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### **Summary/Abstract**

Cultural explanations have become increasingly common in the study of international inter-organisational relations (IOR). Quantitative analyses have shown the impact of culture on both the performance and structuring of IOR practice across national boundaries. In this paper we analyse the adequacy of these models from the perspective of the relationship between agency and structure. We claim that the underlying models possess problematic accounts of agency through an implicit adherence to forms of determinism (running from uni-dimensional determinism to complex mediated multi dimensional determinism). In so doing we raise a series of critical objections on the value of current models. We conclude the paper with a discussion of the parameters of a more adequate account of agency within cultural models.

## The return of cultural dopes? Cultural explanations and the problem of agency

### 1. Introduction

Cultural explanations have become increasingly common in the study of international inter-organisational relations. Since the pioneering work of Geert Hofstede researchers have been provided with a set of variables from which to test hypotheses concerning the effects of cultural dissimilarity (or its alter) on the performance of a variety of inter-organisational relations (e.g. joint ventures, joint projects, mergers and acquisitions). This research has tended to focus on the national level, arguing that national cultural differences (either *in toto* or with respect to specific aspects) result in diminished performance of inter-organisational practice and that national cultural difference alters the structuring of inter-organisational relations (IOR) (e.g. choice of entry mode, choice of partner equity structure (Claus & Hand, 2009; Kogut and Singh, 1988; Yamin & Glesorkhi, 2010)). National culture, or at least pertinent aspects of this construct, appear as a key predictive factor in explaining IOR performance; with a significant body of work showing its, usually deleterious, effects (Kumar & Nti, 2004; Park & Ungson, 1997; Pen & Pleggenkuhle-Miles, 2009; Sillars & Kangari, 2004; Sirmon and Lane, 2004).

In this paper we analyse the use of cultural type explanatory models in IOR and argue that they contain a critical weakness. Specifically, we argue that such accounts, in focusing on national cultural traits, fail to adequately recognise the role of individual agency. It is a truism to say that robust quantitative studies require *inter alia* robust variables. We shall argue that, in their current form, accounts of culture are insufficiently robust to provide the requisite variables. That is, they utilise under-developed concepts unsuited to use as key explanatory variables for the developing of propositions and the testing of hypotheses. Consequently the results of any such analysis will be artefactual rather than adequate, in that the measures utilised are inadequate to map onto an underlying practice in a satisfactory manner.

Critical discussion of national culture research has often taken an *ad hominen* approach, outlining various methodological and statistical problems in particular accounts of national culture (for example, Hofstede, 2010; McSweeney, 2002, Shenkar, 2001, Tayeb, 1994; Taras et al. 2010). Although we have some sympathy with these views, this paper raises a more general challenge to all research of this form, namely that it is determinist. Our aim, however is not to *reject* these approaches outright, but to engage in reconstruction by arguing for a more rigorous and explicit account of agency in this field of endeavour in order to enhance the robustness and validity of a continuing research program. Without addressing these issues, we argue, it is necessary to maintain an appreciative scepticism of the results gained from such research.

In this paper we will focus on three broad categories of the treatment and deployment of culture in inter-organisational studies. We treat them in ascending order of sophistication, from simple uni-dimensional accounts of culture, to multi-dimensional integrative measures. Each, we shall argue, presents both challenges and assumptions in respect of agency and, despite their escalating complexity, operate with an inadequate account of

agency that limits their utility. We end the paper with a sketch of the parameters of a more complete account of culture and agency and offer some comments on the deployment of culture in conceptual and quantitative models. We do not presume to solve the problems generated by this discussion but aim to open the debate and point to a more tenable account of culture in IOR.

## *2. The importance of agency*

The relationship between agency and structure has been a central debate in social science theory since its inception. Put crudely the central concern, in respect of explanations of human behaviour, is to what extent the relative explanatory emphasis should be on individual self-determination (agency) or the impact of supra-individual structures. To use a trivial example, when an individual attends a 9:00am class at university is this the result of an individual's rational choice, i.e., a weighing of preferences and conclusion that attending a lesson satisfies their interests (as against alternate forms of actions such as sleeping in late or watching morning television) or is the individual simply following a norm that dictates attendance at such classes irrespective of their preference? The former is an agency-centred explanation, the latter a structuralist. Debates have raged in social science in respect of the relative weighting of such explanations and the desirability of each— for example: Dennis Wrong's seminal critique of the work of Talcott Parsons as presuming an 'over-socialized conception of man' (Wrong, 1961); the structuralist determinism of variants of Marxism (Althusser in particular); and the validity or otherwise of Methodological Individualism (Coleman, 1990). More sophisticated discussions have attempted to bridge the divide by elucidating the complex and intimate inter-relationship between structure and agency. (Archer, 2000; Giddens, 1984).

