terms of physical position, local labour force, history or local entrepreneurs, can become new centres (Lash and Urry 1994). It might be that the peripheral companies of today will be tomorrow's new telecommunication operators. Already telecom giants such as

Singapore Telecom operate at the European telecom market. And if some global giants emerge from the newly developed and prospering countries, might they not grow their own? Already China makes many of the world's telephones. By the late 2020's, might it not handle many of the calls too? (*The Economist*, September 30, 1995: 39).

4.4 Conclusions

This chapter has explored the telecommunication sector at world and society level. It is evident that the causes of the telecom revolution can be found in technological innovation, the multinationals growing demand of telecom requirements and an ideological transformation of the telecom market. As a consequence of the telecom revolution the positions of the traditional PTOs have changed dramatically during the restructuring of the telecom markets. In the new liberalised telecom markets the PTOs are privatised and no longer monopolist. The competition at the traditional home markets reduces the international tariffs and raises pressure on profits and the profits on international telephone traffic can no longer compensate the losses made on local telephony.

In order to provide a clearer understanding of the fundamental character of the restructuring of the telecom sector, the different strategies employed by European PTOs to cope with the new environment have been discussed. European PTOs used different strategies to prepare themselves for full competition; retaining their national identity, using the public infrastructure as a strategic resource, adopting an aggressive business strategy, expanding to related industries, co-operating with other European PTOs and expanding to new emerging telecom markets. In the strategies of internationalisation and cooperation with other PTOs a larger part of the European PTOs have formed strategic alliances and expanded their international activities to ex-colonial territories.

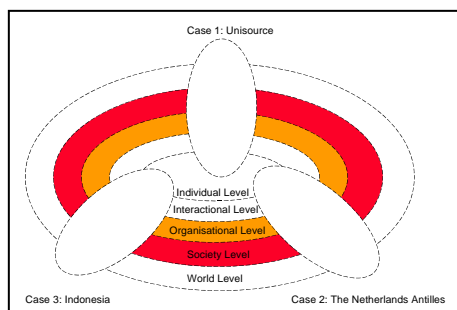
Due to these strategies of internationalisation the European PTOs have found themselves confronted by a new dimension of doing business: cultural diversity. In cooperation with other PTOs in strategic alliances and in international activities in emerging markets PTOs had to cope with cultural differences. The European PTOs have cultural knowledge of the ex-colonial territories because for many years the European PTO have supplied telecom equipment, technical assistance and training possibilities to their former colonies. They perceived the cultural knowledge of the ex-colonial territories as an advantage in doing business in these territories. In a highly competitive market, knowledge of the cultural environment can be a competitive advantage.

Mansell *et al.* (1995) warned against this myth of the globalised fully competitive telecom market. In its processes of internationalisation of activities PTOs tend to believe in this myth and forget about rivalry, cultural, political and historical barriers or, for that matter, competitive advantages. There is no global telecom market where all actors have sufficient resources and knowledge and can compete without barriers. PTOs with narrow perspectives on

internationalisation that exclude cultural, political and historical factors run the risk of failure.

With this in mind, the national (Dutch) and organisational level (KPN) of the telecom sector are explored in the next chapter. How did the restructuring of the telecom market work in the Dutch context?

5 DUTCH KPN CROSSES INTERNATIONAL BORDERS



This chapter explores the society and organisational level of the telecom market and thus focuses on the Dutch telecom market in which KPN is the dominant party. The particular consequences of the 'telecom revolution' for the Dutch telecom market are discussed. The Dutch government was among the first in Europe to reform its national PTO. The relation of KPN and the Dutch

government is discussed from a historical perspective. KPN has used distinct strategies to deal with the restructuring of the domestic telecom market. The initiatives to change the organisational structure and culture are given and the question is answered to what extent the organisational culture has changed. The strategy of internationalisation is discussed thoroughly. In this strategy a wide diversity of paths have been taken to expand the commercial activities across national borders. These strategies will be explained from a historical and cultural perspective and in relation to the organisation units involved. Finally, the strategies employed in cross-cultural cooperation are discussed since the diversity of international strategic alliances emphasises the need for cross-cultural strategies.

5.1 The Restructuring of the Dutch Telecom Market

The world wide restructuring of the telecom market also had its consequences for the Dutch telecom sector. The Dutch government, member of the EC, was a full supporter of the restructuring of the Dutch telecom sector and the introduction of full competition. Consequently, the Dutch government privatised the state owned PTO and introduced competition. In order to understand the contemporary organisation of KPN and the Dutch telecom market it is necessary to have a closer look at KPN's strongly intertwined history with and the development of the Dutch telecom market.

5.1.1 A Short History of the Dutch Telecom Market and KPN

In the beginning of the 20th century, it was the private owned telephone companies that developed the local and inter-local telecommunication networks in the Netherlands. The first telecom network in the Netherlands was a telegraph network and was constructed in 1847 by means of private initiative. The government was only interested in telegraphy services because it was afraid that the competition would reduce their important resource of postal income and therefore regulated requests for new concessions. Only after the first networks were successfully exploited did the Dutch government decide to operate the network. There were three distinguishable reasons for this decision (Hogesteeger 1989): (1) the universal service obligation to make telephony

possible for all Dutch citizens, (2) the small Dutch telecom market and (3) the refusal of the neighbouring Pruisen to deal with private Dutch companies in the area of international communication. The exploitation of the telegraph network was not very successful: in 1866 the telegraph services had to be integrated into the one office of the Post services to cut costs.

In 1881, the introduction of the first telephone networks in the Netherlands showed the same pattern as the introduction of the telegraphy. The privately owned company the Nederlandse Bell Telephoon-Maatschappij obtained a concession for a local telephone network in Amsterdam. After this start other private telephone companies also obtained concessions to operate local telephone networks in diverse Dutch cities. The government issued the concessions including agreements on the protection of the government owned telegraph services. The uncertainty as to whether the government would extend the concession drove the private telephone companies to make as much profit as was possible within the given concession period. In contrast to the local networks, only one private company obtained a concession for the communication between the different local networks and it was this inter-local telephone network that the government was first interested in exploiting. From 1895 till 1914, the telephone networks was transformed from private to state owned control (Bierman and Dijst, 1990). Government control could be distinguished in three different sectors: the international telephony, the inter-local telephony and the local telephony. Private companies and local government agencies exploited local networks for a long time up till September 1940 when the German occupiers absorbed the local networks of Amsterdam, The Hague and Rotterdam in the telephone network of PTT (Hogesteeger 1989).

The public need for new telephone lines and the organisation's need for resources to finance the expansion of the infrastructure have played an important role in the history of Dutch telecommunications. During World War I a larger part of the infrastructure have been destroyed, resulting in a shortage of telephone lines. The concept of leased telephone lines finds its origin in this period, because waiting times for telephone calls of up to ten hours or more were normal.³¹ The demand for telephone lines grew after First World War, resulting in 1928, in the addition of telephony in the name Staatsbedrijf der Posterijen, Telegrafie en Telefonie (PTT). The telephone traffic increased slowly till the outbreak of World War II. The period after the latter was characterised by the rebuilding of a great part of the infrastructure, which had been damaged during the war. The financial exigencies for this were partly relieved by the economical growth in the early sixties. But the demand for new telephone lines increased considerably resulting in huge numbers of potential customers waiting for the connection of telephone lines. In 1979, more than 150 000 people were still on the waiting list (Hogesteeger 1989: 193). Apart from capacity problems, the recruiting of capable employees also faltered due to

³¹ For the companies this situation was destroying their business. Therefore, the 'Müller-line' was introduced, named after the first company that hired a telephone line for 24 hours a day (Hogesteeger 1989: 151). This concept of leased lines would be an enormous source of income for KPN for many years. Later on, lines with different capacities could be hired, such as 2 Mb lines, to support data backbones or private networks.

better work prospective offered by private companies. In addition, the work efficiency quickly declined as a result of rising costs and prices. A decrease in the turnover forced PTT to increase tariffs and cut services, which in turn stimulate public discussion on the autonomy of the organisation.

From the inception of telecommunications in the Netherlands, the status and the autonomy of telecommunication activities have been a point of discussion. As far back as 1893, the government came to the conclusion that the independent telegraphy and postal activities differed from other governmental departments. Hence, a director-general reporting directly to the minister was appointed to head the autonomous Administration of Post and Telegraphy (P&T). The business profile of P&T on the one hand, and the political and public interests on the other have resulted in many conflicts. P&T needed managerial freedom to determine their own business policy but the government dominated and overruled P&T for its own political objectives. With the introduction of the telephone the administration was renamed Administration of Post, Telegraphy and Telephone (PTT). PTT was also obligated to contribute to compensate for the shortages in the government's budget. In stead of using telecom profits for the expansion of the telecom infrastructure, the profits had to be ceded to the Ministry of Treasury. As a result, the management of PTT tended to create more distance in relation to the government and operate more as an enterprise. Therefore, it is not surprising that PTT management used the circumstances rendered by the Second World War to take its chance to establish and secure a more autonomous status and an independent position in relation to the Dutch government. The Dutch post-war government however, did not accept this construction and in 1955, PTT again became a fully state owned company. However, after a few years the new status of PTT was again a point of discussion because of financial requirements for investments in the infrastructure. Instead of having direct access to the capital market, PTT had to write investment plans that had to be formally approved by government. A strong decline of the profits, a cut in services and an increase of tariffs resulted in new discussions on the status. Several commissions, such as the commission Goedhart, have produced contradictory reports on the autonomy of PTT in the sixties and seventies.

The earlier discussed developments in technology resulted in new commissions, Swartouw in 1979 and Steenbergen in 1984, which were to investigate the consequences of the developments of information and telecommunication technology. These commissions concluded that PTT should have a more autonomous status to adapt to new developments and concentrate on the construction and maintenance of telecommunication infrastructure, which PTT would monopolise. To execute this objective new investments had to be made. The Ministry of Treasury did not want to enter the capital market because of high interests and high government debts. This resulted in the conclusion that PTT needed freedom to obtain finances. At the same time ideological changes stimulated the withdrawal of the government from telecom business. The earlier discussed restructuring of the telecom market resulted in the transformation of PTT into the Koninklijke PTT Nederland NV (KPN). With this transformation

three objectives could be reached: (1) The organisation could obtain loans at the capital market as an independent company. (2) The autonomy would guaranty equal treatment in regard to future competitors. (3) The organisation could create new and better conditions of employment that would be competitive to other companies.

With the new situation at the telecom market telecom networks in the Netherlands are now, after 55 years of government ownership, again being exploited by private companies (Bierman and Dijkstra 1990). KPN is able to act more flexibly and commercially, to attract financial resources and to recruit new qualified employees at competitive conditions. Hogesteegeer (1989: 297) comes to the conclusion that the transformation has been strongly influenced by developments on ideological grounds. An ideological change of the Dutch government resulted in the tendency towards deregulation, privatisation and demopolisation of government tasks. After nearly hundred years of struggle for autonomy the Dutch PTO has finally achieved her desired status due to the restructuring of the international telecom market.

5.1.2 *Dutch Government versus KPN*

In reply to the European Green Paper on Telecommunications in 1987, the Dutch government adopted pace-setting measures to liberalise and privatise the telecom sector in the Netherlands. The Netherlands was the second country in Europe to privatise its national PTO and to liberalise the market for telephone equipment and value-added services in 1989. With the restructuring of the telecom market the Dutch government wanted to meet three objectives. (1) To promote innovation of and investments in infrastructure in order to realise the concept of 'the Netherlands as the electronic gateway to Europe'. (2) To ensure adequate price controls and universal service obligations. (3) To ensure that clear arrangements exist for the interconnection of networks and for open access to physical interfaces in networks, non-discrimination with respect to numbering, spectrum availability, cross-ownership rules and prevention of cross-subsidisation between monopoly and competitive activities (Mansell *et al.* 1995).

In 1989 the activities of the state owned telecommunication and postal company was placed in the new private holding, KPN. PTT Telecom and PTT Post operate as independent working units, thus preventing the former cross-subsidisation of post activities with telecom finances. For the first five years, the Dutch government owned the stocks of KPN. In June 1994, 30% of the 40 million shares were floating on the Amsterdam Stock Exchange. The shares have been sold on the stock market with regulatory authority vested in the Ministry of Transport and Public Works. In October 1995, a second floatation of shares reduced the participation of the government to 44%. With the privatisation and the sales of its shares the government loosened its direct influence on KPN. Nonetheless, this stimulated the telecom policy debate because the Dutch parliament was afraid of losing control.

In 1992, the Ministry of Transport and Public Works stimulated liberalisation with the introduction of competition in public data bearer services.

Competition in business data services was already permitted in 1990. In 1993, the government also dropped the opinion that too much competition would lead to a wasteful duplication of facilities and decided to stimulate competition rather than wait for competitors to arrive. By then it was clear that newcomers on the Dutch telecom market would have little chance to compete against the former monopolist (Mansell *et al.* 1995). In 1994, satellite communication was liberalised. The liberalisation of cable-television networks in 1995 resulted in the forced sale of KPN's shares in the cable-company Casema. Competition at the fixed telephony market was introduced in 1996 when the government allowed alternative infrastructures to be used for telecommunication purposes.³² In July 1997 the public telephony market for fixed telephone lines was fully liberalised. In each of these sectors competitors have prepared themselves to acquire a position at the telecom market.³³

In interviews, public speeches and official publications the management complains of unjust political measures to decrease the power of KPN. At the same time they have repeatedly emphasised the fact that it has always welcomed the introduction of competition and the restructuring of the market:

KPN is looking forward to face real competitors in the market because captive clients are almost impossible to satisfy (Speech of Mr Wim Dik, March 1, 1995).

Observers of the restructuring of the Dutch telecom market come to the conclusion that after a quick start the process of restructuring has slowed down (Mansell *et al.* 1995, Hulsink and Davies 1997). According to the Yankee Group, The Netherlands was 7th on the list of most liberalised European countries in 1997 (*Elsevier*, July 5, 1997). This ranking depends on the number of concessions in the markets of public voice, data, private networks and mobiles. The establishing of an independent supervisor has also been included in the ranking. According to the new Telecom Law, enforced in May 1997 by the Dutch parliament, two independent regulatory institutes have been installed to control the competition. The first institute is the Netherlands Authority of Competition of the Ministry of Economic Affairs (NMA). The second institute is the OPTA (Independent Post and Telecom Authority) of the Ministry of Traffic and Public Work. The OPTA has to act as an arbitrator in conflicts and supervise telecom tariffs.

³² In 1995, the government invited the Dutch Railways (NS), the Dutch cable operators and the Dutch utilities to found a joint venture. The invited organisations could combine their existing networks into a second national fixed network. Due to strategic and organisation cultural differences this cooperation collapsed. The NS established the strategic alliance Telfort with British Telecom. The electricity utilities and cable operators established the strategic alliance Enertel.

³³ Five kinds of competitors have appeared at the Dutch telecom market. (1) New operators with an alternative infrastructure in the Netherlands such as the NS (Telfort), the energy utilities and cable operators (Enertel, A2000). (2) Foreign PTOs such as France Telecom and British Telecom. (3) International alliances such as Global One and Concert. (4) New operators that do not have a domestic market, such as Esprit Telecom and WordCom, who have their own digital pan-European network. (5) Operators that offer call-back services, wholesale customers that resell capacity for low international tariffs and other international discount offices.

With the privatisation the difficult relationship between the Dutch government and KPN, as discussed earlier, has not reached an end. The Dutch government, who still owns 44% of the shares, wants to create a competitive market and does everything to break down the power and influence of the former monopolist. The more the deregulation and liberalisation of the telecom market the more rules and institutions are needed by the government to address the power of KPN and guide the process of restructuring. The top management is opposed this government strategy:

(eerste citaat weghalen) This is de-privatising, ten years back in time. The government is determining prices and markets again (CEO of KPN Mr. Dik at the presentation of the Annual Report, April 9, 1998).

This information on the laborious relation of KPN with the Dutch government is necessary to understand its need of fundamental reforms in the structure and organisational culture.

5.2 From National Operator to International Provider

To adapt to the restructuring of the international telecom market KPN had to reformulate their strategy policy and mission. With the corporatisation of KPN in 1989, the management already expected a full liberalisation of the Dutch Telecom market. Given the difficult history behind the autonomy of KPN, the top management warmly welcomed the change of their status, the new managerial freedom and the huge financial resources, which allowed it to adapt to the new developments in the telecom market. Quite logically the newly recruited top management wanted to go ahead with the new competition. After so many years of being blocked by governmental politics finally, there was now a chance to transform the PTO into a commercial company.

The choice for growth is not fuelled by fear, but because we believe in ourselves. We have the organisation, we have the people and we have the support of KPN and of our partners to fulfil that huge ambition to grow. It would be a mortal sin to let the challenging possibilities, that we have now and may not have again, fade away. That will always give a feeling of 'sorrow for that one huge missed chance' (Vision and Strategy, KPN 1996).

Therefore, the new top management opted for a very ambitious strategy. The mission was:

To be supplier of telecommunication services and products for the consumer and business customers. The Netherlands is our home market; as partner in Unisource and Uniworld we belong to the world leading companies in telecommunication. We offer our customers quality, user friendliness and good quality in proportion to the price (Company Vision KPN, May 15, 1995).

The mission has changed over time but the content remained the same; KPN says it wants to be a 'global player' with a leading position in the European telecom market and a strong position at the domestic market. The ambition is translated clearly in terms of its objectives: reaching a yearly growth of the turnover of 8% and reaching a 25% of the turnover coming from non-domestic markets by the year 2000. To achieve these ambitions KPN has defined three different strategies (Vision and Strategy, KPN 1996): (1) to build an excellent relationship with the customers, (2) to have access to efficient networks and (3) to expand beyond Western Europe and other countries. In the first strategy, the building of excellent customer relations is the central point of attention because in a liberalised telecom market customers can choose from service providers.³⁴ New services have been introduced to attract customer and to stimulate telephone traffic revenues.³⁵ All of these new services and products have to find their way to the customer. To reach out more effectively to customers, the new products and services are distributed by means of multi channel marketing such as Primafoon shops, Business Centres, HI shops and outlets of franchising shops.

In the second strategy the access of efficient networks is an important issue.³⁶ The new services have to be offered at minimum costs. Other competitors do not have the huge costs of the KPN organisation but operate in small flexible enterprises. The third strategy is the expansion through the region of Western Europe and other countries. This strategy is motivated on one hand, by customers who want international services across borders of uniform quality and price and on the other hand, KPN is looking for compensation of the fall in turnover at the domestic market.

³⁴ The organisation says it want to take good care of its customers; *'We make our customers loyal so customers like to come back to us. We are always there for our customers'* (Business Vision PTT Telecom, June 1995). New concepts and priorities have been proclaimed to satisfy customers and thus keep them loyal to the organisation. The concept of Customer Care for instance, takes care of the individual's telecom needs. Companies as well as individuals do want optimal services and solutions for their specific needs. The use of information on markets, companies and even individual customers will help to optimise services for customers. Prices and tariffs will be made flexible to adapt the needs of customers, for instance with the introduction of the flexible telephone subscriptions BelBasis, BelPlus and BelBudget.

³⁵ Services such as *21, *5, Voicemail, Call Waiting and Calling line identification expand the services. Inventions or the combination of different technology also stimulates the introduction of new services. The enormous growth of the number of ISDN lines (Integrated Services Digital Network) shows the potential at domestic market. The introduction of the Chipcard, another major innovation, has started at lower pace but is already part of services. The introduction of the concept 'the Net', a national variant of The Internet, is another example of a combination of different technologies. The cheap subscription of 'the Net' offers the customers mail services and connections with the Internet. The introduction of 'the Snelnet' allows the clients to download video clips, daily news programs at a high quality and fast speed. With this technology delayed television is possible in which the server stores TV programs for 24 hours. These new services mark the trend towards a diversification of products.

³⁶ KPN manages different infrastructures in which the Universal Transport Net (UTN) is the base for all transport of voice and data by means of fixed telephone network, mobile network and radio and television signals by means of cable networks. To lower the costs and to increase the management of the UTN a new structure of the organisation has been introduced. Unisource Carrier Services (UCS) administers the international network of the Unisource partners constructed from national networks and not the network itself but the services that are provided by means of these telecom networks therefore add to the profit.

To execute these strategies and to reach the earlier mentioned objectives the organisation has put much effort in changing its structure in the period of 1989 till 1997. In that period, different steps have been taken to reorganise the structure in order to change the former bureaucratic, cumbersome, monopolistic government owned company into an efficient and flexible client and market orientated competitor. As a result the organisational structure has changed. The national and international activities are managed separately. KPN International structures the international activities to cater to three different regions: (1) West-Europe/America/Africa, (2) Asia, (3) Central Europe/East Europe/Ireland. KPN International wants to become a global player, with the main focus to Europe, but also expanding its activities throughout the world. The reorganisation has altered the structure of the organisation, but to what extent has the organisational culture changed? The Chairman of the Executive Board of KPN, Mr Wim Dik is optimistic about the new culture:

Some of the employees have embraced the new culture and enjoy it others to a lesser extent. And of course there are also employees who do not want to or cannot change. But I think that the course of the mammoth-tanker is changed definitively and that the process of change has now become irreversible (Dik 1998: 121).

5.2.1 *The Cultural Legacy of KPN*

Three major human resource tools have been used to exert influence on the organisational culture. Firstly, a management development trajectory was introduced to stimulate organisational change. Young talented employees were directly recruited at universities and offered competitive conditions and career opportunities. The employees were selected for qualities such as sociability, initiative and representative, entrepreneurial and organising capabilities. Secondly, experienced management from outside the company had to inject new management styles and new efficiency attitudes. Among them were the Chairman of the Executive Board of KPN, Mr Wim Dik and the former CEO, Mr Ben Verwaaijen who became CEO in 1988 when only being 38-years-old. Coming from commercial telecom equipment company ITT, he was instructed to reshape the organisation and prepare the organisation for full competition. During his ten years of presidency he left his hallmark on the organisation by introducing his action orientated style of management. When he left the organisation in 1998, the Chairman of the Board of KPN succeeded him. Thirdly, employees have been subjected to an intensive training programme. A development system for employees with potential within the organisation was introduced to monitor qualified staff and support them in their career. At the same time the public image of the KPN was changed through a successful campaign from a dusty, sluggish, low-salaried government owned department to a hot, international and career orientated organisation. This made the recruitment of new employees easier.

KPN has furthermore put much effort in the empowerment of its employees. Diverse forms of communication have been used to inculcate and develop the new attitude towards clients, competition, a sense of entrepreneurial attitude and

work efficiency. One of these projects was an electronic discussion among employees in 1996 named Telecom OverMorgen (TOM). In this discussion the CEO asked for response and feedback on five subjects: (1) how to come in a closer contact with the customers, (2) how to become more commercially viable, (3) how to reduce costs, (4) how to increase the volume of telephone traffic and (5) how to become a multinational. More than 2500 reactions and new ideas and suggestions for improvement were offered and the results of this discussion pointed out the need for better knowledge management, the need for the decentralisation of responsibility and the need for more possibilities to act and take initiative as an entrepreneur.

From the earlier discussed history it is evident that the KPN's organisational culture is strongly influenced by the political bureaucracy. Although the former PTT has had a rather independent and business like position within the Ministry of Traffic and Public Work, the PTT can be characterised as a bureaucracy. When I started working with the Centrale WerkPlaats in 1985 the PTT Telecom organisation was strongly focused on procedures. The procedure of the repair of old telephones was more important than the question as to whether it was still necessary or cost effective. The process was emphasised rather than the results or the output. Deviation from the internal procedures or norms was seen as one of the greatest sins: risks had to be avoided at all terms. Because the government was the employer at that time the social conditions for the employees were excellent. The rights of the employees were protected and lifetime employment guaranteed. At that time one opted for a career with PTT Telecom because of the protected working environment and/or because one's family was working there. People were proud to be with the PTT "family" and had a strong loyalty towards the organisation. The collective responsibility made it easy to mask individual performances. Taking up added responsibility was not something one aspired to. When I entered the organisation by means of an employment agency the unit I worked in had no manager. Showing some initiative made me the manager within three weeks. The strong hierarchy was symbolically represented by a specially raised platform on which the manager of a repair unit was seated overlooking the employees. I was surprised to be confronted with an organisation that was focused on maintaining high quality and that this focus on excellence had been imposed not by the customers or market but by themselves. The KPN culture before the privatisation is characterised in the words of Mr Wim Dik:

Within this rigid structure employees had almost no freedom for taking initiative and responsibilities. This resulted in risk avoiding behaviour. The PTT offered lifetime employment and careers were based upon the number of years worked and only partly on performance. Customers were subscribers. Their wishes were only partly taken into account. The internal processes constituted the point of departure for the organisation (Dik 1998: 116).

With privatisation it became quite clear that the organisation needed a dramatic change in the organisational culture. Therefore, the new management

defined the desired characteristics of what the new KPN culture should be: risk taking, entrepreneurial attitudes, active participation, taking of responsibility, competition, customer satisfaction and, a more client-based service and result orientated focus. In their personal columns in the KPN Nieuwsblad, Mr Ben Verwaaijen and Mr Wim Dik regularly communicated these desired characteristics to the employees. The business policy also indicates these concepts:

We are comrades and help each other to serve our customers, we are encouraged by the management to take responsibilities, to work more autonomously. PTT Telecom is one company full of diversity. Finally, the employees and managers are open and honest. We are open and honest about mistakes because improvement starts where mistakes stop. We learn by means of co-operating, being critical and business-minded. The more we learn the better our services will be. Our objective is therefore; to learn faster than our competitor (business policy KPN, 1995).

In her study on the change of the KPN culture Van Schie (1995) selected four dimensions of organisational culture: (1) process orientated versus result orientated culture, (2) human orientated versus work orientated culture, (3) organisation loyalty versus professional loyalty and (4) internal orientated versus external orientated culture. These dimensions are taken from the value dimensions that Hofstede (1991) has formulated to describe an organisational culture. Van Schie concluded that the desired organisation culture was result orientated, work orientated and externally orientated. To achieve this the organisational culture should change from being process orientated to result orientated, humanly orientated to work orientated and internally to externally orientated (van Schie 1995: 45). By investigating two departments of KPN she came to the conclusion that the organisational culture in 1995, for a greater part, overlapped the desired culture in the result orientated, organisation loyalty and external orientated dimensions. Only in the dimension of organisation loyalty versus profession loyalty, did the respondents score more in loyalty to their profession.

In her study, van den Berk (1994) has come to a less optimistic conclusion. She investigated the cooperation between two different departments and concluded that the employees were mainly work and internally orientated in both their own departments. In contrast with van Schie (1995) she came to the conclusion that both groups were orientated towards formal positions and were focussed on the discussion of the taking of responsibility rather than the engaging of activities motivated by corporate interests. In contrast with Nijenhuis (1992) and van Schie (1995), van den Berk found no orientation towards costs and profits and no awareness of competition but discerned a strong focus on personal relations (van den Berk 1994: 58).

The newly introduced 'organisational culture' with the concept of client orientation, quality, internal cooperation and the norms and values of PTT Telecom do not cancel the historically developed departmental shafts (van den Berk 1994: 83)

The findings of the study show that new employees entering KPN find it hard to understand the strange political power plays, the unwritten rules and the powerful informal networks. These people still have to be “sprayed green”; green being traditionally the colour of KPN Telecom. Until the splitting of the KPN group it could be divided into three different work units, each with its own subculture: KPN staff, KPN Telecom and the TNT&Post Group. Each of the work units could be recognised by its own colour: blue (KPN staff), green (KPN Telecom) and red (the TNT & Post Group). These colours were visible in the logo of KPN and formed symbols of identity for the different units. News in the KPN Nieuwsblad was always marked by the colour of the unit involved. These colours were evident in almost everything: the company cars, the commercials, the logo, pencils, pieces of scrap paper and even ring binders.

It is difficult to speak of *the* KPN culture. Differences between head office versus district offices, between management versus work-floor, between regional cultural diversity, between new and old Telecommers, between units and between professions result in a wide diversity of subcultures. Distinct subcultures can be distinguished such as “*bouwers*” (network employees), the “*controllers*” (financial department), the “*techneutenclub*” (network employees), the “*glimpiepers*” (new employees) and the “*Voorlindenaren*” (old management). The images of respective units support their individual identities within the organisation (van den Berk 1994: 63). The question is how do employees perceive their organisation?

In the spring of 1998, in order to get an impression of the individual perspectives on the organisation, during the course of four workshops I asked employees to draw metaphors showing how they perceived KPN.³⁷ Out of the 41 drawings four main groups of metaphors could be identified: (1) metaphors that represented the cultural diversity in the organisation (12x), (2) metaphors that reflected the competitive context (12x), (3) metaphors that reflected the cumbersome nature of the organisation (7x) and (4) a miscellaneous group of metaphors (10x).

In the first group the metaphor of the fleet of ships (5x) showed a large group of small vessels derived from and under control of the super-tanker (KPN) all heading more or less in the same direction. Some drawings also showed submarines (the competitors) attacking the fleet. Other metaphors used included islands separated by large quantities of water, castles surrounded by canals of water, rings of different colours, thick walls separating different

³⁷ The participants were asked for their perception of the organisational culture of KPN. Morgan’s metaphors were used to look with a different perspective to the organisation (Morgan 1987). Metaphors help to discover unconscious perceptions of the organisation and its context. According to Morgan (1987) organisations can be perceived as machines, organism, brains, culture, political systems, psychic prisons, flux and instruments of suppression. After this explanation, the participants were given ten minutes to draw their own colourful metaphor of KPN in relation to the international telecom market. The drawings were then collected, hung on the wall and discussed with the group in order to understand and clarify the different perceptions of the participants and to discuss the organisational culture of KPN and the personal experiences of the participants. The professional diversity of the workplace, the subcultures at the different departments, the irrationality of decision-making processes and the political character of the organisation were thoroughly discussed.

departments and pieces of a jigsaw puzzle. Sometimes a very small customer was drawn on the side of the fragmented organisation. This metaphor was also popular in the IS department where their establishment of an independent consultancy group was compared with a life saving boat that was about to be launched because the ship was in trouble at the moment.

In the second group the metaphor of the octopus (4x) dominated. The octopus was under attack of the government, OPTA, the national competitors and the international PTOs. In the drawings the octopus does not look impressive but rather frightened because his attackers cut off, eat or bind each of his eight arms. Another metaphor showed the strip character Dogbert Duck sitting on his money while being attacked by a group of people. In another drawing showed a lion watching other smaller animals. These animals could be his game but also his pursuers given the fear in his eyes. The metaphor of a tiger was also used to reflect the strength of the organisation. However, the tiger had many cubs to take care of thus leaving her less strong for the hunt. In the other metaphors water and sea played an important role. With the lowering of the sea level (telecom market) two persons on an airbed were not careful to avoid the coral (the competitors) and thus their airbed began to leak. In the another picture a sailing yacht was seen leaving the harbour for international seas while its important crew remained on shore waving goodbye. A limited perspective of the telecom market was reflected in the drawing of an aquarium full of fish and one of a swimming pool filled with inflatable tubes. If one of the tubes grew bigger, the others automatically got smaller. A typical Dutch metaphor, a bike, was used showing the organisation as a platoon instead of as the front runners.

The third group of metaphors reflects the cumbersome character of the organisation. In one drawing the metaphor of thick sour apple syrup flowing out of a bottle was used to indicate the slow process of organisational change on the one hand, and the cohesion of employees on the other. The metaphor of a hot-air balloon was used to show that the wind (the market) determines the direction of the organisation and it is a slow way of transport. Other metaphors illustrating this same point include that of a snail at a cross-road deciding which way to go. Another drawing showed an elephant with little ants running around his body. Finally, there was an old fashioned cart with many people seated in it representing the slow rate of change. Only a few people were pulling the cart along the bumpy road and some even tried to stop the car. This was also reflected in the metaphor of a person trying to reach for a sack of money but was pulled back by a huge stone, which symbolised the organisational culture.

The fourth group consisted of metaphors like walls and pyramids that crumble off at the fundamentals but not at the top. One drawing showed a lioness with her youngsters (joint ventures) that have to mature. The metaphor of a circus was used twice. Everybody was watching the artists but no paying spectators showed up. Finally, the metaphors of the crab and sea anemone are interesting to discuss. The crab is an animal with a hard shell that can only walk sideways and once caught it does not release its prey from its big pincers. The well-protected crab feeds itself and spits out what is left. The sea anemone

moves with the tides of the ocean, absorbs and spits out ocean water holding back small fish and food.

These metaphors show the different perceptions of an image of a large company with many distinct units and departments, which do not always cooperate efficiently. This large company is under attack by competitors at the telecom market and by regulation authorities. Not only the context of the organisation has changed but in the perception of the IS employees, the organisation itself has changed and become less massive. The justifiable conclusion is that the IS employees know well what is going on in the telecom market and the consequences for that will have for the organisation. More information on the organisational culture is given presented in chapter 6. But first the different paths of internationalisation are given.

5.3 Different Paths of Internationalisation

With the competitors at the domestic market KPN risked being downgraded to being a supplier of bulk capacity to other global operators. Although the choice to become an efficient competitive local operator could be interesting for a foreign take-over and could be justified from a shareholder's perspective, it is clear that the top-management had no such intentions of going in that direction. The choice for an aggressive and expanding strategy was simply explained:

As a service provider in the field of post and telecommunications in the Netherlands, one has, to put it simply, two choices: either one is satisfied with being a local distributor of mail or manager of lines, or one has ambitions that extend beyond national borders and are based on clearly defined objectives and a corresponding strategy. KPN belongs to the latter category, because that is the one that makes sense (Speech Mr. Wim Dik, March 1, 1995)

To expand the activities across borders three major strategies of internationalisation have been used: (1) the establishing of the strategic alliance Unisource, (2) the expansion of activities to other European countries and (3) the expansion of activities to non-European countries. The Unisource alliance has been an important tool in the strategy of internationalisation. KPN recognised the need for cooperation to compete in the European telecom market. The cooperation between the more or less equal sized PTOs Dutch KPN, Swedish Telia and Swiss PTT was therefore a strategic move in acquiring a share of the telecom market of multinationals.³⁸ The three equal shareholders have established Unisource as an independent pan-European telecom provider. Unisource provides seamless international services with a pan-European and global reach. The three objectives of Unisource have been defined as follows: (1) to defend the domestic markets of the parent companies, (2) to generate new international revenues and (3) to share the costs of Emerging Markets. Unisource's net revenue amounted to NLG 1,316 million in 1995 and it employs

³⁸ Telia AB was first named Televerket and SwissCom first named Swiss Telecom.

2,229 people in 16 countries (Annual Report Unisource 1995). The Unisource alliance has strengthened its position on the international telecom market in cooperation with the American AT&T. Together with AT&T (40%) Unisource (60%) has established the joint venture AUCS (AT&T-Unisource Communication Services). This alliance makes it possible for AT&T to operate at the European market by means of a local telecom provider that knows the local conditions. Apart from providing services by means of AUCS, Unisource also provides capacity for other telecom operators at their pan-European network. The Unisource partners merged their international operations, forming a new organisation named Unisource Carrier Services (UCS), which will be based in Zurich. Unisource has outlets all over Europe through their partner companies in the Netherlands, Sweden and Switzerland in the form of distribution agreements, its own marketing offices and joint ventures.

Although Unisource has been the most important international player for KPN, the strategy of finding participation in new telecom markets has slowly grown in importance. The aim of generating 25% of the turnover from foreign participation within five years is very challenging for an organisation without any international experience. To gain international experience and to reach the objectives, KPN not only wants to invest in interesting PTOs but also wants to participate in the management of that local PTO. By means of this kind of participation the invested money can be controlled and the quality of the local PTO can at the same time be improved. Knowledge of the transformation process in the Netherlands is being used to transform the local PTO into a world-class operator. In employing this strategy the long-term relationship with the local PTO is of importance. The organisation has opted for minority participation in local PTOs. The participation in a new market is therefore primarily acquired together with an interested Unisource partner. In this way KPT Telecom participates with Telia in Ireland and with Swiss Telecom in the Czech Republic and Hungary (plaatje erbij??)

The strategy for the participation in new European telecom markets is focused upon interesting telecom markets such as Portugal, Austria, Belgium and Ireland. Less clear is the third strategy, for non-European emerging markets. The broad definition of this market forces the organisation to select regions or countries. The East European countries and the Asian countries have been selected for future investments and possible participation. Eastern Europe is a well-defined region that is small enough to overview, to follow the developments and large enough to select interesting partner organisations.

We have mainly concentrated ourselves on countries like Czech-Slovakia and Hungary because these have, to a certain extent, most in common with the Netherlands. To the Czechs and the Hungarians the Netherlands is a relatively small country, with a similar number of inhabitants, and that knows how to survive in the presence of superpowers (manager KPN Hongary in: 't hoofdkantoor KPN jr3, nr 5, 1991)

The Asian strategy is less well defined. To cover all of Asia is time consuming and therefore concentration of resources is necessary. The focus of

the Asian strategy will be on the Southeast Asian countries or better defined as the ASEAN countries. The major participation in this region is in Indonesia, although interesting markets such as China, Taiwan and India are also parts of the Asian strategy.

To structure the relation between the head office in The Hague and the local alliance the concept of back-office has been introduced. In the head office the back-office takes care of the internal communication to and from the alliance. A small back-office in The Hague consisting of two senior project managers and an office manager co-ordinate the project resource management of the shareholder organisation to guarantee the smooth execution of the projects. The back office is responsible for the co-ordination of all contributions and deliveries on behalf of KPN. The back office informs and interests KPN employees for working abroad. Another task is to support the KPN board members on all matters relevant. Finally, the back office is responsible for the first line financial control of the participation. The contacts with the back-offices of the other Unisource partners stimulate a better understanding and communication between the partners.

5.3.1 *Developing International Business*

At the end of the eighties, a group of Telecom managers anticipated the restructuring of the telecom market. The department, International Business (IB) was formed in 1988 with 80 employees in the 'Stichthage' office to explore international possibilities. During this period contacts were established with potential partners and offices were opened in new markets.³⁹ The opening of these offices was a clear message to the market to show the presence and ambitions of the organisation. The beginning of the IB department was characterised by its 'cowboy' mentality. Employees flocked the world looking for business opportunities and came back with news on developments and new bids. A clear strategy that focused on single regions did not yet exist. An interest and focus on learning and exploring have been emphasised in this first period. Not so much the profitability of a project but the experience it provided was deemed as important.

In 1992, IB reformulated their objectives and stressed the importance of participation in foreign telecom operators. By then the department International Telephony had grown to as many as 200 employees. It was an active young group; more than 55% were below 34 years old (IT's news, KPN, jr. 4, nr. 11, December 1992). Due to the young and dynamic character of the department, employees did not work for a long time at the same post. In 1992, 55% of the people had worked less than two years in the department. Working in this

³⁹ In 1990, KPN inaugurated the first foreign office in Brussels. The office at the Avenue Louise in downtown Brussels was intended to explore the Belgium telecom market and to lobby in the political arena of the European Parliament. New offices in London and New York, on the 22nd floor of the Rockefeller Centre in Central Manhattan, succeeded the Brussels office in January 1991. On the 23rd of October 1991, the Dutch Crown Prince Willem Alexander inaugurated the new office of KPN in Tokyo by opening a barrel of sake. Other offices in Milan, Budapest, Frankfurt, Kiev, Jakarta and Prague followed in 1992. In some cases the offices were simple rented suites in hotels, such as the temporary Telecom office in Kiev, but in general, prestigious offices have been occupied.

department also meant dealing with a high level of frustrations. Enthusiastic about new business opportunities, young executives returned from foreign markets finding their management being very wary about acquiring new participation outside Europe. But in the world of telecom there is no time for doubt because a larger part of the other foreign telecom investors are interested in new telecom markets around the world.

In the beginning the IB department concentrated on the search for other European PTOs for a possible strategic alliance. From the beginning it was very clear to the management that KPN would be too small to opt for the “going it alone” approach. The small home market did not generate sufficient turnover to finance networks in all of the European countries needed for the international customers. Establishing a strategic alliance with other similar sized European PTOs would be more realistic in constructing a European network. The search started in the neighbouring Benelux countries Belgium and Luxembourg, but the Belgium PTO was quite old-fashioned at that time and the Luxembourg PTO too small to be an alliance partner. The contacts with France Telecom and Deutsche Telekom proved to be more interesting. In July 1989, KPN and France Telecom signed an agreement on mutual cooperation in the sales of services and telematica. As a small partner KPN saw possibilities to play an important role between the German and French telecom giants. In spite of the promising start and the good prospects, the Dutch management became irritated by the arrogant French treatment. The superior attitude of the French and their desire to dominate alerted the Dutch management. This experience resulted in the conclusion that a strategic alliance with a telecom giant would be dangerous. A manager used the metaphor of a dragon to express the danger of co-operating with a big partner:

As a small partner you have protection as if you are at the tail of a dragon. But when another dragon attacks your protector wags his tail and forgets about you (interview with KPN manager).

The French-German-Dutch collaboration was thus abandoned and new possibilities were explored further away in Western Europe with more commensurate partners. A new business partner was found in Sweden. The Swedish Telia already had informal relations with KPN but formalised this in 1991 with the announcement of the joint venture Unicom. After a year of contacts the strategic alliance Unisource was established the 24 April 1992. In January 1993, all services on data networks of KPN were transferred to the Unisource ‘daughter’ company Unisource Business Networks Netherlands (UBN NL). In the same period Swiss Telecom joined Unisource as a third partner. In May 1993 Unisource joined the international cooperation WorldPartners along with many large international PTOs such as AT&T, Singapore Telecom, KDD, Telecom New Zealand and Telstra. The cooperation in WorldPartners connected KPN by means of Unisource to the global players in the international telecom market.

Apart from the search for new partners new markets have also been explored. In the first period IB was driven strongly by opportunity. One of these

opportunities was the restructuring of the telecom sector in the Netherlands Antilles. In 1989, KPN was asked by the government of the Netherlands Antilles to help with the restructuring of the telecom operator Telem at the island of St. Maarten. The government planned to decentralise the Antillian international traffic operator distributing control between the five Antillian islands and subsequently integrating these in the island operators. KPN showed interests in the financial and managerial participation in the local PTOs. Meanwhile on the mainland of South America a stone's throw away from the Netherlands Antilles, different international consortia showed their interests in participation in CANTV, the national PTO of Venezuela. KPN was interested in participating in one of these consortia to obtain a strategic position in the Netherlands Antilles and Venezuela. This further supports the hypothesis that the internationalisation took place by means of old colonial contacts. The Netherlands has a historical relation with Venezuela due to the location of the Netherlands Antilles on the coastline of Venezuela. Dutch pirates traded with Venezuelan coastal cities offering them more independence from their Spanish rulers. When the freedom fighter Bolivar intended to free Venezuela he stationed his fleet at Curaçao. The other parent companies however, did not show any interest in the small Dutch PTO and the participation in the Netherlands Antilles did not work out successfully.

Meanwhile a group of IB employees travelled regularly to the west and another group travelled regularly east to Indonesia. Dutch telecom specialists had in fact for many years, been working temporarily in Indonesia to support the national PT Telkom in maintaining and expanding their infrastructure. These employees had established personal and business networks with the government and telecom offices. Partly as a result of these contacts IB was able to acquire a participation in the Indonesian GSM operator Telkomsel. March 1996, the CEO of KPN Mr Ben Verwaaijen signed the contract for Telekomsel in Jakarta. In his speech at the inauguration Verwaaijen commented:

We are here with commitment and money in the true understanding of taking and giving. When I, five years ago, came to Indonesia I walked into the office of the minister and asked him; "what do we have to do to be on the Indonesian telecommunication market?" And minister Joop Ave looked at me- in that very intense way that he can look at you- and he said to me: "I will take care of the market, and I will take care of the conditions. You bring your commitment and your money. That is the recipe". Today is the day of delivery. It has been a professional process, open and international - my compliments for this. We brought our money, and we will also bring our commitment and resources to make a splendid success out of Telkomsel. (Video of signing ceremony, Shangri La Hotel, Jakarta, March 11, 1996).

The collapse of the Berlin Wall and the opening of the former communist countries made the telecom markets in Eastern Europe accessible to foreign investors. After the opening the PTOs in Central and East-Europe were in need of new finances to re-new and expand their telecom infrastructure. The tremendous growth potential and the increasing demand of telecom facilities for expanding multinationals resulted in the participation of Western PTOs in these

telecom markets. KPN employees' contacts in the region date back to the communist period in which Dutch specialists were asked for technological support. These specialists were sent abroad by The Netherlands Consultancy Foundation for Post and Telecommunication NCF. NCF has played an important role in the expansion of the KPN activities in East European telecom markets. As a result of these NCF contacts KPN was able to penetrate telecom markets such as Russia, Hungary, the Czech Republic and Slovenia.

All of the international activities of KPN merged in 1995 to form the department, International Business. IB grew to a professional department with its own strategy and policy that reports directly to the board of KPN. The approximately 120 employees worked in five different units: Finance, Acquisitions, Operations, Dutch Participation and Southeast Asia before it was split off from national activities and fitted in KPN International in 1998.

5.3.2 *Experiences of the Netherlands Consultancy Foundation*

The Netherlands Consultancy Foundation (NCF) occupied a special position in KPN. Since its foundation in 1981 NCF has executed projects in Africa, Asia, Central and Eastern Europe and Latin America. NCF was created to channel and apply telecom expertise for the benefit of foreign countries and is operating independently of private trade and industry. NCF shares experience and the know-how of telecommunications, the postal sector, training, logistics and management support with organisations abroad by providing consultancy services, supervising projects, co-ordinating different telecommunication and postal systems. Hundreds of KPN employees have been sent abroad for short or long term consultancy in NCF in Africa, Asia, Latin America and Eastern Europe. Although some of the employees have permanent contracts, a larger part of the employees serve NCF on a temporary basis and returned after completing their specific projects or assigned attachments. NCF had branches in Brussels, Indonesia, the Netherlands Antilles, Saudi Arabia, Sudan, France, Ghana and agencies in Jordan, Nigeria, Pakistan, Peru, Sierra Leone, Swaziland and Zimbabwe. In 1998, with the splitting of PTT Post and PTT Telecom, NCF was also splitted into two parts and fitted in KPN and the TNT Post group.

The consultancy work was formerly conducted from an idealistic perspective. The Dutch government used budgets of Development Aid to support telecom projects in Africa and Asia. However, the activities in Eastern Europe have since changed the nature of the NCF. In Eastern Europe there was a need for technical and managerial support to improve the local PTOs. Instead of drawing from development aid budgets, new commercial activities were initiated to support development. In Prague for instance, NCF established a joint venture with SPT, the Czech PTO, for consultation activities. KPN became interested in participating in SPT and took over the activities of NCF in the Czech Republic. Presently, the new role of NCF is to explore new telecom (and post) markets in less developed countries marked by different phases. In the first stage, the receiving country asks for technical assistance, consultation or training. In the second stage a relationship with the local PTO is established and knowledge on local cultural practices, networks, politics and markets is

gathered. Interesting news on developments in the liberalisation of the local telecom market is passed on to KPN. In the third stage KPN shows its interests in participation in the local market and NCF intensifies its networking and lobbying activities in the local political arena. In the fourth stage the KPN establishes a local office and NCF withdraws from the local market.

Consequently, NCF has become a source of know-how on local circumstances in the recipient countries. Networks have been established during years of technical support and consultancy work. Due to the non-commercial objectives and due to the concepts of training and transfer of technology, the organisation has quite a positive image in the recipient countries. In Indonesia NCF is as well known as KPN. In a larger part of the cases in developing markets NCF is seen as one and the same as KPN.

While KPN can and does use NCF contacts to develop commercial activities and acquire participation in local operators, the relationship between KPN and NCF is quite problematic. There is an agreement between the two departments on the conducting of international activities. As a rule NCF has to leave a country when KPN shows commercial interests in the local market. This demands a flexible attitude on the part of NCF because commercial activities sometimes interfere with consultancy activities. From the perspective of the Emerging Markets department the employees of NCF have no professional commercial experience, have low qualifications and are characterised as 'development workers'. Although the department is acquiring its own projects now, it still has the image as the developmental branch within KPN. On the other hand, the employees of the Emerging Markets department are perceived as arrogant, not having any knowledge of the local context, purely business driven and are characterised as 'trendy boys'. The deployment of scarce resources such as mobile telecom specialists by NCF is also a source of irritation. A better co-ordination of both international activities could stimulate the internationalisation of the organisation. Some of the employees report positive experiences with each other at local level, but in general there is neither exchange of knowledge nor a mutual use of local networks.

5.3.3 *Supporting International Operations*

International Support is a consultancy department of KPN that employs 80 professionals in national and international projects. There is no formal relation between the NCF and International Support (IS). IS offers consultants in various specialist areas to support processes of organisational change and the design of new organisations. The growing internal demand for flexible project leaders and organisation consultants led to the establishment of the consultancy group in 1994. However, the establishment of the group is a contradiction in itself. On one hand, as a matter of strategic concern, KPN wants to keep the knowledge of products and process-management within the company. On the other hand, the company wants to advise at competitive tariffs. This tension has stimulated IS to operate commercially and quite independently from other parts of the organisation. The aim of IS is to become a professional office of organisational consultancy, business consultancy and managerial flow of information.

International Support consists mainly of professionals in organisational processes, business consultancy, project management and organisational change. These employees have been working with KPN for some years, know the organisation, the internal processes of decision-making, the organisational culture and have their personal networks throughout the organisation. The products they provide are: advice on strategic questions, translation of strategic policy to organisational concepts, the design of new organisational structures, organisational change, advice on questions of information flow, implementation support, project-management and the design of administrative organisations. These products are sold to KPN and its international alliances.

To take steps towards developing into a professional consultancy office the IS department merged in 1997 with two other consultancy groups which dealt with different areas of expertise such as information technology and telecommunication. The new division has more than 250 professional consultants divided in ten different units and offers consultancy services over telecommunication infrastructure, information technology and organisation. The clients of the IS department are KPN and their alliance partners and also to a growing extent, external clients. With the introduction of the new KPN structure in December 1998 the IS department was terminated and the IS employees were divided among the different business units. Together with some of my colleagues I was transferred to KPN International.

5.4 Formal Cross-Cultural Strategies

In general, KPN has a minority participation in a host-country PTO due to financial and strategic reasons. As KPN has a policy against acquiring shares just as a financial holding, the operational objectives of the shareholder are: (1) Creating a good working relationship with respect to the strategic contributions. (2) Delivery and monitoring of the quality of the contributions. (3) Creating strong bonds between the national PTO on the one hand, and the alliance on the other. (4) Establishing of a long-term relationship. Almost all of the alliances have the objective to change the host-country PTO into a world class telecom operator.⁴⁰ As a result the invested money will return as high market shares. The problem however, is how to change the PTO? The methods of initiating change processes within national PTOs depends heavily on the power of the alliance. As a result of the minority participation only a few strategic management positions can be claimed within the PTO such as Chief Finance Officer or Vice-President.

The Spanish Telefónica in contrast, has been very successful in the Latin American region with a rather unified model. After the process of change with the national PTO had been agreed upon, a team of highly qualified Spanish managers with knowledge of the Latin American culture took over all of the top

⁴⁰ In general, shareholders have four objectives for a host-country PTO. (1) The extension of the number of telephone lines. (2) Digitalisation of the telephone network. (3) The extension of services to the customers. (4) Changing of the organisational culture of the PTO.

management and strategic positions. Within a short period they introduced new processes, new working methods, new finance systems and a new management culture. As a result of the unified team, no internal differences during the implementation of the transformation occurred. After finishing the restructuring of the organisation, the Telefónica managers transferred responsibility to local managers again leaving behind some strategic positions.

The situation in Venezuela is the most difficult for Telefónica because of our minority participation. Here we deal with Americans in the top management and the Venezuelans. In the rest of Latin America it is 'us' versus the Latin American culture. And we speak the language, understand the mentality of the people and know the cultural context (Interview with Spanish CEO Nacional Servicios Especiales of CANTV)

In the execution of the objectives KPN is confronted with host-country PTOs that might have different objectives, a different organisational culture, different national culture and different perspectives. Differences in power are in these cases strongly related to cultural differences. KPN brings along financial resources, technological know-how and management experiences but has only a minority position in the host-country PTO. The host-country PTO has knowledge of the local telecom market, local culture and political context. The success of cooperation therefore depends heavily on how KPN deals with these new questions of intercultural management.

To achieve the earlier mentioned objectives KPN has used different methods such as sending Dutch expatriates and specialists, offering training for host-country PTO management, establishing twin relations between Dutch and host-country departments. Because KPN did not have much experience with international cooperation it was not very long before the organisation found out that a cultural training was necessary to prepare the expatriates for the international context. One of the training procedures employed was that run by the department Culture, Management & Development of the Koninklijke Instituut voor de Tropen (KIT). Trompenaars, Hofstede and the KIT are the three market leaders in the Netherlands with cross-cultural training. In Indonesia the American trainer Farid Elashmawi of Global Success was used. The training for Dutch expatriates is conducted by the head office of The Hague as well as in the local strategic alliances and last for two days. The program which was held in October 1996 in the training centre Voorlinden included an introduction to national and organisational cultural differences, simulations of situations, case studies and management differences in Asia, Central Europe and the USA. The trainees' objectives of this training are:

- To obtain awareness of intercultural cooperation
- To integrate new knowledge in daily practises
- To learn to signal diversity and avoid cultural pitfalls.
- To understand cultural backgrounds.
- To recognise their own values and norms.
- To adapt behaviour to new working conditions.

The focus of this training is on the transfer of knowledge on cross-cultural cooperation and not so much on the changing of attitudes towards cultural diversity. A very interesting program developed for the strategic alliance Unisource in 1993 by the management development departments of KPN and Telia, the Joint Management Development Programme (JMDP), was designed to achieve more than just the transfer of knowledge. The JMDP had five objectives. (1) To acquire a common knowledge of the mission and vision of the shareholder companies of Unisource and of the purpose of the alliance in the current business environment. (2) To establish a set of shared values, using each other's strengths that would become the basis for doing business together. (3) To learn and experience an understanding of the dynamics of cross-cultural relationships and how they can be used in a multicultural business environment. (4) To create common concepts and perceptions for future work between the allied companies and individuals within them. (5) To formulate a platform for mutual personal experience and international networking. The programme was run for five years and has been attended by approximately 350 senior managers within the allied companies and Unisource in order to accelerate the process of making the strategic alliance more efficient and profitable.

In an evaluation of this program Oving (1996) came to the conclusion that the knowledge of the mission and vision of the shareholder companies, Unisource and the purpose of the alliance (1) increased. The effect of the JMDP program on the establishing of international personal networks (5) and the improvement of cross-cultural communication (3) was also positive. No effect of the program on the establishing of shared values (2) and the creation of common concepts and perceptions for future work (4) was found. After the running of the program large differences in interpretations of the goals and expectations of the outcomes of the alliance were still evident. Oving concluded that cultural factors at national and organisational level had a substantial influence on the cognitive outcomes, the necessary actions, the perceived similarity of cultures and the international cooperation. Interestingly the perceptions of the participants on effectiveness, profundity and solidity of the alliance decreased during the program. Oving (1996: 63) comes to the conclusion that *'it even seems that differences between countries are accentuated by contact, because when confronted with other cultures people become aware again of their own identity'*. That leads her to draw the conclusion that *'while convergence affects organisations at structural level, it does not do so at the 'soft' level'* (Oving 1996: 64). She further states that the contacts between the employees of the different parent organisations *may even have resulted in a reinforcement or weakening of deeply rooted stereotypes people have'* (Oving 1996: 66). Finally, she concluded that the programme achieves especially cognitive outcomes and not so much affective outcomes.

The outcomes of this evaluation indicate an interesting connection between cultural differences and cultural identity in the strategic alliance Unisource and its shareholder organisations. In chapter 7 the cross-cultural experiences of KPN in the strategic alliance Unisource are thoroughly discussed.

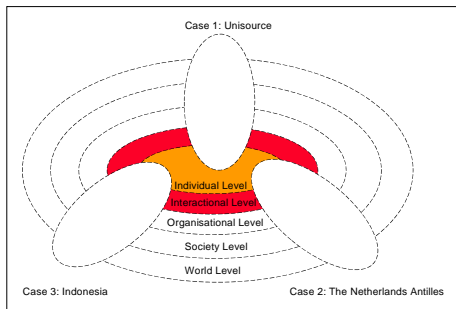
5.5 Conclusions

Chapter 5 explored the context of the telecommunication industry at society and organisational level by focusing on the Dutch telecom market and KPN. The findings of the exploration show that the Dutch government restructured the Dutch telecom market step by step. In 1989, the state-owned PTT was transformed into KPN and given an autonomous status. In 1994, KPN was privatised and introduced to the Dutch stock market. New competitors on data transmission, mobile telephony and fixed telephony were gradually allowed in and in July 1997 the telecom market was fully liberalised. The restructuring of the Dutch telecom market has completely changed the environment of KPN. Competition has resulted in a decrease of income from international and national telephone traffic. The Dutch PTO was forced to restructure its organisation and reduce its costs in order to survive. Distinct reorganisations were initiated to improve the relations with the customers, to build the networks and organisation more efficiently and to make the costs more visible. The reorganisation has resulted in a new organisational structure in which the national and international activities are separated organised.

But a lean and mean organisation was not enough to survive. To compensate the loss of turn over at the Dutch telecom market KPN expanded their activities to international markets. The ambition in 1995 was to generate 25% of the turnover from international activities by the year 2000. From 1989 on, the organisation put a lot of effort into stimulating international operations by opening foreign offices, forming the strategic alliance Unisource and acquiring shareholders positions in telecom markets in Eastern Europe and Southeast Asia. In 1998 in order to manage the foreign investments, all of the international activities were concentrated in KPN International.

The change in the organisational structure has been accompanied by efforts to change the organisational culture from a bureaucracy to a business culture in which employees become entrepreneurs, take risks, act commercially, take responsibility, are competitive and are service orientated. Although the organisation was able to change its public image, studies discussing the subject of organisation culture (e.g. Nijehuis 1992, van den Berk 1994, van Schie 1995, Dik 1998) do not agree to on the extent of how the bureaucratic culture has transformed in the new business culture. The metaphors of KPN given by its employees however, indicate that the bureaucratic character, the importance of personal networks, the political arena and the fear of taking risks are still very important in the organisation. Chapter 6 will explore the organisational culture of KPN by focusing on the daily life of two employees.

6 THE INDIVIDUAL STRATEGIES OF KPN EMPLOYEES IN COPING WITH RADICAL ORGANISATIONAL CHANGES



Chapter 4 and 5 explored the fundamental changes in the national and international telecom markets and its consequences for KPN. This chapter explores the interactional and individual level of the context. The fundamental changes within the telecom market and KPN have influenced the daily activities and daily rituals of its employees. How do the employees cope with these

new circumstances? What are the threats and the challenges perceived? To what extent has the organisational culture of KPN changed? To answer these questions a typical day of an International Support and an International Business employee are described. This gives an in depth perspective of an employee who is confronted with daily business, tensions, uncertainties, frustrations and challenges. The coping strategies used by the employees are distinguished by emotion regulating strategies and problem solving strategies. Finally, with the conclusion of the chapter ends the exploration phase of this thesis.

6.1 Coping With New Situations in KPN

By now we know all about the fundamental restructuring of the international telecom sector, the Dutch telecom market and KPN but what about the employees? What do they think and feel? How do they cope with the radical changes in their work environment? It is apparent that the restructuring of the telecom market has changed the work environment of the employees? The wave of reorganisation since 1989 has affected a greater part of the organisation. The former government employees have had to adjust to being commercial workers. Lifetime employment was no longer guaranteed, although the management has always maintained that it does not retrench people. New systems of rewards have connected performance to benefits. And due to cost reducing measures the employees are starting to feel more directly the consequences of the restructuring of the telecom market. The future of employees is no longer secure nor are their locations of work or job descriptions.

Everything is unsure, that is for sure (KPN manager in 't hoofdkantoor, PTT telecom, nr. 3, 1992)

Changing, altering your work, no longer doing things according to routine, signifies a lot of stress and fear.... You don't have to be a social scientist to suspect that not all of the people are enthusiastic (Dik 1998: 119).

By exploring the behaviour of KPN employees more information is also obtained on the organisational culture. Section 2.2.3 shows that the constant reordering of social practises by employees are limited by schemes of past experiences (e.g. Bourdieu 1990, Strauss and Quinn 1994, Chanlat 1994). Previous learned patterns of association therefore guide the employees in their process of coping with the radical changes in KPN. This is of importance because individual coping strategies of employees contribute to the success of the collective strategies.

In the next sections two employees will be introduced: Robert (International Support) and Ad (International Business). We learn to know Robert and Ad by exploring a typical day in their daily lives. The descriptions of these typical days illustrate the impact of the changes of the telecom market on Robert and Ad and show the strategies they used to cope with these changes and how these are connected to the coping strategies of KPN the organisation culture.

6.2 A Typical Day in the Life of an International Support Employee

6.2.1 *The International Support Office in The Hague*

It is 7.15, Monday morning, when Robert's alarm clock wakes him up. It is cold, dark and the rain taps on the bedroom window. He gets out of bed, takes a shower, dresses and packs his small suitcase with clean clothing, CDs and a novel. In his other case he has packed his notebook, some reports, the newest

Biography of Robert

Robert is a 39-years-old KPN employee. He has worked with the International Support Department for three years. Robert has studied Mathematics-Computer Science at the Delft University and started to work with KPN Research in 1984. He switched over to KPN and changed jobs four times. Recently he started working in change-management projects. Robert works four days a week because he likes to enjoy his spare time. Robert likes traveling and the international aspect of his work. During the week he works abroad, in the weekend he is at home. He lives in Leiden together with his partner.

KPN Nieuwsblad and some other papers to read. Robert makes strong coffee while his partner gets out of bed and hurries to prepare and leave for her work at 7.55 am. They make an appointment for the evening before kissing goodbye. At 8.10 am Robert straps his luggage onto his bicycle and rides to Delft Central train station to get his 8.21 train to The Hague. The dark grey sky indicates more rain or perhaps even snow later that day. It is busy and the train rolls in five minutes too late. Robert will first go to the International Support

office in The Hague before he continues his passage to Schiphol in the afternoon. Today Robert flies again to Prague for another week of work with SPT Telecom.

The train is full of people who have no place to sit and their newspapers. Robert arrives at the station of the Laan van Nieuw Oost Indië at 8.45 am. On the left side of the train the offices of the Nationale Nederlanden, Siemens and the Ministry of Social Affairs appear. The slender green tower and the huge round telecommunication tower indicate the presence of KPN. At the train station the passengers, most of whom are office employees, get off and descend the small staircase through the pedestrian tunnel. Slowly the mass of people transforms into a long line that passes in single file through the small exit door. Robert accelerates his steps to arrive at the door while the door is still open before it shuts. Outside, a larger number of office workers enter the Ministry of Social Affairs. These workers are dressed casually with only the incidental male employee wearing a tie and most female employees wearing colourful clothing. The other office workers turn to the left where a large artistic installation in neon lights attracts their attention. The 30-meter long wide neon piece of art represents the surface of the earth with an exotic volcano and a metropolis at the left side and another metropolis on the other side of a sea. An aeroplane flies above the sea in the sky and every 15 seconds the bright sun transforms into a blue moon. The neon art in blue, red, yellow and green is located at the KPN mobile network services building and symbolises the international character of telecommunications. A smaller part of the office crowd enter this building, others continue to the Siemens building or even further on to the Nationale Nederlanden office. Those who are heading for the AA tower or for other KPN offices follow the turn in the road. Robert never waits for the green pedestrian light to cross the busy street but instead tries to find a break in the row of cars to cross. This saves him some time. He can also cut across the corner of an empty piece of ground opposite the green tower. A path in the vegetation indicates that the office workers frequently use this route. Robert then arrives at the Prinses Beatrixlaan also nicknamed “the PTT allee [PTT Avenue]” because of the many telecom buildings located here such as the AA, AB, AC, ASL, PB, KS, SK, FGH and MBL building. Close relations with the Dutch government centre have determined the location of the KPN buildings in The Hague. A greater part of the head offices are located in the Dutch governmental city of The Hague near the ministerial departments. Due to the spreading of governmental administration to the north of the Netherlands in the eighties another part of the head office has been located in Groningen. The spread of the many buildings has stimulated the fragmentation instead of the integration of the various units.

The employees entering the prestigious AA building are generally dressed in dark suits. They wear light raincoats and carry black attaché cases. Here is where the top management is located. On the 18th floor is the office of the Board of Directors, on the 17th is the board of KPN Telecom, the TPG Group is on the 16th and on the 15th to the 7th is the TPG Group. KPN Telecom has its offices from the 1st to the 7th floor. Robert continues to the low AB building where a security officer checks passes for entry. He doesn't have to use his entrance pass because another employee has already opened the door. He greets the security officer and takes the stairs to the second floor. It is 9.00 am when Robert looks at his watch. The clock in the hall indicates 10.23 am but Robert does not notice

this because it has not been working for the last two years. He walks straight to the secretary at the end of the hall where he collects his mail. He takes a little time to chat with the secretaries, because he has not been here for some weeks. They are pleased to see him and ask about his experiences and “adventures” in Prague. For a larger part of the Dutch colleagues working abroad is like having holiday, unless your post is in Kiev or some other Eastern European city. One of the secretaries will be spending her holidays in Prague next summer and asks about the highlights of the city. She will be visiting Robert and his KPN colleagues in Prague. He informs them that he is leaving again for Prague later that same day. They agree to send office mail to his home address in the Netherlands since he will be abroad for the next two weeks. Robert takes a free cup of coffee from one of the coffee tables in the hall while on the way to his own office just as Jonathan comes in. He greets Robert enthusiastically and asks him how he is doing in Prague. They haven’t seen each other for a long time. They exchange work experiences, personal developments and news over the latest steps in reorganisation. Other colleagues also inquire on Robert’s experiences in the Czech Republic.

