

INTERCULTURAL MANAGEMENT: THEORIES, TOOLS AND FACTORS OF SUCCESS

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Abstract - As part of the internationalization process, most multinational firms are discovering the importance of organizational culture that facilitates the integration of entities that can create a strong identity; so particular attention was paid to the development of intercultural competencies. It is important to identify the factors that may contribute to the success of cross-border mergers. The specifics of intercultural management and concepts of national culture and organizational culture, and identifying the effective style of negotiations for each type of cooperation, are the key to success in intercultural management. The problem of inter-organizational relations in an international context appears in fact one of the main concerns of business leaders facing the diversity of cultures. This activity involved the current business activities, the establishment of transnational joint or the external growth strategies. The development of the company now requires proximity and close collaboration with economic actors of different nationalities, and this is why understanding the crucial elements of intercultural management leads to a successful collaboration.

Index terms - Intercultural Management, International Collaborations, International Negotiation, International Relations.

I. INTRODUCTION

During the 1990s, the question of organizational and individual learning becomes a priority to increase the effectiveness of international management. Particular attention was paid to the development of intercultural competencies. Since the 1980s, academic research shows a growing interest in tools of intercultural management. This new discipline, "the intercultural management's science" was developed from the work in the areas of intercultural communication, comparative management and organizational behavior. As part of their internationalization process, multinational firms are discovering the importance of building first an organizational culture that facilitates the integration of international entities on a solid base.

The proliferation of cross-border mergers, bringing together entities with strategies, structures and differing management styles led researchers to analyze cultural differences and bring solutions to the problems they cause. In this context, merger transactions may take the form of a cooperative alliance or merger-acquisition between two or three institutions. The cooperative alliances are the agreements made between two or more companies that choose to pool resources while maintaining their independence following the signing of the agreement. In mergers and acquisitions, companies combine their resources by integrating them into a single company, resulting in the loss of independence for at least one of the actors.

What happens when the contexts are different? Expectations, rules and interpretive schemes are rarely identical and can therefore create misunderstandings. What are those differences, and what are the needed procedures to harmonize

between two cultures?

In this study, we will demonstrate which tools, training, learning could emphasize the establishment of intercultural management and what are different adopted procedures for international negotiations

Our objective is to identify factors that may contribute to the success of cross-border mergers. In the first part, we will endeavor to explain the specifics of intercultural management and concepts of national culture and organizational culture, in the second part; we will identify the effective style of negotiations for each type of cooperation.

By the end, we would like to demonstrate how the operative intercultural management could lead to a successful management.

II. LITERATURE REVIEW

Regarding management, culture provides individuals with cognitive abilities and therefore specific methods to solve cooperation problems (Hofstede, 1980, 2001; Trompenaars, 1994). Especially the values of culture determine how a group of people is going to solve the fundamental problems of internal coordination and external adaptation (Schein, 1986, 2006; Thevenet, 1999).

In merger operations, it is essential to focus on the national cultures first (bert and Mendez, 2003). Indeed, to understand and to manage an organization, organizational culture or corporate culture often provides more information than its organizational structure. It determines to a large extent the behavior of individuals in their functions and activities. It reflects the identity of the company and a major influence on the company's performance (Shepherd and Pringle, 2000).

It is interesting to note that most studies attempt to explain the problems and conflicts which result from cultural differences in the field of management (D'Iribarne, 1989, 1998; Dupriez and Solange, 2002; Hofstede, 1980, 2001). Until now, few studies focus on the complementary effects and potential synergies of cultural differences (Adler, 2002; Barmeyer and Mayrhofer, 2002, 2007, Hampden-Turner and Trompenaars, 2004). Yet it is these complementary effects that create value for businesses.

In many industries, companies are looking to build relationships with actors located in other countries in order to achieve scale globally while respecting social responsibilities (Naguib, 2006). However, the process of integration of cross-border mergers is often difficult, particularly because of the cultural differences between the entities and combined (Egg, 2000; Frank, 2000). The great challenge of any cross-border merger is to integrate the strengths of each culture and each employee in mutual respect to create coherence between strategies, cultures, and forms of organization, management styles and modes of communication between partners. This process can afford to spend a sometimes-conflicting coexistence of different cultures in a true "inter-culture" (Barmeyer, 2007). This is a new dynamic culture, conscious or unconscious, built from the actions of communication between entities. The actors involved in the interaction negotiate new rules and new modes of behavior accepted and adopted by all participants. From the combination of these dynamic and distinct cultural elements, they develop a new common area of communications and complementary cooperation, which can ideally result in a capital gain.

