NATIONAL CULTURE AND INTERNATIONALIZATION PROCESSES:
HOW MUCH DO WE KNOW?

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Abstract
This literature review article analyzes leading management and international management journals from 2006 to 2012 in order to explore the role of national culture and cultural distance on international management research. The 205 identified papers have been classified in 6 wide research lines: theoretical development, measurements, and models; internationalization: process, path, and performance; foreign direct investment, strategic alliances; exports and international trade; and multinational enterprises/subsidiaries. The paper highlights opportunities for future research; among them: the need for research dealing with the impact of the home/host national cultural dimensions on internationalization processes, as the bulk of the identified papers focus on the impact of cultural distance; the interest of analyzing intra-country cultural differences and their potential impact on internationalization processes; the need for research which adopts an East perspective, as existing literature shows a quite strong Western bias; new research focused in emerging economies, as existing literature points to a clear interaction between cultural issues and economic development; and the analysis of different factors which may moderate/intensify the impact of cultural dimensions and cultural distance on internationalization decisions.
1. INTRODUCTION

International Management (IM) research has widely grown in recent years. As stated in Ricks et al. (1990), this is an extremely broad and growing field, insofar as every area in management may have an international dimension. As a consequence, a great effort has been developed in recent years in order to map this field summarizing trends, patterns and schools — among others, Acedo and Casillas (2005), Bodewyn (1999), Chan et al. (2006), Contractor (2000), Daniels (1991), Inkpen and Beamish (1994), Lu (2003), Martinez and Toyne (2000), Pisani (2011), Ricks (1985), Ricks et al. (1990), Roth and Kostova (2003), Werner (2002), Werner and Brouthers (2002) and Wright and Ricks (1994)—, analyzing main research methodologies — for instance, Yang et al. (2006)—, or ranking the key journals — DuBois and Reeb (2000), Inkpen (2001).

The analysis of national cultural issues has arisen as a central topic within this field. In particular, there is a broad body of literature devoted to analyze the role of the cultural distance (CD) between the home and host countries of an internationalization process as a factor conditioning a wide range of internationalization decisions (as, for instance, internationalization paths, the choice of host markets, the way to accede to those markets, how to choose strategic partners, or how to carry out direct investments). Although no so extensively, another two different streams of literature have been developed in recent years: the first one deals with the role of home or host national cultural dimensions on those decisions, while the second one shows a theoretical and/or methodological perspective, dealing with the definition of national culture and the way to measure it.

However, there are only a few studies aimed at reviewing the extant literature focused on national cultural issues — see Early (2006), Harzing (2003), and Shenkar (2001). We seek to tackle this limitation by developing an exhaustive review process of the role of national culture issues on IM research. The purpose of this process is twofold: firstly, it attempts to identify core research topics and main conclusions reached until the moment; secondly, it aims at exploring existing contradictions, as well as potential factors underlying them, detecting relevant lacks in the extant literature, and identifying new research opportunities in the field.
The paper has been organized as follows: section 2 shows the methodology used in order to carry out the review process, while section 3 displays the main findings derived from this process. The paper finalizes with a conclusion/reflection section.

2. METHODOLOGY AND REVIEW PROCESS

Our first step was to delimit the type of papers to be reviewed. We have exclusively focused on full length articles published in academic journals; therefore, we have not taken into account editorials, commentary essays, book comments, book chapters, nor conference proceedings. The second one was to select the journals to be analyzed. While focusing the review in top Management Journals (MJs) seems to provide a broader perspective, centering it in international management journals (IMJs) implies identifying a higher amount of papers. We have followed Lu’s (2003) approach reviewing both top MJs and IMJs. As a starting point we have reviewed an established list of the 20 top academic MJs initially derived from the research by Gómez-Mejía and Balkin (1992) and later adapted by Pisani (2011) and Werner (2002). This is a comprehensive list, as it includes journals from related organization sciences. Only one of the journals ranked in this list deals with the particular field of IM—the Journal of International Business Studies. We then selected the core journals in the particular field of IM following Acedo and Casillas (2005), Chan et al. (2006), DuBois and Reeb (2000) and Lu (2003). We have focused our study in recent research published in these journals between 2006 and 2012.

