



**SCHOOL OF SUSTAINABLE DEVELOPMENT OF SOCIETY AND TECHNOLOGY**

**MASTER THESIS - EFO705**

**MIMA Program - INTERNATIONAL BUSINESS AND ENTREPRENEURSHIP**

## **"CORPORATE CULTURE IN AN INTERNATIONAL JOINT VENTURE"**

A case study of Sony Ericsson

**Group Members:** Arslan Ahmed (1983-11-07)  
Zhaohua Pang (1983-11-16)

**Tutor:** Leif Linnskog

**Seminar Date:** 28<sup>th</sup> May, 2009

## Abstract

---

**Seminar Date:** 28<sup>th</sup> May, 2009

**Level:** Master Thesis – EFO705

**Authors:** Arslan Ahmed (1983-11-07) & Zhaohua Pang (1983-11-16)

**Title:** Corporate Culture in an International Joint Venture – *A Case Study of Sony Ericsson*

**Tutor:** Leif Linnskog

**Research Problem:** To what extent the corporate culture of an international joint venture resembles the organizational and national culture of its parent firms?

**Purpose:** The purpose of this research is to study and explain the organizational and national culture of the partner companies that are involved in the international joint venture and finds out the extent to which the corporate culture that is embedded in the joint venture possess a resemblance with its parent's culture.

**Method:** Our research is qualitative in nature and is based upon the case study and the secondary information gathered during the research. We have also taken into account some primary information through conducting three semi-structured interviews from each of the company involved in the joint venture. All the information collected during the course of our research has been analyzed in such a manner that has eventually led us to a formidable conclusion.

**Conclusion:** After the analysis of results, both from the interviews and the secondary information, we came to a conclusion that the corporate culture at the joint venture possess some similarities with the national and organizational cultures of its parent firms and this likeness depends upon the location of origin of the joint venture and the employees working in it.

**Keywords:** *International joint venture, national culture, organizational culture, culture dimensions*

## Acknowledgement

---

This dissertation was so far the most challenging work that we have come across in our entire academic life. In order to complete this task we had to go through some excruciating phases, which at several occasions became so demoralizing that we had to start all over again. Despite the relentless failures we continued to strive for success and it was this very motivation that kept us determined towards achieving our goal.

The conclusion of this dissertation would not have been possible without the support and guidance from our institution, tutors, family and friends. We would like to especially thank Mr. Leif Linnskog, whose persistent support encouraged us to take up this task in the first place and made us to believe in ourselves. We would also like to express our gratitude to the members of our peer groups whose valuable observation and comments helped us in improving the quality of our work. We would also like to take the opportunity to appreciate the contribution made by the respondents during the conduction of our interviews, without their valuable feedback and knowledge it would have been impossible for us to conclude our project. Last but not least, we are forever grateful to our parents who supported us unconditionally since the very beginning of our lives and provided us with the opportunity to receive such a privileged education and pursue our dreams.

## Table of contents

<b>1. INTRODUCTION.....</b>	<b>6</b>
1.1. CASE PREVIEW .....	7
1.2. PREVIOUS RESEARCH .....	7
1.3. RESEARCH QUESTION .....	8
1.4. PURPOSE OF THE STUDY .....	9
1.5. SCOPE OF THE STUDY .....	9
<b>2. METHODOLOGY .....</b>	<b>10</b>
2.1. TYPE OF RESEARCH .....	10
2.2. RESEARCH APPROACH .....	10
2.3. DATA COLLECTION .....	11
2.4. QUALITY OF RESEARCH MATERIAL .....	12
2.4.1. Construct Validity .....	13
2.4.2. Internal Validity .....	13
2.4.3. External Validity .....	13
<b>3. LITERATURE REVIEW .....</b>	<b>14</b>
3.1. CONCEPT OF INTERNATIONAL JOINT VENTURE .....	14
3.2. PROCESS OF INTERNATIONAL JOINT VENTURE .....	15
3.3. CULTURES IN IJV .....	16
3.4 NATIONAL CULTURE .....	17
3.4.1. Dimensions of National Culture.....	17
3.5. ORGANIZATIONAL CULTURE.....	19
3.5.1. Dimensions of Organizational Culture .....	21
3.6. SUMMARY.....	23
<b>4. CONCEPTUAL FRAMEWORK .....</b>	<b>24</b>
<b>5. FINDINGS .....</b>	<b>25</b>
5.1. THE JOINT VENTURE FORMATION .....	25
5.2. SONY ERICSSON .....	26
5.2.1. National Culture in Sony Ericsson .....	27
5.2.2. Corporate Culture in Sony Ericsson .....	28
5.2.3. Interview Response .....	28
5.3. ERICSSON (PARTNER 1) .....	29
5.3.1. National Culture in Ericsson .....	30
5.3.2. Corporate Culture in Ericsson.....	31
5.3.3. Interview Response .....	31
5.4. SONY (PARTNER 2).....	32
5.4.1. National Culture in Sony .....	32
5.4.2. Corporate Culture in Sony .....	33

5.4.3. Interview Response .....	34
5.5. TABULAR VIEW OF THE NATIONAL CULTURES.....	35
5.6. TABULAR VIEW OF THE ORGANIZATIONAL CULTURES .....	36
5.7. SUMMARY.....	36
<b>6. COMPARATIVE ANALYSIS.....</b>	<b>36</b>
6.1. “SONY ERICSSON” AN INTERNATIONAL JOINT VENTURE .....	36
6.2. CULTURE IN SONY ERICSSON .....	38
6.2.1. National Culture in Sony Ericsson .....	39
6.2.2. Organizational Culture in Sony Ericsson.....	39
6.3. PARTNER’S CULTURES.....	40
6.3.1. Partner1 Culture .....	40
6.3.2. Partner2 Culture .....	40
<b>7. CONCLUSION.....</b>	<b>41</b>
<b>8. PRACTICAL IMPLICATIONS.....</b>	<b>42</b>
<b>9. FURTHER RESEARCH.....</b>	<b>42</b>
<b>REFERENCES.....</b>	<b>43</b>
<b>APPENDIX 1 – COVER LETTER .....</b>	<b>47</b>
<b>APPENDIX 2 – INTERVIEW GUIDE .....</b>	<b>48</b>
<b>APPENDIX 3 – NATIONAL CULTURE DIMENSIONS SCALE.....</b>	<b>50</b>

## 1. Introduction

In today's global market, international joint ventures have become a widespread phenomenon and many multinational corporations have managed to gain significant growth through alliances such as joint venturing. Various companies from different backgrounds and cultures come together to work in collaboration in order to exploit each other competencies to gain a sustainable competitive advantage. Once involved in a joint venture, parties from either side have to share assets and ownership, pool skills and knowledge, mix employees and join management (Tayeb, 2001).

According to Robert L. Wallace "joint venture is the coming together of two (or more) independent businesses for the sole purpose of achieving a specific outcome that would not have been achievable by any one of the firms alone" (Wallace, 2004, p. 7). This definition of joint venture is very explicit and gives a clear picture about the motivation and purpose behind the whole process and explains it beyond the mere formation of partnership.

Due to the rapid change in the global market, the concept of international joint ventures has been embraced whole heartedly by the business world and today it is considered as a tool for rapid growth and sustainability in the market. According to Stiles (2001) the process of joint venture has helped many firms to enter inaccessible markets, facilitated the development of new ideas and has contributed towards changing the conventional structure and methods that prevailed in the industry (Stiles, 2001 cited in Tayeb, 2001, p. 22).

Joint ventures hold a strategic position when it comes to foreign market entry or expansion of the business. There are various factors, which if underestimated can be detrimental to the cause. Some of these factors include cultural differences, knowledge transfer and the process of organizational learning. Besides, there are various other issues like ownership patterns and control procedures that accompany this process.

Out of the aforementioned factors, culture plays a significant role during the alliance of two large multinational corporations. The influence of culture is felt even more when a cross-border alliance takes place. Berger (2007) state that in an international joint venture two distinct organizational cultures come together and take a shape of a new culture. Over the past few years a considerable amount of work has been done by various scholars and authors to study the phenomenon of coming together of two distinct cultures during the formation of an international joint venture. Many studies and surveys reveal that the combination of two or more organizational cultures can lead to incompatibility among partners and can also dissolve the cooperation. This fact has also been pointed out by Morisisni (1998) and according to him the most common reasons that lead to alliance failure are lack of shared vision, cultural mismatch and inefficient communication between the partners.

It is for this reason; we have based our research on the cultural implications involved in an international joint venture. To thoroughly understand this cultural phenomenon at organizational level, we will prop up our research with the case study of Sony Ericsson, thus providing us with the perfect view of the joint venture process and the cultural complications associated with it.

### **1.1. Case Preview**

Our research revolves around the case study of Sony Ericsson, which is an international joint venture between Swedish telecom giant “Ericsson” and Japanese consumer electronics manufacturer “Sony”. The reason for choosing Sony Ericsson as our empirical study is that both the parents of the venture have entirely disparate cultural backgrounds and both cater to completely different market sectors.

Sony Ericsson was established in 2001 as a 50/50 joint venture between Sony and Ericsson. These two companies joined hands together to introduce a new and innovative range of cellular phones in the global market by exploiting each other’s expertise and competencies in the design and technological fields. The company’s global headquarter is situated in London, UK and has R&D operations in Sweden, China, Japan, USA and UK. (FoneArena, 2007)

The company employs a work force of approximately 7,500 people working in 40 different countries around the world (Career, 2009). The company’s mission is to “establish the firm as the most attractive and innovative global brand in the mobile handset industry” (Mission, 2008).

### **1.2. Previous Research**

During our research we have managed to find numerous views of various authors and scholars about the influence of culture on an international joint venture. However, we feel there is still some need for further research regarding the assessment of the corporate culture instituted at the joint venture after the collaboration between the partners has taken place.

Morisini (1998) has conducted extensive research on cultural differences in global corporate alliances in his book “Managing Cultural Differences”. According to him, the reason for the failure of many alliances is due to the increasing complexities on organizational and cultural level and these complexities outwardly affect the performance of cross-border collaboration. Based on his empirical findings he has found that the differences in national cultures do not always threatens the partnership of international alliances but if managed effectively can actually yield favorable outcome.

Tayeb (2001) has done a considerable amount of research on cross-border alliances and in his book "International Business Partnership" he has laid emphasis on IJV's and has studied various alliances from service industry. He has pointed out various issues of concern for international collaboration and manages to mention that the difference in corporate and national culture plays a significant role in the management of IJV. Based on his argument the cross-border or international cooperation requires sensitivity towards the cultural background of the partners involved and cultural insensitivity could easily lead to the failure of the alliance.

Hofstede (2001) has been known for his comprehensive research on national and organizational cultures. To thoroughly study national culture, he conducted an extensive survey within IBM across 50 countries. Based on his survey, he was able to identify five major dimensions relating national culture. These dimensions are power distance, uncertainty avoidance, individualism and collectivism, masculinity and femininity and long vs short-term orientation. This research made by Hofstede has become a starting point for many other researchers and it holds a significant value amongst them. Later, he also investigated the organizational culture by studying 20 cases from both Netherlands and Denmark, and consequently came up with six interesting dimensions that could be used to measure the differences amongst organizational cultures prevailing in various corporations.

