INTERNATIONAL SHARED MANAGEMENT JOINT VENTURE TEAMS:  
Their Developmental Patterns, Challenges, and Possibilities

by

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INTERNATIONAL SHARED MANAGEMENT JOINT VENTURE TEAMS:  
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Dissertation Abstract:

How do shared management venture teams, with members coming from two different parents and two different ethno-linguistic home cultures, build a capacity to work together and innovate over time? This is the central question addressed by this dissertation. Shared management is a form of venture staffing and control in which top managers are assigned to the venture from the partner companies (on or near a 50-50 basis). Some managers and researchers have suggested that this form of venture management is particularly prone to performance difficulties. Others contend that shared management can be superior to other alliance forms because it increases partner commitment and innovative potential. Critics of shared management often cite cultural differences as a source of weakness. Some advocates counter that shared management teams should be able to develop venture-level cultures that maximize internal integration while retaining the competence to manage boundaries with the partners. Both critics and advocates concur that some behavioral and cognitive integration in such teams is necessary to realize learning and innovative potentialities.

Using interviews, observation and archival data collected longitudinally, this dissertation comprises a field-based, participant-observer study of three such teams. As such, it provides a detailed account of this little-studied form of joint venturing.

Two general patterns of team development were identified. In one pattern, that of "integrative convergence," a team over time develops sufficient affective, cognitive and behavioral convergence that it is able to draw from the broader palette of practices of both parents in adapting or innovating in response to changing conditions. In the second observed pattern, that of "inertial divergence," team integration is limited, national/parent subgroup identities are strong and persistent, and the limited behavioral convergence observed hinges upon the dominance of one of the parent groups in the venture. The "inertial diverger" team in the study showed no ability to incorporate influences from both parent organizations in its practices.
Issues that emerged as critical for all three of the teams studied included the relative strength of member commitment to venture versus parental identities. Another issue was the ways in which the groups in the ventures dealt with the dominance of one parent's managerial assumptions and practices as it emerged early and decisively in all three cases.

A comparison of these three cases suggests that while a different mix of factors shaped team development in each case, some of the initial structural/situational factors set during the negotiation and design stages go a long way in enabling us to predict potential problems for such teams. Location of the venture and the nature of venture and parent career and reward systems were very important in all three cases. The mix of other starting conditions influential in each case otherwise varied. Several factors, such as the emergence of early performance threats, were found to mediate the initial structural legacy of the venture design.

This study, though exploratory in nature, does aid us in constructing a preliminary model connecting structural/situational conditions to developmental tendencies in teams. The model and the empirical findings have relevance for thinking more critically about how better to design joint ventures and to facilitate team development in such ventures.

THESIS SUPERVISOR:

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CHAPTER ONE: INTRODUCTION

I. Shared Management as a Marriage

There are couples who dislike one another furiously for several hours at a time; there are couples who dislike one another permanently; and there are couples who never dislike one another; but these last are people who are incapable of disliking anybody. (George Bernard Shaw, Getting Married.)

Marriage is a metaphor for joint venturing used in the pages of the Wall Street Journal as well as in scholarly work (e.g. Harrigan, 1985). The shared management ventures that were the object of this study represent an attempt to wed the skills and resources of the parent organizations. But what is less often recognized is that ventures such as these also wed groups of managers from both parents in forming a team to run the venture. Just as in the institution of marriage the question often arises as to how the parties come to recognize their differences and come to develop the commitment to building sufficient shared assumptions and behavioral expectations to act as a unit, so too must new shared management teams confront similar issues.

The marriage metaphor also conditions us to expect to see a variety of ways, and degrees to which, the participants' identities merge in forming a team. No one pattern of merging is necessarily more viable in terms of the financial success of the venture. As in the case of the relationship between man and wife, a joint venture may work in spite of conflicts or poor understanding between the parties. The economic or social logic (i.e. in an arranged
marriage) may be compelling enough to hold the partners together despite conflict and unhappiness. However, most models of healthy marriages suggest that a capacity to develop affective, cognitive and behavioral integration can help a couple weather changing circumstances and to act effectively in child rearing and other endeavors. Using similar reasoning, most group theorists suggest that an effectively-performing management team needs a mix of affective integration (liking, trust), and sufficient sharing of behavioral and cognitive assumptions to draw upon the full palette of member energies and capabilities.

What shapes the development of different patterns of integration and different capacities for building upon the legacies of experience and skills of managers from both parents in an international joint venture? This question is at the core of the research reported here. Such a question is a critical one to pose in a world in which firms increasingly must not only share financial cost and risks, but "tacit knowledge" and skills to achieve competitive advantage. The picture becomes even more complex when we consider that this issue is no longer one of how to transfer knowledge from an experienced industrial context into a developing one, but increasingly entails partnerships between sophisticated, successful entities seeking to set up avenues for two-way learning and innovation.

In this chapter, I map the research terrain addressed in this study. Some basic terms used throughout the dissertation will be defined, key findings will be outlined and a guide to the content
II. The Terrain: International Shared Management Ventures

Joint venturing is a legal form comprising different organizational forms. At one extreme these forms constitute paper collaborations where no new physical entity is created. In other cases there are ventures completely managed by one parent or ventures that hire employees directly to staff the organization much as any other self-standing organizational entity would. Near the other end of the continuum in terms of the levels of organization at which joint influence is sought and the degree of integration required on a day-to-day basis stands the shared management form of joint venturing.

This dissertation focusses upon this latter form of organizing and managing a joint venture. An international shared management joint venture refers to a joint venture between two parent organizations from different home countries, who not only share the equity on a 50/50 or close to equal basis, but who choose to staff the upper echelons of the venture management team with managers sent from the two parents. In the shared management joint ventures studied here, the managers "seconded" (contracted out by the parents to run the venture) are physically integrated through the establishment of a joint venture headquarters that is geographically separated from the parent organizations.
Three ventures provided the locale for the fieldwork described in this dissertation. All of the parent organizations of these ventures are large, multi-billion dollar multinationals and all three of the ventures encompassed production and marketing. The three ventures, which will be introduced in more detail in Chapters Three and Four of the dissertation, are:

Paneuropa: A Western Canadian -- Italian joint venture based in the Benelux Countries. The joint venture manufactures and markets bulk petrochemical products throughout Europe.

Betriebco: A German -- U.S. joint venture based in the United States. The venture manufactures and sells electronic components to large original equipment manufacturers in the United States.

Basic Co.: A German -- French joint venture based in France. The venture produces and sells petrochemical products in Europe.

The analytical focus of this study is on the top teams of these ventures. A top team is defined as the CEO and those managers of the top two or three echelons of the venture, who were based in the venture headquarters and who played a role in strategic decision-making.² The study is longitudinal and exploratory, with the goal of trying to develop a rich understanding of the cases, however, with an eye toward comparison and attempting to build a conceptual model capturing general similarities of how all three teams developed.
III. Defining Key Terms

This dissertation makes a fundamental distinction between venture teams that displayed internal processes of "integrative convergence of assumptions and practices" and those teams that over time displayed what will be called here "inertial divergence." Since I coin these terms, and since these are the two categories of team outcomes that I seek to explain in the dissertation, they require careful definition.

By "integrative convergence" I mean a team that, over time, evolves toward a state in which the following conditions prevail:

- trust between members generally is high (evidence of affective integration);
- there is sufficient commitment to the team identity that parental/national-based social identities come to play an unimportant role in how team members understand and explain daily life;
- there is an appreciation of individual differences and contributions;
- there is observed behavioral convergence around certain shared practices and behavioral expectations;
- while the practices and norms that dominate may be those of one of the cultures in the venture, there is an openness to influence and modification of these practices by members of the non-dominant group.

These qualities appeared to foster a team process in which the practices and assumptions governing team behavior showed a flexibility and some innovative capacity to encompass changing conditions and influences by members of both parents.
By contrast, in a team processes exhibiting "inertial divergence":

- there tends to be low or decreasing trust among members rather than affective integration;
- there tends to be low commitment to a team identity; stereotyping, rather than an appreciation of individual actors, prevails in explaining and understanding daily life;
- behavioral convergence is limited and team members tend to cling to their national/parent identities and to continue to embrace different assumptions and preferred practices;
- the dominant practices initially established in the venture are held in place by the relative power of one group and these tend to show resistance to modification or influence over time by members of the non-dominant group.

Such a process was labeled "inertial" because it appeared to constrain the extent of internal innovation by the team members over time as circumstances changed.

These two categories reflect two ideal types of relationships in the teams studied. Other patterns of team relations may be theoretically possible, but the scope of this inquiry is limited to examining the factors pushing teams toward these two observed tendencies.

I allude above to dominance of one of the groups (managers from one parent) in the venture. In each of the ventures studied, members from both parents agreed that the character of the practices in the ventures quickly coalesced around one of the cultures. Whether this is a condition generally found in such teams
is not clear. However, it would not be surprising to find this to be widespread because management practices are not culturally neutral (Laurent, 1983), because individuals tend to gravitate toward practices and behaviors that have worked for them in the past and because work organizations and practices tend to be employed in "bundles" that have an underlying logic or coherence (see MacDuffie, 1991).

Dominance is defined here as the use bundles of behaviors, procedures, systems, forms, norms of interaction etc. that are identifiable as fitting the cultural heritage of one of the parent groups in the management team, while being less familiar to the other group. Concretely, Planeuropa, the Canadian-Italian venture was seen by members to have an Anglo-Saxon working culture and practices. Betriebco was seen by members to have U.S.-dominated working practices and working style. In Basic Co. members concurred that the practices and style established were clearly French.

Another term used in this dissertation is "process." Webster's dictionary defines process as "a natural phenomenon marked by gradual changes that lead toward a particular result" or "a series of actions or operations conducing to an end." The empirical part of this dissertation is concerned with describing and explaining the processes in the teams studied that seemed to evolve toward either an integrative convergence or toward an inertial divergent state. In all three of the ventures, a dominance of one of the national/parent group's cultures became the foundation upon which these processes unfolded.
IV. Summary of Key Findings and Contributions

In comparing the processes and their outcomes in the three venture teams, certain patterns become apparent. These include:

- Each of the teams went through an initial stage of development in which in-group out-group identities based upon parental/national heritages were an important way for participants to explain how the team functions.

- These group identities were perpetuated through the use of national stereotypes and team members engaged in selective perception of their colleagues' behaviors in order to preserve these stereotypes and group identities.

- These developments were linked to the influence of particular factors constituting the starting conditions of the venture.

- The duration of this state of stereotyping and strong in-group out-group categorizations was contingent upon, and mediated by, beliefs about equality imported into the venture, the presence or absence of threats to venture performance early in the venture's history and the potency of the General Manager's leadership influence.

The description of team processes in the dissertation allows development of a preliminary model of shared management team processes highlighting the role of factors comprising the starting conditions of the venture and the role of three moderating factors: those of the meanings attached to equality in the venture team setting, the role of early threats and the role played by the potency of the General Manager's leadership over time in driving teams toward either integrative convergence or inertial divergence patterns. Differences found in the starting and intervening conditions between a team clearly on the path of integrative convergence (Betriebco) and a team manifesting inertial divergence...
(Paneuropa) further permitted some preliminary assertions about the sorts of structures and conditions that facilitate innovative rather than inertial internal team patterns. Thus, the research has potential implications for practice as well as for theory.

V. An Overview of the Chapters that Follow

Chapter Two offers a review of those academic literatures relevant to understanding developmental processes over time in shared management venture teams. The chapter reviews each of these literatures and attempts to explain how each complements the others in providing a lens through which to examine and explain the empirical data. At the end of this chapter, insights from the literatures are integrated and discussed in terms of twelve propositions that will guide much of the analysis of the empirical data.

Chapter Three discusses the research approach taken and outlines the criteria for site selection, which sorts of data were sought, the methods employed in collecting data and how the research and analytical process unfolded.

Chapter Four introduces the three research sites in some detail and the starting conditions prevailing at these sites. The level of focus is primarily upon contractual and design aspects of the ventures established prior to implementation. This emphasis, unlike the latter chapters, is thus static rather than dynamic. Once background from all three cases is presented, the propositions
developed in Chapter Two are drawn upon to examine the contractual and design arrangements of the three ventures and to suggest their implications for differences in how these teams can be expected to develop over time.

**Chapters Five through Seven** offer accounts of team relations and their internal processes in each of the teams over time. The chapters lay out some of the key starting conditions influencing these processes and chronicle the nature and influence of the intervening factors present. Chapter Five focusses on the Paneuropa team, which became locked into processes of inertial divergence. Chapter Six explores the Betriebco team, which exhibited an integrative convergence process. Basic Co.'s top team, the focus of Chapter Seven, appeared to be heading toward integrative convergence, though the span of time I was able to observe, and the limited variation of conditions in this case, was not sufficient to observe a fundamental test of this team's innovative capacity.

**Chapter Eight** abstracts from the previous chapters and summarizes the data in terms of a developmental model of shared management venture teams. It describes the findings of the study and suggests their implications for venture design, for organizational development activities in ventures and for further research.

End Notes

1. All three names are pseudonyms. The product or product markets may also be disguised.
2. In each case my principle contact was asked to help me identify the appropriate individuals. I did not define "strategic decisions" for my principal contacts. However, the term seemed non-problematic for them. For each venture strategic decision-making could be observed to include such factors as considerations of capital investments, marketing strategies, decisions about marketing strategies, acquisitions and alliances and intermediate-to-longer-run operational decisions.
CHAPTER TWO: LITERATURE REVIEW

A man should keep his little brain attic stocked with all the furniture that he is likely to use, and the rest he can put away in the lumber-room of his library, where he can get it if he wants it. (Sir Arthur Conan Doyle, Five Orange Pips.)

I. Introduction

The explanation of team relations developed in this dissertation draws upon several different streams of literature. This chapter serves as a background to orient the reader, to place my contributions to these literatures and as a foundation for the later chapters. I did not begin the research enterprise with the presupposition that these particular literatures provided the best framing of the phenomenon. Rather, as exploratory research in the grounded theory tradition (Glaser and Strauss, 1967), deciding upon the relevant literature has been in large measure a product of the research process, rather than the point of departure for research design and data collection.

This study employs four different conceptual lenses:

- The team understood in the formal context specified by the joint venture agreement and structure;
- The team as an instance of the intersection of cultural groups and the cooperation between cultures;
- The team as the collaboration between individuals with different aspirations and from different backgrounds who use these backgrounds to enact certain individual and group identities;
- The team as an instance of group development.
These correspond respectively to four literature streams that underpin the framework developed in this dissertation. These streams are the literature on joint ventures; literature on culture; literature on intergroup theory, social categorization and attraction; and literature on group development.

Each literature makes contributions that complement the explanatory strengths and weaknesses of the others. For example, continuing ties of team members to past roles or identities may be shaped by the finite contractual nature of their participation in the venture, and they may be implicit in terms of continuing formal or informal interaction with their parent. Or these ties may be most salient as "social facts;" that is, in terms of ascriptive markers of ethno-linguistic or national identities. Such ties and identities, conditioned by structural conditions and psycho-social conditions, may affect the nature of the relationship between the cultures represented in the ventures and the timing and outcome of group development over time.

The extant literature and theorizing on joint ventures is the first stream of literature reviewed. While empirical research on joint ventures rarely references direct empirical data or theories at the intra-organizational and inter-personal levels, it does identify a number of factors hypothesized to shape the outcomes of joint venturing.

I redress the intra-organizational and inter-personal level weaknesses of joint venture research by referencing three other streams of research. The first of these considered here is
literature on culture. Typologies of national cultural differences (e.g. Hofstede, 1980; Laurent, 1983) were especially useful in clarifying, and providing support of, discursive accounts given by managers of problematic aspects of operating in the joint venture setting. Such typologies helped to unravel how individuals or groups might arrive at their espoused understanding of the venture team's operation and processes as influenced by the behavioral expectations and assumptions conditioned by one parent's culture. Though the process of how cultural differences play themselves out in interaction processes is relatively neglected in theory, examples of how this aspect can fruitfully be conceptualized are suggested by the work of Lewin (1936) and Hall (1959; 1969). Moreover, this literature suggests that organization structures, systems, etc. as mechanisms for shaping interactions are in and of themselves not neutral with regard to their cultural implications (Laurent and Inzirelli, 1983).

Research on intergroup theory, social categorization and attraction supplements culture perspectives by addressing how cultural identities come to be used by actors in their situational enactments. Though some empirical research in this tradition relies heavily upon experiments (often settings at a far remove from the complexities of managerial life), this third stream of literature provides a basis for understanding orientations on the individual level and over time. Of particular interest are perspectives that look at issues of social identity in terms of the link between individual needs and contextual factors in influencing the salience
and use of social identities in a situation and which identity will be enacted. This literature allows the drawing of explicit cross-level linkages between the factors highlighted in the joint venture and culture literatures. This work, along with work focusing on intergroup relations (e.g. Alderfer and Smith, 1982; Sherif and Sherif, 1953), also suggests how these variables become important in understanding intra-organizational and interpersonal interaction in the development of the teams.

Literature on group development provides a fourth important stream in developing an understanding of joint venture teams. Fine (1979), who explores the development of "idioculture" in Little League baseball teams, and Schein (1985) provide a link to the culture literature as well as sharing the same concerns as other investigators of group dynamics. Fine suggests that the cognitive and behavioral integration of a group is shaped by shared experiences over time. In examining the development of group culture (or idioculture), (Fine, 1979) suggests that groups need to develop, and will develop, shared symbols, behavioral routines, and understandings to perform. Affect, proximity, the shaping of behavior through the rules of the game all contribute to the development of a shared set of labels and categories that index the cognitive integration of the group.

The roles of proximity, affect, behavioral and cognitive integration are widely assumed in the groups literature to provide the bases for team cohesion and the capacity for innovation and common action (c.f. Moreland, 1987). This monograph, by focussing
on teams showing different patterns of team relations evolving over time (integrative convergence or inertial divergence), builds upon this assumption that the state of a team in terms of its apparent integration along these dimensions indicates the ability of a team as an entity to undertake coordinated action, to socialize new members and to innovate new solutions as challenges emerge.

Bettenhausen and Murnighan (1985) and Gersick's "punctuated equilibrium" approach to how groups develop are important for underscoring the contextual influence of time, feedback and external pressures on behavioral and cognitive integration of teams.

These four streams of literature (joint venture; culture, social categorization, intergroup theory and attraction; and group development) are reviewed below. They differ according to primary level of analysis emphasized and in their emphasis upon dynamic change over time. However, where one literature may posit the importance of certain factors, another literature may deepen our understanding of why they are important. Looking at these factors through the lenses of different literatures may help in turn to recognize linkages between factors. The summary at the end of this chapter attempts to outline and integrate some of these insights in terms of a set of propositions about the expected influence of various factors on the development of the teams. I employ these propositions to discuss and analyze these teams in later chapters.
II. The Joint Ventures Literature: Suggestions about key concerns and the role of formal conditions

A: Introduction:

Research on joint ventures primarily comes from strategy researchers (e.g. Franko, 1971; Janger, 1980; Harrigan, 1985, 1986). These investigators concentrate upon the strategic rationales compelling organizations to enter into ventures (c.f. Janger, 1980; Harrigan, 1985, 1987(a)), the effect of alternative structuring upon longevity of ventures (c.f. Killing, 1983; Kogut, 1988), and the role that different goals and strategic competencies of parent organizations and their secondees play in ventures (c.f. Lei and Slocum, 1991). Most of the empirical research focusses upon the organizational or inter-organizational levels of analysis (c.f. Harrigan, 1985, 1986), primarily utilizing secondary sources and questionnaire data.

Two themes encapsulate many of their concerns and findings relevant for the present inquiry. The first theme is the rationales for forming ventures. I find an apparent paradox between these rationales and the normative emphasis in the joint venture literature upon avoiding complexity. Concern with the rate of failures of joint ventures, and what predisposes them to difficulties or failures, is another popular theme that we will take up in subsection C.
B: Why Joint Ventures are Used and the Call For Simplicity: A Paradox?

The literature on joint ventures has a curiously paradoxical nature. On the one hand, commentators urge simplicity of design and venture independence. If there is any common normative theme running through the literature on joint ventures, it is the admonition to aim for simplicity and to reduce managerial complexity as much as possible (Lorange and Probst, 1987; Killing, 1987). Their ideal is independence for the venture, in terms of day-to-day managerial decision-making and value chain or other interdependencies with the parents. It is also suggested that shared management in itself is a source of complexity to be eschewed unless it is absolutely necessary (Killing, 1982, 1983).

On the other hand, the rationales for forming joint ventures seem to imply a host of complexities. Substantial managerial and resource independence simply does not fit many rationales for joint venture formation. A cursory look at the list of rationales compiled by Harrigan (1987a) makes this clear. Among the motives for forming joint ventures found by Harrigan (1987a: 29) are:

A. Internal uses
   1) Share a cost or risk (reduce uncertainty)
   2) Obtain resources where there is no market
   3) Share output of large, underutilized plants
      a) Avoid wasteful duplication of facilities
      b) Utilize byproducts, processes
      c) Share brands, distribution channels, etc.
   4) Intelligence: Obtain a window on new technologies and customers
5) Create innovative managerial practices  
   a) Strive for superior management systems  
   b) Improve communications among small business units  
6) Retain entrepreneurial employees  

B) Competitive uses  
1) Influence industry structure's evolution  
   a) Pioneer development of new industries  
   b) Reduce competitive volatility  
   c) Rationalize mature industries  
2) Preempt competitors ("first-mover" advantages)  
   a) Gain rapid access of better customers  
   b) Expand capacity, or vertical integration  
   c) Acquire advantageous terms, resources  
   d) Form coalition with best partners  
3) Create more effective competitors  
   a) develop hybrids possessing owners' strengths  

C. Strategic uses: Augment strategic position  
1) Create and exploit synergies  
2) Perform technology or skills transfer  
3) Diversify

Many of these rationales entail complex boundary spanning relations, including resource flows with the parent organizations (e.g. with vertical integration, utilization of parent byproducts) and information flows (e.g. with rationales predicated upon access to customers, or to perform technology or skills transfer). Other rationales suggest that a process of cultural blending or reciprocal influence must occur in the venture (e.g. "development of hybrids possessing owners' strengths"). It is hard to understand how complete systemic or resource independence could be achieved under such conditions.

The sources of complexity cited, and the reasons given why complexity is problematic, again imply problems at the organizational and intra-organizational levels of the venture in terms of role conflicts for venture managers, threats to trust among the managers and problems of coordination between systems
built upon different, and often incompatible, assumptions and expectations inherent in the parental/national cultures.

C: Explaining Venture Failures and other Sources of "Difficulty"

Ventures have seemingly high rates of mortality (c.f. Franko, 1971; Killing, 1983; Harrigan, 1985, 1986; Ollie, 1990). Estimates range from approximately 33% (Franko, 1971) to over 60% (Ollie, 1990). Often the fact that ventures are reorganized, that shareholding structure changes, or that a venture is discontinued is assumed in these studies as evidence of failure. This conflating of change with failure is highly questionable, since it is clear that a venture may be entered to gain a skill (c.f. Hamel, Doz and Prahalad, 1989) or as a "trial marriage" for the parents to test the viability of mergers or more extensive cooperation between parenting organizations (Harrigan, 1985) or to share risks and costs that may change as a business develops (Contractor and Lorange, 1987).

Failures and anecdotal evidence on the difficulty of shared management have led researchers to assert that difficulties of shared management arise from intra-venture problems linked to the use of shared management (Killing, 1983; Goldenberg, 1987). With little direct empirical support or data at the inter-personal or intra-organizational levels, researchers cite national and corporate cultural differences (Franko, 1971; Killing, 1983; Ollie, 1990; Baird, Lyles and Wharton, 1990), ambiguous roles and
contributions (Killing, 1983; Lei and Slocum, 1991); and differences in the expectations and practices of human resource management (Shenkar and Zeira, 1987; Zeira and Shenkar, 1990) as contributing to managerial problems. Bivens and Lovell's (1966) early study of joint ventures, including those with shared management staffing arrangements, provides a survey of difficulties in these arrangements. While Bivens and Lovell found that quite a few of the executives queried believed that a 50-50 joint venture "has the psychological and practical advantage of being a true partnership" (p.19), even managers who preferred these staffing arrangements cautioned about potential difficulties. Executives ranged in their view of shared management from outright rejection to cautious optimism:

In our opinion, the management must be in the hands of one of the two partners; a joint responsibility does not work out. . . . (An Argentine manager cited in Bivens and Lovell, 1966: 22)

It has been my experience that mixed managements may give at the beginning very difficult problems not so much for lack of language, but mostly because of semantics. In this case a word has to be defined as the summation of the know-how and methodology that stay behind that specific word.

To explain myself better I may exemplify with the word "budget": If an American asks an Italian to make a budget he is going to be completely confused by the results because the Italian will draw up a budget with methods and data taken in quite a different way from the way the American is used to, and therefore might arrive at wrong conclusions. (An Italian executive quoted in Bivens and Lovell, 1966: 51).

Disadvantages [of 50-50 venturing] are that most of these joint ventures are between two companies from different countries. This implies that there are many fundamental differences of character, of inter-human relationships and of disciplines. To my opinion the typical characteristics of the country in which the joint venture is founded should be leading, without, of course,
excluding any changes of influences of the foreign partner. Much patience and understanding from both parties, especially at the top, is vital. (The Chief Executive of a Netherlands company, quoted in Bivens and Lovell, 1966: 51).

Killing (1983) found a similar tendency among the executives he interviewed to attribute difficulties in shared management to differences of language, practices, and other cultural elements. In his study of 37 joint ventures (and interviews with 37 joint venture executives), Killing reports that 20 of these ventures shared equity at, or close to, a 50-50 basis. Of these 20, 12 had shared functional management of the venture, like the ones examined in this dissertation. Comparing dissolution rates, Killing found that 55% of these 20 shared management ventures were discontinued or reorganized as opposed to only 23% of the ventures dominated and managed by one parent (N=13) and 25% of the independently managed ventures (N=4). Furthermore, Killing reports that those shared management ventures in which the influence of the two parents was said by the managers he interviewed to be most balanced were the most likely to be liquidated or reorganized (62.5%) (p.23).

Killing asserts that shared management ventures are more difficult to manage than dominant and independent ventures due to differences in culture and personalities of the managers playing themselves out inside the venture as well as at the parent interfaces. Though he has no direct empirical data, he also points to the probable influence of other factors such as ambiguous relations of managers to the venture (careers continuing in the
parent rather than the venture) and to problems of allegiance and divided loyalties and trust. He implies that the latter are in part a matter of identification and incentives and, in part, cultural. While only two failures were attributed directly to differences in "corporate personality," and none explicitly to differences in national culture, Kilving still posits that national cultural differences are likely to be a major problem. As evidence, he notes the poor track record of Japanese-American ventures in Japan during the 1960's (p. 57).

The work of Yoram Zeira and Oded Shenkar (Shenkar and Zeira, 1987; Zeira and Shenkar, 1990) on human resource management in joint ventures also points to the importance of the intra-organizational level. They suggest that care must be taken to tailor personnel policies to fit the assumptions and expectations of the parties and suggest that this is easier to accomplish "when one parent is dominant," and "the transferees of both the dominant and non-dominant parents must report to the dominant one" (1990: 11). They also suggest that loyalty of transferees to the venture is critical and that the parents not insist that the human resource management practices in the venture be a carbon copy of that used by either parent organization.

Zeira and Shenkar (1990) also point to other design issues that they suggest can be problematic because they violate the expectations of transferees or violate their managerial assumptions. Among these are problems in developing appropriate criteria for evaluating performance, differences of opinion or
expectations (e.g. about which data in the venture should be confidential, differences in parental personnel policies, compensation, etc.) and the "parents' international culture" (differences in the preferences of the parents toward joint ventures, collaboration, risk-taking, etc.). Along with other authors, such as Kobayashi (1967) and Walmsley (1982), Zeira and Shenkar argue that ventures framers must create a "context for managerial interaction" using the formal contractual arrangements to address differences in practices and values that can lead to feelings of inequity and dissatisfaction in the venture.

Zeira and Shenkar further posit that differences in the corporate cultures of the parent organizations can be associated with differences in norms which will be difficult to change. For a venture to succeed despite such differences, they believe that the internationalism of the parent organizations is important in creating a tolerance for, and sensitivity to, cross-cultural issues, and they suggest that norms supporting collaboration, control sharing and expectations of joint venture independence are helpful. They (Shenkar and Zeira, 1987) also argue for the need to develop a neutral, venture-level human resource management system, though they do not suggest how that might be accomplished where norms and assumptions differ (or, for that matter, what a "neutral" set of human resource practices might be).
D: Summary

In sum, while these researchers seldom explore empirical data at the organizational and sub-organizational levels about the functioning of joint venture teams over time, the joint venture literature does suggest a number of factors and conditions that should affect venture team relations and performance. Killing (1982, 1983) points to whether the conditions under which a venture operates are those in which one parent dominates or not. Killing (1983), Shenkar and Zeira (1987) and Harrigan (1985) suggest that the loyalties or sense of commitment of those running the venture are important. A number of other factors are referenced as affecting the functioning of a venture. Important among these are:

- How the secondment contract, venture career and reward systems and parental career and reward systems shape expectations of team members. These should influence expectations concerning where their future careers will continue; how long they will stay in the venture; the linkage between the business performance of the venture, their rewards and career goals; and the extent to which peer/superior relationships in the venture mediate the attainment of rewards and career goals. In future discussions this will be referred to as the factor of career horizons and rewards.

- The location of the venture. More specifically, whether the venture is located in the home country of one of the parents or not.

- The language used in the venture. This is suggested by reports in Bivens and Lovell (1966) and Killing (1982) among others.

- The anecdotes in Killing (1982, 1983) and conceptual discussions such as those of Killing (1987) and Lorange and Probst (1987) suggest that the intensity of boundary interdependencies with the parents (the converse of
independence) is important.

There was some suggestions that differences between the systems and practices to which managers coming to the venture are accustomed can increase difficulties (c.f. Zeira and Snenkar, 1990).

Lei and Slocum (1991) and Killing (1982) among others suggest that the managerial challenges in ventures based upon clear complementarity of skills or contributions will differ from those where the parents tend to have overlapping skills and contributions.

From the general discussions of Lorange and Probst (1987) among others, we can at least indirectly infer that dispersed, multiple venture sites of operation might be problematic. The implication is that such sites would be problematic because of increased coordination difficulties, complexity of design and the multiplicity of influences.

In addition to these, a theme which crops up anecdotally in various studies is that of perceived fairness and the nature of trust. Thus, another element of culturally-based understandings flagged by this literature is that of the assumptions of actors about the meaning of equality.

These constitute a subset of the factors suggested by this literature, which I found to be useful in examining the cases. Often there are very thin conceptual arguments given in the joint venture research literature to explain why they matter. However, the literatures on culture, social identification, and group development help redress this gap, so that each of these factors may be defined more precisely and their predicted influence described at the end of the chapter.
III. Literature on Culture: Toward understanding teams as an instance of the intersection of, and cooperation between, cultures

Two approaches dominate the study of culture. Some research on culture conceives of groups, organizations or societies as cultural systems (Allaire and Firsatro, 1984). Their approach treats culture as a dependent variable. For example, Kohn (1969) seeks to describe the culture of different social classes in the United States. There are a large number of anthropological studies that seek to describe tribes or societies as cultures. Discursive understandings, behaviors and physical and organizational aspects, are catalogued as elements of these culture. In the other approach, investigators treat culture as an independent variable that explains organization and practices (e.g. Jaeger, 1983).

Schein (1985) seeks to separate what is culture from its artifacts or conscious manifestations. He limits his definition of culture to:

a pattern of basic assumptions -- invented, discovered or developed by a given group as it learns to cope with its problems of external adaptation and internal integration. . . [and which is] to be taught to new members as the correct way to perceive, think and feel in relation to those problems. (1985:9)

Cultural assumptions, as defined by Schein, become explanatory variables to make sense of the espoused values, behaviors, physical artifacts and symbolic products of a group, organization or society -- things typically indexed as part of an organization's culture.
The two approaches -- treating culture as a factor in groups or organizations and treating organizations or groups as cultures -- thus are not mutually exclusive. Culture reveals itself, and is reproduced, through artifacts of values, behaviors, symbols and structures (Schein, 1985: Chapter 4). For purposes of this inquiry I am interested in culture in both senses. I describe discursive understandings and practices and, where possible, will speculate upon their roots in basic assumptions.

Culture shapes and limits the range of schemas, symbols and scripts that are the mechanisms for ordering and understanding reality. Some elements of culture (values, beliefs) are evoked self-consciously by members and are a part of discursive understandings (Giddens, 1984). But many of the schemas governing the ordering of reality and scripts governing appropriate practice and behavior are "taken for granted" and used reflexively by actors.

Much work on national culture research mixes these tacit and discursive elements in building typologies of differences between cultures. Laurent's (1983) categories are built upon responses to questions about the perceived importance, or agreement with, certain statements about organization, management and human nature. As such, they focus attention upon the discursive elements of culture, though these are implied to have implications for the reflexive behavior of actors. Hofstede's (1980) work uses factor analysis to try to arrive at the tacit mental models underlying actors' espoused beliefs and preferences, though the questionnaire
itself is geared toward the conscious assumptions of respondents.

These models tend to be static, taking the cultural assumptions and expectations as a given to be surfaced and categorized. What these and most other typology-oriented approaches to national cultural differences lack is insight into the dynamics of culture use over time.

Time is important in two ways. Firstly, there is the largely unexplored question of how these differences play themselves out in group processes and, secondly, there is the question of how cultures emerge historically.

There is little literature on how cultural differences become reflected in inter-personal or inter-group interaction. The best exemplar remains Lewin (1936). In his study of Germans and Americans, Lewin (1936) explores differences in the social distance between individuals in the United States and Germany. He frames his inquiry in terms of the differences in the accessibility of different layers of the personality in the two cultures. Lewin distinguishes conceptually between the peripheral, or easily accessible, regions of the personality and the "central" or private regions. In the dynamics of interaction, peripheral regions are more accessible and open to others. Lewin depicts the German as having a far more limited peripheral, public region than the typical American. More aspects of his personality, beliefs, etc. are private and shielded from exposure to others. Thus, Lewin posits that the amount of effort necessary to communicate with a German before hitting a boundary of resistance would, in the case
of the same expenditure of effort with an American, lead to a
deeper penetration into the personality of the American with less
resistance encountered. Lewin suggests that such a difference
explains, for example, why an American acts more casually when
confronted by a wider range of events, while a German might react
to protect his privacy in many situations that would not
particularly bother an American. Thus, an American might define a
disagreement as personal, while a German might tend to frame the
disagreement as a moral or ideological issue. Given the relatively
larger proportion of the German personality relegated to the
private, central regions, Lewin's analysis suggests that many more
things will be private for the German and he, thus, will be more
likely to act more emotionally because personal regions are more
likely to be touched (p. 24). Lewin posits that this is a reason
why it takes longer to "get to know" someone in Germany as opposed
to the United States.

Though Lewin only considers the dynamic implications for
interaction within culturally homogeneous dyads or groups, his work
invites extension to understand how interactions between Germans
and Americans are viewed by each party. If a German and American
meet for the first time, the American may have certain expectations
about the permissible degree of intimacy that will be frustrated
when she hits the resistance of the German, who on her part may be
affronted or surprised by what seems to be an inappropriate attempt
at intimacy. But if the German does not respond in kind, the
American might conclude that the German is concealing something or
being personally critical. If the German does acknowledge the successful penetration of her intimate sphere, she may make assumptions about the intimate status of the relationship not shared by the American, who does not consider the relationship to be intimate. If this is the case, the German will be in for a surprise when she finally does tread upon territory deemed personal by the American and encounters resistance. Both may tend to be out of step, as well as out of depth, in the process of getting to know one another. This tendency to be out of step could color many sorts of negotiation and interaction processes in cross-cultural negotiations or teams comprising Germans and Americans.

The point of the above is that it is important to have a way to move from a static catalog of cultural differences to an appreciation of their implications for interaction over time. Except for the insightful and primarily anecdotal work of Hall (1959;1969), Lewin is one of the few authors who have provided a conceptual approach to incorporating processes over time into our considerations. It is a pity that, though Lewin's article was highly suggestive of themes with great import today, he has not spawned a stream of conceptually-based research that might expand our understanding of such critical phenomena.

Time is also important in tracing the historical and contextual backgrounds leading to development of observed cultural assumptions and artifacts. Again, Lewin (1936) nods to the importance of this dimension when he briefly considers the historical roots of the differences between Germans and Americans.
that are the focus of the article. There are some other authors who attempt to link national cultural differences to historical conditions (c.f. Le Bon, 1895, on the differing conceptions of democracy in Northern European and Latin countries). Moreover, some of the research on the development of groups and organizations, presented in a later section of this chapter, are dynamic approaches that could also be called contributions to the culture literature. That is because they concern themselves with describing how cognitive and behavioral integration of group members (which Fine, 1979 would label an "idioculture" and others such as Bettenhausen and Murnighan, 1985; or Gersick, 1988 and 1990, would label as a convergence of assumptions) evolves over time. However, they tend to operate at a level of analysis and with research emphases that differ from most of the research reviewed in this section (with the exception of Schein, 1985), so that the dialogue and opportunities for cross-influence between these two literatures has been limited.

In sum, this literature suggests several things that proved useful in generating insights from the cases studied here. The first of these is that cultures, especially national or ethno-linguistic cultures, are relatively stable and resistant to change at the individual as well as the societal levels. In looking at venture teams as a collection of mature adults who bring their cultural heritages with them, this suggests that one might expect to see a great deal of inertia, or even resistance, as socialization pressures to resolve mismatches in expectations,
practices and preferences mount.

A second important point gleaned from culture research is the systemic nature of naturally evolved cultures. There is a consistency or logic underpinning the different expectations and practices within a cultural system. Thus, it would be hard to pick and choose practices from cultures as if a venture were a multi-cultural smorgasbord, because assumptions, practices and behavioral expectations are interconnected (see MacDuffie, 1991 for an discussion of Japanese production and managerial practices in the automobile industry). Thirdly, cultural assumptions are tacit; thus, members of a culture may largely be unaware of them and have difficulty explaining them, while observers may find it challenging to decode them from their visible manifestations. Finally, the work of Hofstede (1980) and Laurent and Inzirelli (1983) argue convincingly that systems, methods, hierarchy, organization structures, etc. are all permeated with cultural meanings. Thus, just as androgyny is hard to imagine, a "neutral" set of venture systems, practices, methods etc. may be equally as utopian.  

Cultural differences also can become a currency used by actors in defining boundaries in social interactions. This is one of the concerns of the social identification literature where cultural background -- as indexed by language, behavior or other artifacts -- becomes a basis for predicting the social identities enacted by team members.
IV. Social Categorization, Attraction and Intergroup Theory: Toward understanding how team members enact and bound social identities

A: A General Overview

The other literatures considered so far in this chapter largely leave us in the dark about three issues essential to decoding group behavior. They do not tell us about the group identities that individuals may enact in a team setting, nor do they explain why individuals are motivated to enact certain group identities and how these identities impinge upon group processes. That is why the literature on social categorization, intergroup theories and research on attraction is a vital supplement to the others considered here.