Finally Robert finishes the conversation and goes to his room because he has to finish a report that he must take to Prague. The room that he shares with four other people contains three desks, two monitors and one printer. He takes out his notebook, connects it to the network, printer and monitor and gives his password to gain access to his mailbox. When a colleague comes in to discuss some private matters, Robert stands up and closes the door. The hall is a public area where employees can meet each other. It is also possible to walk into a room when the door is open but when a door is closed you have to knock and wait before entering. In contrast to Robert, who is dressed casually because of his travel arrangements, the colleague is dressed in suit and tie because he has an appointment with a customer later. While employees are generally free to choose their own clothing, there are certain dress codes in the International Support department, which must be observed. The consultant has to be dressed formally if he/she is visiting a customer, but if he/she is working in the office no tie or suit is needed. Sandals, socks made of goat wool, earrings on men, torn clothing, shorts and long beards are absolutely forbidden. The dress code has changed since the end of the eighties; much more attention is now paid to clothing details and presentation.

It is 9.45 am when Robert returns to the writing of the report, which proves to be more difficult than he thought it would be. It is not so much the subject of the report that he struggles with but that it has to be written in English. He already learned English in high school and at the Leiden University where he studied Mathematics and speaking English is therefore not so much of a problem. But writing reports in English is certainly somewhat more demanding.

An IS colleague from Prague calls Robert in panic on his mobile telephone. The report they have been working in Prague on has been lost in the course of a colleague suddenly returning home. The problem is being solved but this call reminds Robert of his flight that afternoon and he calls the Business Travel service in Schiphol using the office telephone. He will fly Amsterdam-Prague

on the non-stop KLM flight KL 259 at 14.15 pm. He was initially scheduled to fly on Monday morning at 9.45 am as he usually does so he has to check whether the necessary change has been made and that the ticket is ready to be picked up at Schiphol.

The door of Robert's room is open. In the hall a colleague asks the IS manager: *'are you going to that meeting yet? I have to go to the same meeting'*. *'Well yes'* responds the manager, *'then I will be sure to be there in advance so I can speak with Hans'*, he waits for a moment and groans, *'nobody knows that Hans and I have been to a musical together in London'* (observation in IS department). That is one of the reasons Robert shows his face every now and then in the IS office in the Netherlands. When working abroad it is difficult to maintain personal networks in the organisation. And personal networks are important within KPN.⁴¹ These networks are vital for obtaining information, in cases of emergency, for asking for favours, getting things done and for obtaining new jobs.⁴²

I knew Hans very well. He was also working in Amsterdam. He went with the third wave to Prague. That was in 1995. He was very positive. So, one thing leads to another. He wanted me to come and have a look here. I visited him for two days and I liked it (interview with KPN employee in Prague).

It is 11 am when a colleague invites Robert to the secretary's room: *"Come, we are getting pastry!"*. That morning the head of the IS department celebrates his birthday in the secretaries' room with traditional pastry. He is congratulated where he stands next to the tea trolley with the silver coffee-pot and the white teapot. The room is filled with IS employees talking with each other in small groups while the secretaries continue their jobs. The celebration of the employees' birthdays is one of the office rituals at IS and is generally paid

⁴¹ One of the well-known personal networks within KPN is the network of the "Voorlindenaren". These networks date back to the period of 1950 up to 1974 when young PTT employees were trained for their leading positions in the organisation at the estate Voorlinden in Wassenaar. Every year 30 to 40 candidates passed the two- year course for Hoger Personeel Exploitatieve Dienst (HPED) or the three-year course for Hoger Personeel Technische Dienst (HPTD). The training included accommodation in Voorlinden. In their third year the HPED candidates stayed on the estate. During these "lodging" periods networks were created which still function within KPN today. Although many of these managers have been replaced with new external management, 122 "Voorlindenaren" still hold influential middle management positions. Although the influence of these old networks in contemporary KPN organisation has decreased their presence is still remarkable:

The 122 Voorlindenaren who are still working with PTT Telecom have generally developed themselves within the bureaucratic culture or they have been able to survive by means of a very strong social network (van der Putten, 1996: 76).

⁴² The existence of personal networks is related to another important value within KPN: loyalty. Being loyal to the organisation has been the best strategy for the employees during the pre-privatisation period. Loyalty was then honoured with lifetime employment and promotion and is still important within the organisation.

Loyalty is number one in the organisation. If you are not loyal to the organisation you can forget about your career. Of course my financial gains will be assessed at the end of the year. They assess every cent of it. Loyalty can therefore not easily be materialised. You do not use your networks for daily business but only in emergency cases -if something special happens. Then they will treat you with special priority. In return I will help my colleagues if help is needed from my department (Interview with 'Voorlindenenaar').

attention to by the management. Sometimes employees are reminded in advance of their own birthday since it is the person celebrating his/her birthday who must buy the pastry. For some of the employees presents such as ties and books are given. Once, three IS employees celebrated their birthday in an unusual way by serving Dutch pea soup with bread and bacon at noon. Although everybody liked it very much, it was clear that the party of more than twenty IS employees in the hall caused a negative image. When one of the members of the top management passed the group he commented: *“Now I understand why the tariffs of you consultants have been raised!”*.

Other modern office rituals that take place within the IS department are the rituals of integration that serve to integrate the individual consultants working in the IS department. In these rituals values and norms are also discussed and set. Examples of these rituals are regular meetings, readings, informal dinners and an annual workers' party. The rituals of departure are diverse. If somebody leaves the organisation a small farewell party is given in the office so everybody can say goodbye to their colleague. With the merging of the old IS unit and the new IS group in the summer of 1997 a departure ritual was held at the beach in Scheveningen with a beach volleyball competition, barbecue, dance party and campfire. The employees received caps with the name of the unit and the dates 1995-1997 on it. On special celebrations like the dissolution party, the annual employees' party and the unit's New Year party the use of cabaret is very popular. Sketches and songs are written and performed by IS employees. In these performances it is allowed to criticise the management in public. The usual hierarchy is turned upside down for one evening.

Robert joins in the birthday celebrations for only 10 minutes before returning to his office to continue working on his report. It is 11.55 am when a few colleagues drop in and ask him to join them for lunch. Every day small groups of International Support employees go to the 7th floor of the AB building where the company restaurant is located. Lunching before 12 am saves some waiting time since the lunch crowd has not yet arrived. Different kinds of bread, milk, warm snacks and even full meals can be obtained. Today Robert takes a slice of bread and ham with fried egg, a half litre of buttermilk, a salad and yoghurt, which in total costs him Dfl 5.50. Robert waits for his colleagues before walking to one of the free tables in the crowded restaurant. They usually take a seat at one of the round non-smoking tables near the corridor. More than five people would not fit the table and five is just enough to catch up on daily news, company gossip, holiday experiences and projects in progress.

That day the discussion is on the changes in the organisation. Stories are told about how many employees will be fired and all kinds of estimated figures ranging from 0 to 15 000 are put on the table but nobody really knows. It is uncertain as to what extent competition reduces the turnover. The future of the IS department is also uncertain due to political decisions and internal cost reductions. A 55-year-old experienced employee tells: *‘I have seen many reorganisations during my life with KPN. I will also survive this one. Besides, with only 3 years more to go I can already retire’*. He can opt for the 55+ clause that makes it attractive for older employees to leave the organisation. His

colleague, a couple of years younger, is not so sure about his pension. *“I do have to worry because you don’t know if this clause will stay in effect. There is still a good possibility that it will, but I don’t know”*, he says. The other participants are joking about what their next professions might be. The IS manager asks if he is licensed to drive trailers so he can work with the postal services during the Christmas season. *‘They are always in need of workers then’* says the IS manager. The colleague answers: *‘I don’t mind driving around in such a red car [TPG Group. AvM] or with a trailer to Italy’*.

From the nature of the discussion it can be concluded that the turbulence in the international telecom market has certainly affected the IS employees. The employees don’t have to fear dismissal but they do have to be flexible in adapting to new jobs within the organisation. The new job could be at another location in the Netherlands, within a different unit and with different colleagues. A larger part of IS employees are willing to adapt but the perspective of these employees on the role of the organisation has changed from: *‘the company that takes care of you and will find another job for you’* to: *‘you have to take care of yourself’*.

(citaat weggehaald)

6.2.2 *In the Afternoon to the Office in Prague*

It is 1 pm when Robert hurries out of his office and travels by train to Schiphol airport where he flies with the KL 259 to Prague. First he goes to the Business Service counter where he is pleasantly surprised to find his ticket. More than once the ticket has not been available and telephone calls had to be made for a last moment solution. Robert passes the customers and runs to the departure gate where he is just in time to get the 2.15 pm flight to Prague. Check in has already started but he has made it! In the plane he meets an IS colleague. It is not crowded so they sit next to each other in the economy class. Taking the 9.45 flight on Monday morning to Prague or the Friday afternoon flight at 2.45 pm or 5 pm back to Amsterdam he generally meets more colleagues. Robert talks with his colleague, reads his report, looks out of the window and eats the light lunch. The KL 259 arrives at 3.45 pm at Prague. Both men have only hand luggage so they go directly through customs to the automatic bank machine in the hall of the airport to obtain 3000 Czech Kronas (US\$ 100). Outside they take a taxi and drive along the Moldou River to the TelSource project office that is located at Delnická 12.⁴³ It is busy in Prague and they only arrive there at 4.15 pm.

The old and grey SPT office cannot be recognised from outside. No sign indicates the existence of a telecom operator. The national operator Správa Post a Telekomunikací (SPT) (Post and Telecommunication Administration) was founded in January 1994. In order to meet the new challenges of the international telecom market SPT Telecom set out to maintain its leading position in the Czech Republic and become one of the leading telecom operators on an international scale. In addition it sought to meet the requirements of its

⁴³ Telsource is the strategic alliance of KPN (51%) and Swiss Telecom (49%) that owns 27% in the Czech operator SPT Telecom.

national customers, to satisfy its shareholders and to create a good working environment for the employees (Company Profile 1996). These ambitions demanded radical and fundamental changes in the structure and culture of the company. For the necessary financial and managerial support SPT Telecom selected the strategic alliance TelSource as partner. The transformation of SPT Telecom into a world class operator was and is currently being carried out in the following ways:

- The deployment of foreign managers from the stakeholders companies on strategic positions in SPT Telecom.
- The recruitment of new management from other Czech industries.
- The establishment of a Telsource back-office in the stakeholders' companies.
- Training of the SPT management.
- Twin relation programs with districts in the Netherlands.
- Study tours for the SPT management to the Netherlands
- The *Kontroly* project in which a new system is introduced to control the telecommunication network.

Robert has been temporarily hired to work in the *Kontroly* project. At the end of the project he can return to a new project in the Netherlands. He likes this arrangement because it enables him to choose to work in the Netherlands whenever he does not want to work abroad anymore or his partner prefers that he works only in the Netherlands. The objective of this project is to get control of the operations and maintenance activities of SPT Telecom, which results in better telecommunication services on all levels. The project which began in February 1996 and was to be implemented over a course of three to five years. The projects symbol is a funny owl with an SPT Telecom hat saying "*Nejdříve získáme kontroly nad sítí*" (First we get control of the network).

The security officer who wears a blue uniform, a cap and a pair of Adidas sports shoes, steps aside when Robert and his colleague greet him with "*Dobry Den*" (good afternoon) and show their passes. They also greet the Czech SPT employees when entering the lift. In the lift music is played from a Czech radio station. They stop at the seventh floor where the project *Kontroly* (Control) is located. In the corridor Robert meets a Czech colleague wearing slippers with white socks. Robert is just in time for a meeting with his Dutch project leader and his Czech colleague, František to explain the report he has written. After the introduction of his report František commends Robert's report. By means of checking and contra-checking, ideas and opinions are exchanged in the English language. Every once in a while Robert asks František: '*so if I do understand you well, you mean this..*'. Sometimes Robert explains the difference of the use of a verb and a noun to František. František regularly interrupts the conversation to ask something or to explain his point of view; '*it is different/slower here in Czech Republic*'. He makes a point of the danger and the difficulty of centralising the network operations. More than 256 directors and managers will lose their jobs if the new plans are introduced. Not more than 5% can be transferred to other jobs in a Czech organisation. The implementation of the

project therefore needs to be conducted with close cooperation with the HRM department.

The meeting finishes at 5.15 pm and Robert walks to the secretary's room at the beginning of the hall to collect his mail. There he reads on the lunch roster that the next day is his turn to prepare the lunch. The lunches are prepared by one of the participants of the lunch group and takes place in the secretaries' room. He or she has to collect some money from the pot in which every participant puts around five Dutch guilders (2,5 US\$) for every lunch. The lunches generally take place around 1 pm and include 8 to 15 people. Only Dutch people participate in the lunch group. Apart from this group there is also a group of Dutch people who bring their own food. The person who prepares the lunch has to calculate how many people will have lunch and goes to the Delvita supermarket at the corner of the street to buy bread, orange juice, milk, cheese, pâté, salads, yoghurt and fruits. The table then has to be prepared and colleagues summoned to lunch. During the meal the employees sit in different "rings". The first ring consists of chairs around the table where the Dutch employees are seated. The second ring is by the windowsill where the Swiss colleagues are seated. Lastly there are Czech secretariat employees who stay behind their desks. After the lunch, the table is cleaned by the one who is in charge of organising the lunch and the dishes are returned to the kitchen. Sometimes the Czech secretariat employees take what is left behind.

At 5.30 pm, a Czech teacher comes in for Czech language classes. For one and a half hours every week Robert and his colleague have language classes. A larger part of the KPN employees learn the Czech language when they intend to stay for more than a year. The company provides these employees with a Czech teacher who gives classes at the office in small groups after working hours. Like his colleagues Robert finds it interesting but also difficult to learn and time consuming. He knows he will leave the Czech Republic again to work maybe in another country and will therefore stop with these lessons soon. The teacher uses a part of the lessons to explain cultural and historical aspects of the Czech culture. It is this part Robert is really interested in.

As part of the preparations for the project, team members attend a one day cross-cultural training in the Netherlands in which they are introduced to the political history, the business culture, Czech literature, comparison between western and Czech culture and case material which is discussed. Emphasis is made on the history of the Czech Republic and its people. Attention is paid to the importance of developing the right working attitude: not being arrogant, respecting people, fitting in with and discerning how one can help the organisation. The training also creates a common frame of reference.

We now can explain each other's experience. That is very helpful, because a foreign culture is different from ours. You notice that especially in small things. When you can explain these experiences, you also can handle them better (Internal Project Report, February 24, 1997).

Robert has learned to check on the opinions of his Czech colleagues before starting a meeting. The meeting can then be more effective because he already

knows everybody's opinion. Roberts' eagerness to learn more about the Czech context puts him in a dilemma. The more he wants to learn from his Czech colleagues and about the Czech culture the more he distances himself from his own Dutch project team. If he only concentrates on his project order, the linking of the project with the organisational context is in danger. A much better impact can be achieved when he solves problems of linking the project to the organisation by consulting Czech SPT Telecom employees. But this path is politically and culturally sensitive, more difficult to progress in and time consuming. Furthermore, it is difficult to recruit SPT employees that are well qualified according to Dutch standards. KPN will judge Robert's performance on the progress of his project. Therefore, he chooses to concentrate on his project:

When it comes down to it you need them [Dutch colleagues]. If you want to be successful in your work you need them. There are a few people who can hinder me work and they are in the project. If the Czechs are not satisfied I can change that perspective. But if my project-manager is not satisfied with me than I don't have any protection any more and I am out of the running.

Time pressure forces the Dutch project leader of *Kontroly* to work faster and more efficiently. Working with Czech colleagues is far more difficult and time consuming. Given the situation the option to obtain more Dutch colleagues is far more attractive. As a result a decreasing number of Czech SPT employees and a growing number of Dutch employees are working on the project. In the first phase of the *Kontroly* project this is not so much of a problem because KPN is designing and implementing new procedures. But in the implementation phase the lack of Czech employees will make the implementation more difficult. Czech employees have to work with these new procedures. It will be difficult to implement a Dutch solution in a Czech organisation.

Here in the Czech Republic it is hard to get information on the details of the process. You don't speak the language, you don't know enough about the mentality. So it is difficult to describe that detailed level, but the Czechs expect this from us (interview with KPN employee).

Robert has also learned that investing in personal relations with Czech colleagues is an important strategy to be successful in work. He shows pictures of his family back home in the Netherlands to his Czech colleagues and is interested in the personal lives of his direct colleagues. Robert has learned that he is dependent of the commitment that he gets from his Czech counterparts. He realises that the resistance of the Czech SPT employees has to do with his own behaviour. When he imagines himself in the situation of his Czech colleagues he realises he would probably react in the same way. Robert's strategy has resulted in some successful cooperation and adaptation to the Czech culture.

We first tried to transform the idea of a knowledge centre to the Czech counterpart by means of a Dutch expert. The presentation was translated into Czech but I didn't like it that way. It didn't make sense, the people didn't understand what it was all about. This was repeated three times. Then we

decided to ask the new Czech project leader to make a presentation. He had to learn the material and methodology, but it was a success. The sheets were maybe not very presentable, with too much information and there were too many sheets but it made sense to the people in the hall. And that was the point, since then, the project really started (interview with KPN employee).

6.2.3 *Private and Work Identities Melting Together*

At 7 pm Robert and three of his colleagues leave the office and head for the Alfons Mujer restaurant on the west bank of Prague. They take the SPT project car because none of them have a car in Prague. All of them travel by public transport. The restaurant is beautifully restored and displays paintings of the Prague born Alfons Mujer. It is empty in the restaurant. It is 8 pm Robert when orders soup, goulash with pieces of bread and sauce and a dessert for 250 kronen (4 US dollars). For these prices it is not worth making your own meal, hence they go out to eat. At 9.30 pm the dinner is finished and everybody returns home. Robert accompanies two of his colleagues to their home. One is living in the Alta Praha hotel in which KPN has hired a vast amount of rooms. The hotel is a walking distance away from the project office. Robert goes to a pub with the other two. Not so much the cross-cultural differences as much as the internal tension within the Dutch expatriates group surprises the employees. The Dutch group in Prague is far from homogenous. Four kinds of employees can be distinguished: (1) visitors (2) consultants (3) TelSource employees and (4) expatriates.

Within these four groups of employees experienced Dutch workers distinguish themselves from the newcomers. In the perspective of the experienced project workers the newcomers are energetic, highly motivated, come in with plenty of new plans, want to turn the project around 180 degrees and to introduce new internal procedures. They keep the experienced workers from working, think they know what is right and wrong but have no connections with the Czech organisation at all. The constant renewal of Dutch people tires the experienced Dutch employees.

I notice that the elasticity decreases, and that may sound negative but if I may say so, in the beginning I had more elbowroom, I could handle the things that happened better. In the beginning I thought, gosh, ok, that is the way it is. But at a certain point something started to wring at personal level. Too much is being asked at a social level: too much adaptation, and too fast (interview with KPN employee).

The lack of social networks in Prague radically changes and affects work and private relations. People that use to be colleagues in the Netherlands now become social friends. While most of the employees have a clearly divided personal and work life here in Prague, the borders are vague. Every now and then a group of 15 Dutch KPN employees gather in one of the employees' apartments and cook a meal together. Most of the project members like Robert regularly return to the Netherlands for the weekends. On Thursdays and Fridays, rituals of departure are played out at the secretariat where people sign up for the 2 pm or 3.15 pm flights at the airport. The Dutch employees hurry to finish their

work, print their reports, pack their notebooks, take their luggage, say goodbye to the Czech secretary and run for their taxis. The social life of these employees is constructed around their work.

I notice that I interact much more with my colleagues. So much so that it is almost extreme. We do everything together. We play tennis, have dinner, talk about work. It is very difficult not to talk about your work (Interview with KPN employee).

Not only the absence of social networks of friends and family is felt but also the lack of personal possessions in the living quarters. It is difficult to replace the intimate relations and living conditions back home. Robert notices that the mourning process of the death of a good friend of his in the Netherlands stops when he is in Prague. Not being in a familiar context and with nobody to talk to that has also known his friend makes it difficult for him to resolve his feelings. Of course friends and family pass by for a weekend or a week's visit but when something serious happens he feels far away from home and wants to return as soon as possible. Personal relationships in the Netherlands also start being perceived in a different way.

Last time I made an appointment with a friend in Amsterdam on Friday evening, we went to a restaurant, talked the whole evening, got drunk and by the time we returned home it was already 5 am. The whole weekend my partner and I were out of sync and that was not nice. I want to see other people but I don't think I will do that anymore (interview with Robert).

6.2.4 *Coping Strategies to Solve Problems*

While a rather small part of the IS employees perceive the changes in the organisation as threats the majority view these as new challenges. The IS employees employ different coping strategies to deal with the changed organisational context. A small number of employees have started their own consultancy agency with guaranteed orders for two years. Looking for another position in or outside the organisation is a popular coping strategy.

One of the colleagues tells that he is returning to his former unit. He has been working there for ten years before coming to the IS department four years ago. Another colleague brings to his attention that he has left his former unit because he did not like it and he said that he would never go back again. He admits that not so much the transformation in the new IS department but the uncertainty of what is going to happen has played an important role in his decision to return to his former unit (Participation during a small farewell party of three IS employees, May 1996).

The most popular strategy is that of job hopping within KPN itself. This strategy combines the best of both worlds: the protection of the organisation and the option to choose one's own job. KPN offers the advantage of this choice. Consequently, employees are able to participate in a range and variety of interesting projects and do in fact change jobs quite frequently. This increases their possibilities of change in career. Young academic employees change

position every 1.3 years while Voorlindenaren employees change only every 4.2 years. Experienced management executives change jobs every 1.9-year (van der Putten 1996).

In 1996 Robert applied for a project in Prague. He likes the challenge of working abroad: *'I am still young enough. If I do not do it right now, I will never do it'*. The possibility of developing a higher financial income is another motivation. The IS employees rather choose a professional rather than a general managerial position. Becoming a manager is not seen as a wise survival strategy due to reorganisation in the middle management.

The changes at the telecom market open up new career possibilities with the competitors. All kinds of technicians are in demand by national and international competitors, which offer competitive salaries and working conditions. This offers the employees possibilities of escape when the pressure of uncertainty is perceived as too high. Although people do usually indicate that they are thinking of leaving the organisation if the uncertainty is too high, the loyalty to KPN is still strong enough to prevent most from leaving.

The majority of the IS employees have remained with the organisation and have themselves taken the initiative to find new jobs or new activities instead of waiting for instructions. One of KPN's leading strategic advisers has taken the initiative to form a group of 30 young marketing managers to stimulate new ways of thinking, working and communicating within the organisation. This group has chosen to publish atypical publication leaflets such as *Work-Out-Site*, *United we stand, divided we fall* and *Back on the Track* in which they stimulate head office employees to radically change their work perspective.

You have to believe that it does not matter whether you stay or leave KPN. If you are really good you don't have to worry. In the long term a more independent attitude is much better for the company. Fear of dismissal with all the negative impact is therefore not necessary (interview with KPN employee).

Small-scale initiatives are based upon personal enterprises and stimulate and transform their direct context. What these people have in common is that they try to transform negative attitudes and threats into positive undertakings and new possibilities. The messages are positive; look for satisfaction and fun in your job, create your own small virtual business, no longer criticise your context but take initiative and do things differently, spread the seed of new thoughts throughout the organisation. Quite a number of IS employees choose this strategy. The top management of KPN supported this internal change but the initiatives were also met by criticisms from other employees because of the "religious" nature of the "movement".

(citaat weggehaald)

6.2.5 *Coping Strategies to Regulate Emotions*

Apart from individual strategies that are used in attempt to relieve the stress and anxiety of uncertainty various strategies are also used to regulate emotions.

These strategies are employed in order to cope with situations that are as such impossible to solve. A large number of the IS employees cope with the new situation by simply waiting for whatever might come their way. They try to speculate as to which which changes will occur and where. Only if these affect their personal situation is action really seen as necessary. Because many of these employees have already experienced reorganisation they have come to the conclusion that they can survive the next reorganisation by staying calm and not panicking. This strategy is quite popular with the IS employees who are experienced, highly educated workers and therefore have enough possibilities for other jobs in KPN or in other organisations. Only a small group of employees seriously worry about the future of their job and their company. Instead of looking for new challenges these worries result in a passive attitude towards changes and the future of the company. They let it happen as it happens and only start to get seriously concerned if their daily routines change.

The creation of taboos is another way of regulating emotions within KPN. The concept of taboos comes from the Polynesian word *tapu* and signifies the sacred, the forbidden with supernatural sanctions. Within organisations taboos are used to prescribe or proscribe certain behaviours that help to manage shared anxieties (Trice and Beyer 1993: 107). Organisational taboos are behaviours that are compulsively avoided and viewed by the members of an organisation as prohibited. A taboo is usually unspoken and unwritten and, points out a problematic or weak element in the organisation and can be seen as a negative ritual. They are taken for granted and apparently emerge from historical coincidences that brought feared events and the prohibited behaviour into association with each other. Trice and Beyer (1993: 109) give some examples of organisational taboos such as the open discussion of the actual amount of salary or stock options one receives, the expression of one's true feelings and emotions, or mentioning unthinkable corporate disasters. Even in rationalised settings like workplaces people resort to non-rational behaviour to manage their anxieties and conflicts and dissipate their uncertainties. By doing as the culture prescribes people hope to avoid what they most fear (Trice and Beyer 1993: 109).

In an IS workshop on product development employees surprisingly mentioned a lot of behaviour that is prohibited. Hence another session was held with a group of 15 employees to discuss the existence of taboos. The discussion was an attempt to explore the taboos and the situation that has lead to these taboos. It could then be seen how strategies, which are generally used to regulate emotion can be transformed into problem solving strategies. From those two sessions a list of behaviours that is compulsively avoided and viewed by the employees as prohibited was drawn up. This list can be clustered in five distinct groups of behaviour.

Each group of behaviour reflects one underlying taboo. (1) The behaviour in the first group is focused on avoiding criticism of the management. The ending of a project by an IS employee, refusing a new project, questioning the boss' decisions, airing personal and honest opinions and, entering into open conflict are kinds of behaviour that are avoided by the IS employees. Such behaviour

reflects the taboo that an employee must not show disloyalty to the company. (2) The behaviour in the second group is focused on the avoidance of deviancy. This behaviour denies the democratic and harmonious character of the organisation in which all of the employees are equal. The showing of deviant ambitions and the expression of deviant opinions are also avoided by IS employees. This behaviour reflects the taboo that the harmony within the organisation must not be threatened. (3) The third group comprises types of behaviour that avoid the showing of vulnerability. By making decisions, taking risks, showing responsibility and initiating a project without the approval of the boss an employee makes him/herself vulnerable for failure. When loosening the control over a project, skipping procedures and asking for assistance or help an employee runs the risk of being punished. This behaviour reflects the taboo that an employee must not show vulnerability. (4) With the behaviour in the fourth group IS employees hope to avoid emotional outbursts. Getting angry or annoyed, crying, the sharing of deep worries are emotions that are only shown behind closed doors in the organisation. This behaviour reflects the taboo that an employee does not show his emotions at the workplace.

<i>Acting Emotionality</i>	<i>Showing Diversity</i>
Emotions have to be kept behind closed doors Getting angry, annoyed, cursing and swearing Show understanding for resistance of employees Taking care of each other Sharing your worries	Not everybody is equal The organisation is not democratic and not harmonious Deviant behaviour Deviant ambitions Deviant opinions Discussing uniformity Diversity of house style and names
<i>Showing Vulnerability</i>	<i>Being Critical</i>
Making decisions, taking risks Taking responsibility Less control and procedures Starting projects without the approval of your boss Not being able to do something Wait instead of intervene Asking for help or assistance Learning from others Appeal on errors made by others Preference of personal objectives	Employee is ending a project Refusing a new project Not doing what is asked for Asking for clear assignments Questioning the boss' decisions Being not loyal Openly using power to reach objectives Entering open conflicts Airing personal and honest opinions
<i>Other Taboos</i>	
Abolishing the Telecom districts Moving the Board to The Hague Firing people Talk about costs	

Figure 9. List of taboos

To ease their own uncertainty and frustration, employees air their criticisms by cracking jokes, gossiping, singing songs and in cabaret. Many jokes are made within the IS department about what has gone wrong in the organisation. The best way to pass criticism is by means of cabaret sketches, which is acceptable and is even stimulated. Being named in one of the songs or sketches ironically raises the status of the involved manager. Not naming the manager is a greater insult than giving him/her the most criticism. Cabaret sketches are also used during department gatherings to criticise the management:

High Larry, look up high Larry / Higher lures another job, Larry /
 Silly, silly Larry / Bye Larry, silly, silly Larry
 Is now with CBN / Where he does not know anybody yet /
 But is now closer to Uncle Ben
 High Larry, look up high Larry / because the top entices there
 (Farewell song for a KPN manager by IS employees)

Other coping strategies include the viewing of work as a game in which players can either loose or win, the maintaining and establishing of personal networks and the showing of resistance. Although the IS employees are relatively flexible these same employees also show resistance. When the old IS unit merged with other units to form the new IS departments the new manager came to explain the new organisation. After the manager had left, intensive discussion started on how the new cooperation felt like a take-over instead of a merger. These discussions were based upon fear of a change of focus from the internal to the external market, fear of the style of working and fear for their respective positions within the new organisation.

6.3 A typical Day in the Life of an International Business Employee

6.3.1 A Day at The International Business Office

It is 6.15 am in the morning when Ad gets out of bed and prepares himself for the day. He leaves his house in Amsterdam at 7 am. By that time his wife and three children are awake and preparing for school. Ad has to leave that early in order to avoid the heavy 8 am traffic jam on the way to The Hague. The IB employees have two distinct kinds of workdays: a day at the home office or a day abroad. A typical day at the office usually means either a day during a project or a day between two projects. During the course of a project, such as the possible acquisition of a share in a telecom operator in another country, Ad's working hours are chaotic starting at 7 am and continuing late into the night.

When there is no project running Ad's working day starts in his car on his way from Amsterdam to The Hague with several telephone calls to Hong Kong, China and Jakarta. Due to the time window, it is best for Ad to contact people in the Far East early morning and it is a productive way of spending time if he

does get caught in the traffic jam.⁴⁴ This morning the traffic jam is only a few kilometres long so Ad arrives at the KPN building, that is referred to as ARC, as early as 8 am. The ARC building situated just aside the busy motorway to the centre of The Hague is a striking example of modern architecture. In the evenings bright lamps illuminate the white building in the colours green, purple and yellow. Ad uses his parking pass to enter the parking garage. These passes are only available to employees with PAO status.⁴⁵ Other IB colleagues have to find a parking spot outside the building.

Ad enters the glass entrance of the ARC building says good morning to the security employees and uses his identification card to open the door. Ad's office is on the 10th floor, overlooking a part of The Hague and the crowded highway below. At the secretary's room, he collects his mail and faxes. The office rooms are spacious and furnished with newly designed desks. Only the presence of a few maps of countries in the rooms reflects the international character of this department. Ad first reads his list of telephone messages taking note of the calls he must return. He goes back to his own room and logs into the computer network to check his electronic mail. In his mail he finds faxes and e-mails with several leads on new investing possibilities in the Far East telecom market. Ad is responsible for a selected group of new emerging telecom markets in Eastern Europe and East Asia. Every week he receives two or three requests for participation. Some of them have come from consultants in the emerging markets, others from bankers and some directly from telecom operators. The leads give information on interesting possibilities of participation in telecom operators and possibilities for selling products and services.

Ad starts by filling in his travel declarations of last week's foreign visits. He

Biography of Ad

Ad is a 40-year-old KPN employee who has worked with the International Business department for four years. After studying social geography at the University of Utrecht he did his MBA. Ad started in 1985 with KPN in the marketing sector. Since 1990 he has been working in international telephony. Ad has grown up in a family of entrepreneurs. His father had a trade company with international business contacts. This background stimulated Ad to choose an international business career. He lives in Utrecht together with

is girlfriend. They have no children.

⁴⁴ The time window is the time period in which the headquarters is able to communicate with its subsidiaries. The offices in Jakarta for instance open at 3 pm Dutch standard time while the Dutch office closes at 5.00 pm. The time in which the office of both headquarters and subsidiaries are open, in this example from 3 pm to 5 pm is called the time window.

⁴⁵ PAO stands for the Persoonlijke Arbeids Overeenkomst [Personal Employment Agreement]. This agreement is only for high qualified personal of KPN.

has learned to do this as soon, as is possible after his trips so that he will not forget to do it and because it takes some time before the money is deposited into his bank account. This morning he has to write a report on the results of his visit to Eastern Europe the week before. Ad usually uses the mornings to make contact with the Far East to discuss the latest developments and news with his host-country partners and, to reply to e-mails, telephone calls and faxes of

colleagues based in Singapore and Hong Kong. By 11 am most of his Asian counterparts have already left for the evening and closed their offices due to the 6 hour time difference and it is then time to direct his attention to immediate matters in the IB department.

At 11.15 am Ad has a meeting with his manager and discusses some of the interesting leads that Ad has selected this morning. The manager instructs Ad to find out more about the leads that fit the Asian strategy, are interesting and does not interfere with the Unisource strategy. The offices in the Far East are closed by now so he has to wait the next day to get in contact with his foreign business partners. Ad thus consults his own colleagues to discuss the leads. He also telephones a colleague from NCF who has been working in the region for over five years. The latter contact originates from an informal network built up in the time Ad and the NCF-employee were working in the same department. In contrast to his colleagues Ad does not see NCF employees as “KPN employees with 20 years of technical experience that have to wait out a few years abroad for their retirement”. Every now and then Ad consults this colleague to ask for information on local politics, personal networks and information on the telecom operator he is interested in. This information helps Ad prepare his visit to whatever region he is investigating. Together with the regional KPN office or the local consultant, who generally is native to the specific region, he prepares an official acknowledgement of the interests of KPN. A visit to the region is used to collate the information on the situation and the financial consequences of the participation. Having gathered all the necessary information Ad then returns to The Hague to prepare the bid.

Ad and his colleagues generally see this external part of the acquisition process as the easiest stage of the process. The internal co-ordination necessary in putting the participation into actual effect is more difficult and far more time consuming. In the first stage the head of the IB department assesses the prepared bid: Does this project fit the chosen strategy in the region? Is there a local partner or a Unisource partner interested in participation? This is the point where it is decided whether to carry out further specification and preparation to be presented to the board of KPN, or whether to abandon the process of acquisition. The lead is pursued if it is deemed interesting enough but if information at that point is still insufficient and a prospective partner has yet to be found no decision can or will be made just then. In practice this means that Ad has to keep in touch with his foreign partner, foreign offices and consultants without giving any promise of agreement. It is this part of the acquisition process that Ad does not really like because this process can last for months. He has to wait and keep updating the foreign counterparts till KPN actually makes a decision.

When a decision to go ahead is made, Ad starts out on two parallel paths. The first path is the official co-ordination of the process in which various personnel are required to investigate the project. These people come from technical units such as GSM specialists and people from the Juridical Department. At the same time Unisource partners are contacted to see if they are interested in participating. The second path is the informal lobbying in the

organisation to promote the project and to attract attention from the top management. The larger the deal the more easy it is for Ad to get attention and to find people who want to support the project. For smaller projects however, Ad has to sometimes fight against the prejudices held against a country and its culture. Ad's success in attracting the attention of the management depends heavily on a strong personal drive, local contacts in the region and personal cultural interest in the many non-European countries relatively unknown to the top management. It is sometimes necessary to invite some of the top managers for an informal visit to the country. Ad needs his personal networks within KPN to arrange everything. The better his personal networks are the more chance he has to succeed with his project. It is also very wise to involve people from Financial Control at an early stage of the process because their opinion weighs heavily in the final decision of the Board of Directors.

Once all the internal and the external preparations have been made, the bid can be presented to the board of KPN, which has to make a final decision on the investment plans. This is the most important moment of a new acquisition. "No" signifies disappointed IB employees, "yes" means further preparation for the final bid in competition with other competitors. Hence a team of skilled professionals is set up to investigate the local situation and prepare for the competition. There are two ways of obtaining participation in a operator: the beauty contest and the added value method. In the first method all of the interested companies present their best sides, lining up their respective advantages and assets while the host-country government selects the most attractive offer. The other method is to search for a special offer that fits the local telecom operator. Therefore an insight into politics and culture is needed. Different questions have to be answered in this phase of the project: Who are the players in the telecom market? Which instruments of power do these players have? Where are the informal networks? How are these players related to political parties? How do the centres of power change over time?

Formal and informal networks in the country of interest are used to present KPN and the Unisource partner as interesting partners. At this stage trust is a very important issue. The financial part of the bid is of course one of the most important deciding factors for the local PTO and the government in deciding upon their international partner. But trust in the new partner, cultural bindings, historical relations and inter personal relations do play an important role in the final decision of the local government. It is therefore very helpful for the process if the KPN management and the PTO management fit well together.

6.3.2 *Guiding New Projects Trough the Political Arena*

At 1 pm Ad and three of his colleagues go the restaurant on the ground floor to have lunch. Most of the tables in the restaurant are occupied. By the wall are small tables for two, tables by the window seat four and in the middle are large oval tables for bigger groups. Some of the employees, especially the secretaries, come to collect packed lunches and return with their paper bags to their respective offices. A larger part of the people in the restaurant are dressed smartly. Women wear suits and only the quality of their handbags betray their

status. Men wear expensive suits in dark colours and blue or white shirts. Ad and his colleagues have put on their coats to dine in the restaurant. They find a place near the window with a nice view of the rest of the restaurant. Over the lunch they make jokes about their work, exchange the latest gossip and complain about the slow process of decision making. Ad's lunches are usually very irregular in terms of time and length. If he is together with colleagues and they discuss organisational topics the lunch can take up to an hour as frustrations and emotions run high.

Although he has worked with KPN since 1985, the internal politics still frustrates Ad. He compares the organisation with a sponge that takes its old form after it has been squeezed. He likes to see his efforts leading to concrete results and hates having to participate in political games to reach his goals. His colleagues are quite new in the organisation. One of them is from a Dutch multinational with international experience and the other two colleagues are young academics. In the management of KPN three different "blood groups" can be distinguished: (1) young academic employees, (2) Voorlindenaren and (3) experienced management. The young academic employees have been recruited as a result of the new management's development programs after privatisation. These employees are called the "*glimpiepers*" or "young dogs" because of the characteristics for which they were selected: young, aggressive, career orientated, commercial, conforming, ambitious, driven to compete and mobile. These are seen as the most important factors for success in a management career. The managers in the third group come from other industries and companies in the Netherlands such as Shell, Coopers & Lybrand, Boskalis, Unilever and ITT.

The experienced management and the young academics have been loaded with the difficult task of transforming the management culture. From a historical perspective it is easy to understand the political character of the organisation. But with privatisation it became necessary for this political character to change. The message in the early stages of the privatisation was very clear.

Probably many people still put a lot of energy in what is called internal politics. To the "if and how" question. Such as: 'yes, that is a problem, but shall we talk about it and if so, then how?' It becomes even more awkward if you have to act in such a way that ensures that nobody is hurt, that you do not interfere in someone's business, or give the impression that you have criticisms. In short, to act defensively, not openly, keeping everything in balance, avoiding conflicts. Because, that is the message: Don't be the messenger of bad news. I was astonished..... We have to end this once and for all (Column of Mr Ben Verwaaijen, CEO of KPN in: 't hoofdkantoor, PTT Telecom, jr. 4, nr1, 1992).

The new management consisting of young academics (409) and experienced management (467) easily outnumbered the earlier discussed Voorlindenaren (122) (van der Putten 1996: 42). The task to change the political culture however was not very easy to execute. The management and employees in IB coming from outside KPN experience difficulties in understanding the internal politics and internal networks.

KPN is a very political organisation. When I came here in 1989 I thought after a few months: my God, what am I doing here! But fortunately a lot has been changed with the coming of a critical mass of new people. Out of our group of new employees, who still meet, 20 out of 22 people have stayed (interview with new experienced manager working with KPN).

Not so much the content of the project as much as the position in the political arena is of overriding importance for a project. Personal networks are therefore still important for guiding new projects through the organisation. Examples of these personal networks are the “Voorlindenaren”, groups of new employees who joined KPN in the early 1990s and people who have been in the same management development trajectory. In using these personal networks special rules have to be observed.

It is important not to take all of the profits, and not to begrudge somebody else of his/her own profit. You have to step aside every once in a while so somebody can pass in order to continue. You will always meet each other in the organisation so you do not completely finish off someone. You let him go and will not take the complete profit. Later on, you might need this person, to fight together for something else, or just for a little competition (interview with Voorlindenaar).

6.3.3 *An Evening Flight to Madrid*

In the day at the office, 5 pm till 7 pm are the most productive hours. Ad likes this part of the day because then the office is more or less empty, the telephones have stopped ringing and there is time to write the necessary reports to support international projects. However this particular evening he has no time to use his productive hours because he has to catch a flight to Madrid. At 5 pm Ad stops writing his report and packs his notebook, papers and project information. Although it is only 40 minutes to Schiphol International Airport he has to leave early to avoid the traffic jams. Ad leaves the empty building, gets in his car and drives through the traffic jam. He calls his colleague to discuss strategies and plans for the day after. At this time of the day informal calls are made to inform each other of the latest developments of the project. A telephone from the investment banker in America comes in just before he reaches Schiphol. It is just after lunch in New York.

At Schiphol, he meets an external consultant hired to support this project. Together they fly to Madrid where he has a meeting with Telefónica de España, the Unisource partner. In the aeroplane Ad prepares the meeting with the consultant who is flying first class. Ad is in business class due to KPN's recent cut back on travel costs. The aeroplane is delayed for an hour. Ad reads the project information over again. They arrive at 10.30 pm in hotel Michel Angelo in Madrid, check in and drink a beer or two at the hotel's bar. To discuss the final position of KPN Ad and the consultant have to contact the CEO, Mr Ben Verwaaijen. It is not easy to reach Ben Verwaaijen because he is at that moment in Jersey from where he has just departed by helicopter. It is not sooner than midnight before they are able to get into contact with the director and send him a fax through his secretary. By then it is bedtime.

Ad likes the international nature of his job. He would like to obtain a position in one of the foreign offices. It is not so much for the financial or career prospects that both Ad and his partner would like to work abroad. Having studied social geography, Ad has always been interested in working abroad but he is also selective and critical of the posts offered. A job offer in the Ukraine is neither interesting for him or his partner because life conditions are perceived as harsh. Although many employees aspire to work abroad, it is difficult to find experienced and qualified people for the 200 to 300 international positions. In a stimulating article in the *KPN Nieuwsblad* the head of the IB department complains of the meagre reaction to an advertisement for four positions in Hungary, Czech Republic and Ukraine.

Much of the new talent has chosen KPN as their employer because of the company's international activities. But when they are offered the chance to get internationally involved there is a shower of excuses as to why they cannot change their newly bought house for a year in a house in Kiev, Budapest or somewhere else in the world (*KPN Nieuwsblad*, August 7, 1997, no. 184, pp.3).

Why is it difficult to find qualified employees to work abroad? One might think that it is because employees do not want to work abroad but this is not the case. When in 1995 a personal announcement was made to 4000 employees for positions in the Czech republic nearly 20% showed interest. Furthermore, in the internal *Telecom OverMorgen* [the future of telecom] discussion many employees showed interest in working abroad and wondered how they could obtain such a position. Some of the 30.000 employees have personal and cultural historical relations with countries such as the Czech Republic, Indonesia and Ireland.

Is it perhaps the partners of the male employees who do not want to work abroad? The national newspapers picked up the question, which was addressed in the *KPN Nieuwsblad* of 7 August 1997. The public discussion came to the conclusion that the career of the partner is a significant obstacle in the path of male employees with the potential for an international position (*NRC Handelsblad*, August 15, 1997). The growing participation of women in the Dutch employment market and the changing mentality towards issues of gender and child raising has led to female partners of the employees being less willing to give up their own positions to accompany their partners abroad. Consequently the living conditions in the host country determines their willingness to move abroad. Positions in Paris, New York or Jakarta are more easily filled up than positions in Eastern Europe. The missing of a dual career policy however, is just one of the causes of the difficulty of finding qualified people.

An important factor causing difficulties in finding qualified employees to work abroad has to do with the lack of fine-tuning of the process of recruiting, sending employees abroad and their re-entry. Recruitment is determined by the available supply of employees rather than the demand for skilled personnel. This results in a large number of willing candidates: young academics, adventurers and people whose careers and/or personal lives have run aground.

The fear of losing their jobs as a result of internal reorganisation forces people to look for jobs abroad. But this group of candidates does not include the 'hot shots' or talented and experienced young employees ready for their second or third move in their career. The selected candidates for the foreign posts are therefore, not the most talented or experienced employees.

The Dutch managers that I have met, while I have been abroad, were unable to adapt to international cultures. They are unable to recognise that they have not become part of it....Dutch bring Dutch mentality into their foreign countries. I will give an example. The Thai language is that three words can sound the same to you and me, but have totally different meanings. If you consider a soft language like Thai and put a very aggressive Scheveninger or Groninger as a manager, the Thais just don't know how to deal with that. What I am saying is: learn to be sensitive. And sensitivity has never been exhibited as far as I have seen anyway. And I have been to a lot of KPN offices (interview with non-Dutch AT&T-Unisource manager).

The HRM department has recently acknowledged this and a pool of internationally experienced expatriates has been established to fill in international positions. The candidates are selected based on their technological knowledge, their experience, their willingness and their flexibility. In the beginning of the process of internationalisation mainly young candidates were selected and sent abroad. Due to complaints of the foreign partners over the lack of their experience and seniority of these young candidates more senior employees are now selected. A larger part of the candidates do not have international experience. Therefore candidates vying for foreign posts have to sit for a test the results of which determine whether the candidate will fit into the cultural context of the host country. The outcome of this test, also called a culture check, does not however determine the final selection of the candidates. In a larger part of the cases the selection has to be done within a very short time period that does not allow extended preparation or tests. In the final phase of the selection procedure the candidate's curriculum vitae is sent to the foreign partner organisation concerned. As a result much time is needed for the recruiting and selection of candidates. The wide recruitment of candidates has therefore resulted in questions and complaints by the candidates themselves.

After the selection the successful candidate is prepared for the position in the host-country. If a contract is for longer than a year the candidate has to learn the local language and immediately starts with a language course in the Netherlands. A two-day cultural training at a specialised institution is also part of the training. The pressure of time and the lack of information with regards to the host-country do not stimulate the exchange of experience between the candidates and international colleagues. KPN has started to centralise the international experiences of its employees for a better exchange of experiences.

The selected candidate is sent abroad on conditions that meet the industrial standards which are centrally co-ordinated within and by the organisation. Each of the candidates however, tries to arrange a separate personal set of agreements with the new employer. For instance the number of paid air flights home, the

living conditions to be provided and other essential necessities for family life in the host country are subjects that are negotiated.

The eventual re-entry of international employees into the home organisation is a serious problem. For a larger part of the employees returning means having to find new employment within the organisation which has changed dramatically during their absence. Returning expatriate workers soon discover that ex-colleagues have since changed positions leaving their former personal networks altered. To support the employees in their return a special program has been developed to help them acclimatise and adjust to the new and changed organisation. The employees are placed in either the districts or in the national organisation. It is therefore extremely important for employees abroad to maintain their personal networks in the mother organisation in the Netherlands. These networks are needed for information on new positions when one is planning to return. Expatriates do spend time to visit their networks in the Netherlands even when located abroad.

No special importance is given to international experiences or newly learned skills and as a result international experience does not support the building of a career. Employees with expectations of promotion in salary and rank can thus feel disappointed on returning to the organisation. They are generally perceived by others as employees who have been on some kind of a holiday. The stories told by the expatriates of the lovely climate, the perfect living conditions, the adventurous weekends, the strange culture and, the beautiful women stimulate this perception. The expatriate thus finds that the experience abroad does not in fact make much difference on his curriculum vitae. It is therefore far better for your career to stay in the neighbourhood of the AA tower, the headquarters. It is even worse for employees whose careers have already been in a deadlock before being sent abroad. To re-place these employees is an even bigger problem because of their expectations of being rewarded with a better position. The stories told by the returning employees to their colleagues have created the myth that being sent abroad has a negative impact on your career. These colleagues in turn spread the 'sending myth' through their own personal networks and within no time at all everybody in the organisation has learnt about the negative impact of an international experience on one's career. Consequently employees, especially whose careers are not on a dead end track have minimal interest in taking up international positions.

Yes, of course there is sometimes some grumbling. Sometimes things go wrong. But a lot of the grumbling is based on myth, I think. There would be little appreciation for what people have done abroad. That is of course absolutely nonsense (Manager in *KPN Nieuwblad* May 29, 1997).

6.3.4 *Coping Strategies to Solve Problems*

The things Ad likes about his job are the establishing of international networks, trading, the achieving of concrete results, learning about other cultures and the starting of new projects. He has learned to be successful by persevering with a project he really believes in. To cope with the demands of the internal and the external networks IB employees have become office nomads. Such a person

carries a suitcase containing a notebook, modem, printer, various kinds of foreign currency, airline tickets, toilet articles and some clothing. At home he has a fax, an Internet mailbox, telephone and is always reachable by cellular phone. This kind of nomad is available 24 hours a day when an agreement/project is near completion.

To cope with the stress and frustration Ad and a larger part of his colleagues view the international business as a game in which the content of the proposition is less important than the process of successfully passing the proposition through the political arena in the organisation. In this game Ad has to observe the internal moves, the formation of coalitions and, make note of personal attitudes. He is constantly asking questions and studying the situation: Who benefits from the proposition? Who is making decisions? What is the perspective of the executive management of the involved country? Does it still fit the official strategy? Have I informed all of the people involved? Ad compares this game of international business with a game of chess; you have to think carefully a number of moves ahead.

I have learned to stay calm. It is a political process in which you have to keep an eye on who is taking what decision and where (interview with IB employee).

Although Ad and quite a large number of his IB colleagues do not like the internal political game of chess, a small group of IB employees see it as a necessary tool to reach their objectives. They like the internal lobby and are not interested in the way the decision is formally executed. They use a book to note all of the names, telephone numbers, conversations, events that occur in and around a project and their strategic impacts on the project. Decisive action and telephone calls are planned on the basis of the information in the book. To be successful in the execution of a project it is very important to involve the right people in the organisation. People that can make the right decisions, have knowledge of the project, know the formal and informal internal organisation and, have personal networks themselves. Long term experience in the organisation helps considerably.

I can phone everybody, Verwaaijen, Ploegmakers. I have good contacts and I inform them frequently - that is very important to be successful. If you do not inform people well in this organisation people become suspicious. As a result, when it comes to a point of having to make decisions they find it hard to trust you and make another decision (interview with IB employee).

6.3.5 *Copings Strategies to Regulate Emotions*

IB employees work in difficult and stressful situations. On the one hand, they have to stay in close contact with the international telecom market and with the countries, which fall within the scope of KPN which means they have to travel intensively, build up networks and, learn about the cultural and political context. But on the other hand, it is far more important to stay in close contact with the headquarters in The Hague in order to operate successfully. The time consuming political process involved in guiding an international project in the organisation

leads to frustration for a majority of the employees. This frustration is sometimes expressed in anger:

I am fed up with not being taken seriously when coming back from a country with good leads or business opportunities (interview with IB employee).

Ad himself feels sometimes insecure as to whether or not he has the commitment of the management when negotiating with a prospective foreign partner. The structure of decision making in The Hague is not very clear so much so that there are always risks when Ad makes commitments to a foreign country that he cannot later honour. Together with many of his colleagues he has learned to be more careful, not clearly committing to a project is a way of dealing with this kind of uncertainty and prevents frustration on returning home.

A very popular coping strategy IB employees use to cope with emotional frustrations is that of hanging jobs. The young employees leave the department for other departments. The more experienced employees look for positions with other international companies. Consequently, the fast turnover of employees does not stimulate an increase of international knowledge within the organisation. Furthermore, the absence of a clear regional strategy makes it difficult to build up regional knowledge and personal networks. New employees recognise the lack of networks in the organisation and put a lot of effort in the building of personal networks in the organisation. This costs time and energy because people who are already participating in networks want to know whether these newcomers are temporary passers-by or permanent workers.

People are thinking: “ what can I do with him in the short term and long term - say 5 to 10 years” (interview with IB employee).

6.4 Conclusions

The descriptions of a typical day in the lives of Robert and Ad show two employees, two individual people who have their own motivations, expectations, emotions, frustrations and strategies to cope with change. Individual experiences, motivations and emotions determine the behaviour, actions and perceptions of each in his daily work (see Strauss and Quinn 1994). We learn that Robert is seriously interested in working abroad, learns the Czech language and sympathises with the Czech PTO. Robert is sent abroad to implement Dutch solutions in the Czech PTO and finds himself confronted with questions of loyalty to KPN and adaptation to Czech culture and organisational politics. The harmonisation of experiences (Bourdieu 1990) of Robert and his colleagues takes place in collective activities such as beach parties, birthday parties, lunches, department gatherings and sporting activities. We learn that Ad is an entrepreneur who likes to do business abroad, takes initiative and risks. In his work the political character of KPN frustrates Ad. For Ad it is more important to spend his energy in internal affairs than in the cultural context of the local market in order to be successful in his work. His personal schemes are

learnt from previous experiences with organisational politics and he mediates his behaviour according to the context.

The question as to what kind of individual strategies the employees have used in reaction of the changing working context has been answered. Robert (IS) and Ad (IB) both use emotion regulating and problem solving strategies (see Figure 10). The emotion regulating strategies are used when the given situation is too difficult to change. For instance if the struggle is with the organisation politics it is seen as better to modify ones own attitude and strategy. These kinds of changes in attitude can result in taboos as has been shown (see Figure 9).

The typical day descriptions of Robert and Ad furthermore, show that the organisational culture has not changed much. Steps taken to change the organisational culture from a bureaucracy to a business culture in which employees become entrepreneurs, take risks, act commercially, take responsibility, are competitive and are service orientated have only partly been successful. Still the political arena and the personal networks play an important role in the organisation. Political awareness, personal networks and loyalty are still important for success in the organisation. The list of taboos within the IS department reflects the difficulties within KPN: being critical, showing diversity, showing vulnerability and acting emotionally. As a result the process of internationalisation is difficult. The existence of the myth about going abroad makes it hard to find qualified employees for international posts. The causes of this myth can be found in the problematic connection between the recruitment, the selecting, the sending abroad of employees and their return. The international experiences of the employees do not positively contribute to their careers. The cases of the problematic return of expatriates are told in the organisation and dissuade potential employees who have international ambitions. Furthermore, is it difficult for individual employees to persuade their partners to join an international position abroad. As a result not always the best nor even suitable employees are given foreign positions.

<i>Employees in the IS department</i>	<i>Employees in the IB department</i>
Changing of position within KPN	Being sensitive for organisation politics
Looking for a international position or possibilities abroad within KPN	Lobby to support a project
Creating new positions	Using personal networks
Being flexible	Becoming flexible
Developing new business	Expressing anger and frustrations
Transforming threats into new possibilities	Being carefully in foreign negotiations
Looking for a position outside KPN	Changing jobs
Waiting and seeing what will happen	Using local agents
Creation of taboos	Establishing local networks
Expressing frustration and critics	Using NCF personal networks
Establishing and maintaining personal relations in the organisation	Working long days during a acquisitions

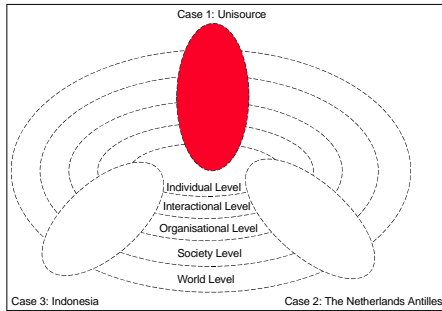
Showing resistance Learning local languages Establishing personal relations in local context	Avoiding organisational politics Using organisational politics to reach a goal Collecting informal information on organisation politics in a journal
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Figure 10. The strategies of IB and IS employees to cope with organisational culture

With this third and last chapter of Part II the context of the cross-cultural cooperation of KPN has been explored at the five different levels. The necessary historical, political, economical and personal context of the organisation and its employees is clear to understand the cases in Part III. In Part III the cross-cultural cooperation of KPN in the three cases of the multilevel model (see); the strategic alliance Unisource, the Netherlands Antilles and Indonesia is investigated.

PART III
THE CASES

7 LABORIOUS CROSS-CULTURAL COOPERATION IN THE AT&T-UNISOURCE GROUP: STRUGGLE FOR POWER



This chapter deals with the first case of cross-cultural cooperation of KPN. The strategic alliance Unisource was formed in 1992. Unisource was the main instrument of internationalisation of KPN up to the spring of 1998, when the strategic alliance fell apart. Unisource was the first serious international setting in which KPN had to learn to cope with cultural diversity. At the height of its activity the AT&T-Unisource group consisted

of five telecom operators from five different nations; Swiss Telecom, Swedish Telia, Dutch KPN, Spanish Telefónica and American AT&T. The experiences of KPN and Dutch AT&T-Unisource employees with their international colleagues are first discussed followed by the cross-cultural strategies of the management of the AT&T-Unisource group in coping with cultural diversity. Next, the execution of these cross-cultural strategies in daily practice is presented through the eyes of a Dutch AT&T-Unisource employee. How the cultural differences interact with power related issues among the shareholders during the growth of the alliance is also discussed. Finally, the splitting of the Spanish Telefónica and the organisation politics are examined to show the dynamic changes within the AT&T-Unisource group.⁴⁶

7.1 The Birth of the First European Telecom Strategic Alliance

It is a windy day in March 1997 when Hans arrives at the Unisource building in Hoofddorp. At the entrance of the Penta building the Dutch, Swedish, Swiss and Spanish flags flap in the strong western wind. The indigo-blue Unisource flag with its name in white stands apart from the four national flags of the shareholders. Hans walks through the car park which is half full of dark coloured BMWs, Audis, Volvos, Opels and VWs. The parking places closest to the entrance are marked and reserved for employees of specific departments such as 'Management 1'. Apart from one British license plate all of the cars have Dutch license plates. Hans enters the building through the right door with the sign 'employees only'. Visitors must enter through the left door and report first to the reception. The hall is dominated by a work of art on the wall, which symbolises the cooperation between the shareholders. It is a transparent fibreglass map of Europe mounted on four chrome bars, on which iron tubes connect wooden knobs representing the national European capital cities. The text on the map states: '*Unisource: the First Truly Pan-European*

⁴⁶ Because of the quite complicated structure of the strategic alliance, in this study the AT&T-Unisource group refers to the AT&T-Unisource strategic alliance and the Unisource strategic alliance.

Telecommunication Provider'. Hans goes upstairs to the first level where he greets a colleague in the corridor. He gets himself a cup of coffee from the coffee corner which he takes with him to his desk. Two KPN posters hang on the wall of his room. One is a picture of a traditional Dutch windmill which says 'KPN for tourists'. The other poster is a picture of an enormous satellite antenna dish with the text: 'KPN for our customers'. These posters express the core business of the unit Hans is working in: Satellite Communications.

The department of Satellite Communications originates from Vesatel, the first international joint venture of Dutch KPN and Swedish Telia. By 1990, KPN had already spent several years looking for an international partner⁴⁷. The

Biography of Hans

Hans is a 32-year-old employee of Unisource. Hans studied economics at the Erasmus University in Rotterdam. After graduating he started his carrier with KPN in 1990 and was placed in a Management Development trajectory. Thereafter he worked in different regional departments.

Hans likes travelling and was interested in the international aspect and prospect of work. This led him to apply for a job with Unisource in 1995 where he has been working in the same department for nearly three years.

Hans lives with his girlfriend in Rotterdam. They have no children. He speaks English and is currently learning Spanish.

top-management of KPN had long since realised that international competitors would decrease the turnover and profits of the Dutch telecom market and the international meetings of the Board of Infonet in Los Angeles provided them the opportunity to meet with potential partners.⁴⁸ It was through contacts established at meetings that Swedish Telia invited KPN in 1988 to co-operate in a project called 'Eurostream'. This project centered around the introduction of a fixed 2 Mb connection between Stockholm and Amsterdam

and would realise Telia's wish to use Amsterdam as a hub to handle the Swedish international traffic in Europe. The development of the strong Swedish presence in Europe in turn inspired new ideas and possibilities for KPN with regard to international traffic.

In the late autumn of 1988 a number of top managers of the International Business (IB) department gathered in the 'Voorlinden' estate to discuss the possibilities of international cooperation with other European PTOs. This meeting resulted in a strategic alliance plan with Cable and Wireless, Swiss Telecom and Portugal Telecom. In the meantime, the relationship with Telia

⁴⁷ At the 1987 Telecom fair in Geneva, KPN announced the cooperation with the American Nynex. This announcement did not result in a productive cooperation, but the new strategy of international cooperation was outlined.

⁴⁸ Infonet was established to handle the international traffic of multinational corporations. Their members meet each other four times a year. Among the members are telecom managers such as Viesturs Vucins of the Swedish Telia, Josef Nanson of Swiss Telecom, Francisco Ross of Telefónica and representatives of Deutsche Telecom, France Telecom, Singapore Telecom and the Japanese KDD

was intensified through the 'Eurostream' project. When the cooperation within Infonet became more and more difficult because of the competitive behaviour of its members, the directors of international business of Telia and KPN decided to combine interests and form an alliance.

We have known each other for some time, we had a joint enemy and we had much in common. Therefore we said to each other: why should we not dismiss our pride and not maintain that we have to do it on our own? Why don't we do something together? (interview with member of board of directors of KPN).

This led to the establishing of small joint venture named Vesatel 1990 in which both KPN and Telia each had 50% participation. In that period, Vesatel was located at Amstelveen and offered commercial satellite communications services in Sweden and the Netherlands. More serious exchange followed which eventually led to the first official meeting in the Hilton Airport Hotel in Hoofddorp in April 1991. Subsequently, Dutch manager Kippers worked out a plan for intensive cooperation that was presented at the first official meeting attended by CEO Ben Verwaayen and CEO Tony Hagström on the 17th level of KPN headquarters, in the so called 'green tower' in The Hague. This memorable meeting took place in August 1991 and is still referred to as the 'broodjes (sandwiches) lunch'. During the lunch Tony Hagström and the Swedish delegation were served sandwiches and milk. Sandwiches with salmon, cheese, ham and buttermilk, fresh milk and orange juice are the customary lunch menu for KPN managers if they meet over lunch. The story goes that during the 'sandwiches lunch' Tony Hagström looked at the glass of milk that was put in front of him and asked: *'Isn't there any Heineken beer served here?'* which was a clear indication that the ice was broken. The older, fatherly Tony Hagström and the young and assertive Ben Verwaaijen quickly developed a personal rapport and that day in August 1991, they signed a Memory of Understanding that was thereafter worked out into a business plan.

One early morning in September 1991, a strong and competent KPN delegation flew to Stockholm. Among them were CEO Verwaaijen, Director of International Telephony, Van Moorsel, Director of International Business, Kippers, Member of the Board, Van Velzen and NCF Director, Biezen. The morning and the afternoon were spent discussing the business plan after which the Dutch guests were treated to a cruise through Stockholm on the boat, 'Archipel'. Refreshments were served and the atmosphere was generally relaxed. The boat was moored to the jetty of a little island in front of the coast of Stockholm providing the passengers with a view of Stockholm's coastline in the sunset? When darkness fell, the boat and its passengers returned to the city where the Swedish and Dutch delegations toasted to the cooperation agreement. The cultural similarities between the Swedish and the Dutch were highlighted by one of the speakers that evening. It appeared evident that a new, promising, strategic alliance between two telecom operators had just been formed.

KPN and Telia named this strategic alliance Unisource and in October 1991 this first strategic alliance of European PTOs was announced at the Telecom '91

fair in Geneva.⁴⁹ The strategic intention of the founders was to use the alliance for international expansion and to position the alliance in the European telecom market. These key motivations support the findings of Glaister and Buckley (1996) who state that linking to a market and geographical expansion are the key motives of international strategic alliance formation. When journalists asked Hagström whether the cooperation would lead to a merging of both companies he replied: *'an engaged couple does not say that they will not marry, only time will tell whether they will marry'* (NRC Handelsblad, October 7, 1991).

In April 1992, KPN and Telia signed the final agreements on the strategic alliance Unisource and in June 9 1992, Unisource began to build its operations from scratch:

I can still remember that we were on Aruba and talking about the cooperation. How it had to be set up and other things. Then we were told: we will just start and you have to do it. There was nothing. Only air and paper, and a group of people that had to understand each other and their cultures (KPN manager in UBN Notes, June 1997, jr.5, nr. 6).

Recent developments in the AT&T-Unisource group have revealed that the 'engaged' couple did not marry at all and are in fact no longer 'in love'. The importance of the alliance for the international strategy of KPN has decreased with the establishment of its strategic alliance with the American Qwest in November 1998. Telefónica had in fact left the alliance earlier, in December 1997, to join the BT-MCI alliance. In July 1998, AT&T and BT announced the merging of their international activities and in November 1998 the parent companies announced their willingness to sell stakes to financial investors. It was decided that Unisource and AT&T would dissolve their alliance in 2000. It appears that in long run the strategic alliance AT&T-Unisource failed to live up to expectations. In the following sections, the discussion is aimed at providing an understanding of the rise and fall of the cross-cultural cooperation of the AT&T-Unisource group.

7.2 Managing Cultural Diversity in the AT&T-Unisource Group

Dealing with the cultural differences and communication problems due to the large number of nationalities has been a major issue within the AT&T-Unisource family. The changing market, political tensions, chaos and frustrations have made it that much more difficult to operate in a multi-cultural context. To understand the cross-cultural cooperation within the AT&T-Unisource group it is necessary to explore the relationships of the parent companies involved. The relationships between AT&T, Unisource and the shareholders have become rather confused over time. With the fast changes and

⁴⁹ The strategic alliance Unisource was first name Unicom. Unicom started operating in the spring of 1992. On 10 June 1992 the name Unicom was changed to Unisource because the name Unicom appeared to be under protection. KPN had claimed the name Unisource for another strategic alliance that was at that moment stranded. Frankfurt was chosen as the first office outside the partner countries.

developments of the telecom market and the developing of technology, even employees such as Hans have been unsure of how it all fits together. In fact, not only Hans but most of the employees have not clearly understood how the different parts of the AT&T-Unisource group contribute towards success.

