

3.4. “WHAT DOES ‘INTEGRITY’ ACTUALLY MEAN?”: HANDLING AMBIGUITY IN MNCs’ GLOBAL CORE VALUE INITIATIVES

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Introduction

The paper is based on a pragmatic factual observation: despite well-known challenges and impediments, a considerable number of multinational corporations (MNCs), particularly in Central Europe, currently commit substantial means and efforts to the creation and implementation of global core values. Their global core value initiatives are commonly seen by managers as effective means to develop an MNC-wide shared organizational culture across national and organizational divides.

The paper focuses on global core values catalogs and in particular on how actors in the recipient units – international subsidiaries – perceive, (re-)interpret, accommodate and potentially adopt them on a micro level. Since the core values are mostly formulated in an abstract way, we particularly investigate how, at the local level, actors react to or make use of the ambiguity and indeterminacy arising from the imprecise formulation of the core values in their daily business practice. Based on a qualitative study of two German-based MNCs in Japan, we will identify two different paths or attitudes regarding the handling of ambiguity: (i) the or-

ganizational actors accept and freely embrace the indeterminacy built-into global core values catalogs, and (ii) the local actors develop structures and processes to eliminate any notion of indeterminacy.

The study draws on Meyerson and Martin’s (1987) theoretical three-perspective framework, which underlines the importance of including an ambiguity view in the research of organizational cultures. We argue in particular that the issue of ambiguity in MNCs’ global core values has so far been insufficiently investigated. The still dominating integrative and differentiation perspectives in international business research fall short of understanding the conflicts and indeterminacies arising from core value initiatives at the local subsidiary level.

The ambiguity perspective in the research on organizational cultures in MNCs

From a managerial point of view, the formulation of corporate core values is an important element in the deliberate development, adjustment and integration of an organization’s culture. We will therefore situate our investigation of global core value initiatives in the broader literature on MNC organizational cultures, in particular since specific research on MNCs’ global core values is still in an early stage of development¹. Meyerson and Martin (1987) provide a well-established theoretical framework for research on organizational cultures and, which is even more important for our purposes in this paper, include a conceptualization of ambiguity that we will apply to our empirical material in Sections 3 and 4.

¹ To our knowledge, the only substantial volume currently available in this area is the one edited by Cragg (2005), which, however, focuses rather on external (socio-political, legal) than internal effects of MNC core values programs and concentrates on the ethical dimension of global core values.

In order to structure the multifaceted research on organizational culture that has been massively accumulating in books and journals since the late 1970s, Meyerson and Martin (1987; see also Martin, Meyerson, 1988; Martin, 2002) propose a theoretical framework distinguishing between three ontologically and epistemologically profoundly different perspectives of organizational culture research (see also Table 1).

The integration perspective sees *the* culture of an organization as a homogeneous unity. Members of the organization share values, norms and behavioral routines. Organizational culture is assumed to serve the function of “corporate glue” across the functions, divisions, and organizational subunits.

The differentiation perspective rejects the idea of an organization-wide cultural consensus. The organization is seen as a cluster of conflicting, mutually reinforcing or independent subcultures, which, however, are assumed to be internally homogeneous.

The fragmentation or ambiguity² view of culture is closely related to the interpretive and social constructivists’ approaches in organizational theory. It negates the idea of a permanent, shared consensus on values and meanings. Instead, meanings are seen as being ambiguous and in constant flux, depending on individual or collective sense-making processes (Feldman, 1991; March, Olson, 1976; Meyerson, Martin, 1987; Risberg, 1999; Weick, 1979). Following Risberg (2001, p. 62), ambiguity can be defined as “multiple interpretations that are contradictory, paradoxical and/or inconsistent”. Hegemonic discourses, e.g., managerially biased accounts regarding shared values are undermined by the diffusion

² We understand ambiguity following Martin (1992), Meyerson (1991) and Risberg (1999) as a two-level phenomenon: An organization “experiences ambiguity when there is no clear consensual interpretation among individuals”. At the individual level, a single actor experiences ambiguity “when she holds multiple interpretations of a situation” (Risberg, 1999, p. 107).

of power among organizational actors and their continuous processes of re-interpretation and re-appropriation of meaning in their local environment. Methodologically, the ambiguity perspective requires an in-depth, actor-centered approach in order to trace the subjective experiences and meaning-making processes of individuals and groups (Geertz, 1983; Martin, 2002; Risberg, 1999; Schmid, 1996). Martin maintains that, in order to give a full picture of a culture at any particular point in time, all three perspectives are equally relevant in organizational culture analysis (Martin, 2002).