Intergroup theory suggests that groups form a source of positive and negative references for the self (Doise, 1988). Groups are a medium for self-definition. The sanctity of these group identities is accentuated and maintained by positing an adversary or out-group (Doise 1988: 103). The propensity to seek distinctiveness through group identification, rather than through individual position, depends upon the characteristics of the situation. Cues of similarity and difference (including names assigned to randomly assigned groups, race, language) may evoke group categorizations. In the Sherif boy's camp experiments (see Sherif and Sherif, 1953; 1969), labeling (assigning groups names) was shown to be sufficient to create group identities that members accentuated by attributions of more positive characteristics to
group members and negative characteristics to members of the other group. Sherif and Sherif (1953:236-237) suggest that:

When individuals having no established relationship are brought together in a group situation to interact in group activities with common goals, they produce a group structure. . . . This group structure implies positive in-group identifications and common attitudes and tends, in time, to generate by-products or norms peculiar to the groups, such as nicknames, catchwords, ways of doing things, etc.

Tajfel (1978; 1982) has also been able to invoke in-group and out-group behaviors in randomly assigned groups in a laboratory setting. Doise and Lorenzi-Cioldi (1987: reported in Doise, 1988) conducted an experiment suggesting that such identities could be switched on or off according to how the experimenters framed the situation for subjects.

Common threats from feedback or the environment have also been shown to affect social categorizations. A perceived common enemy can be a potent force in creating cohesion among individuals and getting them to put aside opportunities to use other bases for bounding groups (Sherif and Sherif: 1969). Framing a situation as competitive also influences the propensity to create in-groups and out-groups. In the Sherif and Sherif boy's camp study, competitive activities tended to accentuate positive ratings of in-group members, and to induce stereotyping and negative attributions toward members of other groups. Once such oppositional identities were established, it was only by establishing a common superordinate goal that the conflict between the groups earlier-established could be ameliorated.
Linguistic or ethno-linguistic identities may also be used by individuals in making social categorizations. Some researchers indeed consider such characteristics as one of the most salient dimensions of group identity, though the empirical support for the primacy of such identities in social interaction is mixed (Sachdev and Bourhis, 1990: 216). In reviewing literature addressing the role of language, Sachdev and Bourhis (1990) suggest that the reason for this confusing stream of findings is that contextual factors such as the relative status of the ethno-linguistic groups, their demographic strength and their institutional support affect the vitality of ethno-linguistic categorizations (p. 220).

Work on social categorization (Tajfel, 1978; 1982) seeks to answer the question of why individuals come to identify themselves as members of a group and the implications of those identities for relations between groups. The minimal group paradigm (Tajfel, 1982) suggests that people use cues (often introduced by the researcher) in establishing in-groups and out-groups. Human beings require such group identities because they are social animals who seek affiliation. Group identities are a source of belonging and a basis for ontological security. Social categorizations are also a means for cognitive simplification in social settings -- they allow one to use stereotypes and other reflexive mechanisms for navigating through social settings as well as clarifying who are relevant referents for behavior.

A common thread running through these different approaches to the issue of social identification and intergroup dynamics is the
point that identity has properties deriving from individual needs and network relations as well as from ascribed membership in a category, but that a context may induce a greater or lesser reliance upon the salience of group categorizations as opposed to personal or network attributions. As Turner (1982) suggests, 'different situations tend to "switch on" different conceptions of self so that social stimuli are construed and social behaviour controlled in the appropriately adaptive manner' (1982: 20).

Research on attraction approaches the issue of how people choose membership groups from a somewhat different point of departure. Attractiveness constitutes a basis for choosing social identities and affects the character of intergroup relations. Berscheid and Walster (1979) found perceived similarity to be an important basis of attraction. The apparently similar individual or group is more likely to be liked and used as a referent for behavior. Dalton (1959) found that those perceived by top management to be more similar in terms of ethnicity, religion, social affiliations) tended to be seen as more competent and were more likely to be promoted. Thus, figural bases of difference (e.g. those described by Sachdev and Bourhis, 1990) are likely to lessen attractiveness between individuals and groups differing along those dimensions. The relationship between similarity and perceived attractiveness works in both directions in the sense that, once groups have been formed (even if the basis for assignment was arbitrary as in the case of the Sherif studies) the group membership leads to attributions that members of the other group
are less similar to one's self than are members of one's own group. There is a tendency to attribute more attractive characteristics to one's membership group and more negative (less attractive) characteristics to members of the out-group. Thus, the enactment of an in-group out-group situation can set up a dynamic that reinforces, and eventually reifies, the initial enactment of social boundaries.

In sum, these authors make several points critical to developing an understanding of shared management teams. They suggest, first of all, that no a priori assumption can be made that the social identities enacted by team members are going to be congruent with the formally designated boundaries of the team or the venture. Other on-going or past memberships of team members could exert more potent pulls than the formally designated team. The attraction literature suggests that the ethno-linguistic homogeneity and sometimes preexisting work relationships among members of the groups sent to all three venture teams in this study would increase the probability that sub-groupings based upon past or continuing identities, rather than the formal team as the most salient unit of identity, may be enacted.

A second point is that individuals are influenced in their invocation of social identities by various cues or the mediation of external factors. It is suggested that factors such as the perceived degree of shared fate or common threat may mediate whether the behavior of others is viewed in terms of stereotypes (group categories) or in terms of personality (person perception)
(c.f. Gundykunst and Ting-Toomey, 1988). A final point is that once social identities are invoked in a situation, a dynamic of in-group out-group relations has been documented by researchers, in which actors' perceptions are geared to accentuate the positive image of the in-group (membership group) often by imputing negative attributes to the out-group.

In the final section of this chapter and in Chapter Four, it will be suggested that some of the conditions characterizing the three teams in this study and, more generally, some of the factors cited by joint venture researchers as creating "difficulties" can be linked to these processes of intergroup relations and stereotyping described by these theorists.

B: Intergroup Theory as Action Research: Broaching the normative implications of the above

Alderfer (1987) and Alderfer and Smith (1982) suggest that individuals possess multiple identity group and organizational group affiliations that may or may not be brought to bear upon a particular social interaction setting. Identity groups are groups that individuals belong to on the basis of ascriptive characteristics such as race, language, gender, social class, while organizational identities are based upon formal organizational roles (e.g. position in the hierarchy, functional affiliation). Racial or gender identities may overwhelm organizational identities and become a source of conflict in organizational life. The key to the action research agenda they outline is to find which sets of
identities are being enacted in a particular interaction setting. Through formation of microcosm groups, questionnaires, etc. the researcher/consultant seeks to surface the differences engendered by these identities in order to get participants to understand them, and to get them to explore the implications of these identities for achieving goals shared by the participants.

Building effective task teams with members who bring divergent group identities to bear upon a social situation has been a key focus in the work of Alderfer and Smith (1982), as well as by others working in an action science tradition such as Gray (1990), who reviews organizational development issues in interorganizational alliances. The proposed interventions, while differing in some particulars such as the degree to which they consider the researcher's/consultant's group identities, share a focus upon building a common understanding (cognitive integration) of the domain and an appreciation of the different orientations and interests of the different stakeholders. They also are consistent in stressing the importance of establishing agreed-upon goals and ground rules about acceptable and unacceptable behavior. Forming a task organization subsuming the different groups (a microcosm group in the terminology of Alderfer and Smith, 1982) or a referent organization (Trist, 1983) that takes ownership for change goals is important. Action researchers and the microcosm group are to use understandings generated by an intervention in generating a system or processes to ensure that agreed upon patterns of interaction among the stakeholders occurs (see Gray, 1990: 129-30).
The theory underpinning these approaches is that not only must differences between parties be appreciated, but that it is necessary to overcome the group divide by creating a set of superordinate goals and/or a common enemy to increase the sense of shared fate or attractiveness. Behavioral integration, it is suggested, is fostered by discussion and getting the parties to agree to a set of rules that they can all abide by.

Unfortunately, in their descriptions of the settings and interventions, these authors tend to reify the enacted social boundaries, giving the impression that they accept the choice to see other members of a task force as representing a particular group, rather than as individuals, as somehow inevitable. The question of why, for example, race rather than age, gender or departmental affiliations is enacted as the relevant or problematic boundary is not usually explained. Perhaps this is a function of the groups they studied. It may also be that clinicians tend to be invited into such situations only after the intergroup enactments have become so entrenched that they have become a generally acknowledged problem. Perhaps too, this sense of reification in part represents a stylistic conceit of consistently using race, gender or hierarchy to keep track of team members in some of their writings.6

In sum, normative approaches to intergroup relations contribute potentially important insights for looking at shared management teams. First, these authors establish a link between social categorization and in-group out-group dynamics and practical
managerial problems of effectiveness, morale, etc.. Second, they suggest that events or activities intervening to create a strong sense of a shared or superordinate goal can modify such dynamics. Third, they suggest that building a common group identity in an enacted intergroup situation requires a process of exploration under conditions of a superordinate goal to arrive at shared understandings (cognitive integration), negotiation and discussion of behavioral expectations (to achieve greater behavioral integration), and learning to treat differences or perspective or expectations with respect and trust (affective integration). This is all done by creating the temporal and physical proximity for intense interaction around such issues in the microcosm group (physical integration).

V. The Team as an Instance of Group Development

Models of group development focus upon the stages or process groups go through in developing the shared assumptions, behavioral expectations and modes of operating that make coordinated actions and decision-making possible. Some recent reviews of literature pertaining to group development include as well some of the literature reviewed in the preceding section (c.f. Moreland, 1987). However, many group development theories are more centrally concerned with explaining patterns of how individuals integrate into groups over time in terms of stage or evolutionary models.

Fine's (1979) concept of the "idioculture" (a group's shared
stories, labels, set of "appropriate behaviors, etc.) is a model of how groups develop, with an explicit emphasis on the development of a group's culture. His article suggests how groups converge over time around shared understandings and a set of shared expectations, practices and assumptions, as well as describing the content of this evolved group culture.

Fine (1979) illustrates his theory by describing the emergence of a group culture in Little League baseball teams. He focusses upon the visible convergence around shared phrases, behaviors and stories and he defines five characteristics governing the creation and continued use over time of these cultural forms in groups. These forms, contends Fine, must be known to members; they must be usable in the course of group's interaction; they must be functional in supporting group and individual needs; they must be appropriate in supporting the group status hierarchy; and they will be triggered by events which occur through group interaction (Fine 1979: 737). Idioculture is defined by Fine as "a mediating element between constraints external to the group and behavior of the group in dealing with these constraints" (p. 737). Fine shares with Schein (1985), Weick (1979) and others the supposition that cultural assumptions and forms arise in groups out of a need to make sense of, and exert control over, experience. Thus, cultural forms and assumptions are reinforced in their usage by individuals as their apparent efficacy is tested over time and across situations. The latent cultures or prior knowledge of group members will affect the form, but not the content, of the group's culture.
Religion, race, and the rules of the game of baseball are elements imported into the group and they can become a medium for building categories within the group. In looking at the Little League teams, for example, racial epithets or an interest in religion that became part of the group culture utilized ascriptive characteristics of team members and preexisting categories in the society at large. The appropriateness of certain sorts of jokes or language was found to be governed by whether adults were present at the time (a contextual factor). Nicknames could change as the sociometric status and/or proficiency of a player changed (p. 741-2). A threat to a group could trigger a new legend, norm or prescription for group action (p. 742).

Moreland suggests that "group formation is a process that unfolds over time" (1987:81). Some approaches to the question of how groups develop view groups and their members as passing through certain temporally sequential stages of development (e.g. Tuckman, 1965) or dealing with certain common emotional issues, though not necessarily in a particular sequence or form (e.g. Bion, 1959). Schein's (1985) discussion merges a consideration of stages in group development with an emphasis upon underlying emotional issues that may be dealt in different ways at different stages. At the initial formation stage of development, group members deal with issues of inclusion, identity, authority and intimacy. Uncertainties and the cognitive disorientation inherent in the new group can fan feelings of anxiety and members behaviors are motivated primarily by the desire to reduce this anxiety rather
than by goal-oriented tensions. Projections rooted in past experiences, including stereotypes, may tend to be used by members to impose order upon their experiences. There tends to be a shared fantasy that the leader is all-knowing and inevitable member disappointment when he does not resolve all the ambiguities and anxieties experienced by members.

Schein (1985) emphasizes that norms build in a new group through shared experiences. Members over time gradually begin to be able to calibrate the behavior of one another through repeated contact. Every instance of response by group members (even ignoring a member or inaction) tends to set a potential norm or precedent for subsequent behavior.

At some point a group seeks to take some sort of common action. This signals to members their ability to act as a unit and helps propel a group into a second stage, which Schein (1985) designates as group building. There is a new found sense of belonging which tends to be associated with fantasies of "fusion" — the assumption "we are a great group and we all like one another." Evidence of member differences or tensions may tend to be swept under the rug or otherwise denied to preserve this fragile veneer of unity. As the group gains further shared experience, there will be a winnowing out process in which some norms survive and others are abandoned or transformed. The acceptance of a norm may be fostered by external feedback suggesting that it enhances survival. Or its felt efficacy may be more influenced by the degree to which it facilitates internal coping and mitigates anxiety.
As further experiences accumulate, group members come to feel increasingly secure in their new identities and roles. Tensions and other evidence of differences that were once threatening can now be accepted by members. This signals the passage into the third stage identified by Schein -- that of group work. In this stage, there is "mutual acceptance," which means that members move beyond the idea that they must all like one another to function successfully. At this stage a group may begin to institutionalize solutions in order to avoid regressions into anxiety-provoking states or uncertainty. or the group may develop a capacity for ongoing innovation and change. In the final stage, the maturity stage, group relations become institutionalized, and there may be rigidity of thinking and acting that may make it hard for the group to adapt and innovate should its circumstances change.

Schein's (1984) discussion focusses upon evolution of group relations as driven, on the one side, by psychodynamic forces and, on the other, by critical incidences and other shared experiences which channel the manifestations of these psychodynamic forces by group members.

There are other models that deal less explicitly with the psychological predispositions of members, but that bring external factors into center stage. They view the process of development as one of certain processes and tendencies shaped by the character of external factors on the one hand and the individual members' enactments of these events on the other. I review three such models here: that of Ancona (1990), Bettenhausen and Murnighan (1985),
which comes from a laboratory tradition, and the work of Gersick (1988;1990), who builds upon observations from both laboratory and "natural" groups.

Ancona (1990) argues that how teams manage, draw information from and seek to influence external constituencies is more important under conditions characterized by a new task and changing conditions than the degree of internal cohesion achieved. In looking at teams in a state education agency, she found that those teams who most actively managed and probed for information in external organizations were rated by agency officials as higher performers than the team that achieved the highest level of member satisfaction.

Like Fine (1979), Bettenhausen and Murnighan (1985) identify patterns of convergence toward shared assumptions and standards of behavior. Their work, however, focusses upon controlled laboratory group situations with set tasks and payoff possibilities rather than upon natural groups. They suggest that a "critical element in norm development is the emergence of a generally held, group-based understanding of expected and accepted behavior" (1985: 354). Groups, Bettenhausen and Murnighan assert, go through two temporal stages in the development of norms, though the character and timing of these stages are contingent upon individual backgrounds and the timing of events external to the group. Pressures and crises serve to surface different or conflicting enactments of the situation and different scripts about appropriate courses of action.

Essential to their perspective is the extent to which strong,
unambiguous cues inhere in a situation and serve to define it. Also essential is the extent to which there is feedback about performance that facilitates early surfacing and resolution of differences and/or provides early challenges or threats to the group which force them to resolve these differences. Group members at the outset tend to employ past experiences in apparently similar social settings as scripts for choosing behavior in the current situation. The key here is "apparently similar," which in some groups might be taken as a given at the outset (until experience proves otherwise). In other cases, there may be a self-conscious attempt to insert a period of exploration of potential differences before launching into the task. Such exploration in natural groups, however, probably is most common when some early feedback throws differences into sharper relief.

Conflicts, according to their study, can arise because members enact their definitions of the situation differently (different situational schemas) or because they have the same definition of the situation but initially different scripts evoked by that definition. As members initially interact, they may come to take for granted that they hold similar definitions of the situation and similar scripts. Differences in situational definitions and scripts may only become figural to members through the experience of interaction. "Members integrate each succeeding event with the interpretation they have developed from previous experience" (p. 356). If there are apparent differences, members may either tacitly revise their beliefs about appropriate action or there may be overt
attempts to pull the group toward a certain convergence. Threats and challenges to a group member's interpretations can force out into the open the subjective meanings of members. Thus, resolving a major threat is posited by Bettenhausen and Murnighan to lead to channeling of groups toward a convergence of subjective meanings and behaviors and will render that convergence more immune to change from subsequent challenges (p. 357).

Bettenhausen and Murnighan also catalogue two different situational strategies groups employ toward dealing with norms. Some groups take a deliberate approach and spend a great deal of time up front getting to know one another and establishing common definitions of the situation and standards of appropriate action. Other groups jump impetuously into the task on the assumption that members share similar scripts. In this latter case, if this assumption is true, interactions may proceed without incident. However, in the cases that Bettenhausen and Murnighan studied there were often latent differences that only cropped up later and, by then, the groups could lack mechanisms for resolving such discrepancies. Bettenhausen and Murnighan posit that this "leap before you look" strategy often condemns groups to poor performance, because they bypassed a stage in which the bases for their interactions could be discussed (p. 369).

If Bettenhausen and Murnighan imply that the timing of threats and crises can be critical in the development of shared norms, Gersick (1988; 1990) brings time pressure to center stage in producing a model of group development. She interprets her
empirical findings in terms of a "punctuated equilibrium" model. In her model, groups go through a period of inertia, in which there is little convergence on acceptable working practices, followed by a period of rapid convergence and intensive, goal-directed activity. She found in her 1988 study of natural task groups (with deadline-driven tasks) that the temporal midpoint in the time allotted for the team's activity was the trigger for this transition from inertia to rapid normative convergence.

In her (1990) conceptual article, Gersick looks at a wider range of possible triggers of revolutionary periods in task groups. Perception of time pressure is but one potential source of the performance pressures with the potential to trigger revolutionary periods. Performance pressures or crises (1990: 23) spurred by apparent or anticipated failures can have a similar triggering effect. In inertial periods, periods of "normal activity," there is a tendency for group members "to persist with the same approach to a problem or series of problems whether or not that approach is productive" (1990: 24). In inertial periods, like the scientists in Thomas Kuhn's *The Structure of Scientific Revolutions*, members operate within the canons of received wisdom without calling these into question. This observation is congruent with Bettenhausen and Murnighan's assertion that members in groups will assume that schemas and scripts based upon past experience are appropriate, unless data surfaces to suggest that the schemas and scripts of members differ or until a crisis or threat arises.

Two observations need to be made about Gersick's approach.
First, her groups all had bounded time periods assigned for completion of their tasks. Moreover, they did not seem to have intermediate or on-going outputs. This temporal boundedness and lack of on-going or intermediate outputs differs from the conditions faced by many other natural group situations. Other research (including Bettenhausen and Murnighan's) suggests that over time what Gersick calls inertial can harden into rigidity when a crisis arises. In a natural task team with reports to write, a work force to direct, etc., the legacy of patterns established and repeated prior to a major crisis or threat may become increasingly reflexive the greater the amount of time that passes from the beginning of the team until the temporal onset of crisis or threat conditions. Such a cycle of confirmation or reaffirmation may have been absent in Gersick's groups. Otherwise, Gersick's data and model are largely compatible with those of Bettenhausen and Murnighan's.

In sum, these approaches make several points critical to the perspective taken later in this monograph. First, while suggesting that aspects of the group development process can be modeled, Fine's (1979), Schein's (1985), Gersick's (1988, 1991) and Bettenhausen and Murnighan's (1985) approaches all suggest that the susceptibility of group development to environmental and temporal contingencies implies that the content and ends of development processes vary. Thus, some groups may show considerable integration on cognitive, behavioral and affective dimensions after a brief period of history, while other groups may not after many months, if
ever. Some groups may show a capacity for invention and adaptation in response to changes in circumstance, while others may exhibit rigidity. Fine (1979), Schein (1985) and Bettenhausen and Murnighan (1985) moreover highlight the role of imported symbols, assumptions, behavioral expectations and other past or continuing group affiliations in shaping the development of a group.

Leadership and the timing of external events and feedback are two specific intervening factors pointed to by Fine (1979) and Schein (1985). Elites or leaders can play a role in framing how members view their initial circumstances: which assumptions and behaviors will be sanctioned and the degree to which a group has a capacity to confront differing assumptions and expectations. Some leaders may foster jumping into the task, while more process-oriented leadership might foster greater concern with reflection and exploration of differences. They further suggest that it is critical to look at the degree to which the group has experienced critical events or strong feedback and their timing. Thus, these should be documented by the researcher.

Schein (1985) points additionally to emotional states, psychological issues of inclusion and identity and anxiety as drivers governing how groups are predisposed to deal with external contingencies and the legacy of differences imported into the group. His overview suggests that use of stereotypes and avoidance of confronting evidence of differences are likely, and readily explainable, responses to the anxieties that tend to inhere in groups.
Finally, Bettenhausen and Murnighan's work moreover points to the importance of looking at the extent to which group members establish their initial patterns of relationships by leaping based upon a priori assumptions and expectations rather than basing their pattern of interaction upon a process of the early confrontation and surfacing of assumptions and differences.

VI. Discussion

A: Linking Literatures to Create Propositions about Factors Influencing Team Relations

As the summaries in the preceding sections suggest, these literatures as lenses direct us to expect certain factors to play a significant role in shaping team relations in shared management teams. While it is not possible from extant literatures to determine the relative importance of factors, we can isolate particular factors and develop propositions about the general direction of their expected influence. I briefly offer twelve propositions of that sort here and will return to them again in Chapters Four through Eight to discuss concretely their status and apparent role for the shared management teams studied.

It is important to remember that the selection of these factors and the propositions are products of the research process. They were formulated as data accumulated. In trying to order and understand my experiences, certain categories in interview and observation notes began to take on primary significance and,
ultimately, to the set of factors treated here. I will have more to say about such methodological matters in the next chapter. At this juncture, I offer these propositions as a way to prepare and sensitize the reader for what follows while suggesting some of the crucial links between the factors that will concern us and the literatures just discussed.

B: Starting Conditions: Their influence on identification and the initial cultural bases for shared behaviors

The factors examined in this study can conceptually be separated into two types: one, a set of starting conditions or primary factors expected to shape team relations and, two, a set of intervening factors that may channel the influence of these starting conditions through their temporal mediation in the team environment. Beginning with the former, seven factors can be identified. These are: the career and reward horizons, the physical location of the group, the business language chosen for the group, the systems and practices selected for use by the group, the degree to which the group must deal with other groups (dispersed sites) that stand outside their direct locus of influence, the intensity of interaction with other membership groups that may act against a primary identification with the team (intensity of boundary interdependence with the parents) and the bases for members perceiving one another as attractive (based upon the perceived complementarity of parent skills or other symmetrical or asymmetrical bases of attraction).
These, in turn, when looked at through the lenses of the social identification literature and the group development literature, can be subdivided. Some factors might be expected principally to shape the way in which members choose social identities and which identities they choose as salient in the team setting. Other factors may tip the scales of influence toward a tendency for one group's preexisting legacy of practices, behavioral assumptions, etc. to serve as the basis for venture team relations.

Both of these affect relations in teams, but theory suggests that they do so in different ways. If the factors channeling the bounding and use of social identities create strong sub-group boundaries in a team, this may set up a dynamic of in-group out-group relations. If these factors channel identities of members to be congruent with the formally designated venture team, then an evolution toward behavioral and cognitive convergence over time is probable. Factors channeling the use of pre-existing assumptions, practices and behavioral expectations may foster a relative dominance of one of the parental groups in the venture.

Exhibit 2.1, which we will return to repeatedly throughout the analysis in later chapters, orders these factors in terms of a conceptual model. The starting conditions, with the influence of the intervening factors, led to a resolution of the dominance pattern in each case which, in turn, shaped the other elements of group patterns as outlined in Chapter One. Each case will be analyzed in turn with this model and this model will also be
A MODEL OF FACTORS INFLUENCING TEAM DEVELOPMENT PATTERNS

Figure 2.1
employed in Chapter Eight to structure a comparison across the cases.

C: Factors primarily influencing the relative pulls of social identities

Career horizons and rewards are the explicit formal or informal expectations that members hold about where their future career opportunities lie (venture, parent or elsewhere); how long a sojourn in the venture to expect; the linkage between the venture's business performance and career goals and rewards; and the linkage between evaluation by peers/superiors in the venture and career goals and rewards. These would be shaped by career and reward systems in the parents and the venture, as well as by terms specified by appointment provisions in the venture contract and the secondment agreement.

Logically, there could be a lot of combinations of expectations about location of future careers, tenure and what and who is critical to attaining career goals and rewards. However, in the cases studied there is much less variance observed. Terms of secondment observed in these ventures did vary in length and in whether they were two-way or one-way. Some groups had a strong contractual or implicit basis to believe they could and would return to their parent to further their careers, while other groups were essentially out-placed into the venture on a one-way ticket.
Both the German and French team members in Basic Co. and Betriebco's U.S. managers drew a strong connection between business performance, career goals and other rewards. Except in Basic Co., where managers were on a one-way ticket, and parents' career and reward systems no longer directly applied, in none of the other ventures was there a formal mechanism in place so that individual performance evaluations by venture members were important input for career and reward decisions by the parents.

Thus, multiple bases can be found in the social identity and group development literatures to explain why venture researchers observe that career expectations, rewards and the direct control exercised over them by the venture seem to affect team relations. More specifically, identities or groups that mediate important rewards for an actor are more likely to be salient for the actor. When a parent organization, rather than the venture, mediates rewards, it reinforces a preexisting tie to the parent identity and might weaken the pull of the new venture team identity, which may already be problematic to the extent it exerts unwelcome socialization pressures upon the actor. Stated as a general proposition:

P1: Where team members perceive a primary dependence upon the venture and their colleagues in the venture, rather than upon the parent organization and its members, to realize career goals and obtain rewards, there will be a greater likelihood of members' identification with the venture team as the most influential social identity strengthening over time.
And theory suggests, with such a strengthening of the venture's role, there will be a greater convergence of behavioral expectations and assumptions over time.

The degree to which team members must interactively manage dispersed sites embedded in parent countries and/or operations should also affect the identification proclivities of team members. In the joint venture literature, the suspicion that multiple, dispersed sites might create difficulties is rooted in the general concern with avoiding structures that increase complexity (c.f. Lorange and Probst, 1987). Other literatures just considered provide a more specific micro-level rationale for why this factor is important. Briefly, because of their close proximity to parent/home country entities, these dispersed sites may tend to become repositories of the status quo cultural assumptions of organizational/national cultural tendencies of a parent. Even as the imported assumptions and ways of working of team members prove problematic in headquarters interactions, interaction of a venture team member with a site embedded in his home culture may be relatively rewarding of his old assumptions and behaviors. This may strengthen resistance to some of the headquarters change pressures, keep old habits of thought and behavior alive and might even produce some informal reconfiguration of boundary spanning responsibility in the parents as managers draw on "natives" to smooth such relations regardless of whether that boundary role is part of their formal job. Thus, the general thrust of such a dispersed site structure should be to reinforce pulls toward a
parent-based or ethno-linguistic-based identity rather than a team identity.

Conversely, having to manage sites embodying the other parent's culture may prove frustrating and reinforce stereotypes about that parent or nationality, even when they may be invalid generally for the behavior of headquarter secondees. However, if an in-group out-group dynamic already has taken root in the headquarters team, the dispersed sites could provide fuel for the dynamic by which differences between an out-group and one's identity group are accentuated by selectively perceiving negative characteristics.

As a general proposition:

P2: Venture teams that must interactively manage multiple sites dispersed in the home countries of the parents will show less rapid and clear convergence around a venture-based identity than will teams in ventures where operations either are concentrated upon a single site or structured to require little active intervention by team members.

Following virtually the same line of reasoning, the intensity of boundary interactions between the venture and its parents should affect team relations by affecting the social identifications chosen and providing material to reinforce out-group stereotypes in intergroup dynamics within the team. Such interdependence and intensity may result from value-chain or resource interdependence with parents:
P3: Venture teams in ventures that have intense boundary interaction with the parents that must be managed by team members will show less rapid and clear convergence around a venture-based identity than will teams in ventures enjoying substantial autonomy from the parents.

Bases for the groups in the venture to find one another attractive, including skill complementarity, should affect how strong a pull a common team identity exerts upon members. Killing (1982), in providing broad guidelines for joint venture design, suggested that shared management is most appropriate when "the skills of both parents are crucial to the success of the venture" (1982:127). He argues this on the grounds of efficiency. However, one might also infer that differential contributions and at least an initial sense of dependence on the other parent and its secondees will foster collaboration and learning rather than rivalry. Drawing a link to the social identity and group development literatures, it has been suggested that mutual dependence among groups or individuals in achieving a superordinate goal can pull groups or individuals together into a state of mutual identification (c.f. Sherif and Sherif, 1953; 1969). The competencies brought by the other group may in and of themselves increase the attractiveness and, thus, strengthen the commitment to the team identity:

P4: Ventures based upon a perceived skill complementarity of the parents and their managers or another source of mutual attraction are more likely than venture team lacking such a perceived complementarity to exhibit stronger pulls toward a common identification with the venture team.
D. Factors that Channel Teams Toward a Convergence of Practices Based upon the Dominant Influence of One Group

Other types of Attraction may also be posited to exert an influence upon the relative dominance of influence exerted by groups coming to the team. For some managers electing to serve in a venture, the opportunity of experiencing the national culture of the other parent may be a salient reason for coming. If both sides are equally attracted by curiosity or a prior liking to the other culture, then this would be a symmetric base of attraction which should pull the team together (see Proposition 4). However, if the attraction is asymmetric, then this might still foster a strengthening of the team identity, not because the team per se is attractive, but because the attracted group members are pulled toward accommodation to the assumptions and practices of the attractive members on the team.8 Thus:

P5: A venture in which members of one group in the team come, at least in part, because they are attracted to the culture or other qualities perceived to be connected to the other parent will show stronger pulls toward a domination of practices by the group that enjoys these attractive properties.

Location in the home country of one of the parents may tend to go hand in hand with multiple sources of legal, institutional and social influences from that culture. Legal requirements may limit some choices of systems or dissemination of information. Suppliers and customers may tend to be from that country as, in all
likelihood, would the support staff and shop floor personnel. Location may affect interaction with, and assistance from, the parent in the host country. Finally, location may affect or condition the character of some of the external threats and crises that the team may confront. Thus:

P6: Location of a venture team in the home country of one parent is likely to contribute to the dominance of that parent's managerial assumptions and behavioral expectations in that team.

Systems, practices, forms, programs and methods can have the cumulative effect of creating and channeling a system of relations in certain ways. They may even have the effect of ordering what and how one perceives of the external environment. Because of the location of the venture, or for other reasons, there may tend to be initial adaptation of more systems, programs, etc. that are more congruent with the expectation of managers from one of the parents than the other:

P7: Use of systems, practices, forms, programs, etc. in the language of, or after the style of, one of the parents, may contribute to the dominance of that parent's managerial assumptions and behavioral expectations in that team.

Finally, the business language of the venture might be expected to shape dominance in two ways. First, language itself channels our perception and shapes meaning. An often quoted example illustrating this point is the contrast between the many words for snow in Eskimo language, with many fine distinctions in qualities, versus the one word "snow" in English. When looking at instances of
snow, an Eskimo would see different "snows" while the English speaker is bound to find no perceptible difference. The manager interviewed by Bivens and Lovell (1966), who talked about the differences between the meaning of the word "budget" for an Italian and an American is another example.

If the business language of a venture headquarters is that of one of the parents, that may tend to influence the framing of perceptions in ways more congruent with those that that parent's managers were predisposed to use before coming to the venture. But there is another way that language could affect relative influence. This way stems from the facility of the non-native speakers in that language. If one parent's manager's have less facility and ability to use the business language, they may have difficulty expressing their views and actively influencing meetings, framing decisions with written communication, etc.:

P8: In ventures where the business language is the native language of one of the parent groups in the venture, but not of the other group, the tendency will be that the parental group dominant in shaping assumptions and behavioral practices will be the one from the native-language parent.

Since language choices may often co-vary with the location of the venture, isolating the relative contribution of this factor may be difficult. However, there is one venture (Paneuropa) which is not located in an English-speaking home country but where the venture language is English. There is also a venture, Basic Co. in which the business language is neither the local language nor the native language of one of the parents.
E: Intervening Factors:

There are some factors or events for which the timing and nature of their appearance can not be predicted or fully determined in framing the venture. The three that we will explore further in this study are the evoking of assumptions related to the meanings of equality for members, the timing and nature of external threats, and the perceived influence of the General Manager.

Given the mix of the other factors, it is likely that the relative familiarity of practices adopted will not be equally familiar to, or comfortable for, all parties. Thus, one might expect a condition at some stage in a venture's life in which there is a dominant group that may largely find the venture "life as usual" and a group of managers that, on top of all the business pressures, will find themselves under considerable socialization pressure. This latter group is under socialization pressure because the other group's assumptions and expectations prevail, rendering their old sets of assumptions and behavioral expectations ineffectual or even dysfunctional for use in the venture. Moreover, when these non-dominant group members do not reflexively in an interaction according to their accustomed style, they may find that they get surprising reactions, and perhaps even opprobrium or criticism from other-parent peers. Thus, a loud outburst by an Italian, which would have been perfectly appropriate in his Italian parent organization, is treated by his Anglo-Saxon peers as rude and inappropriate.
Thus, the assumptions held by managers about the meaning of equality in the joint venture should play a critical role in determining how both parties deal with situations of asymmetrical pressure. On the side of the dominated parent group, the degree to which they believe that a 50/50 equity venture should entail particular power distribution or numerical mixes of managers or a "neutral" managerial climate may affect their satisfaction with, and openness in adapting to, the team setting. In other words, what team members regard as situationally legitimate for a 50/50 venture in confronting socialization pressure is critical in understanding where resistance and states of low trust and low learning may emerge. If the circumstances depart from these legitimacy criteria this could fan resistance, conflict and, possibly the premature departure of those secondees from the non-dominant parent who can exit to attractive career options.

On the side of the dominant group, the question may be not so much one of legitimacy, but their assumptions about why they enjoy this dominant status. For example, an assumption of the sort "we dominate because we are better" would clearly tend to fan conflict. Or members of the team whose cultural assumptions, practices and behavioral expectations dominate may largely be oblivious that the socialization pressures are unequal, regarding the behavior of those struggling to learn the rules of the game simply as signs of individual or group deviance or incompetence. Clearly, those assumptions also would likely have a negative impact on trust.
We will concern ourselves here primarily with the assumptions by the dominated group. Thus:

P9: In ventures where a dominance of practices, behavioral expectations and assumptions has emerged, the degree to which assumptions enacted by the dominated group about the meaning of equality treat the situation as illegitimate will reinforce the effect of any starting factors that lead to strong in-group out-group dynamics and other tendencies toward divergence between the groups.

The role of perceived external threats to business performance, should, if these groups parallel the behavior of those in Bettenhausen and Murnighan (1985), be different according to where the perceived threats become salient.

Thus:

P10: If the first perceived serious threats to business performance come at the very beginning of the venture, the effect of those starting factors that would otherwise be expected to push toward in-group out-group dynamics will be weakened, and there should be an accelerated convergence of the group around shared behaviors, whether these come primarily from one parent or not.

I would predict this outcome regardless of the configuration of starting conditions.

The appearance of an early threat might affect in turn how equality is viewed by the team members. A strong threat might create conditions akin to a state of "Marshall Law," legitimating authority and suspending assumptions about the desirability of equal influence that might otherwise prevail. Thus:
P11: The emergence of early external threat should channel the attention of team members away from concerns about equality and weaken tendencies to form in-groups and out-groups, thus fostering a rapid convergence as the group seeks to create a united front.

Would early threats influence the nature of dominance as well? It probably depends upon the source and nature of the threat. If, for example, the threat came from the local market for a venture located on one parent's home country, the managers from the other parent may concur that those colleagues who have had greater experience in that country should be given free reign to attack the problem. In this case, the direction of the starting factors fostering dominance and the assumptions evoked in response to the threat would push in the same direction. However, if the problem were of a technical nature, and the non home-country group in the venture were seen as the technical experts, one could imagine the threat giving them increased voice. Thus, no simple relation can be predicted.

The longer a team manages in the absence of threat, the longer the train of reinforcement given to the pattern of interaction established. To the extent that there are unsurfaced differences and limited integration of the team due to the slack in the environment, such a team is likely to find its established order inadequate to deal with the threat. However, how far a threat can unfreeze the team's patterns at such a point is likely to be variable; rigidity and polarization may be just as likely as a rallying together in this case. What may make the critical difference is whether there is a strong intergroup dynamic that has
built up over time based upon the starting conditions discussed earlier. Moreover, the prior role played by the leader in guiding the team toward a shared identity and building trust might also greatly influence the likely response of such a team to threat. I thus propose that:

P12: In a team that first confronts a major threat after they have built up stable patterns of dealing with one another, the response will be variable and related to the specific nature of the starting conditions.

Leadership has been suggested to play a role in the development of shared assumptions, behavioral expectations, etc. in a team. Parts of the foregoing discussion suggests, however, that joint venture leaders may often have less direct instrumental, coercive or moral bases of influence at their disposal than the manager of a stand alone entity. It may be that the company origins of the General Manager are influential in the pattern of dominance established. But again, if one looked at a large sample, it may be that the parental origins of General Managers tends to vary with location or other starting factors. How much of a difference a General Manager makes would, moreover, depend upon how and how much the manager interacts with the team members over time. Thus, it is not possible, at least at this juncture, to propose a priori a relationship between style or characteristics of joint venture General Managers and their influence.
VII. Conclusion

This chapter has reviewed four literatures that coincide with four complementary lenses through which to view joint venture teams and their development. In the latter part of this chapter, I attempted to synthesize and integrate insights from the literatures, formulating a set of twelve propositions. These propositions are to sensitize and direct the attention of the reader as we turn to the case data in subsequent chapters.

End Notes

1. Which benchmark one might use for establishing that failure rates are particularly high is an important question, though one left unspecified by many authors bemoaning high venture failure rates (e.g. Ollie, 1990). New businesses in general are well known to suffer from high rates of dissolution and it is not necessary to be alarmist in this way to establish the that joint ventures can be difficult and merit study.

2. In Killing's categorization scheme, an independent venture is one with a management team that comes from neither parent. This admittedly is a bit confusing, since when he later talks about venture autonomy or independence, he is talking about intervention by, and interdependence with, the parents rather than the origins of the team members.

3. As they use the terms "loyalty" and "commitment," they by and large refer to the basic question of how individuals enact their basic identities in the joint venture setting. Since I treat the literature on social identities at some length later in the chapter, and since it is to this literature that we must turn to appreciate how this condition affects team relations and integration, I refer to this important condition in the subsequent discussion and analyses as the issue of "social identification."

4. It is important to note that Lewin was writing about pre World War Two Germany and America. While I think that Lewin's article is still very rich in its explanatory power, it is almost certainly the case that post-war generations in Germany are
different in regard to these matters than their forefathers. The
general direction of the difference, if not the magnitude of the
difference he posits, probably remains accurate today.

5. When managers talked to me about having a unique or "neutral"
venture culture, they seemed to be implying a setting in which it
would be either equally comfortable (or equally uncomfortable)
for both groups. I am indebted to Deborah Ancona for suggesting
and discussing the "androgyne" metaphor with me.

6. Indeed, in my presentation of the cases, I too have found it
difficult to resist categorizing people by their
national/corporate origins. I justified this too, partly for the
sake of consistency and partly because my informants routinely
used these categories. However, I have tried to cue the reader
when and where these categories become critical as explanatory
modes for the team members themselves. Sometimes stereotyping
over time is supplanted by personality as a dominant way of
explaining what happens in teams, and sometimes team members
continue using stereotyping. As my introduction in Chapter One to
the distinction between teams exhibiting a pattern of adaptive
convergence versus a team exhibiting an inertial divergence
pattern suggests, this distinction is a critical one.