In order to identify the articles dealing with our intended issue, we performed a keyword search using the Institute for Scientific Information’s (ISI) Web of Knowledge and Scopus databases. Through this search we identified all articles including the following words in their title, abstract or keywords: acculturation, cross-country, cross-cultural, cross-national, culture (this term was introduced as “culture” when carrying out the search in IMJs and as “international culture” when developing the search in MJs), cultural distance, cultural differences, and psychic distance. Through this search we identified 802 articles (8.7% of the total amount of articles published in the 26 selected journals). After reading the abstracts of these studies, we followed a qualitative analysis based in at least two researchers’ interpretation in order to decide whether they actually addressed to our intended issue—in about 30% of cases the abstract was not explicit enough to make a decision, so it became necessary to read the full article. We found that 205 articles were relevant for this research. These articles were then read, coded and classified by the research team—due to length restrictions, it is not possible to include the Appendix I (the complete list of reviewed articles) in this paper. However, it is available upon request to the any of the authors.
Table 1 shows the list of selected journals, as well as a breakdown of identified articles by source journal. As shown in the table, only 20 articles published in top MJs journals deal with the role of national culture or cultural distance in international growth decisions (a scarce 0.28% of the papers published by these journals). This seems a very low percentage, particularly if we take into account that a much higher percentage of articles published in these journals belongs to the International Management field —almost 7% in the period 2002-2006 (Pisani, 2011), and 5.5% between 1996 and 2000 (Werner, 2002). On the contrary, all IMJs published a relevant amount of articles dealing with national cultural issues: the amount of papers during the period of study rises up to 185, that is, almost 9.7% of the total amount of papers published by these journals in the period.

In order to classify the identified studies, our starting point was the list of categories or research lines within the IM field identified in Werner (2002) and already used in Pisani (2011) and Werner and Brouthers (2002). However, we have introduced some changes in the initial list in order to adapt it to the particular objective of this study: some categories have been merged and a new category has been added; in particular, that related to theoretical frameworks and empirical measurements of national culture. Table 2 summarizes the list of main categories used in this review.

The categorization process was not always straightforward, as some articles potentially fell in different categories or dealt with more than one issue. Just as an example, papers dealing with joint venture’s formation may be classified in the strategic alliance category or in the foreign direct investment (FDI) one. Therefore, the research team has made decisions relative to these cases (see section 3); insofar as each paper is categorized in just one group.

Most of the identified papers analyze the impact of cultural distance in different internationalization decisions, while the amount of papers dealing with the influence of the home/host country’s national culture is quite limited.

3. **SYSTEMATIZING THE IDENTIFIED STUDIES**

This section shows our main findings and reflections relative to the 6 research lines addressed to in Table 2.

3.1. Research line “Theoretical development, measurements and modes”

Papers within this category have been classified in four different subcategories (see Table 3):

- Comparison of different models/measurements of national culture or cultural distance.
- Reflection on a particular model.
New model/measurement proposals.

Literature review on existing models/measurements.

Our first subcategory gathers papers which compare different frameworks and measurements of national cultural dimensions traditionally used in IM research. In particular, studies comparing Hofstede’s cultural framework with the GLOBE project are the most frequent ones—even the authors of both projects address to their differences and similarities in a JIBS’s special issue published in 2006. Existing literature points to two main groups of differences between them: (I) methodological issues related to the timing of data gathering, the interviewees’ profiles (managers in the GLOBE project and employees in Hofstede’s model), or the control of the organizational culture in the research process (all interviewees in Hofstede’s model work in the same organization while this is not the case within the GLOBE project). (II) Fundamental differences that may condition the identification of cultural dimensions. On the one hand, Hofstede’s model lacks a deep theoretical foundation and shows a stronger ethnocentric approach; on the other, the GLOBE project makes an effort in order to distinguish between values and practices related to cultural dimensions in order to avoid the ecological values assumption. Some papers within this sub-line analyze the degree of coherence between individual cultural dimensions identified and measured in both models like the Uncertainty Avoidance and the Individualism/Collectivism, pointing to a clear lack of consistency. A similar lack of coherence between cultural dimensions measurement is found in the studies that compare Hofstede’s and Schwartz’s models.

Our second sub-line—reflection on a particular model—is clearly focused on Hofstede’s model (there is no doubt that this the model/measurement of cultural distance most frequently used in IM literature). In this way different papers reflect on its Occidental bias when identifying cultural dimension, its static approach and its need for an update. Only a few papers deal with other models, for instance, those analyzing the negative correlation between practices and values of cultural dimensions in the GLOBE project.

A total of 12 papers develop their own proposals relative to the way in which the CD should be measured. In fact, the bulk of these papers stress the difference between cultural distance and psychic distance, being the second one a much broader concept. Most of them place an emphasis in the need for taking into account differences between the home and the target related to language, religion, economic development, demographic structure, educational, financial, legal and political systems, geographic location, connectivity degree, and/or colonial tights. Commercial and investment links between different nations, migration flows among them,
and the country’s participation in a free trade zone are additional factors to be taken into account as potential conditioners of cultural differences.