Interestingly, the framework has so far only rarely been applied to research on organizational culture in the international context of MNCs. In fact, Meyerson and Martin (1987) themselves did not extend their discussion to the complex case of MNC organizational culture. Only in the final chapter of her 2002 volume on “Organizational culture: Mapping the terrain” does Martin (2002, p. 349) explicitly address the problem of organizational cultures in MNCs. She particularly emphasizes the need to supplement the dominating integration and differentiation perspectives in studying MNCs’ cultural complexity by closely examining the tensions and lacunae *between* cultural homogenization (integration view) and cultural diversity (differentiation view). Similarly, Schmid (1996) urges the international business research community to adopt the ambiguity perspective when approaching the topic of organizational culture in MNCs. Both Martin (2002) and Schmid (1996) argue that research in this area is still dominated by integration and differentiation perspectives. In Table 1 we will give a brief – and necessarily incomplete – overview of selected literature, addressing the question of organizational culture in MNCs from each of the three perspectives.

Table 1. Research perspectives on MNC organizational culture

	Integration perspective	Differentiation perspective	Ambiguity perspective
Meyerson, Martin (1987) concept	OC* as homogeneous and “corporate glue”; organizational members share the same values, norms, and understandings	Organization as a cluster of diverse subcultures (assumed to be internally homogeneous)	No fixed cultural consensus at any time; cultural meaning as ambiguous, fragmented, depending on incessant meaning-making processes
Application to MNC OC	MNC-wide shared, “transnational” OC across international subsidiaries	Diverse sub-cultures of MNC subsidiaries, dominated by respective national cultures; OC as a reflex of national culture; national cultures (values) as non-convergent and stable	No harmonious, shared culture on either the MNC nor the subsidiary level; cultural meanings are continuously negotiated in interactive processes inside and across MNC subunits
Selected literature	Harzing, 1999; Jaeger, 1983; Wolf, 1994; Bartlett, Ghoshal, 1998; Marmer-Solomon, 1993; Morosini, 1998; Olie, 1990; Reineke, 1989; Stahl, 2001; Hodgetts, Luthans, 1997; Schneider, Barsoux, 1997; Schneider, 1988	Adler, 2002; Sackmann, 2003; Hofstede, 1997; House <i>et al.</i> , 2002; Schwartz, 1994; Trompenaars, 1993; Welch, Welch, 1997	Van Maanen, Laurent, 1993; Schmid, 1996; Kleinberg, 1994; Brannen, 1992; Moore, 2005; Schreyögg, 1993; 2000

Notes: * OC – organizational culture

Table 1 shows that little research is available on MNC corporate cultures from the ambiguity perspective. Most of it has, like Martin's framework, its roots in the field of organizational studies or organizational ethnography – in contrast to the integration and differentiation perspectives on MNC culture, which developed mainly and still persist in the field of international management. Largely due to methodological difficulties, however, organizational ethnographers only rarely venture into the international arena of MNCs (Martin, 2002; Schmid, 1996). Theoretical-conceptual discussions aside (Fischbach, 2002; Schmid, 1996; Schreyögg, 1993; 2000), empirical studies on MNC culture beyond the integration and differentiation view have been contributed by Van Maanen and Laurent (1993), Kleinberg (1994), Brannen (1992). More recently, Moore (2005) has published an ethnography on “Transnational business cultures” which, however, was not available yet at the time of writing.

A common aspect of these contributions is that they argue that in studying organizational culture in MNCs both the integration and the differentiation perspective are too restricted to fully capture the complexity of the phenomenon. Van Maanen and Laurent (1993, p. 283) aptly summarize this fundamental critique: “The problem of all this commonsense organization theory is that it either trivializes culture by reducing its relevance to something which is thought to be fully under control of a few and exported, if necessary or desired, to the many, or it enshrines culture as impenetrable, unique, unfathomable, always local and essentially timeless and omnipresent. Our view of culture is that it is always rubbing against other cultural processes and products. This calls out for a considerably more nuanced view of the workings of MNCs”. Inconsistencies need to be seen as normal in MNCs' corporate culture, conflicts as omnipresent, and ambiguity is a given (Schmid, 1996).

Applying Meyerson and Martin's (1987) framework to the study of organizational cultures in MNCs therefore, first of all, requires

search for gaps, inconsistencies, and paradoxes in cultural processes. We extend their concept by additionally investigating how actors inside MNCs, including managers, cope with, ignore, eliminate or actively make use of these gaps and ambiguities, e.g., in order to safeguard their own personal interests. Alion-Souday and Kunda (2003), for example, reveal in their empirical paper on identity construction how a group of Israeli actors in an international M&A-process actually exploits areas of cultural indeterminacy to serve their own social goals of cultural segregation vis-à-vis their US-American counterparts.

