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An exploratory study into Dutch-German ventures

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Jan Ulijn* Geert Duijsters* Rainer Schaetzlein** and Sebastian Remer**

* ECIS

Eindhoven University of Technology

P.O. Box 513

5600 MB Eindhoven The Netherlands

tel. 31-40-2472170

e.mail: g.m.duysters@tm.tue.nl

** Darmstadt University of Technology

Germany

for supplying us with the Dutch part of the data.

ABSTRACT

This exploratory study researches the fit of 6 National Culture (NC) and 6 Corporate Culture (CC) parameters in 12 Dutch-German cooperations. 24 firms were asked to verify the nature of their cultural fit and relating this perception to the perceived alliance performance. There appeared to be a strong (not necessary causal) relationship between the perception of cultural fit and the corresponding alliance performance This finding may have important implications for alliance management. Instead of its general preoccupation with strategic and operational fit among alliance partners, more attention should be paid to cultural fit. The inclusion of cultural fit indicators in the overall partner selection process might well pay off in terms of increased alliance performance.

"If there isn't a reasonable cultural fit, I wouldn't touch it. We acquired a small company providing telecom services to prisons. We didn't have a thing in common: the wrong business, the wrong people. It didn't have a chance."

Euan Baird, CEO, Schlumberger

ALLIANCE PERFORMANCE

Although the recent wave of newly established strategic alliances might suggest win-win situations for all the companies involved in cooperative agreements, mortality rates of cooperative agreements have always been extremely high. From an extensive literature review (see Duysters et al., 1999) we conclude that the percentage of strategic alliances that fail should be about 50%-60%, which is a rate between the optimistic and pessimistic conclusions of different authors. Reasons for these high failure rates have always remained rather vague. Most authors suggest that a mismatch in terms of alliance fit is the most important reason for alliance failure. Fit can arise in three main forms: Strategic fit, organizational fit and cultural fit. Most of the attention in the literature has been dedicated to strategic and organizational fit of organizations. Cultural fit has received far less attention. In order to fill this void we will perform an empirical analysis of cultural fit in strategic alliances between Dutch and German companies, as an example how even two very related national cultures might create a match or not.

WHAT IS CULTURAL FIT IN STRATEGIC ALLIANCES

Most potential alliance partners tend to pay close attention to strategic and organizational fit aspects, but fail to check for cultural aspects on national, corporate, or professional levels (NC, CC and PC) (See Ulijn and Weggeman, 2001 for an overview of definitions). It is beyond the scope of this paper to discuss all these various aspects of culture in-depth. Therefore we limit our attention to two basic levels of culture, i.e. the national and corporate levels of the partners. In spite of our focus on these levels we will not fully refrain from paying attention to the professional level. Hofstede's definition of culture (1981, 1992, 2001) being the mental programming of one group towards another and his 3 levels of uniqueness which relate personality and human nature to culture shows that those three levels: NC, PC and CC can be distinguished clearly. A strategic

alliance is an encounter between partners which might differ on all those three levels. This paper addresses the issue of culture in SA formation and management. Si & Bruton (1999) have shown that most knowledge acquisition goals in international joint ventures for Chinese partners could be associated with: learning new technologies and from the partner firm's NC, managerial and negotiation styles. For the Western partners learning about government behavior, economic policy and law, market characteristics and labor resources are considered to be interesting, but not as important as learning to know the management and negotiation styles of the other partner. Culture should therefore not be considered as a handicap, but as a source of constructive curiosity! An extreme form of tightness in SA formation between the partners is an acquisition for which Vermeulen & Barkema (2001) found that cultural distance would have an effect of a 0.52 negative correlation using the logic model. The more distant the (national) cultures, the less likelihood of subsequent expansions of the firm in that country. Their Euclidean index of cultural distance uses the 4 Hofstedian dimensions and copes this way with the misunderstanding that cultural distant would mean geographical distant. The Dutch NC, for instance is more similar to that of Finland and the one of Germany and the Belgian NC more so with respect to Italy than to the Dutch, whereas the Netherlands, Germany and Belgium are neighboring countries in North-West Europe. So cultural distance does not equal to geographical distance per se. How tight the fit between the partners should be, basically depends not only on cultural distance, but also on the intensity of the alliance. An acquisition of one firm by another, for instance, implies a much tighter cultural fit between the partners than a merger, a joint venture or a loose SA in this order of decreasing tightness needed. In an earlier study of Barkema with Vermeulen (1997) both used the same Euclidean index of cultural distance to measure the detrimental effect on international joint ventures. They would imply a middle position on the alliance intensity scale between the loose character of an SA and the tightness of a full acquisition. So apart from the psychic distance of geographical remoteness, alliance intensity has important implications for the nature of cultural fit and the acculturation needed as well, as Grotenhuis's (2001) study comparing technology acquisitions by a Dutch firm of US and Japanese firms has shown and can be drawn from the above Barkema et al. studies. The present study deals only with a less intense (loose) way of SA formation between Dutch and German firms. General speaking the following seems to hold: *the farther away, the more difficult, but what is near (in our case Germany and the Netherlands) is not always similar.*

Fig. 1 visualizes Triandis' (1995) concept of loose and tight as what can be expected from a potential SA partner, given the NC and CC of another partner. Loose corresponds with a high degree of individualism (the US, for instance) and tight is essentially associated with high collectivism (Japan, for instance) (see also Triandis, 1995b). Following Grotenhuis' (2001) extensive discussion of recent empirical studies on the matter, we argue that fit is a matter of compatility, complementarity and harmony implying both common, similar and completely different cultural elements that are needed to empower each other.