Some of this papers stress the interest of analyzing intra national diversity and identifying which factors explain cultural variations within countries; therefore, avoiding the country-homogeneity assumption. In this sense, it is to be expected that both individual and national cultural values are conditioned by factors as, for instance, gender, age, economic status or educational level. In summary, these studies call for the integration of different variables at different levels (individual and national) when measuring cultural differences, as well as for the analysis of the potential interaction between them. A final group of papers within this sub-line deal with the idea of treating cultural distance as relative and not absolute: small cultural differences, when not anticipated or expected, may derive in much stronger negative effects than large cultural differences identified in advance and correctly managed.

The last sub-line gathers some reviews dealing with the way in which the CD has been measured in existing literature or its role in particular areas (like international marketing or organizational behavior).

3.2 Research line “Internationalization: Process, path and performance”

As shown in Table 4, the 10 papers gathered within this research line have been classified in 3 different subcategories:

- Choice of host countries.
- Internationalization path and pattern.
- Performance.

The first sub-line gathers the studies that analyze the role of the CD between the home and the target in the choice of host countries for internationalization processes. Different empirical analyses point to the relevant role played by the CD through its interaction with the economic development, so that the greater the difference relative to the degree of economic development, the lower the impact of cultural distance. It seems that firms coming from developed countries gather in just one category all less developed countries; therefore, cultural differences among them become irrelevant. On the contrary, in a context of similar economic development between the home and the target, the CD between both of them plays a key role in the choice of the latter as a host for the internationalization process.

Some papers that focus their analysis on small and medium firms provide empirical evidence relative to the negative correlation between the CD and the choice of a particular host country,
irrespective of the firms’ international experience: these firms keep all their internationalization growth processes within a low CD area, not only the former ones. Therefore, it seems that the sequential internationalization model or Uppsala model is only partially applicable to this kind of firms.

A second group of papers focus on the internationalization path, sequence, and timing; among them, the study by Johanson and Vahlne (2009). This paper is an update and development of their Uppsala model, which is a reference in IM literature. This review points to the role of networks development and relationships building as key factors moderating the role played by psychic and cultural distance in internationalization decisions relative to the choice of mode of entry, as well as to the sequence of host markets. However, empirical research relative to this point is not so conclusive: although some papers provide empirical evidence relative to the role of the firm’s relational capital in diminishing the negative impact of the CD on internationalization decisions within a particular period of time; it seems that costs related to managing those networks hinder further international expansion to new areas in subsequent periods. The validity of the Uppsala model is also tested by analyzing the internationalization process as a trade-off between exploitation and exploration. These studies point to the interest of combining two different types of internationalization processes: incremental processes aimed at exploiting the firm’s resources and larger-step processes that may result in lower initial performance, but lead to exploration of new and cultural distant markets, as well as to access to knowledge and experience; therefore, leading to increased performance in further processes. However, empirical evidence shows that high levels of added cultural distance during one period may hamper further international expansion because of adjustment costs. Finally, a group of papers test the validity of the sequential model in the particular case of service firms, showing that differences related to religion and language are the main drivers of the internationalization path.

The last group of papers within this research line focus on the internationalization process performance, pointing to the existence of time compression diseconomies related to the management of the CD; in other words, acculturation processes and learning how to manage cultural diversity take time and the greater the distance between cultures, the more time will be needed to bridge it. Studies also point to a positive influence on performance of the interaction between the CD and the business diversification strategy.

3.3 Research line “Foreign direct investment”

This research line gathers a large group of papers related to FDI processes that have been classified in five different subcategories (Table 5)
The first sub-line gathers different papers that, from different theoretical perspectives and using different research methodologies, come to the same conclusion: the CD between the home and the target hinders internationalization through investment processes. When dealing with the choice of host countries for the investment processes, empirical evidence points to a negative impact of some psychic distance stimuli (differences in language, religion, or economic development); however, the CD as traditionally measured in IM research seems to play a no particularly relevant role. On the contrary, the host country’s national cultural dimensions (instead of cultural differences from the home country) play a key role, as empirical evidence shows that MNEs clearly prefer to invest in host countries with a low degree of Uncertainty Avoidance. Additionally, this cultural dimension moderates the impact of other factors conditioning the choice of host country, as the investor’s trust in the target market.