As stated above, we focus on MNCs' global core value initiatives as an object of investigation in this paper. As we will show in the following section, the formulation of these core values typically creates spaces of ambiguity and indeterminacy *by design*, which local actors can then potentially appropriate and fill with their own interpretations. The application of Meyerson and Martin's framework (1987) allows us to unveil these micro-level processes, which are typically lost in the international business literature on MNC organizational cultures limited to either the integration or differentiation perspectives.

In practice: MNCs' global core value initiatives

Over the last years, many MNCs have established specific programs to foster the development of a shared MNC corporate culture across their global subsidiary network. Apart from the formulation and dissemination of a global core values catalog, they typically include value-based selection, management assessment and development, and in some companies also increasingly sophisticated monitoring and compliance structures. Table 2 gives an overview of the German DAX-30 companies and their respective initiatives, which demonstrates that the creation of global core value programs has, particularly in this region, become a real trend over the last 10 years.

Table 2. Global core value initiatives in DAX-30 corporations

Company name	Year of global core values formulation
Bayer, Fresenius Medical Care, RWE	2004
Adidas-Salomon, Allianz, Deutsche Telekom, E.ON, SAP, Schering, Volkswagen	2003
BMW, Henkel, Metro, MAN	2002
Altana, Deutsche Bank, Deutsche Post	2001
BASF, Hypovereinsbank	2000
Commerzbank, DaimlerChrysler	1999
Siemens	1997
Continental	A core values catalog has been published but we were unable to establish exactly when.
Deutsche Börse, Infineon Technologies, Linde, Lufthansa, Münchener Rück, ThyssenKrupp, TUI	According to our information, the corporation has not published a core values catalog.

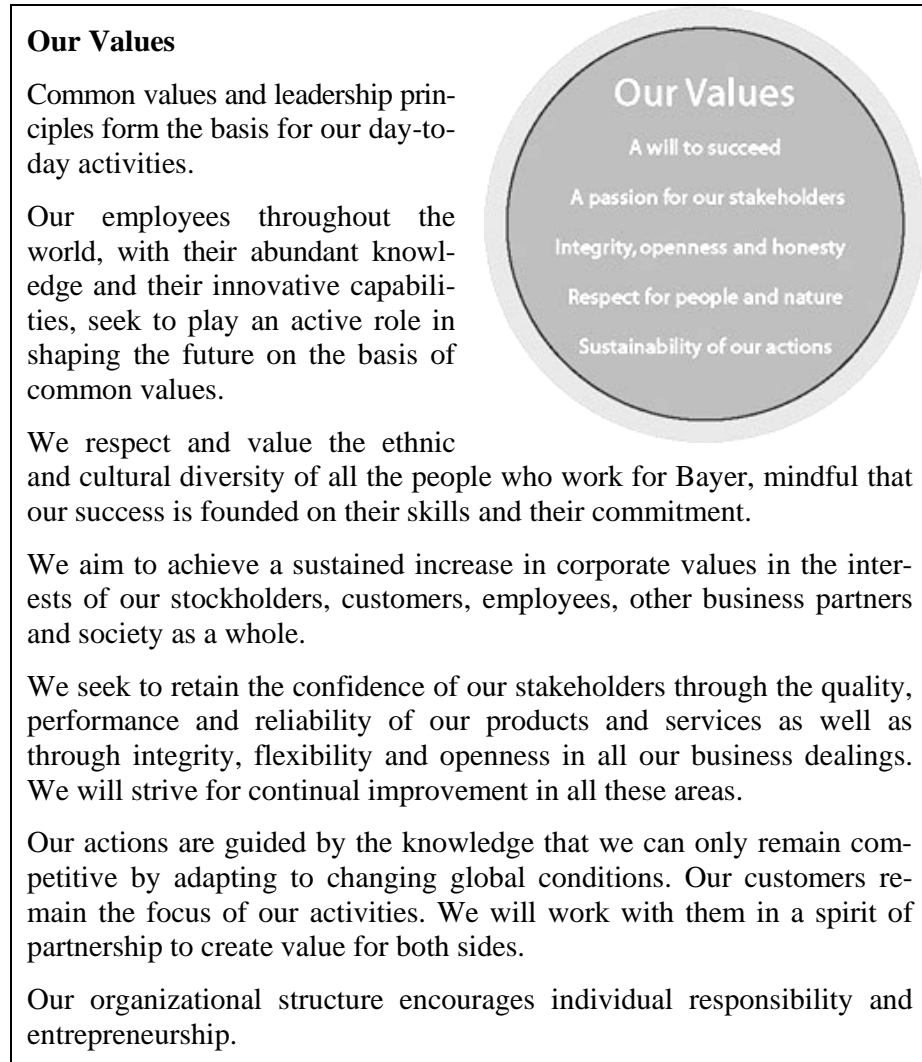
Source: corporate websites, annual reports, press reports