In a survey conducted at the end of January 1997 51% of 637 employees located at sites in the Netherlands, United Kingdom, Sweden, Belgium and Germany asked for more corporate information from the management on direction, strategy and business planning and more interdepartmental and cross-departmental information. Furthermore, they called for an improvement in overall management style and a clear understanding of how employees fit in with the overall objectives of the organisation (*Gateway*, Issue 2, April 2, 1997).

In order to gain a clear understanding of the AT&T-Unisource family it is necessary to examine the structure in which Hans operated with his 45 colleagues of Satellite Communications, Mobile Services and Card Services, which are fully owned by Unisource. Together with the 1700 employees of the national Unisource subsidiaries they form the Unisource alliance under four parent organisations. The Unisource parents, the Unisource national subsidiaries and AT&T established the AT&T-Unisource Group clustered around Communication Services, Electronic Commerce and Solutions which in their turn were clustered around Unisource Carrier Services (UCS). Since its formation, Unisource Carrier Services (UCS) has tried to merge the shareholders networks into an upgraded and cost-effective European backbone network and has taken a central position in the structure of the AT&T-Unisource group, which was not always very clear to customers and employees.

⁵⁰

If we try to look at ourselves as separate, isolate entities, or in terms of percentage ownership of this or that, or as a hierarchy, then I agree that we will continue to confuse our customers, others and ourselves. We are all part of a networked group. It is this aspect which gives us our real strength (Paul Smits in *Gateway*, Issue 1, February 1997).

⁵⁰ By the end of 1997, the network was the largest backbone network in Europe, covering twenty-six countries. The merging of the respective international carrier units into Unisource Carrier Services (UCS) finally took place on the first of January 1998. UCS, which was based in Wallisellen/Zürich Switzerland, was now the central heart of the AT&T-Unisource alliance group

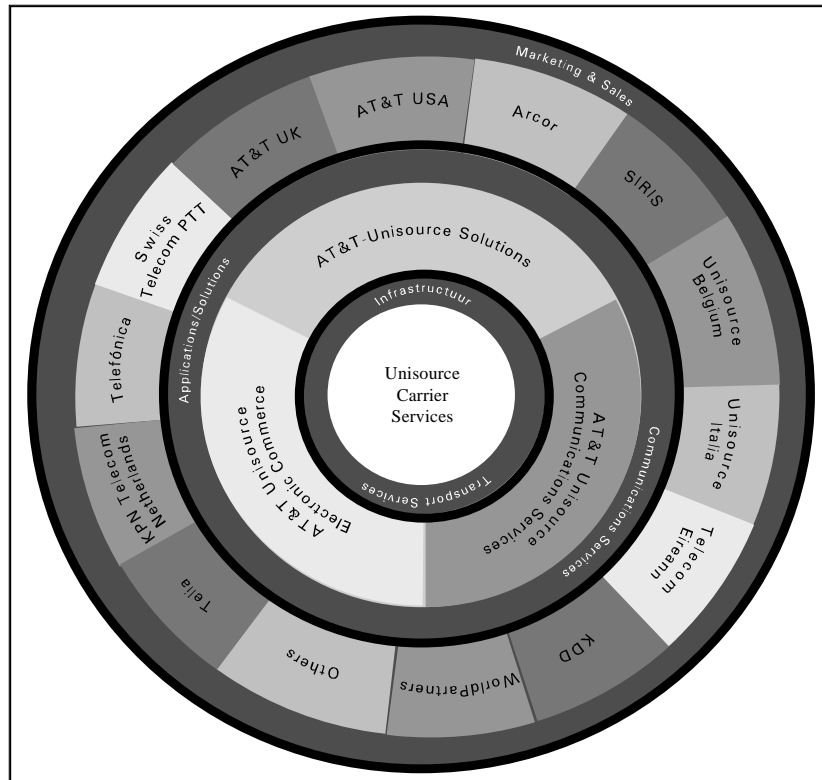


Figure 11. The AT&T-Unisource group of companies (source: *Gateway*, Issue 1 February 1997)

7.2.1 *The AT&T-Unisource 'Tribe'*

When Hans and his colleagues talk about the structure of the AT&T-Unisource group the metaphor of a family is frequently used. The anthropological concept of a tribe can be used to describe the AT&T-Unisource family.⁵¹ The AT&T-Unisource tribe consists of different moieties.⁵² Within the AT&T-Unisource tribe the moieties consists of the shareholder companies, also called 'parent' companies. Each moiety is represented in the AT&T-Unisource buildings and in many ritual contexts the moieties have important and complementary roles. The former CEO of Telia, Tony Hagström, spoke in 1991 of an 'engagement' and a possible 'marriage' of the moieties KPN and Telia. Unisource is seen as the 'daughter' of that union.

Unisource is a daughter of four mothers, or fathers depending on how you like to see it. But the daughter decides what the parents have to do. That causes tension. The parents are like grandparents who live with their daughter and have to listen to her (interview with a Dutch KPN manager).

⁵¹ A tribe is defined here as a small-scale society characterised by a distinctive culture

⁵² A moiety is a division of a society in different social categories of groups according to descent

This 'daughter' grew up in turbulent circumstances and the relationship between the parents and their child were not always very clear. She wanted to have more power to make her own decisions about her own life but her parents have not been very indulgent and have avoided giving more autonomy to their daughter. In fact, each of the four parent companies actually wanted their daughter to live in their own respective moiety. Furthermore, the parents found it very difficult to surrender their own individual Dutch, Spanish, Swiss and Swedish identities. Consequently, while the moieties co-operated in their struggle to conquer new European markets ethnic rivalry within the tribe was also common. In these new markets, two of the moieties, the Dutch and Swedish combined strengths and their 'union' led to the formation of other children in foreign markets such as Ireland. The Dutch and Swiss moieties also united to form a 'child' in the Czech Republic. The interests of these cousins have sometimes interfered with those of 'daughter' Unisource. The potential fission between the moieties in the tribe is thus bound together by webs of intermarriage and common interests.

The 'daughter' Unisource was officially engaged with an American partner AT&T and while she felt protected by her big and powerful fiancé was also a little intimidated by him. They produced their own children called AUCS (AT&T-Unisource Communication Services) and announced that their wedding would take place in the near future. This gave rise to new tensions within the tribe. By marrying Unisource the American partner hoped to include the Spanish moiety and benefit from the latter's relationship to the Latin American market. However, in 1997, the Spanish parent committed 'adultery' with the BT-MCI tribe who already had a very strong presence in the Latin American market. This directly led to it being disowned by the other parents (see section 7.3.1). After the Spanish moiety had left the tribe, the 'young couple' decided to get married but this marriage was not to last for long. In the spring of 1998 AT&T divorced his bride and left the tribe, raising questions as to what led to this separation and how the AT&T-Unisource group managed the cooperation between the moieties.

7.2.2 *Corporate Strategies to Manage Cultural Diversity*

From the start, the management of AT&T-Unisource was very much aware of its multi-cultural character and stimulated the establishing of a multi-cultural family. However it also recognised how this cultural diversity was both a potential threat as much as it was a competitive advantage. Thus in order to be competitive the management tried to create the organisation's own corporate identity based on this multi-cultural family feeling.

PTT Netherlands hopes to fashion a truly international combination that isn't identified with a single country or culture. 'We have the advantage of not being German, not being French and not being English' says Ben Verwaaijen, president and chief executive officer of PTT Telecom BV. 'We are willing to sacrifice part of our identity' he says, 'the continuation of the corporation is the prime goal' (*The Wall Street Journal*, June 18, 1992).

In order to create synergy within the alliance the management used different instruments. Five of these instruments are discussed here. (1) The first and most important instrument was the concept of 'One Telecom Country'. This concept focused on the cooperation between the shareholders and Unisource. More than 200 shareholder-employees were involved in projects aimed at obtaining substantial cost reduction, reducing marketing time and increasing innovation. The concept was focused on five different areas: Marketing and Services, Networks, IT, Research & Development and Purchase. Every group had its own board and the suggestions of these boards were incorporated in the plans of the parent companies.

(2) The second instrument used was the concept of training and development. In 1997 it was the portfolio of the Human Resource department to offer training options on different languages and on cultural awareness. The different workshops on technical and management subjects were organised in endeavor to use AT&T-Unisource's cultural diversity. All programmes were to include participants from a variety of cultural backgrounds who had worked in different corporate settings.

Clearly, this company has at its disposal, one of the richest and most fertile learning grounds in the telecoms industry. Through the sharing of experiences and ideas, managers can test their mental models and learn from one another (In AT&T Unisource Management Development Programme '95-'96, June 1995, Hoofddorp, The Netherlands).

(3) A third instrument was the earlier discussed Joint Management Development Programme (JMDP). This program was set up by the four parent companies of Unisource to promote understanding of cross-cultural relationships and to create a common cultural platform for the organisation drawing on the cultural strengths of the parents. More than 350 delegates from the four parent organisations joined this programme since its start in 1993.

(4) The fourth strategy employed was that of the human resource policy. This policy supported the active recruitment and selection of internationally orientated employees by Dutch managers in attempt to create a good balance of Dutch and non-Dutch employees. In addition, this policy actively promoted the organisation of cross-functional teams and teambuilding events which harnessed cultural diversity.

(5) The fifth strategy was the organising of formal and informal communication through various means such as the corporate magazine 'Gateway', informal gatherings, sport events and company days such as the Summer Event where employees and their families could interact in an informal setting. Another initiative was the setting up of the AT&T-Unisource Communications Services Fun Club that co-ordinated and supported activities organised sporting events and cultural activities for employees.

In summary, it can be concluded that all of the formal cross-cultural strategies focused on combining the cultural strengths of the parent organisations in ways that would support a successful cooperation. Some might assume that the synergy the management wanted to create would have been

more easily achieved between companies that are culturally similar. In order to answer this question the experiences of Dutch employees in the AT&T-Unisource group in co-operating with the partner organisations are discussed in the next section.

7.3 The Experiences of Dutch Employees with the Alliance Partners

This section explores the Dutch experiences in the cooperation with the four AT&T-Unisource parent companies Telia, Swiss Telecom, Telefónica and AT&T. To discover whether synergy is better achieved between partner organisations with similar cultural backgrounds the findings are compared with the cultural distances between the national cultures of the parent companies according to Hofstede (1991) and Trompenaars (1993).

7.3.1 *Cultural Similarities Do Not Result in Harmony*

From the historical overview it can be learned that the management of KPN and Telia perceived a small cultural distance between both PTOs. This perception stimulated the establishing of the first strategic alliance of European PTOs and is supported by the study of Hofstede (1991) that shows a small cultural distance between the Dutch and Swedish culture in almost all of the researched value dimensions (see Table 1). Trompenaars' (1993) seven sets of dimensions also indicates that the Swedish and Dutch cultures have many similarities.⁵³ Both the Dutch and Swedish cultures are universalistic, individualistic, achievement-orientated, specific-orientated and neutral. Based on these findings, one might expect that the cooperation between Swedish Telia and Dutch KPN was in effect very positive. To discover how these cultural similarities influenced the daily practices within the Unisource alliance in actual fact the daily life experiences of Hans and his Dutch AT&T-Unisource colleagues have been observed and recorded.

Value Dimension	Score of the Netherlands	Score of Sweden
Power distance	38 (No. 40 at the list)	31 (No. 47/48 at the list)
Individuality	80 (No. 4/5 at the list)	71 (No. 10/11 at the list)
Uncertainty avoidance	53 (No. 35 at the list)	29 (No. 49/50 at the list)
Masculinity	14 (No. 51 at the list)	5 (No. 53 at the list)

Table 1. Cultural distance between Dutch and Swedish cultures according to Hofstede (1991)

On a personal level Hans himself has had positive experiences with his Swedish colleagues. At the time this research was conducted he had been working with Unisource for nearly three years and had become familiar with some of his Swedish colleagues at Telia Satellite Communications. He likes the Swedish because they have the same kind of humour, they are easy to

⁵³ Compare the used figures and the practical tips for recognising the dimensions on page 45 for the universalist-particularist dimension, page 61 for the individualism-collectivism dimension, page 71 for the neutral-affective dimension, page 89 for the specificity-diffuseness dimension and page 105 for the achievement-ascription dimension.

communicate with and they are able to communicate competently in English. Not only Hans, but most of the KPN employees have positive first impressions of the Swedish Telia employees. The history of the cooperation is full of stories about personal relationships and over the course of the first contacts between KPN and Dutch AT&T-Unisource it was clear that employees experienced and even enjoyed cultural similarities with their Swedish colleagues. A surprisingly large majority of these employees co-operating with Swedish Telia employees were even familiar with literature on the cultural similarities and made reference to these studies.

‘One can have good personal relations with our Swedish colleagues’.

‘They are very informal’.

‘Very social people that put a lot of effort in their social relations’.

‘The Swedish speak good English’.

‘From my experience with European cooperation I get along the best with Swedish and English people’.

‘The Swedish have experience with competition and liberalised markets’.

‘Telia employees switch easy from the general to the specific level’.

‘As persons, I like them most, we have the same jokes, the same mindset’.

(Fragments of interviews with Dutch employees of KPN, Unisource and AT&T-Unisource).

The perceived cultural similarities however, appears to overlap less when power and organisation politics are involved in the daily cooperation between the Dutch and Swedish. While a majority of the Dutch employees seem to have enjoyed their personal contacts with the Telia employees, only a minority of the employees are positive with regard to their business relations with Telia.

In the beginning we thought that we would get on very well with the Swedish. I have said it myself on the boat trip in Sweden. But now you hear many stories in the organisation on conflicts and problems with the Swedish (interview with KPN manager).

Traditionally we work together with the Swedish. We always get along with them very well. But when real business has to be done cultural differences do play an important role (interview with KPN manager).

It seems clear from research findings that when power and commercial interests are involved KPN employees perceive significantly less similarity with their Telia counterparts. A larger part of the KPN employees and Dutch AT&T-Unisource employees experience difficulties in the daily cooperation with Swedish colleagues noting the exchange as often being ‘laborious’ and ‘time consuming’. The difficulties described can be categorised in three groups. (1) The first group of problems cited is related to the decision-making processes:

‘They do not react or take a decision directly but discuss the matters in Sweden think about it and will react a couple of weeks later. This results in long processes of negotiations’.

'If a Swedish manager says yes, he actually means to say; yes I have heard it, but I go home to think about it and discuss it with my colleagues'.

'We Dutch know what a consensus culture is, but the Swedish are much worse. Everybody participates until a final decision has been made'.

'They have a much weaker hierarchic organisation. The autonomy of the Swedish districts results in an urge for consensus in Telia. The influence of the top management therefore is weak in Telia'.

(Fragments of interviews with Dutch employees of KPN, Unisource and AT&T-Unisource).

(2) The second group of problems is related to what is perceived as Telia's dominance:

'The Swedish are dominant in cooperation. They have always dominated the northern European region'.

'The Swedish are similar to the Dutch but cannot be trusted. They are very political and sometimes move to the left while you agreed upon going to the right'.

'They are more competitive and commercial than we are'.

'In the alliance in Ireland a larger part of the top management positions are occupied by Swedish'.

'I have worked with the Swedish for more than ten years now but it is always the same. The Swedish are the Germans of the north; they are arrogant and always know better'.

(Fragments of interviews with Dutch employees of KPN, Unisource and AT&T-Unisource).

(3) The third group of problems is related to Telia's organisational pragmatism:

'Friends are more important than work, if you are not in their networks you can forget it'.

'They are very commercial, they only put energy in projects if money can be earned'.

'The Swedish do have another agenda within Unisource, a political one'.

'Managers of my age are groomed with the idea of neutrality being the cultural inheritance that has to be defended in which cooperation has no place'.

(Fragments of interviews with Dutch employees of KPN, Unisource and AT&T-Unisource)

These findings show that although the Swedish and Dutch cultures are perceived as similar and KPN and Telia are equal in their sources of power, the cross-cultural cooperation between the two organisations in Unisource is seen as arduous. It is therefore not surprising that competition and the struggle for power between the two companies resulted in rivalry. One example of this struggle was the implementation of the Unisource services in the home-country markets of the Netherlands and Sweden where the Dutch wanted to integrate UBN Netherland in Unisource while the Swedish pushed for the integration of UBN Sweden in Telia.

In this rivalry cultural differences were strategically used to influence the balance of power between the two operators. KPN employees experienced cultural differences with Telia employees in commercial activities, in strategic questions and in the decision making processes. These findings are further supported by a study by Fahlgren and Kvist of the Upssale University on the cultural differences of KPN and Telia. Fahlgren and Kvist (1993: 42) give fair warning:

As the two cultures are very similar there might be a risk that they become rivals. An atmosphere of competition... will make cooperation between the two parties very hard and therefore put the success of the joint venture at risk.

Having observed that the cultural similarities of KPN and Telia have shown no guarantee of successful cross-cultural cooperation, one is curious to discover the nature of business relations with other Unisource shareholders where larger existing cultural differences might be expected.

7.3.2 *The Absence of the Swiss Employees*

At the Telecom '91 Fair in Geneva, KPN's CEO Mr Ben Verwaaijen announced that Unisource was open for the participation of other European PTOs and that cooperation was sought with an American operator. At that time Sprint was a serious potential candidate. Sprint delivered the fast packet switches for the building of a pan-European network that enabled connection to their network in the United States. The contracts for 20 % participation by Sprint were ready for signing in 1992 however the agreement was canceled at the last moment. Meanwhile, via existing contacts, Swiss Telecom made clear its interest in participating. The Swiss hoped to catch up with the other European PTOs that had already chosen the strategy of internationalisation to strengthen their future position. Swiss Telecom did not have much international experiences when it joined Unisource in 1993.

The co-operation between Dutch and Swiss employees was not very extensive. Only a few Swiss employees worked in the Unisource head office in Hoofddorp. In the joint venture TelSource, an alliance of KPN and Swiss Telecom in the Czech Republic, only a few Swiss were employed. Findings show that only a small percentage of young Swiss Telecom employees actually want to work abroad.

Maybe I am a little bit special, because my colleagues in Switzerland are international. One is Scottish and the other is English. My office colleague, with whom I share the office, is English. He also does a lot of travelling so, that... makes me think that I should do something, like go international, see other people, also improve my English. To improve everything, that is for me the most important. But maybe I am not a typical Swiss (interview with Swiss Telecom employee working in TelSource, Prague).

The image the Dutch AT&T Unisource and KPN employees have of their Swiss Telecom colleagues reflects the low degree of interaction between the two

groups. The majority of the interviewed Dutch employees perceived a distance between themselves and their Swiss counterparts.

‘They are not very internationally orientated’.
 ‘Swiss Telecom employees do not like to work abroad’.
 ‘Swiss employees are very detailed in their work’.
 ‘They are backwards in technological and organisational developments’.
 ‘They are nationalistic, very much nationally bounded, and have no international experience.’
 ‘Very formal and hierarchic, everything has to be written in black and white and signed with ten signatures’.
 ‘The Swiss Telecom employees are very carefully in doing business’.
 ‘Cooperation is ok as long as it is not within their borders’.
 ‘The Swiss find it hard to move abroad. Isn’t it strange that almost no Swiss employees work here in Hoofddorp?’
 ‘You think that the Swiss are nice and open but then they will do something that astonishes you’.
 (Fragments of interviews with Dutch employees of KPN, Unisource and AT&T-Unisource).

It might be expected that because of the evident cultural differences between the Dutch and Swiss employees that the cross-cultural cooperation between KPN and Swiss Telecom would be even more difficult than that with Swedish. Research shows that Swiss culture differs in two of the four cultural value dimensions (Hofstede 1991) with the differences in masculinity being especially significant (see Table 2). Trompenaars’ (1993) seven dimensions also indicates that the Swiss and Dutch cultures have similarities. Both the Dutch and Swiss are universalistic, achievement-orientated, specific-orientated and neutral in culture.

Value Dimension	Score of the Netherlands	Score of Switzerland
Power distance	38 (No. 40 at the list)	34 (No. 45 at the list)
Individuality	80 (No. 4/5 at the list)	68 (No. 14 at the list)
Uncertainty avoidance	53 (No. 35 at the list)	58 (No. 33 at the list)
Masculinity	14 (No. 51 at the list)	70 (No. 4/5 at the list)

Table 2. Cultural distance between Dutch and Swiss cultures according to Hofstede (1991)

However, interestingly enough Dutch employees did not perceive cultural differences in their daily business dealings with the Swiss as being problematic. In fact, on the contrary, they perceived the cooperation with the Swiss employees as positive.

‘Once a decision has been made, it will also be executed’.
 ‘From the Dutch perspective the Swiss are the easiest to work with. They are maybe formal, but if you know how to deal with that that than you can work very well with them’ (interview with Dutch Unisource employee)
 ‘The relations between the Swiss and Dutch are a very good combination because the Swiss are by far more conservative, punctual and follow procedures. They only confirm something once the official figures are added

and the relevant persons have signed the paper' (interview with KPN manager).

In summary, although the cultural differences between Dutch and Swiss employees appear to be larger than between the Dutch and Swedish employees the cooperation with the Swiss has apparently been more successful than it was with the Swedish. Furthermore, the cooperation did not result in ethnic rivalry because the Dutch and Swiss employees complemented each other very well.

My agenda is full from the early morning till the late evening. When I heard something important in the Czech Republic I called my Swiss colleague to ask him what we should do. That made him very nervous. He asked me: 'what kind of meeting you have been?' I told him there was no official meeting. Then he wanted to make appointments for regular meetings. But there was nothing to discuss in those regular meetings. When I phoned him again the next day with new information I had heard the Swiss colleague had started to get irritated. He wanted to prepare himself for important questions, so I should not raid him. I changed my strategy and met him every two weeks to give information on what I have heard. He prepared himself very punctual, wrote everything down in letters and made schemes with topics and the opinions of KPN and Swiss Telecom on the topics. Finally, he also included the solutions. After that we went for a dinner. The new strategy works very good (Interview with KPN manager).

7.3.3 *Spanish Conquistadors of Telefónica*

In his daily work, since July 1994, Hans has had close contact with employees of Telefónica de España.⁵⁴ At that time Unisource was looking for a fourth powerful partner in Southern Europe and Telefónica was searching for European partners to strengthen its position in the international telecom market. Telefónica was by then already very experienced in international business and was a shareholder in Venezuela, Colombia, Chile, Argentina, Puerto Rico and Peru. Unisource and Telefónica decided to merge their units' international satellite business.

Now we are everywhere, in the North and the South and in the East and the West (Chairman of Unisource in *NRC Handelsblad*, December 14, 1994).

In January 1997, the new unit was officially opened. Since then, Hans has had a Spanish manager who had a fixed monthly schedule: one week in Hoofddorp and three weeks in Madrid. The Spanish manager is internationally orientated, speaks English and has worked in Latin America for some years. Hans distinguishes two kinds of Spanish employees: those who have lived abroad for some years and those who have not. The employees with international experience are pleasant to work with. Those who have no international experience do not speak English and it is therefore difficult to communicate with them. In the beginning Hans thought that the Spanish were

⁵⁴ The Spanish participation ended at the end of April 1997 during the execution of my research.

backward in their technology and management practices but after a while he had to change this opinion.

Based on the known research findings of Hofstede (1991), it might be expected that cultural differences between the Dutch and Spanish culture hinder the cooperation between KPN and Telefónica employees. The Dutch and Spanish national cultures differ in all of the five dimensions of Hofstede (1991) (see Table 3). Trompenaars' (1993) seven sets of dimensions also indicate large differences between the Spanish and Dutch cultures. In contrast to the Dutch culture, the Spanish culture can be classified as particularistic, diffuse-orientated, ascribed-orientated and affective. According to Trompenaars' figures the Spanish culture is also classified as individualistic (see p.48, p.52 and p.54). Based on these findings, one might expect the co-operation between Spanish Telefónica and Dutch KPN to be fraught with difficulty and would certainly be curious as to the experience of their daily dealings within the Unisource alliance.

Value Dimension	Score of the Netherlands	Score of Spain
Power distance	38 (No. 40 at the list)	57 (No. 31 at the list)
Individuality	80 (No. 4/5 at the list)	51 (No. 20 at the list)
Uncertainty avoidance	53 (No. 35 at the list)	86 (No. 10/15 at the list)
Masculinity	14 (No. 51 at the list)	42 (No. 37/38 at the list)

Table 3. Cultural distance between Dutch and Spanish cultures according to Hofstede (1991)

Telefónica only joined Unisource in 1996 and therefore the majority of the KPN and Dutch AT&T-Unisource employees did not have much experience with their Spanish colleagues. In general, KPN and Dutch AT&T-Unisource employees had a positive image of the Spanish colleagues, appreciated the technological knowledge, the commercial attitude and the international experience of their Spanish colleagues.

'The Spanish have really good technicians. They are technically superior to us'.

'Who would have thought that of the Spanish, who at European level are behind in technology and in the development of the Spanish infrastructure? They are ten times better in doing international business than we are.'

'Very experienced and successful in international business especially in Latin America.'

'They are internationally orientated. Although Telefónica has joined Unisource for just one year I have seen more Spanish than Swiss colleagues here in Hoofddorp'.

'Do not speak English.'

(Fragments of interviews with Dutch employees of KPN, Unisource and AT&T-Unisource).

The majority of the KPN and Dutch AT&T-Unisource employees who are involved in projects with Telefónica experience large cultural differences between the Spanish and Dutch ways of working. Although large cultural differences are cited, the Dutch like the cooperation with their Spanish

colleagues. There seems to be a willingness among the Dutch employees involved to co-operate and to learn from their Spanish colleagues.

'I personally like to work with the Spanish. They have a commercial mind and judge the success of the Unisource alliance at the financial results (interview with Dutch Unisource employee).

'We Dutch probably do have more in common with the Spanish whom are traditionally a seagoing nation and also trade goods' (interview with Dutch Unisource employee).

'Last week we visited Telefónica de Argentina. We went there quite tired and had an attitude of 'do we really have to go?'. We returned deeply impressed. President Menez gave a perfect speech on the telecom sector in Argentina. Telefónica gets their things done well abroad. Where others have failed in the chaos of the country they acquired access and moreover, made profits. Who had thought that of those Spanish who at European level are lacking behind in technology and in the development of the Spanish infrastructure? They are ten times better in doing international business than we are' (interview with KPN manager).

Dutch AT&T-Unisource employees have a high regard for the Spanish Telefónica employees. They are surprised to discover are highly qualified technical experts, commercial in attitude and internationally experienced. There is a clear willingness to co-operate with the Spanish and cultural differences are therefore not perceived as problematic.

7.3.4 *American Influences in the Alliance*

After Telefónica joined the European strategic alliance Unisource, no other European partner was sought after. KPN's CEO Mr Ben Verwaaijen said in an interview that *'there will be no more partners, we are not the United Nations'* (NRC Handelsblad, December 14, 1994). But Unisource did not have an American partner which would enable it to compete the other international strategic alliances Global One and Concert at the European market. As far back as in 1992 Unisource had sought for an alliance with the American Sprint, which did not turn out successfully. Then the American AT&T, formally seen as a competitor at the European market showed interest in an alliance and in 1995. AT&T and Unisource announced the establishing of a joint venture in which Unisource participated at 60% and AT&T at 40%. The objective of this joint venture was to offer telecom services for large international companies in Europe. The joint venture was first named 'Uniworld' before it was renamed AT&T-Unisource. With the change of the name the majority of the activities of Unisource were transferred to the AT&T-Unisource alliance.

The American influence in the AT&T-Unisource alliance was considerable, not only because of AT&T's participation but also because of independent American consultants that came to work in Europe. These consultants with as much as ten years of experience in the American telecom market used the latter as a model for Europe. Steinfeld (1994) however, warns against using the telecom developments in America as a model for the European situation. It

would be a mistake he argues, to assume that European telecommunications will closely reassemble the United States situation in the near future:

We must be careful not to make light of the fact that even within the European Community, the 12 countries have very different cultures, economic conditions and geography and this serves as an opposing force to the centrifugal tendencies originating in the EC. Thus there is little justification for assuming that telecommunications could and should be offered in a homogeneous fashion across such a diverse context (Steinfeld 1994: 15).

Steinfeld (1994) stated that national diversity could be at right angles to international uniformity and universal services. This could also be noticed in the AT&T-Unisource group that wanted to offer pan-European services and solutions. Given the monopolistic history of PTOs, the preference for international uniformity of the AT&T-Unisource group can be understood. The cultural diversity of the European customers moreover, forces the strategic alliance to adapt its business to national cultures.

Even though you are enforcing pan-European solutions, the business is still national. We were going to set up these procedures everywhere, all of them a bit the same... and then, after a while, you realise no, it has to be national. You have to understand that there is a difference in how you do things in Spain and in Greece and in Belgium and so on... (interview with European AT&T-Unisource employee).

This gives rise to the question regarding what the differences in the national cultures of the USA and the Netherlands might in fact be. In three of the cultural value dimensions of Hofstede (1991) the national cultures of the USA and the Netherlands are in fact quite similar. Only the value dimensions of masculinity differs in both cultures. Trompenaars' (1993) seven dimensions indicates that the American and Dutch cultures are similar. Both the Dutch and American culture are universalistic, individualistic, achievement-orientated, specific-orientated and neutral cultures. These findings suggest an easy cooperation between AT&T and Dutch KPN.

Value Dimension	Score of the Netherlands	Score of USA
Power distance	38 (No. 40 at the list)	40 (No. 38 at the list)
Individuality	80 (No. 4/5 at the list)	91 (No. 1 at the list)
Uncertainty avoidance	53 (No. 35 at the list)	46 (No. 43 at the list)
Masculinity	14 (No. 51 at the list)	62 (No. 15 at the list)

Table 4. Cultural distance between Dutch and American cultures according to Hofstede (1991)

Although one might have expected a more or less problem-free cooperation, the Dutch Unisource, AT&T-Unisource and KPN employees do not have a very positive image of the cooperation with AT&T employees:

'Everywhere in the world the screw has to be mounted in the wall in the same way. The regional managers are nothing more than co-ordinators'.

'They come from different parts of the world, travel all over the whole world and are very difficult to work with'.

'The Americans want to use American organisation models within the European situation. But that does not work'.

'They don't think they just act. If you call them on Friday afternoon at four o'clock to say they have to go to Stockholm, they go directly to the airport, without even thinking if there will be anybody in Sweden who will attend a meeting on Friday evening'.

'Americans have a work attitude that is too optimistic'.

'The most difficult to work with of all our international colleagues are the Americans!'

(Fragments of interviews with Dutch employees of KPN, Unisource and AT&T-Unisource).

Although there are large cultural similarities between the Dutch and American employees, according to Hofstede, there is a sort of rivalry among the Dutch and the Americans as was evident in the case of the cooperation between the Swedish and Dutch employees. Competition and a struggle for power between AT&T and KPN have resulted in rivalry in which cultural differences are strategically used to influence the balance of power between the two operators. The success of the cultural synergy strategy in the AT&T-Unisource group is not so much related to the cultural closeness between the partner organisations, but to the struggle for power. The next section further explores the daily practice of cross-cultural cooperation.

7.4 The Daily Practice of Cross-Cultural Cooperation: The 'Tribe' is Falling Apart

7.4.1 Daily Cross-Cultural Experiences in the AT&T-Unisource Group

It is Saturday, 1.30 pm. Rain is pouring down from the grey sky above Amsterdam. Hans parks his car on the empty parking place near the circus tent. At the four corners of the tent the flags of AT&T-Unisource have been mounted. The entrance of the parking place is also decorated with a huge corporate flag. Hans takes out his umbrella and walks to the entrance of a giant tennis hall that has been transformed into a party-centre for the 1997 Unisource and AT&T Unisource Summer Event. The hall is full with tables. Hans is just in time to join the lunch-buffet. Actually, he is quite late. His girl friend with whom he has lived together for more than four years did not want to accompany him. He has made an appointment with some of his colleagues to be here today. A lady at the entrance asks for his wallet. 'Sorry, my wallet?' asks Hans. 'I mean your coat, sir' she corrects herself. Hans walks into the hall looking for some of his colleagues. The AT&T Unisource flags decorate the roof of the hall. The greater part of the hall, which has a capacity of 500 people, is empty. Hans

easily finds the table where one of his colleagues is seated with his wife and two children. Their other colleagues have not shown up. On the podium a band has just finished playing. A guest speaker announces the start of the Circus Royal. All of the AT&T-Unisource children walk with their parents to the circus tent next to the hall. Hans walks together with his colleague and children. The children have got a little flashlight and now they are treated to a big candyfloss. A little portable organ plays. The benches in the circus tent are filled with children. Almost 100 children are waiting for the start of the Circus Royal. Hans greets some of the persons he knows, but the majority of the participants are strangers to him. Few people have shown up today. Meanwhile the children enjoy the Circus Royal with dogs, horses, clowns, elephants and acrobats. The circus ringmaster starts the show in English but slowly, more and more, Dutch words and sentences slip into his speech. During the break the children are given ice creams and a jazz band plays in the hall. Once the second part of the Circus Royal is finished most of the employees leave for home. A big band plays in the hall for the remaining people. Hans decides to go home.

Only a minority of the employees have joined in the gathering. This might have been due to the bad weather. But AT&T-Unisource employees have spent enough time at work with their colleagues and would rather share their free time with friends and family. The organisation is growing and changing so fast that the initial 'family' feeling is fading away. Most of the employees, especially those who have their own families and personal networks of friends and relatives are not in need of contact with their colleagues outside working hours with whom they already spend as much as 40, 50, some even 60 hours a week at the office. When parties or activities are held amongst employees it is rather on a personal basis than on company level. Based upon this observation and based upon interviews it can be concluded that AT&T-Unisource employees did not have a strong commitment with the organisation but rather, experienced the organisation as a complex political arena. This is discussed later in this chapter.

Not only family days but also department meetings to improve mutual cooperation were organised in the AT&T-Unisource group. In the spring of 1997 Hans and all of the employees of Satellite Communications from Sweden, Spain and the Netherlands spent an informal weekend together in a hotel south of Paris. Together with the partners and children the group numbered more than 100 people. An assessment trainer was hired to conduct a workshop on the concept of trust within the group. The trainer used different exercises to explore the dynamics of trust amongst the employees of different nations. Hans had to guide a Spanish colleague who is blindfolded with a cloth along an obstacle path. In another exercise the same Spanish colleague had to stand behind Hans who was blindfolded. Hans had to then let himself fall 'trusting' fully that his colleague would catch him. Although it was very friendly and relaxed the groups did not really interact with each other. The Dutch stayed together at their tables. The Swedish on the other hand, sat down to dinner with other nationalities and their attitude was very social. The Spanish employees stayed together. Hans introduced himself to one of his Spanish colleagues. The conversation around the table was in English. Most of the partners of the

Spanish employees do not speak English and thus the Spanish employees made it a point to stay by them. Hans spoke in Spanish with the wife of his colleague.

When the cooperation with the Spanish Telefónica was announced, Hans was ready and willing to learn Spanish. Other Dutch AT&T-Unisource colleagues were also enthusiastic. They tried to organise a language course once a week from 5 to 6 pm in the office in Hoofddorp. Although there was more than enough motivation, it appeared to be impossible to find an evening everybody which suited everyone. Furthermore, some already spoke Spanish and the level of fluency was so varied that they needed to form many small groups which did not prove to be cost-effective and the attempt to organise a common language course at corporate level failed. If he wanted, Hans could go to the Easy Learn Centre in the Spicalaan Building, where the Human Resource Department had set up a learning room with five computers to learn Spanish, Dutch and other European languages, but Hans was in fact too busy to take time off to learn Spanish or to follow any other course for that matter.

At the Erasmus University where he studied Economics, Hans had attended a Spanish language course for two years. This was enough to be able to speak and understand Spanish at a basic level. The advantage of speaking the language was made evident to him while he was preparing the merger of the Dutch and Spanish Satellite Communications departments in which very few of the Spanish employees spoke English. In one of his first meetings, Hans found himself with Spanish colleagues who used an English-Spanish dictionary to communicate with him. Every now and then it had to be verified that all the participants clearly understood the main points and significant details subject to agreement in the discussion. This slowed down the process of communication and Hans found the communication far easier when he switched to speaking Spanish.

Cultural and language problems can cause much of a time delay in daily operations. When Hans was in Sarajevo for business the satellite connection between Sarajevo & Madrid broke down. This connection was the only reliable means of communication between the United Nations Developing Program with the United Nations and EC headquarters in Geneva and Brussels. Late that night, employees of the United Nations Developing Program phoned the Spanish network management centre in Madrid to report the break down of the line. At that time no English-speaking staff member was in the network centre thus it was not realised that there was an emergency and that the line had been broken. A Dutch KPN employee flew over to Sarajevo to repair the satellite connection and contacted Madrid via a ground-station in Brussels. *'I am calling via the satellite in Brussels from Sarajevo for a test of the line'* he said to the Spanish centre because the line had to be tested from the centre in Madrid. *'No that is not possible, the line with Sarajevo is down'* replies the Spanish centre in broken English. *'Yes, but I am calling from Sarajevo, via Brussels'*, tried the KPN employee again. It took some time before they understood each other. This caused a day long delay in the repair of the line.

The standard written language in the AT&T-Unisource alliance and Unisource is English but at local level the 'family members' use their respective

national language. In Hans' team in Hoofddorp a kind of 'Euro English' is used. This business language has evolved as a result of employees of different nationalities speaking English. New words and expressions are constantly being introduced, discussed and agreed upon. Hans has learned the importance of explaining very carefully his intentions and expectations with regard to work-related issues such as deadlines, planning, initiatives and meetings. Even if everybody speaks English, the different cultural context of each person makes it necessary to clearly define and clarify what each one means. Hence, the meetings within the AT&T-Unisource group are far more frequent and are longer than what Hans is accustomed to at KPN.

In his first meeting with his Spanish counterparts in The Hague Hans has chosen to serve a lunch of sandwiches in the meeting room with only a half-hour lunch break. He was aware of the Spanish custom of lunching in a restaurant in the city, but decides to observe his own 'professional' values and wants to set the norms for co-operation. These norms are: stay close to your own- values, be professional, work hard and be efficient. Consequently, Hans' first meeting in Madrid was conducted in typical Spanish tradition: a meeting from 9 am till 1.30 pm, followed by a good lunch in a restaurant in Madrid where they remained eating till 4 pm before returning to their offices. In Hans' opinion, this is wasted time while for the Spanish host this is an opportunity for Hans to learn more about his colleagues and to build both professional and personal relationships with them. Hans feels he has the best results with international project teams with clear objectives who work together intensively for three or four days from early in the morning till late at night, having lunch and dinner together as they work in a location away from office.

Not all of the employees like this intensive style of working. Hans generally does not call the Swedish office after 4 pm. Hans' perception is that his Swedish colleagues work only till 4 pm during summer to allow themselves time to enjoy the beautiful weather so as to compensate for these lost hours in wintertime when they work 45 hours a week. Hans tells a little joke about the Swedish: *'if you want to conquer Sweden you have to do that in the month of June or July, then nobody is present in Sweden. You just can descend upon Sweden and take over the country'*. Hans has learned to cope with cultural diversity in the AT&T-Unisource alliance by stereotyping.

Hans' cross-cultural experience applies to the majority of the KPN and Dutch AT&T-Unisource employees interviewed. They show a willingness to learn foreign languages, to work in an international context and to co-operate with the parent organisations. A greater part of the Dutch KPN, AT&T-Unisource and Unisource employees have learned to cope with cultural differences themselves, while some have attended the Joint Management Development Program (JM DP). In an earlier discussed evaluation of the JM DP the results showed an increase of the knowledge on cross-cultural cooperation while the perception of shared values decreased (Olving 1996: 64). She notes that the intellectual willingness of employees to co-operate and to learn about each other leads to cognitive learning and that the confrontation with colleagues of other cultural backgrounds evidently stimulates employees to reflect on their

own cultural identity. Olving (1996) further concludes that employees adhere to their cultural identity and thus the readiness to change habits and affective learning decreases. The study presented in this thesis also shows that some of the partner organisations adhere to their cultural identity.

7.4.2 *American-Dutch Dominance and Strategies of Resistance*

Of the five partner organisations in the AT&T-Unisource group, American AT&T and Dutch KPN culturally dominate the strategic alliance. In section 7.3.4 the American influences of AT&T employees and American consultants in the strategic alliance have already been partly discussed. As a result of the participation;

We saw since AT&T joined the consortium a lot of American influences. And this is what I am saying, more informal and more open, a log of American influences. But I would not say too much, because I would not say AT&T-Unisource is a typical American organisation (interview with non-Dutch AT&T-Unisource employee).

The American influence in the company is clearly observable for instance in the use of first names. When Hans meets with his superior on the fourth floor where the AT&T-Unisource top management is located he calls him John and not 'Mr. Brisbane'. Even the CEO of AUCS is called Jim Cosgrow and nobody dares to call him Mr. Cosgrow as that would be considered ridiculous and he would no doubt laugh. Some blame this strong American influence for the slow progress in the strategic alliance:

The Americans are too dominant in the AT&T-Unisource group. They have joined Unisource too early in our development process. We should have gained power first with our own four Unisource partners and become accustomed to each other before including AT&T. The including of AT&T has damaged the alliance's progress in development (interview with Dutch AT&T-Unisource employee).

Apart from the growing influence of AT&T, the Unisource alliance slowly started to become less international and more Dutch.

In the beginning it was very internationally orientated, the whole philosophy, everything. But our department grew from four to fourteen people. And now it is only me who is really international (interview with AT&T-Unisource employee).

Different causes can be held responsible for the growing influence of Dutch culture within AT&T-Unisource. Firstly, the AT&T-Unisource headquarters had always been based in the Netherlands. The nationality of most new employees was hence likely to be Dutch since Dutch employees cost less to employ than Swedish, Spanish, American or Swiss expatriates. Suggestions to move the headquarters to Frankfurt or Brussels in order not to be in one of the mother countries were never acted upon. As a result a large number of Dutch employees have been recruited for the office in Hoofddorp.

The headquarters are here in Hoofddorp, all of the meetings are held here. There are a lot of these kinds of issues. This creates an overall message, which says that the Dutch, and occasion wise Hoofddorp, are the centre of the Universe and anybody else just falls in line. This is dangerous for the success of the alliance (interview with non-Dutch AT&T-Unisource employee).

Secondly, a significant percentage of the non-Dutch employees recruited were near permanent residents in the Netherlands married to Dutch partners and /or had no intentions of leaving the country and had adapted to the Dutch culture. Thirdly, changes in the strategies of Telefónica in December 1997 decreased its influence in the alliance. At an earlier stage Telia established Telia International for their international activities thereby indicating that Unisource was not seen as their most important instrument for international expansion. Fourthly, personal networks used to recruit new management from KPN brought along new Dutch employees from the organisation.

That makes that Unisource is getting more and more Dutch. It is an easy and quiet process. Everybody is telling: no more Dutch please. Ok, there is a relatively high number of Americans coming in from AT&T, which is good for the headquarters to a certain extend. But now its becoming more and more an American-Dutch company (interview with non-Dutch AT&T-Unisource employee).

Fifthly, it was easier to work with ex-KPN employees. In times of stress and action it is easier to co-operate with colleagues of your own corporate and national culture.

Yes, of course frustration and chaos can happen, especially when people are under stress when things have to be done. Then you tend to stress your ways of how to do things much stronger. So sometimes it creates a lot of disturbances and unnecessary discussions because you just misunderstood each other (interview with AT&T-Unisource employee).

As a result Unisource began more and more to be perceived as a Dutch organisation.

I don't know if Unisource is typical of other Dutch companies and I use the word Dutch, because it is not Dutch, but there is a large Dutch influence. And the Dutch influence is increasing as time is gone up with Unisource (interview with non-Dutch AT&T-Unisource employee).

The strong American presence in the AT&T-Unisource alliance and the growing influence of the Dutch culture has resulted in a strong Dutch-American cultural mix.

If you look at the AT&T-Unisource management team, it is highly American and Dutch. I think the Dutch and Americans tend to get along better, because they are more direct in their approach. In a business meeting an American tendency would be to say: 'ok does everybody agree?' 'Yes we all agree' and the Dutch if they don't agree those will say: 'I don't agree, I want to do

this, yes I want this done'. Then the American will say, 'well well, ok, what do you think, yes ok, we know all now', and then agree (interview with American AT&T-Unisource employee).

There is a possibility that American action-oriented behaviour in effect strengthens the Dutch arrogance and the combined effect leaving little space for the other participants of the alliance.

I observed the executive committee working on a problem. Of the five, the Americans and Dutch were dominating the situation, while other people in the room didn't say a thing. They may have very strong views but they didn't say anything because certain people even within the Dutch and the American groupings were dominating the situation. And sometimes this has to do with language, a sense of people's language abilities aren't as good as others and therefore they are less vocal but definite the Dutch are more likely to have a view whether or not their language ability is that good. They just have a view and tell you their view. It is your job to understand it (interview with AT&T-Unisource employee).

The dominant presence of AT&T and KPN in the strategic alliance has undoubtedly influenced the co-operation with the other parent companies Telefónica, Telia and Swiss Telecom.

AT&T-Unisource is chaotic which is sometimes very frustrating but the lack of personal discipline belongs to the Dutch I think. And also it belongs to the Americans because we always know it better. Therefore Dutch and American can work well together in the alliance (interview with American AT&T-Unisource employee).

These parent companies have used distinct strategies to restore the balance of power with its American-Dutch partners. In the following section three of these counter-strategies will be discussed. The first strategy focuses on the strategic move of Telefónica's leaving of the AT&T-Unisource group while the second strategy concerns the use of organisation politics to influence the decision-making processes in the AT&T-Unisource group. Finally, the third strategy is about the strategies of foreign expatriates working in the AT&T-Unisource group.

The Strategic Move of Telefónica to Latin America

It is May 1997. A month before Hans was confronted with the splitting up of the Spanish Telefónica and the AT&T-Unisource family. For more than two years Hans has invested energy, time and resources in introducing himself to his Spanish colleagues, studying Spanish and helping with the merger of the Spanish and Dutch Satellite Communications units. However, less than a year into the job, the Telefónica chairman Mr. Villalonga drastically changed strategy and Telefónica was consequently suddenly headed for a split with the AT&T-Unisource group. Mr. Villalonga came to power when his close friend Mr. José Maria Aznar became the new Prime Minister of Spain. In 1996 the general elections in Spain brought the centre-right Popular Party into power

after a long period of domination by the Socialist Party. According to the traditional Spanish system of political clientalism, the chairmen of important government related offices such as Telefónica were replaced with new chairmen loyal to the current political party in power. Since the agreement with Unisource had in fact been initiated by the former Socialist chairman and handed over to Mr. Villalonga, who was originally from the Spanish office of an American investment bank, the new chairman did not feel particularly bound to maintaining the agreement.

The agreement with Unisource included the selling of equity of Telefonica International (TISA). Telefonica's CEO Villalonga however, wanted all of TISA for Telefónica because it contributed 4,6 billion guilders, which amounted to almost 20% of Telefónica's revenues.⁵⁵ Thanks to TISA, profits of Telefónica increased in the first quarter of 1997 with 16% to 7 billion guilders (*Telegraaf*, May 15, 1997). TISA was and is also by far the most important international provider of the Latin American market.⁵⁶ This interest in the Latin American market was however, not shared with the Unisource 'parents', who were mainly focused on the European market. Negative experiences in Venezuela and the Netherlands Antilles (see chapter 8) had prevented the management of KPN from focusing on the Latin American market and consequently led KPN to concentrate on new telecom markets in Eastern Europe and South East Asia.

Telefonica itself has no traditional relationship with the rest of Europe and the telecommunication needs of Spanish multinationals with business interests in Europe are low.⁵⁷ The political isolation during the Franco regime had cut Spain off from the rest of Europe for more than 30 years and although the economic developments of Spain in the last ten years had put the country on the European economic map again, the economic, cultural and political orientation of Spain in Latin America for over 500 years still presides. It was thus only natural that the other Unisource partners had to acknowledge that they had underestimated the importance of the Latin American telecom market for Telefónica's:

We thought that the face of Telefónica was aimed at Europe. That was a mistake. Telefónica turns its back on Europe and aims their face toward Latin America (interview with Verwaaijen in *NRC Handelsblad*, April 21, 1997).

On the other hand, the participation of Telefónica was one of the reasons for AT&T participating in the AT&T-Unisource group as they hoped to gain access to the Latin American market via Telefónica. AT&T's interest in the Latin

⁵⁵ The Spanish government was owner of 23.8 per cent of TISA. The Spanish government disrupted the plans by seeking the maximum price for its 23.8 per cent holding in Tisa.

⁵⁶ The Latin-American telecom market yields 36 billion dollars per annum and this figure is expected to double by the year 2000. Meanwhile Telefónica is seeking a North American partner to gain privileged access to the some 40 million Spanish speakers in the United States. A share-swap agreement between Telefónica and Portugal Telecom SA in April 1997 made it clear that the organisation is clearly focused on the Latin American market. The agreement has allowed Telefónica to gain a foothold in the huge Brazilian telecom market.

⁵⁷ Even the satellite network of Telefónica is not orientated at Europe but at the Iberian Peninsula and the Canarian Islands.

American telecom market is further proven by the fact that in July 1997, very shortly after Telefónica's parting from the Unisource alliance in April 1997, AT&T immediately established a strategic partnership with STET Italian in a joint investment in Latin America. The cultural cooperation between the American and Spanish operators did not however, work out very well. In the strategic alliance Venworld in Venezuela, AT&T and Telefónica worked together but AT&T was not considered the perfect partner to help Telefónica strengthen its position in the Latin American market. On the contrary, Tisa and AT&T had rather conflicting interests in Latin America. AT&T was pushing for lower accounting rates in South America, while in contrast, most of the Latin American PTOs were fighting to keep international rates high to maintain high profits from the substantial revenues on incoming calls.⁵⁸ Hence the prospect of a cooperation with the BT-MCI alliance appeared more attractive for Telefónica. As has been explained in section 4.2.1, the activities of BT and MCI in Central and Latin America had been a threat for Telefónica thus an alliance with BT-MCI would automatically make Telefónica the indisputable leader in the Spanish speaking world and support the dream of Mr. Villalonga to promote Telefónica from the ninth-largest in terms of revenue to the fifth-largest operator in the world. The decision to join the BT-MCI alliance brought Telefónica in conflict with the AT&T Unisource group which consequently and promptly terminated its cooperation with the Spanish operator.

Unisource's partner, Telefonica of Spain, is announcing today, a strategic partnership with BT/MCI, which makes their continued participation in Unisource impossible. The other three shareholders of Unisource consider this new alliance incompatible with Telefonica's shareholding in Unisource and have asked them to leave. AT&T strongly support this position (Note to all AT&T-Unisource employees, April 18 1997)

In summary, Telefónica had itself misjudged the potential of AT&T-Unisource's power in Latin America. Neither KPN nor AT&T was what it considered to be a suitable strategic partner that would help in its objective to acquire a dominant position in the Latin American market. This, coupled with the changes in the Spanish political context prompted Telefónica to initiate the joint venture with BT-MCI. Unfortunately Telefónica's motivations and the chain events that led to this decision were, at the time, not fully grasped by KPN.

The Political Arena in the AT&T-Unisource group

In order to influence the balance of power in the AT&T-Unisource group the parent organisations used organisation politics which is the practical use of power in an organisation by means of actions, rituals, symbols and procedures (Pfeffer 1992). This use of power can be either formal such as in the practice of

⁵⁸ The term accounting rate refers to communications traffic between zones controlled by different PTOs. It is used for the establishment of international accounts and is expressed as a charge per traffic unit. The accounting rate differs from the collection rate, which is the charge to the telecom service user that is made by the PTO (Noam and Kramer 1994).

business policy or informal, such as in the influence of personal networks. An example of this is the way in which the Swedish managed to influence the Dutch initiatives. As has been earlier discussed the decision making process of Swedish Telia prescribed extensive debate within the AT&T-Unisource group before final decisions were made. This entailed that decisions made in Hoofddorp be taken back to the Telia head office in Sweden to be intensively discussed before a consensus could be reached which meant that it was sometimes a week or two before the Swedish delegates returned to Hoofddorp with their report and feedback. In the meantime the Dutch delegates would already have been busy executing the decisions made in the first meeting.

We talked about the positioning of the UBN's in the mother countries in Switzerland with the Swedish and the Swiss. We thought that we were united in our vision on the relationship and the position of UBN and the partner organisation. But to our surprise Telia told us that they would integrate this part and that part of UBN Sweden back in their organisation. We told that that was not possible, but you can't bring them to court. So they did it (interview with Dutch AT&T-Unisource employee).

Another way to evade the Dutch-American dominance was by refraining from joining the AT&T-Unisource alliance in Hoofddorp as was the case with Hans' department. The AT&T-Unisource family comprised a diverse range employees from more than 17 nations such as Mexico, United States, Britain, France, Australia and the Netherlands yet none of Hans' departmental colleagues came from one of the three other parent companies. There are several reasons for this. The Spanish employees had obviously left the organisation since Telefónica had separated from Unisource. The Swedish employees all worked with Telia in Sweden while the two Swiss colleagues who had come to Hoofddorp to support the sales of services in Switzerland had returned home not long after their arrival. While the Swiss market comprises a large number of international clients in Switzerland such as the UNDP and the UN, organisations in need of satellite communications to remote regions, they appeared to be unwilling to open their own national market for Unisource Satellite Communications. It is thus not surprising that the difficult merging of the activities of the individual parents has been a point of intense discussion throughout the history of Unisource. For a long time the question as to whether Unisource policies or shareholder policies should have the highest priority and whether the parents should surrender their own identity if the shareholders would merge into Unisource has been debated. From the start KPN was aware that co-operating in the strategic alliance would change the position of the partner organisation, which could result in a merging of the partner organisations in Unisource. *'We are willing to sacrifice part of our identity'*, said CEO Mr Ben Verwaaijen at the start of the alliance (*The Wall Street Journal*, June 18, 1992). However, in reality each of the partners continued to adhere to their respective identities. The shareholders remained independent and strongly involved in the daily management of the alliance and their involvement resulted in the slowing down of the decision-making processes.

There is exaggerating compassion of the partners' opinions and of participation in decision-making processes. But that does not work. After two years we are still implementing Unisource. Until now we have not been able to operationalise in a structural way the decisions made. There are still quarrels on what to do and how, while slowly the time passes. That is frustrating (interview with Dutch AT&T-Unisource employee).

It seems clearly evident that the shareholders were very much involved in the decision-making processes in the AT&T-Unisource group. The next example shows the involvement of partner organisations in managing the alliance.

The shareholders representatives met in the conference room across the corridor from Hans' office and he has noted that the video camera and screen are usually installed which would imply that these important meetings are very likely to be videoconferences. The representatives are all dressed in white shirts, most of them in short sleeves and all with ties of inconspicuous colours. Every now and then a door opens and a Swedish, Dutch, American, or Swiss representative comes out of the room to answer a mobile phone call or call their own national headquarters. They pace the corridor, loudly discussing in their own respective languages. The Dutch representative talks with his manager who appears to be somewhere in another time zone where it is still early in the morning while it is already 2:00 pm in the Netherlands. The Dutch representative consults him on political issues raised in the meeting. The discussion on the mobile telephone seems to become rather heated and the representative appears to be angry with regards to a third party involvement. They finish the conversation with a joke and the representative returns to the meeting room (observation in the AT&T Unisource building).

It is indisputable that in Unisource, the relationship with the shareholder is still of great importance. When Hans applied for a job with Unisource they were in need of an experienced person who knew how to find his way within KPN. The communication with the parent organisation is of importance because KPN delivered the needed product and services. The success of KPN's own satellite communication unit resulted in the offering of the same products and services in the same market as Unisource did. Hans does not enjoy this kind of internal struggle very much.

The influence of the decision-making processes, the use of personal networks in the partner organisation, the making coalitions, the stressing of the importance of national identity and the integration of Unisource services in the parent organisations are all examples of organisational politics that are used by the parent organisations to influence the power balance in the AT&T-Unisource group. This has resulted in a political arena in which it is difficult to conduct business.

It is quite difficult here, it is like walking around landmines. You can walk on one side but not on the other side. You can be very direct but ...you never know when you might be speaking too openly with someone. You don't know to who or where the conversation is passed on. It is of course the same in each organisation but here some of the people have known each other for

a long time already. You never know exactly how these networks are...
(interview with Unisource employee).

Non-Dutch Employees in the AT&T-Unisource Group

An interesting question to raise is that with regard to how expatriates experience and perceive the American-Dutch cultural dominance in the AT&T-Unisource. For some of the non-Dutch employees with Unisource and AT&T-Unisource their introduction into the Dutch culture has been a shock. The use of the '*strippenkaart*', instructions in Dutch, finding their way around, trying to learn the Dutch language, paying taxes, coping with the Dutch mentality and learning to understand the Dutch culture pose a significant challenge. People come from Australia, the USA, Sweden, Mexico, England, Italy, Switzerland, France and eight other nations. The minority have been living in the Netherlands for a time and is thus used to the Dutch way of life while the majority have arrived only recently and need to start both a new corporate and a new private life. The employees who have come with their families have to find schools for their children and jobs for their partners. For many of the employees, the international character of AT&T-Unisource and the possibility of living in Amsterdam are factors that have motivated them to find work with the AT&T-Unisource group. However, for the majority of the international telecom employees, the Netherlands is not their first choice of country.

Let's be honest about it. The Netherlands is not really a good place for international careers, because it is too small to have an international career. And your children can go to the international school but they have to study Dutch in order to play with other children in the street. And learning Dutch isn't very useful for an international career (interview with AT&T-Unisource employee).

Learning Dutch is very difficult for most of the non-Dutch employees. The language is not easy to learn, employees have little time and energy to learn Dutch and the language is not very useful outside the Netherlands. Furthermore, there is no daily practice of speaking the language in work related situations and most Dutch people speak English. It is therefore not unusual that people who have been living in the Netherlands for as long as three years to be hardly able to speak or read Dutch. For them Dutch is the secret language of parties, gossip, informal meetings and of the corridor conversations of Dutch AT&T-Unisource employees. While the Dutch employees have the impression of themselves as fluent speakers of English for the native English speakers this 'pidgin' English or '*steenkolen*' English is hard to understand. Hence in meetings, the native English speakers tend to speak slowly, articulate and use their knowledge of the language to support the communication of non-native speakers.

I find we are in a meeting, you are translating, the person can't find the word, you guess what the word is and then he turns to somebody else. Which is quite an odd situation to be in when you are all speaking the same language (interview with native English speaking AT&T-Unisource employee).

The business hours in Unisource and AT&T-Unisource are flexible. At 7.30 am the first employees come in, by 9 am most of them have arrived. For some of the international employees, such as the Swiss, this is a new experience. In Switzerland the employees start working at 7.30 or 8 am and meetings will also commence around that time. Meetings in AT&T-Unisource do not usually start before 9.30 or 10 am and tend to start after a five or ten minute delay. Lunch times are adapted to the Dutch culture. Between 12 and 1.30 pm, employees take half an hour off for lunch. A large part of the non-Dutch employees are astonished at the Dutch lunch rituals. The Dutch employees do not take a real break for lunch and do not eat a warm meal. Some even bring packed lunches, usually self-made sandwiches from home, which they eat in their offices. The nearest restaurant is a few kilometers away so the canteen is the only place to have lunch.

What I found down in the canteen is a lot of fried food such as a croquette. In wintertime I can understand that. The only thing you can get is bread with ham and cheese, at most a slice of bread and ham and cheese with a fried egg on top. I would like to eat a nice dish and a salad, some pasta, maybe a wine (interview with Italian AT&T-Unisource employee).

The Dutch employees are perceived as open, direct, arrogant and dominant. They take initiative and are likely to share their views whether or not their command of the language is good. Dutch employees don't really mind when they are proved to be wrong and can admit their mistakes. But at the beginning of a project Dutch employees in general like to start directly, take initiative, move ahead and find it hard to listen to others. They are open, direct and in general honest but not very diplomatic and sometimes even rude. The direct style of communication of the Dutch is offensive for most of the non-Dutch AT&T-Unisource employees.

I am still offended in a large part of cases. I think there is a certain level of diplomacy that you can have and you can bring a story across in many different ways. I frequently find that the Dutch cross the line into being rude (interview with American AT&T-Unisource employee).

To cope with the dominant Dutch cultural behaviour, non-Dutch have learned to be more open, more direct and more assertive. They learned to take more initiative, to speak with their Dutch manager and say exactly what they want instead of waiting politely and diplomatically for the right situation. For some of them adapting to the Dutch culture has been a slower process than it has been for others.

If for instance I am working with a Dutch person I am much more direct. And I have noticed that because I am working in Holland, for the last couple of years, I am much more honest to the person. I would say, 'I don't like it'. I would have never done that before (interview with English AT&T-Unisource employee).

I had to say to myself; ok, I then have to really get my point across here and I really got have to challenge the question. Because if I don't, then he won't listen and therefore I won't get what I want and I will end up doing everything that is suggested and often that is not right because it is coming from a different perspective (interview with English AT&T-Unisource employee).

The work attitude of the Dutch has surprised some of the non-Dutch employees. Not that the Dutch do not work hard or have no commitment, but on a long expected first summer day in the Netherlands a manager can expect phone calls in the morning at 9 am from employees who have decided to take the day off. It is noted that holidays are really 'holy' days to the Dutch. The American or British manager who is used to only two weeks of holiday every year will find it very curious to see his whole department leave for a three or four week holiday in August. Furthermore, it is impossible for managers to have a group meeting on Friday afternoon at 4.30 pm. Private and work life is strictly separate for most of the Dutch employees. The separation of private from work life makes it difficult for the non-Dutch employees to establish informal relations with their Dutch colleagues. Dutch managers therefore have to be alert and look after the well being of their non-Dutch employees which is not always easy.

I can not invite them home for dinner every evening, but they do need more attention than Dutch employees do. Therefore we organise informal gatherings such as barbecues and sporting activities (interview with Dutch AT&T-Unisource manager).

In summary, for foreign expatriates in the AT&T-Unisource group acculturation to the Dutch cultural setting is a difficult process. Foreign expatriates feel compelled to learn to behave more like the Dutch in order to be successful and are sometimes frustrated by the fact that Dutch AT&T-Unisource employees do not recognise this.

7.4.3 *The End of the AT&T-Unisource Group*

After the Spanish manager left the organisation in April, a new Dutch KPN manager was appointed in Hans' department. The manager brought along two other Dutch KPN employees with him to fill up the vacancies left by Telefónica employees. Until then, only two Dutch ex-KPN employees had worked with the Satellite Communications since the former manager was someone from outside the company with no personal relations with any one of the parent companies.

Telefónica's departure was a draw back for Hans who had at that point been involved in the cooperation for more than two years. Although Hans very much enjoyed the dynamic and international part of his job, the sudden split was a big disappointment and was in fact a frustrating experience for all of the employees engaged in the cooperation with the Spanish operator. For three years the employees of Unisource, AT&T-Unisource and the shareholders KPN, Swiss Telecom and Telia had invested much energy in establishing personal networks, creating new commercial possibilities, changing positions and some had even

moved to Spain together with their families. While the employees were and are always aware that the telecom sector is not stable they do not like these kind of radical changes. Furthermore, their loyalty to the company comes under pressure.

Hans liked working in the Unisource alliance because it was an entrepreneurial company in which targets, markets and structures have to change to adapt to new developments in the international telecom market. He liked the international character of the company and the freedom to explore new opportunities and by that time, had already worked for three years with the same unit. The majority of Hans' colleagues had worked with Satellite Services for two or three years. In Hans' opinion, after three years it is time to change jobs. Since Hans liked the international character of his job he therefore did not want to return to KPN. Three years on the same job is in fact quite long considering the relatively high turnover rate of employees within AT&T-Unisource due to the fast growth. Hans knew most of his colleagues when he first began at his job.

I used to know everybody a few years ago. But the organisation is changing very fast. Lately, when I returned after being home for four months because of the birth of my child, I saw new faces in the restaurant everywhere (interview with AT&T-Unisource employee).

When Hans started three years before neither his tasks nor his targets were clearly established. In his job as sales representative he took up whatever opportunities were offered in the Dutch and international market. In the beginning the informal contacts within the alliance were enough to work on. Later, because AT&T-Unisource had grown rapidly, new structures were introduced to organise the work. Hans then became responsible for the foreign sales channels, supporting national sales offices and the acquisition of foreign customers. Hans is strongly driven by opportunities that present themselves but it has not always been clear to him what Unisource goals, targets, policies and relations with other companies are. Not only for Hans but also the other employees have experienced a strong need for communication within Unisource and AT&T-Unisource and their degree of frustration was reflected in a survey held in the spring of 1997. The employee satisfaction survey showed that AT&T-Unisource employees had written down all kinds of extra comments to tell the management how to improve the company. The director of the research institute involved with the survey noted:

The amount of verbatim input which was hand-written by employees was more than we have ever experienced in a survey of this type (*Gateway*, Issue 2, April 1997).

This commitment to the organisation is also observed from the high work ethic within the AT&T Unisource alliance. The car park of the AT&T-Unisource building is full from as early as 7 am till 7 pm. Although through the eyes of the foreigners, especially American and British employees, the long summer holiday in the Netherlands and the work-attitude of the Dutch is seen as

a counter balance to this work pressure, the Dutch see themselves as hard workers. For some of Hans' colleagues the combination of the fast changing business context, the political moves within the alliance, the changes in structure, the changes of management, the competitive marketplace, the cultural diversity and the incredibly high work stress results in 'burn out'. Those who are 'burnt out' express a cynical attitude towards the alliance.