### **1.3. Research Question**

International joint ventures is the most common form of strategic alliance and it is mostly undertaken by MNC's which are looking for extending their business to foreign markets in order to achieve economies of scale. Different companies from distinctive cultural backgrounds come together to take advantage of each other competencies. Sometimes the difference in culture is so significant that even lead to the disintegration of the venture. Based on the research by various authors and practitioners the major reason for joint venture failure is due to cultural incompatibility between partners. This difference is both at the national and organizational level, especially in the case of cross-border alliance. Keeping in context the international joint ventures, we have studied the cultural differences at the corporate and to some extent at the national level by using the case study of Sony Ericsson which eventually helped us in understanding the resemblance of the corporate culture of the joint venture with those of its parents. To clearly understand this phenomenon, the following research question has been devised which will also lay the basis for our further research:

*"To what extent the corporate culture of an international joint venture resembles the organizational and national culture of its parent firms?"*

### **1.4. Purpose of the Study**

The main objective of our research is to understand and explain the organizational culture of the joint venture company within the context of the cultures embedded in its parent firms and to explain the level of similarity between them. The foundation of our research is based upon the case study of Sony Ericsson and using it as an empirical case we have evaluated its corporate culture with respect to the cultures prevailing in both of its parent firms. This case study has provided us with the perfect platform to study two entirely different organizational cultures and has certainly helped us in assessing the corporate culture governing the joint venture.

We expect that the outcome of this research will provide practical recommendations and useful information to the future international joint ventures between multinational companies and assist them in overcoming their cultural differences, to allocate their resources optimally and to increase the longevity of the joint venture.

### **1.5. Scope of the Study**

The scope of our research has been confined within the cultural boundaries at the corporate level of a jointly formed international venture. The type of joint venture that we have selected is the equity joint venture, within which both the partners own an equal share. This has allowed us to correctly measure the difference in the cultures among the parent companies, thus providing us with an impartial image of the whole culture incorporated within the joint venture. To further limit our research, we have only considered the organizational and national cultures that are embedded at the headquarters of the joint venture companies. Unfortunately while retrieving primary information from Sony, we could only gain access to their regional office based in Stockholm. Although we have taken into account the element of national culture, but our main emphasis has been laid on studying the organizational culture of Sony Ericsson and comparing it with the culture of both of its parent firms.

## **2. Methodology**

This section of our dissertation will give a comprehensive overview of research method, data collection method and the research approach, which have been employed in our research.

### **2.1. Type of Research**

As a management research there are various ways of research that can be used to understand the relationship between the knowledge and action (Fisher, 2007). In our case we have employed the interpretive research type in order to improve our understanding for further implications of our research by taking into account people's perception. The main reason for choosing interpretive research is the nature of our topic which can best studied through adopting this method. According to Fisher (2007) there exists an indirect link between understanding and actions and this link is controlled by the thinking, values and relationships of people. In our case we also tried to discover a link between the organizational culture of the joint venture and that of its parent firms, as conceived by the people working in those environments. As people have their own ideas and views which are subjected to their interactions with each other, our job as a researcher was to evaluate these views and opinions and see how do people perceive the situation being researched. Therefore, we have taken the interpretive stance for our research.

Practically the nature of our research is qualitative and is based upon the case study of Sony Ericsson. The reason for using qualitative case studies was that it provides a broader and deeper understanding of the whole process and gives a holistic account of the subject being researched (Fisher, 2007, p. 59). Based on the characteristics identified by Yin (1994), the case studies allow the researchers to use the theoretical concepts as a guide for their data collection process. He further mentions that a case study employs a combination of research methods and can easily accommodate qualitative and quantitative data (Yin, 1994 cited in Fisher, 2007, p. 60). Also we found it to be corresponding with the interpretive research. The main disadvantage of using case studies as pointed out by Fisher (2007) is that it lack representativeness and sometimes lack generalisability due to small sample of cases.

### **2.2. Research Approach**

We started our research by defining the relevant concepts and creating a conceptual framework that ultimately assisted us in narrowing down our research process, thus eliminating the possibility of collecting any material or content that was situated outside our area of concern. In more formal words, we adopted a structured approach which allowed us to conduct the analysis of our findings by using the conceptual framework derived from the basic theories and concepts. The basic definition of a structured approach as defined by Fisher (2007) is that it

provides a structure to the research using the preliminary theories and concepts and later this structure guides the whole research, particularly the data collection process. The reason for choosing this approach is its practical nature which provided our research with a definite structure and consistency. Another reason for selecting the structured approach was the limited time period within which we had to complete our research. Although a grounded approach would have provided us with a broader perspective and an impartial opinion on our research topic, however it would not have been feasible for us to conclude the research in the allocated time. (Fisher, 2007, pp. 122-125)

## **2.3. Data Collection**

There are two types of data that we have used in our research:

1. Primary Data
2. Secondary Data

### **1. Primary Data**

As discussed earlier our study is qualitative in nature, therefore the data collected was non-numerical and unquantified. In order to achieve this we conducted several semi-structured interviews. According to Fisher (2007), a semi-structured interview provides the respondents with a liberty to answer the question in any way that seems sensible to them. To get hold of the required respondents we started by sending emails accompanied with the cover letter justifying our need to conduct an interview. After scheduling an interview, the questions were sent to the respondents in advance, thereby allowing them to prepare themselves. The reason for choosing interviews is firstly due to the descriptive nature of our problem and secondly we want to give a comprehensive overview of the current situation. Also interviews are less time consuming and the collection of data is a lot faster. However, there is a disadvantage of conducting interviews which sometimes could prevent us from collecting sensitive and critical information.

#### **1.1. Respondents**

In order to collect the primary information for our research we used 3 respondents, one from the joint venture company "Sony Ericsson" and one each from the parent companies i.e. "Sony" and "Ericsson". The first respondent that we got hold of was Mr. Liguori, who is the Corporate VP and Head of Global Communications & PR at Sony Ericsson headquarter, UK. He has been working with Sony Ericsson within the same capacity for the last five years and he is responsible for press and media relations, analyst relations, sponsorships and employee communication at the global level. The reason for choosing him as our first respondent is the nature of his work, as he is involved with all the departments and communicates with employees and external sources worldwide and also one of the HR personnel working at Sony Ericsson recommended him as the most appropriate contact for our research.

The next respondent that we managed to come in contact with was Ms. Reyes, who is Manager Corporate Public and Media Relations at Ericsson, Sweden. She has been working with Ericsson for the past eight years and she started her career as the Head of Communications and Marketing in Ericsson, Mexico. Currently she is responsible for maintaining the public and media relations within Sweden. She was also referred to us as the most suitable person by our first point of contact at Ericsson.

The last respondent that we interviewed for our research was Ms. Bodin, who works as a Marcom Manager at Sony Electronics, Sweden. As a Marcom Manager, she is responsible for online marketing and communications through the company's website while managing its corporate web presence within Sweden. She was also referred to us by a contact at Sony, UK.

Each of these respondents is working in managerial positions in corporate and media relations or communications department in their respective firms and possess a direct or indirect contact with every other department, thus acting as a true representative of their organizations. However, it cannot be asserted that their views stand for all the individuals working in their particular companies but keeping into account their positions and nature of work it can be assumed that the information provided by the respondents is credible enough to evaluate our research problem.

## **2. Secondary Data**

The major part of our research is based upon secondary data collected from various sources such as large scale surveys, company annual reports, journals and articles. Secondary data is the data which has already been collected and analyzed by various researchers for their particular purpose. Secondary data has various advantages over the primary data, as it is easily available and might be appropriate for drawing conclusions. Also the collection of secondary data involves less resource and time as compared to primary data and sometimes the secondary data can be of considerable assistance in drawing more accurate results than primary data. (Smith, 2008)

### **2.4. Quality of Research Material**

Before undergoing this research we went through an extensive search of literature from the related books and articles and after a thorough scrutiny we came up with some material which eventually helped us in formulating our research problem. This material provided us with all the theories and concepts necessary for conducting our research and guided us in our data collection process. According to Fisher (2007 pp. 92-94), before selecting a piece of literature it

is essential for a researcher to assess its quality by going through its reference list, description or analysis, the evidence used for supporting the research and the status of the publisher. In our case we began from searching latest articles and books which were published after the year 2000 in order to get an up to date view of problem being researched. The major portion of our research is based upon the research work of Hofstede, who still holds a prominent position among the scholarly figures belonging to his field. His work comprises of a mixture of description and analysis and contains findings that are totally supported by the evidence gathered from a large scale survey and not on mere assumptions. The articles we used to support his argument were also retrieved from the databases of renowned publishers, thus adding a quality element in our research.

#### **2.4.1. Construct Validity**

Construct validity as referred by Fisher (2007, p. 295-6) is the use of those statements and constructs that really represents and measures the things they are said to do. Our research is qualitative in nature and is based upon the semi structured interview that we have designed to understand the organizational culture employed in the international joint venture. On the other hand the response from the respondents cannot be accounted for a general opinion and could have been influenced by various external or internal factors. For this reason we used a semi structured interview, which allowed the respondents to take a broader and deeper perspective while answering the questions. To further improve the validity, we used a reliable source of secondary information to strengthen our arguments.

#### **2.4.2. Internal Validity**

According to Fisher (2007, p. 296), the internal validity is concerned with the validity of the evidence used to make a conclusion. He also asserted that in qualitative research the internal validity cannot be easily identified as compared to quantitative research and requires a combination of research and data collection methods. In our case, apart from using semi structured interview we have also employed the secondary data analysis to support the response from the interviews.

#### **2.4.3. External Validity**

External validity as mentioned by Fisher (2007, p. 297) is the transferability or the application of the interpretations that a researcher has produced during his research to a whole different context or a set of population. In our case the sample size is very small and does not represents the views from other members belonging to the same organization, however in our research we have tried to provide the reader with detailed and comprehensive information about the research problem thus assisting them in their judgment about transferability.

### **3. Literature Review**

While searching for relevant literature, we came across a substantial amount of written material on cross-border strategic alliances and cultural differences between the partners. We also found some extensive research by various authors on national and organizational cultures, out of which some of the researches holds a significant value amongst the academics and practitioners. However, comparatively less research was found to be done on the formation of a new culture lead by the cultural differences. After critically reviewing all the material, we selected important theories and concepts that will eventually assist us in evaluating our research problem.

#### **3.1. Concept of International Joint Venture**

International joint ventures are the most common form of strategic alliances and it has been discussed by various authors and researchers in great detail. According to Culpan (2002) the process of IJV involves two or more firms from different countries to collaborate in creating an independent business unit by contributing their resources. On an another instance Wallace (2004) defines joint venture as the working together of two or more firms for achieving a specific outcome that would not have been possible by any of the firm working alone. The outcome in most of the cases is to achieve growth and a sustainable competitive advantage, and the joint ventures usually provide the most suitable platform to accomplish this task. If we look at both of the definitions, we could easily recognize the following three variables:

1. Multiple independent companies
2. A well defined purpose
3. The level of interdependence

Wallace (2004) has mentioned that in a joint venture there are usually two firms involved but in certain cases depending on the nature and the size of the business, there is an involvement of more than two players. Another characteristic which he has described is the independence of the companies which plays an important role in the whole process. According to him when two independent companies come together they have entirely different values, goals, cultures and management structures which could lead to various compatibility issues.