The global core values are formulated either top-down by the MNC top and senior management, but in some cases also through a difficult and time-consuming multi-level discussion processes which seek to involve a large variety of employee groups inside the organization. The result of these processes usually consists of a set of four to ten core values which address the company’s relationship to its core stakeholders (shareholders, employees, customers), ethical standards (integrity regarding, e.g., corruption and price-fixing) and fundamental assumptions which the company considers as desirable regarding, e.g., innovation, flexibility, qual-

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ity orientation, sustainability and corporate social responsibility. Figure 1 displays a typical example of such a values catalog³.

Figure 1. Bayer group's core values.



³ We are unable to reproduce the core values of our two case study companies due to reasons of anonymity. The Bayer group's values, however, are similar in scope, formulation and issues addressed.

Figure 1 continued

We support our employees in both their professional and their personal development, helping them to deploy their skills and their creativity for their personal success and that of our business enterprise.

We acknowledge and accept our role as a socially and ethically responsible corporate citizen and are committed to the principles of sustainable development.

We will strive to actively contribute to the discussion of socially relevant issues by engaging in a dialogue with interested sections of society.

We believe our technical and commercial expertise entails a duty to work for the good of all humankind, to demonstrate social commitment and to make a lasting and positive contribution to sustainable and environmentally compatible development.

We place paramount importance on living our values in our work. The leadership principles on which we assess our managers are therefore based on these values.

Source: Bayer AG corporate communications

By applying Meyerson and Martin’s (1987) framework to the analysis of such a core values catalog, we can easily see that all their three perspectives are implicitly reflected in it. With its attempt to implement a standardized core values catalog on a worldwide-scale and to create a mutually shared cultural orientation the company reveals its fundamental integration impulse. This integration perspective becomes even more visible when the company proclaims the values to be binding for all employees worldwide as does, e.g., the BASF group, and if the homogenization effort is accompanied by supportive instruments such as incentive and compliance programs. The differentiation perspective is evident in the regular inclusion of a statement regarding respect and tolerance for workforce diversity and the different national cultures inside the MNC (see Figure 1: “respect for people”). International subsidiaries are encouraged to maintain their local

cultural orientations and thus ensure close and efficient relationships in their respective local market.

Ambiguity is included in a more indirect way: The rather abstract formulation of the core values deliberately leaves considerable scope for local and individual interpretations⁴. How, e.g., “respect for people” is to be understood and put into practice in any of the international subunits is left undefined. This indeterminacy, on the one hand, accommodates regionally, locally or individually diverse understandings and is thus often a prerequisite for local acceptance of the core value initiatives. On the other hand, it allows for a large variety of meanings and practices at the local level, which might counteract the initial integration impulse of the MNC.

Just from this brief analysis of typical values formulations we can conclude that MNCs’ core values catalogs tend to respond to all three perspectives of Meyerson and Martin’s (1987) framework. What remains to be seen, however, is how the MNCs actually put these core values into practice. In particular, how do the different actors, including the MNCs’ management, react to the ambiguity built-into the global core values? Do they (consciously or unconsciously) accept the indeterminacies and tolerate the contradictions and variations arising from local or individual meaning-making processes? Or do powerful groups try to control or even eliminate these areas of indeterminacy? Ambiguity creates complexity in an organization because behavior becomes less predictable when actors hold different interpretations of a specific situa-

⁴ In this paper, we focus on ambiguity arising *inside* the organization as a result of global core value initiatives. The ambiguous nature of such MNC codes or values catalogs with regard to their effects on the larger political, legal and institutional development of the international community is excellently discussed in a recent volume edited by Cragg (2005). In this respect, ethic or value codices function simultaneously as restricting and expanding/legitimizing neo-liberalistic tendencies in the global system.

tion. Ambiguity thus signals a lack or loss of control, which the management, for example, may seek to regain⁵.

The two case studies reported in the following section trace the processes of interpretation, adaptation and potential adoption associated with the introduction of global core values catalogs. They particularly address the question of how actors in each of the companies respond to the ambiguity arising from their open formulation. As the case analysis will demonstrate, MNC actors handle these areas of indeterminacy in different ways by either tolerating and accepting ambiguity (case 2) or by trying to eliminate and control it as much as possible (case 1). We trace in both cases:

- how ambiguity through global core value initiatives is created, perceived, evaluated and addressed, and
- how actors, particularly local managements, react to the conflicts and tensions arising from ambiguity, always – as demanded by Zaheer (2002) – from a micro-level perspective.