Insert Fig. 1 about here

Let us take the example of Philips, headquartered in the Netherlands. If they were to select a US SA partner, the relationship can be very loose, there is no direct confrontation between the NC of the US. The focus of the cultural fit could well be on CC harmonization. In North-West Europe, the home base of Philips, NC would overlap a little with CC in this harmonization, which would grow as a part of the NCs themselves in the Latin world (South Europe and America): the tightness increases. In Oriental countries, there would be almost a one to one correspondence to NC and CC, Philips would have to become a complete Japanese company (see for a more elaborate discussion on this Ulijn and Kumar, 2000). Some first evidence for the plausibility of this loose/tight distinction in the cultural fit between SA partners can be found in Hall (1993 and 1995) for both the US and Japan. On the basis of her analysis of some NCs (US, UK, West Germany, France, Italy, South Korea and Japan) within several MNCs as they are viewed by their SA partners, Hall concludes that SA partners can use a perception of a cultural distance as a 'compass' to find the right SA partner. This compass should not use the geographical parameters of psychic distance, but cultural distance between neighboring countries as well: what looks alike can be very different. Fit, moreover, might not only mean alike, similar, but also compatible, complementary. What does it mean for 2 countries which have such a strong trade tradition with each other, such as the Netherlands and Germany, being both (Anglo-)Germanic cultures?

POTENTIAL NATIONAL CULTURE (NCs) AND CORPORATE CULTURE (CCs)
DIFFERENCES AFFECTING FIT IN DUTCH-GERMAN VENTURES

National culture can be studied from many different perspectives. We studied 6 important dimensions of NC for the Netherlands and Germany as perceived by German and Dutch

employees about their attitudes about different aspects of culture (see Tab. 1). Five of them were the ones by Hofstede including a Long Term Orientation (LTO)-dimension which he added with his colleague Michael Bond on the basis of student answers in the Far East. We also added the dimension of Innovation Drive Index (IDI) proposed by Ulijn and Weggeman (2001) to facilitate the right mix, the Professional Cultures (PCs) of engineering and marketing in innovation. Estimates for comparable Hofstede figures are based upon the studies by Ulijn and Weggeman and Bratatjandra (1999) for NL and for both NL and Germany on the basis of a comparison of market and technological orientation of 12 Dutch and German comparable firms (Ulijn, Nagel & Tan, 2001).

Insert Tab. 1 about here

Power distance (PDI): The PDI measures the expectation and the acceptance of unequal distribution of power. Both the Netherlands and Germany have a low PDI value. This indicates that our respondents tend to minimize inequality. Individualism (IDV): The Netherlands belongs to the most individualistic societies. The ties between individuals are loose. Also Germany seems to be rather individualistic. By contrast in collective societies, people are integrated into strong, cohesive in-groups for most their lives (for instance Japan). Masculinity (MAS): While the scores for PDI and IDV are quite identical, the MAS is much higher for Germany than for the Netherlands. The 'masculine' end of this scale describes the dominating role of achievement and success in a society. For the opposite 'feminine' end the dominant values in a society are associated with caring for others and quality of life. Uncertainty avoidance (UAI): Germans tend to avoid uncertainty to a larger degree than their Dutch neighbors. A high UAI reflects feelings of threat in uncertain or unknown situations. Long-term orientation (LTO): LTO is the extent to which a society exhibits a pragmatic future-orientated perspective rather than a conventional historic or short-term point of view. The Dutch are expected to pursue a long-term orientation. A high score on uncertainty avoidance might imply a low risk approach to SAs, a high power distance of one of the partners might be obstructive to a natural development of the venture. The same applies for a high level of individualism. On those particular scores Dutch and German partners are not too far apart. The slightly higher LTO of the Dutch partner (44 vs. 31) might help a long term orientation in strategic alliancing. What about the Innovation Drive of both partners? Innovation drive is defined as the extent in which an organization approaches its product

development from the 'technological point of view' vs. a rather market-oriented approach using both engineering and marketing PCs. A low score for innovation would be expected for a market pull policy. An innovation friendly organization tends to be associated with a more technology push business oriented policy. Ulijn, Nagel & Tan (2001, 21) found that German engineers are less market oriented than their Dutch counterparts. The strong feminine values of Dutch firms in terms of their national and corporate culture (NC and CC) might lead to a more customer orientated focus (Market Pull) compared to the more masculine German firms. However, both samples showed a tendency to go from a technological to a market orientation, but Dutch firms were quicker to do this than German ones. In a SA Dutch and German partners could be complementary to each other. It is clear that some of those dimensions might overlap with those of NCs, but it is beyond the scope of this paper to do some cross-validation. Obviously there is an interaction between NC and CC as Hofstede indicated (1991 and 2001) by using the PDI and UAI to characterize a German, British or French firm.