Joint ventures are usually formed on the basis of a common objectives or mutual goals of all the parties. This objective should serve the needs of the companies in a proportionate manner otherwise the success of the joint venture will be short-lived. (Wallace, 2004, pp. 8)

The level of interdependence between the firms is the most important variable that makes the whole process of joint venturing different from other type of alliances. Each company which is

involved in the process cannot possibly achieve the goal at its own and has to move alongside other partners to get to the mutual goal. (Wallace, 2004, pp. 9)

### **3.2. Process of International Joint Venture**

The process of joint venture can be analyzed from various perspectives, but based on the study by Culpan (2002) this process can be best viewed from the decision-making process by the partners. The decision whether to establish a joint venture involves four different stages:

1. Initial
2. Formation
3. Operation
4. Outcome

In the initial stage, the companies decide whether or not to take a step towards joint venture in order to gain a specific advantage. If the benefits of joint venture outweigh the costs and risks associated with it, the partner(s) decide to take a step further. On the other hand, in the situations when there is high cost and risk involved, they have to decide against it and have to consider other alternatives. (Culpan, 2002, pp. 74)

After the initial decision has been made, the next stage which involves making of various follow up decisions comes into place. These decisions are related to the selection of a suitable partner and the type of joint venture. The decisions made in the formation stage holds a critical value in the whole process. As mentioned by Stiles (2001) the high level of failures in the strategic partnership occurs due to the wrong selection of partner firms. Culpan (2002) supports this argument and states that the process of partner selection is very critical for a prospective joint venture. He further elaborates the importance of compatibility during the whole process and suggests that success of a joint venture depends on the compatibility of the partners. According to him there are two types of compatibility 1) resource and 2) cultural compatibility. Another decision that has to be made during the formation stage is choosing the type of joint venture. Culpan (2002) has mentioned three traditional types of joint ventures which depend on the ownership pattern. The first one is the majority equity ownership in which a partner holds more than the 50% of the equity stake, the second one is equal ownership in which both the partners owns equal share of equity and the last one is the minority equity ownership in which one partner owns fewer than 50% of the equity stake. The type of joint venture or the ownership ultimately affects the control procedures within the joint venture.

During the third stage which is the operation stage, the joint venture is analyzed in terms of performance assessment and the control. According to Culpan (2002) the performance of a joint venture can be assessed either by measuring the degree of satisfaction of the partners or

by literally measuring the sales and profit volumes made by the joint venture. Partners can exercise some control over the joint venture based on their stake. One of the most common and effective way to control is to assign expatriate managers. Another way to exert control is the outcome based control in which partners only pay attention to results and the joint venture enjoys autonomy. (Culpan, 2002, pp. 79-81)

The last stage knows as the outcome stage determines whether to continue or leave the joint venture. This decision is generally based on the performance of the joint venture. Partners should have their exit strategy beforehand in case the joint venture does not meet their requirements. (Culpan, 2002, pp. 80-81)

The formation stage of joint venture holds a very strategic value towards the success of the joint venture. During this stage a partner is selected on the basis of its compatibility in terms of resources and culture. As the major emphasis of our research is to study the cultural differences among the partners and the joint venture, therefore we will now discuss the cultural aspects related to the joint venture in more detail.

### **3.3. Cultures in IJV**

According to the definition, IJV implies partnerships between independent and different firms. This partnership or collaboration is directly affected by the culture at the national and the organizational level. National culture and other institutions of the country in which IJV is situated play a significant role in influencing the organization and the management style of the joint venture (Tayeb, 2001, pp. 10). As discussed earlier that the success of joint venture depends upon the compatibility between the partners and this compatibility involves culture as well. Culpan (2002) suggests that each partner in the joint venture brings its own culture and if the cultures are not compatible they will really make the joint venture vulnerable. It is also assumed that culture can influence the timing of entry, the investment preferences and the performance of the venture (Li, Lam & Qian 2001 cited in Barger, 2007, pp. 2)

Barger (2007) describes that in international joint ventures two organizational cultures are brought together to form a third culture which is usually inspired by the either of the two parent cultures or it forms a unique culture by combining various elements from the parent cultures. Cullen et al. (1991) expresses his view in a rather unique way and states that when cultures cross, a cultural shock occurs which can have a negative impact on the organization and the working environment of the joint venture (Cullen et al. 1991 cited in Meschi & Roger, 1993, pp. 199).

There are two types of cultures that directly affect the joint venture, first one is the organizational culture and the second one is the national culture. Lane and Beamish (1990)

state that the problem in IJV's is due to the influence of the national culture on the behavior and management system that leads to conflicts, they further elaborated that IJV partners from different national cultures tend to experience greater difficulty in interaction which could adversely affect the performance (Lane and Beamish 1990 cited in Pothukuchi et al. 2002). Same is the case with the organizational culture; any difference in it can really cause conflicts and can easily undermine the joint venture progress.

Drawing upon Kluckhohn (1951) definition of culture, Hofstede (2001, p. 9) defines culture as "the collective programming of mind that distinguishes the members of one group or category from another". According to him the human mind uses the patterns of thinking, feeling and acting just like a software program. Unlike computer software, the source of mental program lies within the social environment within which a human being is brought up. Corresponding to the layer of mental programming in a human brain, Hofstede (2005) divides the culture into various levels such as national level, regional level, and gender level and so on.

As discussed earlier, both the national and the organizational cultures play a pivotal role in shaping the joint venture culture. In order to assess the culture incorporated in the joint venture, we will use Hofstede's research as a benchmark for our study. The reason for using Hofstede's work is that it provides us with the necessary dimensions which can be used to measure the differences in both the national and organizational culture. Even though he conducted his research few decades ago and was only confined within one organization i.e. IBM and did not take into account other work classes (Hill, 2005), but his work laid the foundation for further research in this area and has been tested and confirmed by various modern researchers, thus proving its reliability and validity.

### **3.4 National Culture**

During 1970's Hofstede (2001) conducted an extensive research about national culture involving more than 50 countries to study the differences and similarities among cultural patterns of countries. The national culture evolves around societal norms consisting of values which are shared by the major part of the population. These societal norms force institutions to adapt a particular structure and function and at all times they have to reinforce these norms. Once, such a system has been developed it is very hard to change and any variation in the institution does not affect the societal norms due to the deeper level of values and beliefs. (Hofstede, 2001, p. 11)

#### **3.4.1. Dimensions of National Culture**

While studying various national cultures, Hofstede (2001) came up with five dimensions which all societies have to cope with and they can be used to measure the cultural differences

between nations. These five dimensions were empirically found and validated and are closely linked with each other. Now we will discuss these dimensions in more detail.

### **Power Distance**

As defined by Hofstede (2001, p. 83), “power distance is a measure of interpersonal power or influence between the Boss and the Subordinate as perceived by the less powerful i.e. the subordinate”. Other definitions of power distance describe it as a level of inequality in the power between a more powerful and a less powerful individual. Inequality is very apparent in various societies in terms of wealth and resources. When it comes to organizations the inequality is mostly formalized in the form of relationship between the boss and subordinate. Hofstede (2001) measured the power distance in more than 50 countries and came up with the power distance index (PDI) to denote its level. The higher the power distance, the more centralized and hierarchical the structure of an organization. Organizations with low power distance usually enjoy flat and decentralized structures, signifying the spread of power among the employees. (Hofstede, 2001)

### **Uncertainty Avoidance**

This dimension measures the extent to which different cultures encourage their members in accepting ambiguous situations and tolerating uncertainty. Many organizations encounter the uncertainty by employing various resources such as technology and setting up new rules and guidelines. Organizations with high uncertainty avoidance usually are bigger in size and loyalty is very much stronger, and people have limited freedom and are task oriented. These organizations have strong traditional hierarchical control. On the other hand, organizations with low uncertainty avoidance are smaller in size and the people are relationship oriented. Unlike the organizations with high uncertainty avoidance, these organizations are usually reluctant towards new technology and are more prone towards change. (Hofstede, 2001)

### **Individualism and Collectivism**

This dimension measures the extent of relationships an individual has in a certain society. In an individualistic society the ties between the individuals are very loose and they prefer freedom and personal achievements. In a collective society, the ties between the individuals are very tight and they value collective efforts over personal preferences. When the individualism index value (IDV) is low, a society emphasizes collectivism and when the IDV value is high, a society is generally considered as individualistic. In organizations with low IDV, the employees and the managers work together in a team and they are more relationship oriented. Also the decision making process is on collective basis. Organizations having high value of IDV show individualistic and task-oriented behavior of employees. (Hofstede, 2001)

### **Masculinity and Femininity**

This dimension deals with the influence of different the genders on the emotional and social roles. Societies promoting masculine cultures heavily differentiate gender equality and mainly focus on confidence and competitiveness. On the other hand, societies with a feminine culture make little differentiation between men and women performing the tasks. In a feminine culture more importance is given towards achieving social goals such as maintaining relationships and helping others. In low masculinity organizations, preference is given to team work, equality and work life. Organizations with high masculinity, promotes competitiveness and personal accomplishments and managers are treated as heroes. (Hofstede, 2001)

### **Long vs. Short Term Orientation**

This dimension is independent of the four dimensions mentioned above. The societies with short-term orientation usually focus on short term results and deals with the way of thinking of people. In a long-term oriented society, the main emphasis is laid on national economic growth. In organizations with high long-term orientation index (LTO) much effort is made to build a favorable position in the market. On the other hand, organizations with low LTO, importance is given to short-term results. (Hofstede, 2001)

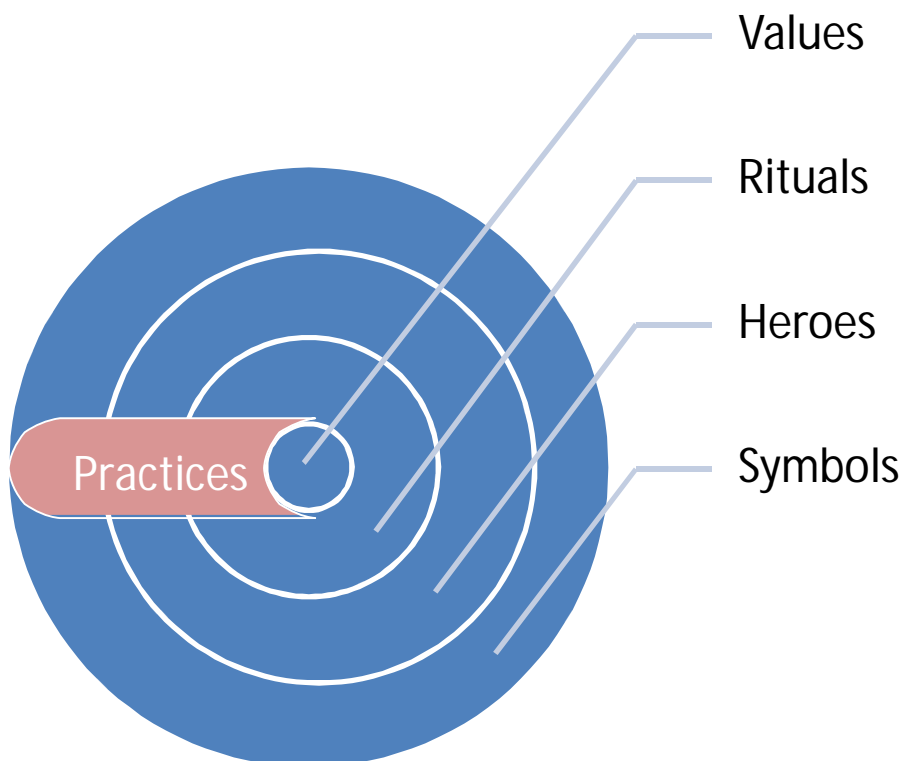
The abovementioned dimensions were extracted after Hofstede underwent an intensive and extensive research within IBM across 50 countries. On the basis of these dimensions we can easily evaluate the national culture which directly influences the culture of the organizations working within that environment. Keeping in context the national culture, we will now focus on the corporate culture and its implications in the joint venture.