Empirical study: How two MNCs handle ambiguity in global core value initiatives

Methodology

The case study data derive from a larger qualitative study on cultural integration initiatives in eight German-based MNCs, and particularly on the effectiveness of instruments, such as global core values catalogs, applied by the respective headquarters towards this objective in their German, Japanese and US-American

⁵ This negative view of ambiguity as something which needs to be resolved or eliminated is also detectable in much of the earlier theoretical conceptions of ambiguity (e.g., March, 1976; Kahn *et al.*, 1964; see also Risberg, 2001 for an overview).

subunits⁶. From this study, we select two companies and focus on the ambiguity arising in the MNCs' local subsidiaries from one specific global core value in each of the companies. We purposely choose these two cases because they reveal two highly different attitudes towards ambiguity and the way to handle it in organizations.

Data for the two cases reported here were collected in 26 (Chemcorp), and 19 (Foodcorp) in-depth interviews with middle and upper managers in the Japanese subsidiaries and their counterparts in the German headquarters between October 2003 and August 2004. The interviews were conducted in the language requested by the interviewee, tape-recorded and transcribed. The interviews were semi-structured and gave the interviewees the opportunity to freely elaborate on their perception and understanding of those core values that they personally considered crucial or relevant or particularly conflicting.

Case 1: Defining 'integrity' at Chemcorp Japan

As part of a large-scale cultural development initiative at Chemcorp, in early 2002 all the international subsidiaries received from their German headquarters a set of six core values for implementation, among them the following statement regarding integrity⁷:

Integrity: We respect the laws, customs and business practices of the countries in which we operate, but do not compromise the principles embodied in this code. Our executives are expected to be role models and set appropriate examples in accordance with our vision and

⁶ The Bertelsmann Foundation, Gütersloh, generously provided the funding for this empirical study. We particularly wish to thank Simone Lippisch from the Bertelsmann Foundation who coordinated our more than 200 interviews on three continents.

⁷ The phrasing has been slightly reformulated to safeguard the company's anonymity.

values. We abstain from any practice that is illegal and violates fair trade. We place [Chemcorp’s] interests in any business transaction ahead of any personal interests. We protect the company’s property against abuse.

The formulation of the core value is very open; it provides no exact definition, e.g., of what is meant by “fair trade”, nor does it specify any concrete behavior for adequate implementation. Nevertheless, during our interviews at the Japanese subsidiary the interviewees frequently referred to this core value as one of the important foundations of their shared corporate culture at Chemcorp. When asked to explain, however, what this value meant for them personally and how they interpreted and evaluated it in their daily work, a variety of understandings, some contradictory, was revealed. The interviewees demonstrated a high degree of insecurity about what the ‘right’ interpretation of ‘integrity’ was. We can distinguish between three different sources of ambiguity in this particular case: ambiguity of language/translation, ambiguity of interpretation, and ambiguity of evaluation.

At the very beginning of the implementation phase, it was very difficult for the Japanese managers to actually figure out what the term ‘integrity’ was all about. Because they received only a German and an English version of the core values catalog, and sufficient foreign language skills are limited inside the Japanese organization, they first had to establish a Japanese translation, which proved to be a lot more complicated than expected.

When we had to translate the German version into Japanese, it was very difficult for us to translate the word ‘integrity’ into Japanese. In Japanese this would be ‘se-di-sa’ but this is not the right word for ‘integrity’. There was a lot of discussion: what does ‘integrity’ actually mean?

Apart from the problem of translatability, the interviewees in the Japanese subsidiary also provided highly different, even conflict-

ing understandings of the meaning of 'integrity'. A German expatriate manager exhibited a very clear-cut interpretation: in his view: the value sends out an unmistakable signal against the Japanese business traditions of discussing prices among competitors, and of gift-giving which is commonly practiced between business partners in Japan, also in this company. He considered both practices to be unethical, if not illegal (in fact, price-fixing is against the Japanese law), and thus deduced from the core value formulation the need to discontinue these traditional behavioral patterns. The interpretation strongly reflects the official position of the German headquarters: the local German code of conduct (binding for all German subunits) which is based on the core values catalog not only bans any form of price-fixing but also explicitly forbids the exchange of personal gifts with business partners. This interviewee's perspective leaves no room for other potential interpretations of the core value but is explicitly presented as the only possible understanding, irrespective of potentially diverse traditions and concepts of 'fair trade' in other cultural contexts.