As shown in Table 5, the sub-category related to the choice of entry mode is a particularly extensive one. It gathers papers analyzing the choice between wholly owned subsidiaries (WOSs) and joint ventures (JVs), as well as studies dealing with the ownership structure of the later. Although different theoretical frameworks have been used to carry out these analyses, Transaction Cost and Institutional theories are the predominant ones. Both theoretical developments and empirical evidence show contradictory findings giving rise to the so called “cultural distance paradox” (Brouthers and Brouthers, 2001). While some studies point to a preference for JVs in cultural distant contexts in order to share the project with a local partner who provides access to specific resources such as local knowledge and contacts related to the host market, others stress the role of WOSs as entry modes that allow the foreign investor to avoid cooperating with a partner whose decision and behavioral rules are not well-known and/or understood, and facing increased costs derived from cooperation in this context. Anyway, it seems that the role played by the CD becomes more relevant when other differences between the home and the target are taken into account, as for instance, language or economic differences. In this way, some researchers have focused their studies on the moderating/intensifying effect of third variables on the role played by the CD in the choice of
mode of entry, among them, the target’s country risk and differences relative to language. Both seem to clearly moderate the role of CD in the choice of mode of entry.

Not only cultural differences, but also the home nation’s cultural dimensions play a key role in the choice of entry mode; in particular, empirical evidence is quite conclusive relative to the role of the Power Distance dimension: the higher the degree of Power Distance in the investor’s home country, the higher the tendency to prefer WOSs over cooperative investments.

Some studies that analyze the CD influence of the ownership structure of FDIs carried out through acquisition processes lie between this sub-line and the following one (related to establishment mode). Once again, results are far from conclusive: while a first group of studies shows that the greater the CD, the higher the tendency to invest through full acquisitions in order to avoid sharing the investment with a culturally distant partner, a second one points to partial acquisitions as a way to control the investor’s risk exposure in cultural distant contexts. However, empirical evidence points at the geographical distance as a moderator of the impact of the CD on this choice.

Our fourth sub-line refers to the choice of establishment mode, that is the choice between a greenfield investment (creating a new firm from scratch) and an acquisition when investing abroad. Empirical evidence is quite conclusive relative to this point: MNEs prefer to invest through greenfield investments in high culturally distant countries in order to avoid the increased costs of acquisition processes. The higher the cultural distance between the investor and the target, the higher the ex-ante and ex-post costs derived from an acquisition. While ex-ante costs are mainly related to obtaining accurate information that allows the investing firm to identify the true value of the target, ex-post-acquisition costs relate to potential opportunistic behaviors by the seller, the need to integrate in only one hierarchy the organization, structure, and personnel coming from two different companies, and the risk of acquiring (and paying their market value) resources the investing firm does not need. However, the preference for greenfield investments may be moderated (even fully compensated) by the foreign investor’s accrued experience, in particular, his experience related to the host market. Additionally, the influence of the CD on the establishment mode diminishes when additional differences between the home and the target (linguistic or economic differences) are included in the analysis.

Our latest sub-line relates to the influence of CD on FDI’s performance. As a starting point, it has to be said that the investments’ performance has been addressed to through quite heterogeneous measurements (return, survival, risk exposure, stock market reaction, among others). Papers analyzing FDI’s performance in terms of the investor’s risk exposure clearly
conclude that the higher the CD, the higher the risk faced by the foreign investor. Literature is also quite conclusive when analyzing the stock market reaction to FDI processes (to which point these processes increase the shareholder’s wealth): abnormal returns are higher in cultural distant countries; just on the contrary, the market does not positively value investments located in culturally close countries. In any case, the foreign investor’s accrued experience is a key moderator of the CD’s impact on FDI’s performance.

3.4. Research line: Strategic Alliances

This research line gathers the studies that analyze the role of cultural distance and/or national culture on alliances’ formation, structure, management, governance, and performance; no matter if they are vertical or horizontal alliances. The following sub-lines have been identified within this category (Table 6):

- Alliance formation.
- Structure.
- Management and governance.
- Performance.

When dealing with the alliance formation process, it seems that firms’ accrued experience in cooperating with partners coming from different countries increases their tendency to develop new cooperative agreements in cultural distant contexts. In addition, existing literature clearly points to CD as a main conditioner of the alliance’s strategic objectives, so that, the higher the cultural distance, the higher the tendency to develop alliances whose main objective is just a commercial one (rather than innovation, production, research and development, etc.).

The second sub-line relates to the alliances’ structure, that is, the choice between equity and non-equity alliances. Although empirical evidence relative to the role played by CD in this choice is far from conclusive, some studies shed light on this contradiction by analyzing how the impact of the CD between two partners depends upon their location: the CD’s impact is much higher for the partner located in a third country than for the partner located in the country in which the shared project is going to be developed. Additionally, partners coming from countries which show low levels of Uncertainty Avoidance and high levels of Power Distance tend to prefer equity alliance modes, rather than non-equity ones.