Outside of these internecine debates within sociological theory, a broad consensus position can be posited that an adequate theory must at least take a position on agency-structure (if only to reject one pole or another of the imputed dichotomy). The importance of this debate is further refined in respect of the status of culture in these debates, culture (admittedly understood in a variety of ways) acts as a bridge between agency and structure by operating as (i) a substantive element in the content of socialisation and (ii.) acting as a socialising process of itself. Our imbrication within culture represents a key socialising process by which shared norms and values are inculcated and reproduced – culture in this sense is both consequence and process. Where individual action is simply a consequence of culture, a structural account holds sway with the individual viewed as a 'cultural dope' (Garfinkel, 1967) of the dominant ideology. Where actors obey norms in the pursuit of self-interest (norms may be emergent from self-interest, c.f. Smith, V., 2008; Coleman, 1990), this becomes an agent-centred proposition.

As with most simplifying models, agency-structure is not a dichotomy but a continuum and theories operate with a relative emphasis on either scale (although some positions may be implicit). Consequently we may question whether these accounts are valid or sustainable, i.e. that they accurately depict the underlying construct. By implication culture theories in IOR offer an account of agency and structure that have to be robust and acceptable if their deployment (particularly as variables) is to be held as valid. To

ignore agency in cultural explanations, or to not make explicit such assumptions fails to apply rigour in respect of extant conceptualisations, hence the validity of the construct is assumed rather than assured.

Quantitative and qualitative explorations of culture in organisational studies rarely engage in this level of theoretical reflection. However in this paper we argue that the different models of culture utilised in IOR studies include implicit operative accounts of agency-structure. In unearthing these we can subject these models to critical scrutiny and elucidate lacunae and problematic assumptions within them. The ensuing discussion will be neutral in respect of particular accounts of the agency-structure divide and of particular understandings of culture. Rather we see this discussion as meta-theoretical instead of confining ourselves to a specific theory - we make use of a number of explanatory propositions – we see these as uncontroversial with application to any such account - namely:

- i. an account of culture requires a valid theory of agency
- ii. macro-level accounts and models of culture imply an account of agency
- iii. the account of agency should be cogent  
the implications being that:
- iv. if the account of agency is wholly unsustainable that account of culture should be abandoned
- iv. if the account of agency is limited (though cogent) the explanatory value of the account of culture will possess some limitations (these limitations may be tolerable).

In this respect agency occupies a critical role in the acceptance or otherwise of culture level explanations in IOR – in particular the use of culture as a variable in quantitative studies. Without such conceptual work, the project of cultural explanation is at best partial and at worst unsustainable.

### *3. Agency in cultural accounts*

Having discussed the centrality of agency to social scientific explanations and its relation to agency we move to the operative accounts of culture and agency within extant models. Models are selected here in respect of their widespread usage and their level of sophistication. What they share in common is an attempt to model, either quantitatively or conceptually, the role of culture in dyadic relations. Cultural difference is here, explicitly modelled as a factor explaining the success or otherwise of inter-organisational relations. Our discussion points towards broader issues in respect of accounts of culture and agency, however it is the point in which two organisations meet that issues of culture are thrown into sharp relief.

#### *3.1. Uni-dimensional determinism.*

One of the most cited and deployed concepts in quantitative proposition testing research is the concept of ‘cultural distance’ developed by Kogut and Singh (1988) (first developed in a paper exploring the relationship between national culture and the entry

mode of organisations into foreign jurisdictions). The concept is based on Hofstede's account of national culture which assigns a series of scores to the four dimensions of national culture (Individualism-Collectivism, Power Distance, Masculinity-Femininity and Uncertainty Avoidance<sup>1</sup>). Whilst the work of Hofstede has attracted substantial and continuing critical debate – noting that the issue of agency is only tangentially discussed – we shall hold this in abeyance in order to discuss the value and validity of this derived construct. The Kogut and Singh construct takes as raw input the Hofstede figures producing a composite index that produces a single figure output based upon the following formula:

$$CD_j = \sum_{i=1}^4 \{(I_{ij} - I_{iu})^2 / V_i\} / 4$$

CD<sub>j</sub> represents the Cultural Distance between country *j* and the USA, *u* equals USA, *I*<sub>ij</sub> is the Hofstede score for cultural dimension *i* in country *j*, *I*<sub>iu</sub> the Hofstede score for dimension *i* in the USA and *V*<sub>*i*</sub>, the variance of cultural dimension *i*. This measure was initially developed to determine the cultural distance between any country with a Hofstede score and the USA, however changing *u* to another country and using its scores on Hofstede's cultural dimensions enables the calculation of the Cultural Distance (hereafter CD) between any two nation states with the requisite scores. The output of the formula offers a single numerical figure summarising the (national) cultural distance between the populations of two nation states. Similarly the Hofstede score can be replaced with other quantitative accounts of cultural dimensions (adjusting the denominator for the number of dimensions in the model) (see Sarala & Vaara, 2010, for the use of GLOBE measures in this manner).

Of course, the cultural distance index can be broken down into its constituent parts thus providing four indicators of cultural distance which retain the specifics of Hofstede's original formulation – however to our view this represents a difference in quantity rather than of kind. In their original paper Kogut and Singh apply CD (amongst others) to suggest a positive relation between cultural distance and the use of joint venture forms rather than greenfield sites. The index (and potential variants therein) has attracted sustained attention and has been applied to the performance of IJV (Barkema and Vermeulen, 1997), foreign acquisition performance (Slangen, 2006) equity ownership structure in IJVs (Yanni and Colesohli, 2010) (for other examples see Peng and Pleggenkuhle-Miles, 2009: 53-55).

Critical debates abound with the production of contradictory results (i.e. that cultural distance does not offer diminished performance or that the influence is negligible (Tihanyi et al. 2005)) or that the CD measure makes a series of illegitimate assumptions concerning causality, discordance and intra-national variance (Shenkar, 2001) – although this substantially echoes critiques of the underlying Hofstede dimensions. There is however an obvious appeal of the CD construct in that it offers a simple quantitative figure that can act as the cultural variable (or variables) in quantitative models (although

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<sup>1</sup> The CD measure does not include the fifth subsequent dimension developed by Hofstede.

the theme of the distance as discord generating similarly appears in qualitative studies). Hence culture (or at least the difference between cultures) can be invoked to generate testable hypotheses in a variety of contexts.

For the purpose of our discussion, whilst the appeal is clear, it is necessary to disinter an account of agency in this index (and variants both extant and implied<sup>2</sup>) in order to offer an evaluation of the validity of the measure as an explanatory concept. From an explanatory perspective, the model is uni-dimensional, i.e. other potential cultural sources are absented and national culture is causal in respect of explaining outcomes (or at least explaining certain percentage of variance<sup>3</sup>). In this respect we can offer some assumptions that constitute its core explanation of agency. We shall begin with the single unit of explanation (the firm or organisation) and move to the dyadic. In summary form the assumptions are:

- national culture is the same (homogenous) within a nation.
- national culture influences the behaviour of organisations
- national culture influences the behaviour of individual agents within organisations
- national cultural influences within a nation are identical, i.e. have the same consequences on action

With these assumptions in a dyadic relationships we have two sets of agents interacting whom are different in respect to national cultures but are the same in respect of the impact of their specific national culture. This leads to interaction marked by difference which is in tension or friction and leads to, in the main, negative effects (although for some this may be positive). For our discussion we can reframe this analysis in respect of assumptions concerning agency:

- national culture is a structure that determines how agents behave both within a culture, within an organisation and when agents from different cultures meet.
- Individuals of all cultures are determined in precisely the same way by a national culture - agent's psychological make-up does not matter
- agents cannot reflexively orient themselves to a culture and act otherwise – agency is not reflexive
- when interacting in specific situations across cultures, individuals do not alter their behaviour in respect of context – agency is not contextually dependent
- There are no other significant cultural influences on actor's behaviour apart from national culture, i.e. the model is uni-dimensional

It is possible to spend time pulling apart these assumptions in detail; our view is that such an enunciation is unnecessary. The operative theory of agency is as follows:

- i. Agency is determined by structure

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<sup>2</sup> The model could be used with T-HT dimensions – though I know of no studies that use this extension.

<sup>3</sup> More sophisticated models in the literature introduce other contextual non-cultural factors, e.g. sector, asset distribution, experience – here we are abstracting out the form of cultural explanation.