## **3.5. Organizational Culture**

According to Hofstede (2001, p. 9), the organizational culture is “the collective programming of the mind that distinguishes the member of one organization from another”. Further he defines the characteristics of the organization culture as holistic, historically influenced, socially constructed, soft and relatively stable. The organizational culture plays a significant role in the flow of knowledge within the organization and at the same it can also act as an obstruction in this process (Almeida et al. 2002). One of the main reasons for the failure of alliances is due to the incompatibility between corporate cultures of the partners. Hofstede et al. (1990) believe that the organizational culture has over the years managed to gain the similar position as that of strategy, structure and control within the organization, thus signifying its importance.

In order to study culture from a closer perspective, Hofstede (2001) classified the organizational culture into four categories based on its manifestations. The figure given below is the clear

depiction of the classification, representing four categories from shallow to deep namely symbols, heroes, rituals and values. Symbols represent the terminologies, jargon, gesture or pictures that hold a particular meaning within the culture and can be used to convey certain messages. Heroes are those individuals either dead or alive, who possess some unique characteristics which are considered as models and are implemented in the general behavior of the organization. Rituals are the events or practices that are integral part of the organization and are considered socially essential. These three categories are further coined under the term 'practices', because these practices represents the cover of the organization and are visible to external observers but their true values can only be perceived by the insiders. Value is the core part of the cultural manifestation and it represents way of thinking which is rather unconscious and hard to discuss and can only be expressed in behavior. (Hofstede et al. 1990)



**Fig 3.1:** Manifestation of Culture: From Shallow to deep  
**Source:** The "Onion Diagram" (Hofstede, 2001, pp. 11)

These categories can be used to get an overview and the qualitative description of the culture integrated in an organization.

In their effort to measure the organizational culture in a quantitative manner, Hofstede et al. (1990) came up with a model based on six dimensions that can be used to measure the culture inside a certain organization.

### **3.5.1. Dimensions of Organizational Culture**

Hofstede et al. (1990) proposed a six dimensional model for measuring the organizational cultural differences amongst organizations. Their research was based upon the assumption that the organizational cultures can partly be determined by nationality, industry and task a certain organization belongs to. The entire research was confined within 20 units in 10 different organizations based both in Denmark and Netherlands ranging from different industries like electronics, chemicals and consumer goods. They divided their research into three phases, during the first phase 180 in-depth in order to get a qualitative view of the culture; the next phase involved a survey with pre-coded questions and involved more than 1200 respondents. In the third stage, analysis was conducted between the data collected from both the interviews and questionnaires. The major outcome of their research were the six cultural dimensions, which are process vs. result orientation, employee vs. job orientation, parochial vs. professional orientation, open vs. closed system, loose vs. tight control and normative vs. pragmatic. They self-criticized their model as not having a universal or general application, because the research was limited to few organizations and units. But they assert that the organizational culture differences in different environments and industries can also be measured to a certain extent through these dimensions. (Hofstede et al., 1990)

Pothukuchi et al. (2002) has used these dimensions to study the affect of cultural differences on IJV performance. According to them the differences in organizational practices and routines lead to incompatible organizational processes and partners having entirely different organizational cultures need to utilize more time and resources in developing common management practices and routines. We will now discuss theses dimensions in more detail.

#### **Process vs. Result Orientation**

This dimension differentiates an organization on the basis of means (process oriented) and goals (result oriented). According to Hofstede (2001) in process oriented cultures there exists a propensity towards avoiding risks and devoting limited time and effort to the tasks. The result oriented culture on the other hand, encourages people to take up challenging tasks while putting maximum efforts and to be creative and comfortable with unfamiliar situations (Hofstede, 2001, p. 397). Burns and Stalker (1961) made the same distinction between the organizations by labeling them mechanistic and organic management systems (Cited in Hofstede, 2001, p. 397). Pothukuchi et al. (2002) asserts that the difference among the partners in a joint venture on this specific dimension can lead to contradiction and disagreement on various issues like goals, practices, roles and structure, thus adversely affecting the joint venture.

### **Employee vs. Job Orientation**

This dimension distinguishes the concern for people (employee oriented) with the concern for getting the job done (job oriented) in an organization. The cultures with employee orientation usually take into account the personal problems of their employees and make them feel secure by providing them facilities and perks. Whereas, the cultures that are more job oriented employs a strict attitude towards completing a task, without showing any concern for employee well being and all the important decisions are taken by individuals unlike a group or committee in case of employee oriented culture. (Hofstede, 2001, p. 399)

The difference among the partners on this dimension results in poor communication between superior and sub-ordinate and poses problems when it comes to organizational commitment, leading to the poor performance of the joint venture. (Pothukuchi et al., 2002)

### **Parochial vs. Professional Orientation**

This dimension differentiates organizations on the basis of employees who depend on the organization for their identity (parochial oriented) or on the type of their job (professional oriented). The cultures having parochial approach consider family background apart from job competence for hiring employees and they involve their personal lives into their official matters. On the other hand, members of professional oriented cultures have a more professional attitude towards their job and they do not involve their personal lives in their official matters. Also they are more farsighted then the ones with parochial orientation. (Hofstede, 2001, p. 399)

When the joint venture partners differ on this dimension, there is a conflict in their job structure, job expectation and reward and coordination mechanisms, consequently affecting the joint venture in an unfavorable manner. (Pothukuchi et al., 2002)

### **Open vs. Closed System Orientation**

This dimension is based upon the communication climate within the organization. In open system cultures, both the organization and its people are open for newcomers, thus providing them with favorable conditions to get acquainted with the environment. In closed system cultures, people usually act secretly by creating an environment that alienates outsiders as well as insiders. New employees working in a closed system culture needs more time to feel comfortable with the working environment. (Hofstede, 2001, p. 399)

When there is a difference in the communication between the partners in a joint venture, there exists a lack of coordination which could eventually result in the failure of the joint venture. (Pothukuchi et al., 2002)

### **Loose vs. Tight Control Orientation**

This dimension concerns with the internal structure of the organization. It also represents a contrast between the individual autonomy and organizational control. The people working in the culture having loosely control orientation usually have a casual attitude towards their profession and do not take punctuality and cost reduction seriously. While the people working in a tightly control oriented environment bear a serious attitude towards cost reduction, efficiency and punctuality. (Hofstede, 2001, p. 399)

According to Pothukuchi et al. (2002), the difference in this dimension between the joint venture partners can lead to interaction and communication problems.

### **Normative vs. Pragmatic Orientation**

This dimension separates the organization into rule oriented (normative) and customer oriented (pragmatic) (Hofstede et al., 1990). Normative organizations usually work in a systematic manner by following certain procedures such as business ethics, whereas the organizations having pragmatic approach put emphasis on meeting the market and customer requirements which may involve violation of certain procedures and rules. (Hofstede, 2001, pp. 399-400)

The difference of this dimension between the joint venture partners as mentioned by Pothukuchi et al. (2002) result in conflict on various issues like goal achievement and management practices, thereby preventing the joint venture form being successful.

## **3.6. Summary**

We have discussed some theories and concepts regarding international joint ventures and the cultural implication associated with it. Based on our research problem, we have tried to be more specific in the selection of the aforementioned theories. In order to provide the reader with a broader perspective, we started by describing the concept and the process of international joint venture and moving on to the cultural aspects. This entire discussion is summed up in the conceptual framework, which will be illustrated in the next section.

## 4. Conceptual Framework

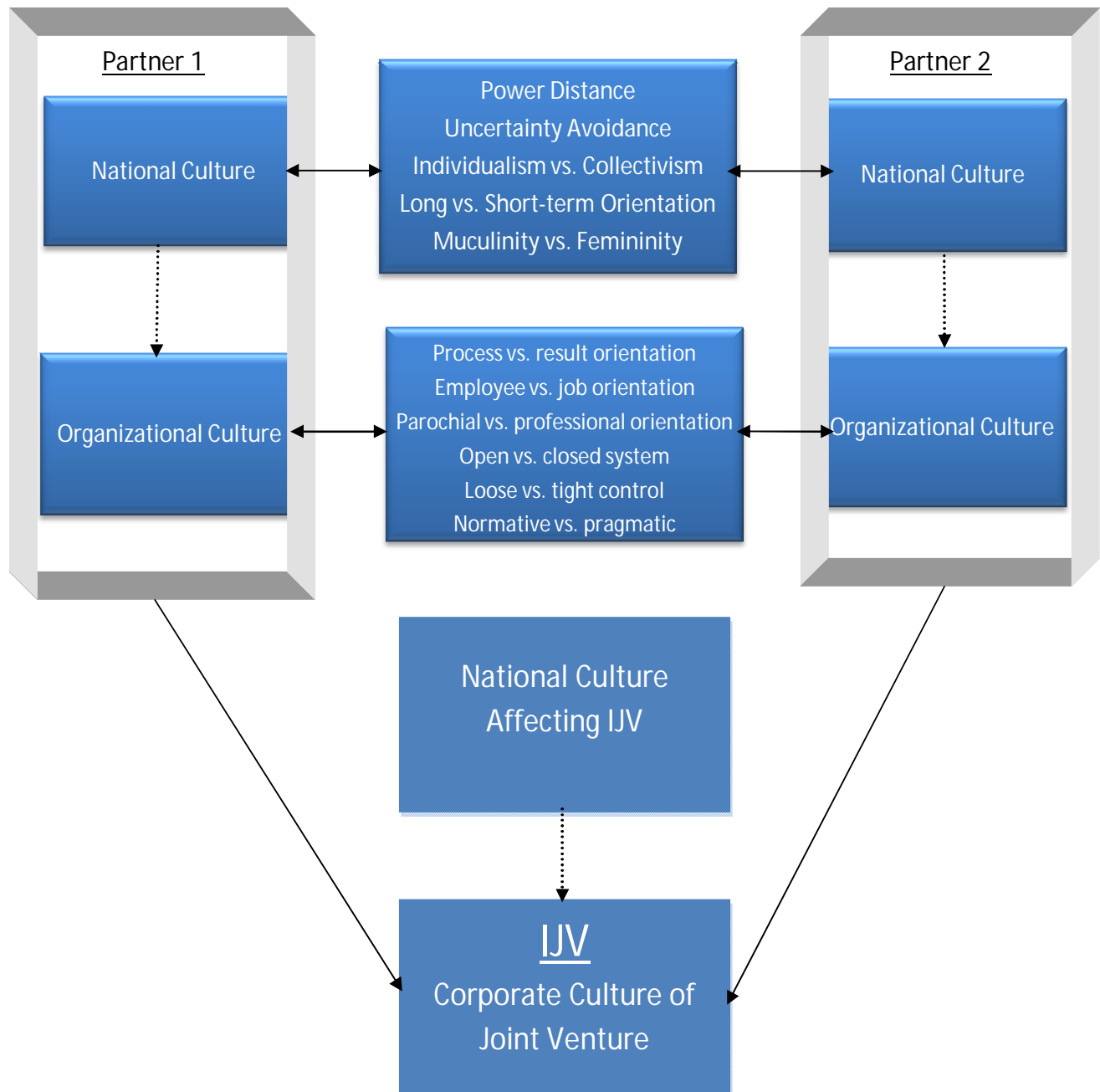


Fig 4.1: Conceptual Framework

The figure above represents the conceptual framework for our study. As mentioned earlier, the process of joint venture requires two or more partners in order to form an alliance. In our case we are only focusing on the equity joint venture which involves two partners having equal share in the venture. In the figure, partner1 and partner2 represents each partner involved in the formation of the joint venture. As the emphasis of our research lies on international joint venture, therefore it was essential for us to mention the element of national culture as it has a significant influence on the organizational culture. Based on the research of Hofstede, the dimensions for measuring the national and organizational culture differences will be taken into account for conducting our research. These dimensions were identified by Hofstede after undergoing large scale surveys in a multinational corporation and we have used them in our research to measure the respective culture of the individual organization involved in the joint venture process and then comparing it with the corporate culture of the joint venture. During the process of IJV, both the partners bring along their own culture which is intrinsic to them, and form a separate entity that either bears the culture derived from both of its parents or an entirely new one. The corporate culture in an international joint venture is also influenced by the national culture of the place of its origin, so it was essential for us to take this influence into account before reaching to any conclusion.