Sure, there is an antitrust problem in Asia that is very clear. I also know of some cases in Japan, where industry associations talked about prices. And there we say very clearly, our employees do no longer participate in these things. And, of course, this has not been easy. [...] But this is one of these issues where we as the [Chem-corp] prescribe norms in a centralistic way and say, we do not care about your national culture. We say no to these things and this is the way it is in our company. (Translated from German)

Even if this goes against their local culture, we don't care. They will learn and understand, even if it takes 15 to 20 years. (Translated from German)

For the Japanese interviewees the situation is much less clear, specifically regarding the gift-giving tradition. Japanese sales managers in particular do not associate their ritualistic exchange

of – sometimes rather valuable – gifts with suppliers or customers as immoral or corruptive but instead as a good business tradition and an important element of their successful, long-term relationship with business partners. Their definition of ‘fair trade’ does not at all exclude the regular exchange of gifts. On the contrary, the “corporation’s interests” can in their view only be properly attained if employees participate in established, highly valued and highly symbolic business traditions such as the Japanese gift-giving. In order to illustrate the damaging effects arising from the abolition of local practices, one interviewee describes an unpleasant encounter with a local supplier who felt offended when he tried to reject a gift offered.

At the same time, the identical interview partners also refer to their loyalty vis-à-vis their German parent company and express their fundamental willingness and commitment towards the implementation of corporate initiatives even if they lead to a change in traditional Japanese practices. Because they are members of a foreign conglomerate, the interviewees see themselves as being in any case ‘different’ from employees of traditional Japanese corporations, and they expect and accept this notion of difference in their own national cultural environment. This loyalty becomes visible in their expressed eagerness (“of course”) to comply with the corporate initiative:

Before the introduction of the global core values we used to give some fairly expensive presents. And, of course, we did talk about prices. Of course, we cannot do that any longer.

In addition, several managers from our interviews, including the responsible HR manager, perceive it as their obligation to fulfill the expectations of the German headquarters by adopting the behavioral rules and practices associated with integrity even if they contradict local business traditions. Often, the perceived need to legitimate one’s own position with regard to the powerful German headquarters increases the respective interviewee’s inclination to

understand and appropriate, e.g., the German expatriate's perspective.

As a result, the interviewees feel highly insecure about how to interpret the global core value in their own local environment. Several of them describe their situation as being torn between two opposing forces – their cultural disposition and their organizational identity and loyalty – both of which they consider as legitimate. They no longer know what is right or wrong with regard to their local business traditions and feel unable to take proper decisions regarding their behavior in interaction with business partners. This unclear situation is associated with high levels of individual stress and uncomfortable feelings because the established patterns of meaning and behavior have been called into question through the introduction of the core value 'integrity' and its heterogeneous interpretations.

After the introduction of the core values a manager came up to me. And he brought me quite an expensive watch: 'This is a present from my customer. I cannot keep it. What do I do now?'

Our aim is not only to delineate how global core value initiatives can create ambiguity in multinational organizations but also how actors in the organization respond to and handle these areas of indeterminacy. In the Japanese subsidiary, the local management initiated a whole set of procedures in order to eliminate the insecurities arising from the implementation of the value 'integrity'. It first initiated a series of workshops in which members of the organization discussed their different interpretations of the value 'integrity' and tried to find a common understanding, which could potentially reconcile the conflicting perspectives inside the organization. As a result of this dialogue process, the Japanese agreed on a binding, fairly detailed re-formulation of the value 'integrity', which accommodates the different views by (i) emphasizing the local importance of the gift-giving tradition and (ii) slightly adjusting the gift-giving practice to respond to the

headquarters’ anti-corruptive intentions. Gifts offered to customers or suppliers are defined as acceptable if they are taken from a limited pool of official corporate presents. Gifts can be received when they are below a certain value and when they are not brought to personal use of the recipient. Instead, the Japanese subsidiary has established an annual procedure where through lottery or auction the presents collected over the year are redistributed among all employees. The written formulation of the agreed Japanese understanding is thus quite precise and, compared to the global core value wording, leaves little room for different interpretations. It has been approved by the German headquarters to ensure compatibility with the global core values.

We must respect local business practices in Japan. And it is very common to exchange some gifts with customers in the middle of the year, but also at the end. But with regard to the values, this became increasingly difficult for us. For example, we used to give very generous presents. Then, we developed a ‘gift-giving policy’, which, on the one hand, conforms to the global values but on the other also to our local practices.