- ii. Agents do not have the capacity for reflexivity
- iii. In respect of culture, individual differences are irrelevant
- iv. Agents behave identically, (i.e. in accordance with national culture) in all and every cross national contexts

Agents are mere reflections of operant national structure which determines action irrespective of social context or individual variation. Indeed one of the features of such a model is that any individual within a culture is interchangeable since they act in substantial ways, as ciphers for the cultural hegemon (to borrow a phrase from Gramsci). Such accounts of agency have been subject to substantial critique with epithets of over-socialised (Wrong), cultural dopes (Garfinkel) or structural determination (Althusser). Agency, with its sense of autonomy, reflexivity and acting otherwise, disappears from the theoretical vista; structure determines agency to the degree that action can be read off from structure.

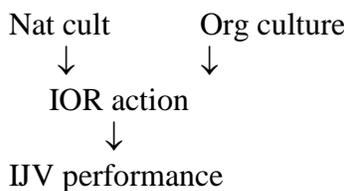
That such an account of agency is untenable is obvious. However, the failure to specify agency (or at least to treat it with some care) leads to conceptual edifices that are built on shaky foundations. If accounts of culture present an attempt to model human behaviour (within organisations at least) and ultimately the interaction between two organisations in two different nation states involves human action the macro-micro transition employed in the explanation has at minimum to be plausible. As it is, such explanations imply an account of human action that is both incomplete and that in its incompleteness offers an account of action that is unsustainable – that of uni-dimensional cultural determinism. To accept the results of such analysis we have to either accept that cultural determinism is true (which seems unsustainable) or that this assumption does not invalidate the discussion (which is a promise that CD proponents need to claim). Simplifying assumptions are of course necessary in certain kinds of macro-level analysis, however they need to be explicit and tolerable. In our view, this culturally determinist account of agency is so highly problematic that its application to contexts where, we can assume, degrees of autonomy, reflexivity, psychological and contextual effects exist is problematic. Adopting CD leads us into an unsustainable account of agency-structure relations that its application must be considered severely problematic and any results taken with significant scepticism. Such a restricted account of agency is unlikely to offer us an insight into the cultural effects experienced when organisations cross national boundaries (apart from an artefactual correlation between numerical figures).

### *3.2. Multi-dimensional (nuanced) determinism*

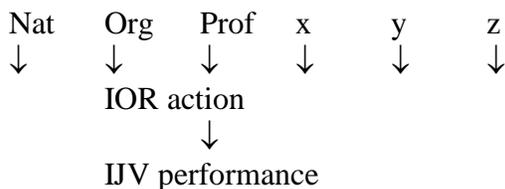
One of the key criticisms of cross-national cultural research has been its one-dimensional focus on national culture alone. National culture appears to be determining once the national border is crossed. In this respect the vast literature on organisational culture (Martin, 2002; Schein, 2004) and accounts of professional culture (van Maanen and Barley, 1984) are simply ignored in the aggrandisement of the causal properties of the

national<sup>4</sup>. In this case a focus on national culture is therefore ineligibly restrictive, it is simply an incomplete account of the cultural terrain.

A natural development of cultural research then leads to the inclusion of a further set of variables designed to measure other aspects of culture which can be used to produce a more complete and hence sophisticated account of the relation, for example, between culture and cross-national performance. Pothukuchi et al's (2002) analysis of the relationship between national and organisational culture in the performance of IJVs, represents a first step in this direction. The immediate value of this more sophisticated view is contained within their conclusion that organisational culture difference has more effect on IJV performance than national culture difference. Thus a restricted focus on the national elides critical cultural factors that materially affect outcomes. Researchers in this vein need a suitable measure of organisational culture that can be used in model building and hypothesis testing. In this way organisational and national culture are distinct operative factors that influence behaviour and success. This also militates against the assumption that intra-national JVs provide a natural comparator for performance measures as the former can be treated as culturally equivalent – i.e. the cultural friction does not occur within the bounds of the nation state. We can represent such models in the following manner.



If we accept the existence of other discrete sources of culture, e.g. professional culture, then given adequate measure we can add other 'cultural variables', thus extending the completeness of the model, accounting for the varieties of culture, for example:



This option is intuitively appealing since its aim is to model extended sets of cultural variables such that they capture 'culture' understood as a multi-dimensional concept. The results generated by such models appear to offer more nuanced accounts of culture and performance and prevent us raising the explanatory value of one source in an *a priori* manner – it also enables us to identify redundant variables and remove them from the model. However, our concern here is whether this extension of the explanatory model

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<sup>4</sup> In the business studies literature, the discussion of culture is generally limited to these three 'sources' of culture; neglecting other 'cultural' influence typically found in the sociological literature, such as ethnicity and class.

manages to overcome the deficiencies within the theory of action present in uni-dimensional determinism.