Measuring cultural fit between firms from different NCs is further complicated with the CC of those firms. As a matter fact any SA, joint venture, merger or acquisition deals with this first, often called the 'chemistry' of two firms being compatible or not. Weber's (2000) study is an example of such a measurement of fit between 73 firms involved in mergers and acquisition within one nation, that of the US. It uses 7 dimensions which partly overlap with the 6 CC dimensions by Hofstede et al. (1990) which we prefer here to make them fit better our NC dimensions and SAs and also because they are less top management team oriented than what Weber suggests. Comparable are: Performance orientation (results oriented), Integration vs. lateral interdependence (tight vs. loose), Innovation and action orientation (job oriented), and Top management contact (employee oriented) as Weber defines those concepts. Reward orientation is an aspect of HRM which is less relevant to SAs, risk taking relates to our NC dimension UAI, and autonomy and decision making to our NC dimension PDI. This study applies 6 different NC and CC specific dimensions to make a complete separate check. The habit of human beings is not only influenced by its nation of origin, but also by the organizations with which they have a relationship. The concept of corporate culture (CC) describes the value and norm system and shared models of thinking and behaving which influence decisions and behavior of the employees in the company. Corporate culture is the way the employee in the company thinks, talks and works (Ulijn, Nagel & Tan 2001, 25).

Tab. 1 shows the predictions for the 6 CC dimensions for the Netherlands and Germany. Organization bound vs. professional: This is obvious when people feel the organizational norms cover their behavior at home as at work. Employees on a professional level separate their private from their working live. Hofstede et al. (1990) use the term parochial, but we would prefer the label organization bound (as an element of rather CC) here as opposed to Professional Culture (PC). Ulijn & Weggeman show that the professional values are more frequent in German speaking countries. The Netherlands are expected to be more organization bounded. Process oriented vs. results oriented: This dimension confronts a process oriented orientation with a results orientation. In a process oriented culture, employees tend to avoid uncertainty. In a results oriented culture, on the other hand, people are used to situations where uncertainty occurs and they view this as a challenge. We expect the German companies to be more process oriented than the Dutch. This is caused by the higher score for UAI and a more technological orientation of the German employees. Employee oriented vs. job oriented: A concern for employees (employee oriented, consideration of the employees' feelings, thoughts and problems) is compared with a concern for completing the work (job oriented, strong pressure for employees to complete their job). The Dutch are supposed to be more employee oriented. Because of their affiliation to a society with a low score on masculinity. Open system vs. closed system: An open systems company welcomes beginners. Almost everybody would fit. In a closed system only very special people fit into the organization and new employees need a long time to accommodate. Because of the higher scores in MAS and UAI German companies are expected to be less open to beginners and outsiders. Loose control vs. tight control: The control dimension refers to the degree of internal structuring in the organization. In units with loose control hardly anybody thinks of costs and to be punctual is not a virtue. In a tight control unit, employees emphasize cost-consciousness first and everybody has a strong sense for punctuality. In Dutch companies we expect a more loose control than in the German firms (Ulijn & Weggeman, 2001). Such firms belong to the Anglo-Nordic culture which is supposed to be more open. Additionally, a loose controlled organization leaves more space for individualism. Normative vs. pragmatic: This dimension considers the popular notion of customer orientation. A normative organization emphasizes organizational procedures. Pragmatic in this case means market-driven. Customer satisfaction is more important than the procedure to reach this goal. The more open, loosed controlled society of the Netherlands should lead to a pragmatic result, whereas Germans are expected to be normative. Some of those CC

dimensions might affect an alliance performance more specifically, such as a high process, employee and professional orientation, an open system approach and a tight control (as a sign of commitment) to give way to a natural SA development. A strong focus on (short term) results, an attachment to one's own job and organization in a closed, normative system with a loose control might lead to an early failure. An increasing number of intercultural management studies take the professional level of culture into consideration: PC (see Ulijn et al. and Ulijn & Weggeman, both 2001). Many employees don't feel loyal to the company any more but to their professional code of ethics (Wever, 1990). This study is limited to NC and CC levels, but as an intermediate we have added Innovation Drive as interaction between the PC of marketers and engineers and the organization bound/professional distinction between NC and CC, assuming that those are the predominant predictors of cultural fit as representatives of the selected Dutch and German samples perceive it.