There are two possible explanations; First, international successful companies integrate cultural differences internally or externally and communicate only very little about the best practices identified in order to keep their advantage over competition. Second, researchers tend to focus on the problems and misunderstandings arising from cultural differences to determine the tacit elements of cultural systems in organizations, especially in cross-border cooperation and mergers and acquisitions.

III. IMPORTANCE OF INTERCULTURAL MANAGEMENT

Intercultural management attempts to examine explicitly the interactions of employees marked by national cultures and / or different organizational cultures. In describing and comparing the characteristic behaviors of a culture, theoreticians have the ambition to reduce misunderstandings in order to contribute to better collaboration even greater business productivity. In this context, intercultural management is seen as a management form capable of knowing the existence of different cultures, to integrate the values on which these crops

in the performance of different business functions and combine taking culturally sensitive with the overall strategic imperatives.

The role of the intercultural manager is by no means an easy one, however it does offer the art of management another dimension and a different challenge that must be met in order for the human elements of organizations to succeed.

In the field of international management, it is important to know the customs and cultural codes of interlocutors, which can vary from a group or country to another. In fact, different cultures rarely have the same systems of references, and consequently, it takes time to understand and grasp their meanings. It is therefore important to recognize the differences before initiating a negotiation with a foreign partner: the negotiation is supposed to define the sensible points on which the other party could react.

Faced with the globalization of markets and competition, companies are forced to review their international development strategies by choosing to be closer to their competitors in order to be among the world leaders in their industry.¹ However, the performance achieved through operations carried experiencing strong differences, notably because of the management of cultural and organizational differences between associated entities. Geertz uses a semiotic concept of culture, he considers that it is a system of meanings and "a semantic inventory" through which people communicate, perpetuate and develop their knowledge. This approach highlights the collective and communicative character of culture. The concepts and their meanings are formed within a company in a context of "ideas network". The individuals of a society collectively ascribe meanings to the lived reality; it becomes a world of representations that form a cultural system, a "tissue of meanings", defended and developed by communication. It creates definitions and therefore a shared context that allows individuals to interpret "correctly" symbols and signs. In the same context, the rules of interpretation are shared, valid within a more or less broad social whole, which facilitates trade and labor.

It is extremely important to be able to evaluate the intercultural competencies of employees in any institution. In order to do so, there are some conditions; a self-diagnosis has to be established, the parties involved must define its multi / intercultural objectives, including language learning, code of ethics and there must be an interaction between the focus and context, adaptation is essential.

Three levels characterize intercultural competence: emotional, cognitive and behavioral, it results in the

¹The recent period is particularly marked by a proliferation of cross-border mergers and a significant increase in the value of signed operations. This phenomenon is perfectly shown in the automotive industry (Boyer

primordial concept of "cross-cultural adaptation" based on essential phases for the individual in his professional activities as diagnostic, relationship and confrontation.

IV. CROSS-CULTURAL ADAPTATION AND CONSTRUCTION OF THE THIRD CULTURE

According to the theories of Brockman², the occurrence of a third culture is the inevitable consequence of new epistemologies that are the arts, sciences and technology. The third culture is built gradually and naturally in the context of mobility and change. It is the result of intercultural communication and relies on the individual dimension (being a citizen of the world), organizational (multicultural business) and media (mass culture).

The communicative competencies are highly important; there are fundamental aspects of communicative competence as motivation, knowledge and ability to generate empathy.

The theory of Young Yun Kim, professor of communications at the University of Oklahoma, outlines the key factors that determine the degree to which individuals adapt to an unfamiliar culture. Adaptation as a complex process of interaction between the individual and his environment; the foreigner who wishes to acculturate must do through imitation and mimicry. The cross-cultural adaptation has the learning phases of acculturation and cultural loss. The host society will in turn develop the "receptivity".

Intercultural competence is a part of professional skills, different levels of professional skills exist: technical, social, participatory and methodological.

Intercultural competence is based on the implementation of various communicative behaviors in accepting the diversity of its participants.

V. INTERCULTURAL TRAINING

Intercultural training is the proper exercise of professional activity in intercultural work contexts oriented continuing education; the steps of intercultural training are based on:

1. A multi intercultural diagnosis that is performed in two phases: one internal and personal (self-assessment), one external and attributive (aided diagnosis);
2. A definition of multi intercultural objectives: what training center incorporating a linguistic and cultural journey, what internships providing such a sectorial expatriate, what multi intercultural project developed (group assignment);

3. Across-cultural adaptation: the candidate must demonstrate his/her ability to resolve conflicts, to dispel misunderstandings. A kind of "specifications" Multi intercultural is then essential.