The first point to note is that this multi-dimensional model carries over many of the features of the model national of culture discussed above without modification. These extensions fail to engage in a systematic theoretical reconstruction of national to one that might overcome its problematic theory of action. Hence the model of national culture repeats the theory of action, i.e. the individual as a cultural dope, unreflexive, acontextual. What remains to be seen is whether the introduction of a further variable overcomes these restrictions, or at least moderate them to an acceptable level.

On this matter the measure of organisational culture carries over some of the issues of national culture research. The measures adopted are similar to that of national culture in using proxies that can generate numerical indicators of the culture of an organisation - this might be considered more acceptable given the purposive nature of organisations particularly when treated as corporate actors (Coleman, 1990). These measures can then be deployed in tandem with indicators of national culture to produce a more fine-grained measure of antecedent causes of performance. The key assumptions of such measures are that:

- There is a single coherent organisational culture within an organisation shared by all
- organisational culture influences the behaviour of individuals within organisations
- organisational culture influences the behaviour of individuals in the same manner

Noting that the above are variants of the assumptions of national culture research discussed above, with these assumptions we can then specify elements of the operative theory of action in respect of organisational culture, namely:

- i. organisational culture determines individual behaviour in an identical manner
- ii. agents are not reflexive towards organisational culture - agents do not have the capacity to adjust their behaviour in different situations
- iii. individual difference is either non-existent or irrelevant

This is a restatement of points i-iii, made in our previous discussion of national culture and many of the critical comments apply. However, we can temper some of these critical comments in respect of the scales and intellectual heritage of these comments. The imposition of a single culture within a nation appears problematic due to the sheer scale of the nation-state its somewhat arbitrary and changeable nature (Jackson et al. 1999, Sassen, 2006) and most importantly its lack of a single organising principle. The organisation however is a purposive construction with deliberate goals (e.g. the pursuit of profit) which can be combined with purposeful attempts to create a culture within its bounds. It also has a defined border in which membership can be filtered along cultural grounds. This single culture approach has many supporters (and detractors), with significant empirical support. Such an integrative view (Martin, 2002) could be compatible with quantitative measurement, though debates can occur over the relevant indicators and features that comprise an organisational culture. It is for these reasons that

the problematic theory of agency within national culture studies, when transferred to the organisation can potentially be treated as a useful abstraction – so long as it is recognised as such. It is a simplifying assumption that may be tolerable in certain circumstances (it is reductionist, but it may be tolerably so)<sup>5</sup>. The point of this discussion, however is not to ratify or reject such measures but to see how the introduction of a second (and third and so on) variable into a model of cultural divergence overcomes our objections.

The first issue confronting such addition is the noted similarities in the underlying accounts of action. Both national culture and organisational culture here offer determinative models. Hence we may be in a case of performative contradiction, individual behaviour is determined by both national and organisational culture – each discrete element determines action within its sphere of influence simultaneously. If the spheres of behaviour are the same then the model is simply incorrect. There appears to be two ways out of this contradiction. The first is to reframe the theory by suggesting that both the national and the organisational exert influence over action but do not determine them, the agent (both reflexively and unconsciously) responds to a series of influences. Whilst we shall develop this idea in later section, this option is not available to the approach under consideration. The theory of action implies determinism in order for the variable deployed to make sense as part of an explanation and cannot be reframed *unless* the underlying theory and its measure is re-conceptualised – i.e. this means inserting a more viable theory of action into the conceptualisation of culture. The other option, and the road taken by contemporary accounts is to retain determinism but to restrict the determinants to discrete spheres of action, hence aspects of agent's behaviour map onto the national and other to the organisation – the union of these two spheres is an empty set. In so doing the model is inured from performative contradiction through segmenting the spheres of action. Indeed an influential attempt to make this argument is presented by Hofstede et al. (1990) who suggest that whilst national culture refers to values, organisational culture is restricted to practices and processes (and the shared beliefs). We are thus spared contradiction via ontological separation. Notwithstanding our concerns over the theory of action entailed by national culture research, the question is whether the consequences of this approach are viable in respect of a theory of action.

Accepting the distinction between spheres and determination within them, we can outline an operative theory of action within these multidimensional models.