12 papers are gathered within the management and governance sub-line; therefore, these papers analyze the role of cultural dimensions on the choice of control and governance
mechanisms. Most of them deal with the role of trust as a governance mechanism which favor that partners behave in a cooperative way rather than in an opportunistic one. In this way, cultural differences between partners hinder communication processes between them; this, in turn, hampers trust development. As a consequence, the higher the CD between two partners, the higher the tendency to use formalized control mechanisms.

Our last sub-line within this category deals with alliances’ performance. Most of the studies gathered in this category point to a negative effect of the CD on performance. Existing CD between partners increases costs relative to knowledge transfer and conflict solving; therefore, the CD diminishes the alliance’s performance, particularly in the long range. CD also increases the partners’ exposure to risk and decreases the efficiency of learning procedures and resource and capabilities development processes.

3.5. Research line: “Exports and international trade”

Papers within this research line have been organized in three different sub-lines (Table 7)

- Exports path and performance
- Importer/exporter relationships
- Countries’ attractiveness for international trade

The first sub-line gathers papers analyzing the impact of CD on export decisions, choice of host countries, and path and pace of the export processes. Existing literature shows that the relationship between CD and export decisions or choice of host counties is not a linear one. Empirical evidence points to the CD as a moderator of the host country’s market size. Additionally, the CD seems to have more negative effects on vertical exports (related to raw materials or in-process products) than in horizontal ones (related to finished goods and services); as well as on exports carried out through owned subsidiaries —the higher the CD the higher the tendency to use alternative export modes as trade companies, agreements with local distributors, etc. Papers focusing on export performance show a positive relationship between cultural and psychic distance and export performance. The reason underlying this positive effect is that firms entering psychologically distant countries are likely to perceive a greater need to learn about those markets and to prepare themselves for managing cultural diversity. In this sense, it becomes particularly important that managers and employees of the exporting firm develop cross-cultural skills in order to neutralize the potential negative impact of CD.

CD clearly hinders the successful development of relationships between importers and exporters by hampering trust development and communication processes between them. Existing CD
does even negatively influence the firms’ commitment with the relationship, and their willingness to share knowledge or to carry out investments in assets specific to the relationship.

The last sub-line gathers papers that analyze different countries’ degree of attractiveness for international trade. In these models the CD from a potential home market is pointed as a negative influence conditioning such attractiveness degree.

3.6. Research line: Multinational firm and subsidiaries

Four different sub-lines have been identified within this research line (Table 8).

- Strategy and/or performance of MNEs or subsidiaries.
- Structure and organizational design.
- Human resource management.
- Knowledge transfer.

A group of studies within the first sub-line analyzes the impact of the host country’s cultural dimension on the subsidiary’s exploitation and exploration abilities and subsequent performance. A second group of studies analyze the impact of manager’s national culture on the political strategies that they formulate in host countries —related, for instance, with their attitude towards financial inducements or relationships with policymakers or their interest in developing new. Finally, studies dealing with CD show its positive influence on the subsidiaries’ degree of assertiveness in their local markets.

Our second sub-line deals with the role of cultural dimensions and CD in organizational design and MNE’s structure (centralization degree, control mechanisms, etc.). MNEs coming from high *Power Distance* countries show a lower tendency to decentralize decision making, while high degrees of *Uncertainty Avoidance* derive in strongly formalized processes and methods. While the CD between the home and the target does not significantly influence the centralization degree of decision making processes, it has a negative impact on the use of trust as a substitute for formalized control mechanisms.

Papers dealing with the role of cultural distance in organizational change and development stress the relevance of workplace culture that mediates between global corporate culture and subsidiaries’ national cultures. Subsidiary managers in MNEs follow a dual organizational identification, insofar as they feel part of both the MNE and the subsidiary, so that they partially identify with their respective national cultures. Within this line, some papers place the emphasis on the idea of cultural friction rather than on cultural distance. Friction takes into account...
interaction between parties; therefore, it is contingent to the contextual organizational factors in which the interactions takes place.

Our third sub-line is related to human resource management in MNEs and subsidiaries. A large bulk of papers within this line deals with expatriates selection, management, and performance. MNEs coming from countries that rank high in *Power Distance* (Hofstede model) or *Assertiveness* (GLOBE model) prefer expatriates rather than local employees for managing subsidiaries. The CD between the home and the target also increases the tendency to use expatriates, although the MNE's experience in the host country seems to moderate this relationship. Local employees of MNEs (versus expatriates) display a variety of cultural profiles more or less reflective of the national culture, depending on their enacted stance towards the native culture and the cultural orientation of the MNE. Therefore, they emerge as a special group within the host country and they are not always culturally interchangeable with the rest of the host-country population. Also immigrant employees constitute a singular group, as they may help bridging cultural and linguistic barriers between the MNE and its subsidiaries.