7. A "script" is a sequence of behaviors that has been
internalized by an actor as a model for socially or situationally
appropriate behavior. It may be a model for evaluation of others
as well as one's self. It may be used calculatively by actors or
its use may be triggered reflexively when an actor perceives a
certain cue or event. In my narrative account, I use the term
"assumptions" to refer both to schemas and scripts held tacitly
by actors. For scripts self-consciously invoked by actors in
their own actions I use the terms "preferred behaviors," while I
use the notion of "behavioral expectations" to refer to practical
understandings used to evaluated how others might or ought to
act.

8. A colleague of mine related an anecdote about a venture he
had worked with, in which one of the parents came from the
entertainment industry while the other came from a shirt-sleeves-
and-tie manufacturing corporation. He related that the managers
from the manufacturing corporation were thrilled suddenly to find
themselves associated with such a "glamorous" parent and they
rapidly gravitated not only toward identifying with their venture
colleagues, but with the entertainment industry parent.
CHAPTER THREE: SITE SELECTION AND RESEARCH METHODS

You know my method. It is founded upon the observance of trifles. (Sir Arthur Conan Doyle, The Boscombe Valley Mystery.)

I. Introduction

Glaser and Strauss (1967) advocate the building of conceptual categories and theory through an iterative process that begins with field work. The work proceeds by tacking back and forth from empirical data, to the coding of these data and identification of apparent patterns, to the search for theory which can illuminate these data, and back to the field to elaborate upon the categories and the theory. The initial foray into the field assumes a holistic stance; the researcher tries to be open to a wide variety of stimuli. As the research proceeds and certain categories become identified (or "saturated"), the research becomes increasingly narrow in terms of the issues pursued.

This is not to claim that the researcher goes to the field with an intellectual or conceptual tabula rasa. Given my training in organizational studies and sociology, the tool kit of perspectives I was equipped with when I arrived at the settings that I have observed over the past couple of years was filled by my broad prior interest in issues of socialization, culture (national and corporate, and class cultures), social mobility, intergroup processes, role management and social identification.
While that background clearly would tend to steer my perception toward some data rather than others, it by no means was predestined which of the wide variety of perspectives in this vast sociological and social-psychological theoretical terrain I would ultimately find most useful. Nor could it be known in advance how I would come to modify or refine my own cut at these perspectives in light of my research experience.¹

Likewise, the journey from a framing of the inquiry as "trying to find out how working relations develop in shared management teams", to the more focused definition of my research as "describing and explaining why some team relations exhibited processes of integrative convergence while others evidenced a process of inertial divergence", emerged from the process of the field research itself. Thus, a brief history of the project, how I came to do this research, how I gained access to the sites, the timing of visits and the number of visits and interviews, as well as how my relations to the three organizations were enacted, provide critical background.

II. An Historical Account of the Study

A: What is going on here?: A consulting project in Paneuropa

My interest in shared management ventures stemmed from an opportunity to assist two consultants conducting a consulting/educational project in Paneuropa. I was preparing to
spend four months in Germany at the time working on another project, when I was approached to conduct a series of clinical interviews in Paneuropa. These interviews were to serve as input for the consultants who were charged with putting together an off-site educational program for the venture. The consultants said that they did not have the time to do the interviews themselves. The venture had retained the consultants to look at their strategy and to help them deal with tensions in the venture that venture management believed were due to the fact that the venture "needed to develop its own culture."

My first two rounds of interviews with the Paneuropa venture team thus were conducted with this mandate. I asked each of the managers interviewed how they came to be at the venture, what working in the venture was like for them, in what ways the venture was "surprising" or "challenging" for them, etc. I also probed for stories, shared jokes and critical incidents that would give me and the other two consultants a feel for the extent to which the venture over its first two years evidenced the development of its shared stories, rituals, etc..

Two things surprised me. First, I was struck by how accounts of "cultural differences" and relations between Italians and Canadians were accompanied by a great deal of emotion. Even though managers on both sides saw relations between Italians and Canadians as a problem, I was further struck by the extent to which the managers seemed unable or unwilling to openly discuss these differences and to search openly for accommodations. There seemed
to be no widely shared stories, no major critical incidents, etc. The impression I and the other two consultants garnered from these initial encounters was one of two groups (Italians and Canadians) and two cultures, each with their own perspectives, their own stereotypical views of one another, expectations, etc. They appeared, despite two years of co-habitation in the venture, to have kept a distance from one another, living their daily lives in an uneasy alliance.

A second "surprise" came when I went to look for literature on joint ventures that might help me make sense of their situation. While anecdotal accounts by such authors as Killing (1983) and Bivens and Lovell (1966) indexed that shared management was difficult, I found no research or theorizing that described, much less explained, the sorts of experiences observed in this venture and the issues confronted by this team. Nor did any one literature (e.g. on national cultures, on socialization, on social categorization) seem to provide an adequate frame for understanding this encounter. It was becoming clear to me that there was a need for someone to do exploratory work in a participant-observation mode to redress this gap.

In the months following this initial exposure, I decided that a descriptive account of what happened in such teams would, in and of itself, constitute an important contribution to our understanding. It would, I hoped, provide a more micro-level account than heretofore available in the joint venture literature. Such an account, I further hoped, would establish joint ventures as
a worthwhile setting for further sociological and social-psychologically oriented research. Thus, the project idea was born and gradually took shape.

B: Site Selection

In the next months I tried to define the domain of the research more precisely. I spoke to managers with joint venture experience in different industries and other researchers who had worked with ventures. A number of potential sites were offered to me. However, in addition to the geographic dispersion of these potential sites, which created logistical and practical problems that are not to be minimized, I quickly ascertained that they varied in so many ways that I would have to develop some selection criteria if a study was to have any coherence. Some of the sites proposed were research and development ventures where no distinct organization was created. Others used third party management rather than secondees. Once I became convinced that my domain of interest was top team relations, it became clear that a 50/50, or close to 50/50, equity holding could not be the only criterion.

Seven criteria came to govern site selection. First, the ventures had to have a shared management structure in the top team on a close to 50-50 basis. Second, the venture had to have initial equity holdings of close to 50-50 by the partners. Third, the venture had to create a physically and geographically distinct organization at which members of the top team were located.
The first two criteria were important because prior research and theory (c.f. Killing, 1983) suggested that the nature of the shared equity and staffing structure would contribute to the degree of difficulty a shared management team would have in integration. Killing posited that these variables could be expected to affect the distribution of power and influence within the venture, as well as the distribution, and relative influence of, the economic, linguistic and managerial resources that members coming from the different partners might bring to bear upon the situation. The third criterion was important so that the top team would constitute a bounded, face-to-face group that could be compared with other natural groups that have been the object of study in the group literature (Cartwright and Zander, 1968; Gersick, 1988).³

Fourth, I decided to only to include ventures with parent companies from different home countries. While cultural differences between ventures from one country could also prove a source of integration problems (Harrigan, 1985), cross-border alliances ought to bring the culture variable into its sharpest and most readily tangible contrast.⁴ I initially had wanted to limit inquiry to German-U.S. ventures. But in the meantime I had gained the commitment of Paneuropa to participate in the research and, in talking to joint venture experienced managers, I discovered that the accounts of difficulties and tensions in their team experiences seemed to be affected by the perception of differences, not primarily by the particular content of the differences between particular national groups. Thus, I allowed the national origins of
the partners to vary. Allowing nationalities of the parents to vary turned out to be a wise as well as practical strategy. To the extent that I do find that the common influence of a few explanatory factors goes a long way in understanding the cases, this pattern cannot be dismissed as an artifact of location or nationality.

Fifth, the business language of the venture needed to be English. This was to ensure that the managers had sufficient linguistic competence to be interviewed in English by the researcher. Also, this was necessary so that I had the linguistic facility to make observations of meetings and other group interactions and to review relevant archival materials. Sixth, the parent organizations all had to be large, multi-billion dollar multinationals, because some prior research suggested that the relative size of the parent organizations might affect their relative power and influence upon the structure and operation of the venture.

Seventh, I allowed the location of the venture headquarters to vary. This was again governed in part by practical considerations. However, it was informed as well by prior theorizing suggesting that proximity to a parent company organization might affect the power and influence a parent organization might exercise over the top team (c.f. Franko, 1971; Killing, 1983). It was of interest to see whether the influence of the parents was similarly perceived in ventures located in the home country of one of the parents as opposed to the case where a venture was located in a third country.
The *a priori* relevance of different locations vis-a-vis parent home cultures also was suggested by the intergroup theory of Alderfer and Smith (1982). They suggested that the embeddedness of groups in an external environment dominated by the values or assumptions of one of the groups affects processes of inter-group relations, so this turned out to be a sound strategy on sociological grounds as well.

Venture management had to agree to grant access to the venture for at least one year. They had to agree to make available, not only the members of the top team for multiple interviews during that period, but also to grant access to some meetings for observation and to important archival information such as the terms of the formal joint venture agreement and terms of secondment.  

Access to the ventures succeeded through contacts to top venture management in each case. When I decided to pursue this topic, I contacted the Resources Director and General Manager of Paneuropa, and they readily agreed to cooperate. I established contact to Betriebco in the following way. I went to Germany to talk to top corporate management in several large multinationals with multiple joint ventures. One top manager I spoke with talked quite candidly about the firm's joint venturing strategy and experiences. However, he seemed reluctant about directly championing a project looking at one or more of their ventures. The ostensible problem was that, for each case I wanted to look at, if he initiated the access and even if he could readily secure his firm's support, the path to clearance would entail approaching the
other parent firm and gaining their commitment as well as convincing venture management.

By then, I had spent several months approaching contacts in large corporations and I had had sufficient exposure to the delicateness of many such relations to recognize that such an approach would likely bog the project down in months of back and forth discussions between me and each parent, between the parents and between the parents and the venture. However, at the end of our talk he said, "You know, we do have a venture with a U.S. firm that is going to begin in a few months. The name of the CEO is X and I can give you his telephone number if it would be useful to talk to him." I called X, and he greeted the prospect of participating in the study enthusiastically. Within a month I secured permission to study the venture and I was invited to visit the venture as soon as the managers moved on site.!

My introduction to Basic Co. was mediated indirectly through a faculty member at MIT. During an Executive Program at MIT, a faculty member mentioned me and my interests to the participants. Four participants, including the Strategic Planning manager of Basic Co. expressed an interest in helping me. After meeting briefly in the U.S., I visited him and the venture headquarters, there was more discussion, I drafted a formal request that went to the General Manager, who responded with approval.

In my initial discussions with all three companies, I presented the project as an attempt to understand how joint venture teams function. I also discussed briefly the issue of anonymity.
While I did not have to sign any written agreements, it was understood that I would disguise the names of the ventures and of managers. However, it is clear that the level of detail of the study meant that an insider would be able to recognize the venture.  

C: The Duration of Research, Timing of Visits and Number of Interviews

Including the my visits in on behalf of the consultants, research in Paneuropa began before research in the other two ventures and lasted 28 months. Research in Betriebco and Basic Co. lasted 15 and 11 months respectively. Figure 3.1 indicates the timing of visits during this research period. Phone conversations with team members are not included here. The time span covered by the research encompassed in each case the period from the venture negotiations through the period of the venture history observed in "real time." It was possible to begin research in the Betriebco venture during the first week of its formal operation. Research at Paneuropa had commenced during month 20 of that venture's existence. The first formal visit to Basic Co. was in the 12th month of its existence, though brief visits with the principle contact in the venture were made beginning in month 7 and month 10 of that venture.

Figure 3.2 documents the length of visits and the number of formal interviews conducted during each visit. In all, I conducted
Figure 3.1

Timing of Site Visits
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<tr>
<th>Length of Visit</th>
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<td>8</td>
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</tbody>
</table>

*See Exhibit 3.1 for the timing of each visit.*

**Discussions and Observation**

- NO formal interviews; many casual
- (and to gain access/background)

*Venture*
135 formal interviews with 47 managers. How the interviews were conducted and analyzed is described later in this chapter.

D: The Enactment of my Role in each Setting

My relationship to my principal contacts and the way participants understood my role in each venture varied. Generally, I was surprised by the number of people in all of the ventures who confided in me their feelings, frustrations and misgivings as well as the basic information I sought. The social and emotional distances implied by how my informants enacted my role varied, though I established enough close relations in each site to support my conviction that I penetrated beneath the veneer in each case.\(^8\)

In Paneuropa, I started quite explicitly in a formal helping role. When they agreed to give me continued access, my role became that of a researcher who was there to learn from them about the venture. Danforth, the Director of Resources until the end of year three, was my principal contact. I discussed with him what I wanted to do and he and his secretary scheduled most of my appointments, though I was also free to contact people on my own. He always had a schedule of my visit circulated as memo. Danforth would usually talk to me at length. He seemed to like to use our discussions not only to "bring me up to date", but as well to vent his frustrations and justify his motivations. He once told me that he saw himself as the "human conscience" of the venture, and since it was clear to all that relations were touchy, he did not seem particularly to
want critical feedback. Thus, I rarely offered unsolicited feedback except to mirror back something he said to be sure I understood it.

Danforth's successor, Crawford, inherited me and my project upon Danforth's retirement. I spent an afternoon with him talking to him about the project, letting him describe his perceptions and experiences in the venture and offering my own views as solicited. At the end of the day, he agreed to sponsor to research. He described himself as an outsider trying to create a place for himself in the venture and many of his perceptions about the venture team garnered during his first months there paralleled my own. Since he did not feel responsible for creating the situation he had inherited, he often had sharp criticism of how things had been done and I could freely test theories and opinions on him.

With some of the younger Paneuropa team members there was more of a two-way exchange. They seemed to enjoy the interviews as a chance to step out of their present/future-oriented concerns and to reflect over their experience in broader terms with someone who knew them and the venture. For many of them I was more of a witness and confessor. A few of the senior managers treated me (probably because of my age and possibly because of my gender) as a student there to benefit from and disseminate their experiences.

Indicative of the climate of relations, I sensed that I had to go out of my way not to be seen as a partisan of either the Italians or Canadians. During especially the first two visits, managers from both sides would make appeals for my sympathy. For example, one Canadian who was having difficulty with his Italian
boss seemed to project onto our meetings the hope that I would force top management to change things by waving a red flag in front of the CEO. Some Italians seemed to hope that the off site would make their level of frustration clearer to Canadian colleagues, surfacing things that they were reluctant or unsuccessful in broaching directly with their colleagues. However, my perception and the perception of the other two consultants was that the CEO's interest or readiness to deal with such issues was unclear. Discussion of these tensions thus was not incorporated as a centerpiece of the offsite meeting. I have to admit, however, to being frustrated myself when the discussion leader allowed Collins and others to back away from these issues when one of the Italians tried to push them during a discussion. If others were similarly frustrated, I was not seen as responsible for this and it was clear that I had not betrayed their confidences either. When I returned after more than a year's absence, I was welcomed as someone trying to understand them and the venture, rather than as a potential change agent.

Since I was an American and native English speaker, it was harder to assess my closeness to many of the Italians. And I admittedly was worried that Italians might come to see me as an agent of the Canadian "cousins." Because I am small and dark, some Italians thought that I might be of Italian extraction and I did not correct this perception. I obliquely answered the question that sometimes came up of where my family came from by saying that I did not know where my grandmother's parents were from (true, but almost
certainly not from Italy). I had somewhat more difficulty making appointments with some of the Italians, but I believe that this had more to do with the fact that taking time for research of this sort was something wholly foreign to them. Though I would have to say that my relations were generally closer to Canadian managers, I am convinced that I was trusted by the Italians and that they were generally candid with me as well.

In Betriebco, the CEO and two of his reports from the outset enacted my role as that of confessor and source of an external perspective. They sometimes used part of our time together to think and reflect aloud. They also were curious how their ventures looked compared to other ventures I knew. I felt comfortable offering my reactions to what they were saying. When they had curiosity about the larger study, or I wanted to test a theory, I often described examples from other ventures I was familiar with. The German team members generally kept more distance. But the distance did not mean that they were any less candid in most of the areas covered and I found them personally eager to be helpful. They less often asked my opinion, but I was given implicit and explicit cues that they tended to see me as a resource with intimate venture knowledge. One example suggesting that I was seen in this way was when a German manager who joined the venture around month nine called me in Europe (where I was living at the time) to say that he had heard about my study and wanted to know when I was coming again so he could talk to me. He was vague about why this was so important to him, but when I probed a bit on the phone, he began to tell me what
real struggle it was for him to operate in English and that it was
not altogether clear what his colleagues expected of him or how
things had functioned prior to his coming and he had been told I
knew the venture well.

In Basic Co., the Strategic Planning Director, who had helped
me gain access to the venture, turned me over to the Personnel and
Public Relations Director as my principal contact. There was the
sense (again clearly indicative of the team in general) that such
a study was her turf and that, therefore, she should be in charge.
My enacted role with her varied according to what was what she
needed at the time. She would sometimes think aloud during our
meetings often making statements that seemed to probe for
reassurance that what she was doing made sense. She asked for my
advice at one point about speakers or consultants. At the same time
she was very firm about the fact that the Director and the other
Directorate members had a particular philosophy about how to do
things and that this approach was likely to prevail whatever my
opinion. At these times I was a resource for her.

In this venture, my enacted role varied greatly according to
the participant. For the Director, and several of the other French
top managers, I seemed to be seen as the student or novice who was
there to learn from them; they seemed to view the project
principally as a service to me, to MIT and to the research
community and they made no explicit demands for feedback. In
retrospect, I might have maintained more distance with some of them
than may have been necessary or desirable, partly because their
style as Grand Ecole alumni had for me as an American a hard, totally self-assured and sometimes arrogant edge. With some I was principally a witness. Other managers were more confiding of feelings and treated me as a confidant.

I found the German managers in Basic Co. easier to gauge. While one of the German Directorate members was gracious but very reserved, the other provided me with much "off the record" detail about some of his conflicts and frustrations with other team members. He pinpointed many "hot" issues for me and this was valuable in that probing on these issues with others helped break down their initial veneer. However, for both groups, the degree to which there was confiding of more personal feelings about the venture varied considerably from individual to individual. Once or twice I got the feeling with an informant that I had hit a "press release" button where they were giving me what seemed like a somewhat airbrushed, depersonalized account, though I was usually able to get around this by letting them finish their monologue and then very patiently and persistently trying to probe areas that other informants already had flagged. Thus, while I caution the reader (as I have cautioned myself) that my general felt distance here generally was greater than in the other two ventures, I was satisfied in feeding back my views to a couple of the members that I had acquired a reasonably detailed and accurate account.
III. Types and Status of Data, Data Collected and How They were Analyzed

A: Types and Status of Data

Even though most socialization or group development studies focus upon a year or less of time, the timing of change in group development processes is indeterminate and considerable time may pass before figural changes in team relations can be documented. Thus, the processes could be expected in some cases to unfold only over a period of many months and my time and other resources available were limited. Thus, I decided that "living" in the group for the extended periods of time, the research strategy favored in classical ethnographic inquiries, did not seem to be feasible or necessary in this study. Instead, the strategy chosen was to visit informants and sites for limited periods at time intervals short enough that retrospective bias was not likely to be a big problem, but with enough time lapsing between visits that I could capitalize on following unfolding plans or events as they occurred. At each point, I focussed interviews upon understanding the key developments of the period since the last interview.

Although some of the data provided by the informants in such interviews is retrospective, there is no evidence of any systematic bias. Retrospective accounts are most likely to be biased when so much time has passed that participants have forgotten a lot or when there are outcomes (e.g. a failure) that would encourage people to
alter their recollections to justify or fit these outcomes. Neither of these conditions prevailed for most issues pursued in this study. The time periods for which I sought retrospective information were relatively short, except for the first interviews, which in the case of Paneuropa covered twenty months of time. There was no evidence of "revising" accounts of the past to fit present conditions, which would be suggested if the accounts from a later interview evidenced an altering of facts and interpretations given during the preceding visit. Moreover, in the case of that 20 month stretch of Paneuropa's early history, I also had access to two external consultants whose had been visiting the venture since the first year and I was able to review their field notes as well as discussing the venture with them.

Companies also provided knowledge of the business and managerial situation (e.g. though providing me with memos, updated organization charts, press clippings, etc.) at, or just before, the point of visits. I has as well as the predictions of the informants of what would be the key events and business concerns during the periods between visits. These, combined with on-line searches of the business press and the researcher's ability to compare these descriptions and predictions across informants, served as a further check against which judgement of systematic bias in accounts could be made.

The focus of data collection relied heavily upon the discursive accounts and understandings provided by informants. These are the espoused understandings that participants bring to
bear upon their experience. But relying on the espoused accounts alone will likely lead to an incomplete or misleading picture. That is because actors tend to react reflexively in many situations. These reflexive responses are based upon assumptions that are tacit and, thus, the actors are not aware of them or of their influence. The researcher, however, can seek to infer these assumptions from the co-variation of circumstances and behavior or from the regularity of patterns of responses across situations (c.f. Giddens, 1984; Schein, 1985).

I therefore sought to link the expressed and the tacit responses to structural conditions. Though structure is reproduced through processes of action and interaction by actors, elements of structure tend to be reified in the minds of actors. Thus, actors are aware of structural elements that they reify as "the joint venture agreement," "career opportunities," "the market," etc. and these reifications shape behavior and understandings.

The cells of Figure 3.3 represent the types of data I sought to collect. I thus sought out static as well as the dynamic elements and influences upon the team in their tacit as well as latent aspects. For the expressed aspects (the two cells on the left side) I could rely upon the direct accounts of actors and archival data (organization charts, the venture agreement). For elements in the right hand column it was necessary to scan interview and observation notes for patterns and associations at a given point of time and over time. The items in the right hand column, thus, inescapably are interpretive productions on my part.
**GRID CATEGORIZING TYPES OF DATA**

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**Lateral**

Petty Practical

**Expressed**

Figure 3.2
Their apparent accuracy or legitimacy from the point of view of the participants in the setting could not always be assessed directly, though their potency in providing a consistent explanation of my experience of the ventures could be, and was assessed.

B: How Data were Collected and Analyzed

Initial interviews were open-ended, but guided by three basic questions. The first was how, when and why the informant became involved with the venture. The second was to ask the informant what it was like for him to work in the venture and whether working in the venture was "surprising" to him in any way. The third question was to ask what he felt was going to happen in terms of managerial or business developments in the time period anticipated between that visit and the next research visit. Otherwise, the interviews were unstructured and other questions and lines of inquiry were governed by information/ impressions arising during the visit and interview. Such interviews usually typically lasted from one hour to in a couple of cases over four hours of time.

Interviews were usually tape recorded and transcribed. If I had any reason to suspect that tape recording would make (or was making) an informant nervous (in one case a manager stared at the tape recorder rather than me) I turned it off and relied upon taking notes, which I did in any case. When an interview was not recorded, I took time to make extensive elaborations and expansions of the interview notes within twenty-four hours of the
interview. Even when I used the tape recorder, I took time afterwards to mark passages of the interview that seemed particularly revealing or important and made notes about my feelings and the emotional climate of the interview. I also made notes about general impressions and a running table of important themes. I accumulated over 70 pages of such general notes in additions to the interviews and meeting observation notes.

When meetings were observed, notes were taken and similarly elaborated upon within twenty four hours. On line literature searches of the business press were made for all ventures both before and during the study and archival data was collected as available and applicable.

Analysis of all data was iterative; the research process alternated between visits to the ventures and coding and analysis of data, along with forays into various literatures that might potentially be useful in making sense of the data as the project unfolded. I used colored marking pens to mark passages relating to themes/ factors of interest in the interview transcripts and notes. While I would make rough counts across interviews to ensure that a factor indeed cropped up regularly, I was as much or more concerned with the contextual suggestions of the importance of a theme or factor (for example when an informant labeled it as "the most important thing") than I was with raw frequency counts. The emphasis was upon looking for common modes of discursive understanding among participants, behavior patterns and patterns surrounding "problems" or "surprises" indexed by informants both
within and between sites, as well as over time. Venture starting conditions, the on-going role of external conditions, imported values and the potence and style of the top manager also were compared across managers at a site, across time and across sites. Reviews of potentially relevant extant literatures took place at a number of points during the field work as well as after data collection had been completed.

By the third or forth visits, I felt that I had identified key factors of interest and my interviews became more structured. I made notes before the visits about events and factors that I wanted more information about. For example, if someone said that they anticipated finishing the implementation of a program, I might ask "When I last talked to you, you planned to do X, what happened?" Or, if they expressed frustration about conflicts, if that had not been brought up in the early part of the next interview, I might ask "Last time you said. Is this still an issue for you?" Though I still began interviews with the general questions "What has been going on since I last was here?" I sometimes asked explicitly about these things if the informant did not bring them up himself during the early part of the interview. During the last visits, I also fed back some of my impressions and my theories about dominance, stereotyping, the role of external threats, and the relative influence of groups to key informants for discussion and validation. Those informants with whom I discussed these things generally confirmed that these factors provided a useful way of framing their experience. Thus, I felt that I had reached a point
of saturation of these categories as described by Glaser and Strauss (1967).

IV. Summary

This research was framed as exploratory research in the grounded theory tradition of participant-observer research advocated by Glaser and Strauss (1967). It began by carving out a broad domain of interest which became progressively more focussed as the research experience accumulated. The data combined the explicit understandings constructed by participant as well as associations of factors that I constructed by sifting through and interpreting patterns and associations in the data. Though the enactment of my role and my degree of affective intimacy with informants varied across participants and across sites, I experienced sufficient trust and disclosure to enable the development and saturation of categories relevant to the domain studied.

End Notes

1. Weber (1978) admonishes the social scientist to try to be as aware as possible of her preconceptions and motives in conducting research. To claim that she come naively to the setting bereft of guiding interests, assumptions and ideas, would be to place her outside the laws that are assumed to guide the behavior of human actors. We all bring our categories and assumptions to bear upon experience. These categories are the product of our histories and our socialization — I, as are all human beings, am a captive of my past. That this research might have yielded different interpretive schemes if conducted by someone with a different background from my own is not to discount either the validity or
the potential usefulness of this study. I challenge you, the
reader, to try looking at the world through my lenses. This will
become a part, hopefully a useful part, of the repertoire of
perspectives that you can bring to bear upon your subsequent
experience. The "I-witnessing" of the researcher is an
inescapable part of the interpretive process, even if the
conventions of writing up research accounts often aim to disguise
this fact (Van Maanen, 1988).

2. This ruled out some potential sites that were cooperative R&D
ventures in which those assigned to the ventures continued to
reside in their parent organizations.

3. In fact I discovered in relation to this requirement that I
had a tough judgement call to make in the case of the Basic Co.
venture. Many influential members of management continued to
operate out of their home countries. In the end I decided that I
lacked the resources and time to track these roughly ten
additional managers at far flung locations in Europe. Thus, I
only have more indirect evidence about the hierarchical relations
between the central office and senior management located in
Germany, France and Spain, which is in the end probably going to
be an important determinate of the overall success of the
venture. However, the focus on the headquarters organization
still yields valuable, if only limited, insight into how to make
an organization of this sort work.

4. To have a check on the role of culture for within country
ventures would require some sort of analysis of the parent
organizational cultures. Thus, while managers in single home
country alliances might also make attributions to cultural
differences, there was for none of the sites potentially
available such parent level culture analyses available, while for
national cultures, there is a relatively rich literature about
differences (eg. Hofstede, 1980; Laurent, 1983) which could be
used as a check to confirm and interpret the differences
mentioned by informants in this study. Another reason for
choosing international ventures is a practical one: shared
management is less commonly used in domestic U.S. ventures,
probably because of the greater fluidity of the U.S. managerial
labor market. And within country European ventures would not be
likely, unless in the U.K., to employ English as the venture
language.

5. I occasionally conducted conversations or interviews with
German informants in German. In doing so I tried to be guided by
what seemed to be most natural or comfortable for the informant
at the time.

6. Two of the three venture sites provided the researcher with
complete copies of the formal joint venture agreement. In the
third case, because a portion of the joint venture shares
currently were traded publicly and most of the agreement dealt with the financial shareholding aspects of the venture, the researcher was given verbal descriptions of the relevant parts of the joint venture agreement.

7. This was confirmed when I prepared a short disguised case based on one of the ventures for an executive education seminar at a major management institute in Europe. For the case, the industry as well as the location and names of participants had been disguised. After the seminar, a manager acquainted with the CEO of the venture came up to me and said, "I'll bet that this venture is called ___ and that the CEO's name is __." It turned out that he was a personal friend and tennis partner of the venture's CEO and that the venture was recognizable to him from the confidences shared with him by that CEO. He disagreed with some of the interpretations made during the seminar (participants were very critical that the CEO had not done enough to manage the conflicts between the groups), but he did find the details as he knew them to be congruent with what he had been told.

8. I have found a number of articles looking at the role of the researcher's affect and emotion on research (c.f. Berg and Smith, 1985). However, I found very little about how to analyze the role of the informant's affect or emotional attachment to the researcher on the quality of research, though I am convinced that such affect is an indicator of how successful I have been in engaging an informant. On the role of informant affect in research and why the field has tended to overlook it in formal accounts see Kern, Kern and Schumann (1988).
CHAPTER FOUR: BACKGROUND AND STARTING CONDITIONS

In the beginning is my end. (T.S. Eliot)

I. Introduction:

This chapter has two functions. The first is to introduce the three ventures by describing the circumstances leading to their founding and to provide information about the starting conditions prior to the actual beginning of the joint ventures' operations. As such, the lens employed here principally is that of the joint venture as understood in a formal context. This formal context embodies conditions that shaped the joint venture agreement and decisions taken about such things as organization design, structure, staffing and resource and value chain relations with the parents. Therefore, unlike the following three chapters which trace the teams' histories and venture development over time, the descriptive portion of this chapter directs our attention to static rather than to the dynamic aspects of the ventures.

The second part of the chapter is comparative and conceptual. In it, I systematize the background of the three ventures and employ the propositions developed in Chapter Two to look at the implications of those pre-implementation starting conditions for the subsequent evolution of those teams. The three ventures vary in terms of to what extent these conditions clarify the directions of the pulls and pushes on the teams from the outset. But it was
possible to predict, for example, that Paneuropa, on the basis of its pre-implementation set up, can be expected to confront problems in establishing strong team member commitment to the venture. The thrust of starting conditions in Betriebco and Basic Co., to the extent they are clear at that point, push more unambiguously toward establishing a common team identity. Those starting conditions that would only be resolved in the implementations, as well as the timing and character of intervening factors, will be traced through the narratives of the later chapters.

II. Background and Formally-Conditioned Aspects of the Ventures

A: Paneuropa

Background, Industry and Parents. A senior executive once characterized the venture as a "marriage of the walking wounded." The bulk chemical businesses of the parents and, indeed, the European petrochemical industry in general, were plagued by chronic overcapacity and financial loss. Both parents had lost large sums in their bulk businesses in the three years before the negotiations commenced. Therefore, the joint venture can be characterized as an attempt to ameliorate the negative impact of prevailing business and industry conditions. The parents hoped through the venture to create an entity of sufficient scale and scope to increase competitiveness in the Western European market through economies of scale and other efficiency-enhancing measures.

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Both parents organizations were large, diversified multinationals. The Western Canadian parent organization, Saxony Co. is a highly diversified company, with a large presence in Europe, Asia and North America. The European bulk business had been losing money, but Saxony as a whole was a profitable, strong player in many of its other businesses. Though one sees a variety of nationalities in Saxony management overall, in this particular business the management style, as described by members and by a consultant who knew that organization, was decidedly Anglo-Saxon: polite, gentlemanly, and task-oriented. There was an emphasis upon formalization in many aspects of managerial life, from formal job evaluations and reviews, to formalized career planning systems, to an emphasis upon written documentation and memos. Very few managers not of Anglo-Saxon origins appeared in the uppermost managerial ranks of that parent's bulk business management. The company was known as a secure employer and many managers in the middle and upper echelons tended to have had long tenure in the company.

The Italian parent organization was large and diversified, though their bulk markets and businesses were concentrated in the Southern European markets. Their culture and management style was colored by this rootedness in Italy and Southern Europe, but was also shaped by the recent history of change in Italy's chemical industry. In the early 1980's, the Italian government had attempted to foster several restructurings of the chemical industry. Italico had in fact been cobbled together out of acquisitions and mergers, with some of these pieces having come out of the State Sector while
other pieces of the business had been part of Private Sector firms. Many of these firms had a record of poor economic performance. This considerable shifting around led to concentration of power and information in the hands of a few powerful managers. Considerable importance attached to having good informal networks and powerful sponsors. This importance of networks and sponsors was said to affect everything from finding personnel and other resources, to keeping informed, and to furthering one's career. Verbal rather than paper communication tended to be preferred. And when there were "official" charts, documents, etc. I was told that they often did not reflect accurately how decisions had actually been made or how things should actually be done. Both the emphasis on relations and networks and the lack of emphasis on formal organization appear to be related to a deeper assumption about preserving ambiguity, and thus room for personal manoeuvering, in relationships. Despite the periods of upheaval, Italico was sought out as an employer because it offered a high degree of job security.

Why were Saxony and Italico attracted to one another? The actual origins of the negotiations are murky and seem to have arisen out of informal contact between some senior managers of the Italico and Saxony bulk businesses at European trade fairs. But if one stood back and looked at the options of both parties, it seemed clear that the array of potential partners was very limited. First, there were few European firms in this business large enough so that an alliance would create an entity of sufficient scale. Of these few larger players in the European market, some were Government-
owned and their operation was treated as a matter of national competitiveness. Of the remainder, Saxony had in the past had alliances with some of them that had been deemed at the time unsuccessful. Most of the other firms in the industry were so small that an alliance or acquisitions could not be expected to change the competitive positions of either Saxony or Italico.

Besides the requisite size for a venture to achieve scale economies, Italico and Saxony hoped for other potential benefits from an alliance. Italico had its strongest production and market presence in Italy and Southern Europe, while the Canadian parent was focused upon the U.K., France, Germany and the Benelux countries. Thus, there was a perceived bonus of complementarity in terms of market scope, though that was not a primary criterion for why the partners saw competitive advantages in the alliance.

Collins, the Canadian who became Paneuropa's CEO and who headed the Saxony negotiating team, said that in the initial informal contacts with Italico, it seemed apparent "that both sides were thinking along the same lines." There was then some further informal contact and eventually informal negotiations were underway "though it is hard to say who started it."

The Selection of Location and Focus of the Negotiations and Agreements. Because the industry was plagued by chronic overcapacity when the negotiations began, the focus of the negotiations and the developed business plan was upon capacity rationalization and how to maximize cost savings. Both sides were working with projections of market growth for the later 1980's of
from 2-4¢ per annum. The goal was to close all but the most modern and efficient capacity, thereby achieving a level of rationalization that neither side felt that it could achieve on its own.

Since production sites that were to be utilized by the venture were distributed throughout Europe, there was latitude as to where to place the headquarters. Members of both negotiating teams agreed to select a city in the Netherlands as the site for the venture headquarters. The venture CEO, Collins, who also had headed the negotiation for his parent, said that the principal reason had to do with tax advantages. That city was also said to have been seen as "neutral" as it was also outside the European headquarters operations of the parents, which some managers saw as an advantage. However, the Canadian parent did already have a major administrative office for its bulk business nearby.

Interdependencies with the parents. The parents had both rejected the option of unilaterally exiting from the business because the bulk business provided an important market for raw materials. A key provision of the venture agreement is that the venture would use the parents to provide at least 90% of its raw material needs. Common transfer prices would have to be negotiated with the parents. For some of the raw material there was a substantial market that could be used by the parties as a basis for pricing. However, for other raw material, both parents had earlier treated the bulk business as a captive outlet for excess production and most of this material was used on integrated production sites.
In this latter case, negotiating a price would be more complex.

The parents also agreed to provide some payroll, data processing and other services to the venture. For the headquarters, most of these services were going to come from the nearby Saxony operation.

Most of the bulk plants were part of integrated parent production sites concentrated in Italy, the United Kingdom and several other countries. The parents chose to continue their ownership of the production sites of the venture, which the venture leased and operated. The General Manager explained that this decision was conditioned by difficulties in asset valuation. Thus, there were dependencies not just between the headquarters of the venture with the parents and the sites, but each of the sites were also in an interdependent relationship with the parent owning that site.

Organization Design and Staffing. Collins, who was charge of the Canadian parent's European umbrella organization, became the leader of the Canadian side of the negotiation. He was designated early on by both sides to become the first CEO of the venture. That consensus remained, even though he rejected a proposal by the Italian parent to use a dual leadership structure for top management of the venture. Besides a 50-50 equity sharing arrangement, the division of top management positions was such that a formal numerical balance prevailed. Exhibit 4.1 depicts the organization chart for the top team of the venture.² The starred positions were positions where a particular parent had the right of
Organization Chart -- Panaropa

Exhibit 41

- EXECUTIVE TEAM: WHERE PRINCIPALS HAVE VOTING RIGHT OR APPOINTMENT

- POSITION OCCUPIED BY AN ITALIAN PARTNER MANAGER

- POSITION OCCUPIED BY CANADIAN PARTNER MANAGER

NOTE: CHART AS OF 18 MONTHS

- Lane
  - Planning (C)
  - Sales (1)
  - Sales (2)

- Markham
  - Coordination (C)
  - Prescott
  - Operations (C)
  - Research & Development (1)

- Rosewell
  - Compounds (1)

- Worth
  - Marketing (C)

- Giordano
  - Treasury (1)

- Kent
  - Finance (1)

- Overmer
  - Sales / Mkt (C)

- Anderson
  - Production (1)

- Dibella
  - Personnel (1)

- Jones
  - Relations (C)

-不到
  - Public

- Solson
  - Logistics (C)

- Sanchez
  - Systems (1)

- Collins
  - President (C)

- CEO (C)
nominating incumbents. In the case of the CEO position, the appointment was subject to reappointment after three years. For this position, however, while the first CEO was to be a Canadian, it would be possible for an Italian parent manager to be designated the successor. For other positions (those not starred), there was no such binding agreement about numerical balance in the appointment process. However, as the Human Resources Director suggested, "a numerical balance was sought and one was found." It was possible for these other positions, in principle, to be staffed by third party managers from neither parent. However, at the beginning, this was not deemed to be practical. The headquarters initially had approximately 40 secondees.

Managers from both parents had formal secondment contracts. Canadian parent managers had contracts of three years, two years of mandatory service with the option of the employee to request transfer after that time. Some Saxony managers were on a "fast track" in the parent and clearly foresaw staying for a limited time in the venture, while others, some of whom were older, had less clear-cut opportunities in the parent and were likely to remain for a longer period of time. Danforth, the Resources Director, and a couple of others were close to retirement age and did not necessarily anticipate other assignments before going into retirement. All pension and other benefits of service in Saxony continued with assignment in Paneuropa.

The Italians formally had two year contracts. The career system in the Italian parent was more dependent upon mentoring,
informal network ties and political sponsorship. Some of those Italians seconded were said to have had verbal promises up front about positions they would receive upon their return. Some were also said to be eligible for promotions in Italico while serving in the venture.

Many of the potential Canadian parent candidates already lived and worked in the Benelux countries. The Canadians usually had their wives and other family members with them. Potential Italian candidates mostly were working in Italy and many anticipated at least initially leaving their families in Italy.

Many of the Canadians thus had known one another before coming to the venture. They were a relatively homogeneous group in terms of ethnicity. On the Executive level, Overmeer was of Dutch descent, though he had an MBA from an English-Language European business school. On the Italian side, Kent was an Englishman who had worked for Italico in Turin. Otherwise, the Italico secondees on the top team were Italian. However, the Italico people, reflecting the patchwork character of the company, came from scattered parts of the company and different parts of Italy.