- i. There is one national culture and one organisational culture
- i. National culture determines values
- ii. Organisational culture determines practice.
- iii. Values and practices are discrete and independent
- iv. No reflexivity
- v. No contextual effects.
- vi. Agents are swappable within organisations - individual difference is irrelevant

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<sup>5</sup> – of course that claim that a large MNC will have a single and identifiable culture is open to sceptical objection – a point discussed in some of the critical literature on Hofstede.

It is noteworthy that this multi-dimensional model does not overcome points iv-vi, agents are divested of their individual qualities and do not act in a context dependent manner – the organisational context determines behaviour that occurs (rather than providing a more context dependant account of action) and hence many of our critical comments still stand. However the assumption of discrete and determinant spheres of action warrants some critical comment. Clearly both theories of national culture link together macro-features onto micro-action, i.e. agental behaviour within an IJV. For such a model to be persuasive, upon studying a micro-event of behaviour we need to be able to distinguish whether it is a function of practices (in which case it is determined by organisational culture) or, for example, values (determined by national culture). Whether such a Herculean endeavour is possible, we need to be convinced that such a distinction is tenable.

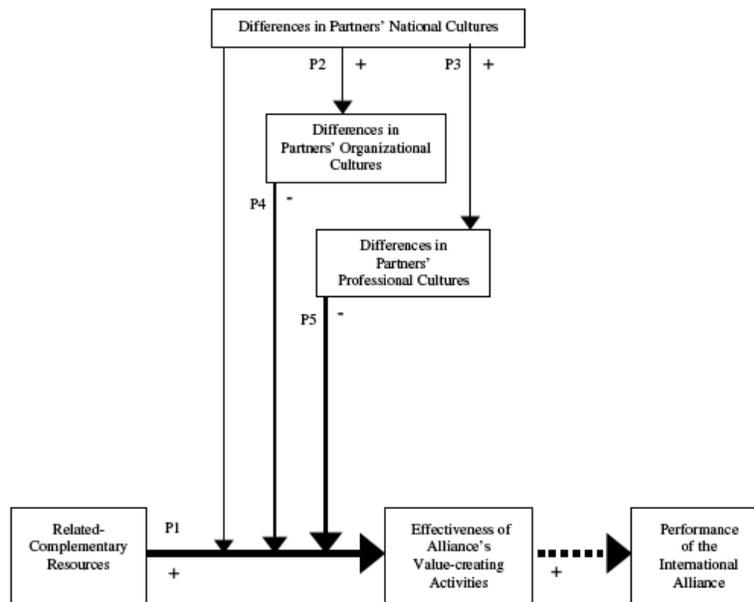
Once we focus on an event, e.g. an actor negotiating with another over the terms of a contract in an IJV, it seems implausible to make such a distinction. Values, beliefs, alongside emotions, affect, inclinations, utility preferences, influence action through processing within a mind. Action is predicated upon a series of influences, unconsciously or consciously organised – and it is impossible to provide a simple one-to-one mapping of action without taking into account the broader process and structures within mind. Although mapping techniques favoured by neuropsychologists (Walsh & Darby, 1999) and neuroeconomists (Glimcher, 2011) provide detailed descriptions of elements of the brain, higher level concepts need to be understood holistically, e.g. in Freudian psychoanalysis through the interaction of the structural elements (Freud, 2001), or Minsky's sense of a *Society of Mind* (Minsky, 1985). Beliefs and values are influences on action; when they are understood as operative in a structural whole, the kind of striated self implied by a multidimensional view is at best problematic and at worst entirely untenable.

### *3.3. Complex/mediated multi dimensional determinism*

In addressing issues of absolute distinctiveness, in a recent paper Sirmon and Lane have produced a model that recognised the inter-relationships between sources of culture and generates a series of propositions on both the effect and interrelationship between national, organisational and professional cultures on cross-national alliance performance<sup>6</sup>. The model is reproduced below.

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<sup>6</sup> These propositions are not numerically tested, but form the explanatory potential of the model.



<sup>4</sup> The thickness of the arrows indicates the relative strength of the relationships (Proposition 6).

Figure 1 A model of cultural differences and international alliance performance. The thickness of the arrows indicates the relative strength of the relationships (Proposition 6).