THE MUTUAL CULTURAL PERCEPTION FIT OF 6 DUTCH -GERMAN and 6 GERMAN-DUTCH SAs

How does one examine cultural fit? Cultural studies range from mere introspection or self perception studies (such as the ones of Hofstede and his "school" and Weber, 2000) and participant-observer studies of a more anthropological nature (Hall and Hall, 1990, for instance, including German culture). Perception studies are very rare: Hall (1995), Limaye (2000) and Ulijn & St. Amant (2000) are examples. In the context of SA formation Steensma et al. (2000) study the perception of technological uncertainty, an important aspect of risk taking and uncertainty avoidance. Technological fit between technology-driven SA partners is another sometimes overlooked feature of alliance performance, next to strategy, organization, operation and culture: *the top managers make the decisions and the engineers have to follow*. They roughly found that collective/masculine cultures, such as SMEs in India and Mexico considered themselves as more dependent on technological resources (high technological uncertainty) than individual/feminine ones, such as SMEs in Norway and Sweden. This seems to coincide also with a difference in technological and innovative development, and the good news is that both India and Mexico seem to use their high UAI as an incentive to engage in technology alliances to reduce that perceived technological uncertainty. Both Limaye and Ulijn & St. Amant review the perception literature from an intercultural perspective: What you see, might not be what it is, thus the mutual perspective in SA formation with regard to cultural fit would increase the reliability and validity

of the outcomes considerably. According to the classification above, our work is a mutual perception study. On the one hand, a Dutch team administered a questionnaire on 6 Dutch organizations, which are (or were) involved in a strategic alliance with a German organization - on the other hand, a German team did the same with 6 German managers, involved in strategic alliancing with Dutch. In both parts of the study, we asked the participants to rank their own NC and CC, as well as the cultural dimensions of their counterparts. Although it was impossible for practical reasons to ask both counterparts of one SA, we got an impression of how the Germans and the Dutch see each other. Therefore, we checked the mutual perception. Both research teams worked with nearly the same questionnaire. The main part in both questionnaires concerns NC and CC on the one hand and the alliance performance on the other hand. The relationship between cultural fit and the performance of the cooperation has been indicated by several authors (see Bronder, 1993, for instance), but has not been really verified yet in SAs. From the business side companies such as Roland Berger and KPMG which are well experienced in supporting international SAs tend to risk bad performance, also due to cultural aspects. This study tries to verify the following hypothesis to substantiate this aspect in some detail:

> *Hypothesis: There is a positive relationship between the perceived cultural fit*
> *between SA partners of The Netherlands and Germany and the global appraisal of*
> *their alliance performance.*

THE EXPLORATORY STUDY INTO THE NC AND CC PARAMETERS AND THEIR PERCEPTION OF FIT

Method
Cultural factors can be examined in many different ways. Hendriks distinguishes between the historical, the survey, the experimental and the 'real life' tradition (Hendriks, 1991, 169-186). According to this classification, this study reflects a survey tradition using a questionnaire among Dutch and German managers who are (were) involved in mutual SAs. Moreover the multiple case study method (Yin, 1993) was used so that the Dutch and German case could replicate each other within the same study. Important is then to select comparable SA samples.

We aim to provide an explorative and descriptive overview about the cultural fit in strategic

alliances. All in all 12 companies which are involved in a strategic alliance filled out a questionnaire regarding this cooperation. The 12 companies are characterized in Tab. 2.

Insert Tab. 2 about here

At the left hand-side we described one specific partner we asked and on the right hand-side its strategic counterpart. As Tab. 2 shows, the size of the firms and the branches vary. If an organization is alliance-experienced or alliance-inexperienced depends on the number of alliances, a firm is (or was) involved in, during the last years. We refer to Draulans, de Man and Volberda which estimate a turning point at around six alliances (see Draulans et al., 2003). Since no organization of our sample is (or was) involved in more than 6 strategic alliances during the last 5 years[1], all are alliance-inexperienced. This beginning alliance experience might predict poor performance as well, a situation which might be more sensitive to cultural fit than if SA partners have a large intercultural experience. Hence this factor cannot be a source of variation in our sample. The information about the respective German or Dutch counterpart was gathered by asking our primary contacts of the responsible SA teams. The sectors of SAs were the same for both partners: Logistics in 6 cases, construction in 2, chemistry, market research, retail and steel in one each. This seems to be not too unrepresentative for the Dutch-German trade relations, given the predominant position of The Netherlands as a distribution country within North-Western Europe. 25% of all trucks on the European roads originates from this country also for transports to and through Germany.

Questionnaire and statistics used: As mentioned above both teams worked with a comparable questionnaire, only some details were changed. It is based on a tool developed originally by Draulans et al. (2003). The questionnaire consists of several parts. At the beginning there were general questions about the company demographics. The data is already shown in Tab. 2. The next part concerned with the type of alliance. In this part we wanted to know how long the cooperation exists and in which field the organizations work together. Moreover, the intention and outcome of the alliance were researched. At this point the respondents had to classify their goals and were asked to rate the outcomes. Finally, they had to give a judgement about the whole performance, about the global appraisal of the cooperation. Our focus is on the so called cultural section. In this

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[1] DG 1, DG2, GD2 and GD6 could not answer this question exactly.

part there were some single items about the corporate culture at the beginning, but the main part of this section dealt with the cultural dimensions of Hofstede, the way Fig. 2 shows for a sample item, that of UAI.