In the framework of a relationship between two culturally distinct groups in a business meeting, the same act (word, or gesture, or attitude) is prone to have a different signification, depending on the people present and it could lead to results that are contrary to all expectations. Thereby, with no intention, one could violate cultural codes simply by an action that they deemed common, to the point of making the other party feel uncomfortable or make them react in a negative way. It is thus important to understand the different practices, behavior and languages of the interlocutor (semantic, gestural, relative to time and space), in order to avoid damage caused by a lack of cultural sensibility. We can condense them as follow:

- Cultural codes and commercial customs
- Introduction and welcoming
- Degrees of formalism in the relationship
- Commercial practice of exchanging gifts and souvenirs
- The relation to space
- The importance of eye contact
- Interpersonal behavior
- The relation to emotions
- Role and perception of silence in negotiations
- Customs and behavior in business meals
- Nonverbal language and reactions to certain body postures
- The relation to time

VI. IDENTIFYING THE NEGOTIATION TECHNIQUES

The procedure start by defining types of negotiators behaviors. We can distinguish different types of systems to collect and treat information, revealing a base of cultural distinction:

- The sensation negotiators: They particularly need to lean on facts or existing practices. They value practical efficacy and appreciate fast action and direct results.
- The intuition negotiators: these professionals are attached to hypotheses, and dislike procedures that are too rigorous and specific. They are interested in formalizing new and original hypotheses.
- The "rational" negotiators: they only act based on impersonal principles and classic procedures, they are following only standard and concise procedures. These professionals are organized, structured, they prefer to examine clearly the points to be treated before taking or discussing any ideas

- The “sentimental” negotiators: they take into consideration the context and their relation with others. They primarily look for harmony, conciliation and give importance to the emotional effect.

In the context of intercultural negotiations, the profiles of the negotiators and the way they interact with others can strongly vary according to their cultures and can change their attitudes. We call this the post negotiation.

We decomposed the process in different phases and identified three main phases in the process of post-negotiation. Each phase represents the specific issues and risks that come to mind when contracting with an international partner.

Examples of tactics used in negotiation	Objectives and Characteristics
The threat	Lobby, warn, insist on risk, indignant, harass, increase its claims, and make accusations.
The Destabilization	Place the speaker at a disadvantage or justification, increase its requirements frequently change their attitudes and behavior, give conflicting information, always ask for explanations
The clash	Take a determined position, show optimism, and benefit from the partner's failings, to attack the speaker on its cohesion and / or consistency, to increase its forces...
Forcing	Playing consistently on time to force the decision (to give a deadline, give an ultimatum, use the emergency).
Cooperation	Search a common denominator bet on trust, accept some concessions, opening new fields of action
Deterioration	Prolonging the negotiations, maintain blur in the responses, add new conditions refer certain steps, and procrastinate....
Sham / diversion	Make movements or proposals in one direction to divert attention from the purpose or object sought.

In the context of intercultural negotiation, it is important to know which technique is accurate considering all the characteristics and context, and nature of the interlocutor. Negotiating is decisive in any partnership. The relevant factors of the cultural differentiation can be seen in the speeches, the used approaches, the relations, and the social attitudes and behaviors. We can distinguish two types of negotiation techniques, the distributive negotiation and the integrative negotiation. The distributive negotiation is based on a balance of power between parties, competition and rivalry; the objective is to take advantage of the partner's resources as much as possible. In this technique, they consider the other

party as a competitor and try to dominate the situation. The integrative negotiation is the opposite. It encourages a “win/win” situation, based on partnerships, cooperation and exchanges between parties.

The chosen technique or methods must be chosen according to the nature of partners, their culture, the context and the techniques they use. These techniques are not necessarily exclusive; they can be complementary, or lead to other methods. The same negotiator might use them all at different phases of the process, according to the context and behaviors of the involved parties.