The first point to note is that each of the three sources of culture have an unmediated effect on effectiveness, in this respect they reproduce the Pothukuchi et al. model with the addition of professional culture. Secondly, and more importantly for our discussion, is that national culture difference interacts with both organisational and professional culture. National culture difference amplifies difference among organisational and professional culture, thus leading to an amplified negative effect on the performance of an alliance. This appears to be a development of prior models by recognising the interaction between different sources of culture. However when considering the model through the lens of a theory of action the development is not as radical as it initially appears. As with the prior model the sources of culture are deemed ontologically distinct and the models of action demand the prior claim of identifying agent's behaviour as it is distributed across the three sources. Since the categories are treated as ontologically distinct entities, they interact as discrete items that amplify other items – a friction in one place amplifies a friction in another. However if we take agency seriously we are left with a theory of action that appears problematic, key assumptions are:

- National culture determines action in sphere a.
- Organisational culture determines action in sphere b.
- Professional culture determines action in sphere c.
- a, b and c are distinct
- when national culture diverges from either organisational or professional culture the differences are amplified

As with other models discussed the account of agency is restricted (I have suppressed restating these assumptions). However the potentially interesting question of the interrelationship and interaction between different sources of culture, is instead reduced to a disembodied amplification of difference rather than a more satisfactory and fully worked through theory of action.

#### *4. Discussion, taking agency seriously*

At this point we have discussed three models of culture. In respect of the first two we have placed severe doubts on their utility. This scepticism arises in consideration of the operative accounts of agency. These models adopt (implicitly) an unsustainable account of action. The third, we have claimed offers some way out of the impasses but the model requires development to be sustainable. In the following we will attend to such a development by highlighting key aspects of a viable account of culture and agency. In order to achieve this aim we shall discuss key features that constitute an adequate account of culture and agency.

In the previous section we have argued that the accounts of agency operating within cultural models of IOR behaviour (and performance) are problematic. Whilst recognising that numerical indicators deployed to build models and test propositions (and in the case of Sirmon and Lane more formal models that indicate a development towards numerical indicators) will make necessary simplifications, we have claimed that a focus on the underlying theory of agency reveals that such simplifications operate on untenable assumptions – at least if agency is treated in a sufficiently nuanced manner.

In basic forms in §3.1. we are left with uni-dimensional determinism which offers such a restricted account of agency that the deployment of the measures are simply unsustainable. The more complex forms discussed in §3.2. appear to be more sophisticated, however they tend to carry over an unreconstructed account of national culture and operation with problematic models of agency, we termed this multi-dimensional reductionism. The third model discussed in §3.3. is more appealing, however it is conceptually under-developed and requires thoroughgoing reconstruction. Thus, we concluded that we do not possess a sufficiently viable culture variable to produce robust quantitative models.

In response to this situation we shall outline some of the parameters of a theory of action in respect of culture; we do not claim that these are complete, however they serves to highlight the broad terms of the debate.

##### *i. Action is influenced by a multitude of internal and external factors*

This is simply re-stating that there are multiple factors affecting agency, these run from neuropsychological structures, to personal history and experiences as well as external properties such as schooling, culture, and authority. Here, the sense is given of agency being the product of multiple inter-relating factors. In respect of agency within the confines of IOR, the range of legitimate action is circumscribed as is the ultimate goal of

such interaction (we use the term circumscribed here rather than determined in that agents can act otherwise, e.g. act in contrary ways to their host organisation or follow internal goals (Huxham and Vangen, 2005)). The very multiplicity and complexity of such means that an agent is a singular combination of influences. Given this complexity and its internal and external dimensions, then the claim that the same set of influences determine the same outcomes in respect of action cannot be sustained. The discrete set of influences, under the label of national or organisational culture, are mediated through a whole body of experience and internal psychological structures that suggest that a simple input-output model of culture is unsustainable.

ii. Agency is reflexive

Agents have the capacity to take a position on the substance of their culture. This may be a simple matter in respect of certain explicit elements of culture (e.g. company logos) or more complex in respect of deeper seated values (e.g. key normative beliefs). However, the existence of reflexivity in principle means that agents can take stock and appraise their culture, with the possibility of acting otherwise. This possibility means that cultural influences do not determine action – the agent is both a product and active consumer of a set of influences. From a methodological standpoint this means that identifying the features of a culture does not mean that action will always accord with these precepts. Agents have the capacity to reflexively alter their action in any given context.

iii. Agents share commonalities, but this is not *a priori* nor structurally determined

In order to discuss culture there is a need to identify a set of similarities – if no similarities are shared then, arguably the concept of culture is redundant. However, if we identify a certain core set of commonalities within an organisation we cannot claim that all of those share this set (and to the same degree). There is variation of individuals within a culture. When we transfer this insight to understanding IOR, then the particular agents interacting within the inter-organisational form become critical – their action cannot be simply read off from observed macro-level organisational commonalities – or, indeed mean values.

iv. Agents have different levels of attachment to shared (and individual) norms, values and practice.