The subsidiary has established additional processes to support the implementation of the Japanese interpretation of ‘integrity’. A little card containing the exact formulation of the value can be used by employees to inform business partners about the company regulations regarding gift-giving in a formal, impersonal way, which is expected to reduce the danger of losing-face when gifts cannot be given or received in the traditional way. A second series of workshops has been conducted to reinforce individual internalization of the adjusted core value and its defined interpretation. In addition, the company has engaged an independent law firm to act as a consultant in situations of individual insecurity. If employees – despite the now very detailed norms of the Japanese reformulation – experience a situation of ambiguity or conflict regarding gift-giving or price-fixing issues which are still occa-

sionally discussed among Japanese managers from competing firms, they can anonymously call this law firm to get advice on the 'right' interpretation of the core value and their 'proper' behavior. In the first year of operation, more than 30 employees made use of this service.

Case 2: Variability of 'humanness' at Foodcorp

[Foodcorp] is a human company providing a response to individual human needs throughout the world with specific concern for the wellbeing of both its customers and employees.⁸

In the second case company, the local responses to the global core values of 'humanness' and 'respect for people' show a pattern similar to the earlier case at first sight. All our interviewees referred to the 'humanness' of the company as a common bond across national cultural divides and a strong transnational element of their identity. The interviewees see themselves as members of a 'family' which is based on mutual respect, trust and the 'human' attitude of the 'family members' wherever they come from.

The perceived integrative notion of 'humanness' is counteracted, however, by highly different understandings of what the term actually means and a subsequent high variability of practices under the joint label of 'humanness'. Several interviewees refer to highly diverse HR practices, e.g., regarding dismissals, which are all perceived as being compatible with the core value of 'humanness'.

When you go to the US and ask the people there, you will see that their interpretation of a 'human attitude' and human resources is very American. People are fired at [Foodcorp] USA. From one day to the other. And that's their way of doing their business. And if you compare

⁸ The phrasing has been slightly reformulated to safeguard the company's anonymity.

that to our location here: I have never ever fired anybody. Never. That is the same company. All these different styles or behavioral norms coexist within the same company. That is absolutely no problem. (Translated from Japanese)

The common values are, according to our interview partners, deliberately formulated in such a vague way that they give only a very general idea of a shared fundamental orientation at Foodcorp but at the same time leave enough room for different local and individual understandings and practices which are still perceived as being compatible with the shared core value.

Yes, I would say that our core values are compatible with all cultures of the world. (Translated from German)

I think a shared set of values is a great objective but in any kind of value system there needs to be enough room for localization. A shared, consistent set of values can only be good if it does not put the local managers in chains.

Contrary to the managers at Chemcorp, however, the interviewees at Foodcorp do not perceive this situation as stressful, conflicting or contradictory. Instead, they see the tension between a shared fundamental value and highly diverse practices in different contexts as a “natural”, unavoidable phenomenon and also as an important element of the company’s worldwide success. The mutual reference point of ‘humanness’ provides in their view enough global coherence inside the organization, while the deliberate acceptance of diverse interpretations of the ‘mutual’ core value allows for the required local and individual flexibility in the MNC’s global network. As Risberg describes her similar findings (Risberg, 1999; see also Schmid, 1996), a common identity and a shared fundamental orientation can accommodate the differences in interpretation and interests pursued within one organizational frame. The existence of indeterminacy and multiple, even con-

flicting interpretations is thus seen by our interviewees as a necessary and normal state of affairs. The metaphor of a fish shoal is independently used by two of the interviewees to characterize this inherently contradictory notion of being the same and different simultaneously.

[Foodcorp] has shared values. If you look at a [Foodcorp] employee, there is a set of values that everybody shares. In general, you will find that all employees are pretty conservative and proud to work here. We all work for a common goal. What is good for [Foodcorp] is good for us. And the top-management has the same values, attitudes, I think. But one thing which is really important at [Foodcorp] is that we recognize that cultures are always different.

I always found it fascinating to watch a shoal of fish. Inside it, the fish move in every direction. One fish swims into a totally different direction than does its neighbor. But as a whole, and that is the fascinating part, the shoal is one unity. There are these great pictures of silvery fish shoals that travel the oceans. It is one common orientation. In fact we react individually to local threats or situations. But seen from a distance, the shoal moves as one entity and that is what we are trying to achieve.
(Translated from German)

Contrary to the actors at Chemcorp, there is no sense of stress or insecurity among our interviewees at Foodcorp. Consequently, they see no need to systematically dissolve or reduce the ambiguity of interpretation attached to the company's core values. Instead, the company relies on their individual managers' ability to adapt to diverse conceptions of 'humanness' when they, for example, rotate to another subsidiary. The concrete meaning of 'humanness' in a specific environment or situation has to be (re-) negotiated with local actors, in particular at organizational interfaces or when new actors (such as expatriates) enter the respective

arena. The system demands from the individual actor a high degree of ambiguity tolerance, flexibility and dialogue skills, which according to our interview partners are in fact the focus of the company’s personnel recruiting and training programs.