Insert Fig. 2 about here

Every respondent had to rank both counterparts of the alliance. In the example above, the respondent avoided uncertainty to a very high degree. Its partner was perceived as scoring lower on this dimension. Finally, the respondents were asked to list positive and negative aspects of the cooperation in an open slot. At the end of the questionnaire we gathered some personal data of the respondent. Testing the relationship between cultural fit and performance on a statistical level could be done by calculating Pearson's r. This statistical index helps us to define the degree on how the dependent variable reacts to the independent. It shows us the strength of the relationship between cultural fit and alliance performance.

Results

The first step to approach cultural fit within the SA is to scrutinize the differences regarding single NC and CC dimensions. Tab. 3 shows the differences between the 2 partners perceived by the respondents. They ranked their and their partners' NC and CC dimensions scores on a 5 point scale ranging from 0 to 4 (no, small, fair, rather big, big).

Insert Tab. 3 about here

In general both, Dutch and German respondents, perceived small differences regarding NC and CC. Above all, the Germans reported about equal cultures. Only 1 company sees a difference bigger than 2 units (GD sample, SA 6, Innovation drive). Regarding 7 out of 12 dimensions most respondents see no difference (0) between their partner and themselves. Although in the DG sample more managers notice a difference of 2 units (particularly "open-closed system"), only 2 (SA2, SA5) see major differences (more than 2 units) between the partners regarding 1 dimension. Concerning power distance the GD sample shows no differences, while the Dutch perceive a gap (SA5). On the other hand the samples differ only slightly in terms of masculinity. The partners seem to be more homogenous with respect to NC than CC. Eventually this could be attributed to

the Anglo-Germanic culture of both countries. The culture within the organization (CC) seems to be more powerful than NC. Tab. 4 tries to link the perceived cultural difference with the global appraisal of the alliance performance and therefore sets the scene for testing the main hypothesis.

Insert Tab. 4 about here

Tab. 3 showed the cultural differences between the allies, the means of which are visible in Tab. 4. The inverse of the means is calculated in the third column. It is used to describe the cultural fit. Hence, a high score on this represents a good cultural fit of both partners. Furthermore, all respondents were asked to rate the performance of the cooperation. The global appraisal is the result of this rating, whereas 5 means a very good performance and 1 a bad cooperation. In order to compare the global appraisal with the cultural fit it is important to divide both entities by their means. The result of this standardization is presented in the last 2 columns. Concerning our main hypothesis we expect a positive relationship between performance and cultural fit. We will illustrate this relationship below, but first have another look on Tab. 4. A comparison of both samples reveals that there are some conspicuous aspects: All in all, German managers perceive less cultural differences (mean 0,63) than the managers interviewed by the Dutch (mean 1,01). Furthermore, the Germans are more satisfied with the global appraisal than the Dutch (mean 4 vs. mean 3,25). Respondent GD2 did not find any cultural differences between his own and the partner organization. Therefore it is impossible to calculate its cultural fit. Nevertheless, organization GD2 gives us a first prediction on the relationship between cultural fit and alliance performance. Concerning the cultural aspects both partners are fitting well, and respondent GD2 rated the global appraisal as high as possible. Fig. 3 presents the relationship implied by our hypothesis.

Insert Fig. 3 about here

The x-axis describes the indexed cultural fit, the y-axis describes the indexed global appraisal of the alliance performance. The scores differ slightly from the scores in Tab. 4, since we took both perceptions into consideration by calculating the indexes. The grey symbols illustrate the German sample. The black symbols point to the Dutch alliances. GD2 is missing since it has no cultural fit index. Nevertheless as Fig. 3 illustrates: The better the perceived cultural fit, the better the satisfaction

about the alliance performance. As mentioned above we used Person's r to test different relationships. It demonstrates the relationship between the dependent variable y and the independent variable x. N means the size of the sample. Tab. 5 shows the results of this calculation.

Insert Tab. 5 about here

The highest possible score for *r* would be 1. The higher Pearson's *r* the stronger is the relationship. Therefore, it seems as there is a stronger relationship within the Dutch sample. But, there is one organisation missing within the German sample. Considering this, Pearson's *r* for the German group would raise. Nevertheless, regarding both perceptions combined, we found definitely a relationship between the cultural fit and the performance. Hence, our hypothesis is confirmed. There is a possible relationship between the global appraisal of alliance performance and the perceived cultural fit between yourself as being responsible for the SA and the other involved in this Dutch-German SA sample.

DISCUSSION AND IMPLICATIONS FOR SA-PRACTICE AND RESEARCH

The most important result of our study is concerned with the influence of cultural fit on the outcome of strategic alliances, which seems to be affected negatively when there are big differences in national and corporate culture. Not only "hard facts" such as market share or the annual turnover should therefore be considered in partner selection processes, but also "soft facts" such as cultural elements. SA intermediates and partners could be trained to act upon this effectively to avoid failures because of cultural misfit in both directions: SAs initiated by Dutch (DG) and German firms (GD) towards each other's respective partners. There are several alliance tools which can be used to enhance alliance performance (Remer and Schaetzlein, 2002). Normally all SAs have a manager who is responsible directly for the alliance with an external specialist to accompany the process and care for potential and actual conflicts between both partners. Also mutual responsibilities and terms, like win and loss share should be fixed a priori. For documentation information tools, such as support decision systems or checklists are often used. What can alliance managers do apart from using the tools above? Alliance managers might benchmark cultures of possible partners and perform cultural audits. Geonexus Communications (1994) quoted by Funakawa (1997) presents a useful framework to make such a culture bridge between 2 SA partners with one crucial pillar mid streams of new rules and shared strategic intent,

solidly fixed in the common ground of human nature. Needless to say that the mutual perception of each other's strongholds of language and behavior/style at either side of the bridge above the water level and the customs, frame of reference, assumed rules, beliefs and values under it would be a key analysis to make any cultural fit work between the partners.