An element absent from mainstream cultural accounts is consideration of affect. In essence agents will have different levels of attachment to the substantive elements within a culture. Those invested in the values of a culture are unlikely to deviate from its pre- and pro-scriptions – in a sense, extant theories of culture assume this feature – those less invested may have a propensity to orient themselves otherwise. Hence, the propensity to give-up or attenuate aspects of culture is differential (this broadens focus from a model that suggests that cultural difference leads to cultural friction to one that allows for potential mutual accommodation and understanding within the cultural domain). Similarly a consideration of affect aids in treatment of agential responses to conflicting cultural stimuli – where conflict occurs between two cultural elements, where the

affectual ties are weak towards one rather than the other, the conflict may result in dropping the former. Where such attachments of the same order, this can result in a felt tension requiring resolution and could lead to, at least in psychoanalytic terms, some degree of trauma.

v. Culture is dynamic - through their action agents both reproduce culture and alter it.

The first four propositions are based on basic notions of treating agency seriously in an account of culture – these focus on an adequate specification of basic features of agency. The final proposition is a consequence entailed by the previous four. If agency is a complex magma of influence, with differential levels of investment and an ever-present possibility of reflexivity then treating culture as a monolithic structure apart from agents is similarly strained. The fact that agents can act otherwise and there is no reason that they cannot do so in a collective manner, then the issue of the reproduction of culture comes to the fore. Culture requires enacting in order for it to be a culture – if the contents of culture are not displayed in action then the particular cultural construct is non-existent (excepting a cultural construct that is normative rather than descriptive). In their actions and orientations, culture is a process in process, undergoing reproduction and change. Where action is coherently and comprehensively otherwise, the reproduction of that culture reconstructs its content and meaning (this is, of course, the classic transition described in Giddens account of structuration (1984)). Whilst conceptualising these process is outside the scope of this paper, the important point for our discussion here is that an implication of inserting an extensive account of agency within an account of culture is that culture and (the interactions between cultures) are rendered dynamic.

If we remove, i.e. do not model, these features then we are left with an account of culture in which singular cultural accounts determine action, all individuals and organisations share the same culture, and agents are cultural dopes denuded of reflexivity and affect. This, we have claimed, is the current state of cultural models. Instead of developing more elaborate techniques of application there is a need to go back a step and develop a model and a measure of culture that is robust. For sure, this is a difficult task, however it appears necessary if we are to give culture as a variable any credence. In its current form, our culture variables are so restricted that we should treat any statistical results with scepticism.

### *5. Conclusion*

In this paper our aim is not to suggest that we should replace structuralist level explanation with an equally unsatisfactory methodological individualism. Our more modest contention is that a viable account of culture needs to recognise that: any account of culture presupposes an account of agency; whilst agency can be bracketed off for the purposes of macro-level modelling, the consequences of such an explanatory strategy should be sustainable, i.e. it should not invalidate the insight offered; and, these models should offer clarity in respect of their operative account of agency, if only to be explicit concerning the limitations and assumptions made in the models.

Agency is particularly important in respect of cultural explanations in that the construct itself refers to the subjective and intersubjective foundations of social behaviour. Understood in this sense, to ignore agency in the initial cultural construct is theoretically untenable, the result of which has been the rather unreflective application of cultural models that are inadequate.

Whilst there are significant disagreement in respects of the extant models of culture, and arguably some fall to these criticisms. These issues are particularly prominent when consideration turns to inter-cultural behaviour in the context of IOR, it is at this point that culture appears to become reified and a conceptual space for agency is lost. If we are to build culture into our explanatory models, and there is no reason to that that we should not, then we need to reconstruct its foundations on the basis of action. The issue here is whether such an account of culture and agency is amenable to quantitative measurement either in an unaltered form or whether simplifying assumptions can be made that make measurement possible and yet encompass a sufficiently tenable theory of action. Models and theories regularly make strategic and pragmatic use of simplifying assumption and our discussion offers an extended reflection as to whether features can be bracketed off such that an approach is both feasible and robust. This remains a particularly difficult problem, but it should be tractable. However, it needs resolving if cultural models of this kind are to be sustainable.

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