We here at [Foodcorp] are trained to accept that all people are different.

Instead of trying to instill a common, agreed-upon interpretation among diverse actors as in the case of Chemcorp’s workshop series, this company concentrates on the development of acceptance of diversity and ambiguity as unavoidable core elements of its organizational culture.

Results and discussion

In both of our case companies the implementation of a global core value set is associated with perceived ambiguity which confirms our preliminary hypothesis from Section 3 about built-in indeterminacy as a design feature of global core value initiatives. However, the actors in our case studies respond to this ambiguity in two different ways. The reaction in the Japanese subsidiary of Chemcorp is primarily characterized by a collective urge to eliminate ambiguity and reestablish clarity immediately. Through the establishment of formal systems and procedures (joint definition, supportive structures, advisory firm) which are able to contain, channel and eventually eliminate ambiguity arising from the multiple interpretations associated with ‘integrity’, actors inside the Japanese organization can regain control and coherence of meaning. This case reveals how the way in which ambiguity is handled in MNC cultural processes is closely related to managerial interests (in channeling interpretations) and power-based options for safeguarding these interests (using formal power to implement sanctionable rules and supportive structures).

At Foodcorp, actors see no need to fight ambiguity. They accept and live with indeterminacies, which they perceive as being the 'normal' state of affairs in a complex, multinational organization such as theirs. Meaning is constantly renegotiated in this organization where general, openly formulated global core values such as 'humanness' provide only an abstract, mutual reference point and an element of shared identity without further implications, e.g., for coordinated practices across national and organizational divides.

Different consequences arise from the two companies' strategies of handling ambiguity: At Chemcorp the urge to remove ambiguity leads to the bureaucratization of the core value initiative. Formal, written accounts regarding the 'right' understanding and rules for 'proper' behavior, binding for all employees, delimit the individuals' scope for action and leave no room for other interpretations. This channeling of individual behavior into precise, predefined patterns, on the one hand, provides clarity and orientation in daily interaction. On the other hand, however, it constricts flexibility and in this way contributes to the locking of the organization. Other important economic consequences of this strategy are the considerable costs associated with establishing and controlling the 'right' definition of integrity, in particular the costs of maintaining the outside advisory structure and of constant reinforcement and monitoring required to ensure compliance to the established regulations.

Foodcorp's response to ambiguity safeguards flexibility and diversity inside the global system and in this way also guarantees a high degree of local acceptance of the core value initiative among its heterogeneous constituents. Potential conflicts arising between different interpretations of 'humanness' are not preemptively solved by the organization but delegated to the local level where the 'proper' meaning is renegotiated for each situation and context. Where Chemcorp establishes a structure of control, Foodcorp relies on individual actors to develop a locally adequate under-

standing without compromising the idea of ‘humanness’. The acceptance of diversity in meaning is accompanied by a large variability of practices at Foodcorp. When, however, global interdependence inside the organization increases as the interviewees expect in the case of Foodcorp, this heterogeneity of practices will eventually pose a challenge to efficient transnational coordination.

By identifying ambiguities in global core value initiatives our study is in line with the few existing theoretical (Schmid, 1996; Schreyögg, 1993; 2000; Martin, 2002) and empirical (Van Maanen, Laurent, 1993; Kleinberg, 1994; Brannen, 1992) accounts of indeterminacies and heterogeneity of meaning-making processes in multinational organizations. We tried, however, to go beyond the diagnosis of inherent ambiguities and contradictions in so-called transnational corporate cultures and delineate, in addition, how individual and organizational actors respond to arising ambiguities. In our study, patterns of responses turned out to be highly different, with one organization seeking to eliminate ambiguity through multiple bureaucratic measures and the other tolerating and openly accepting ambiguity as an inherent feature of an MNC’s complex global network. The heterogeneity of responses in one socio-cultural setting (Japanese subsidiaries of German MNCs), leads us to reaffirm our plea (see also Zaheer, 2002) for more micro-level research on MNCs in general and more specifically on the organizational cultural processes in the MNC. Further in-depth qualitative research venturing beyond the still dominant integration and differentiation perspectives might reveal other alternative responses to ambiguity in MNCs and also identify determinants of the responses chosen. As case 1 reveals, political interests and power relations can in fact have a significant impact on how ambiguity is handled by different actors involved. Despite the obvious limitations of our study (e.g., regarding the focus on only two core values due to limited space in this paper, or our selection of middle and upper managers as interview partners), we therefore believe that exploring the micro-processes triggered by MNCs’ global core value initiatives is in fact a good starting point

for a better understanding of organizational cultural processes and their ambiguous effects on MNCs.

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