The team members designated from both companies were all male. They varied in age and experience. Past experience in that business, or, in Saxony, the need for business experience on their record of the type that they could get in the venture seemed to be the main criteria for appointment rather than any particular attraction to the culture or location.
Both parties agreed upon the use of English as the venture language. The reason for this was said to be that English was the universal business language in Europe. All of the managerial level Italian secondees spoke English, though some of them were self-conscious that they did not speak English well. The Saxony secondees to the headquarters did not speak Italian. Headquarters was to offer both English and Italian lessons once the managers were on site.

B: Betriebco

**Background, Industry and Parents.** The Betriebco venture became the occasion for the parent organizations to launch a start-up business in the United States market. The venture was formed to produce a line of electronic components for large original equipment manufacturers. The U.S original equipment manufacturer market is concentrated, with a few very large producers, but is also highly lucrative.

The American parent, U.S. Co, is a large and highly respected multinational with a wide variety of markets and a world-wide presence. The particular division responsible for this product area and venture was headquartered in the midwestern United States. Though U.S. Corporation participates in many alliances throughout the world, this division was said to be somewhat less sophisticated and experienced in such matters than some of the other U.S. Co. divisions. The division had some mature product areas and was
looking for some new growth businesses, the joint venture's product being one of these. Because of their other products, they already had an established sales relationship to the major original equipment manufacturers in the market the venture was to focus upon. The U.S. Co. management was said to be very "bottom-line" oriented and managers were expected to set visibly ambitious goals for themselves.

The German parent, German Co., was a major worldwide player in this product area with the exception of the U.S. market. That business was concentrated in a particular division of that parent headquartered in Germany. There was a strong emphasis upon technical skill and many of the managers were trained as engineers. German Co. traditionally tended to exercise a strong influence over its subsidiaries and only in recent years were they becoming more active in alliances with shared influence. Business planning tended to be conservative and detail-oriented.

The man who became Betriebco's CEO was Andy King. He had participated on his parent's negotiation team, organizing many of the site studies and other preparatory activities for U.S. Co.. After developing a patent for one of the component designs, the American parent initiated the search for a partner due to the mandate of U.S. Co.'s Chairman that a partner be found for this business rather than attempting to develop it alone. The Americans considered a number of potential matches and had even had preliminary negotiations with a Japanese multinational. The German parent became the partner of choice only after negotiations with
this other company stalled.

Andy, the CEO, suggested that one of the principal attractions of the German parent was the chance to capitalize on the skill of a partner with experience in this business in other countries. A senior German manager said that a major attraction for his company had been the opportunity to tap the contacts and reputation of a partner who knew the American customers. For both companies the venture was a chance to share the costs and risks of a new business. This product was not a core business for either of these multi-billion dollar companies. Unlike the other two ventures in the study, Betriebco represented a proactive choice to form a partnership with clear complementarity of skills.

**Selection of Location and Focus of the Negotiations and Agreements.** It was a given that the United States would be the locale for the venture and its market. The parents agreed to take over a plant facility and non-union workforce belonging to the U.S. parent organization after the management of that site campaigned to bring the venture there. These U.S. Co. factory managers saw the venture as a way to preserve jobs and utilize the plant. At that time they were winding down production of a mature product and the workforce had already been asked to make wage concessions to avoid a shutdown and to slow down layoffs.

Besides a considerable amount of attention devoted to the financial arrangements and trademark issues, the agreement also included a detailed production ramp-up schedule with detailed monthly output and sales targets. The venture, as a start up, was
first projected to break even after four years. Projected revenues of the venture were predicted eventually to be in the $100 million per year range. In the meantime, the partners agreed to provide capital and expertise to the organization. English was to be the business and reporting language of the venture.

Interdependencies. U.S. Co. and German Co.'s North American subsidiary both were to provide some support services to the venture. In terms of production, a German parent plant located in Germany and another German Co. subsidiary's plant, located in Latin America, were to provide a part used by the venture. The venture as a customer of the German plant and subsidiary would be relatively small in terms of volume. Otherwise major suppliers of the venture were expected to be from the United States. In terms of sales relationships, the venture was to have a high dependence upon one American original equipment manufacturer as a customer. The customer contracted before the venture began to increasing use components from the venture as venture production capacity grew. However, the venture had to undergo inspections and pass other criteria to qualify eventually as a vendor under that customer's quality program. This meant that the plant would be closely monitored on a monthly basis by the customer as well as by the parents.

There was only one plant location, which was at the same site as the venture headquarters. The only other office of the venture was a small sales office close to the venture's dominant customer.
Organization Design and Staffing. The venture had roughly 50 managerial/technical employees and a workforce of under 300. Except for a few Germans, all of those below the top team level were Americans. Germans at that level below the top team overwhelmingly were technical people (though there was a German assistant in the Finance area), who were there only to take care of specific tasks (such as setting up a particular machine). In addition to a 50-50 equity sharing by the parents, the top management team comprised managers from the parents.

In an initial proposal during the negotiation, the staffing of the venture was to follow the perceived core competencies of the parents, with the Americans providing Sales and Marketing top management and the Germans providing the top Manufacturing manager. The staffing arrangement ultimately chosen deviated from this initial arrangement. One German close to the negotiations said that the German parent encountered some concern in its Board of Directors that the U.S. parent could become a competitor and, to mollify this opposition, the Germans insisted upon a super-majority control of the Board of Directors. In exchange, the Germans took the Sales and Marketing Vice Presidency and the Americans the Manufacturing Vice Presidency. I infer from this arrangement that the German parent probably also found this alternative staffing arrangement attractive because it would give them a chance to develop closer ties to the American customers. The high status of the manager they appointed to this position in the first year (he returned at the end of that time to become a division-level
manager) is evidence of German parent awareness (if not primary intent) of a learning opportunity inherent in managing the Sales and Marketing interface. The Americans retained for the Marketing Vice Presidency the Manufacturing Manager already at that factory site.

Exhibit 4.2 depicts the structure and composition of Betriebco's initial top team. The American who spearheaded the negotiation and planning on the U.S. side became the designated CEO and the parents chose him early on for this role. The positions circled were those where a particular parent had the right of nomination for that position. The U.S. parent managers became employees of the venture and, except for vesting in pensions and other parent benefits, they retained no formal ties to the parent. However, U.S. managers expected that if their performance in the venture was good, there would be opportunities offered to them by their parent to return to the company.

German parent managers had formal secondment contracts for up to four years, though the length and terms varied. German parent managers differed in their espoused reasons for agreeing to come to the venture. Many of them were attracted by having an opportunity for themselves and their families of living in America. All but one came from the same division and two of them had worked together before. Some U.S. parent managers already knew one another because they served before as management at the site hosting the venture (the Manufacturing Vice President and the Human Resources Manager). All of the other U.S. side managers came from the division
sponsoring the venture, except for the manager of Finance, who came from the corporate staff because, he said, he was attracted by the opportunity to gain plant level experience.

Managers on both sides were relatively homogeneous. Of the Americans, all were white and in their 30's or 40's. There was one female U.S. manager (Lou) at the third level of the team. One second level U.S. Co. manager, Egon, had German parents. Among the Germans, one of the German parent managers had German parents, attended university and had spent his working life in Germany, but had been born and raised in South America. The others were German natives. All of the Germans spoke good English. With the exception of Egon, none of the U.S. parent managers spoke German. The venture planned to offer German lessons on site to U.S. managers once the venture was underway. A German-speaking secretary was to be found to work for the CEO.

In addition to the top management positions on the organizational chart, a few Germans were to be brought in on a project basis in technical support positions. Otherwise the remainder of the staff and the workforce were from the U.S.

C: Basic Co.

Background, Industry and Parents. Like Paneuropa, the two parents entered the venture searching for a way to improve the competitiveness of their bulk chemical business in the face of poor industry conditions. Achieving economies of scale in raw materials
purchasing and scope in market coverage were major strategic rationales. Both parents had been losing money in their respective businesses. An earlier negotiation to form a European venture had included several other firms from other countries in addition to these German and French MNC's. That earlier negotiation had broken down near the end, when some participants dropped out because of the capital they would have to contribute, while others balked at being associated with an environmentally controversial product produced by some of the other parties.

The German parent's business was concentrated in Germany, while the French parent business was located in France, Spain and Italy. The Germans had the largest capacity on a country basis, though when France, Italy and Spain were combined, the French parent business was larger. Unlike the bulk product business of Paneuropa, there was more variety in the product lines of the businesses pooled into Basic Co. Also, the production and markets of the parent's were less centrally managed and coordinated than in the Paneuropa instance.

The German parent organization, Germania, was a large diversified firm. Their business divisions operated relatively independently of one another and career paths tended generally to move within rather than across divisions. Decision-making in Germania tended to be very consensus-oriented, slow and deliberate, with white papers and other written documents being circulated and information accumulated and shared. That business division had its plants and markets concentrated in Germany and its management was
homogeneously German. The venture would entail externalizing almost all of a division and its employees would become venture employees.

The French Company, Latin Co., had a production and marketing presence in multiple Latin countries of Europe. It too was allowed by its mother corporation to operate with relative autonomy. The division's CEO was recruited from outside the industry from the French Administration. The tradition of management in this company was far more centralized than the business in Germania.

**The Selection of Location and Focus of the Negotiations and Agreements.** Both German and French managers participating in the negotiation said that France was chosen as headquarters of the venture because they could access capital markets in that country earlier and because there was a facility and staff in place that could be used with little change to house the venture headquarters. Unlike the other two ventures, where the shares of the parents were equal, Germania took a larger (though not majority) equity share. Latin Co. took a smaller share and some shares were traded on the open market. The venture was incorporated under the legal entity of the French parent's business. Rumors appeared in the French press, and in the venture itself, that at some point the German parent may choose to obtain a majority holding in the company.

As far a business plans and structure, far less was cast in print in this case than in the other two ventures. Top management, subject to approval by the Board of Directors, was left considerable leeway to chart a course for the merged entity.
Interdependencies. The venture procured no key resources from the parents, though the German country-level management in Germany retained offices in the Germania headquarters. Basic Co. would produce some raw materials and purchase others on the open market. The venture would own its production facilities.

According to the plan agreed upon by the Directorate members, much communication between the plants and the headquarters in the first year was to be mediated by country-level management. Country and plant level management would enjoy substantial autonomy. The first year was envisioned to be a period of assessment and the degree to which headquarters might be involved in coordination and control could change.

Organization Design and Staffing. Exhibit 4.3 depicts the initial organization structure of the venture top team in the corporate headquarters. The venture formally had a four-man Directorate after the German style. Both parents concurred in choosing the former General Manager of the French parent to be the Directorate Chairman and General Manager. Even before his appointment he established close personal relationships to the top German parent management. He and the two German directorate members had participated in the venture negotiations. The other French parent Directorate member had been a close associate, and assistant to, the French General Manager, though he had not been a participant in the negotiation.

The venture was to begin with a loose geographical structure. That could be changed by top management as they saw fit. There was
no formal obligation to keeping the representation of the parents among top management at 50/50. Beyond the initial transfer of employees along with the businesses folded into the venture, this venture anticipated flexibility in hiring, promoting, and compensating employees without intervention by the parents.

Again, supposedly to reduce potential conflict and to simplify management, the four-member Directorate was to have a division of responsibility based on the different mix of past responsibilities and expertise of its members. However, major decisions were to be made collectively.

The managers came from their parents into the venture organization on a one-way ticket. Actually, one of the second-level Germans had plans to return to his parent organization after three years to assume a top staff role. His wife remained in Germany because of a dual career situation. But when one of the German directorate members resigned early in year two, he took over that vacant position and his commitment to return to Germany seemed uncertain. In all, only a small group of four senior Germans came to the venture corporate offices in France. They had known one another before the venture. French top management, with the exception of Mr. Hugo and Mrs. Laurent, also had known, and worked with one another, before the venture.

Except for the Personnel and Public Relations Director, Mrs. Laurent, who actually was hired several months after the venture began, the other top team members were all male and ranged in age from their mid-40's to their late 50's or early 60's. On the French
side, one of the top team members was a Spaniard by birth who had studied in France and the U.S.

The business language of the venture was English, though much of the staff primarily was French-speaking. The rationale for choosing English was its universality and the belief that it would make it easier for the venture to make other acquisitions or form other alliances later. Most Germans who came to France either spoke some French already or anticipating taking lessons once there. At least one second level French staffer was to take intensive English instruction. The French colleague of the Chairman in the directorate understood, but did not speak English. He was to participate in meetings speaking French and, when necessary, a colleague would translate for him.

III. Discussion: Background and Starting Conditions

The last section offered an overview of why the ventures were formed, who the parents were, and what conditions were created through decisions made in designing the venture and negotiating the venture agreement. Exhibit 4.4 presents some of the highlights of the background and design covered for all three cases.

How participants in the venture team would perceive and enact their circumstances over time, and the timing and nature of the influence of intervening factors such as leadership and external threats, can only be examined as the history of operation unfolds in each case. However, the design and negotiation stages of these
<table>
<thead>
<tr>
<th>Country</th>
<th>Activity</th>
<th>Language</th>
<th>Shares</th>
<th>Joint Venture Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Co.</td>
<td>Yes</td>
<td>Production, sales and marketing</td>
<td>English</td>
<td>French, 30%</td>
</tr>
<tr>
<td>Dettolco</td>
<td>Yes</td>
<td>Activity: technical, marketing, also some production, sales and marketing</td>
<td>English</td>
<td>20/30</td>
</tr>
<tr>
<td>PanEuropa</td>
<td>Yes</td>
<td>Development, technical, product and marketing</td>
<td>English</td>
<td>20/30</td>
</tr>
<tr>
<td>Countires?</td>
<td>In both Parent</td>
<td>Activity: Scope of Venture</td>
<td>Business</td>
<td>Shares</td>
</tr>
<tr>
<td>Multiple Sites</td>
<td></td>
<td></td>
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<tr>
<td>Company</td>
<td>Ownership Details</td>
<td>Dependence on Parent(s)</td>
<td>Venture Organization</td>
<td></td>
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<td>-------------</td>
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<td></td>
</tr>
<tr>
<td>PANEUROPA</td>
<td>Parents</td>
<td>90% of venture raw material requirements.</td>
<td>Functional organization; relatively centralized</td>
<td></td>
</tr>
<tr>
<td>BETRIEBCO</td>
<td>Parents lease big. to venture but venture otherwise owns prod. assets.</td>
<td>Some parts from a German plant and German-parent subsidiary. Only important for one of venture's products.</td>
<td>Functional organization</td>
<td></td>
</tr>
<tr>
<td>BASIC CO.</td>
<td>Venture</td>
<td>None.</td>
<td>Geographical structure with only limited control exercised by the head office. Was foreseen that there could be move to a business line or more matrized type organization.</td>
<td></td>
</tr>
</tbody>
</table>
French:

- Clubs, societies, etc.
- Local festivals
- Street festivals

Other:

- No formal requirement of expertise or composition

BASIC CO.

- Approval
- Successor subject to board's approval
- Wholly owned by parent

BRAHIBO

- To use secondes
- Representation and consent of all secondes
- Established to such extent

PANEUROPA

- Board members
- To approval by other parent
- Proposed successor subject to approval of each

JOINT VENTURE

- Staff
- Second level
- Top team
- Other positions

Table: Summary of personnel-related initial conditions.
ventures already lent enough shape to some of the starting conditions that some tentative inferences can be made at this point as to the probable direction of influence of these factors and the extent to which the factors, taken together, suggested clear differences in initial developmental tendencies of the three teams. This is the focus of the discussion that follows.

A: Factors Expected to Affect Social Identification Processes

In Chapter Two, a series of propositions were developed to direct attention toward the influence of certain aspects of the venture setting, design, etc. on team relations. This section reviews those propositions in the order in which they were discussed in that chapter. This time, however, instead of grounding them conceptually, I look concretely at their status in these three cases. Where possible, I use the data to make a preliminary comparison of expectations for the development of these three venture teams.

Time and Career Horizons. Already at the end of the negotiation stages, certain decisions had been taken about who will be sent, and under what terms, that allow us to look at how this factor might be expected to affect the pull of a common team identity. Proposition 1 of Chapter Two was:

Where team members perceive a primary dependence upon the venture and their colleagues in the venture, rather than upon the parent organization and its members, to realize career goals and obtain rewards, there will be a greater
likelihood of members' identification with the venture team as the most influential social identity strengthening over time.

The nature of the secondment contracts -- whether finite and formal or one way -- are expected to affect the psychological time horizon that participants have in the venture. Managers in Paneuropa, with a finite length of contract and the prospect of career opportunities in their parents, would be expected to be affected by the limited time they expected to serve in terms of the strength of their identification with the venture team and, thus, their willingness to adapt and accommodate to differences. The set up at Paneuropa also would not appear to allow for strong formal mediation of career goals and rewards by the venture management.

By contrast, managers coming from Germany to France in Basic Co., like their French colleagues, could expect an indefinite career and time horizon in France and no parental career opportunities. Both the French and German managers of Basic Co. thus could expect mediation of career goals and rewards mediated by the venture. They would be expected to develop primary identification with the venture team.

In Betriebco, the Germans had formal contracts that generally were generally of somewhat longer duration than for the parties in Paneuropa. The Americans had no contracts with their parent. How the relation between business performance and careers would develop, especially for the Americans, was not yet clear at this point. However, the role of the venture performance, if not venture management, in the mediation of would be expected, at least for the
Americans, to be relatively high.

Thus, the effect of this factor in pushing toward a team-based identity on both sides appeared strongest for Basic Co. In Betriebco, the situation appeared to be mixed. Moreover, on the American side, since there was no formal contractual arrangement at all for return to the parents, it is important to look at how these managers would deal with that ambiguity over time. Would they curry many informal ties in U.S. Co.? For the Betriebco managers, the situation is less easy to predict at this point. Paneuropa's arrangements suggested a push in the opposite direction from those in Basic Co. That is, the career dependence on the parents and the role of parental management in careers and rewards appeared high, so that a push toward group identities based upon parental origins, rather than a pull toward the team, could already be predicted in this case.

**Dispersed, Multiple Sites.** The proposition, as explained in Chapter Two, was that:

> Venture teams that must interactively manage multiple sites dispersed in the home countries of the parents will show less rapid and clear convergence around a venture-based identity than will teams in ventures where operations either are concentrated upon a single site or structured to require little active intervention by team members.

Once again, the initial set ups already potentially tell us a great deal in terms of this factor. Paneuropa's formal set up entails managing multiple sites, often located in integrated production sites of the parents and dependent upon parent employees
at that site as well as upon employees of the venture. Since a site's production is not necessarily for local or regional markets, the need for active coordination from the headquarters could be anticipated.

Basic Co. also was formally set up with geographically dispersed production sites, though the geographical management structure selected and the fact that these plants often produced for local or regional markets suggested that the degree of coordination activity engaged in by the Head Office would be minimal, at least at the beginning. Betriebco's operations and headquarters were geographically concentrated, with the Sales and marketing Vice President commuting back and forth between the venture factory/headquarters and an office near the major customer.

Thus, Paneuropa had yet one more factor that would not be expected to help pull the team members toward a strong venture team identity. Basic Co's anticipated decentralization of operational decision making and the limited initial role of the headquarters might be expected to keep the site dispersion from playing a significant role in the social identification process. For Betriebco, dispersed sites were not a factor.

Intensity of Boundary Interactions. Proposition 3 suggested that:

Venture teams in ventures that have intense boundary interaction with the parents that must be managed by team members will show less rapid and clear convergence around a venture-based identity than will teams in ventures enjoying substantial autonomy from the parents.
It was already clear from the formal set up of Paneuropa that this management team would have multiple boundaries that were likely to require frequent two-way interactions and exchanges. This venture was designed with substantial resource dependence upon the parents (90% of raw material requirements). Transfer price negotiations alone could be expected as one source of intense interactions with the parents. Because of the two-way secondments, there could also be a fair amount of exchange with the parent personnel functions. Because the production sites not only were dispersed, but also part of parent-owned sites shared with parent management, there appeared to be a strong potential need for three-way exchanges -- among venture production management, host site management and venture headquarters management.

Betriebco was also set up with some resource dependencies. Some sourcing from German Co. was anticipated. The venture was also designed to draw on U.S. Co. and the German Co's U.S. subsidiary for some limited support. However, this appeared to be far more limited than in Paneuropa's case.

In Basic Co., there were no significant resource dependencies with the parents. Moreover, the relationship established between Basic Co.'s General Manager, Crozier, and the senior management of both parents suggested that the task of buffering Basic Co. from direct parent pressures would not be as difficult for him as for the General Managers of the other two ventures.

Thus, yet again, Paneuropa's formal design suggested the likelihood of a push of social identities away from a strong,
unified team identity. Betriebco's set up had potential for parent-based interests to weaken the pull of a team identity, but it was not clear that this would likely be substantial. Basic Co., was not saddled with a design that on this dimension would be expected to weaken the pull toward a team-based identity.

Skill Complementarity. In Chapter Two, it was suggested that:

Ventures based upon a perceived skill complementarity of the parents and their managers or another source of mutual attraction are more likely than venture team lacking such a perceived complementarity to exhibit stronger pulls toward a common identification with the venture team.

Only in the case of Betriebco was there clear opportunity to exploit differing skills of the parents. U.S. Co. brought knowledge of the U.S. customers and market to the venture, while German Co. brought manufacturing skills. Paneuropa's parents had markets concentrated in different parts of Europe. But their customers and markets were not different and the two businesses were otherwise more similar than different. There is no apparent skill complementarity of the parents in Basic Co., though it happened that each of the members of the four man Directorate had different backgrounds and, in the division of labor, the Basic Co. General Manager seemed predisposed to allocate responsibilities through a division of labor that would exploit these differences.

These circumstances suggested yet another reason why a strong identification of members with the joint venture might be hard to establish in Paneuropa. By contrast, this complementarity in
Betriebco could be expected to provide a basis to foster a sense of mutual dependence and strengthen the pull toward a team identity. The degree to which the division of labor in Basic Co.'s four-man Directorate might create a greater identification with the team is unclear at this point.

Were there other bases of attraction evident at this juncture? Proposition 5 of Chapter Two suggested that:

A venture in which members of one group in the team come, at least in part, because they are attracted to the culture or other qualities perceived to be connected to the other parent will show stronger pulls toward a domination of practices by the group that enjoys these attractive properties.

Aside from the degree of identification with the venture by team members, it is still necessary to find a basis for shaping shared behavioral expectations in the team context. Attraction was hypothesized to increase the willingness to adapt to socialization pressures from an attractive group. It is possible that the general track record of Saxony success and profitability relative to Italico's might create some attraction of the Italians to the Saxony management. There is no apparent basis for Saxony managers being attracted to the Italico management. In Betriebco, some of the Germans coming seemed to look forward to participation as a chance for them and their families to experience America and American culture. Such curiosity and interest might tend to make them more open to socialization pressures from their U.S. colleagues.
Such attraction potential, if it becomes an actual influence on members, should become evident in the early operating history of the venture. Thus, we will have to look at the accounts in the following chapters before drawing any firm conclusions about this factor.

The location of the venture headquarters was posited to affect the relative influence of the two parents and parental groups in the venture:

Location of a venture team in the home country of one parent is likely to contribute to the dominance of that parent's managerial assumptions and behavioral expectations in that team.

If that is the case, this suggests a relatively stronger influence of the Americans in Betriebco and the French in Basic Co. Though Paneuropa's headquarters is not in the home country of either parent, it is much closer to a Saxony office where some of the managers who will participate in the venture already are located. It already was clear that before permission would be granted by the regulatory authorities for the Italians to move on site, that Saxony personnel would take a lead in handling many details of the physical office set up. Thus, in Paneuropa, a greater Canadian influence might be expected.

Proposition 7 of Chapter Two suggested that:

Use of systems, practices, forms, programs, etc. in the language of, or after the style of, one of the parents, may contribute to the dominance of that parent's managerial assumptions and behavioral expectations in that team.
The selection of systems, practices, forms, and programs in all cases would overlap into the implementation of the ventures and, thus, must be dealt with in the next chapters rather than at this juncture. The business language is the last of the starting conditions that are systematically pursued in this study. It was suggested in Chapter Two that:

In ventures where the business language is the native language of one of the parent groups in the venture, but not of the other group, the tendency will be that the parental group dominant in shaping assumptions and behavioral practices will be the one from the native-language parent.

If this is true, this factor should facilitate a relatively stronger influence by the Canadians in Paneuropa and the Americans in Betriebco. Since English is not the native language of either of the parent groups in Basic Co., this factor does not help to sort out the opportunities for the relative influence of the Germans and French.

Intervening Factors. The circumstances at this early juncture can tell us a little about threats and assumptions about equality. For example, in Basic Co., the explicit rejection by Crozier and the other Directorate members of a structure committed to numerical equality is a potentially important contrast to Paneuropa, where a numerical balance was encouraged as a symbolic gesture of goodwill. The level of detail and frequency of accountability of the venture to the parents and customer in Betriebco might make slippage and mistakes seem more threatening as well as alerting managers to them more quickly than might be expected in the Basic Co. or Paneuropa.
operations.

Exhibit 4.5 compares the three ventures in terms of those factors discussed above. It already seems apparent from the formal design that the Paneuropa team has many elements inhering in its starting conditions that might make it difficult to get managers committed to a strong identification with the venture. In looking at Exhibit 4.5, one sees that Paneuropa, for each of those factors, exhibits either elements that would push toward a parent/ethno-linguistic based identity or which would at the very most do nothing to either facilitate or hinder development of such an identity. Thus, not only is the identification with the venture likely to be more fragile here than in either of the other two cases, there seems to be a high potential in that venture for creation of in-groups and out-groups within that team and, if not managed, the use of stereotyping and negative attributions to out-groups to become important. Basic Co.'s starting conditions evidenced the greatest consistency in the opposite direction -- toward a team identity. Its design does little to reinforce or maintain the salience of the parental identity, with the possible exception arising in a situation in which they suddenly find themselves having to very actively manage the sites early in their history. Betriebco's design suggests a mixed picture; there are some factors that should make it easier to promote a strong team identity (single site, complementarity), but others that might reinforce parental identities (the boundary interdependencies, the dependence of the German careers on German Co.). Also, in this case
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how the Americans and their parent deal with the ambiguities of their relationship might make a big difference.

Some of the factors that might tip the scales in terms of the relative dominance of parental groups remain unclear at this juncture. But those that are clear -- language and location -- are consistent for each case in suggesting which culture might be more influential in providing a normative basis for team practices. In Paneuropa, the push would be toward Canadian influence, in Betriebco toward a U.S. Gominant influence and in Basic Co. we only have location as an indicator but that suggests stronger French influence.

IV. Conclusions

Though what was formally agreed to in the negotiations and what was established in the venture agreements differed in the three cases, the analysis in the second part of the chapter suggests that a great deal about the tendencies for top team evolution in the three cases already can be inferred. The following three chapters chronicle the development of the teams from the beginnings of the ventures through the end of the periods studied. In reviewing their histories, it will be possible to assess the extent to which the factors highlighted here prevail in their exerting their predicted influence. However, as the intervening factors develop, they may further strengthen or counteract such tendencies, as well as illuminating the patterns of development in
these three teams.

While the research design can not assess in great detail the relative importance of these factors, it was possible to hypothesize the expected direction that the influence of such factors would take and to see whether the thrust of differences in the initial conditions across ventures is such that one would expect certain key differences across the sites. This preliminary inquiry already suggests that Paneuropa's team may be bound for a difficult time if this legacy is unmediated.

After looking at the three cases separately in the next three chapters, we will switch in Chapter Eight once again to a comparative focus. At that point it should be possible to refine and amend the propositions and to say something about the relative influence of the different factors in each case.

END NOTES

1. Certain aspects of this description have been changed to conceal the identity of the venture and parents while preserving the essential flavor of the cultures and organizations.

2. The use of last names to designate managers filling positions stems from how managers usually referred to colleagues in talking to me during interviews. They might have done this in part to avoid confusion on my part because of the large size of the team. When talking to one another in my presence, they sometimes used last names and sometimes first names. When last names were used, this should be understood as akin to how a young person at a boarding school might be addressed by his peers. Though there was indeed relatively high formality in many of the relations, this was not a primary datum for making such a claim.
3. The use of first names to designate managers reflects both their practice in referring to one another and the form they used in talking to me about the venture.

4. The German parent had approximately 40% of the shares, the French parent approximately 30% and the rest of the shares were traded on the open market. (Disguised figures)

5. If the research could be redesigned with hindsight, it would have made sense to include some management at the Country level and perhaps in the larger plants as well as top team members, since relatively more decision-making is decentralized in this venture than in the other two cases. However, this would have gotten away from the notion of the top team as a bounded group operating principally from a common location and would greatly have increased the resources necessary to carry out the field research. The researcher did meet these other managers soon after the research commenced at an annual management off site meeting.

6. The researcher was told that a management committee structure had been a legally viable option in France for over a decade, though no examples using such a structure could be named.
CHAPTER FIVE: TEAM RELATIONS AND DEVELOPMENT AT PANEUROPA

I. Introduction

In the last chapter, an analysis of the design and structure of the this venture suggested that the weight of incentives and rewards for team members were likely to weigh in favor of developing parent/ethno-linguistic based identities. In turn, this underscored the likelihood of a relatively strong in-group out-group dynamic being created. Starting conditions that would thrust team relations in that direction included managers serving on finite secondments with exclusive mediation of careers by the parents; a structure with production in sites shared with parent operations and geographically dispersed that would have to be coordinated by the headquarters; and resource dependencies with the parents requiring intense boundary interactions. The relative proximity of a major Saxony site to the headquarters of the venture, the language chosen for the venture and the leaning toward Saxony systems for the venture already suggested a probable dominance of Saxony management at the beginning of the venture.

This chapter explores the operation of these factors as well as the influence of external conditions, leadership and assumptions about equality over time. The thrust of all of these conditions was to create and reproduce strong sub-group identities with decreasing trust over time and low integration.
II. The First Two Years: Tensions in the Midst of Financial Success

As highlighted in the last chapter, the decision to have a venture was driven by poor industry conditions and financial losses experienced by both of the parents. However, the industry business cycle began a new upswing during the negotiations and implementation period. As a result, the venture began auspiciously with a market upswing that propelled the venture and the European industry toward handsome revenues and profits in a period that coincided with the first two years of Paneuropa. However, beneath that veneer of success, there were tensions mounting between the Italians and Canadians. One manager went so far as to say "We are successful now under these conditions, but I wonder whether we've developed the capability to work together successfully when times grow lean again."

This overview of the first two years begins with a description of the implementation and of how the Canadian domination appeared to come about and how it was perceived by managers. Then the secondment and career factors, introduced briefly in the last chapter, are reviewed in more depth, with the goal of suggesting how these influenced behaviors and perceptions during the first two years. The content and uses of stereotyping of Italians by Canadians and vice versa during this period are described.
A: Implementation and the Canadian Influence

Because the venture would increase industry concentration, it required regulatory approval. During this waiting period, the Italians could not move on site nor could moves be taken that gave the appearance of joint operation. However, there were a number of details to attend to, including selecting, preparing and decorating the offices, selecting forms, systems and hiring local support staff. Since many of the Canadians already worked at a nearby Saxony facility, they took the lead in supervising the preparation of the offices and in dispensing with details such as preparing telephone answering forms, requisition forms, etc.. Though these Canadians consulted their Italian colleagues about "important" matters, it seemed only logical for those nearby to take care of the other minutiae of preparing the venture. And it seemed pragmatic and reasonable to managers from both parents at the time to borrow something "minor" like a form from the Saxony operation:

Paneuropa forms are simply Saxony Co. forms with the logo crossed out. Many organizational facts were simply copied without considering whether that was right or not. Without even looking whether the Italian [form, method] was equal or not. (Ancona, Coordination Manager, Month 18)

In other business matters, such as the selection of information and accounting systems, mixed Italian and Canadian implementation teams explored available options. Since, by consensus, English was the venture language, and because Saxony tended to have well-developed formal systems, these teams found
adapting the Saxony systems as a point of departure to be more economical and practical rather than trying to invent new systems from scratch. However, as Giordano, the Treasurer, who participated in such decisions noted:

The choice of the Saxony Co. systems, for example of accounting, was the right decision. I was involved and made such decisions. But this has created the problem that the systems and procedures were more familiar to Canadian parent people than for Italian people coming into the venture.

... Saxony Co. managers dominate because Saxony Co. is bigger and more organized. For each problem they already have teams of specialized people for every problem. And Saxony Co. has more experience abroad. Their culture is built into their systems and structures.

Thus, within the early months, the weight of decisions about systems, forms, etc. lead to a predominant borrowing from Saxony. An Italian coming to Amsterdam was said to be immediately struck by the many novelties, large and small, of the venture setting. This evoked feelings on the part of the Italians by month eighteen that the Canadians dominated in setting the conditions of the venture:

Some Italians have been telling a joke. "The Italians begin thinking on day one. The Canadians begin thinking four months before day one." (Giordano)

The Canadians, I think, took power within six months. It was because of the language but also because I think they understood the business better and were more motivated. (Bertolucci)

Antonio DiBella suggested that bitterness accompanied the growing recognition of the Italians that such a heavy burden of adaptation had fallen upon them. Some Italians said that their colleagues privately called the Canadians "colonialists." Others
made comments such as the following:

The basic statement of the typical Italian man, at the beginning of Paneuropa, when he'd talk to you after a meeting was "I'm not here to be civilized." (DiBella)

It is indisputable that the Saxony Co. method has been predominant. You can get this feeling of domination when you go to the meetings. And the Saxony Co. culture is built into its systems. (Giordano)

Language and the fact that the Italian way of doing things could only be understood by understanding relationships and, as such, was hard to make intelligible to outsiders compounded the situation. Mario Andella, the Sales Manager, who joined the venture in the second year explained that:

The main obstacle is language. There are few Italians in this company with a clear knowledge [of English]. They can't handle the subtleties . . . Very often these guys aren't willing to admit they don't understand . . . the question is can Italians really express the consequences of things in English. If Italico had sent people to six months of language training it would have solved a lot of problems. But this is an investment that has to be planned in advance. Italico wasn't prepared to be in a multinational venture.

Andella suggested that the language problem might have been anticipated and redressed (but was not) during the pre-implementation stage. The unfamiliarity of the Italians with the systems and meeting practices and varying degrees of facility with English, made it difficult to participate in meetings structured according to the preferences of the Saxony personnel. Moreover, they found it difficult to articulate to me (and, thus, certainly to their Canadian colleagues as well) the logic of Italian meeting expectations that seemed ad hoc and chaotic to the uninitiated.
Thus, they had little hope of exerting a strong counter influence upon meetings and other aspects of venture operation. Though English and Italian lessons were offered at the venture headquarters, the pressures of running the business from day one was said by managers from both parents to have left little time to devote to intensive study. None of the Canadians at the time, even those availing themselves of these lessons, possessed the skill of conducting a business conversation in Italian.

Italico had organization charts, departments, etc. that on paper looked like any most Anglo-Saxon multinationals. However, the relation of such things to practice and processes was fundamentally different than in an Anglo-Saxon company. What Canadian could see were such things as problems getting Italians to respond to paper memos, problems in getting Italian colleagues to come to meetings prepared to take a clear position, and conversations in Italian that sounded heated and emotional to Anglo-Saxon ears:

The most amazing fact is not for us but for our Canadian colleagues. The Canadians are very polite, very quiet. They respect if you are speaking and they do not interrupt you. They wait for you to complete your reasoning. I think our Canadian colleagues must feel something. At the beginning in the headquarters it was very quiet and all the doors were open. Then there is one Italian, then another and they call to each other loudly through the corridors. Frequently you can hear the loud voice from the office. And I remember one Canadian colleague, he wondered what was happening -- he thought it must be something terrible because he thought I was shouting. (Bertolucci)

Especially given limited English skills, how could Italians help their Canadian colleagues (and the researcher) understand that
their management system was built upon personal relations and networks, the reasons why ambiguity and not resorting to yeses and nos preserved this social fabric, and why affect and expressiveness was bound up in what to the Canadians would approach as completely zweckrational matters?¹ To compound matters, the rules of the game were governed by invisible relational attributes of those present that would be difficult to explain to an outsider.²

Italians displayed a certain ambivalence toward these circumstances. In part, this ambivalence reflected a paradox in that some Italians admired the organization of the Canadians. The Italian parent was a conglomerate that recently had acquired many troubled companies. Italians displayed sensitivity about this track record and a sense of their company's business shortcomings. One Italian manager said that:

A senior Italico manager was talking in Italy about the venture and said we could learn a lot from the Canadians. I am not sure of this but a certain dose of the Anglo-Saxon culture could be useful to fuse with the more explosive style of the Italians [he laughs]. (Bertolucci)

Despite such admiration, Italians found the conditions frustrating because they felt that their Canadian colleagues largely were insensitive to the novelty and difficulty that these conditions posed for Italian team members. Italians often were left feeling like incompetents rather than neophytes.

The venture agreement only required a formal balance of representation at the level of the CEO, Collins, and his direct reports. However, Danforth, the Resources Director, said that "as
a matter of goodwill we looked for and found a rough balance in staffing." He emphasized that this had never entailed nor implied a future commitment to numerical equality of representation on their part. However, managers early on, most clearly on the Italian side, interpreted a 50/50 venture arrangement as one in which the influence of the sides and the numbers of their representatives ought to be equal. They exhibited by month eighteen the tendency to numerically keep score of the relative numbers of Italians and Canadians, as did their parent's personnel function. Danforth said he had protested vehemently for the freedom to deviate from the numerical balance in the few cases where Italians returned to Italico and where he felt he had found a better replacement for an Italian who either was from Saxony Co. or a third-party hire. Thus far, such confrontations had either resulted in a standoff in which positions remained unfilled as Danforth and Italico argued over the candidate qualifications; or Italy would eventually offer a different candidate who Danforth could accept. This interpretation of what equality meant probably further served to legitimate Italian frustration about the perceived asymmetrical influence of the Saxony and Italico cultures.³

Only in the Production area was there an Italian (Andretino) with the power and force of personality to significantly influence such factors as delegation, meeting style, etc. And in that function it was some of the Canadians who suffered. Otherwise, when Italians acted in reflexive ways, they were made acutely aware of the surprise their behaviors evoked in their Canadian colleagues.
In sum, while each of the early decisions and actions may have been taken based upon "rational" or "practical" grounds that the Canadians were physically closer by, that English was the "universal" business language and that Saxony systems would be more economical to adopt than Italico systems of creating new systems and forms for the venture, these had the cumulative effect of setting up socialization pressures that weighed heavily on the Italians while leaving the Canadians relatively unaffected and often oblivious:

In the case of Italico, it was not very homogeneous and there were a lot of changes. So there was a lot of experience facing new models. The difference [in the case of Paneuropa] was it was a model of one of the parents. (DiBella)

The initial attempt to staff the team with roughly even numbers of Canadians and Italians may have been a matter of goodwill on Danforth's part. But the expectation created by the initial employment pattern of numerically equal representation, and the way that this was treated by the parent organizations as opportunities for new appointments emerged, was one of the two culture being given the means of sharing influence and the burden of adaptation in the venture more equally than was clearly the case in practice. Indeed, given the ways in which networks were vital to the Italian assumptions and systems of management, the numerical aspect was probably more important as a conduit for control and influence than for the Canadians, whose culture allowed them to embed functions served by networks in Italico into systems in
Saxony. The Italians had to deal with novelty on many fronts, while the Canadians were able to use their native language, and to work in a style consistent with their imported assumptions and expectations in the venture setting.