I acknowledge the frustrations which often lie below the surface in many of our people and that those frustrations can easily turn into cynicism (CEO Smits in *Gateway*, Issue 1, February 1997).

7.5 Conclusions

The first case of cross-cultural cooperation of KPN concerns the strategic alliance Unisource. In 1992 Unisource was KPN's most important strategic instrument of internationalisation. However, six years later, the strategic alliance was abandoned by the shareholders. The findings in this study show that the perceived cultural overlap between Swedish Telia and Dutch KPN and the positive personal relationship between the CEOs of the two PTOs stimulated the establishing of the strategic alliance Unisource. The management of both PTOs expected that the cultural overlap would support a positive cross-cultural cooperation in the strategic alliance. This perspective is supported by the studies of Hofstede (1991) and Trompenaars (1993) which show a small cultural distance between the Dutch and Swedish culture. In the daily practices of the alliance however, things turned out quite differently. KPN experienced a laborious cooperation with Telia and the small cultural distance between both cultures resulted to some extent in rivalry.

The same process could be observed in the cooperation between KPN and American AT&T. Although the studies of Hofstede (1991) and Trompenaars (1993) show a small cultural distance between the Dutch and American culture, the cooperation with the Americans was perceived as very laborious by the Dutch employees. This has to be understood in relation to the struggle for power in the AT&T-Unisource family between AT&T and KPN. From this perspective it is not surprising that the cooperation with the Swiss Telecom and Telefónica was viewed positively by the KPN and Dutch AT&T-Unisource employees. The combination of the careful Swiss Telecom employees and dominant Dutch employees worked out well in daily cooperation in the alliance because there was no struggle for power between Swiss Telecom and KPN. In summary, it can be concluded that successful cooperation in a strategic alliance is not guaranteed by the cultural overlap between involved partners. The struggle for power between both partners is an intervening variable in successful cross-cultural cooperation.

The formal cross-cultural strategy of the AT&T-Unisource group concerned the creation of a corporate family in which all of the members would contribute to a synergy. The management and employees of the AT&T-Unisource alliance

formally understood the competitive advantage of the cultural diversity. To turn this cultural diversity into a competitive advantage different instruments of training and selection were used. These instruments could not prevent the laborious cross-cultural cooperation among the AT&T-Unisource employees. The combination of the large number of shareholders, the shareholders' politics, the pressure of work and the chaotic daily context frustrated the cross-cultural cooperation. Dutch employees of the AT&T-Unisource group used distinct strategies to deal with the cultural diversity (see Figure 12). As a result of these strategies, the other alliance members noted that the Dutch-American culture became more and more dominant in the AT&T-Unisource group. Non-Dutch employees used cultural strategies to adapt to this situation (see Figure 12).

The political processes of the shareholders caused a politicisation of the alliance and hindered the alliance from developing its own strong identity. The shareholders strong involvement in decision-making processes in the alliance and in reaching consensus before each final decision could be made led to costly time delays in a telecom market that demanded fast reactions. The Unisource parents earlier plans to give up their respective individual identities and merge into one alliance was thus abandoned. The decline of the AT&T-Unisource group was further stimulated by the change in the strategic objectives of the shareholder companies. These changes included: Telefónica's decision to set up the strategic alliance MCI-BT, the focus of Telia on the Nordic countries, the departure of founding father Verwaaijen and AT&T's announcement in July 1998 of its plans to leave the alliance. These signs clearly indicated the imminent break up of the AT&T-Unisource group. The AT&T-Unisource alliance had been an important strategy in helping to strengthen KPN's position in the international telecom market but this strategy has now totally been abandoned and the strategic alliance of KPN with American Qwest signified the end of the importance of Unisource for KPN. The factors for the decline in importance of the AT&T-Unisource group support the findings of Lorange and Roos (1995), Cauley de la Sierra (1995), Faulkner (1995) and Yoshino and Rangan (1995).

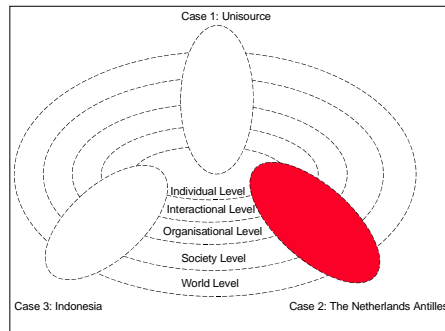
Strategies of Dutch Employees	Strategies of resistance of non-Dutch employees
Using personal networks in KPN Bring along new Dutch KPN employees Showing interests in other cultures, learning languages Creating 'Euro-English' as common language Avoiding organisational politics	Using the Swedish consensus culture to take important decisions back home and to reverse the Dutch initiative Non-Dutch employees learning to be more assertive, direct and open in order to be able to handle the Dutch

Sticking to Dutch management culture Exaggerating cultural differences with Swedish Seeking for information on corporate policy and strategies Committing to work, running Exaggerating cultural differences with Americans Doubting the success of the strategic alliance Doubting the point of being loyal to the alliance Learning about international colleagues Showing frustration and cynicism Showing anxiety Changing jobs within Unisource	Learning Dutch and Dutch culture Using the Swedish neutrality as cultural inheritance Exaggerating cultural differences with the Dutch Telia is concentrating on northern Europe AT&T is bringing in consultants who propagate the American way AT&T is using opportunistic management style to overrule the Dutch
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Figure 12. Strategies of Dutch and non-Dutch employees to cope with cultural differences

In this chapter it has been noted that there is clearly a connection between the cultural distance between organisations and the struggle for power in an alliance. However, the exact relation between these two factors is not yet clear. Furthermore, in the case of AT&T-Unisource the relation was further complicated by the number of partners involved. It would therefore be interesting to investigate the experiences of KPN when operating alone in a new emerging telecom market. It could be expected that in such a case it would cost less energy, that cooperation between the shareholders would be more effective and that the decision-making processes would be less time consuming. Especially so when the new telecom market is a familiar one based on a long-lasting cultural relationship that has already been established. It is therefore of interest to have a close look at the experiences of the organisation in the Netherlands Antilles and Indonesia, both ex-colonies of the Netherlands to examine if in such circumstances cross-cultural cooperation for KPN is as might be expected, more successful.

8 UNSUCCESSFUL CROSS-CULTURAL COOPERATION IN THE NETHERLANDS ANTILLES: UNBALANCED POWER RELATIONS



This chapter concentrates on the experiences of KPN in the Netherlands Antilles in the early nineties. KPN was at the time interested in participation in the Antillean PTOs and the Antillean government was in need of a foreign partner to help restructure the fragmented Antillean telecom sector. Although both KPN and the Antillean government saw the advantages in the cooperation, both had forgotten the

difficulties in cultural cooperation experienced in the long term relationship between the European Dutch and Antilleans. Hence, the cultural differences between Dutch KPN employees and the Curaçaoan PTO employees are the point of interest and discussion here. Not only the differences in language, delivery of criticisms, perceptions of time, personal networks and mutual images are explored but also the strategies of European Dutch expatriates and Curaçaoan employees in coping with these differences. These strategies are referred to in the last chapter in the explanation as to why KPN failed to acquire a position at the telecom market on St. Maarten and Curaçao.

8.1 The Antillean Telecom Market: KPN's Stepping Stone to South-America

In sections 4.3.3 and 5.3.1 it has been described how KPN in its early stage of internationalisation explored the Netherlands Antilles as a possible stepping-stone to the Latin American telecom market. The choice for the Netherlands Antilles was based upon the perception that the strong historical, economic and cultural ties with the Netherlands would facilitate the expansion.⁵⁹

The Netherlands Antilles were new for us, and yet partly Dutch. We have had ties there for a long time. That seems to us a good start to gain experience (interview with KPN manager).

Four years after the first initial contacts between the Government of the Netherlands Antilles and KPN in 1989 the cooperation was completely terminated. In those four years KPN had invested a great deal of time, energy, manpower and money in its effort to make its first international acquisition a success. Unfortunately, it was unable to achieve much and this acquisition, for

⁵⁹ Other Dutch companies have also used this strategy. Dutch companies such as the ING Bank chose Curaçao for the administrative transactions with their Latin American outlets (*Amigoe*, February 22 1997).

the management of KPN, was a far-reaching experience in the process of internationalisation.

When outgoing president Verwaaijen looks back on almost 10 years at PTT Telecom BV he says there is one episode that sticks firmly in his mind. Some years ago he travelled to a Caribbean island with the purpose of buying a local telecom company. However, he had not taken into account the loyalty of the islanders to their national carrier, and says he was amazed to be greeted by hundreds of banner-waving protesters, demanding he leave both the island and their beloved carrier alone – which he did. Verwaaijen said this experience taught him a great deal about cultural differences and showed him how important a national company can be for its own people (*Communications Week*, September 8, 1997).

What exactly happened in those four years? Why did the cooperation failed and to what extent did the historical, cultural and political relationship of the Netherlands Antilles and the Netherlands help or prevent KPN's expansion of activities to the Antillean and Latin American telecom markets? These are the questions which are addressed in the following sections.

8.1.1 *The Dutch – Antillean Relationship: Sensitive, Unequal and Laborious*

The Netherlands Antilles consist of the Leeward Islands of Curaçao and Bonaire and the Windward Islands St. Eustatius, Saba and St. Maarten. The Leeward Islands are located just off the coast of Venezuela and the Windward Islands are located at a distance of 900 kilometers to the north-east. The Netherlands Antilles constitutes together with Aruba and the Netherlands, the Kingdom of the Netherlands. Aruba obtained a '*status aparte*' in 1986 and is no longer part of the Netherlands Antilles. The Netherlands Antilles are politically autonomous except for in matters of defense and foreign affairs. The Antillean governmental system is based upon the Dutch political system. The council of the Netherlands Antilles, the central government, is seated in Curaçao and has 22 members hailing from the five islands. Curaçao is the largest of the Antillean islands with 444 square kilometers and 151.448 inhabitants in 1996 (Centaal Bureau voor de Statistiek, Curaçao 1997). Apart from the central government every island has its own government that is headed by the island council. Apart from this, there is a '*bestuurscollege*'_on every island consisting of a head of authority and deputies which are not acquainted with the running of the other islands and do not have interests there. Thus, every island operates independently in terms of internal affairs. The Netherlands Antilles have their own airline company, a university, a parliament, a government and a court of justice. A minister of Antillean affairs represents the Netherlands Antilles in the Netherlands and The Netherlands are represented at the Netherlands Antilles by a governor.

Although the Netherlands Antilles and the Netherlands are officially equal partners in the Kingdom of the Netherlands, the relationship between the two members is unequal, difficult and sensitive. This tedious relationship is the result of three factors: (1) the colonial history, (2) the contemporary relation in the kingdom of the Netherlands and (3) the economic dependency.

The colonial relationship with the Netherlands dominates the history of the Netherlands Antilles (Koot and Ringeling 1984). In the period from 1634 to 1648 the West Indian Company conquered the islands which were then under Spanish rule. The West Indian Company used Curaçao primarily as a depot for the slave trade en route to the Caribbean and South American plantations and for its salt production. Other products such as wood and agriculture were of lesser importance because of the dry climate and poor soil on the islands. The plantations of Curaçao produced just enough food for the owner and his slaves. Scientists describe the plantation economy on Curaçao as a mild form of slavery because of the absence of a real plantation economy, the permanent presence of the owners at their estates and the smallness of the island (Hoetink 1958). The poor living conditions of the slaves resulted in various uprisings. Most famous of these is that of Tula in 1795. It was only in 1863 that slavery was finally banned in the Netherlands Antilles. As a result of the colonial history, the Netherlands Antilles are still sensitive to paternalistic behaviour, dominance and discrimination in their contemporary relationship with the Netherlands.

The second reason for the unequal relationship is the political interference of the Netherlands in the Netherlands Antilles. The 'Statute of the Kingdom of the Netherlands' of 1954, further modified in 1986, recognises the fundamental principle that the Netherlands Antilles is autonomous and equal to the Netherlands. The communal managing of affairs on the basis of equality is laid down in the constitution and the clause '*Steunend op eigen kracht, doch met de wil elkander bij te staan*' [relying on their own resources, but with the intention to support each other] is frequently quoted. However, on an informal basis, the Netherlands is known to interfere in internal affairs such as those regarding the treatment of prisoners, the financial management of the government, corruption and drug trafficking. Hence, it is difficult to speak of an equal relationship.

The bad economic situation at Curaçao is the third factor further aggravating the already sensitive relationship between the Netherlands and the Netherlands Antilles. The contemporary economy of the Netherlands Antilles is largely dependent on financial support from the Netherlands and Dutch companies also dominate the economic activities on Curaçao. At the beginning of the 20th century, the establishing of Shell prompted a rapid increase in the economic situation of Curaçao. By the end of the 1970s the importance of the service industry such as tourism and banking grew. In 1985, Shell left Curaçao but other Dutch companies such as banks, insurance companies and retail shops opened their subsidiaries on Curaçao. Dutch capital was invested in the hotel and catering industry, apartments and other service industries. European Dutch citizens who made use of the *penshonado* agreement sometimes accompanied the flow of Dutch capital. Under this agreement European Dutch are allowed to live on the Netherlands Antilles when they bring in a certain amount of capital with them. For other European Dutch inhabitants, it is more difficult to take up residence on Curaçao.⁶⁰ These restrictions have not however, prevented a strong

⁶⁰ Even before the establishment of the Netherlands Antilles in 1954, the Dutch elite introduced a law to restrict the number of Dutch workmen. European Dutch are allowed to stay on the island up to a maximum of three months and can extend their stay for another three months. To obtain a

presence of European Dutch in the economy. A larger part of the Antilleans perceive this presence as a new Dutch colonisation.

In summary, the relationship between the Netherlands Antilles and the Netherlands was sensitive, unequal and fraught with difficulty due to historic, institutional and economic factors. Although Dutch KPN therefore could have expected to encounter difficulties when they entered the Antillean telecom market they did not anticipate any problems as they were in fact been invited by the government of the Antilles to help with the restructuring of the telecom market.

8.1.2 *The Restructuring of the Antillean Telecom Sector*

At the end of the 1980s a small group of Antillean telecom managers and politicians warned of the potential danger of the restructuring of the international telecom market for the Antillean PTOs. They pointed out that the efficiency and competitiveness of the fragmented Antillean telecom sector would come under the pressure of the international reforms furthermore, the small-scale telecom sector in the Netherlands Antilles was strongly decentralised and fragmented (see Figure 13).⁶¹ Since 1952, each island has a PTO for local telephone traffic: Setel N.V. (Curaçao), Telbo N.V. (Bonaire), Telem N.V. (St. Maarten), Satel N.V. (Saba) and Eutel N.V. (St. Eustatius). Antelecom N.V. handles the international traffic of all of these islands.⁶² Setel has privatised in 1989 and Antelecom in 1996.

The initiative to restructure the telecom sector was taken by the former minister of traffic and communication Mr. L.C. Gumbs. In 1988, the central government of the Netherlands Antilles intended to privatise Antelecom and then to divide its assets between each of the islands' telephone administrations on whose islands' these assets were located. This meant that the island telephone administrations had to merge their operations with Antelecom. This merging however, was very problematic. While the official telecom policy was in support of a close cooperation between local and national telecom operators this was rarely observed in actual daily practice.

Instead of cooperation Antelecom and Setel in general work against each other. That is a process, which is bad for telecommunications on the island. Our new digital network ends at Antelecom with a Siemens machine that was installed almost before the Second World War. We arrived there with a C7 level, and the Northern Telecom machine can also handle C7, but that stupid Siemens machine can only handle C5. Those look like Second World War signals with two beeps, which delays the connection with the Netherlands enormously. I've already been trying for a year to get that

working permit the Dutch have to meet at least one of three requirements. The first is that someone has to prove he or she has employ at the island, which is impossible for an Antillean inhabitant to fulfil. A second option is for Dutch entrepreneurs to start their own business. Lastly, Dutch citizens can make use of the pensionado agreement.

⁶¹ These six PTOs operates 75.868 fixed telephone lines: 60.582 (Curaçao), 4.073 (Bonaire), 635 (Saba), 773 (St. Eustatius) and 9.805 (St. Marten) (CBS, Statistical Orientation 1996). Together the PTOs employ around 800 people (Wawoe 1995).

⁶² Landradiodienst N.A. privatised in 1996 and was renamed in Antelecom NV. To avoid misunderstandings, the name Antelecom is also used in the period before 1996.

Siemens machine out of there, but without any success. We could introduce new services and build a connection with the Netherlands in one second (interview with NCF consultant in Setel).

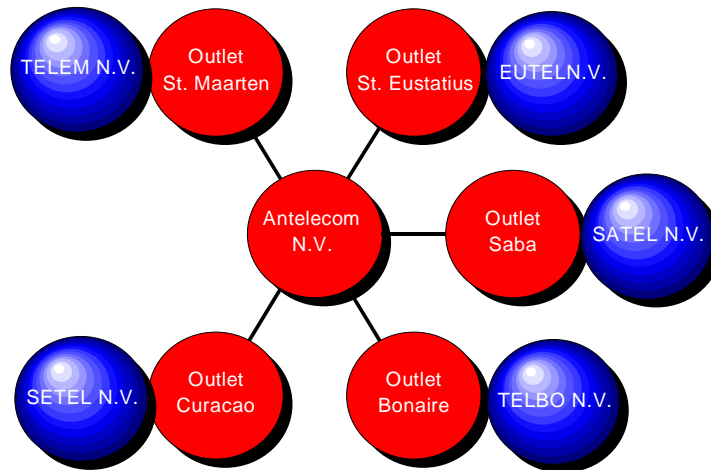


Figure 13. The PTOs of the Netherlands Antilles

The difficult cooperation between Antelecom and Setel stemmed largely from the insular attitude of the Antilleans.⁶³ Antelecom's identity is strongly intertwined with the country as a whole, while Setel's identity is related to the island. The difference in identity, the long lasting struggle for power between Antelecom and Setel and the conflicts over the financial benefits of telecommunications between the central government and the island councils thus remains a never-ending source of conflicts. This has strongly influenced the restructuring of the Antillean telecom sector. Many attempts towards cooperation between Antelecom and Setel have been made but to now avail. Now that they are in fierce competition, a merger seems further away then ever before. Setel has ambitions to develop services on the Internet and international telephone traffic while Antelecom is interested in extending its services with the local telephony. Setel is seen as ambitious, technically and commercially advanced but also backwards in that its employees are not very highly educated. Antelecom on the other hand, is seen as internationally orientated, with highly

⁶³ The islands identify themselves in the first place with their own island. In the same way local government employees identify with their island and oppose national government employees on Curaçao.

classified personnel but is non-commercial, inflexible and protective of its own interests.

This tension between the islands PTOs and Antelecom only serves to further sensitise the issue of restructuring. In 1988 distinct commissions were installed to advise the government on the decentralisation of Antelecom and cession of power to the island PTOs. This led to much unrest amongst the employees of the PTOs and consequently the restructuring for the employees of Antelecom and Setel had to be recorded in the so-called 'bleu book'. The commission consisted of union leaders and personnel managers of Antelecom and Setel headed by a Board Member of KPN. In the 'bleu book' the commission recommended the of establishing new organisational structures and stipulated conditions of employment that should first be met before the transfer of the Antelecom employees to the island PTOs was undertaken.

Representatives of the Dutch PTO were invited to discuss the terms and possibilities for a partnership agreement. With their participation, the government of the Netherlands Antilles expected to acquire larger financial resources, a broadening of know-how, connections to international networks, better and more cost effective training, professional management and an increase of trust on the part of its employees, customers and the business sector (Nota Realisatie Decentralisatie Landsradiodienst 1991). Each of the islands prepared for the decentralisation of Antelecom and its integration into the local PTO. In St. Maarten KPN was asked to support the process of decentralisation. On Curaçao initiative was taken to establish a holding named: Curtel NV in which Setel and the Curaçaoan activities of Antelecom were included. The island government of Curaçao would own more than 50% of Curtel NV while the foreign operator would hold a minority share.

The Antillean authorities understood that the liberalisation of the international telecom market would have far-reaching implications for small markets such as the island of Curaçao. Telecom business is after all no longer purely a local concern and governments the world over constantly find themselves confronted by the decreasing cash flow from national PTOs. If 91% of the telecom market is being restructured and lowers their international telephone tariffs then the international competition will also affect the PTOs of non-participants. For these countries, most of them being developing countries, special attention must be given to the restructuring of their telecom markets. The Caribbean PTOs are organised in the Caribbean Association of National Telecommunication Organisations (CANTO), of which the Antillean PTOs are member of, therefore states that there is an urgent need for institutional development of.⁶⁴

KPN recognised various advantages in participating in the Antillean telecom sector. The organisation had only begun to plan the expansion of their

⁶⁴ CANTO is a co-operative organisation of telecommunication operators from the Caribbean and surrounding area. The objective of the organisation is to establish a forum through which Caribbean PTOs could facilitate the exchange of information and expertise. The mission has been to assist member in all aspects of developing telecommunications and to promote the integration of Caribbean telecommunications. CANTO was founded in 1985 and now has thirty-five members such as Mexico, Cuba, Venezuela, Suriname and Curaçao (CANTO Second Quarterly Magazine Volume 2, 1997).

international activities. The acquisition on St. Maarten and Curtel NV would in fact have been their first international joint venture. Furthermore, there was an increasing interest in the Dutch business sector, such as the banks and insurance companies in the Antillean economy. The Amsterdam Stock Exchange also had plans to open a subsidiary on Curaçao so they could extend their daily opening time to six extra business hours. And finally, a very important advantage was that; KPN would then be able to use Curaçao as a stepping stone to the South-American telecom market.

8.1.3 *Competitive Advantages for Dutch KPN at the Antilles?*

In the initial start of the restructuring of the Antillean telecom sector, the participation of a foreign operator was perceived positively by initiators and makers of the telecom policy. Among interested international operators were telecom companies such as Cable and Wireless, France Telecom, British Telecom, MCI and KPN. There was a strong preference among Antillean telecom policy makers for KPN for a number of reasons. (1) It had made an interesting financial bid. (2) It is a Dutch telecom operator and Antillean telecom policy makers believed that a partnership with the Dutch would only be logical given their historical bonds with the Netherlands. (3) KPN possessed knowledge about the Antillean telecom sector, which could be very useful since Curaçaoan telecom laws are based upon Dutch laws. (4) A great number of Antillean technicians were familiar with the Dutch operator. For a long time there had already been close contacts with NCF. In fact, direct contacts had been already been earlier established between the Antillean PTOs and KPN. A larger part of the Antillean management had in fact been educated in the Netherlands and had either worked or been apprenticed to the Dutch operator. Dutch trainees and consultants were known to have long lasting relations with the Antilles and there were a number of Antilleans living in the Netherlands who worked with the Dutch organisation.

We have been holding meetings with the Dutch PTT Telecom. The advantage of working with PTT Telecom is the Dutch language and Setel knows their methods. Many of their technicians have studied in Hollan. As a result you are familiar with the people (interview with ing. A. Kook, director Setel in *Know How Magazine*, no 12, 1994).

Apart from the official considerations the Antillean telecom policy makers also saw other advantages in a partnership with KPN: (1) The existing mutual knowledge of each other's cultures. This was especially an advantage for the Antilleans who had themselves gained vast knowledge about the Dutch culture during the long lasting ex-colonial relationship with the Netherlands. Antilleans had thus learned how to cope with the Dutch and their culture in ways that would allow the Antilleans to exert influence on the balance of power. (2) The Constitution could provide an extra channel allowing further control over KPN. Antillean PTOs could use Curaçaoan politicians to exert influence on Dutch politics who in their turn could control the organisation. In this manner the Antillean PTOs would be assured of maximum influence.

We already know each other. We have almost the same laws. We can claim the Kingdom parliament. We have a representative in the Raad van State. So what more do you want? You can have influence in these ways (interview with employee Antelecom).

(3) KPN is a relatively small PTO.

You could force KPN to give in at certain points. In that time, and still, I have the feeling that one can instinctively manoeuvre KPN into such a role that you would get much more out of them because of our partnership within the Kingdom. We would have a multi-layered effect, which is not to be taken lightly. (Interview with former CEO of Antelecom).

Thus it were the cultural, historical and economic ties with the Netherlands, the invitation of KPN by the Antillean government and KPN's interest in the Antillean telecom market that led to the cooperation between the Netherlands Antilles and KPN. It is interesting to note that at the start of the cooperation neither of the partners involved recognised any potentially negative aspects in their relationship. On the contrary it was believed that the participation in the Antillean PTOs would be advantageous for all involved. If indeed both KPN and Antillean PTOs foresaw so many possibilities to gain from partnership this automatically brings us to question and explore why the cooperation was not at all successful.

8.2 Individual Strategies of European Dutch and Curaçaoans in Dealing With Cultural Diversity in the Daily Business Life on Curaçao

It has been observed that the majority of the Dutch companies in the Netherlands Antilles have problematic relationships with their Antillean counterparts. The Royal Dutch Shell left Curaçao in 1985 after long lasting conflicts (McCreedy 1996) and the joint activities of the airline companies, Royal Dutch Airlines (KLM) and the Antillean Airlines (ALM) are fraught with cultural misunderstandings and conflicts (Marcha and Verweel 1996). In 1997, the Dutch bank and insurance company ING cancelled their intended participation in the Curaçaoan insurance company Giro just before the final agreement was arranged because of resistance from the latter. Consultancy companies such as KPMG, Coopers and Lybrand and Arthur Andersen have also acknowledged encountering cultural difficulties in their dealings with the Antilleans (Heijes and Hollander 1996).

One point is that the cooperation between a native and a Dutchman is not to be taken lightly, it must be carefully considered. Only a small part of the Dutch can adapt their ways, often they feel superior; this will cause problems in Curaçao and certainly at Setel. (Interview with ing. A. Kook, director Setel in *Know How Magazine*, no 12, 1994).

In the light of these observations, reviewing the unsuccessful acquisition of a minority share in the Antillean PTOs in the wider context of the cultural cooperation between European Dutch and Antillean business partners helps to shed more light on why KPN's attempts to participate ended in failure.

8.2.1 *Homogenous Dutch and Antillean Cultures*

For various reasons it is very difficult to perceive Dutch and Antilleans as two distinct homogenous cultural groups. In the first place Antilleans are Dutch by nationality. Secondly, the long historical relationship between the two diffuses the distinction between the European Dutch and Antilleans in the Netherlands Antilles and thirdly, it is difficult to speak of a general and shared cultural pattern of the Antillean culture (Römer 1974, Reinders 1990, Koot 1995). This has led Römer (1974) to questions regarding what the elements that define the Antillean identity in fact are. The complexity and segmentation of the Antillean society has resulted in a strong cultural diversity and the question of identity for a larger part of the Antilleans themselves is a complex one. (onderlinge afstand!!)

Antillean union leader Eroll Cova wonders what the identity is of Antilleans: 'Are we Latin-American? Are we North-American? Are we Caribbean? Or are we just Dutch?' (Seminar 2020, March 3, 1997, ITC, Curaçao).

I have been born and grown up here on the island. Apart from my mother, a black Antillean 'mamita' has played an important role in my upbringing. My 'madrina' and 'padrina' still have an important influence in my life. At the age of 14 we moved to the Netherlands. I have always missed the island. When I was working in the Netherlands as a nurse, my patients experienced me as warm, but I was non-Dutch in my emotions towards my colleagues. Physically I'm European Dutch, but I have a Curaçaoan hart, a black hart. So I wonder: Am I Dutch or Curaçaoan? What is my identity? (Interview with European Dutch).

I do not want to think in Dutch-Antillean opposites. I myself have a fragmented identity that has more to do with class, ethnicity, gender and economical status than with cultural differences between European Dutch and Antilleans (discussion with black Antillian).

In accordance with Römer (1974) I have come to the conclusion that is indeed difficult to define 'the' Antillean identity or culture. Antilleans seem to first identify with being either Curaçaoan, Bonairian or Aruban. Even a person who has lived all his life in Curaçao 'stays' Bonairian. Römer (1974) wonders if Curaçaoans can themselves be seen as a cultural unity. Throughout history migration has resulted in a large cultural diversity of ethnic groups such as Venezuelans, Jews, Portuguese, Haitians, Chinese and Surinamians. Römer understands Curaçaoans to mean all of the people who call themselves '*Nos yu*

di Korsow'.⁶⁵ Although a great number of distinct groups such as Jews, old white Curaçaoan families and the '*makamba pretu*' can be distinguished within the Curaçaoan society, in cooperation with the European Dutch the commonly shared concept of '*Yu di Korsow*' is dominant.⁶⁶ In this way mutual cultural differences are bridged and one front is constructed against the Dutch.

As soon as I write something on the Netherlands Antillean or Arubean identity than invariably I get in return a reaction, something like: 'Another makamba again!' (Prof. Dr. G. van Oostindie in *Amigoe*, February 1, 1997).

For the purpose of clarity, the distinction between European Dutch and Curaçaoans must be defined. Hence in this study, the term European Dutch refers specifically to Dutch citizens born and raised in the Netherlands who live temporarily on Curaçao. It is also very difficult to speak of the European Dutch as one homogeneous group since they consist of distinctly different groups such as tourists, contract labourers, medical employees, students, expatriates, missionaries, scientists, technical assistance, consultants, *penshonados*, teachers, Marines and ex-Shell employees. In contrast to this large diversity there is a surprising unity in European Dutch behaviour in relation to Curaçaoans. In section 2.2.2 it has been shown that ethnicity is a social construction which is determined by social interaction and interdependence. In the interaction of the wide diversity of people at Curaçao mutual images are narrowed and mutual stereotype images are constructed. Although there is a wide diversity of people in Curaçao the social interaction of these people can be classified under more or less two major groups: European Dutch and Curaçaoans.

In the interaction between the European Dutch and Curaçaoans cultural differences are constructed. To explore the different categories of these cultural differences a preliminary investigation has been executed (see annex II) and relevant literature has been studied (e.g. Romer 1974, Reinders 1990, Heijes and Hollander 1996). These have revealed that the following cultural categories can be distinguished: language, perceptions of time, work attitude, delivery of criticisms, perceptions of personal and public interests, informal relations, management style, equality and image. It is these categories that have been used for the in-depth field study (see annex II). In the following sections these cultural categories and the strategies of the European Dutch and Curaçaoans in coping with these differences are discussed.

8.2.2 *Papiamiento; the Soul of Antillean Identity*

It is 8 am when Niels leaves his new pink house in the residence La Privada and

Biography Niels

Niels is a 39-year-old European Dutch Curaçaoan and implies the inhabitants born on Curaçao. 83.5 percent of inhabitants of Curaçao have been born on the island, 4 % have been born on one of the other islands of the Netherlands Antilles, while 12,5 % come from outside the Antilles (CBS, 1994: 55). The term *Yu di Korsow* (the real children of Curaçao) is used to designate the inhabitants who have grown up in Curaçao (Romer 1974).
 Niels has been working for NCF for 9 years in different countries such as Indonesia, the Czech Republic and Russia. For the last three years he has been working for NCF on Curaçao. His hobbies are scuba diving and driving old cars. Niels is very sociable he likes to go to a bar or restaurant and to talk with people. Niels is married. He learned to know his Russian wife when he was working in Russia. They have no children.

gets into his white Toyota. Slowly he drives to the gate of La Privada and turns down Dr. Martin Luther King Boulevard in the direction of Willemstad. Niels turns his air-condition on because the morning temperature already exceeds 26 degree Celsius. His radio is tuned in to the Dutch station Radio Hooyer II that broadcasts the Dutch news. Niels likes this route to work, along the seacoast of Curaçao, and he enjoys the living he has as a Dutch NCF consultant. In December 1995 he was based in Curaçao to support the development of telecom services. His international experience includes an earlier attachment with International Business in Eastern Europe. On returning to the headquarters in the Netherlands it was hard for him to find a new job. There were no other international vacancies with IB and thus he signed a contract with NCF.

As he drives over St. Anna Bay he observes the smoke of the oil-refinery being blown by the strong north-east wind in the same direction he is himself heading. He passes through the Dutch colonial styled Otrabanda and by the Curaçao water and electricity plant and finally reaches his destination: the International Trade Centre (ITC) on the shore of the Caribbean Sea. He parks in the shade of a palm tree and opens the door. Immediately, a gulf of hot air slaps his face. It is only 60 meters to the entrance of the building, which also serves as a movie theatre in the weekends, but Niels already starts to sweat under his tie and thick jacket. He has to wear this because inside the building it is cool, very cool.⁶⁷

Today Niels doesn't go to his office in the ITC but attends the seminar '2020: *Creating our Caribbean Future*'. Antilleans from business, labour unions, government and universities have gathered to discuss the possible future developments for Curaçao. Among them are the union leader of the *Kamera Sindical*, the CEOs of Antelecom and Setel and Dr. Frank Martinus Arion. Niels has enjoyed Arion's famous book 'Dubbelspel' [Double Game] in which he analyses the Curaçaoan society and, which Niels has read before coming to the Antilles. Niels listens to Dr. Frank Martinus Arion who discusses, in English, the linguistic barriers of unification and how this might influence the development of the Netherlands Antilles in the future. He stresses the importance of Papiamentu as the language of instruction at the Curaçaoan schools.⁶⁸

Niels has not learned Papiamentu before coming to Curaçao. He had conclusive arguments against having to learn Papiamentu: the language is used only in the Netherlands Antilles, one needs quite a large vocabulary and it is not necessary for his work. Dutch is understood by all of the Antilleans and English is used for international contracts. Niels forgets however, that a larger part of the Antilleans speak a different kind of Dutch. Although some of the higher

⁶⁷ An interesting observation in the Curaçaoan business offices is that the more prestigious the building the colder the temperature.

⁶⁸ The official language at the Netherlands Antilles is Dutch. Papiamentu however is widely spoken. In 89 % of the households on Curaçao Papiamentu is spoken. The second most spoken language is Dutch (13 %) and English and Spanish (7 %). Many of the Antilleans speak more than one language (CBS 1994). This pidgin language comprises Spanish, Portuguese, English, Dutch, French and some African languages. Papiamentu is not a written language, which results in few textbooks and changing vocabulary.

educated Antillean professionals have a better understanding of the Dutch grammar than the Dutch expatriates, in general, Antilleans don't have a thorough knowledge of the Dutch language. For Antillean employees who haven't had secondary education or lived in the Netherlands, Dutch is even more difficult. European Dutch thus have the advantage of communicating in Dutch at a quicker pace, with more ease and precision than their Antillean colleagues.

Dutch have much more tools to say what they want, talk faster and can use nuances. We regularly come across bold and unclear because we have to think about the language. We lack the knowledge and facility of nuances (interview with labour union leader).

There is a sensitive discussion in Curaçao regarding the use of Dutch as the language of instruction in schools where speaking Papiamentu was formerly forbidden. However, Papiamentu presently dominates the TV media, the newspapers and the work floors. According to the European Dutch, Curaçaoan respondents and the Curaçaoan newspapers, the consequence of this is that the knowledge of Dutch is decreasing amongst the Curaçaoan youth. The choice for another language of instruction is also a subject of great concern as it has implications for those seeking possibilities of further study in Venezuela, the USA, or the Netherlands. There is evidently much sentiment against the use of Dutch at schools because Dutch is the language of the former colonial power. Furthermore, the process of de-colonisation of the Antilles is still in process and Papiamentu is central to the identity of the Antilleans (Römer 1974: 57).

If I use Dutch words or expressions when speaking Papiamentu my friends correct me. You have to use Spanish or English words. But what does it matter? English is also a foreign language (Interview with Curaçaoan journalist).

For a long time, it has been Dutch that was the standard language in telecommunications on Curaçao. The network books in which the telephone lines were written were in Dutch. Telecommunication courses in Setel and Antelecom were also conducted in Dutch by Dutch NCF consultants. With the coming of the new CEO in Setel the Dutch consultants were exchanged for Swedish consultants. As a result, the instructional language of courses for middle and higher personnel switched to English. The courses for lower technical personnel were given in Papiamentu. The procedures and handbook were also translated into English.⁶⁹ The change from Dutch to Swedish consultants was made because of the absence of colonial history with the latter.

I have never kept off the Dutch from an ideological point of view..... Swedish are more open to foreigners than Dutch are. I think this has to do with the absence of a colonial history (interview with former Setel CEO).

⁶⁹ Mutations in the telephone network were written down in books. These books with the telephone network were thrown away by the Swedish to be replaced for modern English computer planning programs. Some of the older employees of Setel however saved the books from the rubbish bin and started to use it again after the Swedish had left the organisation again years later.

With the new CEO of Setel, consultants of NCF have slowly replaced the Swedish consultants. Courses are given in Dutch again and Papiamentu is now the company language. Official reports however, are in Dutch or English. For a larger part of the Curaçaoans multi-language education is already a fact. In daily use, people easily switch between English, Papiamentu, Dutch and Spanish. Setel however, offers language courses in Dutch, English and Spanish for their employees because the quality of the spoken and especially written languages is a problem in Antillean organisations.

European Dutch expatriates have followed different strategies to cope with the differences in languages. Some of the European Dutch expatriates say they regularly correct their colleagues in their written or spoken Dutch but a majority only correct their colleagues when asked to do so. By speaking slowly and using short sentences, repeating sentences, explaining terms and the meaning of some of the words European Dutch expatriates say they try to bridge the gap with the lower educated technicians within the PTOs. The majority of the European Dutch however, do not speak Papiamentu. A larger part of the European Dutch working in Antillean PTOs have followed a language course but are only able to understand very little Papiamentu. Few of them practice the language with their secretaries, friends, partners or housekeepers. As a consequence, a larger part of the European Dutch are unable to follow meetings held in Papiamentu. Sometimes the meetings are conducted in Dutch, which depends on the compounding of the group, the educational level of the participants, the number and the importance of the European Dutch present and the degree of importance of the subject

I always say they can speak in Papiamentu because I can understand it. I say that I'm doing my best to understand it but that I don't speak the language. And that I will intervene if I don't understand the conversation (interview with European Dutch).

Curaçaoans have different strategies to cope with European Dutch expatriates with regard to language. Curaçaoans highly appreciate when the European Dutch make an effort to learn Papiamentu and perceive this as a sign of a willingness to integrate with Antillean society. If a European Dutch expatriate has not shown progress in learning Papiamentu within one or two years he is laughed at. Mostly, the European Dutch ignore these jokes however, sometimes Antilleans refuse to speak Dutch with their European Dutch colleagues or, switch to Papiamentu to exclude a European Dutchman.

With Swedish we speak English, with the Venezuelans we speak Spanish, and with the Dutch we speak Dutch. That is maybe our handicap. We always try to adapt to ourselves but it is never the other way around. If I go to the Netherlands I can jump up and down but nobody speaks Papiamentu (interview with Curaçaoan Setel employee).

Hence the best way for the European Dutch to integrate in an Antillean organisation is by learning Papiamentu. People first laugh at the accent of the European Dutch colleagues and say that they 'speak Papiamentu like the priests

do' however, speaking Papiamentu is seen as a show of interest and respect for the Antillean culture. This makes the establishing of personal networks easier for a Dutch employee as it is highly appreciated by Curaçaoans although they do not stimulate this process. One explanation for this is that the language is strongly related to the identity of Antilleans and the European Dutch who master Papiamentu can no longer be easily excluded.

By learning the language you can empathise with the society. I have learned that only then you understand how people think. You also become more sensitive the Dutch don't think enough about that. Why do the things happen the way they happen? You can keep on fighting things the way they are going - I have done that for three years - but you have to experience that before understanding this is the way to do it (interview with European Dutch).

8.2.3 *Giving and Receiving Feedback*

The rendering of Feedback is a sensitive subject between European Dutch and Curaçaoan employees. In a majority of the cases the European Dutch are experts who are expected to support Antillean government or organisations. Although the European Dutchman is an expert he has to be very careful in displaying his expertise. The giving of suggestions, feedback or, the introduction of new working methods are very sensitive issues. The assertiveness and directness of European Dutch expatriates in their asking of questions, passing of criticism and suggesting improvements is perceived as very rude by Curaçaoans. '*Als goede vrienden elkaar de waarheid zeggen*' [saying the truth to each other as close friends] is a Dutch saying which does not fit in the Curaçaoan cultural context. Curaçaoans camouflage their critical messages in a polite indirect manner so as not to harm their relationship, the public position and the interests of their close friends. The usual Dutch manner of starting directly with their purpose of visit or with making their own needs clear also offends Curaçaoan employees. An introductory conversation about daily matters or an informal discussion over family affairs is a more fitting approach.

When I was in the Netherlands on holiday last year, I experienced the Dutch as very rude. They asked me everything - where I lived, what kind of study I did, if I had a boy-friend, what kind of house I was living in, they asked everything. And I didn't even know these people. They want to know everything (interview with Curaçaoan).

For the Curaçaoans one of the most upsetting characteristics of the European Dutch is their show of arrogance. European Dutch expatriates come to Curaçao to support the government, the business sector or the educational system with their knowledge. Everybody knows that and to a certain degree Curaçaoans accept their need of experts. However, the European Dutch who pride themselves on their knowledge are not accepted.

We had a Dutch manager who had a conflict with his employees. One of his employees said in a meeting; 'We don't like you'. The Dutchman said in

response; 'I have not come here to be liked by you'. You only have to say that once and it is over with you. Then the union will be opposing you and then the staff. The Antilleans accept European Dutch only saying '*bon dia*' [good morning] but they don't accept arrogance. (Interview with Antillean Setel employee).

If you are arrogant you can forget it. Even if you bring gold here, we will put you and the gold on an aeroplane and you can go back to the Netherlands because we are not interested. So what? Fuck you! That is the way we think. The difficulty for the Dutch is that we don't always say this. We say, "yes, amen", we talk with you, "nice, nice" but in the meantime we think; "who do you think you are?" We have a completely different body language (interview with Antillean manager).

The Curaçaoan counterparts do not directly show their irritation towards the arrogant European Dutchman. They stay friendly, have lunches together, discuss matters and agree to start new initiatives or introduce new working methods. However, the Curaçaoans distance themselves from the European Dutch manager which is also called a 'Yes refusal'. Criticism is made in private settings and personal networks are used to obtain information on the personal life of the manager. This information is used to isolate the European Dutch manager and his new initiatives. The European Dutch expatriate in turn thinks his work went smoothly, that his Curaçaoan counterparts are in need of Dutch expertise and money and that everybody is heading towards the same goal. The European Dutch feels flattered, 'put on a throne' and, most importantly and loses his sharpness of judgement. It is usually only much later that he discovers that there was no commitment on the part of the Curaçaoan employees and that the throne was an illusion.

At the start go along with them, but then create a frame where you have to stay within. Because the Dutch are harsh when money is involved. But they are willing to co-operate if you say; "well listen, without your help I can't do it". They feel flattered, and then you have them. Put them on a throne, pay them and then it is ok. A Dutchman never refuses me anything (interview with Curaçaoan manager).

European Dutch expatriates use different strategies to deal with this issue of feedback. Almost all of the interviewed European Dutch stress the point that giving feedback the typically Dutch way brings about quite the opposite of the desired result. A small number of the European Dutch expatriates keep repeating their criticism in personal one-to one exchange and thus manage to construct a platform of people who come to support new ideas they might want to introduce. When the platform has grown large enough someone else picks up on these ideas which are then executed in the organisation. The majority of expatriates say they first try to build good personal relationships before giving feedback. Since work or content related criticisms are generally experienced by Curaçaoans as personal failings the passing of feedback or suggestions for improvement are possibly better received once a good relationship is

established. One expatriate gives feedback slowly and subtly but persists: *'If it doesn't work in this way I go to the executive manager, than it always works out'*. Some European Dutch expatriates say they have to be very tactful: *'You have to think first, make up your mind and than act, you have to be like a politician'*.

I try to come with examples and ask 'What do you think of this? Can it be done different? What do you think of this or that way?' I try to bring them on different thought of how to solve a problem. You have to support them in a friendly way, respect them, treat them on equal basis and not as a Dutchman who comes in with an attitude of: they are backward for ten or twenty years here, and we just improve this. With such an attitude you better take a plane and leave right away. Because than you come across a very thick wall (interview with European Dutch).

On the other hand, eliciting feedback is also a difficult issue for a European Dutch expatriate. Their colleagues give no direct feedback or suggestions for improvement. Antillean employees tend to listen very politely to the plans and points of improvement suggested by the expatriate, are very friendly, generally agree to most things and avoid conflict. Criticism or dissatisfaction is not expressed in a direct way and is reserved for informal settings, relayed through personal networks and by means of gossip. This behaviour is called *'zweven'* [to hover]. Consequently some European Dutch have learned that it is necessary to listen very carefully to indirect signals from their acquaintances. News from the newspapers, gossip, informal meetings and personal networks can also be used to obtain feedback on their own performance within the organisation and to gauge the commitment of their Curaçaoan employees.

8.2.4 *Flexibility and Work Attitude*

For many Dutch expatriates such as Niels, the initial experience of life in Curaçao is not so much a culture shock than it is of recognition of many things familiar. In Willemstad, typical 18th century, Dutch colonial, stepped-roofed houses are found, beautifully painted in the Caribbean colours of yellow, blue and red. The streets have Dutch names such as Nijlweg, Schottegatweg and Handelskade as do the villages, for example, St. Willibrordus, Julianadorp and Brievengat. Construction materials can be obtained at the Hubo and groceries are available at Albert Heijn, the Dutch supermarket chain and at the supermarket Suikertuintje. Banking and financial services are provided by Dutch ABN Amro and ING. During the weekends the visitor can have diving courses of Dutch dive instructors in the Jan Thiel bay or for a swim at the Seaquarium, where there is a white sand beach with palm trees, together with other Dutch tourists. In the evening Dutch visitors and employees can go to the café 'De Tropic', which live music every Tuesday night, or to any of the other Dutch cafés such as Mambo Beach and 'De Bastille'. A majority of the European Dutch customers drink locally produced Dutch Amstel beer. The Van Der Valk Hotel has even created a typical Dutch ambience where Dutch tourists who do not enjoy foreign food, foreign attendants and foreign languages can feel at home.

It is thus not difficult to imagine that the Dutch expatriate who has just arrived on Curaçao usually thinks he is just in a tropical part of the Netherlands and thus, does not always recognise the cultural differences. Hence when Niels arrived on Curaçao he very much enjoyed his first months. Everybody at his new job was friendly and helpful and he was given a nice, spacious office. He could easily communicate in Dutch everywhere he went, read the daily Dutch newspaper '*Het Algemene Dagblad*' which is published on Curaçao, listen to a Dutch radio station that informed him of the weather conditions in the Netherlands and every Tuesday evening, he could watch the football matches that had been played the week before in the Netherlands on the '*Studio Sport*' broadcast on Channel One.

It is Friday night and Niels and his wife go with friends to '*Landhuis Brievengat*', a dance club with an Antillean ambience where the 'Happy Peanuts' play Salsa, Meringue and Tumba. A Dutchman who employs only European Dutch students as attendants owns the club. Both European Dutch and Antilleans come here to dance. It clearly seems that Niels has had essentially nothing to worry about with regard to adjusting to his new situation.

I'm here now for five weeks and already, it is going like a bomb. I don't really believe in cultural differences. Everything is successful, I am serious, every thing works. I have already got the key of the director's office and I am here only five weeks, so I mean...(interview with Niels in January 1996).

However, soon after this pleasant introduction to life in Curaçao, Niels discovered that there was in fact no budget for the project. His project was meant to have been financed with money from the development budget of the Antillean government but the promised 3.5 million guilders still had not yet arrived. Niels thought that this might have resulted from the different perception of time on the part of his Curaçaoan counterparts. In the Netherlands Antilles time related issues are interpreted differently than as they are in the Netherlands. Meetings start 15 to 30 minutes later than the time planned and it is common that people sometimes show up half an hour too late for their appointments or not at all. Waiting can also have to do with status because waiting patiently is seen as a way of showing someone respect.

On the average you wait for more than half an hour when you have an appointment with a Member of Parliament. I have also waited for more than two hours. Within those two hours all kinds of people enter and leave. And not only businessmen. Then you start wondering why... (interview with Dutch employee at Setel).

Niels himself has had to learn to be flexible, to reconfirm every appointment and to make clear agreements with regard to time. When making an appointment Niels now always asks whether the other party is referring to Dutch time (which is five minutes in advance of the agreed time) or Antillean time (which is 15 minutes later than the agree time). His strategy to cope is by coming on time to meetings and appointments while keeping in mind that others might come later. In a way Niels likes the Curaçaoans flexibility with regard to

time. Like a larger part of the European Dutch expatriates he enjoys the relaxed attitude of the people compared to the stress and fast-pace of Dutch society. On the other hand, this relaxed manner makes it more difficult to execute planned activities in the office. Curaçaoans do not excel in planning. In a majority of the Antillean companies Dutch employees are responsible for planning activities. There are always unexpected events such as employees being taken by sudden illness, the rendering of help to a friend in trouble and a visiting relative and these requests are given priority thus considerably slowing down the achievement of the long-term work goals. Consequently, deadlines are easily missed and postponed. In fact, activities can be postponed month after month. Reinders (1990: 533) speaks with admiration of the skills, the flexibility, the cleverness and the 'creative unwillingness' of the Curaçaoan politicians who trick the Dutch government and know how to wait and watch the conflict escalate. In the last hectic moments Antillean politicians are able to bring out unbelievably good results.

The Curaçaoan society has always been a flexible society. From the start there has not been a rigid form of slavery in the plantation economy. We had a flexible interaction between master and slave. There was an understanding of mutual dependency. There were excesses and revolts, but there was certain flexibility also between the Jews and Protestants. It was all too small for that. People were living on top of one other. But that also resulted in, and we still suffer this, in certain hypocrisy (interview with Prof. Dr. Römer, the former Governor of the Netherlands Antilles).

Allowing time to lapse rather than being prompt and pro-active can solve problems in Curaçao. Waiting and letting things happens is a good Curaçaoan strategy to cope with demanding European Dutch managers such as Niels who want quick results. When one of Niels' initiatives are received positively by his Curaçaoan colleagues and counterparts this is for him is indication enough to start work and he begins to invest a lot of energy on the project. Not long after, he notices that he is completely misinterpreted the signals. His Curaçaoan colleagues have just been waiting to discover Niels' real intentions for coming to Curaçao. Curaçaoans suspect he might have a hidden agenda since the European Dutch always seem to do things only if it profits themselves. Niels thinks it is necessary to show his Antillean employees his displeasure every once in a while to force them to reach their targets and finish the work as promised. It is however, not wise for him to be too rigid with deadlines or to equate his future career to the success of his project. His Antillean colleagues do not get angry in return but neither will they forget his behaviour. Frequently deadlines can't be met due to external factors and involved parties can use this failing to get rid of the European Dutch expatriate.

In Niels' view parallel planning, when different activities have to be planned at the same time, is even more difficult than sequential planning. In Amsterdam for instance, the McDonald's employees call for their colleagues to help with the order. One fills the soft drinks, another prepares ice cream and another one brings the meal. In the Salinas Mac Donald in Willemstad, each employee handles the entire process of serving a customer on his or her own. Each takes

the order at the front desk himself/herself, then goes to collect the meal, to the ice-cream machine to prepare the ice cream before filling the mug with a soft drink and finally settling the bill. Although the employees work themselves into a sweat this process is inefficient in the eyes of the European Dutch. In Curaçaoan PTOs the same work method can be observed.

It is difficult for them to manage different projects at the same time. Digging a trench, and in the meanwhile starting your logistic trajectory, placing orders on time, thinking how you will fill up the trench on time... all this is a disaster. It is unbelievable but if they have dug a trench then they start talking about the cable that has to be lowered down into the trench. And then the trench is open for a couple of weeks (interview with European Dutch).

None of Niels' colleagues have taken the initiative to discover why the project finances have not arrived. Römer (1993) explains this lack of initiative as the consequence of the Antillean children's obedience to their parents. The lack of thorough knowledge of the Dutch language also results, according Römer, in a passive attitude. Niels is surprised by this lack of initiative because Curaçaoans are in fact very active and show a lot of initiative in own their private lives. People participate actively in clubs, sports, carnival activities and might even have second jobs.⁷⁰ Having noticed this, Niels thus tries to implement a more action oriented work attitude in the organisation. However, Curaçaoan employees tend to feel suspicious about the motivations of their managers.

Bosses are traditionally seen as exploiters. When you notice that the boss himself is also exploited people react with 'Then he should watch better'. Curaçaoans think it is normal to do things for themselves during working time, making use of the companies facilities for private purposes (interview with European Dutch).

How do European Dutch expatriates cope with this work attitude and suspiciousness? A larger part of the of them want to give the good example by participating in the execution of the work, working hard, taking initiative and doing whatever they have promised to do. Cracking jokes is a way to open possibilities to discuss work-related issues. A large number of European Dutch expatriates said that they compliment employees when deadlines have been met or initiative is shown. One European Dutch expatriate told he asked his Curaçaoan employees to make checklists to ensure that he would not to forget anything. All of the European Dutch said that they take a quiet position during meetings to allow others to speak out. A larger part of the expatriates said that they had learnt to tolerate the slow work progress but not the loss of their own professionalism. A few of the expatriates have held teambuilding sessions to inculcate a sense of responsibility amongst the employees and to stimulate

⁷⁰ A jump up is a kind of 'try out' of the Curaçaoan carnival groups in advance of the carnival. A jump up consists of a large trailer with a Curaçaoan band and an enormous stereo amplifier which is ahead of a large parade of dancing people. Many people are watching the trailer passing the route in town. The jump up has a strong social character and has grown in importance in Curaçao during recent years. The large companies have their own jump up.

initiative. It should be noted that employees are not only suspicious of white bosses but also of coloured managers. The acceptance of the power held by coloured managers creates some tension for employees.

Often there is no respect of Curaçaoan people for their own people. I have been harsh to my own people. I have always insisted, if Mister Kook had a white skin then you would have called me Mister Kook, I do not have a white skin but want to be called Mister Kook. I have said to my friends and relatives, "Until five o'clock I am Mister Kook, and after five you can call me whatever you want (interview with ex-director of Setel ing. Kook).

Personal benefits are the primary motivation for initiative on Curaçao. '*The initiative to make this island better can only start if someone personally benefits*' says an Antillean telecom manager in an interview. The Curaçaoan writer Boeli van Leeuwen, in his book '*Geniale Anerchie*', calls this 'a shared feeling of anarchism for personal benefits'. A rich European Dutchman is therefore seen as an exploiter and a rich Antillean seen as 'a smart guy'. If he owns three black BMW's, everybody says; '*Isn't it something to have three BMW's on your porch?!*'. Reinders sees this form of behaviour as reflecting a need to compensate for the smallness of the island, as a psychological mechanism to balance the unequal relations between the Dutch and Antilleans (Reinders 1990: 530). This mechanism results in a 'cosmetic society' that is orientated towards outward appearances. The acquisition of luxury goods is valued highly. Since the opportunities to earn money are more or less limited Curaçaoan youth, the earning of 'easy money', money that can be earned fast and easily and in large quantities, has become fundamental in the acquisition of consumption goods. The trade in drugs fits seamlessly into the cosmetic society.⁷¹ The drugs industry has brought along with it a growing crime rate on Curaçao.

Two weeks ago I walked at 8 o'clock in the evening from the house of a friend of mine to my home, which is 400m away. It is one of the best neighbourhoods on this island but I ran into a car with four guys who took of everything of mine. All of my friends have been robbed, with knives, guns. No, it is not funny anymore on this island (interview with European Dutch expatriate).

Personal benefits are also the impetus leading some of the Curaçaoan PTO employees to take on more than one job. Due to the shortage of computer and IT expertise in Curaçao there is a great demand for computer technicians and this has prompted some PTO employees to establish own telecom companies in

⁷¹ Traders from Colombia and Venezuela bring in packages of cocaine to the south coast of Curaçao at night and bring it on land. A kilo of cocaine costs 6000 to 9000 Naf in Willemstad and 70.000 to 90.000 Naf in Amsterdam (1 Naf = 0,6 US\$). A person can earn 15.000 Naf for the transport of one kilo to the Netherlands. The chance of being arrested at the Hato international airport is estimated at 10% by the Antillean police. For container transport to the harbour of Rotterdam the chance of getting caught are even lower. Not surprisingly young Antilleans try to earn money in this booming business.

addition to holding their official job. Electronic equipment is imported from Miami and professional networks are used to market the equipment.

At a certain moment I noticed from the behaviour of my customers that there was another company active. I didn't even know what kind of company that was. So I went to the Chamber of Commerce here, and found out that it was two of my own employees! Serious! That is incredible, it is.... I fired them both (interview with Dutch telecom manager).

A few months following the problems over financial support, Niels discovered it was not the different perceptions of time, neither was it the lack of initiative nor the weak planning that caused the delay in financing his project. It was the fact that the signature of the Minister of Traffic and Communication for the Muriel Bank to give the go ahead to transfer the necessary funds had not been obtained. This signature had in fact already been asked for months earlier but Niels was unable to discover why the contract had taken so long to be processed. This experience clearly taught Niels the importance of personal networks on Curaçao.

8.2.5 *Importance of Personal Networks*

In actual fact it took Niels several months more to discover he was not in contact with the right people who would have helped in his request for the signature of the Minister of Traffic and Communication. Being in the right personal network is of utmost importance when doing business in Curaçao (Heijes and Hollander, 1996). Prices and the quality of work are always subject to personal relationships. Curaçaoans grant each other orders as favours, based on personal relationships. These personal networks consist of family members, friends, relatives, friends of relatives and friends of friends. The networks consist of long-lasting family relations such as those within the old Protestant Curaçaoan families or the Jewish families. These networks are spread throughout Curaçaoan society, business, politics and reach as far out as the other Antillean islands, the USA and the Netherlands. It is common that Curaçaoans use personal networks to acquire orders, positions, political power and financial support. Having the right relations within the government can also help speed up procedures such as the obtaining work permits. On Curaçao, it is always easier to use someone in your own network than to try to do it through formal channels.

Everything on this island has to be imported. And that sometimes takes a lot of time. You want to have your order as fast as possible. So if you have a personal contact you can call and tell him to order the material: 'I need the material'. He will get the official conformation later by fax (interview with Curaçaoan Setel employee).

Personal networks may have been forged in the aeroplane on the way to the Netherlands, when young Curaçaoans went to the Netherlands for study and where they lived in the same city, perhaps even shared the same student houses and attended the same Antillean parties. After returning to the Netherlands

Antilles these bonds are further reinforced through the mutual exchange of information, jobs, orders, business dealings and also in the *'paranda'* [free time]. Business friends phone each other during work hours and meet each other for drinks during 'happy hour', for a snack and a drink in a bar. Politicians and businessmen meet for a drink and a show at the Campo Alegre.⁷²

For the acquisition of orders personal networks is of utmost importance. So, when I don't acquire an order, I don't doubt about my quality. But I realise that other things, which I cannot see, have an impact. Is the person in your network? Is the person giving you the order your 'happy hour buddy'? Trust is not so much based on the quality of your work but on the person fitting into the personal network (Curaçaoan employee of consultancy group).

The influence of the Latin American concept of patronage is also noticeable in Curaçaoan society.⁷³ Klomp (1986) explains the development of patronage on Curaçao's neighbouring island Bonaire from the expansion of the influence of the state. The distribution of external resources stimulates the creation of patronage relations. Patronage creates relations or 'kinships' with other people thereby allowing people to expand personal networks. These relations are of utmost importance for safeguarding interests and are used as a way to get ahead. Patronage relations are also important at Curaçao.

Everybody is in one way or another family of each other. So it is difficult to handle business wise and take a decision that might affect someone. It can be used against you by means of others ways. Here, someone is your subordinate but in another setting this can be the other way around. There, your brother is the subordinate of his brother. People keep that at the back of their minds (interview with Dutch Setel employee).

European Dutch expatriates such as Niels realise they do not have these personal networks and realise it is very difficult for them to establish these. They try to enter these networks by gaining credit, using the personal networks of their immediate colleagues, counterpart organisations, Antillean friends or partners. A larger part of the Dutch expatriates never do establish networks within the Antillean society. Their participation is usually limited to drinking a beer or two with the employees of Setel on Friday afternoons. Or they join in when a drink is offered by Setel to celebrate the successful finishing of a project.

By means of a good relationship with the Government Collector [Landsontvanger] and our shareholder, we have got the order to establish a small communication network for the three Leeward Antilles islands. We

⁷² Campo Alegre is a walled prostitution camp near the Hato airport. In the camp mainly Dominican, Venezuelan and Cuban girls offer their services in the camp. There are different bars, restaurants and entertainment facilities for the visitors. Member of the Campo Alegre can park their cars inside the camp.

⁷³ Patronage is a dyadic, asymmetrical relationship of considerable duration, which are entered in to for the purpose of exchanging goods and services, which usually are not all clearly specified (Klomp 1986: 155). The higher-ranking person is the patron and the person with the lower status is the client. The patron is of higher status and has greater power than the client. The relationship does not automatically flow from a bond, but has to be concealed.

first reconstructed the network and then we did the management of the network. That gave us a good name. When our customer wanted to have a new network we were automatically contacted. We don't have to compete with others. Without a struggle: they asked how much is it and gave us the order (interview with European Dutch telecom manager).

Niels establishes his networks by first getting himself introduced to important Curaçaoans. The direct approach of the European Dutch does not really help to establish a Curaçaoan network. After the first meeting, a chance meeting at a reception or wedding party follows. There, the first appointment is made. Later on another invitation for a lunch or dinner follows. Slowly, the personal relationship grows and the exchange of information starts up. In this was Niels is tipped on whom he should talk to and with whom not to, with whom to do business, who is not to be trusted and where to go for this or for that. In return, he exchanges information he has obtained via his own Dutch networks. He sends his Antillean contacts articles or books difficult to get on Curaçao, helps them with installing of computers in their homes and writes them postcards or letters when he was in the Netherlands for business. Niels keeps investing in his network and when he doesn't make any 'mistakes' information starts to flow. Niels notices that personal relationships with Curaçaoans are 'deeper' and more personal than he is used to with colleagues in the Netherlands. Through the help of these personal networks Niels obtains valuable information for his business.

It was in fact by means of personal networks that Niels made acquaintance with people connected to the Minister of Traffic and Communication who could directly obtain his signature. Through these new contacts Niels learned to know more with the Minister. He learnt who he was connected with, what kind of family he came from and about his political connections. Different people told Niels what his chances with the Minister were and he learnt to drop names to show the importance of his personal network and his association with the political and social elite of Curaçao. It was not long before Niels realised that he had used his European Dutch business style too much in the initial phase of his work on the island.

When my wife was asked for a position here on Curaçao her boss asked her if there was anything he could do to influence her decision of coming. Her boss, a professor, arranged a meeting with the Minister of Telecommunications. There was interest in me at Antelecom but at that time my temporary Antillean manager didn't want me to come. I came on good terms with this manager because the internist of his wife was the ex-manager of the project my wife was working with. So I talked with the ex-manager who is also a professor and, brother of the governor. The professor talked with the wife of my manager and asked her to arrange a meeting. The professor told my manager to talk with me, because the following next week I would go back in the Netherlands. The same day the professor called me and in the afternoon I had an appointment with my manager (interview with European Dutch telecom manager).

In summary, Niels learned that personal networks are of fundamental importance for conducting business on Curaçao. This section has also shown that it is not easy to establish personal networks with Antilleans that this takes a lot of time and energy and mistakes have to be avoided at all cost. It can thus be concluded that most newly arrived European Dutch expatriates usually have a difficult time at the start in integrating in the Curaçaoan society. This raises the question as to whether they are at all able to integrate.

8.2.6 *The “Amsterdam +” Feeling of European Dutch Expatriates*

It is apparent that the majority of the European Dutch expatriates are not aware of cultural differences in the Netherlands Antilles and find themselves slowly absorbed into the European Dutch expatriate culture of Curacao. How did this happen? The new cultural context, at work and at home, has a strong impact on the personal lives of the European Dutch, especially those without any in-depth foreign experience. European Dutch who have just arrived are seen as ‘restless’ people because they have yet to ‘discover’ the island. They hire a jeep to explore the island, climb St. Christopher Mountain in the national park, go to watch the surfs in the ‘Boca Grande’, visit the north side of the island and swim all of the south coast playas from Westpunt to Barbara Beach. They get their PADI open water dive course in six lessons and are immediately off to explore the beautiful coral reef at depths of 30 meters. The ‘restless’ new comers find their way in Willemstad, lunch at the Avila Beach Hotel, walk along the Handelskade to Fort Amsterdam and pass Plaza Piar where Caribbean music comes down from the terrazzo of the Van Der Valk Plaza Hotel. A band plays in the night near the restaurants at the Waterfort. Over day the Eastern trade-winds cool the island to an average temperature of 27 degrees Celsius and this coupled with the palm trees, the Dutch colonial facades, the international cuisine and the warm tropical nights provide the perfect ambience for the European Dutch to experience the Antilles as a tropical part of the Netherlands.

Two friends from Amsterdam were visiting me on Curaçao. The TV showed the top meeting of the French President Mitterand and the American President Bush at St. Maarten. The guys reacted spontaneously: “He, get off our island!” Our island?! Two men from Amsterdam. Our island! (Antillean consultant during a gathering).

Once these expatriate newcomers have explored the island they then have, according to Schneider and Barsoux (1997), three possible strategies to choose from to cope with the new cultural context: (1) The expatriate rejects the local culture and flees into an expatriate subculture which will mean his contact with local culture will remain minimal. (2) The expatriate ‘goes native’ and rejects the expatriate culture and in so doing maximises contact with the local culture. (3) The expatriate shows cultural empathy, shows interested in local culture and develops contact with both local and expatriate culture (Schneider and Barsoux 1997: 162).