## **5. Findings**

This section will provide the detailed description of our collected information which we gathered in the form of both primary and secondary data. Our main objective was to collect as much information as possible that could easily assist us in evaluating our research on firm grounds. We shall begin this section by presenting the information about Sony Ericsson and then will move on by putting together all the information about its parent companies i.e. Sony and Ericsson, thus giving the reader an in depth view of our research.

### **5.1. The Joint Venture Formation**

The process of forming a joint venture between Sony and Ericsson was first initiated by Ericsson. During the mid 1990's when the mobile phone industry was taking off, Ericsson managed to secure the largest share of 17% in the mobile phone market and by the end of 1999 the company has sold more than 32 million units. (Sony Ericsson - History of Ericsson, n.d.)

But due to rapid shift in the demand towards cheaper and less advanced models, Ericsson was unable to sustain the competition with Its Finnish rival Nokia, who had captured the market with its cheap and user-friendly designs and efficient production. In order to cope up with this situation Ericsson was forced to made some technical changes in its design but in the effort to

do so, it has to face several issues like circuit problems, delay in their new models and the most noticeable of all was its lack of producing and designing consumer products. (Sony Ericsson - History of Ericsson, n.d.)

It was at this point that Ericsson decided to merge its mobile phone operations with Japan's Sony Electronics, thus forming SonyEricsson with each company owning 50% share. This phase also corresponds to the partner selection in the formation stage during the joint venture process. The main aim of this joint venture was to make Sony contribute its knowledge in consumer product design and Sony had been selected as a potential partner in 1998 when the then CEO of Ericsson Mr. Sven-Christer Nilss discussed the Ericsson's adaptation to latest internet technology. (Sony Ericsson - History of Ericsson, n.d.)

Sony Ericsson started its operations in October, 2001 with almost 4000 employees and the headquarter was based in London, UK. Currently Sony Ericsson is the fifth largest cell phone manufacturer in the world with its operations spread worldwide. During the first year of its operation Sony Ericsson was unable to produce any profit until the third quarter of 2003. Pressure from both the parent firms was mounting and there came a stage when its operations were on the verge of shutdown. Soon after that the sales began to rise and the profit margin reached to \$ 1 billion a year. (Esato, 2007)

## 5.2. Sony Ericsson

As already mentioned, Sony Ericsson Mobile Communications was established in 2001 by telecommunications leader Ericsson and consumer electronics powerhouse Sony Corporation. The mission of Sony Ericsson is to "establish the firm as the most attractive and innovative global brand in the mobile handset industry" (Mission, 2008). Sony Ericsson's core values are being passionate about success, innovative in thinking and responsive to the customers. As another part of their corporate value, Sony Ericsson is passionate about being the best in everything they do. They are committed and they take ownership of their tasks and inspire others by the way they work and who they are. The major strength of Sony Ericsson is innovation, not just in product development, but in all aspects of how they think and work. By being innovative in their thinking they can improve continuously and considerably. They encourage people to be creative, curious and constructive while being efficient and aware of costs. (Careers – Living our values, 2008)

The values of Sony Ericsson are truly displayed in their products and services and it is for this reason that in such a short period of time, the company has become the fifth largest mobile phone manufacturing company in the world (Wikipedia, 2009).

### **5.2.1. National Culture in Sony Ericsson**

As the origin of Sony Ericsson is from two different countries, it was really hard for us to figure out the national culture that influences the joint venture culture. According to Hofstede (2001) the national culture is based around societal norms consisting of values which are shared by the major part of the population and these societal norms force institutions to adapt a particular structure and function and at all times they have to reinforce these norms. As Sony Ericsson has company has it's headquarter in UK and all its management is also based there, which made us to believe that the national culture that has a major affect on the company is of UK. Based on this assumption we will try to measure the national culture by using the five dimensions extracted by Hofstede. (Please see **Appendix 3 for the national culture dimension scale**)

#### **Power Distance**

According to the findings of Hofstede, the power distance index (PDI) of UK is 35, which corresponds to the lower end of the scale and promotes a rather decentralized and flat structure throughout the organization. (Hofstede, 2001, p. 87)

#### **Uncertainty Avoidance**

The uncertainty avoidance index (UAI) of UK, as calculated by Hofstede is again 35 which is considered a lower value and encourages small size of the firm with people focusing on relationships. (Hofstede, 2001, p. 151)

#### **Individualism and Collectivism**

The individual index value (IDV) of UK is 89 which is a very high value. This means the national culture of UK promotes individualism and task-oriented behavior among the employees. (Hofstede, 2001, p. 215)

#### **Masculinity and Femininity**

According to Hofstede, the masculinity index value (MAS) of UK is 66 which slightly deviate towards the higher side of the scale, producing a culture that support competitiveness and personal accomplishment and is considered less feasible for women. (Hofstede, 2001, p. 286)

#### **Long vs. Short-Term Orientation**

The long-term orientation index value (LTO) for UK as calculated by Hofstede is 25, which is at the lower level of the scale, thus encouraging the organizations to achieve short-term goals. (Hofstede, 2001, p. 356)

Power Distance Index (PDI)	35
Uncertainty Avoidance Index (UAI)	35
Individual Index Value (IDV)	89
Masculinity Index Value (MAS)	66
Long-term orientation Index Value (LTO)	25

**Table 5.1:** National Culture Dimensions Values for UK  
(Please see Appendix 3 for the national culture dimension scale)

Based on these values we can easily characterize the national culture of UK as being decentralized, relationship oriented, individualistic, masculine and short-term oriented. Also it can be assumed that the national culture of UK has an influence on Sony Ericsson and its operations.

### 5.2.2. Corporate Culture in Sony Ericsson

According to Malin Boulwood (Director Competence and Culture), Sony Ericsson has put special emphasis on all the cultural aspects in order to create a new culture identity. They employed a self-made change program to make the transition smooth. This program was divided into three phases i.e. cultural awareness, culture change and managing the new culture. In the first phase the focus was put on understanding and comprehending the culture of the parent firms. During the next phase, strategy, values and goals of the company were derived by taking into account the opinions and views of the employees and the management. The third phase which is still an on-going process, manages the changes made in the culture by capitalizing on new and evolving knowledge, values and practices. (Frendberg, 2006, p. 28)

In order to get a clear picture of the corporate culture prevailing at Sony Ericsson, we conducted a telephonic interview with **Mr. Aldo Liguori**, Corporate VP and Head of Global Communications & PR in London. Mr. Liguori has been working with Sony Ericsson with the past 5 years in the same capacity. This interview was based on the organizational cultural dimensions as mentioned by Hofstede.

### 5.2.3. Interview Response

According to Mr. Liguori, Sony Ericsson has certain rules and procedures which need to be followed by every employee in order to achieve the desired results. There are usually very rare occasions when they come across some unfamiliar situation and in order to cope with it they follow certain guidelines.

Upon asking about job and employee orientation, he said that the employees at Sony Ericsson are encouraged to make decisions at ground level but some decisions are only taken by the top

management only. Before making any changes in the management, employees are asked beforehand so that they get accustomed to the change. Higher management usually takes care of the personal problems of the employee to a reasonable extent.

Based on the questions about parochial and professional orientation, Mr. Liguori answered that the culture at Sony Ericsson is very professional as the cooperation between employees and other departments is very strong and the company usually hires those individuals who have certain level of experience and competence in their interested field.

Mr. Liguori answered the questions pertaining to open and closed systems by saying that the people working at Sony Ericsson usually follow a combination of short and long-term goals depending on the nature of their work. The company also spends significant resources on improving the physical working conditions for the employees thus allowing new employees to get comfortable and acquainted with the whole environment in considerably less time. He also asserted that the reason the culture of Sony Ericsson is so open is due to the fact that quite a few number of employees who are working at Sony Ericsson either used to work with Ericsson previously or have a Swedish origin.

According to Mr. Liguori comment on loose vs. tight control, Sony Ericsson employs a loose control over their employees as they do not have to strictly follow the office timings and the dress code, but they should abide by the business ethics and the code of conduct under lay by the company.

Upon asking about normative and pragmatic approach, Mr. Liguori responded with a mixed opinion saying that the culture at Sony Ericsson is both normative and pragmatic oriented, as a lot of emphasis is based on meeting customer and market needs but at the same time certain rules and guidelines have to be followed to meet these requirements.

As our research problem is based upon comparing the cultures of the parent firms with that of the joint venture, we will now present the findings concerning both the parent firms of Sony Ericsson.

### **5.3. Ericsson (Partner 1)**

Ericsson is the world leading manufacturer of telecommunication equipment and provides end to end solutions and services for all major mobile communication standards. Ericsson has more than 78,740 employees and its operations are spread across 175 countries around the world. The core values of Ericsson are based upon professionalism, respect and perseverance which are integrated in the company's culture. (Corporate information, n.d.)

### 5.3.1. National Culture in Ericsson

Ericsson is a Sweden based company and it has roots that are grounded with the Swedish way of living and congruent with the Swedish culture. Being a Swedish company, the culture within the organization is under direct influence from the Swedish national culture. Based on the research of Hofstede, the five dimensions of national culture for Sweden can be described as follows:

#### Power Distance

The power distance value of Sweden as calculated by Hofstede (2001) is 31, which corresponds to the lower end of the scale and gives an impression of decentralization in the structure of the organization. (Hofstede, 2001, p. 87)

#### Uncertainty Avoidance

Based on the values determined by Hofstede (2001), the UAI index value of Sweden is 29 which is a low value and makes us believe that the organizations in Sweden comprises of less number of people and these people usually concentrate on building their relationships. (Hofstede, 2001, p. 151)

#### Individualism and Collectivism

After going through the research of Hofstede (2001), we found out that the IDV value of Sweden is 71 which is towards the higher end of the scale and makes the Swedish culture more oriented towards individualism. (Hofstede, 2001, p. 215)

#### Masculinity and Femininity

The MAS index value of Sweden is 5, which is at the extreme lower end of the scale and makes the Swedish culture more practical for women to work in. (Hofstede, 2001, p. 286)

#### Long vs. Short-Term Orientation

Hofstede (2001) calculated the LTO value of Sweden and found out to be 33 which is averagely considered a low value, thus making the Swedish culture oriented towards achieving short-term goals. (Hofstede, 2001, p. 356)

Power Distance Index (PDI)	31
Uncertainty Avoidance Index (UAI)	29
Individual Index Value (IDV)	71
Masculinity Index Value (MAS)	5
Long-term orientation Index Value (LTO)	33

**Table 5.2:** National Culture Dimensions Values for Sweden

(Please see Appendix 3 for the national culture dimension scale)

### 5.3.2. Corporate Culture in Ericsson

Corporate culture at Ericsson has long been acknowledged as a very important factor for driving behavior, not only for compliance with rules but also in communication, decision making, reaching of objectives and striving for efficiency. The core values namely professionalism, respect and perseverance lay the foundation for the entire culture. The development of Ericsson's culture is the responsibility of the executive management. (Ericsson Annual Report, 2008)

Each and every employee at Ericsson is guided by its internal policies and directives which tells him how to meet the legal and ethical requirements pertaining to the task. In order to maintain high standards several control mechanism and procedures are also used. (Corporate Governance, n.d.)