VII. APPLYING THE INTERCULTURAL NEGOTIATION

- a. The case of international commercial negotiation

Commercial negotiation is a relational practice, through which an enterprise seeks to reach an agreement with an external partner, in the framework of buying and selling products or services. We classify six structural elements intervening in the politics of commercial negotiation:

1. The Face-to-face: This could be either direct or indirect, and it could involve different means of communication (verbal, formal, written...). The face-to-face negotiation leaves a place for exchanges, rituals, and procedures that could differ with countries and cultures.
2. The perception of a reciprocal benefit in contracting with each other: the negotiation only takes place if each party finds a benefit in finding an agreement with the other.
3. A conflict of interest between the parties: these differences are the reason behind commercial negotiations and they could have very diverse sources, from simple different views to conflicts of economic interest.
4. The wish of reaching a mutually acceptable solution: the negotiation has no point unless both parties are willing to get along to achieve their respective projects.
5. The commencement of a process of reciprocal engagement to find an arrangement: by accepting the negotiation, the parties become linked by a relationship of mutual dependence, at least temporarily.
6. The establishment of a system of exchange and mobilization: negotiation implies taking a step towards the other party, and making important efforts in time and resources (financial, humanitarian, technique, logistics) to reach an agreement.

The criteria of success depend on certain factors. Starting by a deep and detailed preparation of the juridical aspects, as well as economic and relational. International relations are largely facilitated by a good knowledge of the context, but also by having access to exploratory contacts, to establish an effective network of judicial relations, the good handling of information, and establishing a favorable reputation and solid credibility. Besides the professional dimension, knowing one's offer, define what's at stake, and identify the risks. International negotiation demands the ability to listen and show empathy, as well as real experience in the field of international relations.

b. The case of business negotiation:

The difference between the classic commercial negotiation and the business negotiation resides principally in the pro-active character of the enterprise, which offers a project base prone to answer the technical and economic constraints of the client. It is also existing in the different positioning of the enterprise, aiming to present itself like an actor capable of mobilizing many partners.

This change in terms of practice modifies consequently the relation between the furnisher and his client. The furnisher doesn't undergo the relationship, but he creates it through his knowledge, not only technical but also from market, and his ability to mobilize a network of capacities that are compatible with the nature of the identified project (a selection of partners).

This brings out certain implications concerning the politics of negotiation; the transformation operated at the level of negotiation causes numerous changes to the way to conduct a project. "It is suggested to detect the principal differences stated between the initial negotiation and the business negotiation".

There are fundamental changes in the context of politics of offers.

It is important to note that, independently from the change of politics, the behavior of commercials of the enterprises also develops, on the relational level as well as concerning the mobilized arguments during the negotiations as dimensions, orientations, positioning, constraints, competitive advantages, argumentation technique in negotiation

c. Case of joint-venture creation

In this section, we discuss the strategic alliance, focusing our analysis on the creation of International joint ventures, as it is the most common in business cooperation. The companies are developing international joint ventures in order to improve their performance, through the acquisition of new strategic resources (technologies, expertise, skills, knowledge).

The term international joint venture (or joint venture), means a legal entity created and managed jointly by one or more legally distinct companies, in which the head office generally is outside the country of one of the partners (Mead, 1998). The parent companies are holding a share of the capital, according to their respective contributions. This form of development is, with external growth, one of the preferred modes of growth for international strategy.

Joint ventures between competitors:

The first intercultural situation is the creation of joint ventures between two competitors in the same sector. This appears paradoxical at first, since it is to bring competitors to cooperate. There is therefore intrinsically in this type of alliance, a certain ambivalence of reconciling, in the same relationship, competition and cooperation. This dual relationship arises therefore a problem during the negotiations, particularly when it involves actors from different cultures. Indeed, in this type of maneuver, there is a high risk that the intentions and behavior of negotiators can therefore lead to reactions of step with the expectations of the other party, and create risks of stagnation or even rupture.

Joint venture company between Western and local society:

One delicate intercultural situation to manage is the creation of a joint venture between a Western multinational company and a local company established in a developing country, where the group intends to position. In many cases, the joint venture with developing countries appears as unavoidable for any company wishing to enter a difficult market access through internal growth (100% owned subsidiary). The choice of an alliance with a foreign partner may depend on the regulation of certain developing countries (such as China, India, Brazil) or Eastern Europe, in which the laws effective or administrative practices strongly encourage foreign companies to establish structured alliances with local companies, including having recourse to joint ventures. Most of the target countries governments see the joint venture, a means of ensuring the country a real economic development than other forms of technology transfer (sale, licensing, selling plants "product in hand") allow not to achieve.

Cultural barriers in joint venture creation:

The negotiation process in general is more about behavior and reactions of both partners on the same issue of the relationship.

Institution's behavior can therefore create tensions between the two partners in the negotiations, causing risk of conflict (objectives and interests). This asymmetrical relationship could be even more difficult by the weight of the cultural differences between partners.