The majority of European Dutch expatriates tend to adapt the first strategy. They do not learn Papiamentu even if they remain on the island for many years,

live in expensive expatriate suburbs and do not mix with Antilleans. They shop in Dutch supermarkets, eat Dutch food, have only European Dutch friends and go out to Dutch hotels, bars and restaurants. The networks of these expatriates consist mainly of other European Dutch expatriates. In their initial 'restless' period of adjustment many of the new people are introduced to European Dutch members of this group who give the newcomers advice on what to do and what not to do. Niels was warned against going to the floating Venezuelan market because it is unsafe to go there. He was also told that many of the cars on the island are stolen. Behaviour that deviates from the norms of the group are not easily tolerated and to be accepted in the new group the newcomer will do everything to avoid being isolated within the small community.

If you come here and you want to join as fast as possible the Kiwanies, the Lions, or the Rotary, or you want to have a boat at the Spanish Water, than you enter a circle of people which is not easy to escape from. Because you feel accepted and can move around at ease there is no need to explore the rest of the society. You will participate in that circle (interview with European Dutch expatriate Setel).

A small minority of European Dutch expatriates choose the second strategy. They do this because they are really interested in the Curaçaoan society and at the same time don't like the European Dutch society on the island. Those who integrate are learning Papiamentu, live in Curaçaoan neighbourhoods, have Antillean friends and networks and have an Antillean partner. They adapt easily to the local culture and adopt the relaxed attitude towards time and life. These European Dutch don't want to be identified as '*makamba's*' but rather seen as '*hulandes*'. A small minority, around 10 %, of the European Dutch expatriates choose this 'going native' approach.⁷⁴

The European Dutch who chose the third strategy do this because they are genuinely interested in the Curaçaoan society and at the same time do like to be involved in the European Dutch society on the island. These people speak Papiamentu, have a thorough knowledge of the society and have both Curaçaoan and European Dutch networks and remain essentially European Dutch in terms of their identity and values. This group also comprises a minority, around 10% of the European Dutch on Curaçao. It has been observed that around 80% of the European Dutch expatriates arriving at Curaçao are automatically absorbed into the European Dutch expatriate subculture of the first group and are thus not able to integrate into Curaçaoan society.

8.2.7 *Mutual Images of Curaçaoans and European Dutch*

Although Curaçaoans distinguish between different kinds of European Dutch such as tourists and contract labourers, medical employees, students, scientists, consultants, *penshonados*, teachers, Marines and ex-Shell employees, the Curaçaoans' image of the European Dutch partly reflects the different strategies discussed in the last section. Curaçaoans distinguish three groups of European

⁷⁴ The estimations of the percentages of European Dutch who chose for one of the strategies are based upon information from key informants

Dutch expatriates: (1) those who have just arrived, the 'restless', (2) those who do not integrate and (3) those who integrate. The people in the first group are considered as people who have not yet decided which of the other two groups they will fall into.

The Curaçaoan image of the European Dutch is on one hand, based on admiration for their efficiency, standard of living, quality of work, spirit of trade, the power to generate business and their career opportunities. On the other hand, there is a strong negative perception of the European Dutch life style particularly with regard to those of the first and second group mentioned above. Curaçaoans see these European Dutch as the ex-colonialists who occupied and exploited the Antilles. They are perceived as discriminators, who are not to be trusted and who are arrogant. They show no respect to the Antilleans and only do business if they can earn a lot of money. Furthermore, the European Dutch can't dance, smoke a lot, drink a lot of coffee and they drink Amstel beer. They are malicious, stingy, parsimonious, dirty, unhygienic and they smell. This is why the European Dutch are also called '*stinky makamba*' or '*na ta hole mateka*' [they smell like rancid butter]. A process of segregation is already visible at secondary schools where only small groups of Curaçaoans and European Dutch mix and negative stereotypes of '*makambas*' are confirmed (Houwing 1997).

I was getting coffee at the University one day. I didn't see a European Dutch teacher standing next to me but I smelt him - awful! I asked the boy behind the desk to help me quickly. They do not wash frequently enough, do not use deodorant, do not change their clothing frequently enough and do not notice that they smell. They are not used to sweat (Antillean UNA student).

Although European Dutch distinguish the different groups of Curaçaoans such as Jews, Haitians, Chinese, Surinamians, blacks and Protestants, in daily business practices two kinds of Curaçaoans are observed: (1) those who have been in the Netherlands and (2) those who haven't been there. The first group has lived, studied or worked in the Netherlands. As a result they are perceived as having a more Dutch oriented working attitude and a better understanding of the Dutch language. The European Dutch like to work with Curaçaoans of this group and if they establish relations with Curaçaoans in general it is with people of this group. The latter are called '*black makamba*' by Curaçaoans who haven't been in the Netherlands. The second group of Curaçaoans is seen as individualistic, uncooperative at work, jealous, suspicious of Dutch initiatives and with low work motivation. They are perceived as spoilt children who cannot manage their own affairs properly and are always in need of the Netherlands to help them out of (financial) problems. On the other hand, Curaçaoans of the first group are perceived as socially very well developed, good-natured and with a good feeling for music.

8.2.8 *European Dutch are Dominating Again: According to Curaçaoans*

A very important date in recent history of the cooperation of the Netherlands and the Netherlands Antilles is May 30, 1969. That day a strike broke out at the

company Werkspoor BV, which was a subsidiary of Royal Shell Netherlands. Around 4000 people gathered at the gates of the Shell complex. The strikers moved to Otrabanda where the shopping centre was plundered and put on fire. A number of people were killed and many injured. The Antillean government asked for Dutch military assistance and the European Dutch Marines occupied Willemstad for a number of days to calm the revolt.

During the mid-eighties European Dutch tourists and investments were once again welcomed on Curaçao but the change in political relations between the Netherlands Antilles and the Netherlands and the increasing presence of European Dutch also changed the quality of cooperation. The number of Dutch living on Curaçao grew significantly from 3.1 % in 1981 to 3.9 % in 1994 (Centraal Bureau Statistiek 1995). This growth of nearly 25% seems impressive at first sight but is not so in absolute numbers. Other sources give the much higher percentage of 10% Dutch living on Curaçao (e.g. Marcha and Verweel 1996: 42). Tourism has grown rapidly in Curaçao from 5960 tourists in 1984 to 66.746 tourists in 1995. The percentage of Dutch tourists has grown even more dramatically from 4 % in 1984 to 30 % in 1995 (Centraal Bureau Statistiek 1996). Although not shown in the statistics, the number of Dutch students who complete their training attachments and young Dutch people working in the Dutch hotel and catering industry has also grown. There is a preference for Dutch employees and young people like to work for a couple of months in this Caribbean paradise.⁷⁵ In summary, more and more European Dutch come to the island.

Where do all those Dutch are coming come from? Out of nowhere? It is enough to drive me mad. I do not feel like going back to the Netherlands. I become recalcitrant from this. Then they asked me; '*Que va a hacer esta noche?*' [what are you going to do tonight?]. I just told them: '*Voy a dormir!*' [I'm going to sleep]. They had to grin sheepishly because I reconfirmed the image of a lazy Antillian. But I didn't care for that moment (Antillean after joining his Spanish class).

Apart from the presence of European Dutch, the political control of the Netherlands has also changed. From 1990 onwards the financial control of the Netherlands over the Netherlands Antilles has been tightened. The relationship between the Netherlands and the Netherlands Antilles has strengthened after the referendum in November 1993 in which Antilleans chose to remain within the state of the Netherlands Antilles. The Government of the Netherlands interpreted this choice as a choice for further cooperation with the Netherlands. Investments from the Netherlands have grown rapidly since then. Not so much the quantity of European Dutch on Curaçao has grown as much as their financial and political domination. The increase of political interference by the Netherlands, the growing number of technical assistants, illegal workers in the

⁷⁵ Rumours are told of the many illegal young European Dutch girls working as waitresses in Dutch hotels. These girls are said to wear bikinis under their working cloths so that in case of control by the Antillean Immigrant Service they can easily change clothes and act like European Dutch tourists.

Dutch tourist business, economic restrictions of the EC and new financial taxes for *pensionados* stimulates the feeling in Curaçaoans that the Netherlands are dominating again and rumours of the growth of anti-*makamba* tensions are heard from different segments of the society.

I see the tension growing in the Antillean society. We are going to do it like Indonesia. But you feel it in every group in the society, the way the government now manage, you notice the Netherlands are dictating and the Antillean government just echoes it (interview with Curaçaoan union leader).

If I'm at Suikertuintje I'm watched as if I've just descended from another planet. I don't feel at home there anymore, although it is my own country. It is not that all of the European Dutch are wrong, but it is the way they behave themselves - arrogant. I myself have a European Dutch neighbour who speaks Papiamentu and we meet every week. So I try to teach my children that not all of the European Dutch are the same. I hope that when riots start not all of the European Dutch are generalised as one and the same (Interview with Curaçaoan employee of Historical Library).

With the help of accomplices, who we, in many cases, bring ourselves in as the Trojan Horse, under the name of Technical Assistance or consultants. They get a good view of our kitchen, they study our ingredients and once back home, and the hangman's rope is being pulled further without any sorrow. It seems like a killing stranglehold of a python that is executed slowly, painful but unremittingly (sent in letter of Antillean in *Amigoe*, January 17, 1997).

Some of the Curaçaoans compare the contemporary situation with the uprising of 30 May 1969. The 25th anniversary of the uprising inspired the Amsterdam based Antillean John Leerdam to make the documentary '*Un grito di un pueblo*' which was premiered in the WTO February 1996. The documentary emphasised the colonial attitude of the European Dutch and ethnic struggle of the Curaçaoans in 1969.

The colonial history has not been forgotten. The documentary is a proof that it is not forgotten and that we should not forget it. It is not a coincidence that this movie has come now. It is now silently existing. The timing of the movie is maybe not right because maybe it is better to let sleeping dogs lie. But the dogs are there. These feelings still live (interview with Curaçaoan telecom manager).

The documentary suggests the existence of contemporary ethnic tensions in the Antillean society. This time however, the tension is a pure contrast of poor versus rich. The change of the Curaçaoan society after 1969 brought a new coloured elite to power. As a result, wealth is not only determined by race or ethnicity. The coloured elite now also possesses estates, houses and business and is in a difficult position. On the one hand, they fear a possible uprising of the economic poor coloured underclass. With an outbreak of unrest their possessions will also be the target of violence. On the other hand, they are also

afraid of the growing domination of the European Dutch. They are afraid of their positions being taken up by the European Dutch and the Dutch financial control of the island. The Curaçaoan elite has to manage the growing social and economic inequality and the growing dominance of the European Dutch (see figure 14).

Text with cartoon (see figure 14): Employee (left): 'Just imagine, racial riots on this island! What a nonsense! After everything we do to develop business here? Come on!' Employee (right): 'Absurd yes! They also benefit from our efforts'.

That is the difference with 30 May 1969. Now, also, the middle management and high management is organised in unions. Because of world-wide changes and flexibility of work the threat is not limited to the workforce, but also confronts the executives. Formerly, those were anti-unionists who didn't want to know anything about unions and were not on the union side in 1969. But now I have been asked to advise these executives. In contradiction with 1969 the intellectuals now sympathise with us. Now you hear when a European Dutchman is nominated: again a European Dutchman! (Interview with Errol Cova of KS).

The growth of the number of European Dutch at Curaçao, the growing economic dominance of European Dutch and the growing political influence of the Netherlands over the Netherlands Antilles have stimulated the rise of '*anti-makamba*' strategies such as: slowing down of Dutch decision making processes, bogged down Dutch initiatives, 'yes-refusals' to Dutch politicians, threatening European Dutch and increasing complexity. Two examples can be given to illustrate this. The first one is the statement made by the chairwoman of the Antillean Staten. She was in the Netherlands during the fierce debate with the Dutch government on the Antillean rice export quota to the EC. The Antillean government was angry with the Dutch government because this limitation ended a lucrative trade. Through the Dutch media the chairwoman threatened that Curaçao was no longer safe for Dutch tourists. The other example is the round table conference on Curaçao where, with the former Dutch premier Ruud Lubbers as chairman, a conference was held on political relations between the Netherlands Antilles and the Netherlands. The Dutch politicians proposed a new relationship that needed reforms and re-structuring of the Antillean political system. The former Dutch premier is known to be a strong negotiator but during the conference he was totally confused by the Antillean negotiators. After three days he left the island disillusioned and without any results.

Interestingly enough a larger part of the interviewed European Dutch denied this growth of ethnic tensions and stressed the synergy of the European Dutch and Curaçaoan cooperation. A larger part of the interviewed Curaçaoans however, stressed the possibility of a new uprising and pictured tensions in the society. This was probably the result of the fear of Curaçaoan middle and upper class of being overruled by the European Dutch.

European Dutch always find something creative to exploit us for and to return to our island. I know aggressive people who think too many European Dutch are coming to our island. One of them is very aggressive and names it the 'Dutch problem'. A good fire will help us to get rid of all those Dutch, except for the researchers of course (conversation with employees of UNA).

In summary, it has been learned that the growing European Dutch dominance on Curaçao stimulates 'anti-makamba' feelings among the Curaçaoan people. In previous sections it has been shown that European Dutch expatriates and Curaçaoans are segregated and that large cultural differences exist between European Dutch and Curaçaoan management practices. Worst of all, these developments are not recognised by a larger part of the European Dutch expatriates on Curaçao. This leads one to wonder what strategy KPN chose in their attempt to establish business at the Netherlands Antilles.

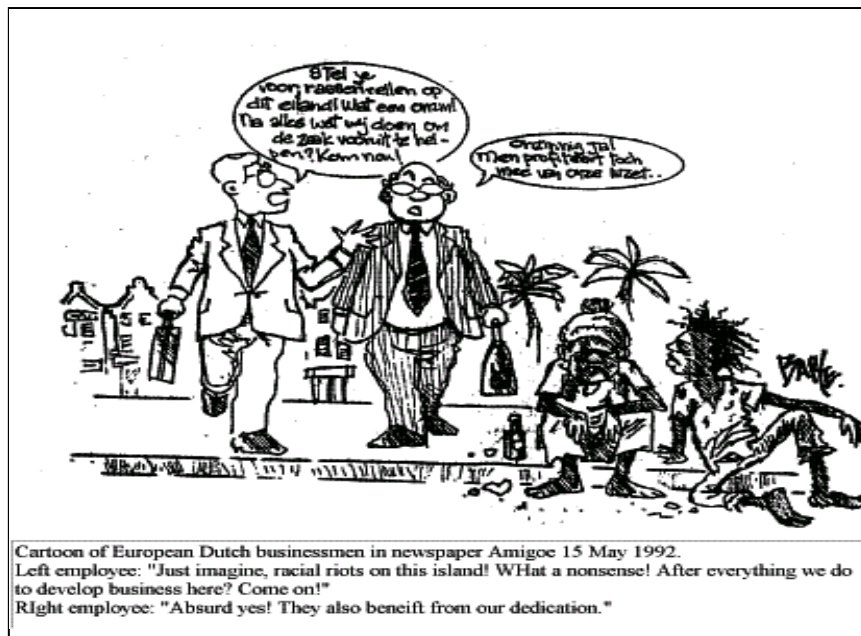


Figure 14. Cartoon of European Dutch businessmen on Curaçao (source: *Amigoe*, May 15, 1992)

8.3 Corporate Strategies of KPN to Cope with Cultural Differences at the Netherlands Antilles

In this section the cross-cultural strategies KPN used to get a foot into the Antillean telecom market in the early nineties and the strategies employed by Antilleans to cope with KPN are discussed. The experiences of the Dutch operator at the island of St. Maarten are presented, as this interesting case was the KPN's first powerful confrontation with a totally different cultural context and because of its far-reaching consequences for its process of

internationalisation and its cross-cultural strategies. KPN intended to participate in the Antillean PTOs and the process of decentralisation of the activities of Antelecom, distribution of management to the individual islands and the integration of these activities in the island PTOs forced KPN to successively start negotiations at St. Maarten, Bonaire and Curaçao.

8.3.1 *The Power Behind the Throne at St. Maarten*

In November 1989, KPN and a few other international telecom operators were invited by the Government of the Netherlands Antilles to make a bid for participation of 49% of Telem's shares. In the agreement the purchase price of the shares was fixed at seventeen million US dollars. Furthermore, the international partner would be responsible for the management of Telem for the first three years with the possibility of extension of another five years thereafter and endeavours to have the company run by Antilleans within the period of three to five years (Participation Agreement Telem, March 5, 1990). After studying the different bids the Antillean government selected KPN as the foreign partner for Telem.

The Dutch PTT and France Telecom as companies in telecommunication have an edge over the other companies. A choice between these companies is rather complex. The language barrier is a problem for the French Company. Furthermore, the Dutch PTT has a slight edge over the French Company because of the positive technical assistance they provided in the past and due to the fact that all technical norms implemented have come from the Dutch organisation. (Nota Realisatie Decentralisatie Landsradiodienst, Bijlage 3, 1991).

The Antillean government and KPN had been very well prepared for the 'signing ceremony' at St. Maarten on March 5, 1990. The ceremony was to be conducted with certain grandeur at the Maho Beach Hotel located just west of Juliana Airport. For KPN this was the first international acquisition and an important step in executing their international ambitions. For the Antillean Minister of Traffic and Communication, the agreement also signified financial injection for the improvement of the island's telecom infrastructure as well as political success. Before being appointed Minister in June 1988, he had been head of the Antelecom department at St. Maarten. The Minister was the rising star of the Democratic Party and frequently named as the likely successor of the legendary Claude Wathey also called 'The Ol' Man'.⁷⁶

On the day of the signing ceremony, the Minister of Traffic and Communication Mr. Gumbs invited *The Ol Man* and other St. Maarten

⁷⁶ Wathey, The Ol' Man, died in January 1998 in Phillipsburg at the age of 71 after being the political patron of St. Maarten for more than 40 years. He established the Democratic Party in 1951 and dominated the political and economic scene and developed the island. He had established many patronage relations with clients all over the Netherlands Antilles. He said of himself: "I'm a dictator. But a generous one" (*Amigoe*, 9 April 1994). The instructions of The Ol' Man never came directly but always subtle, something that the Minister of Traffic and Communication would only later find out about. "If there was a problem, the DP State member on Curaçao said to me that The Ol' Man asked when I would come to St. Maarten again. Then I knew that he had a problem (Antillean politician in *Amigoe* April 9, 1994).

politicians to lunch with the KPN delegation. The board of directors, including the CEO Mr. Ben Verwaaijen, together with the Dutch Minister of Traffic and Public Works gathered on 4 March 1990 on the island of St. Maarten where the signing ceremony was to take place. They stayed at the Holland House at Front Street in Phillipsburg and went the following day to lunch. However, *The Ol' Man* did not show up, which was not in itself unusual. Guests from Curaçao, St. Maarten arrived and the agreement was by five o'clock ready to be signed however, at the very last moment something went wrong.

At four o'clock minister Gumbs visited me. He wanted to change the agreement. But the agreement had already been negotiated and was ready for signing. I went to Van Moorsel (manager KPN). He was just busy with preparing the fountain pen to sign the agreement. I told him what Gumbs had told me. Then he said, 'Ben [Verwaaijen] will never do that!'. It is a fact that at five o'clock the signing should take place. I went downstairs and walked into Minister Gumbs who showed me a little note that told him that it was forbidden for him to sign. It was nothing more than a scrap of paper. The authorisation was supposed to be withdrawn. He could have signed, because of the mandate he had, or not sign. So he opted not to sign (interview with Antillean telecom manager).

The Minister of Traffic and Communication showed the European Dutch negotiator a little crumpled note from Wathey which indicated that the power of attorney had been withdrawn.⁷⁷ *The Ol' Man* would not give his permission for the agreement. Gumbs could have signed but he didn't dare to neglect the instructions given by *The Ol' Man*. By this action Claude Wathey blocked the rising political career of Gumbs who was a black Antillian. At the same time Wathey gained support from the people of St. Maarten whose support he needed to win the upcoming elections of March. Wathey called the agreement, which took six months of negotiations, worthless with absurd conditions (*Amigoe*, March 7, 1990). Wathey needed a victory because his political power was slowly vanishing and more and more criticism was being made with regards to his corruption and misuse of power. By blocking the participation of the Dutch operator he was able to mobilise anti-*makamba* feelings among the St. Maarten society, which was even more profound than on Curaçao.

When I came back to St. Maarten after 14 days leave in the Netherlands the Personnel Manager greeted me with the words: 'Are you still alive?' and turned his back on me. I felt deeply insulted. The hatred against the Dutch is very perceptible (interview with European Dutch KPN employee).

By blocking the signing of the agreement *The Ol' Man* also highlighted the political autonomy of St. Maarten. Nation building has always been a problem in the Netherlands Antilles. If necessary the Antilles forms a block against the influence of the Netherlands, but in internal affairs the politicians are hopelessly

⁷⁷ Gumbs was empowered to negotiate with KPN by the Island Territory of St. Maarten, the only shareholder of the St. Maarten PTO. In a letter, dated 6 March 1989 (no. 940-89), they granted him the power of attorney (Participation agreement Telem, March 5, 1990).

divided.⁷⁸ The decentralisation of the governmental system, the local political parties and the insularity are fundamental obstacles for any kind of unification of the islands. The telecommunication agreement of the central government of Curaçao was then used to highlight the importance of the politicians of St. Maarten. KPN had not fully realised the importance of analysing political processes on the island. In attempt to save the situation the management of KPN wanted to speak to Wathey himself, who at the time the agreement was to be signed was at the Barefoot Terrace bar.

The restaurant-bar Barefoot Terrace is located at the corner of the pier and Front Street in Philipsburg on the Cyrus Wathey Square. Visitors have a beautiful view of the Great Bay with Fort Amsterdam on the right and Bobby's Marina to the left. That afternoon, four large cruise ships were anchored in the Great Bay. Barefoot Terrace was the favourite bar of Claude Wathey and he could usually be found there in the afternoons. Verwaaijen, Smit-Kroes and Gumbs went to meet him and when they met, Wathey was tipsy and could not be persuaded to change his opinion. He made references to the rumour that another foreign operator had offered 35 million dollars for the participation in Telem and remarked that KPN's bid was too low and wanted to re-open the negotiations (*Amigoe*, March 7, 1990). Wathey knew that in general the European Dutch were usually willing to pay more money in the very last minutes of the negotiations. However, that was not the case with the stubborn businessman Verwaaijen. What exactly happened in the bar is not known, but all of the versions point towards a fierce clash.

Verwaaijen was threatened in person and told that he and his family would have some thing done to them if they ever visited the island again. KPN and Verwaaijen came back from St. Maarten damaged. With Verwaaijen, St. Maarten still can't be discussed. It was a traumatic experience for him (Interview with KPN manager).

I don't think Ben was physically threatened. Of course there was a lot of screaming and someone would have told him that he would kill him, but that is the way we are. From the Dutch point of view it looked like a threat, but it wasn't. But we haven't realised enough that Ben did himself feel threatened (interview with involved Antillian).

Meanwhile, in the Maho Beach Hotel, the reception had started, the band was playing and food and drinks were served. Only a few people knew of the problems that had arisen. At 5 pm CEO Mr Ben Verwaaijen made a speech in which he declared that St. Maarten has missed a chance and that he was very disappointed but invited everybody to continue with the party. This public loss of face made a deep impression on the CEO. It was his worst business experience during his nearly ten years with KPN. Conducting business with St.

⁷⁸ It was also Wathey who was a fierce advocate of Antillean independence. However, 60% the inhabitants of St. Maarten chose to stay in the Dutch Kingdom. This choice was based upon the knowledge that it is better to deal with Willemstad than to deal with The Hague. This referendum finished the political career of Wathey.

Maarten was subsequently blocked for many years and the name of St. Maarten became a taboo in KPN.

8.3.2 *Supporters and Opponents of KPN on Curaçao*

After the loss of face at St. Maarten KPN carried on with negotiations for a participation in the PTOs of the other Antillean islands which at first appeared as if it would prove to be a more successful venture. In August 1990, KPN and the Island Territory of Bonaire signed a principle agreement over the 49% participation in Telbo. The ABVO (Antillean Union of Government Employees) was invited to the Netherlands for negotiations and in October 1990, KPN, the director of Telbo and the ABVO leaders signed a collective agreement. The two agreements would however, only be effectuated if the National Government of the Netherlands Antilles supported the restructuring. It was only later that KPN would find out that the local authorities wanted to use this agreement to become more independent of the central government at Curaçao who blocked this attempt.

In the meantime, on Curaçao, preparations were started for a participation in the holding company Curtel. A group of KPN employees received instructions to prepare the acquisition. To ensure that this first international participation would be successful the negotiators had to engage a Curaçaoan consultant to support the process of acquisition. The consultant was required to use his Antillean networks to convince the Antillean government to support the participation. This resulted in quick success. A Letter of Intent was prepared proposing 49% participation and the inclusion of a strong European Dutch management to restructure the organisation with the intention of handing over the management of Curtel to Antilleans within three to five years (Letter of Intent 1991). The agreement had to be signed by October 1991 because the delegation of KPN was working under time constraints.

The management of Antelecom did not however, agree to the restructuring of the organisation proposed by the Antillean government. When KPN attended the first meeting with the board of Antelecom in November 1991 only the CEO was present because he could use KPN to restructure the organisation. This CEO had been newly appointed by the Antillean government and did not have the support of the members of the board. He was not only at that point faced with having to restructure the organisation but was also confronted by a management team that opposed him and the government with a proposal to integrate the island PTOs in Antelecom (Lichtveld 1996). The entire board of Antelecom had their own personal arguments against the plan of decentralisation. Personal fears of losing power, losing positions, personal interests, political connections and economic connections played a role in the resistance. These fears stimulated the board of Antelecom to employ survival strategies to block the restructuring of Antelecom and the participation of KPN. The Government of the Netherlands Antilles fired one of the members of the Antelecom board who concludes many years later:

The conclusion was justified that the minister's arguments were not based on a policy plan mapped out in consultation with the island territories but that

they were the product of a small but influential group of lobbyists who, for whatever reason, clearly wanted to prevent the restructuring models (Lichtveld 1996).

Very interesting was the relationship of the board of Antelecom with the biggest audio-text operator in the world, Antillephone, which has a 75 million-dollar business in Curaçao (*Algemeen Dagblad*, July 11, 1996).⁷⁹ The company, which is located in Gibraltar, routes international telephone traffic from customers in America, Germany and Southern Europe who want to listen to the so-called “sex-lines” of Curaçao.⁸⁰ The customer pays two dollars a minute, which is in many cases cheaper than local 06 numbers. The service provider Antillephone only pays the accounting rate for every minute of transatlantic telephone sex to Antelecom. Antelecom guarantees an exclusive and unlimited use of 500 million (!) lines for Antillephone. The accounting rate is Antelecom’s profit. Hence, Antelecom does not want to lower the accounting rate, with the consequence that international tariffs remain high for all of the Antillean customers. KPN was interested in audio-text technology, the service-added value and the income generated by Antillephone but stressed the importance of re-opening the contracts (*Amigoe*, January 23, 1992). CEO Verwaayen said in an interview that he did not agree with the distribution code of the profits of the Lipscomb Holding: ‘*we demand another tariff structure*’ (*Elsevier*, October 2, 1992). This led the Minister of Telecommunication to order NCF to study the value-added services such as Lipscomb on Curaçao. It is justified to conclude that the owners of Antillephone viewed the participation of KPN suspiciously and used their connections with the Antelecom management to guarantee the future of Antillephone.

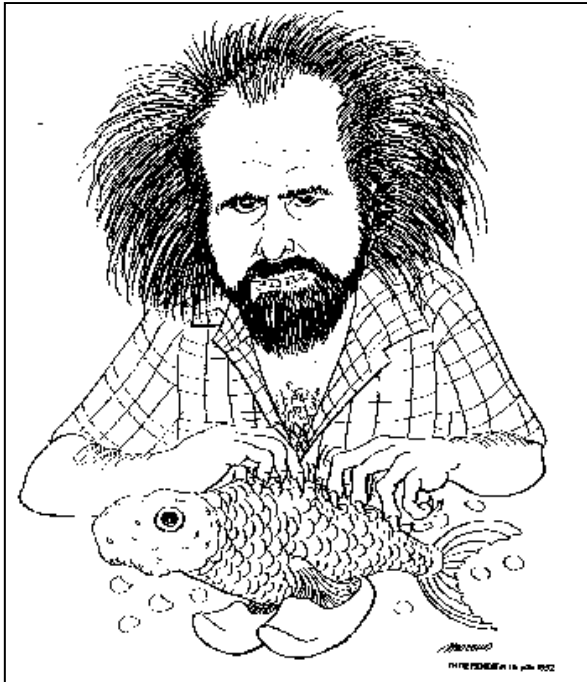
The signing of the Letter of Intent also resulted in unrest amongst the other employees of Antelecom who received almost no information on the restructuring and did not participate in the negotiations. The employees feared a loss of jobs and the labour union of the Antelecom employees ABVO had, by then already agreed upon the participation of KPN in Bonaire and Curaçao. This prompted a group of 65 Antelecom employees to found a new labour union: the *Sindikato di Trahadornan den Telekomunikashon Korsou* (STTK) on 7 February 1992. This was the start of a fierce struggle for power between STTK and ABVO. In this struggle STTK was supported by the Kamera Sindical (KS) and headed by Errol Cova who saw possibilities to strengthen his position in the telecom sector (see Figure 15). STTK established networks with telecom labour unions in Latin America and the Caribbean where participation of telecom operators resulted in the loss of jobs.

STTK mobilised the Curaçaoan society by claiming the cultural heritage of the telecom sector. The union informed the newspapers and media about the

⁷⁹ Audiotext operators offer added value services based on text, which is transported by means of telephone lines. Different kinds of text are recorded at tapes and can be listened to by customers. The tapes contain texts on jokes, cooking recipes and most of all sex talks.

⁸⁰ Antillephone has competition from other countries such as Sao Tomé, Guyana, Colombia and Guinee-Bissau because the technology can be easily exported. The moneymaking contract of Antillephone therefore is thus temporary in nature.

lack of information supplied by the Curaçaoan government and KPN. Although in the report on the decentralisation of Antelecom it was acknowledged that different concerned parties needed to be kept informed, in reality not much action had been taken to ensure that this was done.



There will be full attention given to the publicity with regards to the employees, the labour unions, the customers and the public in order that a good understanding emerge in the society of the necessity of the decentralisation, integration and participation of Dutch KPN (Nota Realisatie Decentralisatie Landsradiodienst, 1991).

Figure 15. Caricature of KS Union leader who is taking KPN down a peg or two (source: *Independiente* July 1993).

The political opposition such as MAN, Nos Patria and SI saw possibilities to block the current government and gain electoral profits. They joined the campaign against the participation. The opposition party MAN for instance, executed a survey among the Curaçaoans and concluded that 72,7% of the population was against the participation (*Amigoe*, April 29, 1992). The national opposition called for a nation-wide discussion on the future of telecommunications, another strategy to slow down the process of decentralisation. The opposition accused the government of slaughtering the 'chicken with the golden eggs' (see Figure 16).

Text with cartoon (see figure 16): PTT Telecom negotiator; 'Hurry, hurry! Dutch PTT Telecom cannot wait any longer! Hurry up! Frog (left); 'Why such a hurry?'. Frog (right); 'Are they hungry?' Chicken; 'Antelecom, chicken with the golden egg'.

The Curaçaoan business community supported the participation of KPN in the Antillean PTOs understanding that the quality of the telecom infrastructure is of strategic importance for the service oriented business industry on Curaçao. The

loss of the participation was therefore seen as a missed possibility for improving the quality of the telecom infrastructure on the island.

Another missed chance is that of telecommunications. And just because a group of people thought telecommunication is our patrimonium. Our patrimonium! Can you imagine this in a time were borders are fading away? Recently we spoken to that Dutch telecom group. They told us coolly that they could have used Curaçao as a stepping stone to South America. But because of these negative events they don't need us anymore. They have started an alliance and have in this way found their way into Latin America. (Interview with Voges, CEO of Curinc. In: *Curoil & Gas Bullitin*, 1996, 6e jr., no. 4).

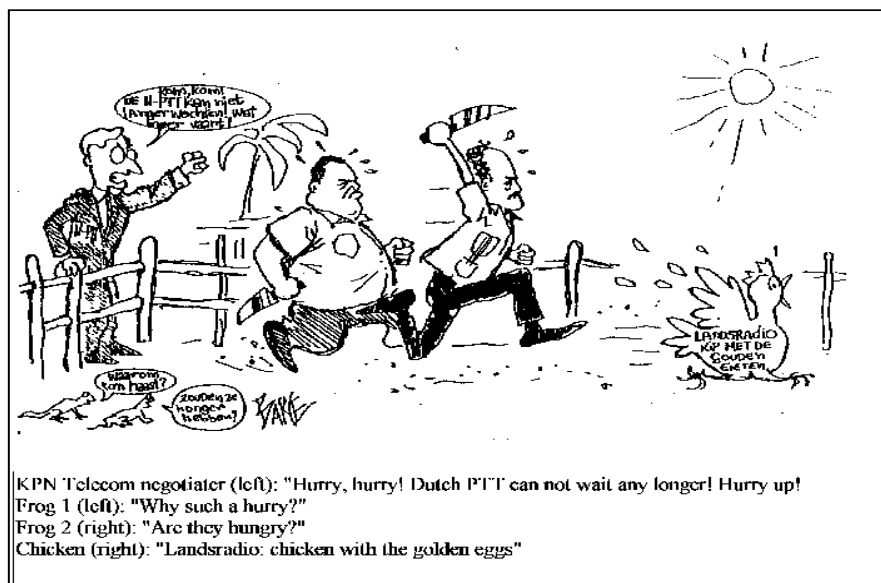


Figure 16. Cartoon of the KPN strategy on Curaçao (source: *Amigoe*, April 10, 1992).

In summary, the Government of the Netherlands Antilles, the labour Union ABVO and the CEO of Antelecom supported the participation in the new Curaçaoan PTO Curtel while the Board of Antelecom, Antillephone, the Union KS, the employees of Antelecom and the Curaçaoan political opposition were against it. How did the struggle for power between all parties concerned develop?

8.3.3 Strategic Use of 'Patrimonio Nashonal' by the Opponents

The IB director of KPN appointed a new negotiator. The new European Dutch negotiator was however, not a good choice. Although the appointed person, coming from outside KPN, had international experience he was firstly, European Dutch and thus displayed all of the earlier discussed cultural

characteristics of the non-integrated European Dutch on Curaçao. He opted for a hard line approach without establishing relations with Curaçaoans first. Promise after promise came from the Antillean government and the signing of the Letter of Intent was planned for February 1992. The government gave the impression that the agreement was almost settled. However, time was running out and the negotiation team was fed up with the Antilles. They had to be successful in this region in order to be eligible for promotion or to qualify for a bonus. Many obstacles had already been cleared away and now the negotiation team didn't want to wait any longer.

If they [STTK] do not want to co-operate with PTT Telecom they have to bring forward business-like arguments and not only emotional reasons (CEO Verwaaijen in *Beurs en Nieuwsberichten*, August 18, 1992).

They wanted to belittle us. They wanted us to know that we have no say. We had the impression that they came here to knock us over in order to succeed as fast as possible (interview with STTK leader).

I think that his style [the KPN negotiator] made no good impression. He contributed in the negative image of European Dutch. The person is European Dutch, he is arrogant - you take a dislike in him because he is European Dutch. Coincidentally he is in telecommunications so you have something against telecommunications (interview with Curaçaoan consultant).

One might ask why the Curaçaoan advisor did not warn of the cultural pitfalls. This was because he was caught between conflicting interests. Apart from KPN he also advised the Minister of Traffic and Communications in the sale of Telem at St. Maarten and was the chairman of the commission of privatisation of Telem. He was also the Minister's campaign leader for the elections of March 1990 and April 1991 and contributed towards 72% of the campaign budget (National Criminal Intelligence Services number 92.05.424). Furthermore, KPN had reserved a large budget for this first international acquisition. From the Curaçaoan perspective this implied the possibility for large earnings. It was known that the European Dutch normally only invest money based on rational motives. Thus when KPN wanted to invest a large budget in the Netherlands Antilles, Antilleans and the Curaçaoan advisor got the impression that telecommunications had to be a very lucrative business.⁸¹ The Curaçaoan advisor therefore, had distinct hidden agendas.

We depended on one person over there and have given little account to other possible tracks. Therefore we discovered too late that we were at a dead

⁸¹ Antillean authorities and interested groups came with initiatives for cooperation and sponsorships such as football tournaments, social projects and educational projects. And not without success; for instance, to increase the level of technical telecommunication education KPN signed a 0.7 million dollar agreement with the University of the Netherlands Antilles (UNA). To guarantee a highly qualified technical support KPN also started a consultancy office on Curaçao together with Antillean participants.

track end. The situation was much more complex than we had thought it would be (interview with KPN manager).

The opposition, concentrated around the STTK, used the ‘typical European Dutch behaviour’ of KPN and anti-*makamba* sentiments as a catalyst agent of protest and Dutch KPN was thus portrayed as the possible destroyer of the ‘*Patrimonio Nashonal*’. Although no clear definition emerged of ‘*Patrimonio Nashonal*’, the concept refers to the idea that the telecommunication sector is a public asset of the people of the Netherlands Antilles and as such, should remain in public ownership. The employees of Antelecom, the political opposition parties, the Antelecom management and worried Curaçaoans supported the STTK in their defence of the ‘*Patrimonio Nashonal*’.

I have used the words ‘Nos Patrimonium’ because my grandparents taught me that you are always in need of some means of living. When you sell everything you have nothing anymore. If you do that, and you want to go for a swim with your children you might have to go to Aruba, because by then all of the bays are privately owned. Tourism, bays, houses, telecommunication - everything is sold so you don’t have anything anymore. Therefore the pronouncement was to make people aware that we receive a lot of money now, but will have nothing within a short time (interview with STTK union leader).

The protest march against the participation in which hundreds of people participated was organised by the STTK.⁸² The march, announced by the newspapers, was called the ‘death march’ because it was a silent march in which four female Antelecom employees carried a white muffin that symbolised Antelecom. From the Antelecom building at the Schouwburgweg hundreds of sympathisers walked to the ground-station at Vredenburg. Antelecom employees had different motivations in joining the strike; fear of loss of jobs, dissatisfaction with ABVO, political motives, strong feelings against privatisation, the transfer to Setel and the European Dutch dominance. Protests were also expressed in the media and newspapers.⁸³

It seems that the white threat has not yet disappeared from our coast. Like a white nervous shark, who swims in the harbour estuary and persists and who is hungrily waiting for the moment when the government of this country throws the virgin LRD for him to rape her. Like the mother who prostitutes her body, humiliates herself with the *makamba* in the sight of her children, that is the way our government wants to sell us (sent in letter of LRD employee with name, address and telephone number in *Newspaper BALA*, August 24, 1993).

⁸² The strike was announced because 150 employees of Antelecom had signed a letter of protest to the government to which they never received the reply. The reply of the government had in fact been sent to the ABVO instead of the STTK. Because the ABVO was not on good terms with the STTK the letter was withheld. The STTK did not know this and organised a demonstration.

⁸³ In the magazine ‘the Independiente’ a caricatures of Errol Cova, the KS union leader was drawn. He was ‘*kita su scama*’ [scratching the scales] of a fish. The fish with a potato head and wooden shoes symbolised Dutch KPN. The Papiamentu expression ‘*kita su scama*’ can be translated as ‘taking someone down a peg or two’ (see figure 15).

The most dramatic moment of the protest against the participation was the visit of CEO Mr Ben Verwaaijen on August 17, 1992. He intended to visit Curaçao to support the negotiation team and to speed up the negotiations. When he arrived at the Avila Beach Hotel around 50 demonstrators awaited him (*De Beurs en Nieuwberichten* August 18, 1992). 'Landsradio ta di nos' was written on many banners of the STTK and protests songs were sung (see figure 17).

The demonstrations were not the only resistance KPN encountered. The Papiamentu magazine *Independiente* accused the Curaçaoan consultant of the KPN negotiation team of bribery (*Independiente*, Edition 31, March 1992). As a result of these accusations the Ministry of Justice of the Netherlands Antilles ordered an investigation of the financial relationship between the Minister of Traffic and Communication and the Antillean consultant. KPN was subsequently acquitted of bribery (*De Volkskrant*, September 10, 1992). But the organisation was irritated by the accusations and the lack of reforms in the telecom sector of Curaçao. Finally, in October 1993 it withdrew the Letter of Intent and phased out their commercial activities in the Netherlands Antilles. The experience had left a deep impression on the KPN management and was to dramatically change its strategy of internationalisation. When CEO Mr Ben Verwaaijen was asked of his greatest failure in his recent career he answered:

That was all the energy we have put in the Netherlands Antilles. We haven't been able to convert the 87 verbal agreements into real projects. That has been the most intense feeling of powerlessness I have experienced in recent years. There are possibilities, everybody says 'yes' and still you are not able to succeed. It just hasn't been successful. That was it. (CEO Verwaaijen in *Adformatie*, January 26, 1995).

Although the Curaçaoan government and business representatives have recently tried to interest KPN, their interest in participation in an Antillean PTO is beyond retrieval. The loss of face and the loss of approximately ten million Dutch guilders have damaged their relations with the Netherlands Antilles (*Amigoe*, October 14, 1993). For a long time the management preferred not to look back on this period and turned its focus to Eastern Europe and Southeast Asia. With the failure of Unisoure, KPN no longer has commercial ties with the Latin American telecom market, which is now dominated by Telefónica, MCI and AT&T.

<i>Dono di nos patrimonio</i>	<i>Owner of our patrimonies</i>
No tin plaka na Mundu pa Kumpra nops patrimonio Pa nada di mundu ta bende nos patrimonio Kumprami, kumprabo	For no money in the world Our patrimonies can be bought For nothing in the world We will sell our patrimonies Buy me, buy you

Kumpra nos patrimonio Bendemi, bendebo ora nos ta na soño PTT pafó STTK paden Lucha di STTK a kibra e matrimonio Pa futuro ta sigurá Kòrsou mester ta doño	Buy our patrimonies Sell me, sell you Only in a dream PTT out STTK in The struggle of STTK Has broken the marriage For a ensured future Curaçao has to be the owner
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Figure 17. Protest song of STTK union against participation of KPN

8.4 Conclusions

Antelecom executive Lichtveld wondered if he would ever find out KPN's real motives in starting business in the Netherlands Antilles: '*We will probably never know*' (Lichtveld 1996). However, as can be seen from the clear description and an explanation of the KPN strategies presented here KPN's decisions and actions were much less rational than Lichtveld and many Antilleans have thought. The international strategy was primarily based upon the need to gain international experience in foreign countries. KPN's intended for its first international participation to be in the Netherlands Antilles because the management had assumed that there would be little cultural difference in business practices between the Netherlands and the Netherlands Antilles. Furthermore, it has been observed that this false assumption is also clearly reflected in the attitude of new European Dutch who arrive on Curaçao. The European Dutch negotiation team chose an ethnocentric strategy and ignored possible cultural differences and consequently, in the process of acquiring a participation in the Antillean PTOs KPN experienced many cultural problems. These differences manifested in the use of the Dutch language, the perception of time related issues, the delivery of criticism, how knowledge is transferred, the importance of personal networks for doing business and in the mutual images. The negotiation team was unable to identify and cope successfully with these cultural differences which fundamentally undermined the process of acquisition.

It was however, not so much the cultural differences as it was how the involved parties managed these cultural differences that finally blocked the participation. While KPN ignored cultural differences and perceived many cultural similarities, the involved Antillean counterparts did everything to stress their Antillean identity and to enlarge the cultural distance between KPN and the Antillean PTOs (see Figure 18). The Antillean counterparts perceived KPN as a dominant and powerful Dutch organisation with western management models, money, expertise, international experience and state-of-art technology. They themselves had knowledge of the Antillean telecom market and the culture. This unequal relationship show strong similarities with the unequal relationship between the Netherlands and the Netherlands Antilles For many of the involved Antillean parties the possible participation triggered fear of the loss

of acquired positions, economic interests, jobs and of the dominant European Dutch management.

The three conditions that precede and lead to the onset of manifest ethnicity, or ethnicising, were all present in this case (Baud *et al.* 1994: 129). Firstly, there was interaction between the European Dutch and Curaçaoans. Secondly, there were ethnic boundaries by which a sense of community could emerge. Thirdly, the autonomy of the Antelecom and Setel employees was under pressure by KPN. The Curaçaoan employees used ethnicising by pointing out shared cultural elements and by re-inventing non-existent cultural traditions. The labour union STTK for instance used the concept of '*Patrimonio Nashonal*' to bring together the political opposition, the management of Antelecom, the labour union KS and employees of Antelecom. These groups used anti-*makamba* sentiments among the Curaçaoan people to mobilise protest and public opinion against the selling of Antelecom and used the Papiamentu media and press to ventilate their opinions. The politician Claude Whathey also used the anti-*makamba* sentiments at St. Maarten to strengthen his political position.

What can be learned from these strategies? It seems evident that the short-term individual survival strategies have prevailed over long-term development of the telecom sector of the Netherlands Antilles. In the mean time, the 'golden eggs' of the Curaçaoan chicken have turned into stones. Many of the informants acknowledge that Curaçao has missed the boat, but some Curaçaoans are still suspicious of the withdrawal. In the light of the volatile relationship between the European Dutch and the Antilleans it would appear wiser to start in future with very low profile small-scale projects, to keep the differences in power in balance, to create mutual trust and personal relations first and to later extend the venture once these has been successfully achieved.

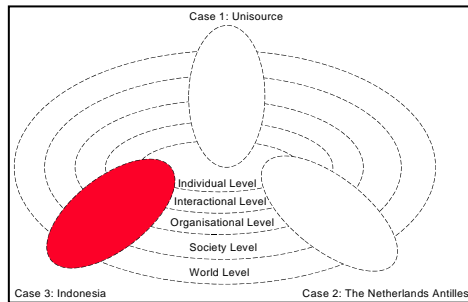
Chapter 7 has concluded that the cross-cultural cooperation between KPN and PTOs in the strategic alliance Unisource was not successful because of the many partners involved. It was expected that the cross-cultural cooperation of KPN alone in an already known market would be more successful. This case has shown that not the number of involved partners but the relation between cultural distance and power struggle must be seen as the most important aspect of the failure of cooperation. Did KPN learn from these experiences in the Netherlands Antilles and change their cross-cultural strategy in their bid to acquire a position in the Indonesian telecom market? It can be rightly expected that the relationship between the Netherlands and Indonesia is also volatile.

Strategies of Dutch KPN Employees	Strategies of resistance of Curaçaoans
Enjoying the tropical life	Using anti-macamba feelings of employees
Showing arrogance	Stressing the importance of telecom for national identity
Being direct	Creating chaos
Liking to be placed at a throne	Making vague what has been decided
Stressing the cultural similarities	Using the 'Yes-refusal'
Giving criticism in indirect ways	Mobilising public opinion
Establishing European Dutch networks	

Perceiving Curaçao as Dutch territory Going to European Dutch clubs, bars and restaurants Showing the desired work attitude Being prepared for uprisings Exploring the island Minimising contacts with Antilleans Showing interests in local culture Establishing personal networks in both Antillean and European Dutch communities Recognising cultural differences Speaking Papiamentu Establishing Antillean networks Rejecting the European Dutch expatriate culture Integrate within the Antillean society Adapting to local perception of time	Politicising conflicts Isolating Dutch managers from information circuits Using personal networks to exert influence Putting the Dutch manager on a throne, flatter him and lull him to sleep so he loses sharpness Speaking Papiamentu Referring to colonial history Excluding Dutch from Antillean networks Telling the Dutch that ‘without your help I can’t do it’ Delaying decisions until the Dutch can’t wait any longer Stressing the ‘Yi du Korsow’ identity Letting the Dutch manager take the initiatives, agree and wait
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Figure 18. Strategies of KPN employees and Curaçaoans to cope with cultural differences

9 SUCCESSFUL CROSS-CULTURAL COOPERATION IN INDONESIA: A GOOD BALANCE IN POWER



In the previous chapter it was seen how the acquisition and cooperation of KPN in the Netherlands Antilles was much influenced by cultural and historical relations between the Netherlands and the Netherlands Antilles. Did the former colonial relationship of the Netherlands with Indonesia also negatively influence the introduction of KPN into the

Indonesian telecom market? This chapter addresses the cross-cultural experiences of KPN in Indonesia in the period of 1992-1997. The cross-cultural differences that affected the cooperation between Dutch employees and Indonesian employees such as differences in language, perceptions of time, the influence of religion and ethnicity in daily business life, the importance of personal connections in business and the different management styles are discussed. These cases and practical examples of daily situations not only illustrate the cultural differences but also the way KPN and its employees deal with this diversity. The personal strategies of KPN employees in reaction to the new cultural context they are working in can be distinguished in three ways. Each of these are discussed and related to the corporate strategies of KPN. Finally, conclusions with regard to the success of KPN in Indonesia are discussed.

9.1 KPN Captures the Indonesian Telecom Market

Since 1990 KPN had been interested in commercial activities in Indonesia and its policy in Indonesia was based upon two objectives. The first objective was to become a first, second, or third local operator in Indonesia and the second objective was to find an Indonesian partner in telecommunications. The question then raised is: Which strategies did KPN use to reach these objectives?

9.1.1 Useful Personal Networks of the NCF

In 1990, the NCF General Manager in Jakarta initiated the commercial interests of KPN in the promising telecom market of Indonesia. The NCF had itself already been active in Indonesia since April 1975 under the name of PTT Consultancy Team when KPN and PT Telkom signed a Memorandum of Understanding on providing technical assistance and training programs for Indonesia's telecom engineers and staff. During their stay in the Netherlands the Indonesian employees learned about KPN's activities and organisation. These trained employees later became the management of PT Telkom and government telecom institutions. Apart from the participants of the training programs, Indonesian professionals, such as Dahoko, came into contact with the NCF.

Dahoko, who now works for the KPN office in Jakarta, started his career in telecommunications more than ten years ago with the Netherlands Consultancy Foundation (NCF) after working for a Dutch cable company in Indonesia. Because of his Dutch primary school education he could still read and understand Dutch, which was an advantage when working with the Dutch engineers of the Dutch cable company and the NCF who were constructing an optical fibre transmission backbone between Jakarta and Surabaya. NCF's main task has been to advise the national telecom operator PT Telekomunikasi Indonesia (PT Telkom) and PT Indonesia Satellite Corporation (PT Indosat) on technical matters and to strengthen the position of the Dutch industry in the Indonesian market. Consequently, more than 80% of the projects of NCF in Indonesia were focused on telecommunications and the Dutch Minister of Development Cooperation supported the majority of the activities of NCF in Indonesia.⁸⁴ The NCF has been active in the fields of network planning, improving network operations, the construction of 160.000 telephone line units in Jakarta in the PRX switch and supervising the construction of new cable infrastructure such as the optical fibre backbone.

Biography of Dahoko

Dahoko is a 45 year old Indonesian employee of KPN in Jakarta. He is married, has two children and lives south west of Jakarta. Dahoko is a devout Muslim. He attended a Dutch primary school St. Pascal in Suriname where his father was the Indonesian diplomatic envoy. He studied architecture in Jakarta and worked as architect for some years before he started with a Dutch cable company in Indonesia. From 1987 onwards he worked with NCF. With the take over of commercial activities by KPN, Dahoko was transferred from NCF to KPN in 1995.

Because of its long lasting presence in Indonesia, the name NCF is well known. PT Telkom and the Indonesian government have a generally positive image of NCF; they are friendly people, technically experienced, low profile, co-operative and freely offer their services. Dutch NCF has direct access to PT Telkom and the Ministry of Tourism, Post and Telecommunication (MTPT) at operational and executive level. The MTPT is the main policy-making authority in the Indonesian telecom industry.⁸⁵ To support and help maintain these networks Indonesians with

long term experience in the Indonesian telecom sector were also employed by NCF. The highly respected contemporary Business Development director of the KPN office in Jakarta joined the NCF in 1987, after retiring from PT Telkom

⁸⁴ In 1990, the NCF had their office in Jakarta with eight Dutch experts and 25 Indonesian employees, and a subsidiary in Bandung where the headquarters of PT Telkom were situated.

⁸⁵ The Ministry of Tourism, Post and Telecommunication is known as Parpostel. In this thesis the formal abbreviation MTPT is used. Within the MTPT, the secretary-general formulates general telecom plans while the Directorate General of Posts and Telecommunications (DGPT) translates these into operational policies. The DGPT is responsible for policy implementation, licensing issues, equipment specifications, technical standards and frequency management. Tariffs are established through the Planning Bureau of the DGPT and regulations are established through the Law and Organisation Bureau.

and has been responsible for the development of a new telecommunications infrastructure in Indonesia since the early seventies. Aside from this, he was University lecturer at the famous Technical Institute of Bandung (ITB) where the contemporary leading management in the Indonesian telecom industry of today joined his classes. Other experienced employees included the ex-secretary of the PT Telkom General Manager and a former PT Telkom manager. When KPN opened their new office in Jakarta the manager, some of the employees of NCF in Jakarta were transferred there to run this new office.⁸⁶ The personal networks of the ex-NCF employees and the reputation of NCF have been very useful in aiding KPN's entry into the fast developing Indonesian telecom market.

9.1.2 *The Restructuring of the Indonesian Telecom Market*

Indonesia's population of nearly 200 million people and its rapid economic growth that lasted till the autumn of 1997 spurred an enormous demand for telecom services. With a fixed-line penetration of 0,98% in 1993, Indonesia has one of the lowest telephone densities in Southeast Asia (PT Data Consult Inc. 1995). Under Indonesia's *Repelita* VI economic development plan, the government planned to raise the penetration to 4.56% in the five-year period ending March 1999.⁸⁷ The Indonesian telecom sector structure was not able to meet this growing demand. Furthermore, the world wide 'Telecom Revolution', as discussed in chapter 4, forced the Indonesian government to encourage further growth and development of the telecommunications sector by deregulating the industry and allowing more private sector participation.

The MTPT delegated the task of restructuring the domestic and international telecommunications services sectors to the two primary PTOs PT Indosat and PT Telkom who had their initial public offerings in 1994 and 1995, respectively. The Indonesian Government controls the majority of PTOs. In June 1994, the Indonesian telecom industry was opened to direct foreign equity investment through the establishment of a joint venture.⁸⁸ Foreign investment licenses were granted for an initial period of 30 years and private companies could obtain operating licenses in revenue sharing agreements under the ultimate control of PT Telkom.⁸⁹ The most recent form of cooperation between PT Telkom and

⁸⁶ Among the first commercial activities in Indonesia was the introduction of direct calls to the Netherlands to cater to the many Dutch companies and Dutch tourists.

⁸⁷ The Indonesian government introduced and implemented medium and long term development plans to stimulate the economy. The long-term plans cover 25 years. The medium term plans cover 5 years and are called *Rencana Pembangunan Lima Tahun (Repelita)*. Each *Repelita* assesses current economic progress and sets priorities and targets for the next five years of development.

⁸⁸ After it had been tied to close restrictions, Indonesia's foreign investment regulations were changed dramatically in June 1994, to attract and maintain the levels of foreign investment necessary for the country's continuing growth and development. Most areas of business are now open to foreign investment in Indonesia.

⁸⁹ Indonesia has always struggled with the tension of building a homogeneous infrastructure and the need of financial support. In the early seventies foreign capital was sought after with foreign governments such as the Netherlands to improve and expand the telecom infrastructure. The foreign governments required the use of their own national telecom industry. As a result, Indonesia constructed an infrastructure out of different telephone systems. Recently, Indonesia successfully attracts again international capital with the KSOs.

private companies is through *Kerjasama Operasi* (KSO) [joint operating schemes]. Five private consortia were selected to install and operate fixed-lines in five selected regions: Sumatra, West-Java, Central Java, Kalimantan and East Indonesia. Each consortium is made up of an experienced foreign operator such as Telstra, Singapore Telecom, NTT, US West, Cable & Wireless and an Indonesian company. Each consortium has to install a minimum number of fixed-lines and will operate all local lines in the assigned region for 15 years, including those originally installed by PT Telkom. PT Telkom will retain full operational control over the remaining two commercially important regions of Jakarta and East Java. To encourage Indonesia's fast growing telecom sector President Soeharto declared 1997 the Telecommunication Year.

PT Telkom has been granted the exclusive right to provide local fixed and fixed wireless telecom services nation-wide for a minimum of 15 years. Domestic long-distance services will remain the domain of PT Telkom for a minimum of 10 years. International investors however, have more freedom in the cellular market.⁹⁰ In June 1997, the government announced plans to award a total of 16 licenses for mobile communications, nation wide as well as regional, before the end of the year. There is freedom for cellular investors to enter into equity based joint ventures with partners and freedom for foreign operators to become strategic investors in cellular operating companies. Furthermore, there is freedom for the GSM operators to arrange for their infrastructure equipment. In contrast to the European telecom markets, the Indonesian PTOs still play a very strong role in the process of restructuring the telecom market. To ensure success in penetrating the Indonesian telecom market KPN therefore chose for a close cooperation with PT Telkom and PT Indosat. But has the Dutch-Indonesian historical relationship helped or blocked KPN's ambition to become a local operator in Indonesia?

9.1.3 *Competitive Advantage for Dutch KPN in Indonesia?*

In order to answer that question, the contemporary relationship of the Netherlands and Indonesia must first be discussed. The Netherlands have had a long relationship with Indonesia.⁹¹ The Dutch presence in Indonesia goes back to the end of the 16th century when Dutch troops conquered Spanish and Portuguese colonies in Asia. To break the Portuguese monopoly on spices the Dutch founded the *Vereenigde Oost Indische Compagnie* (VOC). The VOC

⁹⁰ A cellular radio network provides a communication service that uses mobile phones and radio waves as the transmission medium. A service provider's equipment switches the radio frequencies as a caller moves from one cell to another.

⁹¹ The largest country in Southeast Asia, both in area and population, is the Republic of Indonesia. It consists of 13,677 islands that cover 741,101 square miles of land along the equator between the Indian and Pacific oceans. With a population of 200 million, it ranks as the world's fourth most populous country. The nation has a low standard of living, even though it has many valuable natural resources. These include large onshore and offshore petroleum and natural gas deposits, huge tracts of tropical hardwood forests and a variety of minerals, including tin, nickel and copper. However, only about 10 percent of the land can be used for raising crops. Despite the vast number of islands, five of them account for nearly 92 percent of the land area. These are Sumatra; Java; Celebes (Sulawesi); two thirds of Borneo (Kalimantan); and the western portion of New Guinea, Irian Jaya. Almost 95 percent of the people live on those main islands and more than 62 percent make their homes in Java.

acquired the total production and distribution of spices in the Indonesian archipelago and transformed from a trade company into a political power. The absence of central power and the dependency of the Indonesian elite on trading with the Dutch made it possible for the Dutch traders to become the rulers of the Indonesian archipelago (van Goor 1987). The Dutch colonial ideology was based upon western superiority, a minimal knowledge and fear of the Indonesian society and the assumption that development could only be achieved under Dutch rule (van Goor 1987: 154).

The 350 years of colonial occupation of the Netherlands have left cultural footprints that can be easily traced in contemporary Indonesia. The Indonesian legal system, for example, is based upon the Dutch legal system. Other more easily observed artefacts is the colonial architecture in the old town of Batavia, known today as Kota.⁹² Other examples are the Dutch words that can be found in the Bahasa Indonesia and the Indonesians that still speak Dutch.⁹³ Furthermore, quite a lot of Indonesians have relatives in the Netherlands.⁹⁴ More than 200.000 Indonesian grandparents, uncles, nephews, nieces, cousins, second cousins, great grand nephews and great grand nieces live in the Netherlands. There is thus a lot of evidence tracing the Dutch – Indonesian relationship through time till the present day.

More than 50 years of development have passed since the independence of Indonesia was declared on 17th August 1945.⁹⁵ Since then Indonesia has developed into a fast growing emerging market and the colonial history no longer plays an important role, if any at all, in contemporary Indonesian society. In fact, many of the young Indonesians do not even know much about the colonial history. Every August, Liberation Day is celebrated and end of the colonial occupation by the Dutch and subsequently by the Japanese is commemorated in the media. Today, Indonesia's streets and public places bear the names of the heroes of the anti-Dutch wars such as Prince Diponegoro, Imam Bonjol, Teuku Umar and Udayana. Indonesia is trying to forget its colonial past however, hatred against the Dutch is not openly shown although relations between the Netherlands and Indonesia remain sensitive.

A greater part of the Dutch think we hate them because of what has happened in history. But that is not the case, we have no hatred against

⁹² The cobble stone square of Taman Fatahillah once was the centre of old Batavia and the Kali Besar canal was once high-class residential area. Examples of the colonial architecture can also be found in Bandung where the administrative centre of the colonial Dutch government was situated. The headquarters of PT Telkom are in the former HB (Hoofdgebouw) PTT in Bandung

⁹³ People of the older generation such as president Soeharto and the Minister of Tourism, Post and Telecommunication have had a Dutch education. They have learned Dutch children songs and celebrated *Sinterklaas* on 5th December. *Sinterklaas* can still be seen in shopping malls on Java during the first week of December.

⁹⁴ The Indonesian government nationalised all Dutch assets and private owned companies without compensation in 1958. All Dutch nationals and their families were forced to leave overnight. With them many Indonesians sought refuge in the Netherlands.

⁹⁵ The armed conflict of the Republic of Indonesia and the Netherlands had taken from the declaration of Independence in 1945 until the withdrawal of West-Irian by the Netherlands in 1963. West-Irian, now called Irian Jaya, was the last colony of the Netherlands in East Asia. During the period of war all of the formal ties of Indonesia and the Netherlands were cut, Dutch properties were nationalised and almost all of the Dutch had been send home.

Dutch, we are forgiving, our religion also asks of us to forget that. We are trying to forget, but if you bring up the subject then we feel a pity. We feel a pity for things that have not been done. Why didn't they do this? Why didn't they do that? There is no thing as hatred for the Dutch (interview with Indonesian employee of KPN).

It is clear that Indonesia is making effort to put her colonial past behind her even in telecommunications. The CD-ROM presentation of PT Telkom makes a remarkable leap in time in the presentation of its history. It shows old pictures of colonial telecom buildings in 1886, 1903, 1926 and then the presentation moves forward to 1960. The telecom museum in Jakarta only displays old telephone equipment of the pre-independence era and does not mention the role of the Dutch.⁹⁶ The Indonesian telecom history starts with a story about the importance of an old YBJ-6 radio transmitter in the struggle for independence against the Dutch and a larger part of the museum focuses on the enormous progress reached since the independence of Indonesia.⁹⁷

Apart from ex-colonial relations, the contemporary relationship between the Netherlands and Indonesia has a strong business component. The Netherlands is one of the major investors in Indonesia. With a total value of US\$ 6.8 billion it occupies the sixth place, with investments in sectors such as the chemical sector, the food industry and the electronic manufacturing and the telecommunications sector (Smith 1994). 50% of the joint ventures were initiated after 1984, which confirmed the establishment of a renewed business relationship between the Netherlands and Indonesia. The end of the provision of development aid in 1992 marked the transition to a more business orientated relation between the two countries.⁹⁸

In 1993, PT Telkom sought for information on mobile communications systems. In response, KPN sent an expert to Jakarta to help PT Telkom with the construction of a small GSM network. The network was set up to beat Singaporean competitors on the islands of Bintan and Batam two small Islands located just south of Singapore. Indonesians have a negative image of Singaporeans thus an Indonesian mobile operator on the Indonesian islands

⁹⁶ January 1929, a radio-telephone connection between the Netherlands and the colony of Dutch-Indies was made. At that moment in time, it was the longest short-wave connection in the world. "Hallo Bandung, hier Den Haag" were the first words spoken by Queen Wilhelmina. The enormous receiver was installed in between two mountains in the Malabar gorge near Kewa Putih south of Bandung.

⁹⁷ When the Dutch invaded Jogjakarta in December 1948, the radiotelegraph connection between Indonesia and the rest of the world was completely cut off. The 160 Watt YBJ-6 transmitter was the only one that survived the bombing of the nationalists' headquarters in Bukit Tinggi by the Dutch. The YBJ-6 was the Indonesian nationalists' only means of communication with other nationalists in Aceh, Medan and the outside world. They transported the 750-kilo weighting YBJ-6 transmitter over a large area in order to avoid the discovery by the Dutch occupiers.

⁹⁸ In 1992, the Dutch Minister of Development Cooperation, Mr. Pronk, was at that time also the head of the European Development Aid agency. He wanted to stress human rights violations in Indonesian by connecting European development funds to the progress made in the field of human rights. The Indonesian government in person of President Soeharto refused the aid because of the, in his eyes, colonial attitude of the Netherlands and stopped all Dutch development projects. Within a few months all of the Dutch development workers, as well as many Dutch expatriates with temporary visas had to leave the country.

would make good publicity in Indonesia. The Dutch expert, who was under contract with the NCF, played an important role in the success of the initiative of PT Telkom. This stimulated a positive relationship between KPN and PT Telkom. KPN is not among the international consortia in the KSO agreements but has a rather special position in the Indonesian telecom sector with its corporate agreement with PT Telkom.

PT Telkom sees the KSO as a short cooperation. The connection of KPN is viewed more on corporate level. Because they see us as a more developed global player and we have a wider view on developments we are asked for our opinion by means of presentations. We give a lot of presentations, and from these presentations work results. It is a specific relationship between KPN and PT Telkom (Interview with Indonesian KPN employee).

In order to execute the KPN policy in Indonesia close contacts with PT Telkom and the regulatory body of the Indonesian government were necessary. As discussed earlier, the long-term personal and institutional relationship between NCF and the Indonesian telecom sector helped KPN management to establish business relations. By accentuating the cultural, historical and personal relations between the Netherlands and Indonesia new business relationships could be established.

Mr. Joop Ave, Minister of MTPT tells me in the middle of a meeting held in the English language; *Joh, weet je waar ik zin ik heb als ik de volgende keer naar Nederland kom? In griesmeelpudding met bessensap!*⁹⁹ [Do you know what I would like to eat next time I am in Holland? Semolina pudding with juice of berries!]. Everybody was laughing at that time. The next time he came he had eaten semolina pudding with juice of berries! He was sitting at a different table, but he looked from a distance at me with a glance as if to say; you remembered it! (interview with CEO Asia of KPN).