B: Secondment, Careers and Orientations toward the Venture during this Period

I have already highlighted that the initial decision to strike an approximate numerical balance in appointing secondees created an expectation that the observed influence on the ventures should be more equal from the two sides. The secondment and career conditions further complicated the situation. The way in which managers talked about careers corresponded to what one would expect from the formal secondment conditions:

... I can't imagine people would come here cutting ties with parents [Italico]. People still see that promotion has to come from the parents. It is also a problem here that under [national law here] our contract is different from that under Italian law. I also don't know how many people from my partner are interested in living here. Most of us feel far from home. (Rosselini)

Being here temporary has an effect. It is clear we have to go back. . . If Paneuropa stopped tomorrow, more Canadians would stay in this [geographical] area. Because of our age and our personal situation, we are here for a limited time and will go back. (DiBella)

Our careers are strongly dependent on our parent. Some people while on loan here have gotten important promotions back in Italy. (Bertolucci)

Though both sides had formal contracts, the Canadians for three years and Italians for two years, Canadians typically had
their families with them in Amsterdam while most of the Italians chose to leave their families in Italy. The Italians by and large expected to return to Italy at the end of their contracts. However, since keeping informal networks alive and sponsorship were key to getting vital information, influence, promotions and appointments in Italy, this also meant that Italians in the meantime had to invest a lot of energy in maintaining informal networks in Italico. This included calls and visits, not only with people related to the venture, but many others as well. It also meant that the active informal information and rumor mills in Italico were seeded with information and gossip coming from venture people. Gossip about what Italians saw as Canadian domination and arrogance, not only found its way back to Italy, but was leaked by opponents of a venture sponsor in Italico into the Italian press.

For Canadians, the issue of return was a bit more complicated. While the contracts provided the formal possibility of return, how easy that would be, and to what job one returned to, would depend upon whether a manager was a younger fast-tracker, or someone whose promotion ladder had topped out. Both types served in the venture. People such as Collins and Overmeer had high rank and career possibilities in Saxony. Early on though they seemed to have decided that they were very committed to the vision of creating an independent company out of the venture and thus chose to look upon their time commitment as indefinite, even though in year three Collins could be replaced by an Italian candidate at the discretion of the Board of Directors. Thus, the network that mattered for
Italian careers had little of nothing to do with Canadians (who were not connected in Turin). Likewise, what mattered for Canadian careers was the track that one was on; Italian colleagues did not matter.

Several Italians went back in the first two years. Some left for personal reasons such as a wife's serious illness. It was difficult for them to go back if the informal groundwork had not been laid. There were a couple of stories told to me of returning Italians who sat around in Turin for months with nothing to do. Such stories probably reinforced the impetus of the Italians to curry their informal ties. In Saxony, it was said to be a sign of a stalled career if one did not rotate regularly on a three-year basis, so the situation that managers from Saxony found themselves in at the end of the third year would clarify for some of them just how much their careers had to depend upon the venture.

Danforth and Collins were aware of the perceptions of inequality described above. They felt that the tendency to think about equality in terms of numbers, positions and what looked to them like a weighing process of seeing whose culture seemed to have the upper hand might be ameliorated if the venture could develop more attractive career development for managers. This was part of the reason who Collins fought so hard for the right to reinvest venture profits, acquire downstream businesses and for ownership of the production sites. This might, thought Collins and Danforth, seduce some managers to accept eventual transfer to direct employment by the venture. It would, in their thinking, also pave
the way to begin hiring third-party managers, though, as just described, the parent personnel departments appeared determined to try blocking any such development. The public reason for this blocking seemed to be that it was a matter of fairness to replace someone from one parent with another manager from that parent given that a "qualified" person could be found.

To make the jobs and career development more attractive in the venture, Danforth hired an international consulting firm to do job assessments and help develop job descriptions and criteria for their evaluation. Some Italians might have appreciated the results (several Canadians insisted that they did, though this was unclear in talking to the Italians themselves). While this was not a duplicate of a Saxony program, the Italians were not accustomed to such initiatives. Once again, the logic of the program was to cast out ambiguity from role relations, while there was evidence to suggest that in many ways Italico's system was fed by such ambiguity. DiBella cautioned that the effort in part might have been misinterpreted by some Italians:

The job description program and salary review was an important message. But in designing these messages we have to look at Italian culture. Intention of these communications is not appreciated [by us Italians]. It is hours that doesn't (sic) improve my situation. So there is risk in trying to do all these messages and risking the opposite effect; this may be seen as an imposition of Saxony Co.

What DiBella was suggesting is that to take such an initiative might not be interpreted as a culturally neutral move under the circumstances.
In sum, the secondment and parent career systems generally engendered enactment of highly parent-focused carer and reward horizons by managers in the venture. Future career opportunities were perceived to lay outside of the venture for all but a very few and had little if anything to do with their ability to work well with their colleagues from the other company. Buoyant market compounded matters by making the short-term economic performance of the venture relatively immune to ineffective or inefficient communication. Finally, even if some of the Italians might have admired the Canadian organization, their career rewards from Italico were not linked to learning in the venture. It was not just the absence of formal conduits for venture performance appraisals, it was that Canadian peers and colleagues were not part of THE network and that network was all-important. Moreover, any admiration the Italians had of Saxony's system or success was not reciprocated by the Canadians. No one seemed to have any personal or professional attraction to the other culture that might have made adaptation pressures in the venture a more positive challenge for them.

For these reasons, it is hardly surprising that by month eighteen an in-group out-group dynamic was in place, with strong boundaries between the Italians and Canadians in headquarters. Actions by top management, even retaining external consultants or programs, were judged in terms of their fit with the pre-existing managerial assumptions of the two groups.
C: Cultural Differences and Stereotypes as Modes of Explanation

All managers explicitly interviewed used stereotypes in interviews, with the exception of Collins. Collins was very absorbed with external relations and strategic issues, which may account for his description of venture life in these terms. Danforth said:

Day one processing of people is threatening. . . It's no good pretending in the first six months that Bill Danforth doesn't see the Italians as Italians and that Italians don't see Bill Danforth as a Canadian. We all use stereotypes. they are unavoidable at the beginning.

When describing how the Executive Board, which had seven members (plus two located outside of headquarters who I met but for practical reasons I did not include in the study), the leadership mode of Collins and the personality of individuals were by year two primary explanatory vehicles. However, Executive Board members aside from Collins, in describing their hierarchical management issues, and the rest of the team in explaining lateral as well as hierarchical issues, used stereotypes. Collins did not try to influence how his reports managed their functions as long as they made no clear mistakes. Moreover, while what transpired among Executive Team members was a matter of speculation for subordinates, they did not set an example in terms of expectations or behaviors for how the rest of the team might manage their differences. Indeed, Collins was wistfully described by a few managers at that level below the Executive as the "absentee father"
who they wished would legislate certain consistent expectations for
the behavior of his subordinates. What differences did managers
highlight in their stereotypes? Managers from both sides indexed a
number of differences in style and behavior "typical" of Italians
and Canadians. Italians described key differences in terms of the
use of meetings, how and who makes decisions and use of paper
versus oral or face-to-face communication. The following examples
come from interviews with Italians:

We began with different understandings that the cause of
problems is how to do things. The Canadians were
horrified with the way Italians are doing things.
Italians were horrified with the number of words needed
to reach a decision. (Ancona)

Sansone: The understanding of how to do the job was very
different for Saxony Co. and Italico people.

Q: Can you give me an example of what you mean by different?

A: An example is how a Saxony Co. man would relate to a
plant. He would have a meeting, write a memo and expect
it to be implemented. An Italico man would go to a plant,
ask for information and expect it to run
smoothly. (DiBella)

The first experience which was this implementation group
was terrible. They [Saxony Co. managers] pretended to
have things well-defined. They began with organization
charts and so forth. . . . In Italy one works without
structure, discuss (sic) around a problem until one finds
out what the problem is and until some decision is
reached.

. . . . You have to report [in Paneuropa], it is not just
a link on paper, on a regular basis. I don't understand
why you have to take part in a meeting and then write to
others who were in the meeting about what happened in the
meeting, and then letters. (Sansone)
One Italian motioned with disgust at his in-box crammed full of memos. Several Italico managers said that they had found it hard to participate in meetings, because of the language problems and because of the expectation that they come with a decision about what the problem is and what should be done. Some reported being increasingly withdrawn in meetings in the face of failure to effect any modifications in meeting style. Their ways of discussing things could make Canadians uncomfortable because they would be seen as an emotional outburst and a departure from the accepted order:

The joint venture is surviving because Italians have an incapacity of imposing their style. Italians are accepting the Canadian style with more elasticity because, in my opinion, the Canadian people are not able to be so elastic. They are not so able to change. We Italians have had to suffer a lot. (Sansone)

The Canadians, on their part, had also experienced frustration that they attributed to cultural differences. Canadians flagged stereotypical differences of the same form as those articulated by Italians, namely use of different forms of communication and meeting and decision-making styles:

We all fall into national stereotypes. Yes, the Italians are very quick to flare up. You sort of have to second guess everything before you say it. And the Canadians are very slow in reacting and want to analyze and pull everything apart before going to do something. But these are very small problems really. (Jones)

I think that most of my Canadian colleagues have spotted this. Italians do not seem to like communication in writing. They prefer verbal communication. This is a problem. In Saxony Co. culture you tend to set up something in writing. And then there will be a confirmation of understanding, again in writing. We
Canadians like something that we can look at at leisure and think about. Also, if I had an urgent problem in Canada, I could confidently send a telex... My culture says "reply in kind to a message." But with Italian colleagues I will hear nothing and can't be sure they've read something. (Simpson)

There are numerous cultural differences here. Fewer people within Italico have real decision-making responsibility. There is also a difference in the sense of what is official. . . . I recently had a discussion with a senior colleague in the commercial field [in the venture] and, as a matter of course, I wrote a memo to Andretino. He wrote on the memo "You were not authorized to do this!" (Prescott)

Canadian managers experienced frustration with the unresponsiveness of Italians to paper communication. There were stories about the disruptive influence of Italians in meetings (which in a couple of observed instances seemed to be a case of focussing on the few Italians who fit the stereotype and ignoring the quiet, withdrawn behavior of many others). One manager reported with horror the chaos of meetings in Italy, where people came and went irregularly to make telephone calls and to take "nature breaks." They noted what they saw as the hesitation of senior Italian managers to delegate and more junior management to take decision-making responsibility. The logic inherent in the Italian behavior largely eluded explanation by the Italians and was, thus, readily interpreted by the Canadians simply as political, authoritarian, "cover-your-behind" or poor managerial practice.

How were these differences dealt with? Italians seemed to prefer to complain in private among themselves. Several Canadians said things like the following:
We've all tied very hard to avoid saying that this is the way I've always done things and how I want to continue doing them. We're a lot more formal here than in Saxony Co. I suppose the formality is a sort of protection or shield. (Danforth)

In contrast to how we acted in Saxony Co. -- outside meetings there we tended to be informal in terms of what belongs on paper and what doesn't. Here we've resorted to a more formal style. (Simpson)

While some Canadians may have been conditioned through experience in the venture to use the telephone and travel more, others confronted the uncertainty by resorting to even more paper and trying to be even more precise: more memos confirming understandings, more formal guidelines, etc. In other words, they clung even closer to their cultural dispositions in the face of the uncertainty, even though they were at the same time aware that the paper, the demands for clarity and precision and the formality were difficult for their Italian colleagues.

In general, there seemed to be a hope on both sides that the other side would be more accommodating. But openly challenging how people were doing things seemed to be out of the question. Such discussion might have called into question their very nominal identity as a team. This discomfort came to the fore at an offsite observed during month twenty four. A major agenda item for discussion was cultural differences, but after a lecture by a consultant and a brief discussion, Collins interrupted the flow of the discussion to "test" on the group the mission statement idea he had been working on while they had been doing an exercise with the instructor/consultant. This succeeded in shifting attention away
from culture and back to strategic issues. The dynamic seemed to confirm that discussing the cultural differences made most of them uncomfortable.

By the end of the second year, Canadian frustrations spilled over into some general attributions about the relative skills and contributions of Italian versus Canadian managers. In a private discussion in which he described personnel matters, Danforth commented:

Saxony Co. people are of a different caliber. We don't mind working our pants off for three years because a colleague isn't carrying his weight. But Canadian managers ask me how long they are going to have to put up with this [the perceived lesser competence of Italians] and not get any credit.

One Canadian commented (off the record, after I turned off the tape recorder) that he was already having doubts about staying in the venture, though he admired Collins tremendously and otherwise liked his assignment. He said:

I can tell you I have great difficulty accepting the Italico system. I have trouble dealing with such a nebulous and unfocussed political decision process. Yet it is important to Paneuropa interests. . . . I think you'll find my Italian colleagues here at Paneuropa appreciating the relative clarity and openness in personnel and job assessment. The objectivity in personnel evaluation is very different from the way I understood things to have been at Italico.

He went on to explain that, in theory, though there was no evidence that Italico intended to do so, Italico could move to replace Collins with a CEO from their side at the end of year three. He said that he could not imagine working under an Italian
CEO. And that prospect was one more thing that made him nervous about making a longer-term commitment to the venture. This manager returned to Saxony before the end of year three.

D: Informal Relations

Managers reported some socializing within the parent groups, but limited social contact across the groups. Some managers thought that a canteen on the premises would have facilitated such contact, but a lunch room set up at the venture in the early months was said to have gone unused and, thus, had been closed. As it was, some managers ate a sandwich at their desk at lunchtime. There seemed to be a bit of socializing on the job between Italians and Canadians, but it was relatively limited. The hallways were quiet and I did not observe people congregated around the coffee area or other public areas.

There seemed to be no rituals or initiation rites for new members at this time. Personalization of office decorations was often minimal, though Danforth had some pictures of sailboats on his wall and some of the other Canadians had Saxony plaques and calendars on their walls. Information about personal problems, etc. seemed to circulate exclusively via the rumor mill. There did seem to be a tendency for all managers to work long hours.

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III. Years Two and Three: A Period of Continuity in Change

A: Introduction

Though over a year passed between the second and third research visits, the pattern of stereotyping and tension between the Italians and Canadians continued. Over this time there had been some important personnel-related developments. First, Danforth, the Resources Director, planned his retirement for the end of the third year. Despite attempts by both Italico and Saxony to appoint a successor, he finally succeeded in pushing through the appointment of an externally-recruited manager as his replacement, with two assistants, one from each parent. There also had been some other changes and shifts of personnel, resulting in the top team organization depicted in figure 5.1.

The venture's Board of Directors stalled for six months in granting a new term of appointment to Collins and other members of the Executive. This delay by the board was given no public explanation and was a source of speculation in the venture about the relation of Collins with the parents and of the parents' longer term interests in the venture.

A new external organizational development consultant had been hired by Danforth to work with top management to improve the quality of life and teamwork. These consultants focused upon the quality of communication among team members rather than upon national cultural differences. Though they did seem to be
ORGANIZATION CHART -- Panuropa (Year 3 & 4)

EXHIBIT 5.1

- Position occupied by an Italian part in Managua
- Position occupied by Canadian part in Managua

NOTE: Chart as of 18 months
instrumental in creating wore repetition behavior and communication sensitivity by Canadians (described later), they seemed unable to undo the intergroup dynamics. Finally, for many of the managers whose contracts had come up for renewal during that time, the experience was that only some people were being absorbed back into their parents. For a variety of reasons, including business uncertainties in the parents, many secondees were learning that the secondments de facto were one way, at least for the time being.

Business conditions were also beginning to change. The market was showing signs of softening, imports from North America were a problem and some competitors were signaling intentions to build new capacity, though the venture's forecast predicted a major drop in demand. It thus appeared that the threatening conditions that spurred the parents to form the venture in the first place would soon be upon them again.

This section begins by reviewing some survey evidence lending support to the perception of ongoing tensions and dissatisfactions in the venture. Broader testimony concerning the poor quality of Canadian-Italian relations is then reviewed. Descriptions of the evolving nature of stereotyping and informal relations are also given. Reaction to the growing perception of threat is described.

B: Questionnaire Data

The external consultant administered two questionnaires (including all managerial and staff level employees in the
headquarters and some in the former Saxony field locations outside headquarters). Some of the data seemed to confirm that there were ongoing dissatisfactions of managers in general, as well as some of the specific differences between the perceptions of Italians and Canadians in the venture. Though I was only privy to answers to some questions (due to concerns over internal confidentiality) these data nevertheless are suggestive.

For example, in terms of overall satisfaction with certain aspects of the venture, the consultants found the following:

<table>
<thead>
<tr>
<th></th>
<th>Favorable</th>
<th>Neutral</th>
<th>Neg.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfaction with the building of teams in Paneuropa</td>
<td>21%</td>
<td>38%</td>
<td>41%</td>
</tr>
<tr>
<td>Chances for a better job in Paneuropa</td>
<td>20</td>
<td>32</td>
<td>48</td>
</tr>
<tr>
<td>Support of the parent organizations</td>
<td>19</td>
<td>50</td>
<td>31</td>
</tr>
</tbody>
</table>

(N=76)

The survey confirmed that a significant number of managers were dissatisfied with the quality of working relationships, as indicated by the fact that 79% of respondents had a neutral or negative response to the first question. The top management held the opinion that an important key to people developing a long-term loyalty to the venture would be to provide career opportunities and career development within the venture. The responses to the second question suggested that people did not yet perceive significant long-term career opportunities in the venture. The experience of many people having difficulty returning to the parents as their contracts came up for renewal was said to be behind the negative
responses to the third question. The consultants suggested that there was a feeling among some employees of having their "psychological contract" violated and, hence, a feeling of having been abandoned in the venture by the parents.

The consultants found significant differences between Italico and Saxony managers in response to other questions (the responses also included Saxony managers from the northern European operations):

<table>
<thead>
<tr>
<th></th>
<th>(% Positive)</th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Italico (N=25)</td>
<td>Saxony (N=51)</td>
</tr>
<tr>
<td>Satisfaction with benefits</td>
<td>8%</td>
<td>45%</td>
</tr>
<tr>
<td>Satisfaction with equal opportunity</td>
<td>36%</td>
<td>69%</td>
</tr>
<tr>
<td>Venture Independence</td>
<td>12%</td>
<td>33%</td>
</tr>
</tbody>
</table>

Overall, the Italians appeared significantly less satisfied with the venture, though there was considerable dissatisfaction in both groups with the level of venture dependence on the parents (resource and otherwise). The Italian dissatisfaction with equal opportunity in the venture appeared to reflect the feelings about Canadian domination and perhaps as well as indignation about judgments made by some Canadians that Italian managers in the venture were of lower quality. The consultants felt that their interventions had improved communications, but that the satisfaction with communication still was too low.
C: More General Worries as the Industry Climate Worsened

There also were troubling doubts about the future of the business. Though the venture had been highly profitable in the preceding year, predictions were that a major industry-wide downturn in demand and prices was imminent. The strong positions that Collins took in dealing with the Board of Directors, as he sought to gain control over the production facilities and greater strategic autonomy from the parents, were admired. But there was doubt whether the parents would ever be weaned from the idea that the venture was principally an outlet for their raw materials. A market downturn would be the first strong test of viability that the venture had had to face since its creation:

The mission for the company developed and promoted by Collins doesn't extend in the company because it doesn't fit reality. How can people identify in Paneuropa when there is no sensible common mission. If the business is hitting reality, the future of the business looks more and more depressive. . . . Our market is driving us. Independence is not possible and people know this. The Executive Board gives us words, not facts. . . . The problem is we didn't plan for the market downturn. We are repeating, with similar constraints, the mistakes of our parents in the early 1980's. (Anonymous, Italian)

I admire Collins our CEO tremendously. But he and some others sometimes suggest that if the parents don't let us reinvest what we earn and give us the assets that they're stupid. But others may look at this situation and conclude that the parents are not behaving inconsistently. Why should the parents put every penny back into the joint venture? To the extent that the top level is sending the message that we could be successful if our parents would be nice, some people may increasingly believe that they are out of touch with the reality of the situation. (Anonymous, Canadian)
The parents were said to be restricting the actions of venture management in several ways. I already alluded to the way in which the parent board, without public explanation, delayed in the renewal Collin's contract. Another example of parental restrictions was rooted in the requirement that the venture purchase 90% of its raw materials from the parents. One of the major raw materials used did not have an established market price. The apparent insistence of the parents in keeping the transfer price of that product high, even if that eroded venture profits, raised the question among many managers of whether the parents were really concerned about the venture's longer-term viability. Collins had begun pushing earlier for a transfer of production assets to the venture and, at the time I was doing research in the venture, that had not yet taken place.\textsuperscript{10} Finally, it was not clear to what extent the parents would allow the venture to make acquisitions and investments with their earnings rather than turning revenues over to the parents.

Many of the fast trackers from both parents had come and gone. Because of a major acquisition by Italico, conditions in Italico's Turin headquarters were such that, for many Italians, the venture had become a haven to sit out the reorganization storm for the time being. However, the signs of a worsening business environment and the perceived divergence between Collins' ambitions for the venture, and what many managers believed the parents would do, created a lot of uncertainty. Many managers, rather than jumping on the bandwagon to crusade for the venture, had more of a "wait and see" attitude. If one interpreted the parents' behaviors as
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signaling little long term commitment to the viability of the venture, what was the use of fighting?

D: Relations between the Italians and Canadians

Danforth retired at the end of the third year. The initial impressions of John Crawford, the new Resources Director, an Englishman recruited from a major British multinational, are revealing about the state of relations between Italians and Canadians:

I think that there has been some fundamental misunderstanding of the Italians here. I disagree with some of the assessments of individuals and performance. In my opinion, they've had to put up with a lot.

Q: For example?

Crawford: For example, we're supposed to be international. But if you spend any time here at all this office feels very Anglo-Saxon.

Q: Can you be more specific?

Crawford: Yes. For example, we've taken on many systems and jargon that are Saxony . . . . Also Saxony people like Danforth are inveterate memo writers. Italians don't like to write memos. I don't like to write memos.

. . . . You learn a lot about Saxony working here. Danforth, being [from] Saxony, took wholesale a lot of career development programs whether appropriate or not. We have 25-30 Saxony secondees. The problem is that Saxony systems and ways of working don't work

with the Italians. The Saxony people when they tackle something want to have a logical working group. But Southern Europeans don't just snap into a team like that -- they want to develop a relationship. Which just isn't the Anglo-Saxon way of doing things.

. . . . When I joined I found it refreshing that a number of Italians have come by and said they found it
reassuring that I've joined Paneuropa and I'm not from either parent.

Crawford's assistants in Personnel, John Jaspers (Saxony) and Enrico Sardi (Italico), as new-generation managers who joined the venture in the third year, also shed light in the situation they found when they came in the third year:

I'd call what I found here company tensions. The problem is that Italians are saying that Saxony is taking over. What they mean is that Saxony is dominating procedures, software, the way of working (beginning in Amsterdam). Everything is thought to be too much considering Saxony and behind the scenes in Saxony an attempt to exploit. I don't think it's a conspiracy. But the Canadians have power here.

We [Italians] are every day more lacking representation at the top. Michael Kent [a British expatriate sent two years before by Italico to fill the Finance Director role], for example, can speak better with his Canadian colleagues. Among the Italians he is known as someone who is just out for himself. He is not taking any role representing Italians here. There is another problem. If you look at the structure now -- don't just look at the number of managers, that's tricky -- Italians have lost a lot of powerful positions. In terms of power its 80/20 in favor of the Canadians. In committees the relationship is almost always 2-1 or 3-1. We're always a minority.

If the parents had really controlled appointments on the first line, then we could have had 50/50 representation. There were two reasons in my opinion why this failed to happen. Either there was insensitivity on the part of the Executive Board or, second, perhaps they did it on purpose.

[I ask for clarification]

. . . . We, the Italians, have lost. We have had the positions we had under attack. We don't have Finance, Planning, etc. The only Italians with some influence left are Sales, Technical, R&D. The first line matters. the rest doesn't matter." (Enrico Sardi, Personnel Manager)

John Jaspers noted that although Italians were feeling
"sheltered from the storm" of a reorganization taking place in Turin, that the news of an impending downturn in the market was leaving people feeling demotivated rather than rallying them together. Further:

I am alarmed that the Executive Board feels that if there is poor communication it's not them and their problems. In the first two levels you have great differences in style and lots of conflict. So whenever you bring in someone new, they don't have to modify their style, they just implant the style they've always used. . . . The secondment situation adds a further problem which means they say "Why should I change?"

Besides testimony as to the continued tensions between the groups, the accounts of Jaspers and others are interesting because they suggest a continuing "why should I change" attitude. Such an attitude appears at least in part to be linked to the limited time horizons of those serving in the venture and the low attraction between the groups. Even if transfers back to the parents had become more problematic, Jaspers and others suggest that managers were not yet seeing the venture as an entity that can provide careers over the long haul. Indeed, the psychological contract with the parents that they would guarantee security and careers for their secondees appeared to some to have been violated by recent experience in how those attempting to return were treated and by the actions of the parental board outlined above. The business forecasts made the venture look like a leaky ship, which also did nothing to enhance the attractiveness of staying, even if other career options in the parents looked more limited.
E: Stereotyping and Nationality as an Explanatory Category

Just as the perceptions of conflict and Canadian domination reproduced themselves in new generations of management, stereotyping too remained. By this time, in part due to the organizational development work and in part due to some rather embarrassing implementation failures in Italy, the static stereotypes of how Italians behaved became supplemented by recipe or doing stereotypes suggesting how one needs to behave to manage with these differences. Several managers mentioned that, in meetings, people now made an effort to repeat themselves and test the Italian colleagues understood them. Marsden commented:

... in many cases who is on the floor [now] takes the time to go through iterations of asking people if they understand. In connection with this, our consciousness was raised when our consultant had us play this game in which everyone had different information, but reaching a solution depended upon now the information was shared. There were the most amazing distortions of information. People were really surprised.

Marsden observed that the decision making in the company had been slow -- perhaps more effective, but inefficient. With an eye cast on the increasingly gloomy market situation he said "we didn't react quickly and I'm afraid with the way we behave quick reactions may be hard."

The comments of Mark Gibson, an Australian manager from Saxony who joined the venture in year three as Operations Manager, epitomized these developments. During this interview he described the recent implementation of a quality program in the Italian
operations that had led to an embarrassment for venture officials
when they invited in a European Commission inspector prematurely.
He saw the entire chain of events as illustrative of dysfunctional
ways in which Canadians viewed Italians and the Italian operations
and of the way in which ignoring the cultural aspects of
communication had concrete business consequences:

... Then the Italians hear this [request] and they
are polite and say "O.K." But other pressures then come
along. The Italians are generally friendly and social and
eager to please. But that also means that they tend to do
what the last person has asked them to do. So things die
off if you don't reinforce them. It became clear that the
initiative for the quality program was dying off when we
were having meetings and seeing milestones slipping.
Promises had been made and B__ saw that as a commitment
[which it wasn't]. You really have to keep visiting to
sell things in Italy. You have to keep calling, and keep
things that reinforce personal contacts as a high
priority.

Interestingly, it was the Italian Research and
Technical manager here who was in charge of the follow up
on this side.

Q: Can you describe even more exactly how the quality program
was presented originally?

Gibson: Yes. The chap who set up the program in England
gave a talk in Italy. The Dirigenti and their people were
there. The Englishman gave an overview of what had been
done in England. He talked about the objectives and what
we'll do. People nodded politely. He must have made at
least one other trip to Italy and did some work there.
Then somehow the impression was given that it was time to
invite the inspector [from the European Community]. Then
the inspector comes along. The paperwork, written
guidelines were all there. So, he said "Let's interview
the troops." When he talked to the people on the floor
and observed them, their reaction to his questions was
"What book? Oh, we're supposed to read the book and
follow what is in it, not just have it? That is something
extra." He would ask someone "Why aren't you doing X in
that way?" "I didn't know we were supposed to do it
another way" was the reply.

What the inspector found out was that, not only were
these people not following the book on quality, they were not even following their own rules. There was a lot of embarrassment.

So we come to this meeting here about the progress with the program in Italy. It was clear that I'll have to go to every site and every manager to emphasize what needs to be done.

When something like this happens, a typical Canadian reaction is that the Italians are pathetic. They never do what they are told. The Canadians on the other hand see themselves as willing to put on the uniform and to follow orders. This is a dangerous assumption.

... But anyway, while things like this go on all the time, meetings are much better than they used to be. Partly this is because language skills have improved. But there is also a better understanding of where people are coming from. People begin to see where they've gone wrong before; people have travelled in the company. It's still inefficient but no longer so ineffective. There's much more asking for clarification. In the early meetings, one heard a lot of "Gee, that's funny to say," but there wasn't a lot of recycling or probing to get at what's going on.

There has also been learning in this organization. A clarification of roles. So there has been mutual recognition between groups. This is not to say that many parties don't think that they are better than another.

The story, as told by Gibson, is full of rules for dealing with Italians such as "establish personal relations," "call and visit to keep your agenda in the forefront of priorities" and "test that people fully understand what to do." His account corresponds to "rules of the game" observed by Marsden:

It is something that is not generally discussed, though a few of us [Canadians] have probably talked among ourselves about such things. I can't speak with any authority about my Italian colleagues. But behaviorally, there is already emerging, at least in meetings I attend, a probing: "If you say we want to do it differently, do you mean by that . . . .?"

... With a few people that sensitivity was there from the beginning. I can say that this sensitivity is now in about 90% of the meetings that I'm in in Amsterdam . . . [It is still different though in Italy.] In Italy meetings are not called to use points of view. And in our
English operations, this emphasis "understand-debate-share" conclusion is not there either. There the first and third steps are more implicit.

But, again, you need to talk to others. I feel relatively competent about how the Anglo-Saxons here feel, but I don't feel at all comfortable speaking for my Italians colleagues.

In addition to describing developments congruent with what Gibson described, Marsden's commentary is interesting because it also suggests the strength of the boundary created by nationality within the team even after three years; feeling competent to talk on behalf of Canadian but not Italian colleagues. It is also interesting because the probing and repeating behavior they describe in meetings still seems to be predicated on the Anglo-Saxon assumption of meetings as a forum for reaching explicitly clear positions.

F: Informal relations

Marsden's reservations in speaking on behalf of Italian colleagues was not an isolated incident. It is indicative that information, discussion and social contact still appeared to be far more frequent within Saxony and Italico groups and the ties more diffuse across those boundaries. The departure of Andretino, officially announced soon before the next-to-last research visit, provided another reminder about the role of networks and information flow in Paneuropa. John Jaspers said:
There is no systematic way of the board behaving. For example, take the announcement of Andretino leaving. It was announced in Italy and the phone began buzzing here. So people knew. I mean they knew through informal networks. You can't get around informal methods [here]. I knew just before the announcement, but from another Italian besides Enrico. He came by to see what I knew.

The rumor networks linking Italians to Italy were said to be strong and who you knew tended to condition what you found out and when you found it out. I was in the office of an Italian when he got a call from another Italian transmitting to him a rumor about what his Canadian boss, with whom he had a rather difficult relationship, apparently had said about him to someone else.

At the Executive Board, Andretino's departure suggested also the limited degree to which there had been strong ties across national group members. Said one top staff member:

We will never hear again from Andretino for the rest of our lives. Andretino was a soldier and gave 200%. But his loyalties were always to Italico. He has already taken leave in his mind. This week he came two hours late to a meeting and left two hours early. He gave a hint one day before the announcement of his official appointment in Turin. But Collins had no clue this would happen. He was a bit shocked and I think a bit hurt that he would not have been told in advance.

Nationalities and corporate loyalties lingered and the informal integration of the team across the national/corporate group boundaries appeared to be limited. This may be why newcomers like Jaspers (who was immediately seconded to Pan Europa when Saxony hired him) stressed the following point:
I've tried to prove from day one I'm not loyal to any parent. And I've invested a great deal in learning Italian and I use Italian whenever I can.

Thus, even with turnover and the passage of almost four years, the group boundaries remained an important feature of the team, affecting who confided in whom and how rumors and informal information traveled in the headquarters organization. Again, this bounding of groups seemed to have been reinforced over time by the career horizons of the participants, the dispersed sites, the low attraction between the groups and lack of an external threat during the first two years that might have driven people closer together.

IV. What Contributed to the Stereotyping and Limited Integration: A Review of Theory

Some of the factors incorporated into the propositions of Chapter Four appear to be far more important than others in helping us to understand the pattern of relations over time in Paneuropa. Figure 5.2 highlights those factors important for Paneuropa from the model first introduced in Chapter Two. The dominance of the Canadians rose quickly and remained in force for the duration of the period studied. This can be explained largely in terms of three factors present at the beginning of the venture and the absence of one intervening factor that might have helped had it been there in the early months.

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A MODEL OF FACTORS INFLUENCING TEAM DEVELOPMENT PATTERNS

--- PANEUROPAP

AND OTHER BASES OF ATTENTION

COMPLEMENTARITY OF SKILLS

PARENTS

INDEPENDENCE WITHIN

IDENTITY OF BOUNDARY

MULTIPLE SITES

WARS

CAREER HORIZONS AND RE-

SYSTEMS, METHODS ADOPTED

LANGUAGE

LOCATION

STRUCTURAL/CULTURAL

TEAM AS A WHOLE

LEADERSHIP (NOT INTEGRATIVE FOR

NO EARLY VALUES

THREATS TO PERFORMANCE

TIMING, CHARACTER OF EXTERNAL

ASSUMPTIONS ABOUT THE MEANING

INTERVENING FACTORS

INTEGRATIVE CONSCIOUSNESS

DOMINANT PATTERN

RESOLUTION OF THE

INITIAL DIVERGENCE
The role of location appears to have been important for Paneuropa. Even though the headquarters was not in the home country of either parent, it was much closer to the Saxony location at which most of the Saxony managers involved with the venture worked. Since, for legal reasons, the Italian managers could not move on site early, many of the details of outfitting the headquarters, equipping it with forms, etc. were left to Saxony people. The location was also one to which Saxony people were prone to bring along their families, while Italico managers were more hesitant to do so.

The selection of Saxony systems, practices, forms etc. further contributed to the greater ease felt by the Canadians and the greater adaptation pressure and unfamiliarity for the Italians. Again, the selection of any one form or system may have seemed "pragmatic." But the cumulative effect was to create a situation in which the Italians were under pressure to divest of many of their tacit assumptions as well as behaviors while these factors fit the working assumptions of Canadian team members.

The language selected (English) was an important factor, because the facility of many Italians with the language was not sufficient for them to exercise a more subtle influence on meetings and other interactions. And since the Canadians were very writing-oriented, this must have greatly enhanced the frustration that Italians felt in trying to wade through the memos and other written communication sent to them and probably was a barrier to their trying to respond in kind, even if they wished to do so.
Absent in the first years of Paneuropa was an external threat that might have served to cement closer relations among team members. The market conditions can be seen as having created slack for the managers in which inefficiencies caused by miscommunication did not have as serious a visible impact as they might have had under unfavorable circumstances. The favorable market moreover was said by a few managers to actually reduce the extent of the importance of cross-functional coordination. This is in contrast to Betriebco, the case presented in the next chapter, where the nature and timing of external threats appeared to be the single most important factor in the ascendency of American cultural dominance in the venture.

Other factors, by tending to channel social identification toward parental/national identities, in turn influenced attitudes toward how the dominance was resolved and generally influenced the creation and maintenance of an inertial divergence pattern. These factors were the career horizons and rewards, the dispersed sites and the intensity of the boundary interdependencies.

Career horizons and rewards turned out to have the effect anticipated in Chapter Four, namely a pull toward parent-based identities and weak commitment to the team identity. The dispersed sites not only provided repositories of parental cultures less exposed to influence from the other parent, this situation turned out to provide substantial reinforcement to Canadian stereotypes and negative attributions about Italian management. The intensity of boundary interdependence impinged upon team development in
several ways. The actions of the parents as the market situation worsened underscored doubts about the viability over the long-term of the venture and, hence, the desirability of looking at the venture as a long-term locus for careers. The behavior of the parental personnel functions reinforced figurally the reach of the parents in personnel matters even within the venture. The attempts of Canadians to manage boundary relations with Italico also fanned frustrations with, and negative attributions about, Italian management and Italico.

In terms of the intervening factors, the socialization pressures on the Italians engendered by the mix of starting conditions was seen in terms of a definition of equality that fanned Italian unhappiness in the venture. Some Canadians were just generally under-aware of the nature and degree of pressures on the Italians. For others, however, their dominance evoked assumptions on their part that they were dominant because they were better managers. Collin's influence in shaping relations appeared limited.

The Paneuropa top team by the end of year three exhibited only limited intergroup integration. A divide remained and there seemed to be no momentum to close the gap. Affective integration seemed minimal. Trust was low. National and corporate identities remained important and tensions, especially Italian indignation, remained high. Stereotyping remained important. The emergence of the recipe stereotypes among Canadians suggested that, despite some reports of limited behavioral convergence, integration and coordination was
built upon the assuming the cultural differences and using sometimes cumbersome recipes about how to manage in an environment characterized by such differences. These group boundaries seem to have become to some degree institutionalized, because they had now been transmitted to new generations of managers and, despite the common external threat from the market downturn, managers seemed unable to simply lay them aside.

End Notes

1. The term "zweckrational" comes from Weber (1978) and has no exact English equivalent. It can be translated roughly as a "goal-rational" or instrumental orientation.

2. My Italian informants were extremely patient and generous in trying to explain such things to me. However, I admit to grasping the trees but not the forest, even with their help. In making sense of their explanations I am indebted to Hans Klein of MIT's Department of Political Science, who shared with me his experiences and insights from four years of working in Milan for an Italian firm and who challenged the Anglo-Saxon biases in my own initial understandings.

What is meant by "invisible relational attributes"? If I were to ask in a particular meeting what is going on, I would likely get an account of who is allied with whom, who is indebted to whom, etc. My informant might further allude to the "climate" or "feeling" that prevails. However, this account tends to be highly situation specific. In the next meeting I witness, the combination of situational attributes, with a similar set of individuals, might yield a different apparent dynamic. Again, if I ask someone, I might get some sense of the specifics for that meeting.

As these specific accounts accumulate, if the tacit underlying rules are not conveyed, the impression that grows is one of caprice or adhocracy, rather than general understanding and a personal capacity to begin to navigate in such waters.

3. Once again, reviewing my data in terms of Hans Klein's explanation of Italian management potentially helps to make sense of the rather puzzling intransigence about holding on to positions by the Italico personnel function. One element of this
may be that, in an organization founded on networks, losing positions would be seen as even more threatening because it cuts out the main sensing mechanisms of the Italico organization which are biological individuals. The formal conduits in place in the venture for making the Italico people feel informed would not be a substitute for the sense of control that putting their people in place would give them. This insistence on defending appointments by Italico might be seen as driven by a lack of trust or even a desire to place spies in the organization by an Anglo-Saxon observer, rather than as an attempt to preserve the Italico complement of the Anglo-Saxon reporting channel.

4. I heard more stories about Italico blocking appointments than Saxony. I already suggested why the Italico people might engage in such behavior. However, there was some evidence that Saxony as well tried to hold on to positions. Their motivations for doing so would have a different explanation. In their case, finding appropriate places to rotate managers through or into to fit the planned career development trajectories would be important. My hypothesis is that if positions that might be used for this purpose in Paneuropa for Saxony secondees disappear, this would be seen as a loss of a resource.

5. And in the eyes of parent personnel people, their nominees de facto were qualified.

6. When confronted in an interview by the observation that some managers were saying they wished he would take an active hand in setting a standard about delegation, meeting style and other sources of differences, Collins became upset and said "you've been talking to people who just want to stir the pot." This was consistent with what others observed as his tendency not to interfere and to let people do things as they saw fit.