Indeed, a survey of 125 international joint venture³ shows that those cultural barriers are particularly high when companies engage in alliances with capital inflows, as opposed to less structured partnerships on the capital plan.

The international joint ventures between competitors are fronting the representative significance surrounding this type of relationship. As example, a joint venture with a competitor partner is an act in itself so unnatural, it could lead players to quickly develop a defensive attitude and skeptical about the real intentions of the partner. There is the risk of developing a logic of stereotypes in terms of relationship between the two parties. The formation of stereotypes resulting from a situation of ambiguity that is likely to assign attributes to the other party for lack of information on the evolution of the relationship. From then, facing the potential threat of a competitor and partner in the absence of clear hypotheses, each negotiator will analyze the other categories depending on type, to try to better understand the analysis chart and master more the course of negotiations (risk management).

International joint ventures between Western companies and local society have a number of difficulties related primarily to differences in nature and status between partners. In this type of covenant, financial results are highly dependent on income that perceives the western company as a resource provider. Indeed, the company usually provides; the joint venture has a number of services and supplies it is paid back in different forms. This allows the company to benefit from the operation, regardless of the results obtained by the joint venture. This favorable position contrasts with that of the local partner, whose development is based primarily on the results of the common die.

In general, different obstacles may hinder the management of intercultural teams in the case of joint venture. The main cultural risks in the creation of international joint venture are:

- 1) The language barrier
- 2) Stereotypes and prejudices
- 3) Different approaches in how to solve problems
- 4) Hierarchy of different scale of values
- 5) Problem identification of roles and powers
- 6) Communication style in terms Differences

³In a book entitled: « Managing Across Cultures » by Schneider and Barsoux, a survey confirmed that cultures melt together into one global culture (due to advance in communication systems, intercultural tools, etc.). This phenomenon is called "a melting pot" which help to solve cultural barriers. However, the survey confirm that the only pressure is due to the differences of capital of partners that create stronger reasons for divergence.

- 7) Oppositions in organization and time management
- 8) Different perception and understanding of risks
- 9) Different ways to grow the relationship to another
- 10) Different approaches in the way we perceive and manage conflicts.

The success factors of intercultural management:

In effect, despite the goodwill of the parties, the shared management of a company is not easy to be realized. It requires those in charge of the joint venture to preserve the interests of the two allies were in evidence of openness and diplomacy. It is therefore essential that negotiators address the management issues to avoid conflicts and are blockages in the decision process, respecting the objectives and the qualities of both companies. One of the main criteria to be considered is the roles and powers within the structure.

Generally, whatever the structure of the capital holding and nature of partners, should be addressed in the relationship in cooperative spirit, avoiding dominant position themselves, it is desirable that both partners participate in the management of the joint venture.

CONCLUSION

The developing international relations and the impressive acceleration of mergers and acquisitions and cross-border alliances have led to create new constraints on managers. The problem of inter-organizational relations in an international context appears in fact one of the main concerns of business leaders facing the diversity of cultures. This activity involved both the current business activities (International Negotiation), the establishment of transnational joint or the external growth strategies. The development of the company now requires proximity and close collaboration with economic actors of different nationalities. This implies therefore a better understanding of the characteristics of the partners and the critical study of the key factors of success and failure of these operations. It's crucial to address and manage the transaction, in order to obtain a conclusive result. The query of differences should not simply be a tactical point of view. It often reflects patterns of thought and radically different stocks. The same applies to strategic transactions between entities from different countries, or the political and symbolic dimension can sometimes take precedence on the economic grounds of the merger.

Any operation with a partner therefore calls for prudence and real relations efforts in order to avoid the major risks of destruction of values.

It is also important to recognize how the operative intercultural management could lead to a successful management; the significance of knowing what could happen when the contexts are different, what are

expectations, rules and interpretive schemes that are rarely identical and can therefore create misunderstandings. Knowing what are those differences, and what are the needed procedures to harmonize between two cultures, is the only way to achieve a successful intercultural management.

By choosing efficient tools, training, learning methods, organizations could emphasize the establishment of intercultural management and the different adopted procedures for international negotiations. We can conclude that Identifying factors that may contribute to the success of cross-border mergers and explaining the specifics of intercultural management and concepts of national culture and organizational culture are a key to success. Selecting the convenient style of negotiation for each type of cooperation will certainly create synergies respecting cultural specifics and promoting business to all parties involved.

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