Establishing a good relationship with the minister of MTPT was however, not an easy task. In various speeches the Minister had referred to the small size of the Netherlands and the ex-colonial relationship. He wanted the KPN negotiation team to know that the Indonesian-Dutch relations had changed.

We had a VIP room at the Bandung airport, but he refused to come there. He just passed the room without looking to the left or right and stopped at the exit of the arrival hall, with his face looking out. So we had to leave the room, walk around him and approach from the front. The ice was broken when Ben [CEO KPN] said: 'Excellency, I have brought you something on behalf of my wife, can I give it to you?' Then the Minister asked; 'what is it'? Ben said; 'semolina pudding with juice of berries!'. He really had it with him. I did not know that. But he had brought it from home - in those ready-made packages - and given it to him. And then, the conflict was over (interview with CEO Asia of KPN).

⁹⁹ Semolina pudding with juice of berries is a typical Dutch desert.

KPN had learned from its experiences in the Netherlands Antilles where the press had created a very negative image of KPN, which obstructed its possibilities for participation in the PTOs. It was now aware that it had to carefully build a relationship with Indonesian journalists and thus invited them for a four-day visit to the Netherlands. Journalists of the *Suara Karya* Newspaper, *SWA Sembada Magazine*, *Suara Pembaruan Newspaper*, *Bisnis Indonesia Newspaper*, *Media Indonesia Newspaper* and the *Jakarta Post Newspaper* visited the telecom district of Rotterdam and the training centre of KPN for three days in October 1995. Furthermore, they attended meetings with Mr. Wim Dik, Chairman of the Executive Board of KPN and with other members of the Board of Management. The journalists were taken on a boat trip in Rotterdam, taken to watch the *Phantom of the Opera* and returned home with a lot of notes. During and after their visit the journalists published many articles on their experiences in the Netherlands. This resulted in a positive image of KPN in Jakarta.¹⁰⁰

KPN beat 16 competitors for the acquisition in the mobile operator. The acquisition was carefully planned but it was only the night before the signing ceremony in the Shangri La hotel that Australian Telstra showed up as the new partner of PT Telkom. However, energetic lobbying and activating high ranked personal networks helped the negotiation team of KPN to steal the contract from right under Telstra's nose. Apart from this strategic alliance, a strategic alliance with the Indonesian Bakrie group also was established.¹⁰¹

In summary, the networks of the NCF, the positive image of KPN, the historical and cultural relationship between both countries, the personal relationship with the minister of MTPT and an attractive business proposal all helped KPN to start up business in Indonesia and towards achieving its objectives. In the daily business practices in Indonesia, KPN and its employees are confronted with cultural diversity. The following section thus examines the kinds of cultural differences they encountered and how they cope with these differences.

9.2 Individual and Corporate Strategies to Deal with Cultural Diversity

¹⁰⁰ KPN also undertook other activities to support their image in Indonesia. KPN is an active member and donator of the Indonesian Telecommunications Society (MASTEL) that has close relations with telecom authorities. The Indonesian Telecommunications Society is an advisory board for the government. Furthermore, KPN also support projects in Indonesia such as a school in South Sulawesi with 60.000 US\$ (*Holland Horizon*, Volume 7, number 1, 1995).

¹⁰¹ KPN invested in April 1994 a 30% share in Bakrie Electronics Company (BEC). The development of new business in Indonesia and Southeast Asia, the installation of telephone lines and the joint venture Ratelindo were the main objectives of BEC. Ratelindo was Indonesia's first private cellular digital radiotelephone operator; its mandate was to install wireless local loop access networks in the country. The company was established in 1993 as a joint venture between PT Telkom and PT Bakrie Electronics Company (BEC). In 1993, BEC held a 55% stake in Ratelindo, with Telkom owning the remainder. After an equity injection by BEC in June 1996, it increased its stake to 87% with Telkom holding the remaining 13%. Ratelindo was awarded a license to operate in Greater Jakarta and West Java and started operations in August 1995.

Leo and his wife Frieda only needed a few seconds to decide when Leo was offered a job in Indonesia in the spring of 1994. They had already previously

Biography of Leo

Leo is a 41 year old KPN employee who has been working with the company for 8 years. He studied economy at the Erasmus University and worked in the Dutch army and with other companies before joining the KPN international department in 1990. He is married to Frieda and they have three children. Frieda takes care of the children, the household and maintains many of their social networks. They have many friends and family in the Netherlands and are sociable people. Leo likes playing football.

discussed the possibility of working abroad for KPN and both felt positive about a being posted abroad for a period of three years. Possibilities to go to Kiev or to Eastern Europe were not attractive to them, as the climate or culture neither attracted them. Leo had temporarily worked in Jakarta on a project of KPN and was asked if he was interested in working in Indonesia. At that time he experienced Jakarta as a dirty and noisy city but a year later was informed by the general manager of the Jakarta office that they were still in need of someone. He was then offered the job with one of the joint

ventures of KPN.

Things went very fast once the decision was made and a very busy period began. Their house in the Netherlands had to be hired out which meant Leo had to clean and paint the house and ship their household things to Indonesia. Leo and Frieda also had to fly to Jakarta to arrange their living conditions over there. They needed a new house in Jakarta and a school for their three children. They also had to make acquaintance with the new colleagues and other expatriates. On returning home, their cars were sold. In Indonesia Leo would have a company car. Subscriptions to newspapers, magazines and their telephone connection needed to be terminated as did the membership of the different associations, clubs and societies they each belonged to. Leo had to write more than 50 letters to all kinds of organisations. He wanted to do this properly so as to be able to pick up their normal life again when they returned home after three years. Because of the children they moved during the summer holiday month of August so the children would be able to start the new school year in their new classes.

Apart from arrangements for their departure preparations for Indonesia also had to be made. Special conditions were arranged with the human resource department for moving, housing, school and travelling. The number of possible visits to the Netherlands was a point of discussion with the human resource department. KPN forwarded information on Indonesia. A special training with the Dutch *Koninklijke Instituut Tropen* was planned to check whether his personality would fit with Indonesian culture and give him some extra information on the Indonesian culture and style of management. Although some of the experiences of employees who had since returned had been recorded, Leo could not find the time to go through these reports or to contact these colleagues

and listen to their stories, experiences and learn about their personal networks. His main source of information on Jakarta came via his personal network; one of his ex-colleagues who was then working at the office in Jakarta.

The whole family needed to be vaccinated against tropical diseases and visas had to be obtained. Frieda signed up for a language course in Bahasa Indonesia but Leo was too busy with his work to make time for the language course as he had to finish some of his projects and hand his job over to his successor. He decided he would learn the language on the job in Jakarta. The problem however, was that his successor has not yet been appointed. The many farewell parties at his work, with their family, friends and neighbours made the last couple of weeks rather hectic and did not leave much time to learn about the culture they were about to experience although Leo was interested in the country and had even bought some books on Indonesia.

Leo's account of preparing for departure is similar to that of many of the KPN employees working in Indonesia. This has led the Jakarta office to give copies of the book *'The culture of Business Indonesia'* to new KPN employees. Furthermore, the office asks experienced employees to share their personal experiences with their colleagues. Leo has been informed of the uniqueness of the Indonesian business culture. But what kind of cultural differences did he encounter in his new work situation and how did he deal with these differences?

To explore the significant cultural differences in the strategic alliances and the Indonesian business culture a preliminary investigation was carried out partly in the Netherlands and partly in Jakarta (see annex II). The results indicated six topics for the in-depth research: (1) the perception of time, (2) the language, (3) personal connections, (4) the ethnic diversity, (5) the religious diversity and (6) the Indonesian management practices. Western researchers also mention these topics when referring to Indonesian business culture (e.g. Hofstede 1982, Scott-Stevens 1986, Zijlstra 1994, Mann 1996, Brandt 1997). In order to get a good insight into the Indonesian business culture the daily activities of the Indonesian employee Dahoko are explored in next section.

9.2.1 *An Early Start for the Indonesian Employees*

Dahoko's house is situated in a sub-urban area west of Jakarta. Since buying the house thirteen years ago he has been able to expand and improve it little by little. Returning home from the mosque, Dahoko enters the house with its veranda full of green plants. He takes off his shoes and enters the living room, its walls decorated with Islamic aphorisms. Next to the living room his wife runs a little shop where she also runs a photocopying service for customers. Their children, a boy of 15 and a girl of 17, prepare for school. That day they will sit for their examinations. After they have had breakfast, Dahoko's driver arrives. The driver, who is paid partly by KPN, drives them to Jakarta at 5.20 am in Dahoko's Toyota *Kijang*. He arrives in Jakarta at 7.00 o'clock, drops the children off at their school and continues with Dahoko to the office.

The roads are by then already busy with heavy traffic. Every day four million workers travel to Jakarta by bus, car or train. The three major bus stations are a long way from the city centre and the city buses are crowded. The

car slows down at the ring road, the driver turns off and finds his way to Jakarta Selatan taking several short cuts. The paths in the *kampungs* are just wide enough for the *becak*, bikers, pedestrians and animals. But the driver manages to pass through them. At difficult crossings youngsters manage the traffic and in return receive a few *rupiah*. Finally, the *Kijang* arrives at Jakarta's business area, also called the Golden Triangle. There are huge office-buildings on both sides of the Gatot Subroto. Within the last few years it seems the skyline of Jakarta has changed dramatically. Everywhere, tall buildings were erected and new shopping malls opened.

The driver heads for the Citra Graha building in the Kuningan neighbourhood where KPN has their office on the 11th floor. Opposite the building, the largest office in Jakarta with more than 30 floors is in the process of being constructed. The driver drops Dahoko off at the entrance where all of the company cars and taxis stop. It is 7.15 am when Dahoko takes the only elevator out of six that stops at the highest level of the building. He turns left towards the office of the operational department, opens the glass door, which is engraved with the PTT Telecom logo, and enters the office. The department space is divided into two large sections of four offices and is filled with workstations made from glass partitions. On the walls are posters of tulips, Javanese textile and modern painting. Dahoko is not the first to arrive at the Citra Graha office building. Other Indonesian office employees that also have to travel a fair distance from home have come in even earlier. Travelling time of up to two or three hours is quite normal given the density of the traffic in Jakarta. Small talk and casual conversation takes place at this early stage of the day before the Dutch employees have arrived.

9.2.2 *Dutch and Indonesian Office Hours at the KPN Jakarta Office*

Meanwhile, in Jakarta Selatan, the family of KPN employee Leo has also begun preparing for the day. They moved into their house three years before and very much enjoy the garden and the spaciousness of the house. The Indonesian housekeeper makes breakfast for Leo, his wife and their three children. The youngest child is still too young to go to school, but the other two attend the Netherlands International School (NIS) in which Leo is himself actively involved. The children have to be at the NIS at 7.30 am, which is located close by however, walking there is impossible due to the bad road conditions, the high temperature and the heavy traffic on the roads. Therefore, the driver drops the children off at school in the black Volvo 440 before sending Leo to his office. Of course Leo could have a second car and a second driver as the other expatriates do but he does not mind dropping the children off at school.¹⁰²

¹⁰² The cars of the KPN Jakarta office are related to the status of the employees. The ordinary old *Kijangs*, difficult to drive and with a stiff suspension, are only used for messengers' services and the transport of low rank employees. The new black coloured *Kijangs* with air-conditioning and a smooth suspension are used for low rank Dutch visitors, for weekend trips and for expatriate managers who by accident have damaged cars. In the same category are Toyota Corollas and Toyota Sedans. The Opel Vectra in new metallic colours, with four doors and good air-conditioning is intended for the Dutch consultants and project leaders of KPN and the NCF. The KPN management in Jakarta can select a black BMW 351 or a black Volvo 440. The black Volvo

It is only ten kilometres to the office but it normally takes more than an hour to get there. The fastest but also most dangerous way to get to the office is by motorbike. The motorbikes weave through the queues of cars at high speed, leaving both the riders and pillion riders just enough space to keep their knees from being grazed. Meanwhile, inside the air-conditioned car, Leo reads the newspaper, a report or just observes the street sellers outside, the architectural styles of houses and the crowded street markets. They arrive around 9 am at the office. The sun is already high and the driver parks the car in the garage after letting Leo off at the entrance of the Citra Graha building. In the carpark, the driver talks with other drivers or reads a newspaper, waiting till his services are needed again. In the meantime Leo has passed through the automatic doors, through the air-conditioned hall and has entered the elevator. Here he meets his colleague Tom who normally arrives a little later. In general the Dutch employees of the KPN office start around or just after 9 am and work till 6 pm. They also work in the evening and at home on weekends. For them, being an expatriate employee means working 60 hours a week. Leo and Tom discuss the latest rumours with regard to the Indonesian economy. On the 11th floor they take the right door to the wing where the Dutch management is situated.

'*Goedenmorgen*' they say to the beautiful Indonesian receptionist who greets them back in Dutch. Although she speaks English very well, in her spare time she learns Dutch from a textbook. A striking one third of the Indonesian employees in the Jakarta office do speak Dutch. In the office, out of the 33 people that work there 24 are Indonesian employees. The 40 drivers are not included in this number. Apart from this, 25 Dutch employees work within the strategic alliances. Many of the Indonesian employees have some kind of a relationship with the Netherlands. Some of them have worked for Dutch companies before while others have lived in the Netherlands or have a Dutch parent or speak Dutch.

In Jakarta Leo has quickly learned about '*jam karet*' (i.e. rubber time) which is a vague concept of time and is blamed for any delay whether it be late arrival at the workplace and meetings or the postponement of appointments. Leo has learned that it is usual that meetings start twenty to sixty minutes later than scheduled and that appointments need to be reconfirmed. There are three ways for KPN employees to adapt to the '*jam karet*'. Some people maintain 'western' punctuality but take a book, a notebook or some work with them in order to kill time while waiting. Then there are those who come five or ten minutes late at meetings or appointments. This group, comprising the majority of employees, does not mind the flexible concept of appointments as long as waiting does not exceed more than half an hour.

What does it matter. I like it, not being always exactly on time. It is more relaxed (interview with Dutch KPN employee).

Thirdly, there is a small group of expatriates who have completely internalised the Indonesian concept of '*jam karet*'. Because other expatriates

is very popular with the management. Finally, the silver coloured Mercedes is for the General Manger of the Jakarta office.

hold on to Dutch time standards the relationships between KPN expatriates have changed.

When I first came here, I used to be punctual. But when I saw that people here are relaxed. I don't want to work harder than I already do, so I don't mind anymore if I show up half an hour too late. It is the same with our Dutch colleagues. That is a point. That is quite negative. The professional relationship you have with your Dutch colleagues, from who you aspect a Dutch working attitude, is also disintegrating (interview with Dutch employee).

Leo maintains the strategy of western punctuality because waiting sometimes might have to do with hierarchy. For example, it is quite usual to wait for a meeting with a high ranking Indonesian official even if he is late as a show of respect despite the fact that the time of the appointment had been fixed. In such an instance, waiting is thus not passive but active, a matter of being sensitive to the situation, sensing what is appropriate with regard to the time, context and status of the other party/parties involved and acting accordingly. Waiting therefore, is not just a delay but can be an important instrument in doing business in Indonesia. In one case, a Dutch manager was unable to keep an appointment with his Indonesian counterpart in PT Telkom. Without reason the Indonesian manager had cancelled prior meetings. The Dutch manager decided to sit in the waiting room of this manager and waited two hours till the Indonesian manager was able to receive him. Waiting in Indonesia indicates the nature of the relationship of the person waiting and the one he is waiting for.

If you come too late you are a friend. Of a friend you can accept that he comes too late due to traffic or whatever. If you are in time, obviously you are no friend (Indonesian employee of joint venture).

While this amazes the Dutch KPN expatriates, in their opinion this is a vague Indonesian concept of time. The Indonesian employees on the other hands are in turn astonished by the flexible attitude of the expatriates towards working time. When Leo goes home early in the afternoon to write a report, the Indonesian employees think he stops working. For the Indonesian employees work is primarily done at the office and one has to be at the office during official working times. Dutch employees of the Jakarta office who have worked at home during the evening or even in the night and come in at the office some time later in the morning are seen as lazy.

The situation in the KPN joint ventures differs from the Jakarta office. Working time there is between 7.30 am and 9 pm. KPN expatriates in the joint ventures work for more than 60 hours a week, but many of the Indonesian employees work even more hours. Indonesian employees tend to stay till late in the evening. Some because of the traffic problems, others wait for their relatives to pick them up and others stay just to work. The working hours are not always effectively used since time is often spent sitting together chatting, watching TV, making and eating noodle soup and reading newspapers. For Indonesian employees the quality of time is an important issue. *"We have time to sit with*

colleagues and talk about small things”, says an Indonesian employee in an interview. The early mornings and the evenings are used for small talk, gossip and exchanging news. In those periods, the Dutch expatriates who speak Bahasa Indonesia can pick up information that is not passed through formal channels.

9.2.3 *Bahasa Indonesia: the Key for Doing Business?*

When he first arrived, Leo had especially wanted to learn Bahasa Indonesia in the first months after his arrival in Jakarta.¹⁰³ He enrolled in a one-to-one individual language course but failed to find time and energy for learning the Indonesian words. When he first started, his job in Jakarta demanded so much time and energy that he came home late every night with just enough energy to read the newspaper. Presently, new Dutch employees and their partners are sent to Jogjakarta for a seven-day language course. Indonesian teachers who speak the Dutch language teach the employees Bahasa Indonesia and about the cultural aspects of Indonesia. After six days of theoretical training the employees get training in the ‘field’, which entails going to the market, buying things and visiting places. The training continues with weekends in Jogjakarta or private lessons in the Dutch cultural centre in Jakarta that also can be attended on Saturdays. Learning Bahasa Indonesia is an important corporate strategy of KPN in Indonesia and it invests time, money and energy in the training of its employees.

The KPN employees are mostly willing to learn Bahasa Indonesia but often do not persevere and keep up with lessons. There are also employees with prior experience in Indonesia or employees who have in fact grown up in Indonesia already speak some Bahasa Indonesia or Javanese.¹⁰⁴ Some employees pick up the language quite easily within half a year, others work for three years without being able to speak the language too well. It is observed that the success of learning the language depends not only on the individual’s capacity and effort but also on the social context of the expatriate. A predominantly Indonesian social context stimulates the process of learning. Employees working in one of the joint ventures or employees having Indonesian friends tend to learn faster. Most of the Dutch expatriates practice the language with their drivers whom in general hardly speak English. The secretary also plays an important role in the translation and understanding of the local language. She translates letters, understands the formal Indonesian correspondence and is a source of information on cultural habits.

Most of the Indonesian executives with whom Leo works do speak English and the presence of foreign telecom operators in the KSOs has prompted Indonesian executives and young professionals of PT Telkom to learn English.

¹⁰³ In the early twenties, Indonesian nationalists developed a unifying language to make the cultural varied Islands of Indonesia one nation. Bahasa Indonesia, which is based upon a Malay dialect, was introduced as the national language after the declaration of independence in 1945. Using the Roman alphabet, Bahasa Indonesia is a relatively easy language from a grammatical point of view. The vocabulary is enriched with words from Javanese, Sundanese, Madurese, Dutch and English and utterly extended.

¹⁰⁴ Javanese is spoken by some 80 million speakers in Central and East Java alone. Sundanese has 22 million speakers in Java and about 8 million people speak Madurese on Madura (Brandt 1997).

English is widely used for international commerce in the business district in Jakarta and is popular among students of the Indonesian universities. To practice their passive knowledge of English groups of young Indonesian students seize the opportunity to speak with foreigners. Within PT Telkom, Bakrie & Brothers and the joint ventures of KPN, the quality of English varies enormously amongst the Indonesian employees. The older Indonesian managers hardly speak English, while the younger employees are sometimes fluent in English. PT Telkom therefore insists on using the English language for the training of their top 300 managers.

At the Jakarta office English is the official language for communication. Leo speaks Dutch most of the time because a larger part of his colleagues are Dutch. In meetings where Indonesian KPN employees participate English is used. Only when ambiguities have to be clarified, important points stressed, subjects kept confidential or when discussions heat up do Dutch participants switch to Dutch. It is naturally easier to speak in ones mother tongue, especially for those Dutch employees who might not speak English very well. Consequently, Indonesian employees sometimes miss the point of the discussion or the concluding results of an agreement. In turn, Indonesian employees explain or clarify things to each other in local languages such as Bahasa Javanese, Sundanese or Bekasi during these meetings. For these Indonesian employees being unable to speak and understand Dutch is very much felt as a disadvantage. Informal discussions in Dutch are impossible to follow even if some words are picked up and an interesting subject is being discussed. But it is not always easy to enter a discussion with the Dutch even when you know the participants are willing to switch to the English language. Internal reports are also sometimes first written in Dutch and then translated in English. When Dutch employees meet and the report is written in Dutch than it is impossible for the Indonesian employees to understand the content of the meeting and the consequences. This is done particularly for the sake of communication with the head office in the Netherlands. Apart from the International Business department a larger part of the mail from the Netherlands are in Dutch.

The official language in the joint ventures of KPN is Bahasa Indonesia. Only the financial reports are written in English because of the presence of Dutch experts. In meetings Bahasa Indonesia is spoken unless one of the participants does not understand the language. Effective communication is important and the poor knowledge of English makes it even more difficult for some Indonesian employees to express their points. But English-speaking Indonesians do not always appreciate the use of poor Bahasa Indonesia by Dutch employees because they experience this as an insult to their knowledge of the English language. Some Dutch employees are aware of the strategic use of language and use '*kita*' (we, inclusive you) instead of the much used '*kami*' (we, exclusive you) when addressing their group. Apart from a totally different language, the style in which the language is used also differs with who is using it. While the American consultants can be heard from across the Jakarta office, Indonesian employees tend to speak soft and in a low tone. The choice of the words and the tone of the conversation in Bahasa Indonesia have to be chosen carefully.

For the Dutch who speak Bahasa Indonesia it is much easier to pick up news and establish informal relations with colleagues. The Dutch attitude to learn and speak Bahasa Indonesia wins admiration from the Indonesian colleagues even if they do speak with funny accents. Foreigners can easily be recognised in their frequent use of the word *saya* (I) which native speakers use sparingly. Indonesians tend to speak in a passive style or use the informal *aku*. With learning Bahasa Indonesia the Dutch expatriate demonstrates his empathy with the host culture and its people. This lays ground for building personal relations. By speaking Bahasa Indonesia more relations are made and as a result more networks are constructed in which the language is more easily learned. For instance, on the work floor one might come across a conversation between an Indonesian employee trying to improve his English while correcting the Bahasa Indonesia of his Dutch colleague. However, speaking about sensitive subjects or when one is emotional is easier to do in one's own language.

The Director General makes his speech. He starts by thanking the high-ranking guests and other dignitaries. Then he stops. He looks rather emotional. "Please,... allow me," he says, "I would like to speak in my own language, because it is so emotional today. I will be disconnected with my soul if I would speak English. I would rather speak my own language. I will speak to you in het Nederlands, Ben", and visibly relieved he continues his speech in Bahasa Indonesia. Later on in the speech he switched to English every once and while (Director General of Setdco Megasel in video of the signing ceremony in Shangri La Hotel, Jakarta, March 11 1996).

In summary, it can be concluded that the degree of necessity for learning Bahasa Indonesia depends on the working environment of the Dutch expatriate. The further away from Jakarta, the older the executives and the lower down the employee in the hierarchy of the organisation, the more the knowledge of language is needed. Bahasa Indonesia however, is the official language and local languages such as Bahasa Sundanese, Betawi and Javanese are spoken at the work floor. Nevertheless, KPN's need for staff that can communicate in Bahasa Indonesia was and is essential for it to reach and maintain its objective of becoming a local operator. It is helpful in establishing informal relations since informal relations are ultimately the most important factor for successfully conducting business in Indonesia (Brandt 1997). The case of the Joint Training Service (JTS) presented in the following section clearly demonstrates the importance of personal networks.

9.2.4 *The Importance of Dutch Connections in Indonesia*

At 10 am, Dahoko travels to Bandung to the branch office of KPN. He is driven from the Jakarta office by car and arrives three hours later in the outskirts of Bandung. The KPN office is located in a villa in a green part of Bandung and can be recognised by the green logo. The house is divided into two wings. In the left wing a small '*mushola*', a working room and the meeting room is located. In the right wing one can find the general administrator, the kitchen and the office boy. In the central part of the house two offices mark the presence of an NCF employee and the manager of the office. The Indonesian office manager who is

in charge of the contacts with PT Telkom welcomes Dahoko. He is a retired PT Telkom manager who still knows many of the PT Telkom managers. Together they discuss the misunderstandings that have risen between the training department of PT Telkom and the various other departments of KPN.

In 1994, PT Telkom and KPN established the joint venture JTS (Joint Training Service) with the objective of establishing an effective, efficient and profit making training infrastructure for PT Telkom. Furthermore, it would be the task of JTS to investigate business opportunities in Indonesia as well as in other countries in Asia and would develop a program for exchange of personnel. To meet these objectives KPN would participate in the management team and support with the development and provision of training. Both Indonesia and KPN were to profit from the 14 million-dollar contract. Two years after it had begun however, the program had almost come to a stand still. The training of Indonesian trainees in the Netherlands proved to have been a success however, there was almost no active participation within the management of JTS, there were no business opportunities in Indonesia or other Asian countries and the training program of the PT Telkom executives was almost finished. What could have been the reasons that had brought the cooperation near to its end?

In the first place the relationship of KPN and the management of the JTS joint venture was never smooth. The Dutch initiators of the agreement initially established good relationships with the JTS management but had thereafter themselves moved to other positions. Their successors could not establish a good relationship with the General Manager. The help of middlemen such as the manager of the Bandung office or Dahoko was not called upon and when the financial returns were not in keeping with the expectations of KPN and they sent a letter to urge the raising of tariffs, the General Manager was not pleased.

Secondly, there were complaints about the cultural aspects of the training given by Dutch trainers and specialists. For many of the Dutch trainers it was their first time in Indonesia and lacked knowledge of the Indonesian context. Some of the Indonesian complaints included the teachers under estimation of the level of participants, the late evening time schedule, the lack of respect shown and the experts' lack of international experience. Indonesian trainers therefore, attended a debriefing about the difficulties they encountered and their recommendations for the changes that should be made by their Dutch colleagues.

Thirdly, the cooperation between the different departments of KPN was inadequate. Four different players can be distinguished: (1) the training department, (2) the International Business department, (3) the office Jakarta and (4) the NCF. The objectives of all of these players were clearly different and conflicting. (1) International Training was focused on the expansion of foreign training activities, acquiring international training experience and increasing profits. (2) IB and (3) the office Jakarta wanted to use the agreement to help strengthen both formal and informal relationships with PT Telkom. Finally (4), the NCF hoped to attract more projects with PT Telkom in Bandung and other parts of Indonesia. The inadequate cooperation between the KPN departments thus resulted in a rather fragmented group of Dutch KPN employees in Jakarta.

While Indonesians tend to see KPN as one organisation, the employees of the joint ventures view themselves as apart from the Jakarta office, employees of the office Jakarta in turn distinguish themselves from the NCF employees and the headquarters in the Netherlands. Co-ordination of the activities or communication between the different groups is in reality very limited.

Fourthly, IB and the Jakarta office however, had changed their policy in Indonesia.

The relation with PT Telkom has changed during the autumn of 1997. We have tried to become a partner of PT Telkom. PT Telkom was our goal, to become a partner and have a possible participation in of 25% in PT Telkom. We have to conclude that that objective has cost a lot of money and resulted in nothing. Our objective has changed so we only conduct projects with PT Telkom that generate business. All of the non-profit projects are stopped (meeting of Jakarta office employees 21 November 1997).

It can thus be concluded that the internal cooperation within KPN in the JTS case is inadequate for a successful implementation but must also be acknowledged that personal relations are important for doing business. Without personal relationships it is extremely difficult to be successful in business in Indonesia. The question of whether KPN has learned from these experiences remains to be answered.

9.2.5 *The Importance of Indonesian Connections in Indonesia*

Many authors on Indonesian business culture stress the importance of having the right connections (e.g. Hofstede 1982, Elashmawhi and Harris 1993, Zijlstra 1994, Mulder 1994, Mann 1996, Brandt 1997). Connections are important in business because of the Javanese tendency to avoid conflicts and friction (Brandt 1997). Connections that are backed by trust give the highest measure of security to a businessman. The building of connections needs time. Therefore, by far the most important connections are family ties. While in the Netherlands the concept of family is reduced to the nuclear family, in Indonesia the operative concept is still that of the extended family. Business opportunities and vacancies are first given to relatives, a practice that is not always plausible for the Dutch KPN employees.

(eerste citaat weglaten)We take social relations into account when doing business. How can we win without the other party having to lose? Like this we can maintain our relationship. In modern western management this is called a win-win situation. So I compete with you without you losing your face. The relationship is more important than the final results. So you do not want to win at all costs and not at all when the costs are the severing of ties with a relative (interview with Indonesian employee of PT Telkom).

While connections are important for western companies who want to do business with Indonesian companies, connections for western companies such as KPN who conduct business with the Indonesian government are indispensable. As earlier discussed, the long-term presence of the NCF in

Indonesia made it possible for KPN to establish business contacts.¹⁰⁵ Business deals are not established solely at the offices, but also at golf courses, clubs and parties. It is of importance for the executive management to continue to extend their Indonesian contacts, which is why the office in Jakarta is member of the Mercantile Club in Jakarta where rich businessmen gather for lunch, dinner, or party. Members celebrate their birthdays and wedding anniversaries at the club. Each Thursday the KPN executives have a meeting at the Mercantile Club penthouse at the Jala Jendral Sudirman for an informal discussion of business items. Afterwards they have dinner together and sometimes go out for a beer.

KPN created multicultural teams to help establish business relations with PT Telkom. A multicultural team consists of a Dutch employee and an experienced Indonesian employee. The Dutch employee would carefully prepare for the appointments that had been made, keeping the meeting efficient and effective and making concrete agreements. The Indonesian employee on the other hand, would conduct the introductory exchange, accentuate on elements in the personal relationship, correct the Dutch colleague's behavioural errors in the Indonesian context and supply background information to his Dutch colleague. Using this strategy the Dutch operator was able to penetrate the Indonesian telecom market in the early nineties.

KPN has indeed learnt to invest both time and energy in acquiring the right connections in the Indonesian telecom sector however, this is not enough to achieve success. The networks of Indonesian connections have to be related to the source of power and it is very difficult for new Western managers to estimate the source of power or where the real power in an Indonesian company is located. It is virtually impossible to unravel the extremely people orientated networks and discover the individual shareholdings, the business relations, the cross-connections and the conglomerates. Most of the structures are beyond the eyes of outsiders.

Regularly I have the feeling that this [the company; AvM] is a '*wayang kulit*' where someone behind the curtain is playing the different puppets. The puppets are the General Manger, the Financial Director and the Director of operations for instance. The puppeteer remains invisible and imitates different voices. As a result you don't know who really is behind it. And the puppets itself are also puppeteers playing smaller puppets. Like this you have a '*wayang kulit*' within a '*wayang kulit*' and you absolutely do not know who is behind what (interview with Dutch KPN employee).

In a country where having the right contacts is most essential for doing business it is necessary to know people who in turn know a diverse range of other people. These people are called '*bangsa tengah*' or middlemen and have

¹⁰⁵ Ericsson, the Swedish telecom equipment manufacturer, used its historical relation with Indonesia since 1907 as a marketing tool. In an article in the Jakarta Post the Swedish company stressed the 90 years of commitment by emphasising 'this multinational company has never intended its establishment in a country for any immediate profit pursuit. Rather, it plays a significant role in long term telecommunications development of the local countries' (*The Jakarta Post*, November 25, 1992). Other companies such as France Telecom and the Australian Telstra also stressed the historical ties with Indonesia in their marketing strategy.

an important role in Indonesia (Mulder 1994, Brandt 1997). The use of the middleman can be traced back to colonial times when the Dutch used the Javanese elite to control the Indonesian archipelago and the Chinese traders to carry out transactions (van Goor 1987). Nowadays the use of intermediaries is popular in the '*pondok*' (temporary lodging) system. Migrants from the *kampung* migrate to the metropolis of Jakarta to a '*pondok*' who is headed by someone from their own village. The latter serves as an intermediary between the new immigrant and the complex city, providing housing and helping the newcomer to find work (Bijlmer 1987). The process of mediating is thus generally accepted in Indonesian society and is especially important for foreign companies in the context of business with the Indonesian government.

The official middlemen spend part of their time on external relations and KPN employs specific middlemen for the distinctly different levels of external relations. The business development manager is responsible for relations with the executive levels of PT Telecom, PT Indosat and the MTPT. Dahoko is responsible for the relations with the lower management layer in these organisations. The manager of the Bandung office maintains relations with the PT Telkom management. In addition, there is a middleman at the Jakarta office who has connections with the government with regard to the arranging of visas and working permits for the expatriates. A female middleman is the formal intermediary between the expatriates and their household employees. Spouses of expatriates consult her with regard to questions on housing, drivers, servants, gardeners, shopping, travelling and other such things. Finally, the Dutch expatriates have their own 'personal' middlemen such as their secretaries and drivers. These persons can give him advice on cultural issues, help him learn the language and help him with their own personal networks.

(eerste zin weg) I have a perfect relationship with her. She advises me. She has helped me very well with a couple of cases. At a certain moment someone wanted to sign me a contract. She had been given information that it was not good. She told me to be careful with the contract (interview with Dutch KPN employee).

The network of middlemen can be used for getting important things done, such as making appointments with certain individuals who might be difficult to gain access to. It is for example, very difficult to meet members of the executive level of the ministry or PTO's but with the help of friends, former secretaries, relatives, ex-colleagues and former students it can be more easily and quickly arranged. These personal networks are also used for signing contracts and agreements while formal procedures may cost a delay of many weeks. The use of middlemen therefore, saves a lot of energy, time and money. The middleman can also be used as a third party to help solve internal conflicts. He can use unofficial channels to smooth things out when a loss of face is at stake.

My role as business development manager is to maintain the relations. Sometimes do a massage here then there. Some drops of oil between the cogwheels of the machine. That is my work. Putting out the fire if there are conflicts. To calm down everybody a bit, eh... I see my work as....well, you

got a machine with cogwheels, sometimes it runs tight and then I come with a can of oil adjusting some drops of oil every here and there (interview with Indonesian manager KPN office Jakarta).

Informal contacts, the right connections and the use of middlemen are of such importance in doing business in Indonesia but are of particular and utmost importance when a minority participation in a joint venture is at stake. A western shareholder that invests large amounts of money in an Indonesian joint venture wants to have influence in the decision process while a shareholder with minority participation does not have much formal power to influence the policies in the joint venture.

There is a large difference in the influence that you think you have and the influence that you really have. An Indonesian loves foreign money but not foreigners, and not the Dutch in particular. Money, and the people they will tolerate. You don't have to pretend we have the knowledge, they will do what they want (interview with KPN employee).

One of the biggest mistakes of the Dutch is their arrogance. They have only 17% of the investment. That is the daily power of KPN. Indonesians are holding 83%; you have to realise that. If KPN doesn't do that, we will say: ok, you are arrogant, we will take the money and you don't get management influence (interview with Indonesian).

For Indonesian partner organisations it is easy to lower the power of the western shareholder. A Dutch KPN manager with an excellent reputation in the Netherlands was selected to become CEO in the joint venture. He met his staff every day at 9 am to instruct them as to what they had to do each day and stayed in his office for the rest of the day. It was only at morning meetings that he would ask his managers how far they had progressed in carrying out his instructions from the previous day. He failed to establish personal connections with his managers and with the shareholders in the joint venture, was consequently isolated from valuable channels of informal information and thus, could no longer function. A Dutch manager, who does not engage in casual conversation over family affairs, will not socialise or engage in leisure activities with colleagues and staff should be warned that he must change his management strategy if he is to achieve success in his work. The danger of becoming isolated from the Indonesian context is a serious danger for the KPN employee.

In the struggle for formal power the Indonesians strategically use the sensitive Indonesian-Dutch relationship of the past. As soon as any behaviour that is classified as colonial is noted they will accentuate this behaviour and thus restore the balance of power because KPN employees are sensitive for the colonial accusations

I like working with the Dutch because they cannot argue the issue of nation building. There is a history with the Dutch so if they argue or don't agree, I will remind them about the history and about the colonial situation and then they back off (interview with Indonesian manager of KPN joint venture).

Personally, I tend to pipe down because of a colonial contriteness, which appears to be less evident with regards to the Netherlands Antilles. That is related to the fact that we have fought a real war in Indonesia (interview with KPN manager).

Dutch KPN employees are also strategically used by their Indonesian colleagues in cases of difficult issues such as the refusal of *titipans*.¹⁰⁶ *Titipans* are offered to the strategic alliance for a job. Indonesian employees cannot refuse to employ these *titipans*, because of the strong interpersonal relationships. Dutch employees can also help their Indonesian colleagues with negotiations, addressing difficult issues or discussing sensitive-information. They can stress their Dutch identity and behave in ways that Indonesian colleagues are not allowed to thus creating other ways of obtaining goals.

If we go to PT Telkom for instance I am being used as an innocent '*orang buleh*'. By means of informal channels I receive information that a sensitive issue will be discussed in a certain meeting. In the meeting my Indonesian manager will say that it is not of any interest to him, but the foreigner wants to know what the position on the issue is. Therefore, the curious foreigner is always guilty. I have no problem with this role as long as I know it in advance (Interview with KPN employee).

Confronted with the necessity of maintaining large personal networks and the Indonesian strategies in using these informal networks for business practices KPN experienced that without informal networks cooperation is very difficult. The absence of formal and informal power resulted in the withdrawal of KPN from their joint venture with Bakrie & Brothers. The joint venture that offered radiotelephone services had only been able to serve a few areas on the edge of the city of Jakarta. The operator was originally supposed to cut over service in Jakarta by the end of 1994, but technical and administrative delays hindered its progress. In September 1996, PT Telkom announced it had plans to sell its stake in the joint venture. KPN therefore decided to withdraw their stakes in December 1997 and start another joint venture with Bakrie & Brothers. KPN tried to get a majority share in this new joint venture in order to have control of management. This decision was supported by a trend that can be witnessed throughout Southeast Asia. Western telecom companies either give up their shares in the participation or want to obtain majority shares.

As a result of these experiences the KPN policy in Indonesia has slowly changed from a high profile dominance to a low profile informal presence. The organisation does not claim the top management positions but instead, occupies the second management level positions. The Dutch keep a low profile and yet are able to influence the decision making process. The absence of formal and informal power does however, frustrate the work of some of the KPN employees and managers.

¹⁰⁶ *Titipans* are friends and family of high Indonesian politicians, government officers and executives.

In summary, it seems evident that KPN has slowly learned that personal relationships are a prerequisite if success Indonesia is to be ensured and has in fact changed its business strategies accordingly. Personal relationships in Indonesia are related to ethnic origin. At this point, an interesting question to explore is how KPN deals with the different ethnic origins of Indonesians.

9.2.6 *Ethnic Diversity in the Organisations*

The ethnic diversity in the Indonesian archipelago is enormous. The people of highland Irian Jaya have little in common with the Western life style in Jakarta. Behaviour varies according to religion, regional tradition and ethnic origin. The heterogeneous compound of Indonesian people can also be traced in local and pan-Indonesian work organisations (Hofstede 1982). Within the KPN office Jakarta and the joint ventures ethnic diversity plays a role. Dutch expatriates prefer to work with Batak people. This ethnic minority from North-Sumatra has the image of being direct, open and spontaneously voicing their opinion (Mann 1996). Employees of Ambon, Sulawesi and Sumatra are also known for their open behaviour. Javanese are perceived as more difficult to work with because of the complex Javanese code of etiquette and respect. The Javanese employees tend to maintain their inner peace and harmony through vague indirect and avoidance behaviour (Hofstede 1982, Mulder 1994, Mann 1996). Dutch KPN expatriates deal with these differences in culture by checking the cultural background of the person involved before having a meeting or discussing certain subjects.

There are different kinds of Indonesians. I have for instance, ten employees in my group, with all kinds of ethnicity. And you have to tune into this different ethnicity. If I have to criticise people I will consider their ethnic background. How will they cope with it? It could be that if you criticise someone it could influence his work negatively for a long period of time (interview with Dutch KPN employee).

The choice of KPN for a partnership with Bakrie & Brothers was partly determined by the ethnic origin of the Indonesian conglomerate. Bakrie & Brothers originates from the Sumatra region of Padang where the Minangkabau minority lives. The Minangkabau from West Sumatra are seen as strong politicians and keen tradesmen who travel a lot because of their traditional exogamous marriage system.¹⁰⁷ Furthermore, Bakrie & Brothers is a '*pribumi*' conglomerate and not a Chinese conglomerate.¹⁰⁸ This is important for KPN because ethnic Chinese have a sensitive relationship with the Indonesian government. The government is traditionally and strongly dominated by Javanese, who form the largest ethnic group and represent more than half of the

¹⁰⁷ Exogamy is the anthropologic term for a requirement for marriage outside a particular social group or range of kinship.

¹⁰⁸ *Pribumi* means literally 'sons of the soil'. In general the term *pribumi* refers to companies owned by Indonesians. During colonial times the Dutch gave *pribumis* little chance to participate in the economy. The Dutch favoured ethnic Chinese. After independence Chinese tradesmen took over the private sector. Indonesia's official policy was aimed at cutting back the power of the Chinese by introducing a licensing system that was exclusively open to *pribumis*.

country's people. Java has always played a significant political role in the archipelago. Javanese dominate the government, the cabinet, the civil service and the military. The '*Pancasila*' is also based upon the Javanese philosophy of life.¹⁰⁹ Not surprisingly, much of the cross-cultural literature on Indonesia is based upon the Javanese culture (Hofstede 1982, Scott-Stevens 1986, Elashmawi and Harris 1993, Zijlstra 1994, Mann 1996). The MTPT and the telecom operator PT Telkom are strongly dominated by Javanese and although different ethnic groups such as the Sundanese, the Bataks, the Balinese and the Madurese can also be encountered in the government linked organisations, no ethnic Chinese work there.

The ethnic Chinese control more than two-thirds of the private sector of the economy in Indonesia although they only make up 4% of the population. This situation is partly a result of lack of interest among Indonesians in profit-orientated activities during the colonial days and partly because of the Dutch colonial trade policies. The Dutch used the services of the ethnic Chinese in Indonesia as intermediaries with the indigenous population. While ethnic Chinese of third or fourth generation, who are called *peranakan*, have extensively integrated into Indonesian society, the first generation of Chinese, who are called *totok* have preserved their culture.¹¹⁰ Both *peranakan* and *totok* are often described as non-*pribumi*. In post-colonial history the Chinese ethnic minority has been the object of discrimination and violence.¹¹¹ For KPN it was clear that co-operating with an ethnic Chinese conglomerate would have blocked entrance to the MTPT. Therefore, they chose for the *pribumi* Bakrie & Brothers. Both Bakrie & Brothers and the Indonesian government do not employ Chinese. KPN therefore has to be careful with selecting Chinese employees for their joint ventures (Hofstede 1982).

The building of one nation with one language and a common culture comprising the diverse ethnic groups and religions has been the main preoccupation for the Indonesian government since independence. Telecommunication is an important instrument for the Indonesian government in the process of nation building. The lift-off of the *Palapa* telecom satellite for instance, was used to redeem a century old oath to unify the archipelago.¹¹² In

¹⁰⁹ *Pancasila* means 'the principle of living' and was introduced in 1945 as the principle on which the Indonesian constitution would be based. The *Pancasila* consists of five principles: (1) the belief in one God, (2) the mutual respect of people, (3) the national unity of distinct ethnic groups, (4) the making of decisions on the basis of collective consensus by means of open discussion and debate, (5) the protection of the weaker within society (Brandt 1997).

¹¹⁰ *Totok* means literally 'full-blooded'.

¹¹¹ In June 1998, an Indonesian KPN employee of Chinese ethnic *Peranakan* heritage called me from Jakarta to tell of his personally horrifying experiences during the riots in Jakarta. He was on his way home when his car was stopped at the ring road by a mass of people. He managed to get out of the car and escaped from the throng. He took refuge in a nearby *kampung* where he could shake off his pursuers. He knew a Chinese couple living there and fortunately they were at home and he stayed in the house of the couple for three full days until the unrest was over. His wife and children were unharmed, but a good friend of his had been killed in his car and a hysterical crowd had raped several Chinese friends of his wife.

¹¹² Indonesia was the third country using a satellite communication system, called the *Palapa*, after Canada and the USA. With the launching from cape Canaveral in July 1976 an old oath is redeemed. The name *Palapa* refers to a myth from the 13th century when a Prime Minister made

several public speeches the Minister of MTPT stressed the Indonesian identity of the joint ventures and warned KPN of the need to respect this. The opening of the Indonesian markets for foreign investments and the opening of the Indonesian society for foreign information have supported the fear among Indonesians that Western culture overrules the Indonesian values. *'The unique and special culture of Asia has to be protected against too much influence from the West'*, was the conclusion of an Indonesian panel during the AsiaPacific Telecom fair '97. One of the guest speakers warned against a clash of cultures in which values beliefs and appropriate behaviour would conflict. The panel therefore encouraged a regional application for the Internet in the Asian context using the local language and establishing a characteristically Asian backbone. Diversity instead of one world culture was thus sought after.

This preoccupation with the Indonesian culture and identity has been an important factor for the success of KPN's GSM joint venture. They have constructed a GSM telephone infrastructure that covers the 27 provinces of Indonesia. The marketing of the mobile telephones were supported with commercials with a strong accent on the cultural diversity of Indonesia and nation wide coverage of the infrastructure. An old popular Indonesian folk song 'from Aceh to Merauke' served as a connection to the dream of one Indonesian nation.¹¹³ In each province, the daughter of the governor was asked to pose in traditional clothing for the cover of the telephone cards. The customers and government positively received this concept. The opening of a new branch office of the joint venture in Jakarta was also held in a completely Indonesian style. The Dutch General Manager of the office was even dressed in a traditional Batavia costume. This coaxed a compliment out of the Minister of MTPT who remarked on the positive support of some KPN employees in helping to strengthen the Indonesian identity of the joint venture.

In summary, KPN has been made aware of the ethnic diversity in Indonesia and the importance of telecommunication for the government as an instrument of nation building. In the search for an Indonesian telecom partner and in the optimal marketing mix for its GSM joint venture KPN has shown itself to be sensitive toward the ethnic diversity which in Indonesia is intertwined with religion (Brandt 1997). The next section examines how religious background influences the everyday business life of KPN in Indonesia

9.2.7 Religion in Daily Business Life

In Indonesia the global religions of Buddhism, Islam and Christianity blend with traditional forms of religious beliefs such as animism and *adak*.¹¹⁴ In Indonesia only 9% of the Indonesians are Christian while 88% of the 200 million Indonesians are Muslims (Brandt 1997). In his daily work, the five prayers are important rituals for Dahoko. At lunch time he goes down to the ground level of

the oath not to rest before all of the Indonesian archipelago would be united. With the installation of the telecom satellite this oath has been redeemed.

¹¹³ Aceh is located at the north-west tip of Sumatra and therefore the Western most city. Merauke is located in the south-east of Irian Jaya and therefore the most eastern city of Indonesia.

¹¹⁴ Animism is a belief in dwelling spirits in natural objects and phenomena. *Adat* religions form a part of customary life and still wield great influence in Indonesia.

the Citra Graha building to pray in a *mushola*, a small prayer room, just big enough for twelve people. There he takes off his socks and shoes and rolls up the legs of his trousers. He puts on two *bajeks* (wooden slippers) from the rattan basket next to the door and goes to the nearby '*janitor*' (bathroom for washing one's feet). There he washes his feet, face and hands. In other office buildings one can see people washing their feet and faces in the toilets. Dahoko puts on the wooden slippers and walks to the prayer room. There he waits until there is enough room for him to pray. When he enters the *mushola* he leaves the slippers outside and walks in barefooted. The floor of the room is covered with *sejadas* (small rugs) that are used for praying. In the mosque women pray apart from the men, but in the small *mushola* women pray together with the men. In the corner of the room a young KPN secretary is praying. She has changed into her *mukana* (scarf) and *sarong* (long skirt) to be appropriately dressed for prayer. After the praying for ten to fifteen minutes, Dahoko returns to his office to have lunch.

The religious compound of the KPN office in Jakarta is not representative of Indonesian society. Apart from the drivers who are almost all Muslim only ten Indonesian KPN employees are Muslim. Among the fourteen Christian Indonesian employees are Catholics, Protestants and Seventh Day Adventists. The state philosophy of Indonesia, the *Pancasila*, requires the belief in one God with the guaranty of religious freedom.¹¹⁵ As a result it is impossible not to have a religion in Indonesia. A larger part of the thirty Dutch expatriates are not actively practising any religion and at most, might have a Christian background and are thus, in the eyes of Indonesians, considered, as Christians. Consequently, the KPN office in Jakarta is considered a Christian office. In contrast, its strategic partners such as Bakrie & Brothers and PT Telkom are almost exclusively Muslim. The religious compound of an office is important.

Nothing is official, but there are unwritten rules. I think 10% of the employees are Christian here. Some people say that this share of 10% is too high. That too many Christians are working here (interview with Indonesian employee in GSM joint venture).

There is a rather peaceful coexistence of Islam, Hinduism, Buddhism and Christianity within Indonesia although quite a few Catholic churches were burned down during unrest in 1997. Religion in Indonesia is of much more importance than in the Netherlands. Religion is a social framework consisting of religious education, religious rituals, social life in churches and religious values and norms (Mulder 1980, Brandt 1997). This social framework is also extended to work. For instance, the Seventh Day Adventists are not allowed to leave their house on Saturdays except to attend mass. For them working overtime is impossible on Saturdays. Dutch expatriates however, keep Sunday as their day of rest. Although the Dutch management accepts their religious conviction, it is not practical to have a Seventh Day Adventist in a team that has to work during

¹¹⁵ The belief in one God is symbolised in the star on the weapon of the national Golden Garuda (eagle). It signifies the might and strength of the country and holds in his claws the national motto *Bhinneka Tunggal Ika* (Unity in Diversity).

the weekend. The aspect of religion is, for Dutch KPN expatriates, something to be aware of.

One of our senior managers is Muslim. At one point he came to me and said: "I have been in a meeting all day and have not found time to pray yet. We don't even have a proper place to pray here". At that time we were in another building. "Well, you can pray here if you want", I said to him. I was serious, but he got angry, walked away and reported it to the management. He thought I had said he could pray under my table. He felt offended by me. I apologised and with the help of some Indonesian friends and colleagues this was accepted (interview with Dutch expatriate).

The coexistence of different religions also results in a large number of holidays such as Christmas, the various New Year Holidays, various Hindu and Buddhism festivals and the Muslim fasting season of *Ramadan*.¹¹⁶ The management of the KPN office Jakarta is careful with the celebration of Christian holidays such as Christmas. It is aware of their Christian minority identity in a Muslim society and does not wish to over emphasise its religious background. If Christmas is celebrated at the office with a lunch then the Islamic employees will also ask for a lunch at *Lebaran*.¹¹⁷ Therefore, Christmas is celebrated together with the Islamic *Lebaran* in a year-end gathering in the Gondola Restaurant in the Citra Graha some time in the second half of December.

Religious sensitivity is also needed for the planning of activities in the JTS joint venture. When Dutch trainers are planning a training course in Indonesia it is wise not to start too late. Due to the early morning prayers, life starts early in the morning. Furthermore, extra time is needed at lunchtime for prayer and participants like to sleep early in the evening. Religious sensitivity is also needed for planning a meeting in the joint ventures or with one of the Indonesian telecom operators. In a meeting around noon, Muslim participants slip out to pray and come back again, or the meeting is stopped for fifteen minutes. On Fridays however, the Muslim participants leave meetings at 11.30 am to attend the *Sholat Dlohor* in a mosque and return at 1.30 pm. An Indonesian 'rijst tafel' lunch is served before the meeting resumes. In order to accommodate this, Dutch expatriates rather not plan their meetings on Fridays. Further more, the drivers are given time off to go to the mosque. Non-Muslim Indonesian employees and Dutch expatriates of the Jakarta office usually take this opportunity to go out for lunch together.

In the Ramadan period religion dominates daily business life (Brandt 1997). Working conditions are different for the Muslim employees at that time. Employees such as Dahoko rise at 2, 3, or 4 am to pray and to eat before sunrise. After 5 am he is not allowed to eat, to drink, or to use foul language, till

¹¹⁶ During the ninth month of the Islamic calendar, Muslims fast from sunrise to sunset (Brandt 1997).

¹¹⁷ The last days of the Ramadan are called *Lebaran* or *Idul Fitri*. These days are holidays in Indonesia and it is usual for Indonesians to pay successive visits to pay honour and respect to their families. Companies shut down during these days enabling employees to return to their hometowns together with some five million other people leaving Jakarta almost empty.

the breaking of the fast at about 6 pm in the evening. Sometimes the employees break their fast together at 6 pm in the KPN guesthouse. During the Ramadan drinking and eating at the office is not forbidden for non-Muslim employees but, Muslims appreciate others not eating and drinking openly. Some of the Dutch expatriates sympathise with their Muslim colleagues and only drink water and tea at the office. It has been observed that in this period work performance drop due to the fasting, especially towards the end of Ramadan. People are tired in the afternoon and generally much less effective. Work aside, Dutch expatriates also have to be sensitive to religion at home. In 1997 for example, Ramadan started on New Year's Eve and all public celebrations were prohibited including the drinking of alcohol and use of fireworks. The Muslim maid cannot taste the food she has prepared, so it might be salty or tasteless. The Muslim driver is obliged by religion to stop 6 pm to drink some water or eat something before breaking fast. And finally, many expatriates take a holiday when the *Lebaran* is celebrated because heavy traffic makes travel in Indonesia in this period impossible.

In addition, to the major religions animism is still influential. Animism and tribal religions have been in Indonesia much longer than the global religions and the traditional religious beliefs are part of *adat* or customary life (Mulder 1980, Brandt 1997). Although people rarely touch on the subject, these practices penetrate daily business life in Indonesia.

I arrived at 5.15 am at the office that was, in that time, on the fourth floor when I saw the office boy sitting at the entrance of the office. He was trembling and crying. I thought he had quarrel with the other office boy, but he told me he had seen a lady. It was a tall white lady who glided through the corridor. He did not allow me to enter, but I had brought a lamp myself to enter the office in the morning because it was still dark then. I entered the office but did not see anything. The rumour went round and within no time everybody knew it. The girls made it more complicated by getting frighten of (getting startled by) every movement. This situation kept on for some days. Nobody was working anymore. Then the general manager thought it was enough and called all of the employees for a special meeting. He told everybody there was no such thing as a ghost and ghosts do not exist (interview with Indonesian employee of KPN Jakarta office).

A minority of the Dutch KPN employees discount the traditional religious beliefs as superstition while a majority do not discount the stories of mysticism and supernatural powers but refuse to be party to it. Some expatriates consult traditional healers, better known as *dukun*, in cases of illness. The *dukun* is believed to have great internal power and can acquire supernatural forces which enables him to heal illness and to provide advice to any kind of problem encountered in every day life (Brandt 1997). The *dukun* is also consulted by KPN and invited to conduct ritual celebrations for specific occasions.

In this office we have had an official and unofficial inauguration; a selamatan.¹¹⁸ The office building has cemeteries on the north and the west side. For Indonesians that is a bad situation. Therefore the building has to be consecrated. So, while construction was still on its way, we have consecrated the building together with the employees. We fetched an Imam. I understood that the building had to be cleared of negative energy as soon as possible. My secretary took the initiative (interview with Dutch KPN expatriate).

Although not very visible, the Muslim majority in the joint ventures keep the Christian KPN employees aware of the sensitivity of religion in daily business life in Indonesia. The Jakarta office does its best not to over emphasise its Christian identity and the Dutch expatriates try to show respect to religious differences. However, do Dutch managers also show respect to Indonesian management practices?

9.2.8 *Dutch and Indonesian Management Styles*

Leo was not satisfied with the quality of his department staff. He had noticed many errors in their work and the external accountants did still not approve the financial balance of last year. The Indonesian manager of the department had not reported these problems to him. Leo was angry about this because the door to his office is always open for employees to come in and report problems. He does not want to control the work of the department in detail nor to tell them exactly what they have to do but would rather that they manage the objectives and exercise self-responsibility. Leo had earlier asked for information about the quality of the department from his Dutch predecessor and found out that the quality of work had already been a problem for a long time. Thinking that the quality of the work would improve if a part of the work was to be transferred to an external professional office Leo then decided to dismiss the Indonesian manager and two of the Indonesian employees on the count of redundancy. He took full responsibility of the dismissal and even gave the employees the news himself instead of leaving it to the Indonesian HRM manager. Furthermore, in his earlier experience as manager in the Netherlands he had learned that bad news should be addressed directly at the start of the conversation. He therefore invited all of the affected employees one by one into his office and told them that they were to be retrenched carefully explaining the reasons for the decision and offering them support in finding another job in one of the KPN joint ventures in Indonesia. He felt genuinely sorry for them and did not enjoy being the harbinger of bad news.

The Indonesian employees at the KPN Jakarta office were shocked. For them the message came as a complete surprise. There had not been any form of discussion nor informal signals to indicate that such a decision would be made.

¹¹⁸ *Selamatan* means religious meal and is a widespread ritual in Indonesia for distinct occasions. It can be held to bring good fortune to its participants when launching a new product, opening a new house, or the construction of a new house. A *selamatan* has the objective to secure social peace and cosmic harmony. To ensure the harmony many people such as neighbours, business relations and employees are invited. The *selamatan* ceremony is led by an elder or a *dukun* [a traditional healer or ritual specialist]. Prayers are held and all participants enjoy a meal afterwards (Brandt 1997: 150).

From their own perspective they had functioned very well because after all, they had been working for the company for more than six years and had never heard any direct complaints against themselves. In their perception there was nothing wrong with the quality of their work, if there were surely Leo would have given them other instructions. Their previous Dutch bosses sometimes came in for a short talk or to ask some questions but apart from that never controlled their work in detail. As a result mistakes might have slipped into their work but ultimately the boss was of course responsible.

The dismissal disturbed the harmony of the office however, shouting, showing anger, being rude and direct conflict are seen as undesirable social behaviour and are thus avoided at all costs since they can endanger harmony. As a result it is very difficult for the Dutch expatriates to touch on or discuss conflicting interests. The open nature of the dismissal conflicts with the Javanese concept of *rukun* or harmonious unity. The ideal of social behaviour at the work place is:

To be in harmony, or as quiet and peaceful as possible. Like the ideal relationship of friendship, without quarrel and strife, friendly and united in purpose while mutually helping each other (Mulder 1980: 38).

The dismissed employees are also shocked of their superiors' behaviour. In their perception Leo and the General Manager are responsible for the social welfare of their employees. This traditional Indonesian management style is called *bapakism* and comes from the word *bapak*, which means father. A *bapak* is fully responsible for the organisation, can be very authoritarian but is also responsible for the welfare of his employees. Employees trust in and identify with the *bapak*. In the Javanese culture people are seen as being unequal. The unequal status in the society has to be expressed in *hormat*. *Hormat* is the respect and honour to which the other person is entitled (Mulder 1980: 40). This is why Leo's open door policy failed to work. The Indonesian manager expects his boss to tell him what to do and to check his work for errors. Furthermore, the weak personal relationship and the location of Leo's office in the Dutch management wing made it such that the Indonesian manager would not dare to walk in uninvited. He knows better than to walk to Leo's office at the other end of the building and tell him there are problems. An Indonesian employee avoids breaking bad news and rather gives the boss good news. In Indonesia this is known as *Asal Bapak Senang* (ABS or 'keep the boss happy'). It is important to keep the *bapak* in a good mood at all times and keep bad news and problems away from him (Hofstede 1982, Mann 1996, Brandt 1997).

Dismissal is not traditionally practised in Indonesia (Hofstede 1982: 29). Instead, transferring incapable employees to positions where they can not do any harm is a normal practice. Such employees while understanding that they are being punished would then suffer no loss of face in the eyes of the public. If mutual agreement is reached they are offered a 'golden handshake' and then find other jobs. As there is no Western social security system and the economic situation in Indonesia is in turmoil the *bapak* relation with the boss is of importance for employees. Leo's offer to help the employees with finding a new

job is rejected because of the loss of trust in the management for if someone fires you just like that, how can you trust him to find a job for you?

The dismissal means the terrible 'loss of face' or '*malu*' of the Indonesian employees. All other members of the Jakarta office, family, business networks and friends interpret the dismissal as a painful failure. The dismissal does not only mean a loss of work but a loss of social status and networks. To cause *malu* or bring someone into deep shame is a sensitive issue in Indonesia. The dismissed employees do not show emotions of anger and grief at the office but at home or in private meetings at the office or behind closed doors. Only half an hour after the dismissals, the news has already spread through the staff of the joint ventures. The news of the dismissals is the only subject of discussion in the department for days but underlying emotions are not outwardly shown. Because of the emotional aspects of *malu* Indonesians consider dismissal as dangerous not only for the employee but also for the company. The dismissed employee can injure the manager or can take him to court. The tangible repercussions of having caused someone a 'loss of face' are not always immediately observed. The dismissed employee can go to the newspapers, might be related to your business partner, with high-ranking persons or even with the family of the President. These networks can be used to take revenge and obstruct further business activities.

A 'loss of face' cannot be reversed. There is no second chance because the trust of the dismissed employee is scarred. How the dismissed employees react depends upon their social and ethnic background. In this case, the employees with Javanese background showed no emotion, accepted the dismissal and withdrew from office. The Batak employee however, did not stay silent but instead, wrote a letter to the Dutch General Manager to ask for an explanation of the dismissal. She demanded *martabat* (rehabilitation) and financial compensation. It was further discovered that she was the relative of a high-ranking manager at one of the KPN joint ventures and her father was a retired officer of the Intelligence Service. The General manager asked the HRM manager for advice and he in turn consulted a lawyer. This caused a delay of two weeks, which the employee explains as Dutch arrogance. She then sent a fax to the CEO of KPN in the Netherlands to complain about this state of affairs and engaged a lawyer to assist her.

This conflict clearly illustrates the importance of having a good middleman. If a conflict cannot be avoided the middleman softens the impact of the conflict and initiates diplomatic exchange between the conflicting parties. The tension over the conflict at the office has by then grown. The employees of the 'Dutch management' wing think the dismissed employees react too emotionally. The Indonesian employees of the 'local employees' wing sympathise with their colleagues and think Leo has reacted too impulsively by dismissing the employees. He should have talked it over with them. The Dutch colleagues can understand Leo's motivation but it is imperative to call upon the KPN middleman who normally deals with relations and conflicts to mediate and to find a solution to the problem between the parties concerned. With his help they

finally reach an agreement after three weeks. A typical afternoon of mediation through the middleman could look like this:

- 13.30; Middleman talks with employee.
- 13.45; Middleman talks with Dutch Human Resource manager.
- 14.10; Middleman and Dutch HR manager talk with General Manager.
- 14.25; Middleman talks with employee.
- 14.30; Employee talks with middleman, Dutch HR manager and General Manager.
- 15.15; Employee returns to her desk and discusses the solution with her colleagues.
- 16.00; Middleman talks with Indonesian employee.
- 16.30; Middleman and Indonesian HR manager talk with employee.
- 16.40; Middleman and Indonesian HR manager discuss.
- 17.00; Employee and HR manager discuss.
- 17.30; Employee returns home to think the proposal over.

Although the conflict is solved, the public humiliation of the employees has negatively influenced the entire Jakarta office. The '*Bapak*' feeling is fading and the motivation and feelings of security of the Indonesian colleagues are affected. The sense of insecurity frightens the Indonesian employees and prevents them from taking initiative and publicly making criticism. No emotions are directly expressed to the Dutch management but the incident will not be forgotten. Some of the Indonesian employees choose to accept other positions.

I was confused. On what basis people are dismissed or promoted here? I also worried about my future because my wife is pregnant. Job security is important for me. Another company has offered me a better salary. That company offers me lifetime employment, a better salary and my prospective boss is of the same religion as I am (interview of Indonesian KPN Jakarta employee).

Leo's dismissal of the three Indonesian employees has impressed upon him that the Dutch management style can conflict with Indonesian style of management. Zijlstra (1994) also concludes in his study that there is a dilemma in the role taking of the western expatriate. By choosing a role as *Bapak*, the expatriate is imprisoned by Indonesian culture and loses control of the organisation, yet he regains his moral authoritative position. In being an *orang bule* (foreigner) he assumes he is able to control and change the organisation but when he tries to assert control he instead loses his moral authority as well as control over the organisation. Leo has learned this dilemma the hard way:

I wanted to do it myself, to give the bad news. And yes, you like to bring it right away. That is the way you have learned to do it in the Netherlands. In general I am a socially involved person. Sometimes too much so, my wife says. I think the decision itself is good but I did not think through the implementation of the decision.

What then might the best management style for Dutch KPN managers to adopt? In order to find answer to that the different possible strategies for Dutch KPN expatriates in reaction to the new cultural context in Indonesia need to be discussed.

9.2.9 *Dutch Expatriate Circle in Jakarta*

Although Leo experienced a new cultural context in Jakarta, the business environment at the office and the daily work rituals of going to the office, having meetings, having lunch and returning home are quite similar to his routine back home in The Netherlands. For Kim however, the new cultural context in Jakarta is felt more intensely. She has to handle new conditions and adapt to her new role as a full time housewife. Because spouses of expatriates are forbidden to have a job in Indonesia she is now entirely focused on supporting her partner as a homemaker, raising the children and running the housekeeping. She starts managing the domestic helpers such as the cook, the '*pembantu*' and the housecleaner. She experiences a lack of privacy because of the constant presence of the domestic employees living in the house. Besides this, she has to find her way around Jakarta, to do the shopping, find good medical assistance, buy clothes for the children and basically orientates herself in the city. The move to their new accommodation in Jakarta, the change of climate, not having established any new friends yet, the lack of privacy and the managing of the Indonesian housekeepers leads to the conclusion that Frieda felt the new cultural context even more strongly than Leo in his professional environment.