The current study is limited in different ways. First, since there is a variation of industrial sectors (see Tab. 2) within the sample, it would be very interesting to test, if the cultural influence varies across the different branches. Second, the sample had an overall beginning alliance experience. Further studies should also consider experienced SA partners to analyze the influence of routine on the global appraisal of the alliance performance. Moreover, our study is limited to NC and CC levels. To make the bridge to PC Innovation Drive was added as the interaction between the PC of marketers and engineers for NC and the organization bound/professional distinction for CC, assuming that NC and CC differences are the predominant predictors of cultural fit in the selected Dutch and German samples. We presupposed that almost the same PC is shared by the representatives of the SAs surveyed to isolate NC and CC as the determining variable in this study properly, but a future study should include PC, because it could address the technological and market fit between Dutch and German partners better. The present study suggests as well that in particular the NC dimensions of collectivism and long term orientation could foster cooperation and long term success in SAs. Specific CC parameters as pragmatism, professionalism and tight control can also be used as complementary measures. A future study could replicate the one by Nakata and Sivakumar (1996) for new product development for all NC dimensions including a new one Innovation Drive for the different stages of SA formation. The methodology used by Hofstede would increase in reliability and validity, if some recent insights from cultural psychology, in particular related to the dimension of collectivism, would be followed up (Miller, 2002 and Oyserman et al. 2002). A last study could be performed combining self perception through introspection and the mutual perception method used here to come to a complete mirror effect. *Do not show the mirror to the SA partner only, but look also yourself in it!* A 15 years' negotiation training experience by one of the authors (Ulijn) indicates that in doing so counterparts get a better insight into the cultural and personal aspects of their behavior to avoid unintended misunderstandings in the relation development. Ulijn (in prep.) offers a methodology to combine the perceptions of yourself (Geert Hofstede's introspection) and how you are perceived by your SA partner (Wendy Hall's perception of the other, 1993 and 1995) in a study

about conflict management styles in an ICT alliance network of banks in 7 different European countries, not only The Netherlands and Germany, but also Finland, Austria, Belgium, France and Italy. The present study showed clearly that mutual perception is an important part of assessing cultural fit in Dutch-German ventures.

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Bio-statements of the authors

Jan M. Ulijn holds an endowed Jean Monnet chair *Euromanagement in Business and Technology*, Eindhoven U. of Technology (Organisation Science), is Lehrbeauftragter Professor at Darmstadt University of Technology and holds a CLUSTER chair at INP de Grenoble (France). His current research and publication focus is Innovation Management, Entrepreneurship, Culture and Alliance Capabilities and Skills.

Geert Duysters is a full professor of Organisation Science at the Eindhoven University of Technology. He is also the scientific director of the Eindhoven Centre for Innovation Studies (ECIS).

Sebastian Remer received a Master's degree in sociology at Darmstadt University of Technology. He works for Junior Comtec Darmstadt, a junior enterprise.

Rainer Schätzlein received a Master's degree in sociology at Darmstadt University of Technology. His main interests are human resource management and market research.

TABLE 1

Differences between Dutch and German NCs and CC`s

(based upon Hofstede, 2001 and Ulijn and Weggeman, 2001)

	Netherlands	Germany
National Culture		
Power distance (PDI)	38	35
Individualism (IDV)	80	67
Masculinity (MAS)	14	66
Uncertainty avoidance (UAI)	53	65
Long term orientation (LTO)	44	31
Innovation drive (IDI)*	40**	30**
Corporate Culture ***		
	organization bound	professional
	results oriented	process oriented
	employee oriented	job oriented
	open system	closed system
	loose control	tight control
	pragmatic	normative
* This dimension is added by Ulijn and Weggeman (2001). ** estimated *** predicted		

TABLE 2

The Dutch and German samples

Alliance Nr.	Partner 1			Partner 2		
	Branch	Number of employees	Alliance-experienced	Branch	Number of employees	Alliance-experienced
DG1*	Construction	500+	--	Construction	500+	--
DG2	Construction	500+	--	Construction	250-500	No
DG3	Logistics	20-50	No	Logistics	250-500	--
DG4	Logistics	20-50	No	Logistics	20-50	No
DG5	Steel	1-20	No	Steel	50-250	No
DG6	Logistics	50-250	No	Logistics	50-250	No
GD1**	Market research	20-50	No	Market research	50-250	No
GD2	Logistics	250-500	--	Logistics	50-250	--
GD3	Chemistry	50-250	No	Chemistry	1-20	No
GD4	Logistics	500+	No	Logistics	50-250	No
GD5	Retail	1-20	No	Retail	20-50	--
GD6	Logistics	250-500	--	Logistics	500+	--