In order to properly evaluate our research problem, we arranged a telephonic interview with **Ms. Ilyana Guzman Reyes**, Manager, Corporate Public and Media Relations in Stockholm and discussed the corporate culture incorporated at Ericsson under the light of the six dimensions mentioned by Hofstede. Ms. Reyes, has been working with Ericsson for the last 8 years, she started to work in Mexico and moved to Sweden 4 years ago. Her response from the interview is discussed below.

### 5.3.3. Interview Response

According to her the structure of Ericsson is quite flat in nature and more or less everyone has the same position but they are divided on the basis of projects. There are certain group functions which have a hierarchical structure, but they do not go deeper than one or two levels. As most of the work is done in projects so it is the responsibility of the group members to take initiative and when they come across an unfamiliar situation, and try to solve the problems through dialogue and communication.

When asked about rules and procedures, she replied that the people at Ericsson usually follow certain procedure that is laid down by the company in order to achieve the results. She also asserted that it is not necessary for employees to follow office timings and dress code, but it is mandatory for every employee to abide by the code of conduct and business ethics.

In response to the questions about employees performance and evaluation she said that employees are not differentiated on their individual performance and all of them are involved in the decision making process, except at the higher level where only the executive

management team is responsible for taking decisions. The manager also shows interest in the personal problems of the employees and they are really open towards the employee personal concerns. She mentioned that when hiring people, emphasis is paid on the experience and competence of an individual rather than the academic credentials, but these credentials matter when applying for a more specialized and technical position and according to her it takes a considerable amount of time for the new employee to get familiar and comfortable with the working environment.

She also asserted that the level of cooperation among various departments is generally good, but it depends more on the social and personal capability of the employee as well and when it comes to achieving goals, a combination of both long-term and short-term goals is used.

When asked about the physical working environment of Ericsson, she replied that Ericsson pays lot of attention and spends considerable resources in improving the physical working condition of its offices and based on her view the culture inside the organization is not very oriented towards customers.

We received a very positive response and valuable comments from Ms. Reyes, which we will use later to evaluate the organizational structure of Ericsson.

## **5.4. Sony (Partner 2)**

Sony is a Japan based company and is one of the largest producers of consumer electronic goods in the world. Currently the primary focus of the company is in the electronics, entertainment, games and financial services sectors. Sony employs more than 180,000 employees in its various subsidiaries all across the world (Corporate Information, 2009). The company's aim is to fully take advantage of the uniqueness that was embedded in its roots since its inception in an aggressive manner so that its products can continue to emotionally touch and excite its customers (About Sony Group, 2009).

### **5.4.1. National Culture in Sony**

As mentioned earlier, Sony is a Japanese company with its operations all around the world. The company started its operations in 1946, taking this into account we can easily assume that Sony has a strong connection with its national values and incorporates a culture that is derived from these values. We will now use the five dimensions developed by Hofstede in order to assess its national culture.

### **Power Distance**

The power distance value of Japan as calculated by Hofstede (2001) is 54, which is comparatively towards the higher end of the scale thus making the national culture of Japan supporting centralization and hierarchical structure in their organizations. (Hofstede, 2001, p. 87)

### **Uncertainty Avoidance**

Based on the values determined by Hofstede (2001), the UAI index value of Japan is 92 which is a very high value and makes us believe that the size of organizations in Japan is comparatively big and the people working in them are more task-oriented. (Hofstede, 2001, p. 151)

### **Individualism and Collectivism**

After going through the research of Hofstede (2001), we found out that the IDV value of Japan is 46 which is slightly towards the lower end of the scale and makes the Japanese culture promoting collectivism in their organizations. (Hofstede, 2001, p. 215)

### **Masculinity and Femininity**

The MAS index value of Japan is 95, which is at the extreme higher end of the scale and makes the Japanese culture an ideal place for men to work. (Hofstede, 2001, p. 286)

### **Long vs. Short-Term Orientation**

Hofstede (2001) calculated the LTO value of Japan and found out to be 80 which is also a high value, thus making the Japanese organizations oriented towards achieving long-term goals. (Hofstede, 2001, p. 356)

Power Distance Index (PDI)	54
Uncertainty Avoidance Index (UAI)	92
Individual Index Value (IDV)	46
Masculinity Index Value (MAS)	95
Long-term orientation Index Value (LTO)	80

**Table 5.3:** National Culture Dimensions Values for Japan  
(Please see Appendix 3 for the national culture dimension scale)

#### **5.4.2. Corporate Culture in Sony**

The culture of Sony is based on the vision of its founder who emphasized upon open mindedness, innovativeness and spirit of freedom. This vision and philosophy is embedded in the company's DNA and in the employees working at the company. (Culture, 2009)

Business ethics, code of conduct and following rules and regulations are the basic fundamentals of Sony's corporate culture. In order to reinforce the code and ethics a compliance office has been established at the head quarter and also in regional offices, to make sure the same group code has been implemented all across its offices around the world. In 2003, Sony adopted the Sony Group Code of Conduct which has set the basic internal rules and standards, followed by each and every individual from directors to the lower level employee. (Annual Report, 2008, p. 43)

Sony employs a corporate governance system called "company with committees" which comes under the Japanese company law, and according to it the Directors of the Sony Corporation have no authority to conduct the business and only CEO of the company is responsible for the execution of the business activities. As of 2008, Sony has 180,000 employees all around the world. Approximately 119,500 employees are located outside Japan, in Europe Sony maintain a good relation with its work councils in each country and try to provide competitive wages, benefits and good working conditions for all its employees. (Annual Report, 2008, p. 87-90)

Sony employs a code of ethics, which is applicable from top management to the low level employees. As of July, 2001 Sony established a compliance office which is responsible for emphasizing business ethics, code of conduct, laws and internal policies all over the group. Later a regional compliance office network has also been formed, whose main task is to exercise regional control over all its activities worldwide. Sony takes the violation of compliance very seriously and for this matter it has initiated an Internal Hotline System, which enables the employees to report any misconduct activities or seek guidance. Sony also employs a fair and transparent procurement and recruitment system. (Compliance, 2009)

To get a closer look at the corporate culture implemented at Sony, we scheduled a telephone interview with **Ms. Ann Bodin**, Marcom Manager based in Stockholm. Her main responsibility is to manage online marketing communications and the corporate web presence of the company in Sweden. As she is working at the Swedish subsidiary of Sony, her views were based on the Swedish working environment, which can be considered a limitation in our research. We evaluated her comments based upon the six dimensions as mentioned by Hofstede, which are used to measure the organizational culture.

### 5.4.3. Interview Response

When asked about the employees working at the Swedish subsidiary of Sony, she told us that she allows her employees to take initiative but at the same time they have to follow a lot of rules and procedures in conducting external business as well as managing their internal affairs. According to her these rules are laid down by Sony HQ Berlin. Employees also easily adopt the

changes implemented by the top management and when there is a disagreement between them, it is usually solved through communication.

She also mentioned that due to local business dealing there are very rare unfamiliar situations that they usually come across in their business.

In response to the questions about employee performance and treatment she said that the employees are evaluated on the basis of their individual performance and the decisions are only taken by the managers. Based on her comment the personal problems of employees are dealt according to the Swedish rules and regulations and it is mandatory for the employees to follow office timings. When hiring new people the qualifications are taken in consideration and it might take few weeks for the employee to get accustomed with the working environment.

When it comes to cooperation and coordination among departments, she emphasized on the importance of cooperation and asserted that the employees at Sony usually maintain a high level of cooperation among themselves and other departments. Also, 100% emphasis is paid in meeting the customer and market requirements and they usually adopt a result oriented approach in achieving goals.

### 5.5. Tabular View of the National Cultures

In order to provide a clear picture of the national cultures of all the three different countries, we will use a table to demonstrate the actual difference in their cultures.

DIMENSIONS	UK	SWEDEN	JAPAN
Power Distance (PDI)	35	31	54
Uncertainty Avoidance (UAI)	35	29	92
Individualism vs. Collectivism (IDV)	89	71	46
Long vs. Short-term Orientation	66	5	95
Masculinity vs. Femininity (MAS)	25	33	80

**Table 5.4:** Tabular Description of National Culture Values  
**Source:** Adopted from Culture's Consequences 2<sup>nd</sup> Ed. (Hofstede, 2001)

## 5.6. Tabular View of the Organizational Cultures

To give the reader a clear view of the organizational cultures of all the three companies involved in the joint venture, we have differentiated them on the basis of the six organizational culture dimensions of Hofstede (1990).

DIMENSIONS	SONYERICSSON	ERICSSON	SONY
Process vs. result orientation	Process Oriented	Process Oriented	Result Oriented
Employee vs. job orientation	Employee Oriented	Employee Oriented	Job Oriented
Parochial vs. professional orientation	Professional Orientation	Professional Orientation	Professional Orientation
Open vs. closed system	Open System	Open System	Open System
Loose vs. tight control	Lose Control	Lose Control	Tight Control
Normative vs. pragmatic	In Between	Normative	Pragmatic

**Table 5.5:** Tabular Description of Organizational Culture Values

**Source:** Adopted from Hofstede et. al., 1990

## 5.7. Summary

This section was based on the primary and secondary data that we had managed to acquire over a certain period of time for our research. The primary data was attained by conducting three interviews and the questions were based upon the six Hofstede's organizational culture dimensions. The secondary data was obtained from Hofstede's survey of national culture differences, conducted in more than 50 countries. The result from these findings have been comparatively analyzed with the help of our selected literature in the next section.

## 6. Comparative Analysis

This section will deeply analyze the findings mentioned in the previous chapter under the light of our theoretical framework in order to get a thorough understanding of the research problem and other implications associated with it.

### 6.1. "Sony Ericsson" an International Joint Venture

Wallace (2004) described joint venture as the coming together of two or more partners in an effort to achieve a specific outcome that would not have been achieved by any single partner.

The case of Sony Ericsson gives the same impression of the joint venture and represents collaboration between two multinational corporations i.e. Sony and Ericsson, who came together in order to achieve a single purpose which would not have been possible to achieve by either of the company working alone. The purpose in most cases is to achieve growth and competitive sustainable advantage, while in other cases it may vary.

Wallace (2004) asserted that the joint venture is formed on the basis of common objectives and mutual goals in order for the collaboration to last long. In case of Sony Ericsson, the main aim was to enter the cell phone markets and compete with the rivals on the basis of cutting edge technology and state of the art designs. This purpose was based on mutual interests of both Sony and Ericsson, as they both were facing difficulties in competing with their rivals in the cell phone market on standalone basis.

Another thing which is mentioned by Wallace (2004) is the level of interdependence between the partners. Sony has been renowned for its highly innovative designs and Ericsson has a reputable position when it comes to latest technology in telecommunications. Both Sony and Ericsson could not possibly achieve their goal if they were not depending on each other for their respective expertise and competence in both the field of design and technology.

Based on the study of Culpan (2002), the process of joint venture can be divided into four stages in terms of decision making of the partners. The first stage is known as the initial stage during which the partners evaluate the feasibility of the venture by assessing all the risks and advantages accompanied with the process. Prior to the collaboration of Sony and Ericsson, both the firms were involved in the cell phone business but were unable to compete under the tough competition laid down by their rivals. In an effort to overcome this situation and to unseat the monopoly of their competitors, Ericsson decided to come together with Sony in order to design and manufacture cell phones for consumers all around the world.