The new cultural context at work and at home has a strong impact on the personal lives of the KPN employees and their families.¹¹⁹ This impact is also known as culture shock. Like most of the Dutch KPN expatriates, neither Leo nor his wife have any in-depth experience in Indonesia or for that matter of any other country besides their own. We have learned that Leo had almost no time for developing intercultural knowledge or learning Bahasa Indonesia. How then would he and his family cope with the new cultural context in Jakarta?

Leo and Frieda's private life is centred on the Netherlands International School.¹²⁰ Frieda accompanies the children to school in the mornings. She meets with other Dutch mothers and helps the children with computer lessons. This voluntary work helps her to establish new contacts with other people. The first time she came to NIS other expatriate spouses asked her with which company her husband was working in. She was told where to buy her food, how to

¹¹⁹ After my return to the Netherlands in January 1998 the tense political situation directly influenced the personal lives of KPN employees and their families. On May 17 1998, 75 KPN employees and their families fled from Jakarta after the outbreak of serious riots. During the riots 1100 mostly ethnic Chinese were killed and foreigners were threatened with death. Three Dutch KPN employees stayed in Jakarta to take care of the possessions of KPN. Seven of the employees stayed in Singapore and returned one week later. With the start of the new school season in August 1998 all of the families have returned in Jakarta.

¹²⁰ The modern NIS has more than 180 children and 17 Dutch teachers who work there for a five-year's contract. The school was established thirty years ago. The fee for each child amounts to US\$ 5000 each year. The parents of the children, the Dutch government, private companies like Shell and KPN subsidise the NIS.

manage her housekeepers, how to behave and where not to go. She was invited for dinner and was told stories of other Dutch expatriates in Jakarta. Sometimes it is a rather small world at NIS but Frieda is glad to do this voluntary work three mornings per week. She can also choose to work in the school's library, at the swimming pool, or assist in the classes. She likes the atmosphere at the school and establishes friendships with the Dutch teachers and other Dutch spouses of expatriates.

Apart from (1) the mothers of school-going children at the NIS, there are three other groups of Dutch expatriate partners: (2) spouses without children, (3) women with older children studying or living in the Netherlands and (4) Indonesian women. Almost all of the Dutch KPN expatriates in Indonesia are male. For newly arrived women of the second and third group making contacts in Jakarta is more difficult than for women in the first group. They have neither the children nor jobs that would automatically bring them into contact with other people. A large part of the Dutch women have higher education and have given up their job or career to move with their partner to Indonesia. Because working for partners of expatriates is forbidden in Indonesia these women are in need of engaging in useful activities. Being able to identify with a job, with family or friends is impossible and identification with the role of full time housewife is in general not the ambition of the women of the second and third group.

When I came here it cost me more than a year to get acclimatised in Jakarta. In the Netherlands I had a very busy job. Here the first contacts were difficult for me because I do not have children so I did not visit the NIS. Now I do speak Bahasa Indonesia, I have some Indonesian friends and I do voluntary work in the *kampung* with children (interview with spouse of KPN expatriate).

The situation for the spouses of KPN expatriates in Indonesia is not easy from an emotional point of view. They are expected to be strong and support their partners. Emotions such as boredom, homesickness and jealousy destabilise their relationships and are not discussed with other expatriates' partners. Partners keep busy with housekeeping, raising children, voluntary work, visiting each other, playing bridge, playing tennis, swimming and shopping. Dutch expatriate partners regularly meet each other in three separate groups. Apart from the group of women centred on the NIS there is a group of women focused on the 'coffee mornings'. These mornings are organised in one of the expatriates' houses and sometimes a guest speaker is invited. The group varies in number but in general 15 to 20 women participate. A third group consists of women doing voluntary work for the 'study group '72', an initiative of the Dutch embassy with the objective to support social cultural projects in Indonesia. The NIS group is separate from the 'coffee mornings' group, while the study group '72 shows an overlap with the two earlier mentioned groups.

Newly arrived partners such as Frieda are told who the best dentist is in Jakarta, what hospital can be trusted, how to manage the Indonesian housekeepers and where the shopping can be done. Shopping is done in the

luxury Pasaraya and Seibu shopping malls in the Block M area in Jakarta. In these malls many western quality products can be found. Shoes and clothing for tall people are however, difficult to find and have to be bought in the Netherlands. Information on living in Indonesia is one of the most valuable resources for Frieda in adapting to the new situation she has been placed in. She can check the website www.expat.ic.co that is entitled: *Living in Indonesia: A Site for Expatriates* which is accessed more than 100 times per day. This website provides a central meeting ground for acquiring and sharing information with other expatriates (*The Jakarta Post*, December 21, 1997).

Leo's private network is built through the personal contacts of his wife. Leo gives his family first priority, limiting his contact with colleagues to business hours. He also enjoys meeting people other than his colleagues. The social life of Frieda at the NIS connects him to Dutch expatriates of other Dutch companies in Indonesia. In this way he has created his own network of personal contacts with Dutch executives of banks, insurance companies and oil companies. Leo also does some voluntary work for the NIS. He realises his private world consists mainly of contacts within the Dutch expatriate world and thinks this is a pity but with more than 2500 Dutch expatriates in Jakarta contacts are easier made with Dutch than with Indonesians. According to Leo assimilation into Indonesian society is just an illusion:

We live here together with other Dutch expatriates in the same neighbourhood. We live in a golden cage. People ask me if I like living in Indonesia. Then I say yes, but life is not so much different from the Netherlands. Only here I have a white house with a swimming pool.

It is only in the NIS summer holidays that things are different. Over the Dutch summer school holidays Frieda, like many other Dutch expatriate wives, returns to the Netherlands with the children for two or three months to visit her family and friends. Leo joins his family for three weeks then has to return to Jakarta for work. When Frieda and the children are away from Jakarta the contacts with his colleagues are intensified. He works more hours at the office, has dinner with colleagues and sometimes goes out for a beer in a bar.

Playing sports together also creates informal relations among the KPN expatriates and provides the occasion for news and stories to be exchanged and personal relations to be developed. Many of the expatriates consider sports as a necessary activity. All of the expatriates have a car and a driver and only walk inside air-conditioned buildings. Dutch expatriates who are used to biking, skating, or running are restricted because of the heavy traffic and pollution in Jakarta. Leo has various possibilities of sport and exercise to choose from. He can play tennis with his KPN colleagues every Wednesday evening at the hot Chilandak tennis court from 7-9 pm or join the volleyball group in the gym of NIS where Dutch expatriates play from 8-10 pm on Monday evenings. It is organised by a teacher and the participants pay a small contribution for the hire of the gym and the balls. Many KPN expatriates and their spouses join the group as well as Dutch students and other Dutch expatriates.

The activity Leo likes most is soccer. Every Saturday Leo and some of his KPN colleagues play two 45-minute halves with the team of Fc Knudde in the hot tropical sun. There are actually two different and competitive teams of Fc Knudde: Orange and White. He likes the variety of Dutch people in the teams. Students, small business entrepreneurs, but also general managers and executives play soccer there. One of the highlights of the year is the Fc Knudde soccer tournament. A Japanese sports complex near the Bogor hills has been selected. Sixteen teams from different nations participate. Four teams represent the Dutch expatriates. The 12-minute games cost a lot of energy because of the hot climate. Many bottles of water and beer are consumed in the effort to cool down and there is plenty of time for informal talk about work related issues.

Because of the many contacts, Leo and Frieda are frequently invited to parties on weekends. Almost every Friday and Saturday there is a party, so they rather stay home on Sunday evening. To celebrate their partners' birthdays Frieda and three of her friends arranged a surprise party. Frieda's house and garden were beautifully decorated. All of the guests were asked to come in Hawaiian outfits. More than eighty guests showed up in shorts, Hawaiian blouses or other tropical clothing. Frieda and her friends had put a lot of energy, time and money in the preparation of the party. They looked like Hawaiian beauties with their black wigs and their Hawaiian flower dresses made especially for this party. Eight KPN colleagues and their partners received the invitation written in Dutch and came to the party. All the guests were Dutch.

Leo's contacts with Indonesians are limited to his work. In his private life he is totally involved in the Dutch expatriate circuit. As has been discussed when an expatriate is new in Jakarta it is very difficult not to get totally involved in the Dutch circuit and, for expatriates living in the Dutch circle it is difficult to establish contacts within the Indonesian society because of the Indonesians' negative image of the Dutch expatriate circle. In 1996, in a multi cultural management workshop, managers of PT Telkom formulated a general image of the Dutch. The results of this workshop showed a rather negative image of Dutch (see Figure 19). According to the PT Telkom management the Dutch behave badly (too direct, blunt, not polite, aggressive and unfriendly) and are not very sensitive (unreliable, ethnocentric, not willing to understand and not

Image of the Dutch by PT Telkom management

Too direct
Blunt
Sarcastic
Want a direct yes or no
Aggressive
Not to be trusted
Unfriendly
Too absorbed with memories of the past
Do not care about local politics
'Do it my way' thinking
Don't want to understand Indonesians

caring for local politics). The difficulties faced in trying to establish relations with Indonesians and in learning the language coupled with the awareness that the residence in Jakarta is temporary makes it thus easier and more attractive for expatriates to invest in Dutch networks. Those who want to escape this dominant subculture have to make a conscious choice to do so.

Figure 19. Image of the Dutch by PT Telkom management

9.2.10 *Totally Wrapped Up in Indonesian Culture*

On the other hand, there are some of the KPN employees who have fallen in love with the Indonesian culture, who are really interested, want to learn the language, get to know Indonesian friends, explore the countryside and even to adapt their life-style to the local culture. Soon after their arrival in Jakarta they experienced the difficulty of exploring Indonesian culture while participating in the Dutch expatriate circle. It is very difficult to establish personal relations in both the Dutch expatriate society and the Indonesian society at the same time.

If I come to a party of one of my KPN colleagues they will ask me more than ten times if I am coming to play tennis, play hockey, soccer etc. Before you notice your complete week is filled up with the Dutch circle. But we have made as much Indonesian friends as possible. You have to choose if you are living here. Where do you belong? (interview with KPN employee).

These employees do not want to hide in the Dutch expatriate circle and choose to explore the Indonesian culture rather than the Dutch expatriate culture.

It is difficult for me to live in two worlds at the same time. I live either in the Dutch world or in the world where I am working at that moment. That can be London, Czech Republic or Indonesia. But then I take the frame of reference of the host country. I understand how Dutch think, do and live, but it is not my world. I find it difficult to concentrate on that. I am completely focused on the Indonesian society, try to learn the language, develop cultural sensitivities, read Indonesian newspapers and keep at a distance from the Dutch expatriate society (interview with KPN employee).

Dutch expatriates who already have personal relations with Indonesia or male employees who have come without partners to Indonesia are most likely to adopt this strategy. Employees who have been born in Indonesia, have Indonesian parents or grandparents or, already have an Indonesian spouse who has family and friends in Jakarta spend part of their time with these relations and are therefore part of the Indonesian society. Some of the single employees are not particularly interested in participation in the Dutch circle but search for friends among Indonesians. The isolation from Dutch expatriate society is not always a matter of free choice but also a matter of personal interests and situation.

Many of the Dutch say I am more Indonesian than Dutch. The people here at the office know that. It is not that I cut myself off completely from the Dutch expatriate culture. For me it is very logical - I am not with NIS, and many of the parties there are only couples. They can invite me for dinner but then I come alone. I can take an Indonesian friend, but she speaks English. The conversation has to be in English and that is not comfortable for the hosts. How do we have to treat an Indonesian guest?...- they are not used to that. I

have a good relationship with all of the Dutch at the office, I know them all (interview with KPN employee).

Because of their Indonesian networks and the knowledge of Bahasa Indonesia these employees get more information and pick up rumours more easily than the expatriates who employ the first strategy discussed. The problem for employees with this strategy however, is their loyalty towards their Indonesian networks and the exclusion from the Dutch circle. Information obtained from Indonesian sources is given on the basis of trust and the Dutch expatriate identifies with his Indonesian networks. The missing of personal networks within the Dutch circle prevents these Dutch expatriates from passing on valuable information to bridge the cultural gap between the Indonesian and Dutch management. The number of KPN employees who use this strategy is however, relatively low.

Another point that has to be discussed here is the relation between Dutch expatriates and Indonesian women. The different man-woman relationship in Indonesia confuses many male Western expatriates. The chance that a single expatriate who has adopted a going native strategy will have a relationship with an Indonesian woman is quite high. Indonesian women are beautiful, respectful towards their partner, are generally willing to marry an expatriate, like to learn Dutch and are supportive. Indonesian women have different reasons to prefer marriage with an *orang asing* rather than to wed an Indonesian husband. Apart from love, marriage with an *orang asing* is a social and economic upgrading for an Indonesian woman and her family. The better quality of a relationship with a foreigner can also be a motivational factor.

I am already 23 years old. My mother worries about me that I am still not married. But I do not want to marry an Indonesian man. I have seen examples of my brothers and nephews. In the first year they are very friendly to their wife, but after that no longer. Then they become demanding and treat their wives badly. And now I am in love with an expatriate (interview with Indonesian female employee).

Indonesians, especially young males, negatively perceive the women who have a relationship with an expatriate.¹²¹ These women are called the 'girls with the green eyes' to point out that these women are motivated by the green bills, that is the money of the rich expatriate. These women run the risk of being excluded from some of their Indonesian networks. For the expatriate, their relationships with Indonesian women can put professional performance at the

¹²¹ Stories are told on the difficult relationship of Western men and Indonesian women. *Kuntil anak* is a very beautiful Indonesian woman with long hair but she has a hole in her back. She is a ghost. Every evening she washes herself in a stream. An *orang asing* had seen her washing and returned every evening to see her. He fell in love with her and wanted to have her. But she was a ghost. So he went to the *dukun* and asked him how he could possess this beautiful woman. The *dukun* told him to hammer a nail in her head. In this way she became a normal woman. They married and had two children, a boy and a girl. When the children had grown, the woman complained of a headache and asked her daughter to look at her head. The daughter said; mama, you have a nail in your head. Oh, can you get it out it? She asked. So the daughter took the nail out of the head and her mother transformed in a ghost again and flew away (story told by one of the Indonesian KPN employees).

office under pressure. In chapter 6, the conclusion was drawn that quite a number of employees already working with KPN for a long time would like to see the world. However, the new cultural context they found themselves in altered their perception of their own lives and marriage. This seems to be more so the case when their families do not move with them. There is a danger that the new cultural context influences the personal identity. For any expatriate, the attention he receives from beautiful Indonesian women feeds his self-esteem. This is the case in public life, at the office and especially so in nightlife. In café's, discotheques, hotel bars and night-clubs such as Hard Rock Café, Asmat-Asmat, Jamz, the Jaya Pub, Oriental and Tanamur professional bar girls 'operate'. There are expatriates who have the illusion that relationships can be kept secret and hidden from both the Dutch expatriate circle and Indonesian colleagues.

He has a wife and three daughters in the Netherlands. But here he also has a girl friend. I do not understand that. Indonesians do not understand. I have tried to explain him that he have to keep it private, to keep it secret. But his girlfriend sometimes comes with him to office. That puts us in trouble (interview with Indonesian employee).

Up till now, two strategies have been presented: a Dutch KPN expatriate either adapts to the Dutch expatriate culture or stays completely out of it. Both strategies have proven not to be very successful in the cooperation between Dutch and Indonesian employees. And yet the cooperation between KPN with its Indonesian counterparts was earlier classified as successful. The key to successful cross-cultural cooperation is in fact based upon a small number of KPN employees who managed to establish and maintain personal relations with both Dutch expatriate and Indonesian society.

9.2.11 The Narrow Path of the Cosmopolitans

The Dutch KPN expatriates who are mentioned as being successful in their work by colleagues maintain equilibrium in their relations with the Dutch expatriate culture and the Indonesian culture. It is these employees that have been able to establish personal relations with Indonesian telecom professionals, who are highly appreciated by the Indonesian counterparts and who are used to channel sensitive information from the Indonesian side to KPN. Among these expatriates are employees with and without families, people with and without Indonesian backgrounds, internationally experienced and inexperienced employees and young and old. Apart from maintaining equilibrium, the similarities of successful expatriates are found in (1) interpersonal skills, (2) showing respect to other people, (3) flexibility, (4) cultural curiosity, (5) cultural empathy and (6) cross-cultural contacts.

(1) Interpersonal skills in entering into relationships with people and building trust are aspects of utmost importance to a successful expatriate in Indonesia. There is a need for people orientated managers for foreign participation. A remarkably large percentage of the successful KPN expatriates interviewed in Indonesia, the Czech Republic and the Netherlands appear to be

from the TNT Post Group. This company has a reputation of being people orientated and appears to be quite successful in their strategy of internationalisation. According to KPN standards the best employees in Indonesia are employees with an excellent track record of technical or professional abilities. These employees, who are selected for their aggressive style, focus on tasks and their will to achieve the objectives set by the corporate headquarters are however, not the most successful employees in Indonesia. This clearly indicates that other criteria for selection must be found.

(2) Successful Dutch KPN employees avoid arrogant behaviour and show respect to their Indonesian counterparts thus avoiding the earlier described emotional reaction of Indonesians. Arrogance and lack of respect have been shown to be two sensitive aspects in the relationship between Dutch expatriates and their Indonesian colleagues. While the need to show respect and not be arrogant may be the golden rule of international business familiar to all, it is the one most broken.

(3) Successful Dutch KPN employees have the ability to tolerate and to cope with uncertainty. Although a majority of the expatriates show a flexible attitude towards their Indonesian colleagues, from chapters 5 and 6 it is learned that KPN has in fact been traditionally a highly controlled organisation. The flexible implementation of the corporate objectives is therefore a point of attention in Indonesia.

(4) Cultural curiosity is needed to respect ideas and the behaviour of others. Successful employees show interest in the Indonesian style of management and make an effort to learn the language. In general, successful Dutch KPN employees show interest in the Indonesian culture.

(5) Cultural empathy helps the employee to understand the Indonesian culture. The management models and management practices of KPN in the Netherlands cannot be expected to work successfully in Indonesia.

For Indonesians it is important that the room for the meeting is comfortable, that there is enough to eat and the atmosphere is harmonious, that the CEO is seated on the right chair etc. We Dutch fight each other during a meeting, we interrupt each other and we sometimes even curse. Our Indonesian counterparts think we want to kill each other. But that is the way we interact. Therefore, we decided not to fight during meetings but to do that after the meetings, if necessary outside. So now we say to each other; 'sshtt, don't say it now, listen. That is the message we give each other: listen! (interview with Dutch KPN employee).

(6) Cross-cultural contacts help to establish a balance in the relation between Indonesian and Dutch expatriate culture. This helps the successful expatriate to bridge the gap between the Dutch and Indonesian employees and helps in the link up with the national headquarters in The Hague.

My parents live in the Netherlands, like my sister and brother, but the rest of my family is living here; my grandpa, uncles and aunts are all living here. We have family businesses over here. I learn to know my nephews and nieces much better.... In my spare time I spend 10-20% of my time with

Dutch expatriates, 30% with other International expatriates and 50% with my family and other Indonesian friends (interview with KPN employee).

9.3 Conclusions

This section explored the individual and corporate strategies in dealing with cultural differences in Indonesia such as language, time related issues, the importance of personal networks, ethnic diversity, religious diversity and management practices. At the individual level, it was been examined how employees of KPN working in Indonesia have found different strategies to cope with these cultural differences (see Figure 20) and how these strategies can be divided into three categories: (1) the rejection of the local culture, (2) the 'going native' strategy and (3) the strategy of maintaining personal networks in both the local and the expatriate culture. The large Dutch expatriate circle in Jakarta makes it very attractive for new Dutch KPN expatriates to choose the first strategy. For many of the employees it is not so much a rejection of local culture but rather that they are easily absorbed into the expatriate culture. Once in this culture, it is very difficult to make contact with Indonesian colleagues, to learn about the Indonesian culture and to practise Bahasa Indonesia. The expatriate circle almost does not participate in the Indonesian social-cultural society. Employees who want to establish Indonesian networks have to avoid expatriate culture and adopt the second strategy. This strategy of 'going native' has a disadvantage in that no information is relayed from the Indonesian employees to the Dutch management and visa versa. Hence, it is the KPN employees who keep the difficult balance of having networks in both cultures appear to be the most successful in cross-cultural cooperation. The personal skills and qualities that appear necessary in order for employees to succeed in cross-cultural cooperation are: linguistic ability, ability to tolerate and cope with uncertainty, patience and respect, optimism, cultural empathy, tolerance, a positive outlook, an interest in culture, acceptance, cross-cultural education and cross-cultural contacts.

At corporate level KPN has used different strategies to cope with the cultural diversity in Indonesia. In the start-up phase KPN used the historical and cultural relations of Indonesia and the Netherlands to acquire a position in the Indonesian telecom market by focusing on the long lasting personal networks between NCF employees and Indonesian telecom engineers and the positive image of KPN. Taking note of the fact that both Indonesian PTOs and the Indonesian government do not employ Chinese KPN has made it a point to choose an Indonesian *pribumi* as business partner. KPN stimulates and supports their Dutch employees in the learning of Bahasa Indonesia which, is necessary in order to bridge cultural differences, establish informal relations and to become a local operator. The organisation however, does not select their employees according to the above mentioned personal characteristics. More people-orientated employees instead of task-orientated employees are needed in Indonesia. The selection of people and the culture of KPN in the Netherlands

however, stimulates the selection of highly task-orientated employees. Success is completely determined by other factors that have been earlier discussed in this chapter. It can thus be concluded that one can be very Dutch and very successful in Indonesia if ones personal skills and attitudes are highly valued by Indonesian colleagues.

The organisation acknowledges the need for good personal relations in conducting business in the Indonesian telecom sector and uses distinct Indonesian middlemen to establish and maintain relations and for settling conflicts. Dutch and Indonesian KPN employees work together in small teams when doing business. The Dutch employee takes care of the content, the financial agreement and the planning while the Indonesian employee takes care of the introduction, the personal networks, the cultural 'mistakes' and the language 'problems'. KPN stimulates the use of the Indonesian cultural identity in the strategic alliances for commercial purposes and is very careful in spreading the Christian identity of the KPN office Jakarta. Although the office has intentions of establishing a centre of knowledge for talented Southeast Asian employees, the Jakarta office is dominated by European Dutch management values.

Indonesian strategies to deal with cultural differences with the Dutch have also been discussed (see Figure 20). It has been noted that while KPN has the financial, managerial and technologic power to improve the Indonesian telecom sector, the Indonesian government and the Indonesian strategic partners stress upon the colonial history and use their knowledge of the Dutch culture in order to balance relations and distribution of power. Consequently, the guilt complex of the Dutch with regard to the colonial history of the Netherlands in Indonesia makes weak opponents of the KPN employees in negotiations and conflicts. Other strategies to hone down the dominant attitude of the Dutch minority shareholder include isolating the appointed Dutch executives from informal information, avoiding the establishing of informal relationships and to make situations more complex than they are. This leaves Dutch executives without insight into the extreme and complex networks of business relations, cross-connections and power structures within Indonesian business. The Indonesian government has furthermore, stressed the relatively small size of the Netherlands compared with Indonesia. These Indonesian strategies have forced KPN to change their objectives from high profile dominance to a low profile informal presence.

As a result this section shows that cultural knowledge of the Indonesian cultural context alone is not enough for successful business. While in the case of the Netherlands Antilles a certain under estimation of the complexity could be concluded, in this case it is clear that the context has forced KPN to take differences in ethnicity, culture and power more seriously into account from the start. The different size and character of the Indonesian telecom market as well as the fact that it is a more powerful counterpart has made for a more equal balance in power. While the strategy of KPN is to bridge cultural differences, we see that the informal strategy of the Indonesians is to enlarge these cultural

differences and use them strategically to balance the distribution of power in its relationship with KPN.

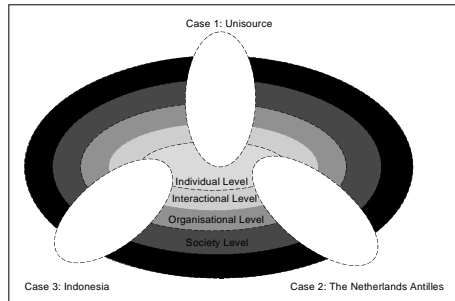
Strategies of Dutch KPN employees	Strategies of resistance of Indonesians
Seeking information from other Dutch expatriates, easy absorption	Stressing colonial history
Establishing personal networks in Dutch expatriates circles and KPN	Stressing the smallness of the Netherlands
Keeping western punctuality	Connecting cultural unity and identity to telecom business
Establishing personal networks in both Dutch and Indonesian subculture	Isolating the Dutch managers from informal networks
Using middlemen for conflicts and maintaining connections	Not using formal channels of communication
Feeling guilty	Not taking any initiatives
Using Dutch management styles	Letting the Dutch manager wait
Avoiding religious discussions	Having no time for an appointment
Avoiding stressing ethnic differences	Speaking Dutch to stress the content of a speech
Avoiding political discussions	Spreading gossip
Establishing personal networks in both Indonesian and Dutch communities	Using personal networks to block decisions
Distancing from Indonesian management style	Stressing of Muslim religion
Internalising the Indonesian perception of time	Using Dutch employees for difficult messages
Speaking Bahasa Indonesia	Working early in the morning and late in the evening at office
Using causal conversation to exchange information	Making vague who is in real power
Establishing Indonesian personal networks	Using personal networks to obtain information
Rejecting Dutch expatriate circle	Creating a negative image of the Dutch

Figure 20. Strategies of Dutch KPN employees and Indonesian employees to cope with cultural differences

Kan deze figuur precies nog op even pagina?

PART IV
CONCLUSIONS

10 CONCLUSIONS AND IMPLICATIONS



This chapter presents an analysis of the findings of the study in relation to the research questions. The three cases of cross-cultural cooperation show that KPN employed mainly ethnocentric cross-cultural strategies in the period from 1989 up till and including 1997. These corporate strategies stimulated the resistance by the partner organisations to struggle against perceived

dominance. The findings of this study have consequences for the existing theories on cross-cultural management. A new cross-cultural strategy, ethnicising, is introduced. The findings also indicate the factors that strongly influence the success of cross-cultural cooperation and areas of further research of further research that would help in the prediction of the onset of the ethnicising strategy are recommended. PTT Telecom, Like other PTOs, experienced adversity in its first stage of internationalisation (1989-1997) but succeeded in establishing large-scale international activities. Organisation-culture and -history played an important role in the learning process to become an international operator. To support the organisation in its international ambitions the empirical consequences of the findings are outlined in a workshop.

(svp plaatje veranderen: niet levels, maar cases moeten worden 'ingekleurd')

10.1 Introduction

This last chapter reflects upon the results of the study on the cross-cultural cooperation of KPN in the period from 1989 up till and including 1997. The in-depth and explorative study that has been presented has discussed three cases of cross-cultural cooperation in part III: the AT&T-Unisource group, the Netherlands Antilles and Indonesia. In this chapter, the results of the studied cases are compared and put into a wider perspective. The central objective of the study is to present an ethnography of the daily practices of cross-cultural cooperation in the telecom sector. Thus, in order to provide a clear understanding of cross-cultural cooperation the study has focused on the way employees deal with cultural diversity. The strategies used in coping with these differences are the central findings in this study. To fully understand these strategies it was first necessary to make clear the context of the cross-cultural cooperation in Part II. The data was presented by exploring five levels of the context of cross-cultural cooperation: the world level, the society level, the organisational level, the interactional level and the personal level. The three cases show that the connections made by means of Latour's 'sociologica' method have covered all of these levels. In these cases it has been shown that distinct factors in the context have influenced the cross-cultural strategies of KPN and its employees. A short overview of factors will be given here.

The *causes of the telecom revolution* in Part II clearly pointed out the dramatic change of the positions of the European PTOs at the telecom market. Insight in the *world wide competition* showed a chaotic market in which a diversity of new and old telecom operators established unstable strategic alliances. This information was necessary in order to understand the chaotic and political situation in which Hans, one of the key informants was working in the AT&T-Unisource group and how this uncertain setting influenced his daily cross-cultural behaviour.

KPN was no longer monopolist at its traditional home market but had to prepare for competition as a result of the *restructuring of the Dutch telecom market*. Competition has reduced its market shares, lowered international telephone tariffs and consequently raised pressure on the turnover and profits. To compensate for the expected decline of turnover KPN employed various *strategies of survival* such as introducing new product and services, expanding to related national industries, adopting aggressive business strategies, reducing costs and expanding its international activities. The discussion over these strategies in Part II was necessary in order for us to understand the pressure of the KPN management to be successful in the case of the Netherlands Antilles.

Till that point the organisation had no experience with international business as was explained in the history of KPN was explained. As a result, for Ad, Robert, Leo and Hans it was their first international experience. Only Niels had previous experience. An overview of KPN's history was needed to be provided in order to achieve a clear understanding of *the organisation culture* of KPN. KPN had to be transformed from a national PTO to an international operating service provider. In describing the typical day of IS employee Robert and the typical day of IB employee Ad explored the subcultures of KPN were explored and provided understanding as to why the cooperation between distinct KPN departments in Indonesia.

All of the three cases in Part III were ventures initiated as a part of *the internationalisation strategy* of KPN. At the start, this strategy was not very clear. Information on the *old colonial bonds* with the Netherlands Antilles and Indonesia was necessary to understand the ethnocentrically approach. The explanation of the *international experience of NCF* was necessary to understand Dahoko's position in Indonesia and to understand the success of KPN in Indonesia.

In the next section the findings of the three cases are contemplated, compared and placed in theoretical and empirical perspective. Firstly the research questions are reflected upon.

10.2 The Three Cases Compared: Reflections Upon the Research Questions

The empirical data of this study have been presented in Part II and III in order to answer the central research questions that were formulated at the beginning of this study. The research questions were:

Which strategies of cross-cultural cooperation have been used by the Public Telecom Operator in reaction to the restructuring of the telecom market? How do employees deal with the used strategies at the individual level? How can these strategies be explained from an organisational cultural perspective?

In order to make a comparative analysis of the three cases there is a need to identify and discuss the differences and similarities of each in its historical, cultural and political-economical context.

It is clear that in terms of its historical context the AT&T-Unisource case strongly differs from the two other cases. The strategic alliance AT&T-Unisource was a recent cooperation between PTOs which each wanted to establish a strong pan-European telecom operator. The cooperation of KPN in the Netherlands Antilles and Indonesia was preceded by a long colonial history, which had led both Antilleans and Indonesians to develop strategies to cope with the dominant European Dutch. For many years KPN, by means of NCF, was involved in non-profit advising for the development of telecommunications in both countries. The strategy to acquire positions in new international telecom markets transformed the relation of KPN and the Antillean and Indonesian PTOs to a more commercial relationship.

The cultural contexts of the three investigated cases are distinctly different in that each is situated in a different continent: Europe, The Caribbean and Asia. The AT&T-Unisource case and the case of the Netherlands Antilles however, show some similarities in the perceived small cultural distance between KPN and its partner organisation. In both cases this stimulated the start of cooperation. In the AT&T-Unisource case it was the small cultural distance between the Swedish and the Dutch society that initiated the establishing of the strategic alliance. In the case of the Netherlands Antilles it was KPN's perception that the Antillean culture was part of the Dutch culture that stimulated KPN to make concrete plans to expand in that direction.

The political-economic environment of each of the three cases greatly differs from the others. Until the end of 1997, Indonesia possessed one of the fastest growing economic markets in the world. The large Indonesia telecom market was in need of capital but could choose out of many western investors. Hence, Indonesian President Soeharto could refuse capital that was restricted by political issues, such as Dutch development aid. The refusal stressed the growing self-esteem of independent Indonesia. The Netherlands Antilles in contrast, not only has a small and vulnerable economy but also is still largely dependent on the Netherlands. In the AT&T-Unisource case the political and economic integration of the EC countries supported the European cooperation between the four PTOs. The AT&T-Unisource case also differs from the other two cases in the number of involved Western partner organisations. In the other two cases KPN was involved with only one local PTO.

The description of the similarities and differences in the context makes it now possible to compare the cases in relation to the research questions.

10.2.1 Corporate Strategies of KPN to Deal with Cultural Differences

The first central research question asked which strategies of cross-cultural cooperation KPN has used. Chapter 2 discussed three groups of possible strategies to deal with cultural differences (see Figure 2). For the discussion in this section the terms of Schneider and Barsoux (1997) are being used because these fits best. The three strategies are named: ignore, minimisation and utilisation of cultural differences. The cross-cultural strategies used in the three cases will be discussed next.

In the case of the AT&T-Unisource alliance cultural differences in cross-cultural cooperation were seen as a source of problems in the alliance and KPN therefore chose to minimise. As such, the perceived cultural similarities of Swedish Telia and Dutch KPN stimulated the establishment of the strategic alliance Unisource. With the entry of Swiss Telecom, Telefónica and AT&T, the cultural complexity of the AT&T-Unisource group increased. As a result, cooperation was difficult and decision-making procedures were slow. The strong need for efficient and effective cooperation within the group led to the question of how to deal with cultural diversity. The shareholders of Unisource could give up their own identity and merge into Unisource or Unisource could become a truly independent joint venture with its own organisational culture. The second option has been chosen by the shareholders of Unisource. The pan-European organisation sought a cultural compromise and wanted to utilise the cultural diversity to become more competitive in the European telecom market. KPN therefore changed its cultural compromise strategy to a more synergetic strategy (see Figure 21). The AT&T-Unisource employees learned to respond in accordance with other cultural values in the organisation. This was supported by developing a Unisource organisational culture, through training programs such as JMDP, by the One Telecom Country concept and by allowing more autonomy for the alliance.

In the case of the Netherlands Antilles KPN ignored the cultural differences. The historical, cultural and emotional relation of the Netherlands with the Netherlands Antilles resulted in the assumption that the Dutch way of conducting business would suit the Antilles and that cultural differences could be ignored. However, the case of the Netherlands Antilles shows that the Curaçaoan business culture differs fundamentally from that of the Dutch. Cultural differences were clearly evident in the way Dutch is spoken and used, the different perceptions of time related issues, the way criticism is made and feedback is given, the way knowledge is transferred and in the degree of importance assigned to personal networks. The Dutch negotiation team largely ignored these cultural differences. The Dutch cultural dominance at Curaçao added greatly to KPN's underestimation of the Antillean complexity. Thus the Antillean refusal to sign the contract at St. Maarten and the resistance against the participation of KPN in the Curaçaoan PTO came as a complete surprise to the KPN management. The Curaçaoan resistance did not force KPN to use another cross-cultural strategy during the process of acquisition because of the unequal power balance. The small size of the Antillean telecom market, the

dependency of the Antillean economy and the need for technological expertise put the Antilleans in a weak position against KPN.

In contrast to the Netherlands Antilles, KPN changed their cross-cultural strategy during the process of acquisition in Indonesia. Consequently, in the start-up phase, the historical and emotional relations of Indonesia and the Netherlands helped KPN to establish business relations in the telecom sector. The size of the Indonesian telecom market and the strong Indonesian national identity further forced KPN to change its cross-cultural strategy. The Indonesian counterparts did not accept behaviour that expressed the cultural dominance of KPN and openly stressed the relatively smallness of the organisation. As a result, KPN was forced to change the strategy of cultural dominance in a strategy of cultural compromise (see Figure 21). The impact of the cultural differences was minimised by stimulating KPN employees to learn Bahasa Indonesia, to mask their Christian identity, to use Indonesian middlemen with the task of establishing and maintaining personal relations, to work in small intercultural teams and to choose a *pribumi* counterpart. With this cross-cultural strategy KPN was more successful.

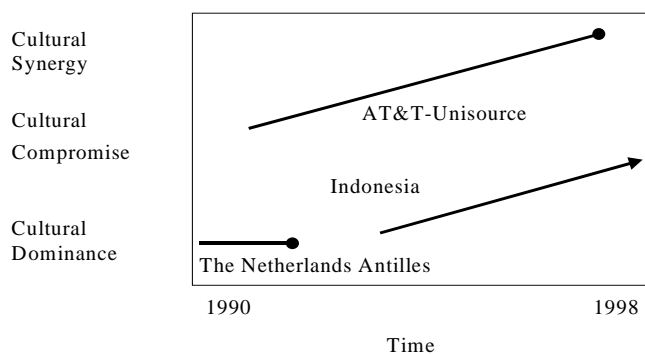


Figure 21. The cross-cultural strategies of KPN in the three cases

Based on the findings of this study it appears evident that KPN used mainly ethnocentric strategies to deal with cultural differences in its strategic alliances. However, with the passing of time and under influence of the partner organisations these strategies were modified (see Figure 21). The struggle for power with these partner organisations forced KPN to reflect upon its cross-cultural strategies and to choose less ethnocentric strategies. This supports the statement made in chapter 2 on the idealistic character of the synergetic cross-cultural strategies. In a struggle for power the 'dominant' partner organisation will stress the use a strategy of cultural synergy, while the 'non-dominant' partner organisation will use strategies of resistance. In the next section the strategies of the 'non-dominant' partner are more closely studied.

10.2.2 *Cultural Strategies of Resistance and Exclusion*

In the previous section it was made clear that the cross-cultural strategy of KPN changed under influence of the partner organisation. Section 2.2.2 showed that cultural differences have to be understood as a social construction, as a result of interaction which can change over time and in situations (Cohen 1994, Barth 1994). The so-called 'weaker' or 'non-dominant' partner organisation can therefore accentuate cultural differences and start a manifest form of ethnicity in the struggle for power with the so-called 'strong' or 'dominant' organisation (Baud *et al.* 1994, Barth 1994, Koot 1997). This section discusses the partner organisations' cultural strategies of resistance and exclusion in cooperation with KPN.

The case of the Netherlands Antilles met the three conditions for the offspring of a manifest form of ethnicity (Baud *et al.* 1994: 129). Firstly, there was intense interaction between the Antilleans and the Dutch at Curaçao. Secondly, there was a clear sense of Antillean community feeling. Thirdly, the job security of the Antillean PTO employees and the profitable financial constructions were threatened by the possible participation of KPN. The Antilleans perceived KPN as a powerful counterpart with large financial resources, excellent technical expertise, highly-qualified managers and international relations. The ethnocentric cross-cultural strategy used by KPN stimulated Curaçaoan strategies of resistance and exclusion. By connecting the Curaçaoan telecommunication sector to the concept of '*Patrimonium Nashional*' the labour union STTK could use this manifest form of ethnicity in its struggle to block the participation of KPN in the Antillean PTOs. STTK was thus able to bring together the Antillean political opposition, the management of Antelecom, the labour union SK, the Antelecom employees and sympathising Curaçaoans. This case shows that Curaçaoans are familiar with and experienced in dealing with the Dutch dominance as a result of the long colonial relationship. They have developed a high level of flexibility, a degree of independence and ways and means to acquire financial support. The involved Curaçaoan parties, such as the labour union STTK, the political opposition and the Antelecom management made use of different cultural strategies of resistance. The Netherlands Antilles could have benefited from the participation of KPN in terms of the restructuring and improvement of the Antillean telecom sector. These cultural strategies however, were short-term survival strategies and have not resulted in successful structural development (Koot and van Marrewijk 1999).

The Indonesian case also illustrates the use of cultural strategies of resistance and exclusion by the Indonesian counterpart in the struggle for power with KPN. Dutch KPN had the financial, managerial and technological power to improve the Indonesian telecom sector but the initial ethnocentric cross-cultural strategy of KPN in Indonesia met with strong resistance. The Indonesian government and the Indonesian partners adopted different cultural strategies of resistance to balance relations with KPN and to redress the dominant attitude of the Dutch minority shareholder. The Indonesian partner organisations and the

Indonesian government connected the telecom sector to the strong Indonesian cultural identity in order to counter KPN's power. It can be said that these experiences forced KPN to change its objectives in Indonesia. A dominant presence was no longer aimed at. Instead KPN adopted a low profile strategy to support its partner organisations. The economic and political context forced KPN to treat cultural differences more seriously and the difference in size and character of the Indonesian telecom market as well as a more powerful counterpart made for a more equal balance in power.

From these two cases it can be concluded that dominant behaviour of a western PTO in sensitive ex-colonial relationship automatically generates resistance of the partner PTO. PTOs in developing countries therefore speak of 'new imperialism'. They stress upon the importance of maintaining its own cultural identity and exaggerate upon the negative effect of existing cultural differences as a strategy against the perceived dominant partner. The dominant partner in turn stresses the importance of synergy and of utilising cultural differences to its own benefit which leaves the 'non-dominant' partner feeling threatened. Cross-cultural cooperation therefore is difficult when there is a struggle for power in a strategic alliance.

This struggle for power can result from in-equalities in power but also from rivalry. This is shown in the AT&T-Unisource case where cultural strategies of resistance and exclusion have been used in the struggle for power between two equal partner companies. It was expected that the cooperation between Dutch KPN and Swedish Telia would be easy because of the cultural overlap of the shareholders but this apparently did not simplify cross-cultural cooperation. The cultural differences in Dutch and Swedish management styles have been exaggerated and used by both organisations in order to dominate the strategic alliance. From a strategic point of view it can be understood why KPN employees perceived cooperation with Swiss Telecom employees positively. The combination of the cautious Swiss Telecom employees and the dominant Dutch employees worked out well in daily cooperation. Swiss Telecom was not striving for power with KPN because the Swiss organisation is still in its initial phase of internationalisation and not many Swiss employees were involved in international activities. In the cooperation between Dutch and Spanish employees cultural differences between the partners did not play an important role, because the relationship had only just started.

The three cases show that a struggle for power and control in the strategic alliance has a strong influence on the success of cross-cultural cooperation. The struggle for power can result from a perceived dominance of the 'dominant' partner by the 'non-dominant' partner, such as in the cases of the Netherlands Antilles and Indonesia, or from rivalry, such as in the AT&T-Unisource case. The cases have also shown how that cultural strategies of resistance and exclusion have been used strategically in the struggle for power and control in the strategic alliances. However, the question of how individual employees cope with the cross-cultural strategies of KPN has not yet been discussed.

10.2.3 Individual Strategies of KPN Employees to Deal with Cultural Differences

To understand the coping strategies the study has focused on the daily life behaviour of KPN employees, such as Robert (IS department), Ad (IB department), Hans (Unisource), Niels (the Netherlands Antilles) and Leo (Indonesia). The results presented in Part II and III show that the environment of KPN employees has changed since 1990. The restructuring of the telecom sector has forced KPN to carry out fundamental reorganisation in order to be more competitive. As a result, employees could no longer depend on lifetime employment and automatic promotion but have instead to be flexible and, under the threat of possible layoffs, look for new possibilities of employment within the organisation. For many of the employees these changes involved a lot of stress and fear. Work could no longer be done according to routine. New demands from the organisation required a more dynamic and commercial attitude of the employees. These new demands were taxing and sometimes drawing in excess upon the resources of the employees. To cope with these demands the IS and the IB employees have used a flexible set of coping strategies to solve problems and to regulate emotions that are adapted to the requirements of the situation.

Not only the IB and IS employees working in the KPN headquarters had to deal with a changed cultural environment but also the employees working in the foreign KPN offices and international strategic alliances. These employees worked in places such as Jakarta, Prague, Tokyo, Dublin and New York and in international strategic alliances such as Unisource and Worldpartners. The change of cultural environment also created feelings of tension, insecurity and fear in the expatriates. The cross-cultural experiences of KPN in the cases on the AT&T-Unisource, the Netherlands Antilles and Indonesia show that its employees have used different strategies to cope with the new cultural environment. From the coping strategies it can be concluded there are three primary major groups of employees using different strategies to cope with cross-cultural differences in the international activities of KPN. The first group of employees identify themselves with their own organisational and national culture. They distance themselves from the host country cultural context choosing instead to alienate them within the home country subculture. Compromising more than approximately 80% of the KPN employees this is by far the largest group. The second group of employees identify themselves with the local cultural context and avoids the expatriate culture. This 'going native' approach is not so very popular and only an estimated 5 – 10 % of the employees choose this strategy. The third group of employees identify themselves with both their own national as well as the host country culture. These employees have networks in both cultures and therefore can serve as 'cultural connections' and 'interpreters' for both home and host country culture. This third group consists of 10 – 15 % of the KPN employees.

Bourdieu (1990) and Strauss and Quinn (1994) stress the point that cultural schemes structure the employees' strategies to cope with cultural changes in the environment. These regulated improvisations (Bourdieu 1990: 55) mediate the

behaviour and actions of the individual employees in their new cultural environment. The daily lives of Robert, Ad, Hans, Niels and Leo show that these individual schemes are learned by experiences in KPN and influence their behaviour. This brings us to the last part of the central research question of how these cross-cultural strategies can be explained from organisation cultural perspective.

10.2.4 Cross-cultural Strategies Explained From an Organisation Cultural Perspective

As discussed above, individual actions are mediated by learned schemes (Bourdieu 1990, Strauss and Quinn 1994). These schemes are, among others, learned by earlier experiences in the organisation. At the very start of its process of transformation, in the early 1990s, KPN and its employees had almost no commercial or international experience. The old national monopolist more and more felt the pressure to restructure and to reorganise the bureaucratic organisational culture in order to become a commercial operating telecom company. Part II shows that KPN has not been very successful in changing its organisational culture in the period from 1990 until 1997. Although the organisational image has changed dramatically in recent years and the company is no longer perceived as a musty bureaucratic department, a larger part of the cultural values are still prominent present and exerts influence on the cross-cultural cooperation. The most important cultural values of KPN that were present in the organisational culture were that of: (1) having and maintaining control, (2) loyalty on the part of the employees, (3) avoiding deviancy, (4) avoiding the showing of vulnerability and (5) being politically orientated. These five central values in the organisational culture of KPN have influenced the process of international expansion.

It is not surprising that the first cultural value is that of having control over the organisation since the core business of the company has been that of controlling and operating telephone lines for more than a century. This central value makes it difficult to manage minority participation in international joint ventures because other participants do not accept control by domination. Therefore, the former monopolist has to cope with the surrender of control and has to accept better best ways of conducting business. The organisation has made large investments in new telecom markets but faces difficulties in generating financial return. It has been observed that the more control KPN had over their foreign partner the more successful the international cooperation was perceived. The opinion of the strategic foreign partner however, is not included in this definition of success. This can result in a struggle for power, which was central in the Unisource case. More and more the strategic alliance became a Dutch organisation. This tendency is also seen in other international strategic alliances, where the participation is increased to a majority share or reduced to zero. The three cases have shown that the more powerful the partner organisation is, the more the adopted cross-cultural strategies are focused on synergy.

The bureaucratic and political character of the former monopolist resulted in a culture in which the employees perceived taking risks and being entrepreneurial as difficult. Employees did not easily criticise the management, nor air their views honestly and avoided entering conflicts. It is thus evident that the second central value of KPN was the loyalty of the employees to the organisation. For loyal employees it was necessary to stay in close contact with the centre of power in the organisation. As a consequence, employees working abroad experienced a low appreciation for international experience. This has created, what I have called, the 'sending myth'. The myth was that an international position was bad for your career within KPN. On returning home the international employees had to acculturate and find a new position in the organisation that had changed in their absence. At most, on returning home, the internationally experienced employees were asked: *'what have you done before you went abroad?'*

With the separation of international and national business it has become more difficult to temporarily hire a home-market specialist for an international project. Each of the national business units is responsible for its own results and not very co-operative in sharing already scarce technical experts with KPN International. Hence, other means of recruitment have to be developed such as the creation of a pool of experienced international experts, the offering of dual career possibilities, the positive valuation of international experience in careers, the supporting of returned employees in the reintroduction and the recruitment of non-Dutch employees. These can help to improve the efficiency and quality of foreign missions.

KPN employees avoid behaviour that denies the democratic and harmonious character of the organisation in which all employees are seen as equal, manifest deviant ambitions and expresses deviant opinions. Such behaviour is taboo and goes against the belief that employees must strive for harmony in the organisation. This third central value of avoiding deviancy in effect stimulates the use of ethnocentric cross-cultural strategies.

The fourth central value is to avoid the showing of vulnerability. By making decisions, taking risks, showing responsibility and starting projects without the prior approval of the boss an employee makes him/herself vulnerable for failing. When surrendering the control over a project, skipping procedures and asking for assistance or helping an employee runs the risk of being punished making it difficult to learn from others. International experiences are not shared and it is difficult to evaluate the process of internationalisation. As a consequence this process is observed to be determined more by the emotional disposition of parties involved rather than rational decisions.

The daily life of IS employee Robert and IB employee Ad show the political character KPN, the fifth central value. The political character can be explained from a historical perspective. During the organisation's history, the KPN management had to adopt political strategies to cope with the Dutch governmental influence in order to manage the organisation properly. As a result the organisation has traditionally an internal orientation in which sensitivity to political aspects and personal networks are important for success.

In summary, the change in the organisational culture was curbed by these five central values during the period of 1990 till and including 1997.

10.3 Theoretical Implications on the Three Debates

Up to this point, what are the things we already know? What implications do the findings of this study have upon the theoretical debates on intercultural management, organisational culture and globalisation? In order to answer these questions the theoretical implications of the results of the study for each of the debates will shortly be discussed. As a result of the discussions on intercultural management I propose to extend the existing cross-cultural strategies with a new strategy: the ethnicising strategy.

10.3.1 *Debate on Intercultural Management: Ethnicising, a New Strategy of Cross-cultural Cooperation*

The study presented in this thesis has contributed to the need of detailed empirical research on daily practices in cross-cultural cooperation (Schneider and Barsoux 1997). This study has given a better understanding of the wide and dynamic character of cross-cultural cooperation. The most important outcome of this study is the finding that in order to obtain an understanding of cross-cultural cooperation it is necessary not only to analyse cultural differences at national and organisational level, but also to understand the strategies that people use to cope with these cultural differences. Until now the success of cross-cultural cooperation has been related to the cultural distance between the corporate and national cultures of the involved companies. The traditional cultural models of Trompenaars (1993) and Hofstede (1991) have helped to give an indication of the cultural distance between the national cultures of KPN and its strategic partners. But what if these models were applied to the three cases presented in this study?

In the case of the strategic alliance of Unisource the results of the studies of Hofstede (1991) and Trompenaars (1993) were applied in chapter 7. The scores on the value dimensions of Hofstede and Trompenaars show that the cultural values of the Netherlands and Sweden show more similarities than between the Netherlands and Switzerland. We would have therefore expected a more difficult cooperation between the Swiss and the Dutch. The findings of the study presented in this thesis however, conclude otherwise, noting namely a problematic cooperation between the Dutch and the Swedish and a rather successful cooperation between the Swiss and the Dutch. Rivalry and a struggle for power in the alliance caused the difficult cooperation between Dutch KPN and Swedish Telia. Dutch KPN also experienced a difficult cooperation with the American AT&T. While the Dutch and American cultural dimensions show many similarities, in the daily practice cross-cultural cooperation was found to be difficult.

In the case of the Netherlands Antilles it is more difficult to apply the models because Trompenaars (1993) and Hofstede (1991) do not mention the

Netherlands Antilles in their studies. Sanders and Verton (1994) however, applied Hofstede's value dimension on Curaçao and compared their findings with scores on Venezuela, Jamaica and the Netherlands (see Table 5).¹²² They came to the conclusion that Curaçao scored the same as the Netherlands on the dimension of power distance and both societies show more or less similar scores on the individualism value dimension. Curaçao is more masculine than the Netherlands while Curaçao had a higher score on the dimension of uncertainty avoidance than did the Netherlands. Finally, Curaçao is more oriented towards long term relations than the Netherlands is. On the basis of these outcomes it could have been expected that the cross-cultural cooperation between KPN with the Curaçaoan PTOs would not have been so much of a problem. The long-term orientation of Curaçaoan people, the similarities in the dimension of power distance and individualism would make cooperation between the Dutch and Curaçaoans easy.

Value Dimension	The Netherlands	Curaçao
Power distance	38	40
Individuality	80	69
Uncertainty avoidance	53	80
Masculinity	14	27

Table 5. Cultural distance between Dutch and Curaçaoan cultures (source: Sanders and Verton 1994)

However, in contrast to the findings of Sanders and Verton (1994) the results on the experiences of KPN on Curaçao give a totally different impression. KPN expected an easy cross-cultural cooperation with its Antillean partners but their dealings were instead fraught with difficulties. The opponents of the participation of KPN in the Antillean PTOs manifested ethnicity in order to combine protests and exaggerated the cultural differences between the Dutch and Curaçaoans to block the participation.

In the case of Indonesia both Hofstede and Trompenaars have data on the Indonesian national culture. Hofstede (1991) sees very large cultural differences between the Netherlands and Indonesia on all value dimensions except for the avoidance of uncertainty (see Table 6). From the results of Trompenaar's (1993) study it can be concluded that Indonesian culture can be characterised by the particularistic, collectivist, ascriptive, diffusive and neutral dimensions. Indonesia and the Netherlands differ in four of these five dimensions. Based on these findings it would be justified to conclude that it would not be wise for KPN to conduct business in Indonesia because the cultural distance would be too large.

Value Dimension	The Netherlands	Indonesia
Power distance	38	78
Individuality	80	14

¹²² The results of the study of Sanders and Verton (1994) have to be interpreted carefully because the study is not so much representative for the Curaçaoan population. They did a research among 137 students of the University of the Netherlands Antilles.

Uncertainty avoidance	53	48
Masculinity	14	46

Table 6. Cultural distance between Dutch and Indonesian cultures (source: Hofstede 1991)

However, the findings presented in this thesis show a difficult but rather successful cooperation between KPN and its Indonesian partner organisations. The success of this cooperation was based upon the fact that NCF employees already had personal networks in Indonesia and KPN used these networks and the historic-cultural relation of the Netherlands and Indonesia to establish commercial relations. Although KPN was perceived as a powerful partner the Indonesian government and PT Telkom were able to exert influence on the Dutch. They stressed the cultural identity of Indonesia, enlarged cultural differences when necessary, used the colonial history and stressed the small size of the Netherlands in order to force KPN to change their strategy of cultural dominance into a strategy of cultural compromise.

In summary, the findings show that the cultural dimensions of Hofstede (1991) and Trompenaars (1993) give an indication of the cultural distance between the Netherlands and other countries but do not further our understanding of how people cope with these cultural distances. The strategies people use to cope with cultural differences have shown to be determined by contextual aspects. As discussed earlier, the cultural distance can be bridged when cultural synergy is sought after but it can also be enlarged. The findings have shown that enlarging cultural distance is used by partner organisations of KPN to resist dominance. Therefore there is a need to expand the cross-cultural strategies with a strategy which I would call 'ethnicising' when added to the three strategies of Adler (1986) or 'enlarging or emphasising' when added to the three strategies of Schneider and Barsoux (1997). We can speak of ethnicising when latent ethnicity is manifested in order to use it as an informal counter strategy in a cooperation between two or more parties or organisations. The opposite of ethnicising can be named 'trivalising', when manifested ethnicity is reduced to latent ethnicity.

What can be said about the success and failure of cross-cultural cooperation in strategic alliances? Which cultural factors exert influence on cross-cultural cooperation in strategic alliances?

10.3.2 *Factors of Successful Cross-cultural Cooperation*

The results of the empirical study indicate that the success of cross-cultural cooperation in a strategic alliance is influenced by at least four factors. (1) Cultural distance (national and organisational culture) between the involved organisations. (2) Balance of power between the involved organisations. (3) Historically developed inequality and latent ethnic tensions between the headquarters' countries. (4) Formal and informal corporate and individual cross-cultural strategies of the involved organisations.

With respect to the factor of cultural distance between the partner companies, findings have shown that the differences in organisational and national culture between KPN and its partner companies in the AT&T-Unisource group, in the Netherlands Antilles and in Indonesia have complicated

and hindered successful cooperation. In accordance with Hofstede (1991) this factor is named the cultural distance of the partner companies. The cultural distance is an indication of the expected cultural difficulties in cooperation. Yoshino and Rangan (1995) name this the holistic relation of structure, organisational culture, national culture and strategy. Cauley de la Sierra (1995) speaks about coping with diverse management styles and cultural diversity and Faulkner (1995) calls it cultural incompatibility or cultural fit.

The balance of power between the partners in an international strategic alliance has influence on the success of cross-cultural cooperation. Power has to be understood here in a wide sense. Power is defined by the resources of the PTOs, such as the size of the company, the financial resources, the access to political power, the access to technical knowledge and the knowledge of the local market. As the cases have shown a struggle for power can result from inequality in the balance of power or from rivalry. The struggle for power between the Dutch and the Swedish and between the Dutch and the Americans in the AT&T-Unisource group was a result of rivalry and adversely affected the trust and cooperation in the group. Surrendering autonomy proved to be too difficult for all the partners involved. The complex structure of the AT&T-Unisource group resulted in opposing interests and great tension. In these alliances the partners were of more or less same strength. Struggle for power can and does however, also occur between partners of unequal power, as was so in the case of the Netherlands Antilles. The Antillean counterparts perceived KPN as a dominant Dutch organisation with more powerful resources than the partner organisations and especially more powerful than those groups threatened by its participation. Lorange and Roos (1995) name this balance of power factor the giving up of autonomy and the politicisation of the alliance. Yoshino and Rangan (1995) associate this factor to ambivalent relationship and opposing interests of partners. Faulkner (1995) mentions different hidden agendas and Cauley de la Sierra (1995) stresses the incompatibility of strategic objectives.

The third factor affecting the success of cross-cultural cooperation in international strategic alliances are the historically developed inequality and latent ethnic tensions between the home-countries of the organisations. This can best be recognised in the cases of the Netherlands Antilles and Indonesia in which the Antilleans and the Indonesians have developed a rich tradition of resistance against the Dutch Europeans for more than 350 years. These societies have developed a thorough knowledge of Dutch society and Dutch culture and thus are generally familiar with and know how to cope with cultural differences. The case of the Netherlands Antilles clearly illustrates how a manifest form of ethnicity can and was used to block the participation of KPN in the Antillean PTOs. In the case of Indonesia the Indonesian government and the Indonesian PTOs stressed the importance of the Indonesian identity and national unity. In the studied cases the resistance is directed at the former colonial powers. Countries or regions occupied by other powers, for instance as was Eastern Europe by the former communistic Soviet Republic, have also developed a tradition of resistance strategies. A western PTO, which is co-operating with these kinds of countries, will almost certainly encounter these resistance

strategies. The lengthier and more intense the tradition of resistance has been, the more difficult cross-cultural cooperation can be. Although not mentioned by other researchers, based on the findings of this study the historically developed inequality and latent ethnic tensions is an important factor that very much influences cross-cultural cooperation in strategic alliances.

The fourth factor of influence is the used formal and informal corporate and individual cross-cultural strategy. The empirical study has shown that corporate strategies to cope with cultural differences are intertwined with the organisational culture and have therefore, to be understood in that context. From an organisational cultural perspective cross-cultural cooperation is part of the organisational culture and can therefore not easily be studied separately. Companies with cultural experiences in the country of their interest are more successful in establishing a joint venture than companies without experience (e.g. van Oudenhoven *et al.* 1998). The cases of Indonesia and the Netherlands Antilles show that using the experience and networks of NCF can be a decisive factor in acquiring a position in a foreign telecom market. The employees of NCF have experience in developing long lasting personal networks in foreign telecom markets. These experiences can be strategically used in new interesting telecom markets by a closer cooperation between the NCF and IB departments. The corporate and individual strategies to cope with cultural differences are therefore embedded in the organisational culture. This is what Faulkner (1995) calls lack of commitment, Cauley de la Sierra (1995) names it corporate leadership, Lorange and Roos (1996) and Yoshino and Rangan (1995) term it 'the slowing dying of alliance' and internal orientation.

10.3.3 Further Business-Anthropological Research: Predicting Ethnicising

The ethnicising strategy is especially interesting for powerful Western PTOs who expand their international activities to the emerging markets of developing countries because this strategy can strongly hinder successful cooperation. It is however, also interesting for a Western PTO that purchases a smaller telecom company. Imagine, for instance, what might happen if Deutsche Telekom wanted to overtake KPN. Ethnicising can then be used as an informal counter strategy of Dutch employees against German dominance. It is therefore a factor that Western PTOs have to be more aware of. This study however, does not identify exactly when ethnicising occurs, under what kind of circumstances and who initiates it. The question as to which aspects exert influence on the onset of ethnicising strategies is therefore certainly of interest and requires further and more detailed research. To obtain more information, in-depth studies of corporate cases are necessary of corporate cases in which ethnicising strategies are central. In this section an attempt is made to explore the factors that start ethnicising.

The results of the empirical study show different factors that can trigger the onset of ethnicising. Firstly, interaction between the distinct ethnic groups is a factor that can start ethnicising. In the case of the Netherlands Antilles there was minimal informal but interaction between Dutch and Antilleans the island of Curaçao. Formally however, there are many interactions in businesses,

government, organisations and the tourist industry between Dutch and Curaçaoans. If there is no interaction at all between two or more ethnic groups, formal or informal, physical or virtual, there will be no ethnicising. Secondly, limitations of ethnic boundaries from which a sense of community feelings emerge can support ethnicising. Although it was difficult to speak of 'the Curaçaoans' in the case of the Netherlands Antilles there was enough sense of the Antillean identity to socially construct a clear border between the European Dutch and the Curaçaoans. Therefore the ethnic boundaries do not have to be very clear. Thirdly, the life security and/or the autonomy and/or the identity of one of the involved ethnic groups have to be under pressure of external forces such as foreign occupation. In the case of the Netherlands Antilles it was very clear that the STTK, the labour unions and the management of Antelecom had other interests apart from KPN. The participation of KPN in the local PTOs threatened the interests of these groups, such as profits, job security, control of management and political control. Fourthly, opposing interests, internal differences, conflicts and rivalry among interdependent organisations in a strategic alliance can stimulate the offspring of the strategy of ethnicising. Sixthly, dissatisfaction of one of the involved ethnic groups with its social-economical position is another factor. As in the case of Indonesia it has been shown that the dissatisfaction of *pribumi* Indonesians with the economic power of the ethnic Chinese in Indonesia have stimulated the strategy of ethnicising. Chinese employees are excluded from Indonesian government, while Chinese banks, shops and companies were victim of violence in the spring of 1998. Dissatisfaction with the social-economic position can also result from the sharp difference in salaries and living conditions between the foreign expatriates and local employees. While both are KPN employees, the daily life of Indonesian employee Dahoko shows a sharp contrast with Leo's life, while both are KPN employees. Seventhly, leadership to concentrate ethnic energy and organise resistance can also be a factor that stimulates the onset of ethnicising. In the case of the Netherlands Antilles it has been shown that the leadership of the STTK labour union leader Melvin Richard and the KS union leader Errol Cova concentrated ethnic resistance against the Dutch at Curaçao. Koot (1997) also mentioned leadership as an important factor to mobilise ethnic energy. The leader needs a strong identification with the ethnic ideals and should be seen by the group as useful to realise the ethnic ambitions. Eighthly, the strategy of ethnicising can also be used by national subsidiaries against the headquarter offices under the precondition that these offices are dominated by different ethnic groups. The decline of the central power in an ethnic diverse country, such as Indonesia, gives ethnic minorities possibilities to use ethnicising against the central power to strive for autonomy.

If more is known of these factors, their interaction and their conditions it would seem quite possible to make some calculated predictions with regard to the onset of ethnicising (e.g. Baud *et al.* 1994, Koot 1997). This can be helpful for organisations in managing cultural differences and cultural resistance for whom the question of how to manage local strategic alliances is still an important question for multinationals. Further investigation and more in-depth

anthropological corporate research of cross-cultural cooperation in which the onset of ethnicising is central is however, necessary. With contrast studies the importance and the connection of these mentioned factors will be more clearly understood.

10.3.4 Debate on Organisational Culture: Evaluation of the Multi-Layer Model

The findings of this study as presented in this thesis have contributed to the four central themes in the debate on organisational cultures. In the debate of single culture versus multiple cultures, the results shown in part II and part III show that the KPN culture consists of multiple sub-cultures with conflicting interests. Distinct subcultures such as the KPN headquarters, the districts, the NCF, the IS department and the IB department can be distinguished. These different subcultures have resulted in difficulties in internal cooperation and in the co-ordination of international activities in for example, the JTS joint venture. The description of the daily activities of Ad and Robert clearly illustrate the importance of organisation politics in KPN. (Hieronder let op: stuk tekst is weg en vervangen door copy van text van pagina 330!!!!!!!).

In the debate of rigid versus malleable cultures, the findings of this study present a dual perspective. On one hand, the daily lives of Ad, Robert, Leo, Niels and Hans have shown that their behaviour is influenced by the organisational cultural system through the mediation of learned cultural schemes. These findings support the concept of an organisational culture with difficult to change core elements. In this perspective the organisational culture of KPN is still based on many traditional values. On the other hand, the strategies of Ad, Robert, Leo, Niels and Hans in coping with radical changes and cultural diversity have influenced their learned schemes and consequently the organisational culture of KPN.

In the debate of the distinctive versus the universal elements of culture, this study has been an example of a phenomenological study in which the daily life of employees has been presented through the eyes of the KPN employees Ad, Robert, Leo, Niels and Hans. By learning their goals, motivations, emotions and interaction we come to an understanding of the constructed social reality of these employees.

Finally, in the theme on the consensus versus dissensus character of organisational culture, the findings of this study stress the dynamic character of cultural identity. From the life stories of Robert and Dahoko and in the case of the Netherlands Antilles it is concluded that employees can have different cultural identities. Dahoko for instance, has an Indonesian nationality, has had a Dutch primary education, is Muslim religion, and is KPN employee. In varying circumstances he will emphasise either his Dutch background, his religious identity or one of the other cultural identities in order to be successful in his work.