7. Again, the Italians could described the forms of things that bothered them, but the content of the assumptions violated were hard to put into words as the examples put into the text of this chapter illustrate. (Also, see the above notes.)

8. These consultants were introduced to the Paneuropa management by the first team of consultants during an offsite shortly before the venture's second birthday. The first consultants consisted of two academics, a strategy consultant and a consultant who focused upon national cultural differences. The leader of the new consulting team gave a presentation during the offsite focusing upon strategic planning at the offsite that apparently had met with the favor of Collins and Danforth at that offsite. I am not privy as to who contacted whom first about working with the venture, but these consultants submitted a proposal for working with the venture that was approved by Danforth and Collins and their work commenced in the third year.
9. I was told that managers in Italy could not be surveyed for legal reasons.

10. Though it did four-five months later.

11. It is important to note that Andretini's departure had just been announced when the interview was conducted.
CHAPTER SIX: TEAM RELATIONS AT BETRIEBCO

I. Introduction

The features of the team relations established at Betriebco contrast with those at Paneuropa examined in the last chapter. Like Paneuropa, a dominance of one group's cultural assumptions and practices, in this case American, became established early. This is where the similarity to Paneuropa ends. In Betriebco, stereotyping and group categorizations diminished rapidly in their importance and use in favor of personality and external events as explanations. Trust grew rapidly, affective bonds developed and, over time, the German managers came to exercise increasing reciprocal influence on the venture, modifying meeting and decision-making practices.

Why did this team gel into a cohesive unit within fifteen months? In the following sections the history of Betriebco and its team is presented and the factors driving the development of the team are highlighted.

II. The First Month: The Adventure of the Start-up Begins

The Germans (who had been asked to take their family vacation in the preceding month) finally moved on site a month after the parents finalized and signed the agreement. Some American managers already had been living in the "Everytown" location of the venture
(a city in the Southern United States) or had recently moved there. The venture agreement signing had been delayed for three months by last minute issues including a trademark dispute. Despite the delay, the venture was to be held to an ambitious production ramp-up plan. Though the German managers had been relieved from other parent assignments months earlier, and were traveling back and forth, their parent only allowed the move (and the final transfer of the equipment for one of the lines) at the point when the agreement was finalized.

My field research commenced during this first common month of on-site operation. I describe the prevailing team relations below in terms of different issues pinpointed by the participants and through my observations. Key issues for managers in that first month were office design and systems, surprises and threats to the venture's image with the parents and its major customer and communication problems engendered in part by a differentiated focus of the managers from the two teams, the relations of the managers to their parent organizations (secondment and career horizon issues), and stereotyping driven largely by expectations conditioned prior to the beginning of the venture. The extent of trust and exchanges of help observed during this initial period also is described.

A: Office Design, Systems and Ways of Operating

As in Paneuropa, a number of decisions about office design and
systems had to be made. They did not have forms, set procedures etc. at the beginning. Since the Americans had gotten relocated on site a few months earlier, they had the major role in the design of the offices, though the Germans were shown the plans. The top managers, Andy and his direct reports, got offices along the perimeter of the main office building. The other top team members and staff had carrels that were in rows separated by padded partitions in the middle of the floor.

All agreed that a major task in the first six months would be to develop procedures. As Steve observed in the first month:

Now there are none of the normal procedures, routines, etc. Right now getting out a product is a manual ad hoc shepherding process with someone fairly high up physically following the product from start to finish.

Because the Germans attended principally to a German Co. line at that point, and the rest of top management to the other production line (this will be explained in more detail later), there had been little experience of working together. The one exception had been a presentation to the Board of Directors made during the meeting at which the venture agreement had been signed. The Americans said that presentation style (e.g. having all the overheads done with a particular format) was important to their parent. So American managers said that they took the lead in working with their German colleagues, getting the information from them and formatting the information onto overheads. One of the Americans commented that their German colleagues had seemed a lot more nervous during the presentation than they had been, and had
been noticed studying the faces of the board members from German Co. carefully for their reaction.

By the first week with the Germans on site, there already was a tension felt by the Germans about meeting style. The Engineering Director, Alex, gave a description of how meetings were conducted in Germany in contrast to meetings at Betriebco:

First, there is an agenda prepared 3-4 days before a meeting. If you want to discuss something you'd put it on the meeting agenda. . . . Then only the right people should be there. Only those people who would have something to contribute to the agenda items are invited. When someone makes a report, we make it concrete, a few points. One knows exactly when, why and to whom it goes.

With his own subordinates, Alex had tried these shorter, to-the-point meetings and, he said, his reports appreciated that. "I had a meeting with five people. . . . When the point important for them was done, I asked them to leave."

However, there did not seem to be a similar effort to influence the top team meetings, perhaps because of deference to the CEO, perhaps because they did not see that as their job, and perhaps because they saw the looser discussion as something essential to the American character -- exactly why was unclear. As problems with production mounted, the venture in the first month had more, larger, longer and more general, rather than shorter, smaller and more directed, meetings.

The dynamic of one meeting observed during the first visit suggests that members hesitated to show a lack of unity to people from the other parent. Seven people attended the meeting: All of
the direct reports to the CEO plus a labor relations specialist from the U.S. parent who had assisted with a workshop on self-direction held earlier that day, were present. They engaged in a lengthy discussion that proceeded along the following lines:

Andy: Let me ask you directly. Is there desire to pursue a self-directed workforce?

Steve: Yes, definitely on my part.

Alex: The theory is very nice. But it is in the implementation that I still have doubts. We are moving to large scale production.

Henning: Harley Davidson [referring to a videotape used in the workshop] was a good example, but not of mass production. We are moving toward mass production. I've had experience with it in Germany with only one salaried person on a shift . . . I'm skeptical.

Alex: It's the same thing in Germany. Self-direction is nice in theory, hard in practice.

Henning: What if I have to have more people on another line. With a team how do you get people to go to another line? The team has to decide and it could take 15 minutes.

Andy: What difference does it make if the decision takes 15 minutes as long as it gets done?

Discussion continued in this vein, with Sam, the Manufacturing Manager, and Andy, the CEO, offering examples of self-direction from their own experiences. But then Henning reasserted that he too in Germany had had experience with self-direction and the problem was one of a low versus a high volume production setting. The U.S. members visibly became more tense over Henning's apparent intransigence, while Henning became more frustrated. Alex tried to steer a conciliatory course. Time rolled by and they were getting
no further. Then Henning tried to make his point by describing an experience he had had in Germany. Alex responded that his division in Germany was different. At that point they lapsed into German, which none of the American managers present could understand. Their exchange lasted several minutes. Henning and Alex were discussing their differences and the relevance of their prior experiences. The American managers spent the time looking at their nails, inspecting the tips of their shoes and otherwise feigning disinterest.

Then, Alex switched back into English. "It isn't important. Let's go on." The American managers snapped to attention as if they had been in a state of suspended animation. Andy quickly drew the discussion on self-direction to a close and the team moved on to another topic. None of the U.S. managers present asked Henning or Alex to explain what they had been talking about either during the meeting or in private afterwards.

Talking to people individually about the meeting afterwards, the Americans present seemed to feel it would have been nosy or embarrassing to ask what their colleagues were talking about, even though it clearly seemed to be relevant to the general discussion. And this apparently was not the only time that this had happened:

When Henning says something and then Alex says his division did it differently, they break into German and, then, silence. (Andy)

My interpretation of the situation, since I could understand the German conversation at that particular example in the meeting, was that they had some discomfort displaying their differences in front of their American colleagues. And, indeed, as the Americans
were getting to see differences in their own group, some of them found that also to be a somewhat uncomfortable realization. For example, Steve said he was beginning to notice, with some discomfort, just how different the U.S. Co. people from the plant environment were from the corporate staff types like himself. The Americans could sometimes surprise and disappoint each other as well.

In sum, the location of the venture exerted had an influence on these behavioral tendencies. As in Paneuropa, one group (the Americans) were physically close by and could thus exercise a greater influence on design. Moreover, the site selected had previously been owned and used by U.S. Co. as a production site accentuating the relative opportunities for U.S. influence and tipping the scale in favor of using practices more familiar to the Americans and a U.S. work force. Andy's leadership set the tone for initial meetings. The Germans largely went along with the apparent preferences of Andy and the Americans, partly because of externally induced time pressure (to be described in a following subsection) and apparently because of a hesitancy to engage in conflicts that might call their identity as a team into question. The initially differentiated identities along parental lines were underscored by the de facto division in attention that the Germans and Americans were paying to different production lines and also, to some extent, by the secondment and career conditions.
B: Divided Attention

There were two production lines at the venture. One was for producing a component specially designed for the venture by U.S. Co. to be provided on contract to a large multi-billion dollar original equipment manufacturer, the Xanadu corporation. The other line was for a product already under production by German Co. and some of the equipment came from a German Co. facility in the U.S. Immediately, on the shop floor, the first line became known as the Xanadu line, while the other became known at the German Co. line. In the weeks before the Germans moved permanently to the U.S., and the lines were being set up, Christoph, the German Manufacturing Engineering Manager, said that:

There was no real working together at the time. Everyone was interested in the Xanadu line project (developed in the U.S). And we [Germans] looked at the German Co. line project and they (the Americans) ignored it. Sam (the Manufacturing Director) is rarely out on the floor. Our top managers in Germany are out on the floor regularly. I've never seen Andy [the CEO] on the floor. My normal access to Andy is through Sam. I'd have to break the line of command to tell our Andy that I miss his presence on the shop floor.

Some production on the German Co. line already had begun with delivery scheduled during the first month. But production went seriously awry on that production line. They were committed by the business plan to an ambitious production schedule of 6,000 parts, of which only 1,600 were produced and all of these had to be reworked. Only toward the end of that month, when it was clear to
those directly involved that they were not going to meet the
target, did the Sam, the Manufacturing Director, and Andy, the CEO,
get wind of the problems on this line.

Sam described how he had recently found out about the
problems:

My fundamental mode of operation is that no news is good
news. So about half a month into the first production
period I hear nothing. So one day I saw one of the German
technicians sent to set up the German Co. line and I
asked him "How's it going." He said "Terrible." He and
his German compatriots were commiserating among
themselves about it and blaming it on the self-direction
of the hourly work force not functioning and I was out of
the loop. They had the idea that self-directed teams are
supposed to be left alone.

I told the guy "let's have a meeting. I told him I
have been wrapped up in the other line. "You can work
with me," I said. We got together on how we're supposed
to do this.

This was not the end of the matter. The German Co. line
production schedule apparently had eluded Andy's attention, because
Sam said that Andy had been surprised upon hearing about it from
him, which occurred well into the month. Not only German Co., but
Xanadu by then were aware of it. This experience was something
preying on the minds of everyone in top management during the first
visit and it was an embarrassment that carried a clear moral to the
story for everyone. It indicated the need to work more closely with
one another. Sam said:

One thing that's occurred [as a result of that
experience] is that I want to integrate the German Co.
and the other line. I want these to be product lines and
for everyone to see both of them as our lines.
This failure to meet the production schedule provided a hard lesson to all about how far they needed to go to improve communications and the negative consequences for the business of poor communication. This did not leave a glowing first impression on either the parents or Xanadu. This failure also underscored their shared fate as a team. Sam and others interpreted one of the lessons as being that this division of attention and concern had to be replaced by the attitude that all of the lines required the attention and awareness of all management.

C: Relations of Managers to Their Parents

In that first month, managers sometimes got reminders of the ambiguity or complexity of their relations vis-a-vis their parents. Except for Arendt, who remained a German Co. employee because of his high position in that company, the other Germans became employees of the venture with a contract to return home after a period of 3-5 years. Occasionally there would be calls from parent people, often middle managers, trying to persuade them to do things which, Christoph commented "might be in German Co's interest but not the venture interest." However, it is not clear that the German managers felt vulnerable when confronted with such attempts.

Arendt, as the Sales and Marketing Director, probably had the most complex position in this regard, since he was there as the most senior German with the venture. He was there to help make the
venture work in part by assisting Andy in liaison activities with the German parent. Before the venture began:

and before I moved here I was doing a lot of traveling back and forth on contractual issues, getting lawyers involved, getting the financial side involved. . . getting additional input. My organization back in Germany would require additional information. . .

. . . . You can leave these things over to lawyers -- people who would officially have to do that -- again you need someone there who looks forward to the business. It was my understanding that Andy [at that time before the agreement] had to do even more of this thing on the U.S. Co. side. To get information to flow to his part of the organization which was still called U.S. Co. at the time, and I did a similar thing for German Co.

(Arendt)

Arendt attended meetings in Germany as the venture's representative, because, said Andy, these meetings were in German. Already, Arendt said he found in arguing the venture perspective that a couple of times people in German Co. would say to him: "You've got a U.S. Co. head, You are not any more German Co." Andy had suggested that Arendt also attend some U.S Co. meetings, but said that this idea had been discouraged by U.S. Co. people who felt that Arendt's presence would constrain their discussions.

The Americans, while they had no formal employment contracts, still had a lot of contact to U.S. Co. Task needs stimulated some of that contact, but other relationships were clearly important principally to get information or to stay otherwise "plugged in." There were times when some managers thought aloud about the nature of their relationship with U.S. Co. In this matter Steve said:
I think of myself as having a dotted line relationship to X [a high ranking executive in U.S. Co.]

and later:

I hadn't talked to X in six weeks and I was feeling very much out of the mainstream of U.S. Co., so I called him up the other day to check on some rumors I'd been hearing. I feel out of things back there sitting here.

Most other American managers were rather vague as to what their long term career prospects might be. But there was an underlying theme that if the venture went well, they could probably find an attractive offer in U.S. Co. when the time came.

The secondment conditions in Betriebco thus conditioned fundamentally different orientations in Betriebco than in Paneuropa. The career prospects and horizons of U.S. managers clearly were linked to the venture, even if some U.S. managers also saw keeping informal, direct ties back in U.S. Co. to be important. The Germans came on a three to five-year secondment (except Arendt, who came for one year). There was no evidence that they felt a need to curry ties back home. It was not clear how the performance of the venture would be factored, if at all, into decisions about future career opportunities at German Co.; the minimum that they could expect upon return did not seem to be tied to venture performance. Thus, there was certainly great concern on the American side with venture performance and little demand on most German managers to divert their attention from their venture task roles. Arendt and Andy were the two managers who were most involved in parental relations. In general, the American managers seemed more concerned about impressions of their parents than did the
Germans, though Steve suggested that his German colleagues became visibly nervous when high-ranking German Co. officials visited.

D: Stereotyping and the Legacy of Expectations

Stereotyping of the behavioral tendencies of Germans and Americans was used to explain many incidents and behaviors during the first month. What behavior was incorporated into the stereotypes, and which behaviors were focussed upon was in part a product of seminars that each group had had separately prior to the beginning of the venture. Both parents sought to prepare their managers by sending them separately to background seminars on cultural differences. The Americans had gone off to Utah for a one-day workshop on Germans and German management:

We learned how German folks operate on a pre-defined, pre-determined agenda. They don't seem to feel prepared to discuss items that weren't originally on the agenda. (Sam)

When we threw a celebration after the signing of the agreement, we had a break for the work force where the staff would dip up ice cream. The Germans pitched in alongside us. This went against the cultural wizards, who suggested that Germans would be too stiff and formal for something like that. I'm beginning to wonder what we really learned in Utah. (Sam)

In Utah, the consultants told us that Germans are more time-oriented than we are. Arendt [the Director of Sales and Marketing] told me the other day that one thing he didn't like was that he wasn't used to people committing on a certain date and not having it done. That's one part of it. There is another part. He also said that another thing he didn't like was that meetings didn't begin on time and that there were interruptions. He implied that there were cultural origins to this problem. (Andy)
The Germans, for their part, attended a meeting put together by parent staff in Germany. They heard descriptions from German Co. managers who had worked in America about what to expect. Among their initial expectations of differences, were that Americans were too optimistic about promising things. Arendt commented:

What I am telling you is neither good nor bad. I was telling Andy the other day that, from a European point of view, if I talk to a European person and say that we have this and this kind of problem, we'll say let's split it up in this group and you will do this and you will do that and please tell me how long you need. And the European person would immediately see a problem, immediately he would give you some indication he couldn't do it in that time, or that there were so many elements that we forgot in this discussion that ... so you would get immediate negative feedback. And you get a feeling that down the road this thing can be accomplished or it can not. OK? You get that feeling right in the meeting.

I know much better how to judge a European than an American... If you sit in this same situation in this country [U.S.] , you have the feeling that "Oh, that's great, and there's so much optimism in the discussion that you get such a positive feedback that you begin to expect even more than you expected before.

From the seminar in Germany, and from the limited experience of the first few weeks, Germans developed certain models of what Americans were like:

We have a lot of meetings. The meetings are not well-prepared, they last forever and not much comes out.... Americans lay a worth on the exchange of information simply for the friendliness and contact. So we have meetings that can last seven hours. We Germans can be more flexible and spontaneous here. The Americans are friendlier, less complicated. I have worked in Germany with some colleagues for many years and I do not know their first names, do not know about their families. I appreciate this friendliness here. (Alex)
Germans categorized Americans as casual, social and optimistic. Casualness and sociability in terms of the personal friendliness and interest seemed generally to be welcome. When sociability impinged upon meetings and led to meetings that the Germans found to be too long and unfocussed, they perceived it as more problematic. They described optimism as manifesting itself in terms of not being generally detailed oriented-enough and critical in approaching problems. Several said they already had experienced subordinates saying they had done or were about to do something, only to discover later that they had not done it. As far as the Germans were concerned, this optimism was probably the most frustrating difference because its degree was difficult to gauge in any particular instance.

According to Arendt, this cultural difference between the conservatism of Germans or Europeans and the "can do" optimism of the Americans, compounded difficulties in managing parent relations:

... Sometimes I think that they [our U.S. colleagues] feel we just want to destroy whatever their imagination was. But that is not the truth of the case. It is rare that people say you've destroyed their idea. I think you sense this though. But people from our side, the German Co. side, might tend to ask questions to our people, but we have to be careful about getting ourselves too much exposed. And I know we are supposed to be one venture and all, but our parents have a right to ask us some questions and to get some feedback. And they [German Co. parent staff] of course will judge us in the European way on what we tell them. So too much optimism will make them lose trust in us and that makes reporting back hard.

I remember having this conversation a while ago with Andy. And he was saying "Oh, now how do I present this to my side [parent]." And I was wondering how to present the
German Co. side, since both sides have different sets of expectations. I am understanding that the U.S. side would like to see the large, optimistic picture, while the German Co. management will want a picture of something that is realistic, which is about 30% less than the Americans think.

The Americans were also filtering their limited experience with colleagues in the venture in terms of the cultural model they had from that seminar. That model suggested that Germans were detail-oriented, rigid and hierarchical. And people seemed more readily to recall behavior congruent with this model, of which Henning's participation in meetings provided considerable grist for the mill. On the other hand, Alex tended to try to reduce frustration Americans had with Henning in meetings by trying to explain why Henning was asking questions or in other ways trying to smooth relations. However, Alex's behavior was only talked about as specific to Alex, while Henning's behavior was an example of how Germans behave:

Q: You said that German Co. people have rigid ways of doing things. Can you give me an example?

Andy: Sure. In discussions of rules and procedures, Sam will want the least procedures and Henning will present a three page document of rules. . . . Last meeting we had a review of quality procedures and Henning listed 50 steps.

Q: And then what happened?

Andy: I asked him at the end of the meeting to pick out four or five critical steps and then the others could decide which of the remainder to focus upon.

Christoph also occasionally was used an example about how Germans behave. Early on, explained one American, Christoph had
sent around a memo complaining that messy desks in the front office set a bad example for the hourly work force. This was identified by at least one U.S. manager as "German rigidness" in action. Otherwise, when Americans expressed a stereotype and I asked for an example, the examples of "rigidness" and "detail-orientation" given were of parent staff from German Co. and their behavior during the negotiation. Or, in the case of the Steve, he described the level of detail of information that his contact in the German parent Finance Group asked him for.

Indeed, when I asked Steve whether he could think of other concrete examples in the venture beyond the peccadillos of Henning, he stopped, became very thoughtful, and said "Well, I never thought about it before, but maybe I am carrying over a picture of things from the negotiations." The CEO, in going over with me his impressions in some detail of what had transpired in the meeting the afternoon before seemed similarly to have a sort of "Aha" experience:

In that meeting, when Henning said "this is how German Co. does it, Alex would often chime in and say "This is not how it's done in my division." Hmmnn, I'm glad to observe this. It may break down the idea that there is one and only one German Co. way of doing things.

... I wonder how much of this stereotyping I'm doing is that we were told a lot about national culture up front by the consultants.

The casualness and friendliness noted by the Germans was indeed partly a cultural predisposition and partly a conscious strategy by the Americans to help their German colleagues and their families get adjusted. The Americans, especially Andy and Sam, had
invited all of the Germans and their families to their homes. Bobby
and his staff helped with house hunting and Americans would go to
the airport to pick up their colleagues. Steve said:

My wife and I went to the airport to meet German Co.
families. We wouldn't have done this as a matter of
course for American colleagues. It was a special event.
We also went house hunting with some of the families.

Everyone was on a first name basis from the beginning, already
something very different from relations in the German company where
last names and titles (Dr.) were used to address even long term
associates. And Americans would ask questions about how wives and
children were getting on, also a qualitative difference. The
Germans in the venture also referred to one another by first names.

The German's largely seemed to like the informality and
adapted readily to it. Several of the Germans seemed to have been
attracted to the venture in part as an opportunity for them and for
their families to experience the U.S. and its culture. The
Americans on their side were also curious to learn about Germany
and a few said that they wanted to learn German, though lessons
through the venture had not yet been arranged.

In sum, the interactions and ways of explaining the first
weeks already evidenced nascent in-group out-group orientations
along parent/ethno-linguistic lines. Stereotyping drew upon the
culture seminars and sources other than direct experience with one
another. The particular attention focused by the Americans on
Henning's behavior suggests that they already selectively homed in
on those behavioral examples that reinforced the preconceived
stereotypes. But by and large, there appeared to be enough curiosity on both sides that they hesitated in passing absolute judgement on whether the differences were good or bad. Moreover, the German team members were quite willing to adapt in daily life to what they saw as American predispositions.

E: Confronting Crisis: Trust and Exchanges of Help

Besides missing a production deadline, two pressing policy issues cropped up in the first month: whether to continue use of a self-directed work force program and what to do about rumors of a unionization drive. The German managers in early meetings, especially Henning and Alex, were concerned that the self-direction program, which had been introduced in a workshop by a U.S. corporate staffer showing the film *In Search of Excellence*, said that the principle was fine, but that they were moving toward mass production and could not see that the program was appropriate. Andy tended to politely let Henning run on, but he either didn't want to, or could not, understand the reason for such pessimistic, detailed questions. Steve noted, that though Andy did not come right out and say so, he seemed to feel obliged to do the self-direction program because U.S. Co. had begun it there before the venture.

The other issue was how to combat a potential unionization drive. I witnessed one meeting where this was a major topic. American unionism and corporate attitudes toward it baffled the
Germans. They were very curious why the U.S. government did not get involved so that the unions could be cooperative as they were in Germany. Alex, who I observed to try to play a more conciliatory role, soon after the meeting described the two issues this way:

I think that the CEO and others think we don't like self-direction but we just don't understand. We have to understand that it is harder here to work with unions. Self-direction, what I would call high involvement, we use in Germany too, but it is very hard to do. I don't think people here know how to deal with it yet. But these are problems that we can discuss. When you come here to the U.S. you always hear people saying with pride "non-union, self-directed work force." Self-direction was decided a long time ago (while the U.S. company ran the plant) and Andy believes he has to convince the staff to do it and make it work. [About both issues, but especially the union campaign] I am more and more convinced that the people working here in the U.S. for 20-30 years know more about the situation than we do, so we have to learn and trust their judgement about the work force management issue.

Despite his publicly critical stance regarding the self-direction issue Henning echoed a similar sentiment:

It is really different when someone has experience in office. . . . I have to trust in some things. I believe that American people know their people and culture better.

The experience of dealing with another major production problem that arose just before a big scheduled visit by the main customer also tested and developed trust. The problem arose at the end of the week and they cancelled their long-planned "team building" off site meeting at a state park so that they could bring things under control for the Xanadu visit. Describing that long weekend spent in the office, Alex said:
People worked all through the weekend. I was surprised by the preparedness of people to give up personal plans. It was great; everyone reacted in a positive way. I am more and more aware that people are willing to push to make the venture succeed. I have seen no one who treats the joint venture as just a job.

Informal exchanges of help occurred. I already referenced the help that the Americans gave to German colleagues in settling their families. Language barriers in dealing with Germany were another impetus to the informal helping observed. Faxes would come in from Germany, sometimes in German or arcane corporate argot. There was a bilingual secretary (a local German woman not from either parent), but sometimes U.S. managers would go to a German colleague to ask for a translation or, even if it was in English, to ask what was expected. When interviewing Christoph late one afternoon, Steve came by and popped his head over the partition. He asked Christoph to look at a fax from Germany (in English), to ask whether what he thought they wanted was correct. Though Christoph had been there in the office since 8 A.M., and it was already 6:30, he said that he'd stay on and look at it. After Steve left he said:

> This sort of stuff is typical and that is why people literally have to walk everything from desk to desk. In the same vein we have had problems in the factory with everything in metric. The U.S. holding out against the metric symptom is to me a symptom of the U.S.'s lack of competitiveness.

The Materials Manager, Lou, said that she similarly ended up informally getting help in dealing with Germany.

The relationship between Andy and Arendt also exhibited a lot of informal swapping of advice and help, dating back to before the
venture officially began. Andy gave Arendt advice on getting help from the U.S. parent. Arendt could explain to Andy how the senior German parent management was thinking and suggest what they were expecting. The dependence of the CEO on the Sales and Marketing Director was one that grew over the next months.

The threats and pressures in the first weeks led to much informal helping. In turn, the helping and the sacrificing of personal time for long hours in the office increased the attraction to one another and began to build affective bridges. It is hard to say whether at this point in time German managers were already predisposed to expect to do more adapting than U.S. colleagues because the venture was in the U.S., or whether the nature and severity of the situation they confronted in the first weeks led them to simply lay aside any urges that might complicate matters more instead of creating a united front.

III. The Next Months

There had been consistency during the first month as to what top team members saw to be the key goals. They wanted to meet their business plan targets, to get a "quality vendor" certification from Xanadu and to establish procedures to make the operation run smoothly. In the intervening period before the next research visit, during month seven of their time together on site, they had a number of problems. They still had difficulty with meeting their business plan. The "quality vendor" designation rating still had
not been granted. They had problems with vendors not following through on commitments. And they had been through a heated unionization campaign that they had fought against, and lost, in an election. While the campaign was in full swing, Steve exclaimed in a telephone conversation "We have lots of problems but culture isn't one of them any more!"

These problems from month two to month seven of the venture culminated in staffing changes, further developments in the relation of managers to their parents and further development of informal relations among team members. Each of these is considered in turn.

A: Staffing Changes and Working Arrangements

Sam, the Manufacturing Director and, to a lesser extent, Bobby, the Human Resources Manager, had been discredited in the union's campaign. The official announcement of Sam's dismissal came at the beginning of this third research visit, though the search for his replacement had begun in month five. A few weeks before, Bobby had been stripped of responsibility for managerial personnel (he retained responsibility for shop floor personnel) and a new Human Resources Manager was brought in from U.S. Co. in his place. Bobby, who had been at this factory before the venture came, stayed on and now reported to that new manager. The recent announcement that Arendt would return in a few months to Germany as originally planned concerned team members, especially top U.S. managers who had come to depend upon him in a number of ways:
The joint venture is one piece of additional complexity. In staffing and some of the issues we are confronting, two hierarchies have to be comfortable. Because of the cultural differences [of the parents], this is hard. One thing I'll confess is that the return of Arendt to Germany is a cause for concern. Schmidt, his replacement, who we met for the first time last week, doesn't know Arendt and I hoped to have an American [appointed by German Co.] to fill the role. I expressed concerns but that is as far as I got. I'm not able to staff my own organization as I wish.

. . . . I've used Arendt extensively to deal with parts problems and learning [to deal with German Co.] He gets on the phone with Germany early in the morning. My one solace is that he will be sitting in [the division in German Co. sponsoring the venture]. (Andy)

Arendt has helped me a lot. He has tremendous contacts to the group in Germany. . . . [When I have a problem with parts from Germany] he can go to the top people when we need something but you can't do that constantly. He has been encouraging me to go to Germany and to make some middle management contacts. (Lou)

[The departure of Arendt] is going to make things tougher. We met his replacement last week. This new guy isn't from [the sponsoring division] in German Co., he doesn't know anything about our major customer, and his English isn't very good. It's a consolation somewhat that Arendt will be in a position in Germany to do something for us when he goes back. (Steve)

Andy consulted Arendt about personnel issues. He also used him for contacts to Germany:

[We are sitting in the fax room talking and Andy picks up the incoming faxes out of the in-box] You'll notice that none of the faxes from Germany are addressing problems. I got a fax today about a meeting scheduled for six months from now that had nothing to do with my question from yesterday. It's so much easier to have Arendt call Heinz, the head of the division [also a joint venture board member] in Germany. I find it hard to talk with Heinz on the phone. His English isn't that good and I'm not sure what he thinks. It's easier face to face.

. . . . Arendt was going to call Heinz this morning. I'll have to talk to him this afternoon to see if they've had a response.

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The anticipated departure of Arendt made Andy aware of the role Arendt had assumed in helping to manage the interface with Germany. The role was one based upon personal attributes and skills, rather than upon formal role designations.

The new Manufacturing Director from U.S. Co., Dan, arrived to meet the staff for the first time during that visit. He sat in on the staff meeting held during the evening of that first day. His tough, critical "why are you doing things like this" interventions during the meeting came as a relief to the other team members, and the two Germans who had been at that meeting seemed especially pleased by the toughness he had shown.

In discussions, the team members, German and American alike, assessed Dan as an individual. The style of interaction he exhibited was important to them. That he was an American apparently was not important.

B: Meeting Style

The style of meetings -- there were many of them and they were long -- continued to be a source of frustration for the Germans, though by this point the U.S. managers too seemed near the breaking point. Meetings, I was told, could last five or more hours. I observed them in a meeting until 11 P.M. on Monday night and, when I arrived the next morning at 8 A.M., Andy and many of the top-level people already had convened another meeting. Andy said:

I think we've come through with this group as if it were
an American company. This doesn't eliminate other problems though.

When Alex heard that I was going to sit in on their weekly Monday night staff meeting, he complained to me privately that the meetings were terribly long and inefficient. Henning the next day similarly complained that:

What I've found in the last few months is that we spend much more time in meetings and I'm not sure they are effective. We sometimes have long discussions about things that don't seem to me to be important. In Germany our meetings are shorter. A long meeting there is two hours. And the chairman [in Germany] will say we won't discuss this and Mrs. X is responsible to do this. Is a five hour meeting like last night really effectual? I have heard that our big customer also has meetings like this. It takes much more time to come to a decision. Some people in Germany are trying to tell me that ours [the German way of holding meetings] is the more effectual way. But I tell them that U.S. Co. is also an effectual multi-billion dollar company. So one can't say one is more effectual than the other.

If Germans raised such concerns in private, in the actual meetings they seemed to play along, not intervening at all to try to steer meetings when they veered off of the formal agenda.

Lou, the Materials Manager, who had been on the firing line during much of that Monday staff meeting, had the following to say:

. . . I feel privileged [to be included in these meetings]. The meeting is getting a reputation. My people always ask the next day what went on. . . . Last night's meeting was relatively tame. They can really get very rugged and people really rough with each other. Everyone is overworked and it can be impossible to take care of items on the list to everyone's satisfaction.

That's why Egon [the German-American Design Engineer from U.S. Co.] joked "Anyone want to go over last week's stuff?" [Everyone had laughed.] Meetings have really blown up into a broad thing. U.S. Co. actually had rather
similar meetings in the Central Division headquarters. These meetings also tended to last four to five hours and they were also pretty rough.

... Egon sends around the minutes. There's an interesting German Co-ism in that I go through and can pick off the minutes the items with my initials by them and forget the rest. We got the idea for this form of minutes with columns for assigning responsibility, etc. from the German Co. people. Another example is the Gant sheet. Egon used this for his presentation. I like using these now too.

So, even if the German's were not having an "on-line" influence on meeting process, there were some marginal innovations from that side incorporated. The incorporation of such innovations had to do with individuals trying to make things better for the team -- again the group or cultural origins was not important.

There was a lot of gallows humor in the meeting, much of it coming from Andy. This apparently had become a normal part of the meetings and the smiles and laughter his comments provoked let off steam. The task leadership role of getting people focussed on the agenda was most often performed in that meeting by Egon, whose task it was to keep and distribute the minutes. Andy actually was the person I observed most often steering the meeting away from the agenda. He would hear something he hadn't known about and would intervene to ask for more information.

Even if the stress level was high, there generally seemed to be a high amount of comraderie and very nuanced personal relationships and private jokes in which the Germans present fully participated. When there was a long stretch of the meeting that did not interest Henning [esp. when the CEO was chasing down something that had surprised him], he would engage in a side conversation
with an American colleague sitting next to him. In this regard, Henning seemed to be "going native." I also heard no further stories about Henning bombarding people with detail. Indeed, Andy expressed concern that Henning sometimes did not seem well-prepared in meetings.

In sum, personality and individual accommodations were figural in understanding and explaining these dynamics. The team displayed shared affect as well as shared effort. The degree to which the German members had flexed or accommodated themselves to fit the style of interactions was very striking.

C: Relationships to the Parents

It was clear that there was a lot of contact, task-related and otherwise, to people in both parents. Henning's talking about meeting style with his colleagues in Germany is an example. Steve also plugged into informal parent networks extensively:

Now I hear about U.S. Co.'s reservations [about the venture because of the union, production and supplier problems] through my U.S. Co. boss. I have a dotted-line relationship to X, though you should understand that he could fire me even though I'm a Betriebco employee. Sometimes it's clear that the information is something I need to let Andy know about. The German Co. financial people also occasionally tell me things.

This maintenance of contacts clearly was an effort to try to keep a bridge back to U.S. Co. intact.
If any of the Germans felt threatened in their careers back at German Co. by the anger of the Board over venture performance and the union election outcome they said nothing to me about it. However, the U.S. managers clearly were concerned:

I'll tell you. Some of us really felt the bite in our compensation from this union drive. Those of us staff members from U.S. Co. have a bonus from U.S. Co. and we get penalized for the union campaign and the outcome of the election. And if we don't meet the ramp up, it will have severe career ramifications for some of us. . . .

(Steve)

Thus, whether or not return to U.S. Co. was important for American team members. Even the nominal financial ties to the U.S. Co. system were such that they were focused on the short-term performance of the venture. The plight of Sam, who was not likely to be able to return to U.S. Co. (by his own admission and in the view of others), also served as a concrete warning signal about the tenuousness of career ties to the U.S. parent under the current circumstances. Steve explained that giving encouragement to unionization was a sin in the eyes of U.S. Co. management. He said that the German Co. Board members may not have understood the unions but that they knew bad news when they heard it. And among the U.S. Co. Board members, Sam was, Steve said, being blamed for poor relations with the hourly workers and for not alerting them to this problem when the feasibility study was being made. Thus, the tie between performance and events in the venture and parent judgments on the American side once again underscored the salience of the venture's welfare, unlike the situation in Paneuropa.
D: Informal Ties and Helping Behavior

Informal helping relationships continued to be prominent. The perceived important informal role played by Arendt and concern about his departure already has been described. He and other Germans continued to pitch in to help to smooth the way with communication to Germany. Lou reported that when she had problems with a phone call to Germany, she'd sometimes hand the telephone over to a German colleague in the carrel across the aisle. "I tend to talk fast. So sometimes the guy at the other end will tell me to please slow down. It's sometimes easier just to hand over the phone." The U.S. managers would also use their informal networks in the parent to help out.

Andy seemed to have an implicitly strong emotional tie with Arendt, though it may not be accurate to call the relationship a friendship and it was unclear how far the affect was reciprocated. The relationship between Alex and Andy more clearly seemed to exhibit the sorts of reciprocated confidences and mutual affect of a friendship. The level of personal interaction and interest in the venture team, in general, did not belie particular parental or national partisanship. Indeed, neither Paneuropa nor Basic Co. provided examples of such apparently strong affective bonds between managers from different parents.
IV. Month Fifteen: Allies in a Long and On-Going Struggle

At the time of this final visit, the venture was finally beginning to meet monthly business plan production quotas, though people complained that there was still "a lot of walking things through production." Many worried that the next big jump in the production plan, which hinged upon the successful automation of production, would be hard to meet. There had been a union strike, though it was over quickly. Suppliers continued to be a problem, though there seemed to have been some progress on that front. Relations with the big customer were still rocky, though they apparently were not threatening to withdraw from their contract.

These conditions led to further changes in staffing and relations, to further developments in meeting and working style and in informal relations.

A.: Team Staffing Developments and Relationships

This final field visit coincided with a revelation that rocked the team during the second day of the visit. The venture's Board of Directors voted to dismiss Andy. Though he had known of his dismissal since the Board meeting the week before, it was during my visit that he informed other members of the executive team. People seemingly were not shocked that it happened, but they were sad for him and concerned about the changes that this might mean for them. Both parent organizations clearly were dissatisfied with the
venture, and the U.S. parent had found an acceptable replacement for him who had been a top manager in one of their successful European joint ventures. Andy was to stay on for a month and a half until his replacement could wrap up his last assignment. At that point in time, Andy's future plans and options were unclear to him.

Noting that he was the only surviving original member from the U.S. Co. side of the top team, Steve reflected:

I could speculate whether the turnover has to do with the strength of the team and the strength of the partner. U.S. Co. didn't put its best foot forward and German Co. is very disappointed with us. The nature of the CEO job has changed from the earliest stages of putting the venture together. Now we have lots of operating problems.

On the one hand, managers on both sides knew through their contact with the parents and with Xanadu people that Andy had been pretty thoroughly discredited by the ongoing problems in the venture. Even those things arguably outside his control were attributed to him because he had been central to planning the venture, which included selecting that site and workforce. Andy, in turn, said that he had been too trusting in retrospect of what Sam and others had told him about the site and the workforce. The new CEO from U.S. Co. was rumored to be very tough and directive, which some people thought might be what the venture needed as an antidote to the lack of direction they had felt under Andy.

On the other hand, it represented a major, and for some such as the Alex, a personally painful event. Morale seemed lower than it had been during the last visit.
Gunther Schmidt, who replaced Arendt as the new Sales and Marketing Vice President, had come several months earlier. He was another reason for lower morale. Some managers had concerns about his capability to deal with U.S. customers. Several managers noted that his English was not improving fast enough, and some seemed to mistrust him, implying that his loyalties seemed to lie in doing what was best at the moment from a German Co. perspective rather than a Betriebco perspective. One top U.S. manager said:

I wonder what Schmidt is up to. He'll try to push things through in Germany but he doesn't have the contacts, authority and respect of Arendt. I'm not sure who he's working for.

Gunther Schmidt on his part felt that the design of the venture at the partner level was "ill-conceived." When asked whether people had ever asked him to help out informally with relations to Germany he said "I can't move mountains when we need something." Moreover:

You have to understand that we can not be cut off from the mother [German Co.] What is number one is to make good business, but not business against the German Co. philosophy.