* DG = The responsible SA team is Dutch
**GD = The responsible SA team is German

TABLE 3

Verification of NC and CC Differences in both Samples

NC Dimensions	Dutch-German sample (DG) Absolute differences between partners					German-Dutch sample (GD) Absolute differences between partners				
	0	1	2	3	4	0	1	2	3	4
Power distance		1,2,3	4,6	5		1,2,3,4,5,6				
Individualism	3	1,4,6	2,5			2,4	1,3,5,6			
Masculinity	1,3,5,6	2,4				1,2,3,4,6	5			
Uncertainty avoidance	2,4,5	1,3,6				2,4	3,5	1,6		
Long term orientation	4	1,2,3,6	5			2,3,4,5	1,6			
Innovation drive	1,3,4	6	2,5			2,4	1	3,5	6	
CC Dimensions	0	1	2	3	4	0	1	2	3	4
Organization bounded – professional	1,5,6	3	4	2		2,3,6	1	4,5		
Process – result oriented	1	3,4,5,6			2	2,3,4,6	1,5			
Employee – job oriented	1,2	3,4,5,6				2,4	3,6	1,5		
Open – closed system	4	1	2,3,5,6			2,4,5	1,3	6		
Loose – tight control	5	1,6	2,3,4			2,3,6	1,4,5			
Pragmatic - normative	4,5	1,3,6	2			1,2,5	3,4	6		

The horizontal numbers refer to a scale of increasing difference perceived between the partners, the numbers in the data slots refer to 6 Dutch-German and 6 German-Dutch SAs respectively.

TABLE 4

The Perception of Cultural Fit related to Global Appraisal of Alliance Performance in both samples

Alliance Nr.	Mean difference	Cultural fit* (1/mean difference)	Global appraisal**	Indexed cultural fit	Indexed global appraisal
DG1	0,58	1,72	3,5	1,58	1,08
DG2	1,67	0,60	2	0,55	0,62
DG3	0,91	1,10	3	1,01	0,92
DG4	0,83	1,20	5	1,10	1,54
DG5	1,08	0,93	2,5	0,85	0,77
DG6	1,00	1,00	3,5	0,92	1,08
Mean DG	**1,01**	**1,09**	**3,25**	**1**	**1**
GD1	0,92	1,09	3	0,69	0,75
GD2	0,00	impossible	5	--	1,25
GD3	0,58	1,72	4	1,08	1,00
GD4	0,33	3,03	4	1,91	1,00
GD5	0,92	1,09	5	0,69	1,25
GD6	1,00	1,00	3	0,63	0,75
Mean GD	**0,63**	**1,59**	**4**	**1**	**1**
Total Mean	0,82	1,32	3,63	1	1

*12 is the maximum of cultural fit
**5 is the maximum of global appraisal

TABLE 5

Statistical Verification of the Relation between the Perception of Cultural Fit and the Alliance

Performance

Perception	N	x_i	y_i	Pearson's r
Dutch and German perception combined	11	Cultural differences of all 12 dimensions	Indexed global appraisal	**0,38**
Dutch perception (DG)	6	Cultural differences of all 12 dimensions	Indexed global appraisal	**0,55**
German perception (GD)	5	Cultural differences of all 12 dimensions	Indexed global appraisal	**0,20**

FIGURE 1

A possible relation between cultural fit of SA partners and the Triandis' (1995a) NC notion of tight/loose.
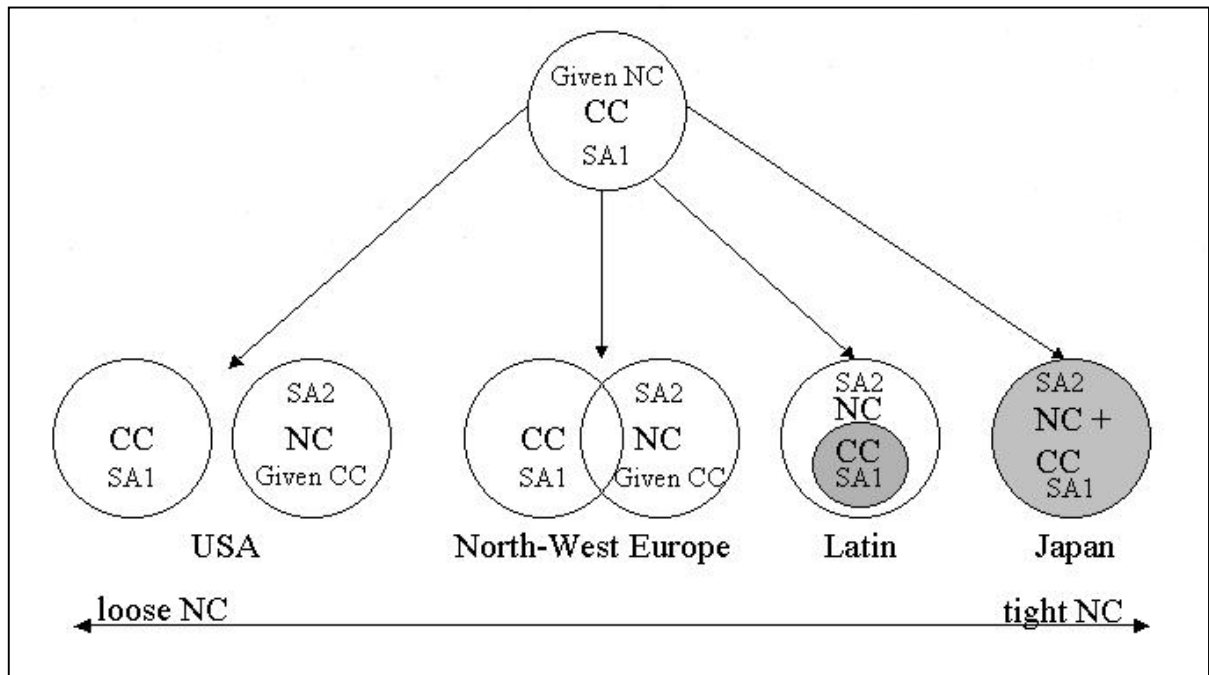
FIGURE 2