When dealing with expatriate’s performance, literature points to three different adjustment processes as key factors: work adjustment —technical skills, degree of responsibility, etc. —, social adjustment —interaction, communication, and socialization with locals—, and personal adjustment —that is, general adjustment apart from work related, for instance, with eating and housing habits.

Cultural differences moderate the role played by accrued experience and technical skills on expatriate's performance. It seems that the expatriate’s effort and ability in adjusting himself to the host culture are key factors underlying successful management. Expatriates should follow a gradual dual adjustment process that allows them to manage cultural discordances and to adopt cultural patterns which are different (and sometimes conflicting with) their own ones. Hybridization is the term used in this literature to refer to the development of new management systems in which different national cultures interact. A main challenge for expatriates is successfully managing communication patterns and processes; therefore, linguistic skills also play a key role in their adjustment and performance. The expatriates’ cross cultural motivation —their willingness to learn about new cultures and face cultural challenges— also arises as a main factor underlying his work and personal adjustment. However, this motivation is clearly motivated by the cultural distance between the expatriate’s home country and the host nation. Additionally, the host nation’s individual cultural dimensions (not the differences) may potentially influence the expatriate’s assignment effectiveness, as they may condition his discretion to make
decisions — it seems that the higher the Individualism and the lower the Uncertainty Avoidance in the host country, the higher the expatriate’s discretion.

Papers dealing with the above referred individual or general adjustment of expatriates stress the negative role played by CD in family issues related to adjustment processes — potential work problems for other family members, difficulties to obtain a proper school attendance and so on. Therefore, the higher the CD, the more relevant becomes the development of a social network within the host country.

Management of global or multicultural teams is also a prevailing topic within this sub-line. Different studies point to the global mindset as a requirement to enter a global team: team members should be aware of the existence of cultural diversity, be willing to understand different values and behaviors, and keep open minded attitude towards learning and developing new experiences and values. Cultural diversity may derive in integration difficulties and even in conflicts among team members; however, if correctly managed, it may bring to the group a variety of values, perspectives and behaviors that enhances the group’s creativity and its problem solving capacity. In order to be able to successfully work with people coming from different cultures, team members should develop the so called intercultural competencies which imply integrating personal attributes — flexibility and perseverance, among others —, capabilities — skills, attitudes — and knowledge — relative to the existence of cultural differences and relative to other member’s cultural values. These intercultural competencies contribute to inhibit cultural clashes and help to manage conflicts among team members.

Literature has also extensively analyzed to which point human resource policies are transferable, although it shows an important Western bias. Different studies point to the need for adjusting human resource policies and practices to local cultures, in particular is host Asian countries, as they usually show a Long Term Orientation and tendency to Restraint rather than to Indulgence (cultural dimensions in Hofstede model) much more salient than western Occidental countries. It is also important to take into account the dynamic aspects of the process: it is to be expected that the local employees’ values and behaviors do not keep static, insofar as they follow an acculturation process adjusting their values (at least to some degree) to the MNE’s culture. Particularly interesting are the studies that analyze the acculturation process based on linguistic differences. These studies show that local MNE’s employees think and behave in different ways depending upon the language they are using in their interactions. Therefore, the correct selection of the functional language within the MNE and its subsidiaries arises a main issue.
The last sub-line within this eclectic category relates to knowledge transfer between the MNE and its subsidiaries. Literature is quite conclusive relative to the negative effect of cultural differences on knowledge transfer and applicability across borders. Anyway, the strength of this negative impact depends upon the particular mechanisms used to carry out the transfer — personal mechanisms seem to be the least effective ones in high cultural distant contexts. A final group of works within this particular sub-line deals with knowledge transfer between different units in merger and acquisition processes. Empirical evidence shows a positive effect of CD on knowledge transfer between units: the higher the cultural distance between the acquirer and the acquired, the larger the synergies derived from complementary knowledge, routines and work patterns, as well as the lower the probability of duplicating assets. Cultural integration between both firms may be carried out through convergent or crossvergent processes. The first one implies softening cultural differences between both firms, so that they bring closer to each other; whole the second implies creating a new cultural system for the integrated unit.

