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Research into traditional and emerging dimensions of cross-national cultures and their effects on multinational corporations

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Because organizations are surrounded by the society's cultural environment, organizational cultures are expected to be influenced by the national culture. However, the relationship between national cultures and organizational cultures is not as simple as once believed1　it becomes more complicated and more difficult to understand in the context of multinational corporations (MNCs) and their subsidiaries. Researchers who can shed light on these cultures are likely to gain deep, new insights into the connections between national and organizational cultures, because MNCs are useful as the context for expanding existing theories and developing new ones. In this paper, I explore and document the ontological and existential nature of MNC foreign subsidiaries' organizational cultures by building upon the theories of cross-cultural management, organizational culture, interactions between MNC subsidiaries and regional cultures, and international mindsets.

Hofstede　2001

　　IBM

Hofstede　　　　　　　　　　50

ethics　　　　　　compliance　　　　　　　sustainability

　inclusivity

Based on my arguments and by expanding the framework for interactions between MNC subsidiaries and the regional cultures that Sasaki and Yoshikawa (2014) proposed, I present a framework for describing the nature and reality of the MNC foreign subsidiary, with the vertical dimension being the connection of the MNC subsidiary to the local or host-country culture or an influence of the local culture, while the horizontal dimension is the influence of the MNC HQ organizational culture on the MNC subsidiary's culture. I refer to that framework as the ontological framework of the MNC subsidiary's organizational culture, because it represents the nature and reality of the development of the MNC subsidiary's organizational culture, which in turn depends on the different circumstances under which the MNC subsidiary operates. That is, the subsidiary's culture depends on the extent to which the MNC subsidiary is connected to and is influenced by the local culture, as well as the extent to which the MNC subsidiary is under cultural control from the MNC HQ organization. The nature of the MNC subsidiary's organizational culture will be determined not only by those two dimensions––the connection of the MNC subsidiary organization to the local culture, and the influence exerted by the HQ organizational culture—but ultimately also by the HQ organization's culture of internationalization orientation. Figure 1 presents the ontological framework of the MNC subsidiary's organizational culture.

The influence of the MNC headquarters
(HQ) organizational culture

HQ and local organizational cultures	Local organizational culture	Strong
HQ organizational culture	Non-HQ and non-local organizational cultures	Weak

The connection of the MNC subsidiary to the local culture

Strong   Weak
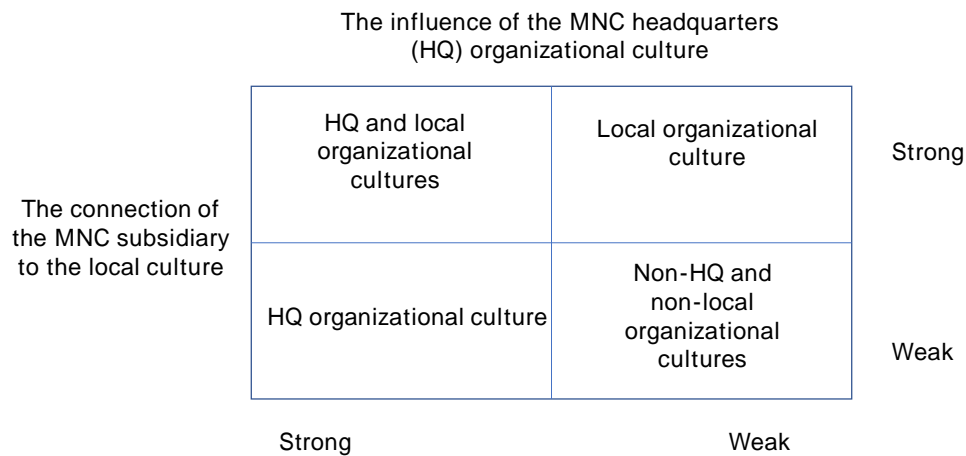
Notes: Organizational culture(s) in each quadrant represents the mainstream organizational culture(s).

Figure 1
The Ontological Framework of the Multinational Corporation's (MNC) Foreign Subsidiary Organizational Culture

I summarize the nature of an MNC subsidiary's organizational culture into the four modes of cultural existence that are described in the different quadrants in the framework shown in Figure 1. The organizational cultures in the quadrants in the framework represent the mainstream or dominant organizational cultures within the MNC subsidiary. The indigenous, local organizational culture of the MNC subsidiary that is reflective of and is influenced by the local culture is expected to emerge when the connection of an MNC subsidiary culture to the local culture is strong and the influence of the HQ's organizational culture is weak. For instance, provided that a collectivist national culture is connected to a clan organizational culture, an MNC subsidiary whose organizational culture is connected to the local culture of collectivism is expected to have a clan organizational culture. The development of the unique local organizational culture of the MNS subsidiary as the mainstream organizational culture is ultimately influenced by the HQ organization's orientation toward internationalization. A unique MNC subsidiary culture emerges when the MNC HQ organization is host-country-oriented and has a polycentric orientation in its organizational culture.

The HQ's organizational culture is expected to emerge and dominate in an MNC subsidiary when the influence of the MNC HQ organizational culture is strong, while the connection of the MNC subsidiary to the local culture and the influence of the local culture are not strong. The MNC HQ that is host-country oriented and has an ethnocentric orientation may tend to transfer its own organizational culture to its overseas subsidiaries and control those subsidiaries with the organizational culture, which is likely to be strong and powerful.

When the influences of both the MNC's HQ organizational culture and the local culture are strong, the mainstream, MNC subsidiary organizational cultures will be the HQ organizational culture and the unique, local organizational culture that is tied to the local culture. World-oriented, geocentric MNCs and their HQ organizations will tend to integrate the HQ organizational culture and the local organizational culture at their foreign

subsidiaries.

However, in the circumstance that corresponds to what Sasaki and Yoshikawa refer to as *integration*, there may instead just be a process toward integration, because there would be no complete integration between the local organizational culture influenced by the host-country culture and the HQ organizational culture embracing the home country's cultural elements, unless and until there is no tension between the two organizational cultures. I thus propose three stages during which the two cultures become integrated: *tension, eclecticism,* and *integration.* The tension stage is a period during which the HQ organizational culture is not congruent with the local organizational culture, and the two cultures do not coexist. The eclecticism stage is perhaps the next period, in which the two cultures do coexist. In this stage, the HQ organizational culture adapts to the local culture such that the HQ organizational culture exists in parallel with the local organizational culture at the MNC subsidiary. The integration stage is the final period, in which a new organizational culture—that is, a hybrid of organizational cultures that incorporates cultural elements of both the home country and the host country—develops within the MNC subsidiary. For instance, the US-based units of Honda neither Japanized themselves and their organizational culture nor did they simply mimic American styles of management (Sakikawa, 2017). In Honda's effort to adapt its culture to U.S. culture, Honda got their American employees, who were (and still are) called "associates," to interpret the Honda Way by judiciously selecting from the elements that make up American culture and ideology. Honda's endeavor to adapt the Honda Way to the U.S. culture allowed the Japanese automobile company to fit its organizational culture into the regional culture. In addition to that, it fostered the development of a new culture in Honda's U.S. plants.

Finally, there is the nature of an MNC subsidiary's organizational culture when the influences of both the HQ organizational culture and the local culture are not strong. In such a circumstance, similar to what Sasaki and Yoshikawa (2014) called *marginalization*, the mainstream, MNC subsidiary's organizational culture is likely to develop out of a non-HQ organizational culture and a non-local culture.

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