Regardless of Gunther's motives, it was clear that he lacked Arendt's contacts in the German parent. Gunther had only recently come to German Co. after a career in France as an entrepreneur, and his last assignment had been in a German Co. sales office. He was seen by his Betriebco colleagues as, at best, inept in trying to smooth things for the venture in Germany. It was rumored as well
that he did not get on as well with Xanadu management as Arendt had done before. He was an outsider on the team and was someone trying to fill the shoes of someone who had been a major personal force in the venture.

The dismissal of Andy and the reactions to Gunther again underscored the degree to which individuals rather than parental origins mattered in team relations at Betriebco. The expectations for Gunther had to do not only with his formal role: symbolic expressions of loyalty to the team, informal expectations of conduct and helping behavior also were criteria against which other team members judged him.

B: Meetings and Working Style

A major change took place between month seven and month fifteen. The endlessly long meetings were stopped soon after the month seven visit and replaced by smaller, shorter, far more directed meetings. Dan, the new Manufacturing Vice President, was said to have rapidly and naturally embraced this style of meeting. Alex reported that soon after my last visit he decided to broach the subject of meetings with Andy:

I have worked with Andy in getting his staff meetings shorter. I talked to him and said I'm unhappy with meetings and I can help. I'll make comments when I think a meeting is getting off track. I appreciate how easy it is to deal with him.

More generally, he noted that he and other German top team members came to play an increasingly active role:
It may be an accurate general observation that, if you look at this venture overall, that the U.S. Co. culture dominates many aspects. But we Germans jump in, see what's going on and then pull on it in the direction we want it.

Christoph reported that he too had changed:

I've been practicing at the margins. I now get up and leave if I think a meeting is a waste of time.

Steve corroborated that the German members of the team had become increasingly active:

Alex has been the most sensitive in allowing for different styles. He's felt the need to use a more German style to get results in meetings. He shows he's upset when we're late. And he's become more firm. When we wander off the topic, he'll sometimes show his impatience. But I welcome it. We needed that.

The Germans' influence made itself felt in other ways as well. Soon after coming, Dan toured plants in German Co. and became receptive to adopting some of the practices he saw there. And Christoph reported that while decision-making was "still more like U.S. Co., more verbal and less numbers oriented. . . . I'm still working on my guys to get them away from spongy decision-making, with people only making decisions because time has run out."

Did this mean that the venture team was blending and creating new practices not characteristic of either parent? Steve and Christoph thought that was true then only in a very limited sense. Independently, they gave the same example of new, spontaneous meetings that had arisen over the preceding summer:
We'll get in a mood, meet without the CEO and prepare our position to sell to him. Because he wouldn't understand. (Christoph)

We had a meeting yesterday while Andy was away, realizing we were each facing higher obstacles than in the past. We decided collectively we needed a meeting where we were honest about where we are. Let's get all these things down and sort them through. (Steve)

If you look more generally at the organization, said Christoph during this visit, there may be an "outer appearance" of a U.S. company, but with functions taken individually "you may see the dominance of one color with flecks of another." However, the organization and what he defined as an "American style" (he says the style is American, not U.S. Co., because he sees it in their suppliers as well) prevailed enough that he already had talked to his boss about overlapping a year with his eventual German Co. replacement when the time came. In Manufacturing, he predicted that a time would come when the German Co. ways would be dominant, "even if they are not visible now." For the venture, Christoph commented, "this would no longer be destabilizing."

In sum, the personal trust and informal relations created conditions under which German members of the team could comfortably exercise ever-increasing influence over other team members. This opened the team to the incorporation of style elements and innovations from the Germans and allowed the team to choose from a wider variety of influences and alternatives in shaping their behavior and practices. How far they could go toward an eventual blend its unclear -- the base for relations for the conceivable future all reed would be American. But the influence of the
Germans, and the capacity to use elements borrowed from the German culture to innovate and adapt seemed to be there.

C: Personal Relations and Careers

As suggested above, the personal relations between the German Co. and U.S. Co. managers still seemed to be good, with the exception of Gunther. Alex said:

My contract is for up to five years. But my commitment is for three years. In the private area its beautiful here for me and my family. I make a strong distinction. It's not easy to say it's so beautiful on the business side because we have so many problems. But we are all together. Personally I am very happy to find recognition among my American peers. I'm pleased to have personal recognition.

The new Human Resources Manager, Kent, reported that relations were friendly. He observed that newcomers like himself missed the deep level of shared experience that he sensed bonded those left of the original team more tightly together. Also, he felt that, with the constant struggling over so many months, the team badly needed something positive that they could celebrate.

The helping behaviors continued, though some of the need of Americans for help from their German colleagues was likely to be reduced by the recent decision of German parent to move the product line that required the German Co. parts sourcing out of the venture's facility and control and into a plant in central America.
Steve speculated whether Andy would be able to go back to U.S. Co.. Though "he's not being blamed for sins of commission, I wonder how much credibility he'll have," explained Steve. He talked about a close scrape with U.S. Co. that he had had, where he had become worried about his future career. He said that he had given a report prepared specially for German Co. to someone in U.S. Co.

as a matter of courtesy. It was an unfavorable forecast, but forecasts are used very differently in the two companies. Well, the U.S. Co. people got very upset with me and told me "If you have to give German Co. a bad forecast, just don't give them a forecast." It turns out I [the forecast] was pretty much on the mark. In the end it worked out. I've still got my job potential at U.S. Co.. And the Board approved my budget last week and both sides were reasonably happy.

The influence of the U.S. parent over the careers of their team members was still important. However, Steve suggested that while he took the preferences of his U.S. Co. contacts into account, he still tried to be responsive to both parents and to the needs of the venture.

V. The Team revisited: A General Overview

Betriebco has been labeled an "integrative convergence" team because they achieved an apparent degree of affective and behavioral convergence, and the Germans enough cognitive understanding of American assumptions, that they could draw upon the German as well as the American palette of practices and assumptions in adapting and improving their processes and
practices. The Betriebco team went much further toward a balance of influence and a flexible mixing of cultures and members than either of the other teams. A "standoff" of the two groups melted within the first month observed, and the U.S. style of the CEO and American Staff generally prevailed. Such an accommodation was based in part upon the trust of the Germans and their willingness to go along for the ride and see what happened. German managers in their lateral and upward managerial behaviors went along with this for seven or eight months, even though with subordinates they were already more active in influencing how things were done. In the meantime, most of them won respect, and some made friends, with their American peers. But with turnover, unrelenting struggles with the ramp up, and probably some general concern about Andy's ability to handle the problem situations in the venture, the Germans became more active from months eight through fifteen, and more personal and organizational influences of German origins could be found by month fifteen.

Thus, beneath the veneer of the casual, informal and very American style, with much closer personal distance among people than was characteristic of German Co., there was over time an increasing pull of German influence. American colleagues accepted, and increasingly welcomed, these developments.

The factors of the venture that led to the initial dominance of the U. culture in the venture included the location of the venture, the attraction of the team members to one another, and the almost immediate appearance of strong external threats. Figure 6.2 depicts the dominant influences in Betriebco's case in terms of the
model introduced in Chapter Two. Location and the impact of these threats were linked, in that these threats (the union, the U.S. customer Xanadu and vendors) were all American entities. Thus, the U.S. managers were seen initially to have more knowledge and experience upon which to base the team's responses to the threats. This seemed to have overridden any potential German concerns with equality, instead evoking among the German team members an assumption that those with presumed competence in handling problems and pressures of those origins should take the lead. As in Paneuropa, location also was important because it allowed the American managers to have a greater influence upon the setup of the venture -- its physical layout and its workforce management. The attraction that many German team members had to experiencing U.S. culture and to the reputation of U.S. Co. meant that the Germans were responsive to the friendliness and prone to accept such influences as legitimate.

The rapid breakdown of stereotyping and social categorizations within the first couple of months of the venture apparently was hastened by the attraction felt by team members. This was based upon more than the technical skill they displayed. Germans were willing to adapt themselves to U.S. ways of doing things, and their skill in doing so created personal bases for respect and influence among team members.

The strong and early external threats to performance reduced the slack in feedback mechanisms meaning that even "little" mistakes and miscommunications could be seen by Xanadu and the
parents as well as by team members within a month's time. This increased the willingness of all parties to adapt toward a rapid convergence of behaviors and practices. Another consequence of the threats was the intensity of the teamwork during that period, which seemed to divert attention away from group identities and toward personal relations. Visible sacrifice of personal plans for the team, necessitated by the threats, further enhanced attraction among the team members.

Thus, of all of the factors suggested in Chapter Four to drive the development of group relations, the early appearance of external threats was the single most critical factor coloring all three features of team relations over time. However, the way in which the threat led to affective bonding, high trust, cooperation, etc. can only be understood by seeing that the influence of threat here appears to interact with the initial conditions of attraction by the Germans to U.S. Co. and U.S. culture, and the location of the venture in the U.S., which shaped the nature of these threats. It is in large part due to the interaction of these three factors over time that this team, more than the other two, came to work as a group of individuals, who generally trusted and cooperated with one another, and who had the capacity to influence and adapt mutually to one another as time went on.

End Notes:

1. Alex, who spent the first seventeen years of his life in South America before going off to school in Germany, described the South American Culture he had had considerable exposure to as
"more like Americans," especially in terms of the sociability. He appeared to often think of himself as a transcultural, who could see both sides.

2. I believe that Arendt may not have come up as an example because he was there far less often and, perhaps, because his status meant that he worked most closely with Andy.
I. Introduction

The Basic Co. venture enjoyed the greatest autonomy from the parents of any of the ventures. The transfer of employees was one-way, only a few German were to come to headquarters at the top levels and there were no resource dependencies with the parents. Because of the nature of the customers many of their production facilities served, markets tended to be local or regional and, thus, the decision could be made to have little coordination done by the headquarters initially. The General Manager, Crozier, enjoyed close relations with the Germania top management and could largely buffer his organization from parental interventions.

Basic Co.'s team appeared to quickly move beyond national/parent identities to personality as the way of understanding and explaining how the team functioned. There seemed to be an integration that, if not an affective one between German and French parent members, was predicated upon a subtle understanding and ability to predict and influence individual reactions. However, reciprocal cultural influence upon headquarters team relations was not evident.
II. Year One: A Time to Get to Know One Another

A: Implementation and Organizing Strategy

The first year after the merger was love and kiss and we were very polite to one another. Now we must be a real company and this surgery was far more painful. (Mr. Saroyan, Month 22)

We are mysterious to one another. This mystery has grown in the last year through encounter. (Mr. Lafayette, Month 12)

Top management explained the strategy for approaching the venture in the first year with great consistency. They organized for that first year with the explicit recognition that there were going to be cultural differences and differences in how parties saw their interests that they believed could cause problems. The memory of the earlier negotiation that had included other companies and that had fallen apart only at the very end almost certainly also contributed to this cautious attitude. They shared the goal that nothing should be done that would "shock" the organization and threaten the smooth running of operations.

It was decided not to decide [about certain long-term strategic goals and personnel and structural decisions] not through sheer laziness but there were many administrative obstacles, especially in Germany, which could stop the forming of the company. (Mr. Hugo, French Directorate Member).

This [initial] organization structure was seen as a compromise to get into action. We envisaged a business-line organization... [And] we tried to implement the organization with a minimum of changes. (Mr. Heilstadt, German Directorate Member)
We were fully aware that the ways of managing were different and we'd have a lot of difficulties. So we decided that, although the goal was to be more business-oriented, that we would have this structure for the first year. (Mr. Schmitz, German Directorate Member)

The principle in the first months was keeping people working as they used to without too much changing, only [changes made were in] small things. And then step-by-step starting to build up group consciousness and then organizing as a group and forgetting about past history. (Mr. Crozier, Managing Director)

They settled on the geographical structure pictured in Exhibit 4.3, even though the synergies that they hoped eventually to realize clearly would at some point entail a move to a product or business line organization. There were economies of scale in purchasing raw material that top management hoped eventually to capture, but they were willing largely to forego these in the first year. They were willing to let a "local optimum" orientation persist. As Crozier, the General Manager, observed, the selection of the initial structure:

... was very easy. There were going to be some very difficult decisions to make after the merger... It was very clear to the management that they had to be free to make these kinds of decisions and it was very important to avoid anything that would bring a shutdown of plant or something. And what was necessary was to avoid a shutdown of operations because of a difficult decision among shareholders. So the idea was to have a management board quite free of taking decisions, and shareholders to supervise the management but not for making any kind of decisions including the important decisions.

The parent organizations acted principally like shareholders, Leaving Mr. Crozier and his team considerable latitude in structure and staffing decisions. Mr Crozier reported privately consulting
the top parent management in Germany to keep them informed. Other staff in the venture noted that Crozier had the complete confidence and trust of Germania's Chairman. Other constraints initially were in terms of legal issues, especially in Germany, the close relations between local operations and customers that no one wished to risk disrupting, and a sense that rapid change would cause resistance in Germany. On that last point:

This [structure] was also a compromise for people. . . . On the German side there was fear because mother (the German parent) let the child go. We wanted to be nice, not traumatic. [He laughs] Not to make dramatic changes, to let them start working and developing within themselves and within Basic Co. by creating; by time after time there's a relationship within the group and that Germania Co. is now slowing down and phasing out. (Heilstadt)

However, by the time of the first full research visit at end of month twelve/ beginning of the next year, the four-man Directorate had had sufficient exposure to the top individuals in country-based management that they felt they could reach some agreement soon about who would be appointed to leadership roles in moving to a product or business line structure. At the end of month eleven, Basic Co. held an off-site meeting for 48 of the top managers of the company, and had solicited opinions about the future direction of the new company. That meeting, held at a resort, was to celebrate a profitable first year, to expose the managers to one another, to share their concerns (this was the first time that many of the country-based operations managers had met one another) and to expose them to the thinking of the
headquarters staff. The general consensus of the directorate members was that there was enough readiness to take steps toward reorganization in the near future:

I had a good feeling. Two things were important. People met for the first time. And I got the feeling of what people think and basically that they were very happy about the direction of the Directorate. (Schmitz, German Directorate Member)

B: Management and Decision-Making in the First Year

A stable style of interaction and decision-making appeared to have been reached by the end of the first year. It was a style far closer to that described as the prevalent style of the French business -- informal and fluid. As a means of giving the directorate a "feeling" about issues, to get input on issues and to expose some managers from the two parent companies to one another (and to expose the directorate to them) committees concerned with various business areas had been set up.

Since the beginning, Basic Co. GmbH (the German subsidiary of the venture) still tends to work with Germania Co. rules, traditions, and so forth. And the Latin Co. people all still have their rules and regulations. To try to get people to work together what was done was to mix them up around technical issues on business committees. (Mrs. Laurent)

Directorate meetings were in English. Mr. Hugo, who understood but did not speak English, participated in French and his colleagues would translate when necessary. Even though on paper the directorate was modeled after a German Management Committee structure, it did not work in the same way such a structure worked in Germania Co.. Mr. Heilstadt observed:
So [in Germany] everybody [individually] is noting the points he would either like to decide or like to discuss as the next board meeting. And these are then put into an agenda. . . . But it is clearly obvious that we clearly don't have the kind of organization that I was acquainted with which requires everybody to have the papers within two weeks in advance [of board meetings].

Q: That was how it was a Germany Co.?

Heilstadt: Yes, that was Germany. An then of course one needs to bring more precisely every paper to the board [in Germany] and giving everyone the opportunity to make comments or statements with regard to the actual paper, so that everyone has a collection of statements from everybody and then enters into it. This is done in Basic Co. with very much less paper [touch of irony in the voice].

Q: Done with less paper?

Heilstadt: [Laughs] It has its advantages. And if someone needs some information, O.K., he should not keep his mouth closed. So this is also a way to come to quicker decisions. Not to make extensive studies.

Q: So, in other words, if I were to have the written documents for the meetings, I probably would not have all of the information that has been exchanged. There has been a lot of one-on-one discussions going back and forth, or?

Heilstadt: Yes. Also with that (sic) short papers for discussing in the committees that one had directly asked the managers such as Mr. LaFayette or someone from Germany for additional information. . . . You have finally to discuss it [the issue] only at the very last minute in the board meeting.

Mr. Schmitz had a similar views of how the functioning of the Basic Co. Directorate differed from that of boards in Germany:

Here in France, one discusses thing informally. This French way is faster and more flexible. The German way is more detailed, with lots more committed to paper and everything prepared carefully in advance.
Indeed, when I asked if it would be useful for me to look at the Directorate meeting minutes, Mrs. Laurent said that they would not be "particularly enlightening" (she was the one who took the minutes and distributed them). Mr. von Werder, who later became a board member after Heilstadt departed, said about these minutes:

The French are more approximate and the Germans must be 100% right. The disadvantage of this is organizational confusion. A decision made is not transferred in a coordinated organization way. So we have minutes to board meetings, but they may not be correct, they may be three weeks late, and they do not reflect how you got to the decision. ... In Germany no one would dream of changing the date of the biweekly meeting. Here we approach these things much more flexibly.

I had the opportunity of using an office across the hall from the offices of Mr. Hugo and Mr. Crozier. Mr. Hugo and Mr. Lessard frequently visited Crozier over the course of the day. That also seemed to be true of relations among Lessard, Laurent, Saroyan, and Raymond.

The German directorate members and the other staffers seemed generally to have settled in comfortably with this much more provisional and personalistic style. Heilstadt, in our conversations evidenced some personal discomfort. Though this in part might have had cultural roots, he seemed to view it in terms of personalities. Mrs. Laurent notes some evolution in relations during the first year:

I have seen over my time much less emotion in the decision-making. I was not here at the very beginning. But there was a sense that at that time the directorate was too French-German. And I heard that it was much more partisan. ...
And over the past year I believe we have seen in the Directorate an increased willingness of the Germans to take a stand on issues with their colleagues that differs from the wishes of Germany. For example, there has been an issue discussed at the last three meetings. At the beginning the German Directorate members felt compelled to support the German interests. But in the end they took a Basic Co. stand.

If the top staff based in France had converged upon this style that emphasized informality, less paper and detail and a lot of personal one-on-one discussions, the relations among the non-top-team managers on the committees were a reminder of considerable cultural differences that continued to be evident.

In the committees you see these differences. The Germans say "We do not have enough data to make a decision." But when a Frenchman sees a German presentation he tends to see it as too self-centered. He sees the German self-servingly lead to a conclusion. Everything is laid out 1,2,3. (Mrs. Laurent)

A specific example of differences in the committees (told to me by Mr. Raymond and Mrs. Laurent) had to do with a committee looking into what to do about a German facility that was not meeting environmental standards. The Germans were arguing for a heavy capital investment in a new technology, while the other committee members thought that the technology was too expensive and hadn't been proven to work. The French managers favored a more provisional, temporary solution (which is the position that the Directorate also agreed with). Laurent and Raymond said that this represented a more general difference of approach. For example, the German plants tended to purchase a more narrow range of raw material quality while some of the French and Spanish operations
would react to relative price changes using a far wider variety of raw material qualities.

C: Nationality Consciousness

By the end of the first year members of the team on both sides concurred that the style of the head office had a French flavor. However, the experience with the committees and the experience of those managers such as Mr. Lafayette, who had a lot of hierarchical contact with German operations, reproduced a persistent consciousness of differences in the larger organization.

Some of this consciousness may have been fostered by cultural seminars that members in the headquarters had before the venture began. Even though many of the upper-level professionals in the German and French businesses had had business contact with one another before, and though the two Germans who came to sit in the Directorate negotiated with a Latin Co. team comprising the people who came to serve as the General Manager, Procurement Manager and Strategic Planning Manager of the venture, there was explicit concern about difficulties that could be caused by national cultural differences. The French parent managers attended a seminar in which "things about the French that bother the Germans" were described. Mr. Lessard, the Manager of Strategic Planning observed that the responses to the seminar "were mixed." The French, for example, were informed by the consultants that they were "polychronic" while Germans were "monochronic." The Germans before
they came got a book about the differences between French and German management.

As suggested by Mrs. Laurent's observation about the decreasing willingness of Directorate members to take partisan stands on issues, there seemed to be some early attributions about Directorate members based upon their national cultures. However, at this level, personality and "good personal relations" -- categories used by virtually all of the French and which became evident later as an important descriptive category for some of the Germans -- also were key categories to explain why and how things worked as they did.

Another example of nationality consciousness was the story told by Mr. Lafayette about how they decided to change the access code (3945) after the venture began.¹ The Directorate members and the other top team members with the exception of one of the French managers, were located within one suite of offices in the headquarters. Lafayette said that there were jokes in his suite (which was on the other side of the building) that they were the "free zone," implying that the executive suite, where all the Germans sat was the "occupied zone."

Mr. Lafayette had informal responsibilities to coordinate purchasing of materials across borders. He said that:

I have grown to recognize differences like the greater team spirit among the Germans and that they are comfortable with a frame that doesn't move.
He also notes that he had experienced problems of trust:

The French side is supposed to cheat. The Germans are supposed to do things without subtlety, and that is what is happening. I made a naive but good gesture when the venture was done. We needed to give 10 tons to our stockpile and I decided to transfer some market share to Germany. There was a belief on the German side that I was trying to help the French. This was a direct insinuation. For example, I have had a German look through figures asking "Why do you round off this figure and not that one? You're trying to help the French." I said "No I'm not." There was silence and then an apology. This is an example of the Germans being more direct and violent than French people are. Perhaps that is a habit. They try to say these things straight out which is not so easy sometimes. . . . And with the French that is not easy to do.

III. The Directorate Makes its Move: Introduction of Product Line Organization

A: The Announcement

Just weeks before the second field research visit, headquarters announced the business line organization and who would fill key positions in that new structure. Exhibit 7.1 depicts that new organization. There had been meetings to announce the structure in Germany. A memo with the new outline of responsibilities and organization charts had been sent throughout the organization. The change was explained in the memo as an attempt to have more optimal management, but also as a change in accord with an overall policy of decentralization.

The change formalized Mr. Lafayette's coordination responsibilities. Indeed, he suggested that the timing of the
Management Directorate

Basic Co. Headquarters -- Based Top Team (Second Year)

Exhibit 7.1
announcement had been determined in part by LaFayette's complaints to Crozier about resistance to his role in Germany:

I had been in favor of a German subsidiary concluding a negotiation with a trading company. I made my position known. But I had the feeling that Thanheisser was playing against me. Thanheisser said "Who is paying me and who reports to me? Since I haven't seen any notice [about who has ultimate authority] I can't behave in any other way."

Germans use official position as an excuse not to cooperate. We could not conclude the negotiation and we lost out. I said to Crozier "Here is another example. I need the official position. . . ." In another example, Mr. Luhmann knew for six months that I would one day have this status officially. I explained that we should work together since I will be in this [official] place in the end.

It probably would have worked in the French habit. What is happening is that the German group thinks that the French Group is taking over the business and the French think that they are taking over. One Company thinks that the other has taken it over.

. . . . So we changed the official reporting. My announcement came January 1. Thanheisser said "You have to decide this way?" I said yes. The moment I was in charge they did [what I had been asking them to do all along].

So even if the few Germans on the headquarters team accommodated, there were pressures from the dispersed sites below that were clearly seen as rooted in cultural differences.

Mr. Saroyan and Mr. Raymond, both from the former French side of the company, took over Commercial and Operations responsibility respectively for the business line that represented over 60% of the turnover of the venture. Mr. Raymond, described the importance of the change to the business as follows:

. . . . Now, decisions are personalized. That means we can move quickly and someone takes responsibility.
Before, with the committee system, it was hard to convince a committee to act. Things would be brought up and discussed. A plant manager might send a memo to put something on the agenda, but the regular meetings were only every other month. So we missed a lot of opportunities. Now, only Crozier, Schmitz, Hugo and Heilstadt are a group.

. . . . The prior system led to a lot more conservative decisions. And no one felt personally involved. For example, we have a lot of by-products from our production processes that can either be dumped or recycled. Also, some plants can recycle wastes a lower costs, but they were not well-disposed to incur costs of recycling from another plant. Now we can say "You have to recycle." So that we can now optimize the results at the group level. Before the group was penalized. Now if something needs to be done I can make the decision.

Why had they waited until that time to make this move? Raymond explained:

The international relations are more right now. It was especially a problem at the beginning that, with a business organization structure, the Germans might see themselves as being ordered to do things. Now at that offsite meeting we saw agreement to the principle.

Mrs. Laurent said she felt that at that offsite meeting at the end of month eleven there was sufficient recognition that a geographical structure would not work in the long term that the Directorate could proceed to reorganize the company. She also noted that the last year's financial results were the best that anyone had seen in a long time, so that morale was high. So "we decided to change and, if it doesn't work, we'll change it."

Mr. Heilstadt expressed a somewhat more ambivalent view of the change. While he concurred that local production managers were not in the position to take the broad perspective necessary for the best interests of the group, he seemed worried about certain
potential problems:

We talk about decentralization, etc. but we have made our appointments and we are going to have to see what happens. We predicted [in the Directorate] that some responsibilities that were exercised at the middle [country] levels that had to do with daily administration and management would be moved down to lower levels. Some strategy issues (especially those with long-run tradeoffs) might be moved to the group or directorate level. But I must say that the tendency that has been suggested by some of my experience of some appointees, and of the group, is that there has been a stamp of French hierarchical style on all of this. Some of these appointees see their role as one where they think they are personally responsible for everything. And there is fear, especially in Germany, that this paper decentralization is really a centralization. We know what we have decided in the Directorate, but regulation is difficult. We've only dictated a couple of requirements.

And later during the same discussion, he continues on these themes:

My concern comes when some people who have these positions think of their leadership role in terms of feeling they need to know everything and that they are responsible for everything. In Germany this style does not work. . . . What I see as problematic is putting Saroyan and Raymond in charge of that vital division. Another thing is that when people in Germany do look at the organizational charts, they will quickly notice that the appointees at this time are all French or Spanish.

He implied that he doubted whether there would be enough sensitivity by some of the appointees toward the need to manage by persuasion, rather than managing by issuing decrees, in Germany. But what he also indicated were private reservations suggesting that there may have been unanimity of view about the structure, but not on the appointees to the positions. Mrs. Laurent also mentioned speaking with von Werder, the Finance Manager, who suggested to her that he was concerned that at least one of the appointees would
tend to try to control and centralize. But Heilstadt, using almost
the exact words used by Mrs. Laurent, said "We in the directorate
will watch it for awhile now, and if we have to, we'll adjust it."
B: Nationality Consciousness and Personal Relations

There seemed to be the same sort of persistent hierarchical
consciousness of national differences and their implications for
managing evident during the previous visit. However, as the
restructuring was the big news at that time, many managers were
more occupied with thinking through the formal meaning of their
responsibilities and did not talk about nationality as much.

The degree of personal closeness among some of the French top
team members became even more apparent during this visit. During
the first visit, Raymond came by to chat with Mrs. Laurent while I
was there to tell her about what had gone on in a committee meeting
he had just attended. During this second visit, Mrs. Laurent got
back a compact disk of an opera that she said she had lent to
another top team member. Raymond noted that, in his opinion, an
important aspect of the new structure that would help make it work
well was that "he and Saroyan "are very close to one another and
can work very well together." Raymond continued:

The five or six inside people at Basic Co. have very good
will and good relationships to one another. We are
constantly communicating with one another and we don't
try to defeat one another. We give each other the maximum
opportunity to understand, to know what is going on.
Though I do not know for the identity of all six, they are all from the French side of the management team and certainly included Mrs. Laurent, Raymond and Lessard. The German members seemed to be accepted; Mr. von Werder might even have had some informal tie-ins to this group. But the Germans were seemingly not insiders in this affective sense.

In the hallway one morning, I ran into Mr. Lessard, who asked what I was up to. When I gave a very general answer, he smiled and said "I know that you are going to see __ this morning. He knew my schedule exactly, though I was not aware that any written memo of my schedule had been circulated. This is but one example of the fluidity with which information passed through the informal channels in the Executive Suite. Finally, between this time and the last visit in month twenty two at least two members of this inner circle quit smoking at the same time. This was another example of the degree to which there was considerable flow of influence through informal channels.

C: Month Twenty-Two: Team Relations and the New Structure

The new structure in itself did not seem to alter the very fluid style of the Directorate already evident by the end of the first year. However, very soon after the visit in month fourteen, Mr. Heilstadt abruptly resigned and returned to Germany. It did not appear that his departure had been anticipated. Mr. von Werder replaced him in the Directorate. There is no indication that the
Directorate functioned differently with Mr. von Werder. If anything, he seemed to have a personal style that was more comfortable with the French style than Heilstadt had been. Indeed, he said that in Germania he had been on the supervisory board of a French subsidiary and, thus, had had some prior contact to French culture. According to von Werder:

Even if Basic Co. is considered a European company, we are a French organization and have a French way to guide a business.

Q: What do you mean?

von Werder: First, the level of professional skill is very high. What is typical for this organization? It is much more flexible, it moves much more quickly, adapts more and reacts on management decisions much more quickly. . . . And it is much more congenial. . . . From the first moment I integrated well my personality.

His reference to "integrating well my personality" parallels the way favored by French members to describe relations in the team.

The irony of yet one more confirmation of a consolidation of working style around a French style was that, just before the visit, Germania company moved to acquire a majority share of the venture. Thus the venture was about the become a consolidated subsidiary of the German parent.
D: Management Style

Managers offered yet further evidence that the style of lateral and upward reporting within headquarters had not represented a change for the French managers. Informal, political elements remained very important here as they had been in Latin Co. One manager, not formally included in the study, but who worked closely with the top team observed:

You report [in Basic Co.] in the same way [as we used to in Latin Co.]. There is official reporting and unofficial reporting. I go every day to speak a few words with Mr. Hugo. So every month and every day there are non-official comments. So that they [Crozier and the other Directorate members] feel well-informed of what happens, no surprises.

Lafayette concurred in this observation:

Even here [in Basic Co.] if I don't go take ten minutes to go to Crozier's office I wouldn't know what is going on and they wouldn't be informed my business.

Mr. Lafayette felt that, of late, the communication had worsened in the sense that certain issues were handled completely in one-on-one discussions and because Crozier was now spending much more time away.

The takeover of the venture by Germania was the big news at the time in Basic Co. And discussion of it included much speculation about how the consolidation would almost certainly force changes in the management style of the venture company. Lafayette said:
It used to be from Crozier "O.K., we'll do it; now a note for Germania." Now we need fifty pages for Germania.

Von Werder predicted:

There will be more formalization because of what Germania asks for. We now have to ask Germania for every investment over DM 500,000.

Mr. Lessard suggested:

We are still waiting for the consequences. A quick effect is that we have changed our fiscal year. We have to act like a subsidiary. This change is as important as the last one [the reorganization along business lines].

... At the beginning we just had to file for significant projects. They [Germania] weren't required to have day-to-day contact. As the level of significance [for investment approval] is lower, we'll be having more contacts.

Whereas the thrust of the headquarters consolidation around a French style had entailed relatively little paper and formal justification of decisions, the consensus was that this would have to change toward more formalized and well-documented decision making that fit Germania's requirements.

E: Nationality Consciousness and the Experience with the New Structure

Besides discussion of cultural differences cropping up in connection to what managers believed Germania would require of them, national stereotypes played a very prominent role in the descriptions Raymond and Saroyan gave of how their new roles under
the business structure had developed. Saroyan observed:

We [French] work flexibly. The Germans need agendas. My working with them is less difficult than vice versa. They work as an efficient army. So when I have taken command of a German team, no problem. I told them what my requirements are for the next four weeks. When I ask I get an answer in the next seventy-two hours.

Q: So you adjusted yourself?

Saroyan: They had habits that needed breaking. And different presentation and different substance. They had to change their computer systems... Confusing structures don't work. Ad hoc panels don't work [with Germans]. I found out by trying. Good analysis, poor synthesis.

... What has had to be very sensitive with them is hierarchy. So I have to go to the person's boss and have him put the question to the guy. I can't just go directly. And if I call a German deputy and tell him to come to my office, he's worried. He is happy though if I tell him why so he can come with his files.

When I had talked with Mr. Raymond during my prior visit (which took place a few weeks after his appointment and the new structure had been announced), he envisioned using daily personal phone calls and informal reporting to stay informed in Germany as well as in the Latin operations. He found through experience that he had to alter his tactics:

I can't call a German and ask "what is production yesterday." He gets nervous. He needs twenty minutes to get the figures. So now I send a fax to him. I can call Spain and, of course, France this way. Also I don't call the German and tell him I'm coming tomorrow. They suffer a lot this way.

The Germans don't like to have to change agendas. In France I may call up someone and he says his calendar is full and mine is full [b we work out something]. The Germans suffer a lot. They are embarrassed calling a secretary to tell her to change their commitment.
Q: How do you know this?

Raymond: You feel the hesitation on the phone. If you ask for a spontaneous answer you get poor quality. But I knew from seeing these people in the committees earlier that they were very precise when prepared. So if I give them a day I get a good answer. When I want a written report for Spain now, I call and make notes from the call and have my secretary fill in the form. The Spanish are accustomed to telephone reports, so I let them do it this way.

With the Germans I know at first only that there is this uncomfortable feeling on the telephone. And the feeling is bigger whenever I ask for something spontaneous. Deep down these [German] managers have some accuracy and knowledge. I have had to find a way to elicit it.

Once again, there was an adaptation by Raymond to deal with general differences that he sensed in working in Germany.

IV. A General Overview of Basic Co. Development

The team coalesced within the first year around a style of management heavily influenced by the French/Latin style of the Managing Director and the pre-existing organization that the few German team members joined. The Germans were the ones who assumed the major burden of adaptation. Treatment of peers in headquarters, in accord with that style, was very political and personalistic. As Raymond suggested during our last meeting:

In day to day office life we have developed a style that fits the French mentality and accommodates through efforts to adjust. The Germans here have made a huge effort to adapt.
Nationality consciousness and stereotyping was present, but it was a way of understanding the organization when looking out into the larger organization from the headquarters. The field organizations lacked, especially under the geographic structure, any significant contact with the habits of the other culture. Developments and accommodations within the small circle of the top team, which hinged upon very strong personal influences, could not be translated easily to relations with the larger organization when the business line structure came into being.

Figure 7.2 employs the model developed earlier to look at the particular influences that appeared important in shaping team relations at Basic Co. Once again, location appeared to be important. The selection not only of France, but of the old headquarters and staff of the Latin Co. business meant that the Germans sent could expect to be embedded in an on-going French organization in France. Career rewards and horizons were important because the old ties with the parents were severed and the venture was highly salient in terms of careers and rewards. Crozier had far more evaluative control over his staff than did the other two venture General Managers. There was some weak apparent influence in terms of complementarity of skills -- in this case this complementarity was manufactured at the team level rather than at the parent levels by creating a division of labor that underscored the differing backgrounds and strengths of each team member. The multiple sites were a strong factor in shaping relations at the levels below the team and in coloring the relationships between the
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--- BASIC CO.

Figure 72

1. The complementarity was at the level of team members as shaped by criteria decisions about the division of labor.
headquarters and country-based management. In the earliest days, the multiple site structure might have encouraged some partisanship, but that seemed to be overcome quickly.

In the absence of two intervening factors observed here, the multiple site structure might have had a strong effect on the team. Again, in part through conscious action, Crozier in many ways created and maintained the specter of potential early performance threats among team members. That image seemed to push the team to avoid appearances of partisan divisions and to strive to provide a united front symbolically and otherwise for the organization as a whole. Finally, Crozier's leadership style was a potent force here. His influence was not only evident in the framing of the division of labor and shaping perceptions of potential threats, he was very much an active integrator. He had a small team, could talk to people frequently to exchange information and influence them. And he preferred to work with them face-to-face so that he could have a better feel for where people stood on issues. He was also very influential in getting managers to take a provisional approach, rather than a slower deliberate approach to problem-solving and decision-making. "Let's try it, see if it works, and change it as necessary" became the dominant approach by the second year.

Thus, this team evidence many of the markers of affective, behavioral and cognitive integration that would suggest them to be on a course of integrative convergence. The end of their life as a joint venture, signaled by Germania's takeover, would almost certainly test the stability of the style of the top team. It would
also test the extent to which the changing conditions due to the change in control would allow for greater influence by German team members.

End Notes

1. This was an allusion to 1945, the end of World War Two.

2. Actually, since I was at the meeting, my assessment of the attitudes differs. I did not see much vocal opposition to such ideas. On the other hand I heard as the strongest message from the plant managers the desire not to have their local autonomy infringed upon. She may be referring to private conversations to which I was not privy, but in the public sessions the plant managers seemed more concerned with transmitting the message that they consider themselves to be managers of a business, not just managers of factories.

3. Mr. Raymond is a Spaniard, educated in France and the U.S., who had worked for the French organization in France.
CHAPTER EIGHT: PULLING IT TOGETHER

A model of team relations and its implications for research and practice

I. Introduction

This chapter attempts a summation of my understanding of how these teams developed and the implications of this understanding for practice and further research. The following section compares the cases, explaining their similarities and differences in terms of a model incorporating those factors that repeatedly were highlighted in the preceding case descriptions. The final two sections draw the monograph to a close by suggesting some implications of this research for practical interventions in developing shared management teams as well as for further research that might expand upon and demonstrate how broadly we might extrapolate from these findings.

II. A Brief Review and Comparison of General Patterns

The last three chapters provided accounts of team relations in the Paneuropa, Betriebco and Basic Co. joint ventures. In comparing the accounts certain fundamental differences in the pattern and processes of team relations established became clear. Exhibit 8.1 summarizes these differences.
All three ventures shared one very suggestive pattern. That is, the basis for the evolving relations in each case lay in practices that were described as reflecting a dominance of one of the cultures in the venture. This dominance seems to have cropped up within the first weeks or months in every case and it can in part be explained by the particular features of the starting conditions in each case.

When looking at the pattern of evolving relations over the full length of time studied, the Paneuropa and Betriebco teams stood in sharp contrast to one another in ways suggesting that the there would not have been a lessening of these differences had I continued to follow the teams for another year or two. Basic Co. looked more like Betriebco in terms of evolving patterns of low stereotype use and social categorization in the top team. However, the integrative capacities of Basic Co.'s team remained untested by major environmental shifts in the period studied, so it is not clear how close the integrative potential of the Basic Co. team mirrored that of Betriebco's team. The predictions made by key informants in Betriebco suggested that, under the prevailing conditions, there would be an increasing hybridization of practices in the future. If the circumstances prevailing at Paneuropa during the last months continued, there was neither evidence nor optimism expressed by members to suggest that the future held a diminishing of the importance of national identity and a potential for internal adaptation through incorporation of influences from both sides. As suggested above, Basic Co.'s small top team seemed to have become
integrated behaviorally and to some degree cognitively as well but was untested by a major crisis.

The Paneuropa team in year four still exhibited in-group and out-group identities bounded along nationality lines. Stereotyping remained an important explanatory vehicle and there was evidence that, in response to performance problems and changing conditions, stereotyping was refined but had not eroded. In Paneuropa, there was little apparent influence of the Italians on the prevalent practices for the team as a whole. As stories about problems linked to poor communication and cultural differences emerged, the apparent responses were "bridges" [that fit the Anglo-Saxon penchant for clarity] such as repeating things more often in meetings. Another response observed was a set of contingent behaviors that surfaced in interviews as recipe stereotypes, which were to be "switched on" in particular situations and did not entail any fundamental flexing or modification of practices to encompass overall a more Italian style. Evidence of the very limited affective and cognitive team integration included the claimed hesitancy of Canadians to speak on behalf of their Italian colleagues and vice versa.