The next stage in the decision making process is the formation stage, which holds a critical and strategic value among all the stages. As mentioned earlier by Culpan (2002), during this stage major decisions are taken regarding partner selection and the type of partnership that will form the joint venture. Both Culpan (2002) and Stiles (2001) asserts the importance of partner selection and insist on choosing the right partner on the basis of compatibility. This compatibility can either be in the form of resources or culture. In case of Sony Ericsson, it was Ericsson who decided to go into partnership with Sony in the late 1990's. Both the partners were in the possession of valuable resources but the only thing that was considered to be incompatible was the culture, but. As mentioned earlier, Sony is a Japan based MNC, whereas Ericsson is Sweden based corporation. Both the companies had entirely different culture and working environment. In order to overcome this conflict, they both decided to base the joint venture in a third neutral location i.e. UK so that the cultural conflict can be resolved. As both

the companies were resourceful, they decided to involve in an equity partnership, providing each partner with a 50% stake in the venture, thus removing any further conflict over control procedures.

After the joint venture has been formed, the third stage as mentioned by Culpan (2002) the operation stage comes into play. During this stage the joint venture is evaluated on the basis of its performance. There are various factors that can be used to measure the joint venture performance. Culpan (2002) suggests two ways through which the performance of joint venture can be evaluated either by measuring the degree of satisfaction of the partners, which is intangible or by measuring the sales and profit volume of the joint venture. During the first year of its operation Sony Ericsson made no profit until the third quarter of 2003. Pressure from both the parent firms was mounting and there came a stage when its operations were on the verge of shutdown. Soon after that the sales began to rise and the profit margin reached to \$ 1 billion a year (Esato, 2007). Considering the sale volume and profit margin, the performance of Sony Ericsson was easy to measure as compared to the satisfaction level of both the parent firms.

The last and final stage according to Culpan (2002) is the outcome stage, during which the partner decides either to leave or continue with the joint venture. Again this decision purely lies on the performance of the joint venture. Keeping into account the current economic condition, Ericsson made up its mind to abandon the joint venture but soon decided otherwise by assuring its commitment to the joint venture (Engadget, 2009).

## **6.2. Culture in Sony Ericsson**

In international joint ventures, there are two cultures that have a significant effect on the collaboration between the partners. These cultures are national and organizational cultures. Tayeb (2001) has also emphasized the importance of both these cultures and stressed that they have a considerable impact on the organization and the management style of the venture. Lane and Beamish (1990) also suggested that when both the partners of the joint venture belong to separate national culture they tend to have difficulty in communicating with each other and thus can adversely affect the joint venture (Lane and Beamish 1990 cited in Pothukuchi et al. 2002).

Hofstede (2001) has also mentioned both the national and organizational cultures in his research and defines culture as the collective programming of one's mind, which differentiates one group of people from another. We have used his research in order to study the culture at Sony Ericsson.

### **6.2.1. National Culture in Sony Ericsson**

According to Hofstede (2001) the national culture is built around societal norms consisting of values which are shared by the major part of the population. These societal norms force institutions to adapt a particular structure and function and at all times they have to reinforce these norms and once they have been reinforced it is very difficult to change them. He proposed five dimensions which can be used to measure the national culture. In case of Sony Ericsson we will use the national culture of UK as the one affecting the joint venture. Based on our findings from the previous section, we can easily characterize the national culture of Sony Ericsson as having low power distance, low uncertainty avoidance, high focus on Individualism, high Masculinity and low orientation towards long-term goals.

These characteristics suggest that Sony Ericsson is affected by the national culture that allows decentralized and flat organizational structure along with the small size of the firm. This culture also focuses on evaluating individual performance and promoting competitiveness and priority is given in achieving short-term goals.

### **6.2.2. Organizational Culture in Sony Ericsson**

Organizational culture is the set of values, vision and strategy that is implemented within the organization. Hofstede (2001) characterized the organizational culture as holistic, historically influenced, socially constructed, soft and relatively stable. He also classified the organizational structure into four parts namely symbols, heroes, rituals and values. He then labeled symbols, heroes and rituals into practices. The values are the epicenter of a culture and hold a core status. The values embedded in Sony Ericsson's culture are to be passionate about success, innovative in thinking and responsive to the customers (Careers, 2008). These values work at the heart of the organization and the whole culture is based around them. These values represent the way of thinking of the people inside the organization and can only be expressed in terms of actions (Hofstede, 1990).

Hofstede et al. (1990) came up with six dimensions which can be used to measure the organizational structure. These dimensions are process vs. result orientation, employee vs. job orientation, parochial vs. professional orientation, open vs. closed system, loose vs. tight control and normative vs. pragmatic. In order to get a closer look at the Sony Ericsson's culture, we based our interview on these dimensions and came up with the response that forms the corporate culture of Sony Ericsson to be process oriented, employee oriented, profession oriented, encourages open system, prefer loose control and lies somewhere in between normative and pragmatic perspective.

This means the corporate culture at Sony Ericsson encourages employees to follow procedures and avoid taking risks, shows interest towards employees' personal problems, promotes professional attitude, allows new employees to easily get acquainted with the environment, discourage implementing strict rules and focuses on following business rules and ethics in order to meet customer requirements.

After reviewing this we can easily make a comparison between the cultures of both of its parents and can state the differences and similarities. We shall now analyze the cultures of the partner firms in order to get a clearer picture.

### **6.3. Partner's Cultures**

In case of equity joint venture, there are usually to partners involved in the collaboration. These partners bring their culture together in order to form another culture which is usually inspired by the partner's culture or takes a shape of a new culture (Berger, 2007). In order to understand this phenomenon, we shall now analyze the cultures of both the partners based on the Hofstede's dimensions of national and organizational culture.

#### **6.3.1. Partner1 Culture**

The first partner in our case is Ericsson who holds a 50% stake in the joint venture. First we will examine the national culture affecting Ericsson. According to Hofstede (2001) research, the national culture of Ericsson can be described as having low power distance, low uncertainty avoidance, high Individualism, very low Masculinity and low long-term orientation. Based on these characteristics we can infer that the national culture that affects Ericsson promotes flat and decentralized structure, discourages large size of the firm, belief in individual performance, short-term goals and maintains equality between male and female employees.

Based on our interview with Ms. Ilyana Guzman Reyes, we shall now evaluate the organizational culture of Ericsson. The organizational culture of Ericsson is found to be process oriented, employee oriented, profession oriented, open, loosely controlled and normative. This means that the corporate culture that prevails in Ericsson allows the employees to avoid taking risks, makes employee feel comfortable by attending his personal issues, promotes professional attitude, discourage strict rules and regulations and focuses on following business ethics.

#### **6.3.2. Partner2 Culture**

The second partner is Sony, which is a Japan-based company and holds the other half of the stake in the joint venture. After evaluating the national culture of Sony, we can describe it to be having high power distance, very high uncertainty avoidance, low Individualism, very high

masculinity and high long-term orientation. This means that the national culture that has a direct influence on Sony supports hierarchical and centralized structures in organizations, encourages using technology, prefers large size and expects loyalty, allows team work, promotes competitiveness and believes in achieving long-term goals. As mentioned earlier, Sony has implemented a corporate governance system which prevents the Directors to involve in any business activities and allows the CEO only to execute all its business operations. Also Sony implements a strict compliance system for monitoring all the activities of its employees, thus making the entire organization structure rigid and centralized.

Based on the comments of Ms. Ann Bodin, we can also evaluate the corporate culture of Sony as to be result oriented, job oriented, profession oriented, open system oriented, tightly controlled and takes pragmatic approach. In simpler words the corporate culture at Sony allows the employees to take risks and put more focus on completing tasks, does not show concern for employee personal problems, encourage professional attitude and expects everyone to follow rules and regulations, and stresses on meeting customer requirements.

Based on the aforementioned analysis, we shall now move on towards drawing the results of our study in the following section.

## **7. Conclusion**

Based on our research it was possible for us to draw results concerning our research problem. As mentioned earlier, the research problem was to study the culture of the joint venture and see for any resemblance with the cultures of the parent firms. Using the research done by Hofstede we can easily tell the difference between both the parent firms as very significant. The reason being Sony has its origin in Japan and Ericsson is a Sweden based company. As already mentioned by Lane and Beamish (1990) IJV partners from different national cultures tend to experience greater difficulty in terms of communication and coordination (Lane and Beamish 1990 cited in Pothukuchi et al. 2002). If we look at the organizational culture of both the partner companies, we see that there is also a significant difference on this account. The only similarity among them is the professional orientation towards work and open system that exist within the organization. When we make this comparison with Sony Ericsson, we find out that the culture integrated at Sony Ericsson is quite similar to that of Ericsson. The reason may be due to both the companies are based in Europe and also there is very less difference in their respective national cultures. Another reason for showing similarity with Ericsson is that the ratio of Swedish employees working at Sony Ericsson is quite high, thus giving a similar notion. It can be assumed that the culture incorporated at Sony Ericsson is partially based on some commonalities between the parent firms and partially influenced by the national culture as well.

After undergoing all the research we can conclude that the corporate culture in an international joint venture possess the common cultural strengths of both the parent companies and also resembles the national culture, especially when the parents belong to different countries.

## **8. Practical Implications**

As our dissertation is based upon a case study of Sony Ericsson, it can provide some useful information for other companies which are considering the option of joint venturing, especially the companies belonging from different countries. Because these companies have to take into account both their national and organizational cultures. Our research was heavily based on the organizational culture and its implications in the joint venture; it is therefore recommended that before going into an alliance the companies should evaluate their differences in terms of vision, strategy, goals and come to a mutual objective that is based on their common interest.

## **9. Further Research**

As our research is primarily based upon the views from only three respondents, therefore it was very hard for us to draw general conclusions from it. In order to make it more general and valid there is a need of further research encompassing more respondents and interviews. Also the research can be made on several other cases from various backgrounds, thus gaining a more general and valid opinion. Also, we feel there is some need to study the performance measures of the joint ventures as there are no general variables that can be used to measure its correct performance. This study will indeed require a lot of quantitative analysis and measures, thus demanding a lot of time and resources.

## References

Almeida, P., Grant, R. & Phene, A. (2002). Knowledge Acquisition Through Alliances: Opportunities and Challenges. In Gannon, M J & Newman K (2002). *The Blackwell Handbook of Cross-Cultural Management* (pp. 66-77). UK: Blackwell Publishers Ltd.

Annual Report. (2008). *Company Structure and Organization – Ericsson Annual Report 2008*. Retrieved April 27<sup>th</sup>, 2009, from

[http://www.ericsson.com/ericsson/investors/financial\\_reports/2008/annual08/company-structure-and-organization.html](http://www.ericsson.com/ericsson/investors/financial_reports/2008/annual08/company-structure-and-organization.html)

Annual Report. (2008). *Sony Global – Annual Report*. Retrieved April 29<sup>th</sup>, 2009, from <http://www.sony.net/SonyInfo/IR/financial/ar/2008/qfhh7c00000htn6x-att/SonyAR08-E.pdf>

Annual Report. (2008). *Transition Report*. Retrieved May 15<sup>th</sup>, 2009, from [http://www.sony.net/SonyInfo/IR/library/qfhh7c00000gucvw-att/FY07\\_20F\\_PDF.pdf](http://www.sony.net/SonyInfo/IR/library/qfhh7c00000gucvw-att/FY07_20F_PDF.pdf)

Applegate, D. B. (2001). Controlling joint venture risk. *The Internal Auditor* 3(58), 44-49.