Sample Item to assess the Perception of Self and Other in SA

Uncertainty Avoidance Index (UAI)

The extend to which people feel threatened by uncertainty and ambiguity and try to avoid these situations.

High:	Anxiety, higher stress	Low:	Relaxed, lower stress
	Inner urge to work hard		Hard work not a virtue per se
	Showing emotions accepted		Emotions not shown
	Conflict is threatening		Conflict and competition seen as fair play
	Need for consensus		Acceptance of dissent
	Need to avoid failure		Willingness to take risks
	Need for law and rules		There should be a few rules

Own organisation

High	1 ✖	2	3	4	5	**Low**

Partner organisation

High	1	2	3 ✖	4	5	**Low**

1: high items apply totally

5: low items apply totally

FIGURE 3

The Relation between the Perception of Cultural Fit and the Global Appraisal of Alliance
Performance
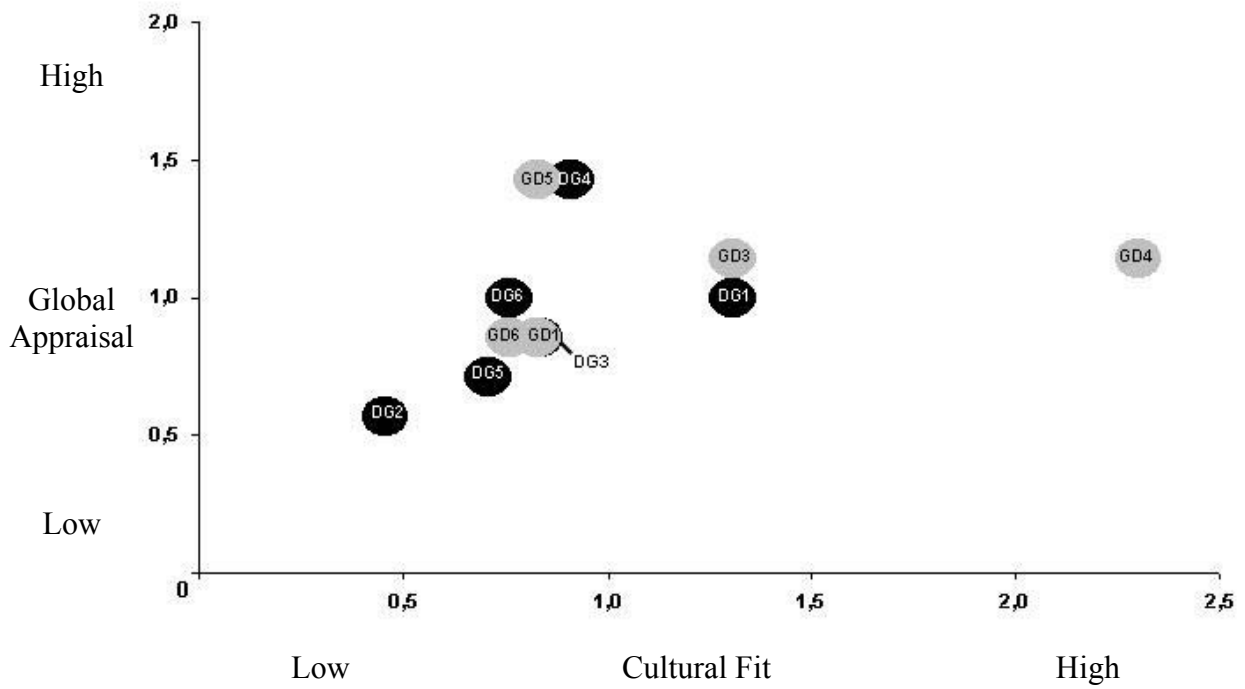
DG: The responsible SA team is Dutch
GD: The responsible SA team is German

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