In Betriebsco and Basic Co., stereotyping and in-group out-group relations rapidly diminished in apparent importance while personality and personal relations became of ascendant importance in explaining team relations. Betriebsco evidenced a building of trust, high affective as well as behavioral integration and some evidence of growth in cognitive integration. In the last months of
the time I observed the Betriebco team, there was a conscious effort on the part of some Germans to pull meeting norms, etc. more into line with German practices. Though no one predicted that the character of the team's practices would look "German" anytime in the foreseeable future (even though all but one U.S. top team member had, or would soon turn over) there was the expectation of increasing hybridization and, perhaps in manufacturing, an eventual dominance of a German style.

As suggested before, the influence of the German members of the Basic Co. team had yet to be seriously tested. Overt evidence of limited integration such as in-group out-group depictions and stereotyping was not prevalent within the top team, even though the differences between managers at lower levels of the organization in terms of national identities and stereotyping were used to explain the hierarchical relations between headquarters and country-based management when the product line organization structure was implemented in the second year. Because the character of the intervening factors driving this apparent integration in the case of Basic Co. (especially the role of a perceived potential for performance threats if too much was done too quickly and the role of the General Manager) differed from those in Betriebco (which confronted ongoing, actualized performance threats from month one) the extent to which Basic Co.'s team might eventually encompass a hybridization of practices could not be predicted.
III. Using a Model to Summarize Major Influences on these Patterns

Exhibit 8.2 represents in diagrammatic form the major factors appearing to influence team relations and the character of processes over time in the three cases. Each of the factors already had been defined in Chapter Four and bases for positing their importance based on the literatures reviewed in Chapter Two was given. Now that I have examined each case separately, it is possible to return to these factors to explore what impact they appeared to have in each of the cases. I begin on the left side with the factors constituting starting conditions and then move on to the role of the intervening factors. In the course of the discussion, I will link these to the differing patterns and processes already outlined above.

A: The Role of Factors Constituting Starting Conditions

In the earliest days of any designated group, including a venture team, members implicitly or explicitly confront two fundamental issues. The first issue is "How will we work together?" Each member brings his past experiences, preferences and expectations which may or may not be similar to those of other members. The second fundamental issue is the status that members confer to the group in defining their identities. Members must grapple with whether they find other members attractive (because they are similar or instrumentally important to achieve goals) and
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Figure 8.2
whether participating in the team will be rewarding in terms of careers and other goals. The latter considerations are not independent of the past or continuing group affiliations of the team members. Given the possibility of alternative framings of one's social identity, and the likelihood that venture and parental interests will not always appear to be the same, each member will likely find himself in situations where his principal identities and allegiances are tested.

In the case of the shared management teams studied these two issues were confronted under conditions under which there were contradictions and ambiguities. For example, in a venture in which the parents are equal in formal power and top positions are distributed among managers from both parents, whose preferences should or will prevail? Some elements of reward might come from the venture, while other highly salient career goals might have little direct link to the venture.

The ethno-linguistic background of managers from a given parent in these three cases tended to be homogeneous. Since perceived homogeneity is one basis for selecting group identities, there were at least some pulls in all cases toward an ethno-linguistic or parent-based group identity as opposed to primary identification with the venture team as a whole. With practices and other behavioral expectations, the degree to which one parent's practices and behavioral expectations made a priori sense for the team as a whole was limited. But what would an androgynous or neutral set of practices look like and how would they be
established? Who would have to adjust, and how much, were at one and the same time taboo topics but ones that all team participants were not likely to see in the same way.

Factors constituting the starting conditions of the venture helped shape the stance of team members regarding these questions. A de facto resolution of the first question in all three of the cases came to be answered, at least provisionally, by a dominance of a bundle of practices and assumptions most closely fitting those of one of the parental groups in the venture. Thus, in all cases, there were strongly asymmetric socialization pressures. Other factors played a critical role in influencing the choice and use of group identities. Figure 8.2 also indicates for the starting conditions whether they tended to influence principally social identification enactments of team members, or relative dominance of groups in the ventures, or both of these things.

How did each of these starting conditions in Figure 8.2 appear to operate? Let us examine each in turn, beginning with those that appear principally to condition the rise of one group's dominance.

Location fostered the observed dominance in each of the three cases in several ways. First, in selecting a location, whether it was in the home country of a parent (Betriebco, Basic Co.) or in a third country (Paneuropa) one set of appointees to the venture who were physically closer by ended up playing a more active role in setting up the physical arrangements and "minor details" of the venture. Even if managers from the other venture had to concur in selection of an office site and other major decisions, finer
details such as how the offices were to be decorated, hiring of secretarial and other support, selection of forms, etc. fell principally to those close by. This was treated in all cases as a pragmatic division of labor at the time. In each case there was a tendency to take forms from the parent closest by, perhaps putting the venture logo on them or changing the language, but otherwise leaving them unchanged. Confronting in totality a physical environment that ended up to be more natural or familiar to one party than to the other is one way that location helped to foster dominance. The cumulative effect of such decisions only was experienced by the parties when they began to operate together in the setting.

Location in turn was an influence upon which language and what sorts of systems or managerial practices fit their business environment or workforce.

The business language selected for venture contributed to dominance in Paneuropa to the extent that many Italians reported experiencing difficulties in using English in a nuanced fashion. Choosing English as a business language probably also influenced subsequent decisions about systems in this venture. However, in Betriebco, the Germans had sufficient facility with English that this was an unimportant factor. The Germans in Basic Co. worked within a French-dominated work setting, even though on the average their English skills were slightly better than those of their French colleagues. Thus, it was only in the case of Paneuropa that lack of facility in communicating in a language was important in
tipping the scales toward Canadian dominance. Otherwise, language
taken alone seemed a weaker factor in shaping dominance. When
linguistic skills were adequate, it was questionable to what extent
language could be expected to be influential independently from the
fact that it may tend to co-vary with location. Language arguably
also influenced identification processes through its influence on
perceptions of similarity. In talking about the role of attraction,
we can pursue this point further.

Systems, Practices and Methods adopted also contributed to
dominance. In Paneuropa, perhaps language was not only influential
in selection of some Canadian systems because they already fit the
venture language, but Italians may have had some difficulty
explaining the nuances of another alternative. Location seemed to
have tipped the selection process in both the Betriebco and Basic
Co. cases as well, though many important systems choices in these
cases were being made after the beginning of the venture, even as
the social identity and dominance issues already are visible. Even
with systems and methods of external origins, they still tended to
be more congruent with the culture or prior experiences of managers
of one of the parents. An example of this was the job review
program that Paneuropa purchased from an external consulting group.

As with the design of the offices or selection of forms, the
choice of a system or method was readily justifiable a priori as
the best decision from an economic cost-benefit standpoint.
Problems arose when the latent consequences of their relative
unfamiliarity to one of the parties or their reactions to this
unfamiliarity were not anticipated. Paneuropa provided abundant examples of this. In Basic Co., secretaries retained for the German members joining the organization spoke German as well as English and French. Because they kept the role of the headquarters limited in the first year, there was time to gradually put together a reporting an control system. In Betriebco the Germans appeared to come expecting a predominant American influence.

Starting conditions also affected the predispositions of team members in selecting ethno-linguistic-based or parent based identities rather than venture team-based identities. Preeminent among these apparent influences were the structure of career rewards and career horizons. These included the anticipated length of tenure in the venture, the role that venture business performance could be expected to play in future career opportunities, the degree to which personal actions and contributions appear to be clearly linked to that business performance and the extent to which the evaluations of venture colleagues were likely to influence achieving career goals.

In Paneuropa, many managers from both sides perceived the time they were likely to serve in the venture, and the degree to which the venture would be the locus of their future careers, to be limited. Pensions and other benefits (such as foreign assignment differential) were determined by parent standards. At least in principle, the option of returning to the parents was there for managers. The fact that many Italians left their families in Italy was one clear signal (besides their explicit testimony to that
effect) that the assignments were seen as finite in length. For some Canadians not anticipating a return to Saxony Co. this was to be a final assignment before retirement. If they had more time to go before retirement but had topped out in terms of careers, there was still (at least until year three) the belief that anyone could return to Saxony if he wished to do so.

There were bonuses tied to performance the performance of Paneuropa. However, many managers suggested that buoyant industry conditions beyond their control at least in part explained the business's success. Indeed the buoyant conditions may have weakened personal effectiveness-venture performance linkages. Under industry conditions where tight control of margins had been critical for the venture to meet even the minimal expectations of the parents, such a link might have been more preeminent in managers' minds. The influence of venture management over career options with either parent was limited. Italico careers were based upon having powerful personal sponsors in Italico and directly currying such ties was described as critical.

I found no examples there linking how colleagues/superior evaluations of a manager in the venture affected the parental career options. Indeed, DiBella, the Personnel Manager during the first two visits was evaluated critically by his superior. But when he returned to Italico early he apparently got a very senior position. Among Saxony secondee, some "fast track" people were offered new assignments elsewhere in Saxony before the official expiration of their terms. Finally, compounding the weak control
over future career rewards, it was also difficult for the Paneuropa
top management to consolidate control over who came to the venture.

Employment and career relations were less complicated in the
other two ventures. Only on the German side in the Betriebco
venture was on a round-trip secondment ticket. The American
managers in Betriebco had informal expectations (but no contractual
promises) of being able to return to U.S. Co. if they were not
perceived to have made any blunders. At least one American kept up
informal ties not directly related to the venture in the parent,
taking stock of how important people in the venture were viewing
venture performance. Though there was no conduit for taking account
of personal or venture performance in determining the positions
that German managers might expect to return to after Betriebco,
that parent had very frequent and fine grained information on
venture performance as did U.S. Co. And as problems persisted for
the venture the linkage that the U.S. Co. was making between
return, venture performance and at least the informal evaluation of
top venture management became increasingly clear. Thus, in
Betriebco, though there was not venture peer/superior formal inputs
into parental decisions about careers, there was a tighter linkage
venture performance in general (especially on the U.S. side)
and the nature of the operation appeared also to make assessments
of individual effectiveness easier than was the case with
Paneuropa.
Neither the German nor the French managers in Basic Co. had future career expectations linked to their respective parents. For Basic Co. managers, since careers were not expected in the parents, there was more straightforward mediation of the venture performance and superior assessments here than in either of the other two cases. The viability of the venture thus had high career and reward importance.

Multiple venture sites in parent home countries and the intensity of boundary interdependencies played a role in the identification process in several ways. Back in Chapter Two it was proposed that dispersed sites preserved a physical integration with the home cultures, increased inertia in lower levels at the organization since their daily setting was not changed by becoming part of the venture, increased the interaction with actors who behave in accord with assumptions and expectations derived from pre-venture experience and reinforced such orientations or fanned frustrations when team members from the other parent must handle these boundary relations. Paneuropa was plagued with both multiple sites and intense boundary interdependencies. Managing in Italy was described by Canadians as difficult (both because of language and differing expectations) and the implementation problems in Italy reinforced many of the negative stereotypes held by Canadian management. The propensity of parent management to try to exert pressures on appointments and the resource dependencies in this venture already have been described. They further increase the frequency and intensity of ties to the parents.
Basic Co. had multiple sites, but the parents granted headquarters management much autonomy. Reporting to Germania as well as Latin Co. was to be mediated through the General Manager, Crozier. As described in Chapter Seven, those who had to deal with the country-based operations, which tended to have local/regional orientations and markets, were prone to describe management challenges in terms of a Latin versus German mentality. However, they granted these operations substantial operational autonomy in the first year and, thus, the headquarters engaged in very little coordination activity. This reduced pressures for partisanship in the top team, any effect of multiple sites on social identities in the headquarters seemed to dissipate quickly and the degree to which careers were tied up in the venture seemed to be far more important in this case.

Management of boundary relations requiring intense two-way communication in governing resource or information flows with the parent organization was predicted to have a similar effect. Thus, the teams whose tasks were the more self-contained (Basic Co., Betriebco) exhibited less inertia than did Paneuropa, which had dispersed sites situated alongside parental operations and many formal and informal boundary relations to be managed.

A factor that prior research and theorizing predicted would induce the overcoming of such inertia is attraction to another individual or group (c.f. Moreland, 1987; Berscheid and Walster, 1979). Such attraction might be rooted in an instrumental belief that the group or individual's skills may mediate salient rewards
or it may be a more general sense that the individual or group has attributes worth learning or emulating. Betriebco, where the Germans who came to the venture were generally curious about and open to the U.S. culture and where both parents had strong, complementary skills) had this attribute. For Betriebco, the skill complementarity of the parents does not seem so important in this regard as the asymmetric pull of the German members toward a curiosity and interest in learning about the U.S. cultural practices. In Paneuropa, the general relative success of Saxony might have provided some weak attractions by Italians to Canadian culture, but there was no perceived basis on this dimension for reciprocity. In Basic Co., the division of labor might have created some basis for seeing inter-personal complementarity. Overall, however, attraction of an espoused nature seemed of minimal importance except in Betriebco.

Attraction can also be rooted in perceived similarity. In this sense language may play a role on two levels. First, linguistic heritage is one figural marker of difference that could be used to bound groups. Second, since meanings in one language may be hard to capture in another, misunderstandings may emerge whether operating in the native language of one of the groups or in a third language. The resulting surprises may be perceived by others as incompetence and provoke frustration rather than appreciated as a failure to communicate on both sides. The example of the quality program implementation in Italy, given in Chapter Five seemed in part to have been rooted in a misunderstanding of what it meant to
"implement." As suggested by the manager telling the story, some Canadian managers used such an experience as an occasion to reinforce their negative stereotype of the Italian out-group as "pathetic" or incompetent.

B: Intervening factors

How the teams dealt with dominance issues, and the length of time that the teams got "stuck" in viewing relations to one another primarily in terms of group identities and stereotypes, appeared to be mediated or modified by three factors: assumptions governing the meanings attached to equality in the venture, whether teams had to confront threats to its performance early in their history and the leadership provided by the venture General Managers.

Assumptions about what equality means. The responses of managers in the ventures to socialization pressures and the dominant influence of one of the groups evidenced differing assumptions about how a venture among "equals" was supposed to look and function. Assumptions about the meaning of equality seemed in part to be imported into the venture based on prior experience and expectations. However, whether a particular view of equality became salient appeared as well to be conditioned by factors such as the career horizons, location and the nature of threats present during the initial period of venture operation. In Paneuropa and Basic Co., symbolic behavior by top management might also have influenced the extent to which managers became concerned about equality. The

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expression of "goodwill" in seeking an initial numerical balance became an expectation or benchmark for the "fairness" of future appointments. The very explicit discussion and rejection up front of the notion of preserving the same size or numerical balance of representation on the Directorate precluded the building of any tacit assumptions over time (though among country management the 2/2 initial split might have fostered some feelings of the French taking over when French managers were appointed to fill the top vacancies for the new product line structure in the second year).

In Betriebco, the Germans appeared to take into account that they were surrounded by an American workforce, American suppliers, etc. and accepted that the American character of the headquarters was not something unexpected or unfair. Again, the Germans did not seem to use a notion of an equal venture as one that makes equal socialization demands on all parties. Location and the nature of the early external threats seemed instead to have made assumptions about the situational competence or "seniority" of the U.S. group in dealing with those particular threats predominate any concerns about equality.

By contrast, in Paneuropa, the Italians brought to bear upon their experience assumptions that if the venture was 50/50, that the socialization pressures ought to be more balanced and that there should also be a numerical balance in terms of the number of appointees and their power in the venture. Thus, the dominance of the Canadians was perceived as a perversion or deviation from such equality. These assumptions clearly fanned resistance on the
Italian side to the socialization pressures that they experienced. I argued in Chapter Five that the assumptions of the Italians may in part have been based upon preexisting assumptions imported into the venture connected to the network logic of the Italico way of managing. But they seem as well to have been shaped by the initial attempt to balance numbers in staffing, and public statements by top management that they were seeking to combine "the best of both organizations."

The role and nature of external threats. The assumptions of the Germans in Betriebco that a dominant influence from one side was not to be unexpected was clearly made even more acceptable by the appearance early in that venture's history of external threats to the venture. The source of the threats lay in union activity, problems with the workforce, problems with suppliers, etc. The business goals of the production start up were sensitive to such threats. Since the source of these threats were U.S. organizations and actors, the reasoning of German team members is exemplified by this retrospective account offered by Christoph during our last discussion:

You can't underestimate the role of external threat in our coming to share a common perspective. We simply had to find ways of working with each other. We were pretty much reactive. There was no time to think about whose side is better.

Bettenhausen and Murnighan (1985) suggest that the temporal point at which threats leading to pressure and potential crises emerge conditions the effect that the threats are likely to have.
It is important that the threat to Betriebco's performance emerged almost immediately after the venture began, before a stable pattern of interaction existed. In this case the fact that the sources of the threats were from U.S. actors in a U.S. environment -- seemed to trigger the salience of another assumption on the part of the Germans. That assumption is that U.S. colleagues would have more competence to deal with such threats, which perhaps in turn stems from a general importance in German culture accorded to seniority and experience. Comments such as the following are revealing in this regard:

Sometimes you need a leader who will say this is how we are going to do things. And we will try it for some time and, after a while, we can say that it worked or it did not. (Arendt, Vice President of Sales and Marketing, Month One)

Even if things are painful [you may do them]. In here [he points to his head] you may not agree with things in that country. I think that even if these things are painful, I should do these things according to that way anyway, (Christoph, Retrospective reflection on the first months, Month Fifteen)

These remarks suggest two things. First, that in the absence of the threats, there might have been more negotiation between German and U.S managers in Betriebco about the sorts of working practices they would use. There might have been more emphasis on being intellectually persuaded that a particular custom or practice was better or more beneficial. Second, they suggest that the Germans' acceptance was conditional -- that is, they did not know whether following the lead of their American colleagues would work,
but they decided to try it and monitor what happened. If the ways of their American colleagues did not get results -- a lessening of the threats and improvement of performance -- the propensity for continued calculative acceptance was likely to be reduced.

This is exactly what happened. The management lost the union campaign after the American experts led them to believe that they would win. Problems on the shop floor, problems with the suppliers, etc. continued. Beginning around month seven, after the lost union campaign and in the midst of continuing problems, there were multiple examples of Germans (who in private had already expressed criticism of certain practices that had become the status quo in the venture, especially those having to do with meetings) becoming openly active in trying to change some of the practices in the venture.

Although Paneuropa was conceived as a way to deal with poor industry conditions, the market boomed during its first two years and the venture enjoyed very favorable economic conditions. Such conditions seemed to blur the link between communication slippage, other teamwork issues and business performance, thus allowing the team members to avoid a painful confrontation and review of their working relationships. There were Paneuropa managers expressing the opinion that the it was the external conditions, not the teams's capabilities, that were primarily responsible for this success. The favorable conditions certainly created resource slack -- the venture management tended to book its guests into one of the most expensive hotels in town and its management was quite generous in
paying for taxis, meals in fine restaurants, etc. There was indirect evidence that the munificent external conditions created some psychological slack for the team as well. This was suggested by the degree that people would complain about miscommunication, yet neither tied it to "failures" that had posed a potential performance threats nor did the individuals seem prone to alter their behavior significantly.

Not only does the Paneuropa case suggest that the absence of external threats can give teams the slack to avoid the sorts of confrontations that would lead to the explicit surfacing and resolution of their differences, it suggests that, once a pattern of relations becomes entrenched, a threat later in a team's life does not hold the same potential benefits. In year three, two sets of conditions changed that increased the level of external threats and their potential salience for team members. First, the market began to turn down and forecasts suggested that, within a year, the venture would go from profitability into a loss-making mode.

Second, for both Saxony and Italico managers, the career horizons encompassed by the venture increased. Italico had acquired another large company whose management had to be integrated with Italico management. Turin was in turmoil as many senior managers left or were reassigned. The capacity of the Italico headquarters to reabsorb returnees from Paneuropa was reduced and many Italians in the venture were said to prefer the venture as a place to wait out developments in Turin until the political turmoil there subsided. On the Saxony side, by year three there were examples of
managers wanting to return who were not getting attractive offers and thus were essentially "stuck" in the venture. Thus, the venture became the most attractive intermediate-to-longer term employment options for such individuals just as the market conditions came to threaten its economic viability.

However, my observations and the testimony of managers in the venture suggest that the consequence of these changes was not a reexamination of working relations and a pulling together of the team. Stereotyping and reported tensions between the Italians and Canadians remained high. Italian assumptions about equality and the sense that those assumptions had been violated remained. This history of tensions and conflicts and the group identities were something that all new members I talked to had experienced (thus there was intergenerational reproduction of these relations). Jaspers, a manager joining the venture in year three, described the mood in the venture as one of "collective depression."

The contrast between the response to early threat by the Betriebco team and the paralysis evident in the Paneuropa team's confrontation with a rapidly worsening environment parallels the predictions made by Bettenhausen and Murnighan (1985). They found in their laboratory groups that while early threats fostered a capacity for effective teamwork, a team facing threats for the first time later in their history often had trouble opening their entrenched patterns of interaction for scrutiny, even where the threat conditions pointed to the inaccuracy or dysfunctional nature of member assumptions and behaviors.
Basic Co.'s formation was a response to poor industry conditions. And, like Paneuropa, they enjoyed in spite of this fact a rather favorable market environment in the first year. However, as the statements reproduced in the first few pages of Chapter Seven suggest, the team members seemed to harbor the perception of potential threats and work stoppages in the country-based production units if they tried to move too fast or suddenly, upsetting the management and workforces there. They connected potential threat with the need to signal unanimity in their dealings with the country management. Thus, the perceived potential of threat conditions, whether real or not, certainly facilitated their drawing together as a group.

Leadership. Crozier, the General Manager of Basic Co., played an important and active role in shaping the relations among his team members in ways that supported other factors facilitating the building of trust and a unity as a team. This might have in part been a matter of his style, to talk about issues informally one-on-one. Collins, the CEO of Paneuropa, had a style that seemed influential with his direct reports, though not directly the management team as a whole. Collins in style was not an integrative manager. In part, his style rested upon granting his direct reports latitude to manage as they saw fit which seemed to have contributed to the feelings of some at the next level that there was not enough leadership. The differences in style, the personality clashes reported among some of the executive members and differences in how much and what would be delegated below that level contrasted with

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the hope of some lower-level team members that Collins and the Executive would set an example for working together at the other levels. Thus, leadership was influential in setting the tone for the Executive, but due to the size of the team as a whole and the style of that leadership, it did not push the team as a whole beyond the group identities, trust issues etc. shaped by the starting conditions.

Andy, the CEO of Betriebco, seemed to be an earnest and a hard-working, caring manager. It appeared that those weaknesses of his that ultimately contributed to his dismissal had to do principally with his ability to handle the complexity and detail of a production start-up (a first for him). That managing an international team was also a first seemed less of an issue. Long hours seemed to be his norm and he fostered the habit of long meetings with everyone present, probably not only because meeting styles in U.S. Co. already tended in that direction, but because he needed these as a way to stay on top of things -- it was perhaps a substitute for the organization that a manager more experienced with this sort of start-up might have brought to the situation.

Thus, while leadership clearly needed to be considered to appreciate the cases, caution is suggested by two aspects of leadership in these cases. First, the leadership influence needed to be looked at separately for direct versus non-direct reports in the case of a larger team, Paneuropa. A second thing to appreciate is the difficulty, except in Crozier's case, of separating an effect of leadership form other factors considered.
Can we hold out Crozier as an ideal of how a leader might influence the integration of his team? His style worked under the conditions he managed in and he seemed adept at sensing and exploiting some of these conditions such as the concerns over problems at the plant level, the small, face-to-face nature of the team, the potential for his personally channeling boundary relations with the parents. However, Collins also had many admirable qualities as a manager and one could argue that he had to manage under conditions that would not have been vastly improved by a different style. Indeed, I interpret in the wishes of some second-level managers in Paneuropa that Collins be more directive a desire to project onto him responsibility for legislating how people should do things and how to get along rather than their taking personal responsibility. Moreover, I can imagine a Canadian acting in Paneuropa as Crozier had in Basic Co. being perceived by Paneuropa managers as manipulative and insensitive by members of both sides. An American in Betriebco acting as Crozier did in Basic Co. is a little difficult to imagine, though again one could imagine such a strong style fostering resistance in the Betriebco case as well.4

IV. Design, Team Development and Research Implications

A: Implications for Venture Design with Shared Management

One implication that should ring loud and clear is to be
critical of motives for wanting to use shared management. These cases confirm Killing's (1983, 1987) observation that shared management adds to the complexity of the venture in terms of the processes of team development and integration and for the individual managers in terms of the role ambiguities and socialization pressures they may confront. If it is simply a question of control or finding employment for managers, there may be other options that should be explored first. Harrigan's (1985) suggestion to recruit third party management where possible may be very sensible in the long run even if time consuming and costly up front.

However, shared management does offer potential advantages. It is unquestionable that the Germans in Basic Co. and Betriebco learned a lot about managing respectively in a Latin or U.S. environment. Betriebco also offered Germans an opportunity to learn a great deal about U.S. Co. and the major U.S. customers, including establishing direct contact to a managers in these organizations. The extent to which such learning becomes an asset will hinge upon whether the reintegration of such managers places them in positions to disseminate or use this knowledge in the future; so, on that score, the jury is still out.

In Paneuropa, the learning of contingent recipes for managing in Italy on the part of Canadians and the socialization of Italians to Saxony and, more generally, an Anglo-Saxon style was a long and sometimes painful journey. One Italian who by his own account had a very rough time learning to operate in Paneuropa with some
facility observed ironically that there was no indication that his parent would reward or utilize that learning should he eventually be called back to Turin.

Kobrin (1988) noted in looking at the use of U.S. expatriate management by U.S. multinationals, many U.S. companies found the reintegration issues so difficult that they veered away from using expatriates rather than finding ways to capitalize on the substantial learning potential. Likewise, in shared management ventures, the learning potential is there if only the venture can be set up to foster and reward such learning by its managers. Moreover, shared management might also be seen as attractive to insure that the venture has the contacts and skill to mobilize resources in the parents to help the venture. It may, however, sometimes be easier or more desirable to use champions in the parents or other means to realize these ends.

Assuming that both parties are committed to using shared management, the overall lesson suggested by these cases is to make the venture as independent as possible. Reducing boundary complexity by inclusion of total control over upstream operations and otherwise granting substantial autonomy may be one means of doing this. Another possibility would be to pull production out of a venture like Paneuropa and simply use the venture organization as a marketing and sales vehicle. Resource dependencies and a lot of intervention by parent personnel might thus be avoided. After all, if people sitting in the parent organizations can make decisions with the best interest of the venture at heart, why use a shared
management structure? Second, it should be recognized that if multiple sites vulnerable to parent/home-country influence and requiring substantial headquarters coordination are going to be folded into the venture, that this may complicate matters for venture management. Mechanisms of rotation of lower level managers across such sites, committees or other creative means to unfreeze management at these levels and keep them from becoming a barrier to integration of management in the headquarters might be explored.

There are several things that each parent organization must critically examine independently as well as discussing frankly with the prospective partner. One of these factors is how career and reward systems work in the parent and what alternatives for the seconding and reward of managers they permit. These cases suggest that parent management often do not think through the implications of their career and reward systems for the motivation and integration of shared management teams. These cases suggest that among the factors to look out for are how individual and venture performance and venture managerial evaluations of secondee are linked to future careers. Corporations with politicized or network-based career systems that hinge upon maintenance of informal ties/physical proximity to powerful sponsors are bound to create problems for a shared management venture. This suggests for a venturing corporation the usefulness of developing conduits for scanning and making sense of on-going venture experience that can serve as a resource for negotiators, planners and managers in ventures. If there is not a track record of venture experience to
use as a base, corporate skill in dealing with expatriation of managers, and flows of career managers to and from sub-
...diaries, should shed light on aspects of career systems and human resource practices that could be troublesome.

It is also critical that the parents select and prepare managers up to the job -- managers who have or are given (in advance) the requisite language skills (an expressive as well as a technical vocabulary) and preferably at least some key managers who already have proven their adaptive capacity in other assignments. If the venture is to be a vehicle for shedding managers no longer needed in the parent, it is still important to be selective and not simply dump dead-ended managers on the venture. The latter may result in unmotivated individuals who can not cope with the socialization pressure and role ambiguities.

The cases highlighted that the location of a joint venture headquarters was important in part because of its interaction with other factors. Location influenced the pressures and issued confronted by a team and, hence, the tendency of a parent to dominate. In addition to the standard concerns with taxation or other relative benefits connected to locations, these cases should sensitize venture framers to other issues that may be linked to location. These include who will likely be the most heavily involved in the set-up (should physical proximity be the governing criterion?), what sorts of systems are likely to be used -- in short an appreciation must be there of the learning demands that these decisions are likely to place on the parties.

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Which positions should use secondees, whether there should be any numerical balancing of representation, whether parents should "own" the right to appointment for certain positions, and just how big the seconded top team needs to be should all be given careful consideration. We saw in the case of Paneuropa that using numerical balance as a matter of goodwill came to have lasting consequences for the orientation of team members and the subsequent freedom of top management to try to staff on a more flexible basis. Highly uneven numbers of managers from the parents, according to case evidence offered in other studies (e.g. Killing, 1982) also can be a problem. There is no simple formula for staffing but, again, these decisions should be based upon some thoughtful considerable of the trade offs.

We have seen here that the joint venture General Manager's role can easily become a difficult balancing act. Coming from one of the two sides, he has to give shape and direction to management. But he runs the risk of alienating team members from the other parent if his attempts to establish the rules of the game make his efforts look highly partisan. Mediating the relationship between the venture and the parents and, sometimes, mediating between the parents if they are making inconsistent demands or simply overloading the venture with too many demands may also fall to his lot and may eat up substantial amounts of time. A style that "works" for a venture General Manager will have to fit his own predispositions, the predispositions of team member and the conditions of the venture. There is thus no simple recipe for
providing good leadership, except to say that a sensitivity to the needs of all groups and to the starting and intervening factors that will tend to support or dilute his efforts, is vital.

B: Implications for Team Building Interventions

One of my early visits to one of my ventures coincided with a visit from a corporate Human Resources manager from one of the parents. When we were introduced in the corridor, he pressed into my hand an article from a popular business journal about cultural differences between American and European management that he had brought with him. He gave a copy to the venture's General Manager. He had a copy made for me as well.

The Human Resources Managers and General Managers in the three ventures also had been influenced by the spate of articles dealing with culture, both national and corporate. There was a sentiment, reflected in the sorts of seminars the groups entering Basic Co. and Betriebco had attended before entering the venture, and the thrust of the organizational development that Paneuropa's consultants developed during the venture's second year, that fostering the understanding of cultural differences was perhaps the most essential organizational development challenge to be undertaken.

Should this be surprising given to amount of press given to culture as a source of excellence in the 1980's? Not only is this preoccupation understandable on that score, artifacts having to do
with cultural differences are inevitably very figural in these ventures -- people with different accents, different ways of dressing, and so forth. That people are concerned about cultural differences as a source of problems at the beginning is not surprising.

But such an approach can be seriously misleading. I would by no means recommend underplaying the importance of working on the potential issues raised by cultural differences. Moreover, in turn, this study suggests that how a team and its members deal with other issues considered in these pages -- issues of identification and relative dominance -- affected how they used information about cultural differences, regardless of the accuracy of their information. As it became clear to me (especially in Paneuropa, but also in the earliest month of Betriebco) how prone managers were to use stereotyping reflexively to reinforce in-group and out-group identities, I also began to suspect that making "culture" a central focus of discussion may only have reinforced tendencies to depersonalize responsibility for finding ways to deal with the differences and buried the other issues in obscurity. Somehow we seem to recall readily accounts of alliances or mergers that purportedly broke up because of cultural differences. But how often might "cultural differences" have served as a public excuse -- in essence the grounds for a "no fault" divorce based upon "irreconcilable differences" -- masking problem rooted in poor design, and weak commitment to the team identity and shared agendas? We often forget that there are examples of international
alliances and mergers encompassing very different cultures that have succeeded and endured (see Vansina, 1991).

I seek in the next couple of pages to abstract from my research a broader palette of issues that might need to be included to help to ensure effective team building activities. My goal is to sensitize the reader to be on the lookout for these issues and to urge addressing these issues in organizational development activity. Action research and more systematic comparison of experience in this area by organizations and those professionals engaged in organizational development activity is needed to appreciate how much of the range of potential issues this brief discussion encompasses.

**Stage one -- early issues for venture teams.** This initial stage may or may not coincide with the formal beginning of the venture. The duration of such a stage may also be highly variable -- a matter of days or weeks in some cases, but a matter of months in others. It is a time when the team members must establish at least some shared patterns for working with one another. This is also a time when team members also implicitly or explicitly explore the identities open to them in the setting (e.g. venture, parent, or national).

The cases examined here suggest that the working relationships established at some point are likely to appear more dominated by (congruent with the expectations/practices of) one group rather than the other. The cases also suggest the tendency of team members to seize upon parent or national group identities that entail the
formation of in- and out-groups in the team and the use of stereotypes to reinforce these group identities. To the extent that such conditions arise, they too must be diagnosed and dealt with. Ideally, however, diagnosis should begin during the feasibility studies and negotiation to avoid stacking the deck against a venture as was arguably the case with the design of Paneuropa.

Thus, among the potential issues for a venture team to look at with the facilitation of a consultant are:

- **What are the implications of the formal design and other starting conditions for the team?** Team members need to appreciate the influence exercised upon them by starting conditions of the venture. Specifically, they need to think about how these factors shape their sense of identification with the venture team and the degree to which they may be experiencing uneven, and difficult, socialization pressures due to these conditions.

- **If the consultant observes the use of stereotypes and attributions made to cultural differences, these need to be explored by team members.** The goal is not only to improve the accuracy of cultural knowledge, but also to help team members understand when, why and how they tend to use stereotyping. It is also important to make such issues discussable for team members, rather than something viewed as embarrassing or impolite.

- **If an analysis of the starting conditions and behavioral evidence suggest that ambivalent or insufficient commitment to the joint venture by team members exists, this is also a critical issue that should be confronted.** It may not be easy or even possible in the short term to change the level of identification. But the level of identification not only might affect the degree to which team members are responsive to adaptation pressures in the venture, it might affect to what degree team members are willing to look at positions that might be controversial for some managers in one or both parents, how predisposed team members are to exchange information, etc.

- **If there is evidence of uneven socialization pressures, or the conditions suggest that likelihood, the issue of how members view "equality" in a venture context should**
be a priority. The perspective of the group under the socialization pressure and that of the group that may otherwise take for granted the nature and severity of such pressure needs to be appreciated by both groups.

Which of these, or whether there are other issues (e.g. technological) that need to be considered, will depend upon the team. It is important to note that team members' understandings of these issues are interrelated. For example, if they feel primarily identified with the parents and have low commitment to the venture, they may be more prone to stick with stereotypes, whether they are accurate or not, and to resent it when they encounter differences that put pressure on them to accommodate one another. Such feelings may also preclude a constructive discussion of their differences in assumptions and expectations, encouraging the attitude that such things are either not appropriate to discuss or that it would not change anything if they could be discussed.  

A final point is that the consultant and top management need to be aware of the possibility of using intervening factors to channel teams toward a lessening of tendencies toward forming in-groups and out-groups. Perhaps a General Manager will need to think about his style in terms of his desired objectives for team relations. He might think about threats or other feedback that might purposefully be exaggerated early in the life of the team to overcome other sources that make commitment to a sense of shared identity difficult.

Interventions Later in the Lives of Shared Management Teams. Again, the factors constituting the starting and intervening
conditions examined in this dissertation can be used as a point of departure in reconstructing the past evolution of the team and understanding the current state of their relations. In Paneuropa, the second group of consultants retained used a communication exercise with natural work groups in the venture. In that exercise, different members got different pieces of information relevant to performing a task. The group would not be able to perform the task unless they were able to share their information. As in the children's game of telephone, the likelihood of information getting distorted was great. This exercise stood out in the memories of several of the managers who participated as a sign for "how poor the communications skills were in the venture." The exercise provided rapid feedback to these groups, whereas the feedback from their normal tasks might not have been clear enough and the negative outcomes quick enough in coming that such groups might not miss them in daily activity. If such insight had been provided in their earliest experiences, before the history of negative attributions and low trust had established itself, perhaps it might have resulted in a deeper appreciation of the need to assist one another in accommodating and might have been used as a concrete way to learn about, and jointly look at the ramifications of, differences in communication styles.

Thus, the types of needs teams might have at this stage may be quite variable. And the extent to which the emphasis of team building in ventures at this stage would differ from working with any other organization is unclear. It may be an important reminder,
however, that the system of individuals recreating and preserving dysfunctional patterns of relations at this stage may extend beyond the team or venture boundaries. Analyzing the patterns of interdependence and who is mediating rewards and careers may suggest individuals from the parents or other parts of the venture whom it might be useful to include in some organizational development activities.

C: Implications for Further Research

There are a variety of directions that one might go in extending different portions of this research. In this limited space I wish to attend to two directions that focus upon exploration of the external validity of the model suggested here. The first of these would be to switch to a large sample survey methodology to look for relationships between the factors highlighted in this study and a range of outcomes. Among the outcomes that one might look at are reported levels of commitment of managers to staying in the venture, the degree to which they find stereotypes useful, the reported levels of member satisfaction with the venture experience, and member turnover. Issues treated in Ancona's (1990) study comparing the importance of externally oriented group behaviors and strategies with the role of internal cohesion in team performance might also be incorporated in such a study. The extent to which it was possible in the cases of these ventures to infer the status of many of the starting conditions
from the formal design of the venture leads me to believe that a reasonable assessment of the explanatory variables can be made economically through perhaps a combination of a structured interview and survey data collected from a subset of top team members. Some of the outcome measures such as satisfaction imply surveying the whole team, while others such as turnover rates might be gathered by talking to the Personnel Director or General Manager.

Another avenue ripe for further exploration is the extent to which the social categorization processes occur in other cross cultural team settings and whether team more generally show a tendency toward these asymmetric socialization or dominance conditions as a basis for integration. In this case there is still an important role to be played by exploratory research designs including ethnographies and possibly laboratory observations of bi-cultural groups.

End Notes

1. The announcement of the buy out and consolidation of Basic Co. by the German parent, Germania, coincided with the period just before my last visit. The changes that this would entail for venture autonomy and reporting would almost certainly represent a challenge to the established style of management. The extent, however, to which this would give the German team members more visible influence over practices was however impossible to gauge at that point in time.

2. But this, admittedly, is speculation on my part. We could just accept at face value that the systems seemed unambiguously better.
3. This echoes the observation repeatedly made in public talks and interviews by the Percy Barnevik, the head of Asea Brown Boveri organization, who said that the consolidation of that merger could not be achieved directly by his leadership, since he could at best exercise a personal influence over very few managers.

4. I want to be clear that I am not implying that Crozier is incapable of adapting his style. He is a very astute man. The point that I want to make is that the data suggest no formula for how a manager can act to foster the integration of such teams. Crozier's leadership thus worked, in part, because of the alignment of starting conditions. But he must be given credit for quickly getting his group to see things in personalistic terms. He also used a division of labor that maximized the sense of expertise and minimized the formal task interdependence of people and he steered the team away during the first year from trying to tackle something complex like a structural reorganization even though it was presumed that would eventually be necessary.

5. For example, in the case of Paneuropa, the differences in the assumptions driving Anglo-Saxon and Italico's organization might have been difficult to surface under the best of conditions. However, if the framers of the venture had dealt early and creatively with the identification-related issues and had supported both sides in dealing with the implication of the predictable Anglo-Saxon dominance, then the commitment might have been there on both sides to find ways to create a more adaptive and less stressful working environment. As it was, the low identification, the eroding trust from the intergroup dynamics, and the attributions made on both sides (feelings of superiority on the Canadian side and feelings that the Canadians were arrogant and "taking over: on the Italian side) created a situation in which cultural insights alone were not likely to have much effect.
Bibliography


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