Barger, B. B. (2007). Culture an Overused Term and International Joint Ventures: A Review of the Literature and a Case Study. *Journal of Organizational Culture, Communication and Conflict* 11(2), 1-14.

Berrell, M., Gloet, M. & Wright, P. (2002). Organizational Learning in International Joint Ventures: Implication for Management Development. *Journal of Management Development* 21(2), 83-100.

Careers. (2008). *Careers – The Sony Ericsson Story*. Retrieved April 5<sup>th</sup>, 2009, from <http://www.sonyericsson.com/cws/corporate/company/jobsandcareers/thesonyericssonstory>

Compliance. (2009). *Sony Global – Compliance*. Retrieved May 15<sup>th</sup>, 2009, from <http://www.sony.net/SonyInfo/Environment/management/compliance/>

Cooper, R. & Ross, T. (2007). Sustaining Cooperation with Joint Ventures. *Journal of Law, Economics, and Organization Advance Access*, 1-24.

Corporate Information. (n.d.). *Corporate Information*. Retrieved April 27<sup>th</sup>, 2009, from <http://www.ericsson.com/ericsson/corpinfo/index.shtml>

Corporate Governance. (n.d.). *Corporate Governance*. Retrieved April 27<sup>th</sup>, 2009, from [http://www.ericsson.com/ericsson/corpinfo/corp\\_governance/index.shtml](http://www.ericsson.com/ericsson/corpinfo/corp_governance/index.shtml)

Corporate Information. (2009). *Sony Global - Corporate Information*. Retrieved April 29<sup>th</sup>, 2009, from

<http://www.sony.net/SonyInfo/CorporateInfo/index.html>

Culpan, R. (2002). *Global Business Alliances: Theory and Practice*. Greenwood Publishing Group, Inc.

Culture. (2009). *Sony Global – 05 Culture*. Retrieved April 29<sup>th</sup>, 2009, from  
<http://www.sony.net/SonyInfo/Careers/culture/index.html>

Das, T. K. & Teng, B. (1997). Sustaining Strategic Alliances: Options and Guidelines. *Journal of General Management* 22(4), 49-64

Engadget. (2007). *Ericsson reaffirms commitment to Sony Ericsson Joint venture*. Retrieved April 25<sup>th</sup>, 2009, from  
<http://www.engadget.com/2009/03/23/ericsson-reaffirms-commitment-to-sony-ericsson-joint-venture/>

Esato. (2007). *Sony Ericsson – Joint Venture Heaven*. Retrieved April 27<sup>th</sup>, 2009, from  
<http://www.esato.com/board/viewtopic.php?topic=143973>

Fisher, C. (2007). *Researching and Writing a Dissertation: A Guidebook for Business Students*. 2<sup>nd</sup> ed. London: Pearson Education Limited

Fone Arena Mobile Forums. (2007). *Sony Ericsson – History*. Retrieved April 5<sup>th</sup>, 2009, from  
<http://forums.fonearena.com/sony-ericsson/155-sony-ericsson-history.html>

Frendberg, E. (2006). *Creating Corporate Culture - A study of strategies employed to cultivate High Performance Mentality within Sony Ericsson*. Master's Thesis. Lund University

Garcia-Canal, E., Valdes-Llaneza, A. & Arino, A. (2003). Effectiveness of Dyadic and Multi-Party Joint Ventures. *Organization Studies* 24(5), 743-770.

Geringer, J. M. & Hebert, L. (1991). Measuring Performance of International Joint Ventures. *Journal of International Business Studies* 22(2), 249-263.

Gyenes, L. A. (1991). Build the Foundation for a Successful Joint Venture. *Journal of Business Strategy* 12(6), 27-32.

Hennart, J. & Zeng, M. (2002). Cross-Cultural Differences and Joint Venture Longevity. *Journal of International Business Studies* 33(4), 699-716.

Hill, W. (2005). *International Business – Competing in the Global Marketplace*. 5<sup>th</sup> ed. Prentice Hall.

Hofstede, G. (2001). *Culture's Consequences*. 2<sup>nd</sup> ed. USA: Sage Publications, Inc.

- Hofstede, G. (2005). *Cultures and Organizations: Software of the Mind*. 2<sup>nd</sup> ed. McGraw-Hill Professional
- Hofstede, G., Neuijen, B., Ohayv, D. & Sanders, G. (1990). Measuring Organizational Cultures: A Qualitative and Quantitative Study Across Twenty Cases. *Administrative Science Quarterly* 35(2), 286-316
- Meschi, P. & Roger, A. (1994). Cultural context and social effectiveness in international joint ventures. *Management International Review* 34(3), 197-215.
- Mission. (2008). *Sony Ericsson – Mission*. Retrieved April 5<sup>th</sup>, 2009, from <http://www.sonyericsson.com/cws/corporate/company/aboutus/mission>
- Morisini, P. (1998). *Managing Cultural Differences: Effective Strategy and Execution Across Cultures in Global Corporate Alliances*. 1<sup>st</sup> ed. Oxford: Elsevier Science Ltd.
- Pothukuchi, V., Damanpour, F., Choi, J., Chen, C. & Park, S. (2002). National and Organizational Culture Differences and International Joint Venture Performance. *Journal of International Business Studies* 33(2), 243-265.
- Profile. (2008). *Sony Ericsson – Profile*. Retrieved April 5<sup>th</sup>, 2009, from <http://www.sonyericsson.com/cws/corporate/company/aboutus/profile>
- Reuer, J. & Tong, T. (2005). Real Options in International Joint Ventures. *Journal of Management* 31(3), 403-423.
- Scherling, S. & Wang, O. (1997). Cooperative Relations in International Joint Ventures. *Asia Pacific Journal of Marketing and Logistics* 9(3), 53-72.
- Schillaci, C. E. (1987). Designing Successful Joint Ventures. *The Journal of Business Strategy* 8(2), 59-63.
- Smith, E. (2008). Using Secondary Data in Educational and Social Research: *Conducting Educational Research*. England: Open University Press.
- Stiles, J. (2001). Partner Selection: Motivation and Objectives. In Tayeb, M H (2001). *International Business Partnership* (pp. 22-51). New York: Palgrave.
- Sony Ericsson. (n.d.). *Sony Ericsson – History of Ericsson*. Retrieved May 15<sup>th</sup>, 2009, from <http://www.ericssonhistory.com/templates/Ericsson/Article.aspx?id=3146&epslanguage=EN>
- Tayeb, M. H. (2001). *International Business Partnership*. New York: Palgrave.

Wallace, R. (2004). *Strategic Partnerships: An Entrepreneur's Guide to Joint Ventures and Alliances*. Dearborn Trade, A Kaplan Professional Company.

Yan, A. & Luo, Y. (2000). *International Joint Ventures: Theory and Practice*. M. E. Sharpe

**Interviews:**

Bodin, A. (Marcom Manager), Sony Electronics. Stockholm, Sweden. Telephone Interview conducted on May 7<sup>th</sup> at 12:30 pm CEST.

Liguori, A. (Corporate VP and Head of Global Communications & PR), Sony Ericsson, London, UK. Telephone Interview conducted on May 1<sup>st</sup> at 10:30 am CEST

Reyes, I. (Manager Corporate Public and Media Relations), Ericsson, Stockholm, Sweden. Telephone Interview conducted on April 30<sup>th</sup> at 2:00 pm CEST

## Appendix 1 – Cover Letter

Dear Sir/Madam,

We are Master's students at Mälardalen University in Sweden and we are enrolled in the programme called International Business and Entrepreneurship. Currently we are working on our dissertation which is an integral part of our degree and the completion of which will ultimately lead to the conclusion of the degree. The central focus of our research is to study organizational culture in international joint ventures. Our research question will analyze the type of corporate culture that emerges after the collaboration between two companies' results in the formation of a separate entity called joint venture.

After careful investigation of various international joint ventures, we came to an agreement to study the case of Sony Ericsson as our empirical study. The reason for choosing Sony Ericsson is that, both the parents of the joint venture i.e. Sony and Ericsson have a completely diverse and distinct culture both on the national and organizational level. This makes it a very interesting case for our research and will hopefully serve as an immaculate example to complement our study.

In order to further evaluate our research we require some primary information in order to make a comparison between the two corporate cultures. This information will be acquired with the help of a telephonic interview and will be treated in a confidential manner. In order to successfully undergo this task we oblige your maximum cooperation and support.

We believe that you will find our research to be valuable and interesting and we assure that your assistance in this regard shall not be overlooked. Thank you for your cooperation in advance.

Sincerely,

Arslan Ahmed and Zhaohua Pang

Arslan Ahmed  
+46765988471  
[arslan6@gmail.com](mailto:arslan6@gmail.com)

Zhaohua Pang  
+46765836744  
[zhaohua\\_pang@hotmail.com](mailto:zhaohua_pang@hotmail.com)

## **Appendix 2 – Interview Guide**

This research is strictly for academic purposes and is being undertaken as a part of a programme of academic study at Mälardalen University. This research will be written up as an academic dissertation and will be available for further viewing. Prior to the commencement of the interview please indicate whether to keep your identity anonymous or distinct in order to avoid any inconvenience in the future.

### **-----Questions-----**

#### **General Questions**

- 1) What is your title?
- 2) How long have you been working at the company?
- 3) What is your perception about the term “corporate culture”?

#### **Process vs. Result Orientation**

- 4) Do you encourage your employees to take initiative towards a certain task?
- 5) What happens when you or your employees come across an unfamiliar situation?
- 6) Is there any special process that the employees need to follow in order to achieve their goals?

#### **Employee vs. Job Orientation**

- 7) Do you differentiate your employees on the basis of their individual performance? If yes, then do you assist them in any particular way?
- 8) Do you involve your employees in the decision making process or is this process centralized to the top level only?
- 9) How easily do you and your employees accommodate changes imposed by the top management?
- 10) What happens if there is any disagreement between you and your employees?
- 11) To what extent, do you show concern for the personal problems of your employees?

### **Parochial vs. Professional Orientation**

12) What is the level of cooperation and trust among the employees and the other departments?

13) What is the criterion of hiring people, apart from their academic qualifications?

### **Open vs. Closed System Orientation**

14) How much time does it normally take for a new employee in order to get acquainted with the working environment?

15) Do you believe in achieving short-term goals or long-term goals, and why?

16) How much time and resources are dedicated in improving the physical working conditions in the organization?

### **Loose vs. Tight Control Orientation**

17) Is it necessary for employees to follow office timings, dress code and always have a serious attitude towards their work? If yes, then do you think it could restrain employees from being creative and innovative?

18) Do you follow a strict attitude towards the employees in terms of their compliance with the code of ethics under laid by the organization?

### **Normative vs. Pragmatic Orientation**

19) How much emphasis do you pay in meeting the needs of the customers?

20) Do you think that following a certain procedure is more important than achieving results by any mean possible?

-----**Thank You**-----

### Appendix 3 – National Culture Dimensions Scale

Dimensions	Index Value Range (High to Low)	Standard Deviation	Mean
Power Distance ( <b>PDI</b> )	104 – 11	22	57
Uncertainty Avoidance ( <b>UAI</b> )	112 – 8	24	65
Individualism vs. Collectivism ( <b>IDV</b> )	91 – 22	25	43
Long vs. Short-term Orientation	118 – 00	n/a	n/a
Masculinity vs. Femininity ( <b>MAS</b> )	95 – 6	18	49

**Source:** Produced from Culture's Consequences 2<sup>nd</sup> Ed (Hofstede, 2001)