4. FINAL REFLECTIONS

This literature review paper focuses on the influence of national cultural issues on internationalization processes. Its purpose is twofold: one the one hand, it aims at systematizing existing literature in order to display research lines and main conclusion; on the other; it attempts to identify contradictions and lacks in existing literature, as well as new research opportunities. Through this review process we have identified a total amount of 205 papers dealing with the intended issue and published between 2006 and 2012 in top MJs and IMJs. They have been classified in 6 wide research lines: theoretical development, measurements and modes; internationalization: process, path, performance; foreign direct investment, strategic alliances; exports and international trade; and multinational enterprises and subsidiaries. The first and the last of these lines are the ones which gather the highest amount of papers. The choice of entry mode and the management of human resources are the respective prevalent sub-lines.

The bulk of these studies focus on the impact of cultural distance on different internationalization processes and decisions; on the contrary, research dealing with the impact of the home/host national cultural dimensions on these processes is scarce. This point arises as a first lack in existing literature. The study of the role of some national cultural values and practices on international growth decisions (international entrepreneurship) and related issues —such as, for instance, the choice of host countries and entry modes, the process’ pattern, path and timing, the use of locals or expatriates, etc.— arises as a particularly interesting field of research not
only for academics, but also for practitioners and policy makers, as findings in this area may derive relevant public policy implications. In addition, it becomes necessary to analyze intra-country cultural differences, as this is an almost overlooked issue in existing literature. Although some relevant papers dealing with this topic and its potential influence on internationalization decisions have been developed from a theoretical perspective, empirical evidence is extremely scant.

It is also important to notice that existing literature shows a quite strong Western bias: the majority of analyzed papers carry out their studies from a European or North American perspective. New research is needed dealing with the role of national culture issues on internationalization processes from new perspectives; in particular, from an Asian perspective, insofar as Asian cultural patterns seem to strongly differ from Western patterns in key dimensions (for instance, in their long term orientation or their tendency to restraint versus indulgence). Additionally, as existing literature points to a clear interaction between cultural issues and economic development, new research is needed from the perspective of emerging economies.

The analysis of different factors which may moderate/intensify the impact of cultural dimensions and cultural distance on internationalization decisions is also a research line to be developed. Although the potential role of moderating variables has been analyzed in some particular sub-research lines—choice of entry mode, ownership structure and establishment mode in foreign direct investments—, it keeps almost unexplored in the remaining lines.

When dealing with methodological issues, the review reported in this study allows to derive to important conclusions: (I) most empirical research in the field relies on quantitative methods or case studies; therefore, researched developed from a qualitative perspective which go beyond particular case studies is needed (for instance, through qualitative comparative studies, ethnographic analyses, longitudinal qualitative studies or phenomenographic approaches). Qualitative research can make substantial contributions to the field, mainly by uncovering practical and theoretical paradoxes and clarifying controversial results. (II) Studies applying the same measurements/scales of cultural distance and cultural dimensions are needed, insofar as diversity in the way in which cultural issues are addressed to and measured seems to underlie contradictory empirical evidence relative to different internationalization decisions. In this way, it becomes particularly interesting to develop empirical studies which take into account “the enlarged measurements” of CD gathered in the first research line addressed to in this paper. This new models seem to allow overcoming some of the limitations of the traditional Hofstede model that has been prevalently used in IM research.
5. REFERENCES


Table 1. Breakdown of identified papers by source journal

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<tr>
<th>Management Journals</th>
<th>Published papers 2006-2012</th>
<th>Identified papers 2006-2012</th>
</tr>
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<tr>
<td>Academy of Management Journal</td>
<td>431</td>
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<td>Academy of Management Review</td>
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<td>Administrative Science Quarterly</td>
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<td>Decision Sciences</td>
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<td>Human Relations</td>
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<td>Industrial &amp; Labor Relations Review</td>
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<td>Industrial Relations</td>
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<td>Journal of Applied Behavioral Sciences</td>
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<td>Journal of Applied Psychology</td>
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<td>Journal of Occupational and Org. Psychology</td>
<td>295</td>
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<td>Organizational Behavior &amp; Human Decision Process</td>
<td>395</td>
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<tr>
<td>Personnel Psychology</td>
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<td>Psychological Bulletin</td>
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<tr>
<th>International Business Journals</th>
<th>Published papers 2006-2012</th>
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<tr>
<td>International Business Review</td>
<td>368</td>
<td>32</td>
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<tr>
<td>International Marketing Review</td>
<td>221</td>
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<tr>
<td>Journal of International Business Studies</td>
<td>444</td>
<td>54</td>
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<td>Journal of International Management</td>
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<tr>
<td>Journal of International Marketing</td>
<td>143</td>
<td>11</td>
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<td>Journal of World Business</td>
<td>306</td>
<td>28</td>
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<tr>
<td>Management International Review</td>
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<td><strong>1916</strong></td>
<td><strong>185</strong></td>
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Table 2. Categories of research dealing with national culture / cultural distance
## Research category | Papers
---|---
1. Theoretical development, measurements and modes | 36
2. Internationalization: process, path, performance | 10
3. Foreign direct investment | 44
4. Strategic alliances | 37
5. Exports and international trade | 21
6. Multinational enterprises and subsidiaries | 57