The findings have also proven the value of a holistic approach. We now understand that cross-cultural strategies have to be understood in relation to the organisational culture. The changes that took place at world and society level

created a basic shift in the context of the organisation. By first exploring these shifts it allowed for a clear insight as to the motivations for internationalisation. Exploring the society and organisational level showed that the changes in the environment had consequences for the KPN structure and organisational culture. And finally exploring the interactional and individual level showed that this process of change brought along a new situation marked by uncertainty and demanding much more from employees and it was the uncertainty that stimulated some of the employees to accept a foreign career with KPN.

The method of free association was used to unravel the cross-cultural experience of the KPN employees Niels, Leo and Hans in the three distinct cases. This method helped in connecting the different levels of analyses and in putting the employees as the central object of study. As a consequence, the initial intentions of this study to portray the cross-cultural experiences in the daily life of the employees from a holistic perspective have been fulfilled. The method of free associations provided a deeper insight into the daily life rituals of international operating employees. This method of free associations allowed ambiguity, fragmentation and irrationality because actions and behaviour of people were related to the psychic frameworks from which they have sprung. The strategies people used to cope with new cultural environments could therefore be better understood. As only non-fiction could be used, there were limitations in the construction of ethnographic texts to describe the daily lives of the employees. It was thus not possible to construct non-existent but well imagined connections to link the distinct levels of analyses. Furthermore, it proved to be very difficult to unravel the social construction of technology as Latour (1994) suggested. The including of natural artefacts when following the actor's network would have resulted in an even more bulky thesis.

The multi-level model can be used in ethnographic studies on cross-cultural cooperation and organisational complexity. Cross-cultural cooperation in complex organisational structures can be explored, described and analysed by means of this model. The method of free association helps to connect different levels of analyses by focusing on individual people crossing these levels. It guides the researcher to unravel the complexity level by level. The danger of using this model is in the enormous amount of information gathered on the context. The quantity of details on the organisational complexity therefore needs therefore to be selectively limited. The model can also be helpful in explaining the distinct factors that influence cross-cultural cooperation.

10.3.5 Debate on Globalisation: Different Phases of KPN's Expansion

The study presented in this thesis covered three of the five different kinds of discussions on globalisation: the globalisation of (1) technology, (2) competition and (3) culture. Although Ruigrok and van Tulder (1995) state that these discussions are held separately, the cases presented in this thesis show that there is an interaction between these different kinds of globalisation processes. The globalisation of competition of companies and the need for fast, cheap and global telecom facilities are intertwined and were seen as one of the causes in the restructuring of the international telecom market. Furthermore, the

international expansion of Western PTOs stimulated local cultural identities and cultural resistance in less-developed countries. These findings support the need to integrate the different discussions on globalisation.

Mansell *et al.* (1995), Ruigrok and van Tulder (1995) and Mintzberg (1993) have all criticised the so-called 'global' character of international markets. The General Agreement on Trade and Services on the restructuring of the international telecom market suggested that all telecom companies access the global telecom market in free competition. The findings of this study support the view of Mansell *et al.* (1995) whom deny the possibility of a free market competition. Mansell's strategic model is far more realistic for studying the internationalisation of telecom operators. Furthermore, findings have shown that the telecom market is not 'global' and that PTOs have concentrated on regions such as Eastern Europe and the South American continent.

The criticism of Ruigrok and van Tulder (1995) on the 'global' character of multinationals is supported by the findings that show that the PTOs were still very national in character. This is of course not very surprising because the process of internationalisation is on the one hand, a strategy of survival for the organisation. On the other hand, the larger freedom for the privatised company also signified a challenge to become an entrepreneurial company. Furthermore, the expansion of international activities has just only begun for many of the PTOs. KPN has only started in 1990 and in 1997 has been successful in acquiring markets shares in Eastern Europe and South East Asia.

The empirical study on the international expansion of KPN from 1990 to 1997 furthermore, show that the phase-models of Adler and Ghadar (1993) and Bartlett and Ghoshal (1993) have to be explained as an evolutionary process. The cases presented in this thesis clearly indicate the difficult and slow process of transformation from a national PTO to an international operator. For KPN the first phase of internationalisation has dominated the period from 1990 to and including 1996. The ethnocentric cross-cultural strategy employed in the acquisition in the Netherlands Antilles fits into the phase where the organisation was largely orientated towards the home market. International activities were perceived as being of marginal importance and as incidental. At that time internationalisation was not yet a priority although formal policies indicated that 30% of the revenues had to come from foreign investments. The managers who were sent abroad are seen as adventurers. They were selected because of their interest in and/or personal attachment to the region. In this phase the international experience of NCF was not fully recognised by the IB group due to sub-cultural differences. As a result an ethnocentric strategy was chosen to deal with cultural differences in telecom markets in the Netherlands Antilles and Indonesia. The experience in the Netherlands Antilles taught the KPN top management that conducting business in international telecom markets is culturally influenced.

Slowly the importance of international activities had grown to a more significant level. In the second phase, from 1997 onwards, new strategic alliances were found and foreign markets entered. KPN recognised the importance of developing a new organisational structure in which the

international activities were separated from national activities in 1997. The international activities of KPN International were embedded in international divisions. The failure of the strategic alliance AT&T-Unisource and the financial crisis in South East Asia led to a drop in the growth of international business at the end of 1997. Slowly the organisation came to realise that ethnocentric Dutch management models did not work abroad but polycentric cross-cultural strategies and host-country models had to be accepted. The importance and volume of international turn-over has grown ever since and PTT Telecom is now heading to the third phase of internationalisation in which international activities are now becoming dominant and taking over the importance of local activities.

The findings of this research on PTT Telecom are supported by a recent PhD study of Vermeulen (1999) on the organisational expansion of the 25 largest non-financial Dutch firms between 1966 and 1994. He concluded that the Dutch firms first had to learn from their failures caused by ethnocentric cross-cultural strategies which result in a temporary slow down of international activities (Vermeulen 1999: 155). Consequently, the management slowly comes to understand that they have to use a strategy of cultural compromise to cope with cultural diversity. The internationalisation of PTT Telecom therefore, perfectly fits into the learning process of organisational expansion in which foreign failures initially trigger an even higher rate of failures but the decrease in performance bottoms out and starts to increase when firms get more foreign experience. From the findings it can be concluded that PTT Telecom has learned from its failures and thus increased its success rate of new ventures.

Now that the theoretical contributions of the study presented in this thesis have been discussed this leads us to the question of what the empirical implications of this study are for KPN.

10.4 Empirical Implications for KPN: A Workshop

As I approach the end of the research and writing up of this dissertation, it seems timely and fitting to prepare for a practical contribution in which the empirical implications of this study will be clustered and presented in the practical form of a workshop for managers, consultants, expatriates and project leaders of KPN who are selected to be sent abroad to one of the international strategic alliances. How do the results presented in this thesis contribute to KPN? Up till now, feedback on the results of the study haven been presented to KPN in the form of presentations, articles, lectures, recommendations and discussions with managers.

The objective of the two-day workshop is to prepare the participants for work abroad and to help them develop a cultural sensitivity needed in their field of work. In this interactive workshop a number of items will be discussed in interaction with the participants (see (let op inhoud figuur klopt niet!!! Figure 22)). The majority of the participants will have been socialised in the Netherlands and within KPN and has thus, already have experienced cultural

diversity in professional cultures, organisational sub-cultures and organisation politics. However, in general, KPN employees rarely reflect on these experiences because they are commonly perceived as obstacles in the effective execution of work. Thus the objective of this workshop is to inculcate a sense of awareness in participants guiding them to recognise their own incompetence and to provide a tool kit for cultural analysis that will concretely help them to develop cultural sensitivity. The managers, consultants and project leaders who are sent abroad by KPN need in some ways to develop the sensibilities of the corporate anthropologist, their task being to understand other cultures, to reflect upon their own cultural behaviour and to operate successfully in the host culture. To guarantee a close interaction between theoretical and practical levels in this workshop actual experiences of participants will be used as case material for discussion and further reflection. In addition, participants will be supplied with a compilation of articles directly related to the subjects covered and of particular pertinence for employees preparing for positions overseas.

Figure 22. Workshop contents

10.4.1 Introduction, Evaluation and Organisational Culture

In the introduction to the workshop the participants will be invited to step out of their daily routines. They will be asked to answer three questions: (1) to which country would you immigrate to if you had the chance? (2) What would you ask the CEO if you were stuck with him in the elevator? (3) You have just won 25 million Dutch guilders in the lottery and don't have to work anymore. What will you do now? The answers to these questions are written down on three different cards and the participant's card remains visible so they can read each other's answer. Participants discuss their answers in pairs, changing partners every five minutes. This activity is meant to enable participants to discuss their work with ease and from a totally different perspective. Following this, a brief case of a technological project that failed due to cultural differences is shared and discussed. Since the participants should have a fairly clear understanding of the cross-cultural cooperation should be wide the multi-level model, as developed in this thesis, will be used to structure the workshop.

The strategy of internationalisation of KPN will be explained to the participants. Due to the fact that the internationalisation of KPN only began in 1989 not many employees actually know much about its objectives, strategies, history and experiences. In this section the context of the telecom business will be explored based on the model of Estabrooks (1995). Questions regarding the most important trends in technology, national and international telecom markets, competition and opportunities will be addressed.

The hectic and fast changing environment of the telecom market inevitably forces KPN to look ahead instead of looking back, leaving almost no time for reflection or evaluation. Consequently till now, KPN has not spent much time or energy on the evaluation of their cross-cultural strategies. However, cultural competitiveness has become an important aspect for international operating PTOs. If it is to survive the fierce competition of the international telecom

market it is necessary for KPN to become more internationally orientated by learning from earlier experiences. Hence, the use of the findings presented in this thesis in the workshop will be of immediate relevance and value.

The history of internationalisation of KPN will briefly be discussed with the participants. In the period from 1989 till 1996 the international activities in KPN were marginal. The home market was the main orientation and international activities were only incidental. From 1997, the importance of international activities slowly grew and new alliances in Central Europe and South East Asia were established. The splitting of national and international telecom activities of KPN in December 1997 marks a new step towards the building of an international company. KPN International is responsible for the international activities, which are organised in regional divisions. These structural changes reflect the recognition of a different status and growing importance of international business. Participants of the workshop will thus be invited to discuss the level of awareness within the company, the attitudes and overall mentality with regard to international business.

The strategy of internationalisation is linked to the organisational culture of KPN. Therefore a brief history is given of the organisation including the formation of the central values during the course of nearly 100 years of government ownership will be presented. As the participants' perception of the organisational culture of KPN is required Morgan's different metaphors representing the different perspectives of the organisation will be used (Morgan 1987). Metaphors help to discover unconscious perceptions about the organisation and its context. According to Morgan (1987) organisations can be perceived as machines, organisms, brains, culture, political systems, psychic prisons, flux and instruments of suppression. Following a brief explanation of this, participants will be given ten minutes to draw their own colourful metaphor of KPN in relation to the international telecom market. The drawings are collected, hung on the wall and discussed in order to give participants the opportunity to understand the different perceptions of the participants and to further discuss the organisational culture of KPN and their personal experiences. The cultural professional diversity at the workplace, the subcultures of the different departments, the irrationality of decision-making processes and the political character of the organisation will all be thoroughly discussed.

10.4.2 Creating Awareness of National Cultural Differences

The personal experiences of participants with cultural diversity in professional cultures, organisational sub-cultures, organisation politics and earlier international experience will help the participants of the workshop to become aware of cultural differences at national level. Their personal experiences with national cultural differences will be related to literature on cultural differences (e.g. Hofstede 1991, Trompenaars 1993, Cauley de la Sierra 1995, Schneider and Barsoux 1997). The case of the Netherlands Antilles will be used to explain the dynamics of cross-cultural cooperation and the importance of avoiding cultural stereotypes. Developing cultural awareness involves undermining and questioning stereotypes and not reproducing them. To be able to analyse their

own work situation participants learn to use different instruments. In addition, participants will be provided with a list of recommended readings and literature on the history of the country, novels on the host society and for literature on cultural diversity.

The three different strategies employees use to cope with cultural differences will be discussed. (1) Keeping strictly within the home country culture and rejecting the host country's culture. (2) Getting thoroughly involved in the host country culture and rejecting the home country's culture. (3) Establishing personal relations in both host and home country culture. Attention will be paid to the necessary preparation for and the initial period of adjustment in the host country. The pitfalls for newly arrived expatriates who end up in an expatriate sub-culture are discussed.

Attention is also be paid to the connection between recruitment, selection, preparation, support, the return of expatriates and the bearing and effect of each of these areas upon each other. It is in fact the needs for specific and potential candidates that should be of primary importance when recruiting employees for overseas attachments and not the supply and availability of employees interested in international positions. Failing to realise this will result in the continued trend of too many employees whose careers and/or personal lives have been left stranded holding international positions instead of employees of high potential. In the selection of qualified employees for international positions much attention has been given to technical and professional qualifications. From the study it can be concluded that just as much if not more attention should be given to selecting employees with sensitivity to cultural and political processes, people with a 'cultural antenna' who are orientated towards making connections with and between people. Interestingly enough, this is the very aspect in which PTT Post employees who perform well in foreign positions are noted to have and put to good use.

By this time in the workshop, the participants should have reached an awareness of both corporate and personal cultural backgrounds and will realise that success of cross-cultural cooperation in a joint venture is strongly influenced by four factors: (1) cultural distance (national and organisational culture) between the involved organisations, (2) balance of power between the involved organisations, (3) historically developed inequality and latent ethnic tensions between the headquarters' countries and (4) formal and informal corporate and individual cross-cultural strategies of the involved organisations. At this point, the focus of the workshop will shift specifically to KPN and its employees, the partner organisations and their employees.

10.4.3 Local Management Practices

Many of the participants of the workshop have been recruited to help with the transformation of a PTO into a World Class Operator. In general, this transformation includes the expansion of the number of telephone lines, digitalisation of the telephone backbone, expansion of the services and changing of organisation structure and culture. In this transformation process western-based models of managing and organisation structure are implemented in order

to make the PTO more efficient and effective. However, the findings of this study clearly warn against starting a transformation process based on an ethnocentric perspective. In both the cases from the Netherlands Antilles and Indonesia as well as experiences in Prague, it has been witnessed that the local PTO does not take kindly to the ethnocentric behaviour of the western partner organisation and that in such cases, counter strategies will undoubtedly be used in attempt to balance the power relationship. Therefore, in this section of the workshop therefore, the local management practices will be central to the discussion and different models of management, such as Latin American and Asian models will be reviewed. The different expectations and perceptions of leadership will then be discussed based on the Indonesian case and the question as to what the best Dutch KPN style of management might be is briefly debated.

Managing international joint ventures demands cultural sensitivity and the ethnocentric concept of western control is difficult to execute in a foreign joint venture. In the first place KPN only has a minority share, which in effect means a minority influence in the joint venture. In the second place, the percentage of participation is not equal to the percentage of influence. Both the Indonesian and the Netherlands Antilles cases show that personal networks are of utmost importance if one is to have influence in a foreign joint venture. Without diplomacy, the maintaining of personal networks, respect and cultural sensitivity, influence in a foreign joint venture is very limited. When a majority share is acquired in a foreign joint venture, then cultural differences play even an even more important role in the management. The two cases show that the powerful partner in the alliance stresses cultural similarities, synergy, encourages their employees in learning languages, cross-cultural training and actively promotes the benefits of cooperation. The powerful partner wants to bridge cultural differences and gain control over the joint venture. On the other hand, the weak partner in the alliance benefits by stressing cultural differences, its own styles of management and the importance of national identity. Strategies of resistance, such as ethnicising, can be used to restore the balance of power in the joint venture. The participants will therefore be asked what they would do if Deutsche Telekom would take a share in KPN and want to replace Dutch for German procedures? The strategies are written down on paper and with the participants then discuss on how to deal with these strategies of resistance. Finally, a number of practical recommendations are given for successful cross-cultural cooperation:

- Start the cooperation with a new partner organisation with small projects.
- Choose output driven projects in the lower levels of the organisation.
- Do not attract attention but isolate these projects from the power game between the partners to prevent tension or conflicts.
- Keep power balance in the project equal by selecting a limited number of people orientated managers and technical experts.
- Be aware of historically developed inequality and latent ethnical tensions.
- Extend the projects when proven to be successful.
- Be not only aware of cultural differences but also of how people cope with these differences.

- Develop a cultural and political 'antenna' in order to analyse the political-cultural environment of the project before extending it to a larger scale.

10.5 Final Remarks

At this point it is time to reflect upon the initial aims of this study. The intention of this study was to present a detailed case description of the daily practices in cross-cultural cooperation from an inside perspective. The inside perspective and description of the cross-cultural experiences of KPN was indeed presented through the accounts of the experiences of its employees Ad, Robert, Niels, Leo and Hans. An ethnographic style was used to picture their motives, backgrounds, activities and strategies in coping with their respective changing environments. This has allowed an inside understanding of KPN's process of internationalisation.

The study also intended to uncover the cultural complexity of the cross-cultural cooperation of KPN by means of a multi-level model. The successful application of this model in the telecom sector helped to fully understand the influences of the factors in the context for the corporate and individual cross-cultural strategies. The multi-level model is a very useful methodological approach to study cultural complexity in contemporary organisations.

At the start, this study did not pretend to falsify fundamental theories or to develop complete new theories on cross-cultural management. The results presented in this study however, make good theoretical improvements possible. The expansion of the cross-cultural strategies with the ethnicising strategy is a good example of such theoretical improvement. This new cross-cultural strategy stresses the importance of including the behaviour of the partner organisation(s) in studying intercultural management. Furthermore, this study leads to the understanding that the study of cross-cultural cooperation needs a much wider perspective than has until recently been taken. For successful cross-cultural cooperation in a strategic alliance not only the cultural distance at national and corporate levels have to be taken into account, but also the balance of power, the possible historically developed inequality and the formal and informal corporate and individual cross-cultural strategies. These findings once again stress the need to study cross-cultural cooperation from a dynamic and holistic perspective.

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Annex I

In the contract the duration of the study, the office facilities, the financial allowance and the conditions for termination of the contract are laid out. Every year, the head of the department of International Support evaluates the contract. Two agreements in the contract need to be further examined because they can exert influence on the results. The first agreement is on the benefits of the study for KPN. These benefits are distinguished in three major categories of activities:

1. Activities to execute the research and to answer the research questions. Relevant scientific and organisational results will be published in articles.
2. Activities to support the company's transformation into a competitive international telecom operator. These activities consists of giving feedback of the outcomes of the study, advising on the improvement of the strategies of internationalisation and answering questions in the field of cross-cultural cooperation. In addition, discussions with top management and opinion leaders are held.
3. Activities to support the professionalism of the International Support employees. These activities comprised the feedback of scientific and practical knowledge on the subject of globalisation, cross-cultural management and organisational culture by means of presentations and publications. In addition, the preparation and coaching of expatriates as well as the exchange of experiences with international operating employees would be supported.

Permission for publishing will be withheld:

1. If the publications contain confidential information that can damage KPN, it's subsidiaries or it's partner organisations.
2. If information is included, which KPN has defined in advance as not to be used in the PhD thesis.

Annex II

Step I

Objective

To explore the international telecom market.

Research questions

- What are the causes of the restructuring of the international telecom market?
- What are the consequences of the restructuring of the telecom market?
- Is there a 'global' telecom market?
- Are there 'global players' at the telecom market?
- Which strategies do European PTOs use in reaction?
- Which strategies of internationalisation do the European PTOs use?
- To which telecom markets do European PTOs expand their activities?

Objects of research

Studies, events, literature and meanings of KPN employees. The telecom market was first approached from a historical dimension by investigating the historical causes of the turbulence. It was next approached from a social dimension by creating network relations within KPN and checking access possibilities. In this first step there were two lists of topics to be studied:

<p>Causes of the turbulence at the telecom market:</p>	<p>Consequences of the turbulence at the telecom market for the PTOs:</p>
<ul style="list-style-type: none"> · International telecom policy · International telecom needs · Technological revolutions · Convergence of technology · European Economic Community (EEC) telecom policy · Local government telecom policy 	<ul style="list-style-type: none"> · Competition at national markets · Telephone tariffs · Turn over of PTOs · National and international alliances · Employment · Global telecom market · Strategies of survival · Strategies of internationalisation · New regional telecom markets

Time and place of data collection

Data on these topics were collected between June 1995 and December 1996 by means of triangulation. During this period, I studied literature on the changing telecom market and attended lectures on the convergence of technology and culture at the University of Maastricht. Up to date articles on the subject in newspapers, telecom magazines and various other documents that provided the necessary and relevant corporate information. In addition to the earlier mentioned preliminary investigation opinions were gathered in 25 interviews with internationally orientated employees of KPN. From the findings at the first level, it was concluded that that it is impossible to investigate more than one PTO.

Step II

Objective

Exploring the Dutch telecom market and KPN.

Research question

- Which strategies does KPN use in reaction to the restructuring of the Dutch telecom market?
- Who are the new competitors at the Dutch telecom market?
- What kind of strategy of internationalisation does KPN use?
- In which phase of internationalisation is KPN?
- What cross-cultural strategies does KPN use?
- Which international human resource policies have been used?
- What is the organisational culture of KPN?

Objects of research

Opinions and documents. KPN was first approached from a spatial dimension by visiting the head offices in The Hague. Following which the organisation was approached from a social-cultural dimension by means of building personal networks and learning about the cross-cultural strategies and human resource department and the international departments in the period from January 1996 till October 1996. Two lists of topics were used for the research at this level.

Strategies of KPN:

- Corporate goals of KPN
- Corporate strategies
- History of KPN
- Reorganisations
- Strategies of internationalisation
- Phase of internationalisation
- Cross-cultural strategies

International Human Resource Management of KPN:

- Acquisition
- Selection
- Preparation
- Coaching
- Return

Time and place of datacollection

Data were collected by means of the method of triangulation. Theoretical triangulation was used by means of the combination of different perspectives at macro- meso- and micro-level. The researcher's combination of an anthropological perspective with an economic/technical perspective also contributes to this method of theoretical triangulation. The triangulation of data was also used for the analysing of observations, interviews as well as documents. Extra attention has been paid to the methodological triangulation by using different instruments: 25 interviews were conducted in which the above mentioned lists of topics were focused on. Participant observation at the head office in The Hague and studying documents were also used.

Documents

KPN Nieuwsblad. Employee magazine of KPN. From 1995 till 1998

De Voorkrant. Employee magazine of KPN.

KPN Knipselkrant. News on developments in the telecom market KPN.

Analysis of internal publications of KPN:

- 1995 Van nationale operator naar internationale dienstverlener.
- 1994 – 1998 New Years speeches of the CEO, Mr Wim Dik. Internal publication.
- 1995 Corporate Strategy KPN. IEB, KPN The Hague.
- 1993 – 1998 Annual Reports of KPN.

Studies on the history and culture of the organisation.

Scientific publications on the international telecom market found in:

Marketing-Support Literature References, KPN Research BIDATA, Groningen.

IT-Support Literature References, KPN Research BIDATA, Groningen

Management-Support Literature References, KPN Research BIDATA, Groningen.

Step III

Objective

Exploring the International Departments

Research questions

- What kind of individual coping strategies do the employees of KPN use?
- Do employees have international experiences?
- What happens with the international experiences of employees?
- How are employees trained and prepared for international posts?
- What are the experiences with the international human resource policy?

Objects of study

Meanings of KPN employees, behaviour and events. The International Support and International Business departments have been selected for further research. Although the Netherlands Consultancy Foundation (NCF) has a great deal of international experiences, this department was not selected because it was not officially considered as part of the PTT Telecom in that period and was in fact still part of the KPN company. A second reason not to include this department was the low status of the department within the KPN organisation. Although a very congenial department, I was aware from my own work experience with PTT Telecom of the tension between this department and KPN. Hence, choosing this department as 'home base' would have made access to the field of research rather problematic. The two departments were approached from a social-cultural dimension through active participation in the concerns of the departments. The individual employees were approached from a psychological dimension in which their personal strategies of coping were studied. The department of International Support was studied from

Individual strategies of KPN employees:

- Problem solving coping strategies
- Emotion regulation coping strategies?
- International experiences
- Training

World of living of KPN employees:

- Subcultures organisation
- Daily activities
- Taboos
- Language
- Rituals
- Informal networks

December 1995 till December 1997. 21 interviews and numerous observations were carried out in this department. In addition, some of the department's employees were accompanied and observed in their posts in Eastern Europe in April 1997. Less intensively, the department of International Business was studied from October till December 1996. Approximately 15 interviews were conducted in this department (see Table 7). In the third phase two lists of topics have been selected for the data collection:

Time and place of data collection

Data on these topics were collected through the method of participant observation. From January 1996 I was located at the department of International Support for two days a week which gave me direct access to information on the specified topics of study. In order to gain an insider's view, I actively participated in the business of both departments as much as possible. A more biographical approach whereby I could immerse myself into the daily lives of the three employees selected for study was adopted. I used the method of personal experience narratives to gain insight into the daily world of these employees and their coping strategies (Denzin 1991: 43, 1997). For the method of participant observation I chose a role as researcher/consultant within the department of International Support where I worked two to three days a week during the period of research, apart from the time spent on travels abroad.

Departments	Interviews
International Business	21
Other departments	20
International Support	15
Total interviews	56

Table 7. The spread of interviews in KPN

Step IV

Objective

Exploring three cases of cross-cultural cooperation selected were the AT&T-Unisource group, the failed alliance at the Netherlands Antilles and the strategic alliances in Indonesia.

Step IVa

- *Research questions*
- What is the history of Unisource?
- What cross-cultural experiences do the KPN employees have with their international colleagues in the AT&T-Unisource group?
- What are the cross-cultural experiences of the non-Dutch employees?
- What is the influence of the political-cultural context on the cooperation within the AT&T-Unisource group?

Object of study

A preliminary investigation in the summer of 1996 was necessary to get an idea of the field of study. The strategic alliance was first approached from a spatial dimension by focusing on the head office in Hoofddorp. In the preliminary investigation the history of Unisource, the cultural diversity of the organisation and its relations with KPN was focused on. Findings from the preliminary investigation supported the idea that this strategic alliance could be best approached from a social-cultural dimension. The research objects here were opinions and behaviour of Unisource international employees. The following topics formed the basis of the field research:

How do Dutch employees deal with differences?

- Language
- Time
- Working attitude
- Intimacy
- Mutual images

Cultural diversity at organisational level:

- Human resource
- Intercultural training
- History of Unisource
- Organisation-political context
- International employees

Time and place of data collection

Three months in the period of May till September 1997 were spent with the AT&T-Unisource group for an in-depth field study. Dutch ex-KPN employees and non-Dutch Unisource employees were selected for interviews.

Databases

The archives of the KPN, documents of the AT&T-Unisource group.
Annual Reports of Unisource 1995 and 1996
Gateway, the employees magazine. Nr. 1,2,3 and 4.

Other research methods

Participant observation in the AT&T-Unisource group
Participation with the Summer Event, 30 August 1997
Interviews with 9 Dutch and 9 Non-Dutch employees of AT&T-Unisource.
Interviews with KPN employees working with shareholder companies.

Step IVb

- *Research questions*
- Why has the strategic alliance of KPN with the Antillean PTOs failed?
- How can this be explained?
- What are the cross cultural experiences of KPN in the Netherlands Antilles?
- What cross-cultural experiences do Antillean PTOs have with KPN?
- What is the influence of the political-cultural context on the cooperation?

Objects of study

Also in this case a preliminary investigation was necessary to get an idea of the field of study. The field of study was first approached from a spatial dimension by focusing on the island of Curaçao, the biggest island and political centre of the Netherlands Antilles, where the lion's share of opposition against KPN was centred. The preliminary investigation in February 1996 focused on the history of relations

between the Netherlands Antilles and the Netherlands, the differences in business, culture and telecom policies and, the telecom market in the Netherlands Antilles. The preliminary investigation revealed that this case had to be approached from a historical dimension because there are no direct activities of KPN in the Netherlands Antilles. Thus the main objects of study here consisted of opinions and historical products such as newspaper articles. Employees of Antelecom, Setel, KPN employees, Dutch expatriates, politicians, members of the labour unions, journalists and scientists were interviewed to reconstruct the history of this case. The long-term and sensitive Dutch – Antillean relations form an important aspect in the reconstruction. The case could best be approached from a social-cultural dimension. Therefore, contemporary differences in business culture between Dutch and Antillean companies were studied. An in-depth field study of three months took place from January till April 1997. As a result of the preliminary investigation the following topics were selected:

How do Dutch and Antilleans deal with differences in:

- Language
- Time
- Working attitude
- Intimacy
- Receiving critics
- Formal versus informality
- Mutual images

Social-cultural context

- History of colonial relations
- History of the acquisition
- Strategies of resistance

Time and place of data collection

The archives of the daily newspapers Beurs and Amigoe
Documents of the KPN,
Documents of Antelecom and Setel,
Reports on the government policies on telecom.

Methods of datacollection

Participant observation in telecom seminars,
Observations and participant observation in Antelecom and Setel
Participant observation of everyday life of expatriates in Jakarta
Participant observation in the normal everyday life on the island of Curaçao.
67 interviews have been done with employees of Antelecom, Setel, KPN employees, Dutch expatriates, politicians, members of the labour unions, journalists and scientists (see Table 8).

Discussions with Dutch and Antillean social scientists have placed the results in a broad framework of scientific studies on Antillean culture. I had one key informant of the Dutch expatriate culture at Curaçao and several key informants on the Antillean culture.

Organisation	Antillean employees	Dutch employees
General	18	6

TELEM	3	0
SETEL	8	8
ANTELECOM	6	2
KPN	0	10
Scientists	6	1
Total interviews	41	27

Table 8. The interview representation in the Netherlands Antilles case

Step IVc

Research questions

- How do employees of KPN deal with cultural differences in their strategic alliances in Indonesia?
- What cross-cultural experiences do the Indonesian employees have with their Dutch colleagues in Indonesia?
- What is the history of KPN in Indonesia?
- What is the influence of the political-cultural context on cooperation?

Objects of study

In this case were mainly behaviour and events. The activities of KPN in Indonesia were first approached from a spatial dimension. I focused on the city of Jakarta because it is the political and commercial centre of Indonesia and because KPN has their office and two of their alliances there. There was not been an opportunity to conduct a preliminary research in Indonesia itself in 1996. Therefore the preliminary research was partly carried out in the Netherlands and partly after arriving in Jakarta on September 1997. The topics selected for the preliminary investigation were the history of the cooperation with Indonesian companies, the significance of cultural differences in the strategic alliances and the Indonesian business culture.

The preliminary investigation shows that the strategic alliances would have to be approached from a social-cultural dimension. The way in which the Dutch employees deal with the differences in business culture were thus studied in different settings. The strategic alliance Telkomsel was selected because the majority of Dutch employees are involved here. The JTS joint venture was included on request of the KPN Jakarta office. Furthermore, the Jakarta office of KPN itself seemed to be an interesting case because of the cross-cultural cooperation between Dutch and Indonesian KPN employees. For the in-depth field study I lived in Jakarta from 22 September 1997 till January 4, 1998. The following topics were selected for the in-depth research:

<p>How do KPN employees deal with differences?</p> <ul style="list-style-type: none"> · Language · Time <p><i>Time and place of data collection</i></p> <p>Working attitude</p> <p>Archives and documents of the KPN</p> <p>Critics</p> <p>Document of the strategic alliance Mobile</p> <p>Hierarchy</p> <p>Documents of the Indonesian PTO PT Telkom</p> <p>Working relations and connections</p> <p>Reports on the government policies on telecom in Indonesia</p> <ul style="list-style-type: none"> · Religion · Ethnicity 	<p>Social cultural context</p> <ul style="list-style-type: none"> · History of acquisition · History of KPN presence · Relationship with head-office KPN · Social-political context Indonesia
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The newspaper Jakarta Post

Research methods

Participation in AsiaPacific Telecom '97, 1 - 6 December 1997

Participant observation in KPN office Jakarta

Participant observation of everyday life of expatriates in Jakarta
43 interviews with (see Table 9).

	KPN Employees	Indonesian Employees
Telkomsel	8	8
JTS	7	6
PTT office Jakarta	7	7
Total interviews	22	21

Table 9. The interview representation in the Indonesian case

Samenvatting

Internationalisering, samenwerking en etniciteit in de telecom sector.
Een etnografisch onderzoek naar de interculturele samenwerking van PTT Telecom in Unisource, de Nederlandse Antillen en Indonesië.

Hoofdstuk 1. Inleiding

De internationale telecom markt is sinds het einde van de jaren '80 fundamenteel veranderd. De nationale PTT's zijn in veel landen geprivatiseerd en hebben niet langer een monopoliepositie op de nationale telecommarkt. Door de komst van concurrentie zijn de voormalige nationale PTT's gedwongen in korte tijd een substantieel deel van de omzet in buitenlandse telecommarkten te genereren. Hiertoe hebben zij moeten opereren op onbekende markten in samenwerking met andere internationale telecombedrijven. Het succes van deze internationaliseringsstrategie hangt deels af van succesvolle interculturele samenwerking. Daarom staan in deze studie de volgende onderzoeksvragen centraal:

Welke strategieën van interculturele samenwerking zijn gebruikt door de nationale PTT in reactie op de herstructurering van de telecommarkt? Hoe gaan werknemers om met deze strategieën op individueel niveau? En hoe kunnen deze bedrijfs- en individuele strategieën worden verklaard vanuit een organisatiecultureel perspectief?

Voor de beantwoording van deze onderzoeksvragen zijn de interculturele ervaringen in de periode van 1989 tot en met 1997 van het Nederlandse telecombedrijf PTT Telecom onderzocht. De organisatie heeft in die periode haar activiteiten uitgebreid naar telecommarkten in West en Oost Europa en Zuid-Oost Azië. Voor het onderzoek is gekozen voor een exploratieve onderzoeksmethodologie. Het kwalitatieve onderzoek in deze studie is gericht op het verkrijgen van gedetailleerde onderzoeksgegevens over interculturele samenwerking. Er is gekozen voor een diepgaande exploratie van slechts één PTT omdat culturele processen niet kunnen worden begrepen zonder uitgebreid kennis te nemen van de context waarin deze processen plaatsvinden. Het onderzoek concentreert zich op de dagelijks praktijk van interculturele samenwerking vanuit het perspectief van de werknemers. Hierbij wordt langdurige participerende observatie als onderzoeksmethode toegepast.

Als onderzoeksontwerp is voor een gefaseerde analyse benadering gekozen. Deze benadering bestaat uit een viertal fases. De onderzoeksresultaten afkomstig uit iedere fase worden gebruikt om op theoretische gronden nieuwe cases te kiezen voor een volgende fase. In de eerste fase wordt de vraag gesteld wat de oorzaken en gevolgen van de herstructurering van de telecommarkt zijn. Na deze stap wordt PTT Telecom geselecteerd als onderzoekseenheid en de vraag gesteld welke internationaliseringsstrategieën de organisatie heeft gebruikt in de periode van 1989 tot en met 1997 in reactie op de herstructurering van de telecommarkt. Op basis van de uitkomst op deze vraag

wordt een tweetal afdelingen geselecteerd voor de derde fase. Hierin wordt de vraag gesteld welke individuele strategieën de KPN werknemers hebben gebruikt in reactie op de herstructurering. De vierde en laatste fase bestaat uit de vraag wat de interculturele ervaring van KPN en haar werknemers is met haar alliantiepartners. Hiertoe zijn een drietal cases geselecteerd: de strategische alliantie AT&T-Unisource, de Nederlandse Antillen en Indonesië.

Deel I De Theorie

Hoofdstuk 2. Intercultureel management, organisatie cultuur en globalisering

In dit hoofdstuk wordt het theoretisch raamwerk geconstrueerd waarmee de interculturele samenwerking in een business sector kan worden onderzocht, geanalyseerd en beschreven. Het theoretisch raamwerk wordt geconstrueerd uit een drietal wetenschappelijke debatten: het debat over intercultureel management, het debat over organisatie cultuur en het debat over globalisering.

Het debat over intercultureel management wordt grotendeels gevoerd vanuit een enkelvoudig en statisch perspectief op cultuurverschillen. Er lijkt weinig aandacht voor de dynamiek van cultuur en het situationele karakter van interculturele strategieën. Dat is vreemd omdat ethnische grenzen sociaal geconstrueerd worden en daardoor strategisch kunnen worden gebruikt. Het manifest maken van latent aanwezige ethnische kenmerken kan worden gebruikt in een samenwerkingsrelatie tussen twee of meerdere organisaties. Om deze dynamiek te onderzoeken wordt in deze studie de individuele werknemer als centraal uitgangspunt genomen.

Het debat over organisatie cultuur laat zien dat er verschillende perspectieven bestaan op organisatiecultuur. Deze studie gaat uit van een organisatie-anthropologisch perspectief op organisatiecultuur waarin subculturen, diversiteit, ambiguïteit, machtsstrijd en organisatie politiek een rol spelen.

Het debat over globalisering tenslotte, laat zien dat alhoewel er sprake is van een zekere globalisering van financieel verkeer, technologie, economische markten en multinationals, kritische kantekeningen geplaatst moeten worden bij het wereldwijde karakter van globalisering. Multinationals blijken nog steeds zeer stevig nationaal verankerd te zijn en economische markten zijn vooral regionaal geconcentreerd. Bedrijven die willen internationaliseren kunnen zelfstandig de internationale markt betreden of hiertoe strategische allianties vormen met andere bedrijven. Ondanks de grote populariteit bij bedrijven van strategische allianties is de kans op mislukken van een alliantie groot.

Commerciële bedrijven hebben grotendeels dezelfde ervaringen met het internationaliseringsproces. In de eerste fase van internationalisering hebben bedrijven weinig internationale ervaring en worden voornamelijk ethnocentrische strategieën gebruikt om om te gaan met culturele diversiteit. Deze strategieën hebben veel mislukkingen en een tijdelijke teruggang van internationale activiteiten tot gevolg. Het management ervaart dan de noodzaak van het gebruik van polycentrische strategieën om succesvol te zijn in een andere culturele context. Hierdoor neemt het aantal succesvolle activiteiten in het

buitenland toe. Internationale mislukkingen zijn dus voor bedrijven nodig om de juiste ervaring op te doen en deze te gebruiken voor een succesvolle expansie.

De drie debatten dragen bij aan de constructie van een gelaagd model welke nodig is voor het bestuderen van interculturele samenwerking. Omdat deze studie tot doel heeft inzicht te geven in de complexiteit van alledaagse interculturele samenwerking, wordt de historische, politieke, culturele en economische context gebruikt in dit model. Het model onderscheidt daarom een vijftal niveaus waarop de context de interculturele samenwerking kan beïnvloeden: het wereld-, samenlevings-, organisatie-, interactie- en individueel-niveau. Dit gelaagd model wordt gebruikt voor de bestudering van de sociaal, politieke, economische en culturele context van interculturele samenwerking. Om een case van interculturele samenwerking te onderzoeken worden verbindingen aangebracht tussen de verschillende niveaus door individuele werknemers te volgen in hun alledaagse leefwereld.

Hoofdstuk 3. Methodologische reflecties

In dit hoofdstuk worden de centrale onderzoeksvragen geoperationaliseerd en de methodologische consequenties van de gekozen onderzoeksstrategie besproken. De onderzoeksvragen worden stapsgewijs geoperationaliseerd aan de hand van het, in het vorig hoofdstuk ontwikkelde, gelaagde model. De consequenties van de gekozen methodologie hebben betrekking op de wijze waarop het ethnografische onderzoeksmateriaal in deze studie wordt geproduceerd en in de vorm van ethnografische verhalen wordt gepresenteerd. Te vaak worden de resultaten van organisatie onderzoek gepresenteerd zonder inzicht te krijgen in de rol, de professionele achtergrond, de motivatie en de betrokkenheid van de onderzoeker. Daarom is in dit hoofdstuk aandacht gegeven persoonlijke motivatie en professionele achtergrond.

Het is eigenlijk vreemd dat niet veel meer antropologen op de zelfde wijze onderzoek doen in westerse organisaties als in niet-westerse samenlevingen. Het lijkt erop dat antropologen bang zijn onderzoek te doen in grote westerse organisaties en commerciële bedrijven. Dit kan grotendeels worden verklaard uit de moeilijke toegankelijkheid tot het onderzoeksveld, de moeilijke rol keuze en de angst zich te moeten profileren. Een mogelijke oplossing voor een antropoloog zou de combinatie van de rol als organisatie-adviseur en als onderzoeker zijn. Daardoor krijgt de antropoloog toegang tot het onderzoeksveld en kan uitstekend gebruik maken van de methode van participerende observatie. De antropoloog als organisatie-adviseur kenmerkt zich door: meer sympathie voor de werkvloer dan voor het management, langdurig participerend onderzoek en presentatie van empirisch materiaal in de vorm van ethnografische verhalen.

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Deel II De Context

Hoofdstuk 4. De herstructurering van de telecom markt: oorzaken en gevolgen

In dit hoofdstuk wordt de context van interculturele samenwerking in de telecom sector op wereld- en samenlevings-niveau onderzocht. Door het fundamentele karakter van de herstructurering van de internationale telecom markt, kan er worden gesproken van een wereldwijde 'telecom revolutie'. De telecom revolutie heeft een drietal oorzaken. Ten eerste door technologische innovaties welke op hun beurt hebben geleid tot een convergentie van technieken. Ten tweede door een sterke toename van het aantal internationaal opererende organisaties welke een grote behoefte hadden aan goede en goedkope telecom infrastructuur. Ten derde is de telecom revolutie veroorzaakt door een wereldwijde liberaliserings politiek van nationale overheden ten aanzien van de telecom markten. Als gevolg van deze telecom revolutie kregen nationale telecom bedrijven concurrentie op de thuismarkten en zagen ze hun winsten op internationale telefoonverkeer sterk dalen.

De Europese PTT's werden hierdoor gedwongen hun activiteiten uit te breiden naar internationale markten. Hiertoe hebben ze zelfstandig kantoren in buitenlandse markten geopend en/of andere PTT's als alliantie partners gezocht. Om de Europese telecom markt te bedienen richtte KPN samen met het Zweedse Telia, het Zwitserse Telecom en het Spaanse Telefónica de strategische allianties Unisource op. Naast de Europese markten werden ook de niet-westerse markten door Europese PTT's betreden. Opvallend was hierbij dat voor deze eerste internationale ervaringen vooral ex-koloniale gebieden werden gezocht. Culturele, economische, technologische en financiële banden tussen de samenlevingen van de Europese PTT's en de ex-koloniale samenlevingen hebben hiertoe bijgedragen.

Hoofdstuk 5. De Nederlandse KPN steekt grenzen over

In dit hoofdstuk wordt de context van interculturele samenwerking in de telecom sector op samenlevings- en organisatie-niveau onderzocht. De gevolgen van de telecom revolutie voor de Nederlandse telecom markt en voor KPN worden nader besproken. Daartoe wordt inzicht gegeven in de 150 jarige geschiedenis van de Nederlandse telecommunicatie. Tot haar privatisering in 1989 was KPN een overheidsbedrijf dat, om het staatsbedrijf enigzinds als een bedrijf te runnen, de politiek op afstand moest houden. De overheid heeft na 1990 de Nederlandse telecom markt geliberaliseerd en toegankelijk gemaakt voor concurrentie. Hierdoor heeft KPN concurrentie gekregen, zijn de winsten op internationale telefoonverkeer gedaald en kwam de omzet onder druk te staan.

De directie van KPN heeft begin jaren '90 gekozen voor een ambitieuze groei-strategie om de nieuwe omstandigheden het hoofd te kunnen bieden. Groei moest worden bereikt door kostenverlaging, een betere relatie met de klant en omzet in buitenlandse telecom markten. Hiertoe zijn ingrijpende organisatie veranderingen doorgevoerd. De cultuurverandering van een bureaucratisch georganiseerde overheidsorganisatie, naar een commercieel bedrijf was een langzaam en moeizaam proces.

De organisatie heeft verschillende manieren gezocht en gevonden om haar activiteiten uit te breiden naar het buitenland. Grofweg zijn hierbij een drietal

strategieën gevolgd: het oprichten van de strategische alliantie Unisource, het betreden van opkomende Europese telecommarkten samen met Unisource partners en het expanderen van de activiteiten naar Zuid-Oost Azië. KPN is gericht op een lange termijn relatie met haar lokale partners in nieuwe telecom markten. In het algemeen heeft de organisatie minderheidsdeelnemingen in deze lokale partners samen met andere telecom bedrijven. De organisatie heeft als doelstelling de deelnemingen niet alleen als een financiële investering te zien maar ook om de lokale partners te helpen om een efficiënt georganiseerde telecom operator te worden.

Binnen KPN houdt de afdeling International Business zich vanaf het begin van de jaren '90 bezig met het uitvoeren van de internationaliseringsstrategieën. De contacten welke zijn opgebouwd door de afdeling *Netherlands Consultancy Foundation* (NCF) worden gebruikt voor het opstarten van lokale commerciële activiteiten. NCF is reeds jaren internationaal actief op het gebied van telecommunicatie in ontwikkelingslanden. Ter ondersteuning van de internationale bedrijfsvoering wordt de afdeling International Support ingezet.

Hoofdstuk 6. De individuele strategieën van KPN werknemers in het omgaan met ingrijpende organisatie veranderingen

Hoofdstuk 6 behandelt het interactie- en persoonlijk-niveau van de context van de interculturele samenwerking in de telecom sector. De veranderingen zoals beschreven in de hoofdstukken 4 en 5 hebben voor de werknemers van KPN grote veranderingen gebracht. De werknemers waren niet langer in overheidssdienst en de zekerheid van standplaats en positie werd minder vanzelfsprekend. Om inzichtelijk te maken hoe KPN werknemers zijn omgegaan met deze structurele veranderingen in hun werkomgeving werden twee werknemers één werkdag gevolgd. Deze zogenaamde doorsnee werkdag werd in beeld gebracht voor Robert, werknemer bij de International Support afdeling, en voor Ad, werknemer van de International Business afdeling.

We leerden Robert kennen als iemand die de veranderingen bij KPN heeft aangegrepen om bij de joint venture van KPN in Praag te gaan werken. Robert werkte op werkdagen in Praag en keert ieder weekend terug naar Nederland. Robert en zijn IS collega's hebben verschillende strategieën gevonden om om te gaan met de nieuwe situatie bij KPN. Deze strategieën zijn te onderscheiden in emotie regulerende strategieën en probleem oplossende strategieën. Van deze laatste strategieën waren het snel verwisselen van banen, eigen projecten opstarten en leuker werk kiezen het meest populair. De strategieën om emoties te reguleren waren minder makkelijk zichtbaar maar uitten zich in het bestaan van taboes, in het afwachten tot de nieuwe reorganisatie over waait, in het zich onzichtbaar maken in de organisatie en in het aanwenden van persoonlijke relaties voor de bescherming van de eigen positie.

Ad leerden we kennen als iemand die de veranderingen bij KPN als mogelijkheid ziet om zijn ondernemingslust te kunnen botvieren. Ad acquireerde nieuwe projecten, initieerde initiatieven, zocht nieuwe markten af en begeleidde nieuwe investeringsmogelijkheden. Ad en zijn collega's hebben verschillende emotie regulerende en probleem oplossende strategieën gevonden

om met de nieuwe internationale omstandigheden om te gaan. Ook hier werd veelvuldig van baan gewisseld en werd de politieke lobby actief ingezet voor het succesvol afronden van een acquisitie traject. De strategieën om emoties te reguleren waren meer gericht op het uiten van frustraties, flexibiliteit en het indekken tegen risico's van eventuele mislukkingen.

Deel III De Cases

Hoofdstuk 7. Moeizame interculturele samenwerking binnen de AT&T-Unisource groep: strijden om de macht

In hoofdstuk 7 wordt de eerste van een drietal cases behandeld waarin de interculturele ervaringen van KPN worden beschreven. Deze eerste case beschrijft de interculturele samenwerking binnen de strategische alliantie Unisource. Van 1992 tot en met 1997 zag het KPN management Unisource als het belangrijkste strategische instrument voor het realiseren van de internationaliseringsdoelstellingen. Toen KPN in de begin jaren '90 op zoek ging naar internationale partners om gezamenlijk de Europese telecom markt te bedienen, leek het een logische keuze van het top-management van KPN en het Zweedse Telia om samen te gaan werken. De contacten tussen beide organisaties bestonden al langer, het top-management kon goed met elkaar overweg, en de Zweedse en Nederlandse nationale cultuur ontlepen elkaar niet zoveel. Binnen de strategische alliantie Unisource echter, bleek de samenwerking met het Zweedse Telia in de alledaagse praktijk veel minder gemakkelijk te verlopen. Een onderlinge rivaliteit droeg ertoe bij dat grote verschillen in cultuur werden ervaren door de Nederlandse Unisource werknemers op het gebied van beslissingsprocessen en samenwerking.

Door de toetreding van het Spaanse Telefónica en het Zwitserse Swiss Telecom werd de culturele diversiteit binnen Unisource vergroot. De samenwerking van Unisource met het Amerikaanse AT&T introduceerde nog een vijfde partner. Het management in de AT&T-Unisource alliantie wilde deze culturele diversiteit aanwenden om een competitieve organisatiecultuur te creëren. Hiertoe werden de Unisource partners gestimuleerd in uitwisseling van kennis en personeel en werden de werknemers van de AT&T-Unisource groep getraind in het werken in een multi-culturele omgeving. Bovendien werd een actief personeelsaannamebeleid gevoerd om de culturele diversiteit in balans te houden.

Echter, de culturele diversiteit in de AT&T-Unisource alliantie in combinatie met strategische verschillen en onderlinge rivaliteit, resulteerde in een uiterst moeizame samenwerking. De dagelijkse praktijk in de AT&T-Unisource alliantie leerden we kennen door de ogen van Hans, een ex-KPN medewerker. Hans vond het werken in een multi-culturele omgeving erg leuk, maar was minder gecharmeerd van de moeizame samenwerking tussen de partner organisaties. Deze moeizame samenwerking resulteerde in een trage besluitvorming en een verlies van het vertrouwen dat de alliantie het juiste strategische instrument was om de internationaliseringsdoelstellingen te halen.

De andere partners percipieerden een culturele dominantie van de Amerikaanse en Nederlandse partners in de alliantie. Hiervoor zijn een aantal factoren verantwoordelijk. Doordat het hoofdkantoor in Nederland was gevestigd traden relatief veel Nederlanders en ex-KPN'ers in dienst. In het kielzog van deze ex-KPN'ers kwamen ook weer nieuwe KPN'ers in de alliantie. Van de andere partners had alleen AT&T veel werknemers in de alliantie werken, en bovendien werkten er veel Amerikaanse telecom consultants. Deze gepercipieerde Amerikaans-Nederlandse dominantie in het hoofdkantoor heeft er onder andere toe geleid dat het vertrouwen in de alliantie door de andere partners onder druk kwam te staan. Het gebrek aan vertrouwen van het Spaanse Telefónica was onder andere een oorzaak voor een strategische breuk met de Unisource alliantie. Telefónica wilde zich alleen nog maar op de Latijnsamerikaanse markt concentreren en koos daarvoor niet AT&T, maar BT-MCI als partner. Het vertrek van Telefónica resulteerde in een afnemende interesse van AT&T voor de Unisource alliantie. In 1998 kondigde AT&T haar vertrek uit de AT&T-Unisource groep aan. Hiermee kwam tevens een einde aan het belang van de strategische alliantie Unisource voor KPN.

Hoofdstuk 8. Mislukte Interculturele Samenwerking op de Nederlandse Antillen: Machtsbalans niet in Evenwicht

In hoofdstuk 8 wordt de tweede case van interculturele samenwerking van KPN behandeld, welke heeft plaatsgevonden aan het begin van de jaren '90 op de Nederlandse Antillen. KPN wilde deelnemen in de Antilliaanse PTTs en de Antillen gebruiken als regionale uitvalsbasis naar de Latijnsamerikaanse telecom markt. Deze deelname zou de eerste grote internationale alliantie van KPN geweest zijn, maar mislukte na intensief onderhandelen tot grote frustratie van het topmanagement. Hierbij hebben culturele factoren een heel belangrijke rol gespeeld. Hoe heeft dit zo kunnen gebeuren?

Om de interculturele samenwerking tussen KPN en haar Antilliaanse partners in het begin van de jaren '90 te begrijpen is het nodig inzicht te verkrijgen in de context van deze samenwerking. De koloniale geschiedenis, de staatsrechtelijke verhouding in het Koninkrijk der Nederlanden en de Antilliaanse economische afhankelijkheid van Nederland veroorzaakten namelijk een moeizame samenwerking tussen Nederland en de Nederlandse Antillen. De eilanden welke deel uitmaken van Nederlandse Antillen zijn bovendien onderling verdeeld. Deze verdeeldheid uitte zich ook in de Antilliaanse telecom sector. Elk van de Antilliaanse eilanden had een lokale telefoonmaatschappij, en voor al het Antilliaanse internationale telefoonverkeer was er een internationale telefoonmaatschappij, Antelecom genaamd.

Veel van de Nederlanders die op Curaçao aankomen verwachten een tropisch deel van Nederland aan te treffen en mengen zich niet in de Curaçaoase samenleving. De samenwerking met de Antillanen blijkt echter veel complexer te zijn als verwacht. KPN'ers die op Curaçao werkten ervoeren op velerlei gebieden culturele verschillen met hun Curaçaoase collega's: de taal, het geven en ontvangen van kritiek, de werkhouding en het gebruik van informele persoonlijke netwerken. Bij Curaçaoënen bestaat een negatief beeld van de

makamba's (Nederlanders) (**schuin**) welke gezien worden als arrogant, dominant, ex-kolonialisten, bemoeizuchtig, onbetrouwbaar en handelaars. Door een toename van het aantal Nederlandse toeristen, de intensivering van de controle door de Nederlandse overheid en de toename van de omvang van de Nederlandse investeringen groeiden aan het einde van de jaren '80 bij Curaçaoënaars de irritaties over de Nederlandse dominantie.

Op dat moment kwam KPN naar de Nederlandse Antillen om voor 49% deel te nemen in de nieuw te vormen Antilliaanse telefoonmaatschappijen. Als eerste gingen alle officiële partijen op St.Maarten accoord met ondertekening van het contract. Op 5 maart 1990 kwamen vanuit Curaçao en Nederland grote delegaties officiële genodigden om aanwezig te zijn bij de ondertekening van de eerste internationale alliantie van KPN. Deze ondertekening ging echter op het allerlaatste moment niet door omdat de informele leider van St. Maarten niet accoord ging. Hij won daarmee de steun van de bevolking welke hij nodig had voor de naderende verkiezingen, hij blokkeerde tevens de opkomende macht van een partijgenoot en benadrukte de onafhankelijke positie van het eiland ten opzichte van Curaçao.

De onderhandelingen op Curaçao leken in eerste instantie soepel te verlopen. De overheid, de telefoonmaatschappij Setel, de vakbond ABVO, het bedrijfsleven en de directeur van Antelecom waren voorstander van de deelneming. De tegenstanders waren te vinden in het management en werknemers van Antelecom en het management van een audiotext bedrijf welke gebruik maakte van een voordelig contract. De dreiging van grote reorganisaties, van nieuw Nederlands management, van een samenvoeging met Setel en van mogelijk ontslag waren aanleiding tot het oprichten van een nieuwe vakbond, STTK genaamd. De STTK werd gesteund door de overkoepelende vakbond KS die mogelijkheden zag de macht van de ABVO in de telecom sector over te nemen. Ook kwam er steun van de politieke oppositie die kansen zagen de Curaçaoese regering te dwarsbomen. De STTK mobiliseerde het Curaçaoese verzet tegen KPN door de telecom sector te verbinden aan de het Curaçaoese *patrimonio nashonal* (cultureel erfgoed). Door het benadrukken van de Curaçaoese culturele identiteit van de telecom sector was STTK in staat de aanwezige anti-*makamba* sentimenten te gebruiken om KPN buiten de deur te houden. Na drie jaar intensieve onderhandelingen trok KPN zich in oktober 1993 zich geheel terug uit de Nederlandse Antillen.

In hoofdstuk 7 werd de conclusie getrokken dat de interculturele samenwerking tussen KPN en haar partners in de AT&T-Unisource alliantie niet succesvol was omdat er teveel partners bij betrokken waren. Het was de verwachting dat de interculturele samenwerking tussen KPN en slechts één partner in een reeds bekende markt succesvoller zou zijn. Hoofdstuk 8 heeft bewezen dat niet zozeer het aantal betrokken partners maar de gekozen interculturele strategie in relatie met de gepercipieerde machtverschillen moeten worden gezien als belangrijke factoren bij het mislukken van de samenwerking. Heeft KPN geleerd van deze ervaringen toen getracht werd een plaats op de Indonesische telecom markt te veroveren?

Hoofdstuk 9. Geslaagde interculturele samenwerking in Indonesië: een goed machts evenwicht

In hoofdstuk 9 wordt de derde en laatste case van interculturele samenwerking van KPN onderzocht. In het begin van de jaren '90 was KPN geïnteresseerd om, in samenwerking met Indonesische partners, als operator actief te worden op de Indonesische telecom markt. KPN slaagde erin een deelneming te verkrijgen in een mobiele operator, een samenwerkingsovereenkomst te sluiten met het Indonesische PT Telkom en een Indonesische partner te vinden. Indonesië werd daarbij gebruikt als regionale uitvalsbasis voor de Zuidoost Aziatische telecom markt. Waarom is KPN in Indonesië wel geslaagd om voet aan de grond te krijgen?

Evenals bij Nederlandse Antillen heeft Nederland een koloniale geschiedenis met Indonesië, is het Nederlandse bedrijfsleven een grote investeerder aldaar en is er een bijzondere band tussen de twee landen. Ook de Indonesische regering herstructureerde de Indonesische telecom markt, gunde de Indonesische PTTs hun monopoliepositie en selecteerde diverse westerse telefoonmaatschappijen om kapitaal te investeren in de aanleg van een hoogwaardige telecom infrastructuur in Indonesië. Tot zover lijken de twee cases op elkaar. Indonesië is echter al vijftig jaar onafhankelijk, heeft tot 1998 een enorme economische groei doorgemaakt, trok veel internationale investeerders aan en had een groeiend nationaal zelfbewustzijn. In tegenstelling tot de acquisitie op de Nederlandse Antillen gebruikte KPN daarom de bestaande relaties tussen NCF en de Indonesische telefoonmaatschappijen om in contact met de overheid te komen. Door de historische, culturele en economische banden tussen Nederland en Indonesië te benadrukken slaagde KPN erin een positie op te bouwen in Indonesië. Hoe is deze samenwerking met de Indonesische partners verlopen?

Om de samenwerking in beeld te brengen is onderzocht hoe KPN werknemers en Indonesiërs omgaan met cultuurverschillen. KPN'ers die in Indonesië werkten ervoeren op veel terreinen culturele verschillen met hun Indonesische collega's: de taal, de werktijden op kantoor, het geven en ontvangen van kritiek, het belang van informele netwerken, de ethnische diversiteit, de religie en de management stijl. KPN werknemers gebruikten een drietal strategieën om om te gaan met de culturele diversiteit in Indonesië: (1) het aansluiten bij de expatriate subcultuur, (2) het verwerpen van de expatriate subcultuur en (3) het opbouwen van persoonlijke netwerken in zowel expatriate kringen als Indonesische samenleving.

De technologische kennis, de financiële middelen, de ervaring met veranderingsprocessen en de westerse management modellen maakten KPN tot een sterke partner in de perceptie van de Indonesiërs. De Indonesische overheid en de samenwerkingspartners benadrukten hun Indonesische ethniciteit en de koloniale geschiedenis. Het Nederlandse schuldcomplex ten aanzien van de geschiedenis verzwakte KPN'ers in conflicten. Bovendien werd een te dominante houding van Nederlandse managers bestreden door deze sociaal te isoleren, te onthouden van informele informatie, uit te sluiten van informele netwerken en door situaties complexer maken dan ze zijn. Daarom kregen Nederlandse managers geen inzicht in de extreem complexe netwerken van

zakenrelaties, familie relaties en machtsstructuren in de Indonesische zakenwereld. Deze Indonesische strategieën hebben KPN gedwongen de aanvankelijk gekozen ethnocentrische strategie te veranderen in een polycentrische strategie om commercieel actief te kunnen worden in Indonesië.

Deel IV De Conclusies

Hoofdstuk 10. Conclusies en suggesties

In het laatste hoofdstuk worden de resultaten van het onderzoek naar de interculturele ervaringen van KPN in de periode van 1990 tot en met 1997 met elkaar vergeleken, geanalyseerd en teruggekoppeld naar het theoretisch kader. Allereerst zijn de drie cases met elkaar vergeleken om de overeenkomsten en verschillen duidelijk te krijgen. Hieruit komt naar voren dat in de cases van de Nederlandse Antillen en Indonesië, KPN ethnocentrische strategieën heeft gekozen om samen te werken met de nationale PTT's. In beide landen werd er verzet geboden tegen deze ethnocentrische strategie, maar in de Nederlandse Antillen leidde dit tot een breuk, terwijl in Indonesië deze strategie langzaam omgebogen werd naar een polycentrische strategie. In de AT&T-Unisource case werd direct al uitgegaan van een polycentrische strategie, die onder druk van een moeizame samenwerking steeds meer op synergy gericht werd. De drie cases hebben laten zien dat ongeveer 80% van de KPN werknemers werden opgenomen in expatriate kringen en zich min of meer afsloten van de lokale samenleving, 5% tot 10% van de werknemers zich helemaal identificeerde met de lokale cultuur, en 10% tot 15% een balans wisten te vinden door netwerken op te bouwen in zowel de expatriate kringen als in de lokale samenleving.

Wat zijn de consequenties van de gevonden resultaten voor bestaande theorieën over intercultureel management? In het debat over intercultural management moeten de bestaande interculturele strategieën worden uitgebreid met een nieuwe strategie, welke de 'etniserings-strategie' is genoemd. De reeds bestaande strategieën geven alleen het perspectief weer van de dominante partner in een samenwerkingsrelatie. Deze strategieën zijn gericht op het overbruggen, respecteren of negeren van culturele verschillen. De culturele strategieën van de niet-dominante partner daarentegen, is gericht op het vergroten van cultuurverschillen en het strategisch gebruik maken van ethniciteit ten einde deze aan te wenden als machtsmiddel. Nog niet duidelijk is geworden onder welke omstandigheden exact etniserings-strategieën ontstaan.

Uit het onderzoek is naar voren gekomen dat het proces van internationalisering bij PTT Telecom ongeveer hetzelfde patroon laat zien als bij andere bedrijven. In de eerste fase van internationalisering (1989-1996) heeft PTT Telecom veelal ethnocentrische strategieën toegepast welke niet altijd tot het gewenste resultaat hebben geleid. De mislukte acquisitie op de Nederlandse Antillen en de succesvolle acquisitie in Indonesië leerden het management van PTT Telecom over de valkuilen van het internationaal zaken doen. Het moeizame opstarten en het uiteenvallen van de strategische alliantie AT&T-Unisource en de financiële crisis in Azië leidden in eerste instantie tot een

verminderde groei van de internationale activiteiten. Door echter te leren van deze ervaringen nam het percentage geslaagde deelnemingen toe en groeide langzaam de omvang van de internationale activiteiten. De overgang naar de tweede fase van internationalisering (vanaf 1997) kenmerkte zich door een splitsing van internationale en nationale activiteiten. Het proces van internationalisering past daarom precies in het leerproces van internationale bedrijven waarbij na aanvankelijke successen, de buitenlandse activiteiten niet erg succesvol blijken te zijn en zelfs het bedrijfsresultaat kunnen drukken. Door te leren van deze niet-succesvolle ervaringen slagen deze bedrijven erin het percentage geslaagde nieuwe buitenlandse ondernemingen te verhogen.

Het proefschrift heeft inzicht gegeven in de succesfactoren van interculturele samenwerking in strategische allianties. Succes wordt bepaald door (1) de afstand in nationale en organisatie culturen tussen de partners, (2) de machtsbalans tussen de partners, (3) de historisch ontwikkelde ongelijkheid en latent aanwezige ethnische spanningen tussen de landen van beiden organisaties en (4) formele en informele bedrijfs- en individuele strategieën om om te gaan met cultuurverschillen. Tenslotte worden de empirische consequenties voor KPN teruggekoppeld in de vorm van een workshop. In deze workshop worden de werknemers bewust gemaakt van culturele diversiteit, het dynamische karakter van nationale cultuurverschillen, het strategisch gebruik van ethniciteit en wordt hen geleerd hiermee om te gaan.

Curriculum Vitae

Alfons van Marrewijk was born in Delft, 25th September, 1960. In 1981 he graduated in Electronics from the Technology College (HTS) in Rijswijk. After his first job as a system operator with greenhouse computers he worked from 1983 till 1985 as a seismic field engineer with the geophysical department of the Dutch research institute, TNO. After a six-month journey to South America he worked from 1985 till 1988 with the Centrale WerkPlaats (CWP) department of PTT Telecom managing a computer and telecommunications equipment repair unit. After a six-month journey through Central America he worked from 1989 till 1994 in various management positions within the telecommunication department of the City Police of Rotterdam while studying cultural anthropology on an evening course at the University of Utrecht for which he did fieldwork in India and Latin America. He specialised in business anthropology and the Latin America region.

In 1994 he moved to La Paz, Bolivia to finish his study and to work as consultant for Dutch development organisations and after graduation in 1995, he became research associate at the Department of Culture, Organisation and Management at the Vrije Universiteit Amsterdam where he now holds a part-time post as university lecturer. From 1996 onwards Alfons was part of the consultancy group TeleSolutions of KPN and has only recently been transferred to KPN International Consultancy.

In his dissertation Alfons van Marrewijk has combined his experience as an engineer, his international experience and his academic interest in business anthropology with the aim of producing an insightful study of the cross-cultural experiences of KPN in the international telecom market.