### Table 3. Papers within category 1: Theoretical frameworks, measurements and models

| Sub-category | Papers |
---|---|
Reviews/comments to a particular model | Kelley et al. (2006), Kirkman et al. (2006), Robert et al. (2006), Salk (2012), Shenkar (2012a; 2012b), Taras et al. (2010), Tang & Koveos (2008), Zaheer et al. (2012), Berry et al. (2010), Brewer (2007), Chapman et al. (2008), Child et al. (2009), Dow & Karunaratna (2006), Hakånson &
Literature review | Taras et al. (2009), Tsui et al. (2007), Vanderstraeten & Matthysssens (2008), Yaprak (2008)

### Table 4. Papers within category 2: Internationalization; process, path and performance

| Sub-category | Papers |
---|---|
Internationalization process (stages, | Barkema & Drogendijk (2007), Hutzschenreuter et al. |
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>Hutzschenreuter &amp; Voll (2008), Mas et al. (2006)</td>
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</tbody>
</table>
Table 5. Papers within category 3: Foreign direct investment

<table>
<thead>
<tr>
<th>Sub-category</th>
<th>Papers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Choice of host country</td>
<td>Bhardwaj et al. (2007), Dow &amp; Ferencikova (2010)</td>
</tr>
<tr>
<td>Performance</td>
<td></td>
</tr>
</tbody>
</table>

Table 6. Papers within category 4: Strategic alliances

<table>
<thead>
<tr>
<th>Sub-category</th>
<th>Papers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alliance formation</td>
<td>Kaufmann &amp; O'Neill (2007), Yeniyurt et al. (2009)</td>
</tr>
<tr>
<td>Management and governance</td>
<td>Abdi &amp; Aulakh (2012), Beugré and Acar (2008), Bstieler and Hemmert (2008), Griffith et al. (2009), Homburg et</td>
</tr>
</tbody>
</table>
al. (2009), Jean et al. (2010), Luo (2006), Luo (2007a),
Luo (2007b), Muethel & Hoegl (2012), Tjemkes et al.

Brouthers & Bamossy (2006), Chiao et al. (2009),
Delerue & Simon (2009), Evangelista & Hau (2009),
Hsieh et al. (2010), Jean et al. (2010), Li et al. (2012),
Lin & Wang (2008), Meschi & Riccio (2008), Ng et al.
(2007), Nielsen (2007), Nielsen & Gudergan (2012), Pak
et al. (2009), Park et al. (2012), Reus & Rottig (2009),
Slater & Robson (2012a), Voss et al. (2006)

Table 7. Papers within category 5: Exports and international trade

<table>
<thead>
<tr>
<th>Sub-category</th>
<th>Papers</th>
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<tbody>
<tr>
<td>Importer/exporter relationship</td>
<td>Griffith et al. (2006), Johnson et al. (2012), Ketkar et al. (2012), Lee et al. (2007), Liu (2012), Nes et al. (2007), Sharma et al. (2006), Slater &amp; Robson (2012b), Wu et al. (2007), Zaheer &amp; Kamal (2011)</td>
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<tr>
<td>Host country attractiveness</td>
<td>Håkanson &amp; Dow (2012), Katsikeas et al. (2009), Sheng &amp; Mullen (2011)</td>
</tr>
<tr>
<td>Sub-category</td>
<td>Papers</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------</td>
</tr>
<tr>
<td>Strategy and performance of MNEs and/or subsidiaries</td>
<td>Ambos &amp; Schlegelmilch (2008), Barron (2011), Campbell et al. (2012), Yu et al. (2009)</td>
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<tr>
<td>Structure and organizational design and development</td>
<td>Ambos &amp; Ambos (2009), Björkman et al. (2007), Cui et al. (2006), Dinur et al. (2009), Sarala &amp; Vaara (2010)</td>
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<tr>
<td>Human resource management</td>
<td>Ambos &amp; Schlegelmilch (2008), Barron (2011), Campbell et al. (2012), Yu et al. (2009)</td>
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