Social Identities in an International Joint Venture: An Exploratory Case Study

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Abstract

International joint venture (IJV) research largely omits social and cognitive processes and, hence, overlooks their potentially important implications. This paper presents a four-year longitudinal investigation into the social identification and social enactment processes in a British-Italian, shared management joint venture. Using social identification and social enactment theories as conceptual anchors, the study reveals that national social identities were the dominant sense-making vehicle used by team members, although multiple sources of social identification were possible and present in this IJV. Contextual changes occurred that could be expected to favor organizational (IJV-based) social identities, but the dominant use of nationality-based identities did not change. Our findings suggest that social identity enactments (using particular boundaries to define primary social identities) by team members mediate the relationship of contextual variables, both environmental and structural, with group and organizational outcomes (such as role investment and job satisfaction). Our empirical results shed light on unresolved debates in the IJV literature, e.g., the implications of cultural distance and shared management for IJV performance. This study also contributes to social identity theory by highlighting promising directions for development of contextual and longitudinal dimensions in that research stream.
(Culture; Enactment; Joint Ventures; Sense-Making; Social Identity Theory)

Koza and Lewin (1998) and Doz (1996), among others, have called for research to examine process dynamics and the context in which interfirm alliances, including joint ventures, are embedded. However, the rapidly growing literature on international joint ventures (IJVs) continues to pay scant attention to social and cognitive processes and has yet to resolve inconsistent empirical findings. For example, cultural differences—often conceptualized in terms of measurable distances—are posited to cause performance problems in IJVs (Killing 1983, Lane and Beamish 1990), but empirical confirmation of that relationship has been inconclusive. Without explicit theories about the processes that might lead from antecedent differences to performance outcomes, it is difficult to move beyond the stalemate produced by the mixed findings.

Similarly inconclusive findings pertain to the link between partner dominance and IJV longevity and success. While some studies (e.g., Killing 1983) report that having a dominant partner greatly increases the likelihood of success, others (e.g., Walmsley 1982) contend that shared management (50/50 equity with shared staffing by the parents), when well balanced, leads to superior performance. Other research has posited the importance of operational and strategic autonomy for IJV performance (Killing 1983, Lecraw 1984, Yan and Gray 1994). However, how such autonomy is achieved and maintained, potentially via strong organizational identification, has yet to be determined.

We seek to advance these lines of inquiry by elucidating the black box of cognitive and social processes in IJVs. Our focus is on the roles of social identities and social enactment processes that shape the sense-making and perceptions of team and organizational members. The data presented below, from a participant-observation case study of an IJV, reveal the critical contribution that studying these aspects of IJVs can make to theory building in the areas of joint ventures and social identity theory, as well as to enhancing practical understanding of IJV development and functioning.

Literature Review

Enactment of social identities (organizational, national, functional, etc.) constitutes a particular manifestation of more general processes of social enactment. Weick

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(1988) distinguishes between the process of enactment and the enacted environment. Experience is a continuous field of sensation and information. Enactment is a process in which particular aspects of experience are brought into the foreground and singled out for closer attention based on preconceptions. Enactment processes, which entail applying cognitive categorizations and templates to order experience, produce an enacted environment comprising social constructions about what actors cannot ignore. Hence, enactment processes can take place primarily on a taken-for-granted level that a researcher cannot readily observe. However, their outcomes—verbal manifestations of how an environment is cognitively ordered by members for sense-making—are tangible.

Because actor preconceptions shape their actions (Weick 1988), cognitive categories and templates from past roles and situations are imported into an IJV. There they meet an "open ground" giving participants wide latitude for social identity enactment and sense-making. This is particularly true of shared management IJVs that attempt balancing parent equity and managerial control via parent managers (secondees) (Killing 1983, Salk 1996). In such IJVs, high commitment of members to the venture is thought by managers to be desirable to mobilize parent skills and resources (Salk 1996, Walmsley 1982).

IJVs engage at least three organizations—the IJV and parent firms—that serve as potential sources of identity. They often employ multinational management teams. If cultural differences are problematic in IJVs (Lane and Beamish 1990), the role of national origins and other identities in sense-making deserves closer attention than has been the case to date. Strategic intents might require a strong IJV identity to foster commitment and role investment, while forces shaping the actual social identities enacted might result in continuing attachment to other identities creating national or parent–based, subgroup identities in the IJV (Salk 1996). Discrimination in communication, network inclusion, etc., along these subgroup faultlines might affect team integration and effectiveness.

Social Identity Processes and Their Crystallization in Groups and Organizations

Social identity theory posits that situational stimuli induce individuals to enact primary social identities. Partial membership in different identity groups (Allport 1933) offers individuals latitude in choosing social referents. Choice of a primary social identity, whether based on affiliation with an organization, a function, religion, gender, nation, or other categories, indicates an ordering of social reality and the individual's position in it. Social identities serve as bases for self-evaluation and enhancement, as well as for comparison with others via in-group identification. Moreover, social identities, to the extent that they arise from a dynamic relationship of individual perceptions with social reality (Hopkins and Reicher 1996), are an important window on intergroup and organizational dynamics.

Social identity theory does not offer a convergent view to explain how people come to hold a particular representation. Hopkins and Reicher (1996), for example, assert that for a given social identity to be viewed as appropriate, its social meaning must be congruent with the nature of situational stimuli. This would suggest that social identities coevolve with task, goal, or environmental requisites. Alternatively, once individuals deploy particular social identities and other forms of social enactment, they might persist unless a certain threshold of dissonant or incongruent experience challenges their perceived efficacy (Weick 1988). Extant research cannot adjudicate among these alternatives.

Structural Context and Social Identity Enactment. Despite differing views of the underlying mechanisms, there is convergent evidence that organizational and environmental contexts affect social identity boundaries (Sherif and Sherif 1953, Turner 1987). In- and out-group dynamics can be created and maintained even when subjects are assigned to groups at random (Tajfel 1978, Turner 1987). In-group preferences and out-group discrimination between subgroups based on national origins can persist despite convergence of shared work norms (Salk and Brannen 2000). Because individuals are thought to choose identities that, through intergroup comparison, enhance self-esteem and self-efficacy, relative prestige can be an antecedent of social identification (Ashforth and Mael 1989, Chatman et al. 1986). Perceived similarity, proximity, shared goals, and common perceived enemies or threats also affect identification with a group (Turner 1987).

Choice of identification can be limited or nonexistent if ascriptive identities such as race, national culture, and ethnic background become salient. When one ascriptive group enjoys higher prestige than others, identities entail fixed barriers to membership that can bring concerns of power and legitimacy to center stage. This would be especially true for an ascriptive identity group whose identity is not self-enhancing (Hopkins and Reicher 1996).

Social Identities and IJV Operation. The IJV and social identity literatures suggest that high organizational identification should enhance member integration and performance, while low identification is associated with conflict and negative emotions. Role investment and motivation,

team cohesion, cooperation, and satisfaction with one's organization have all been posited to underpin IJV longevity and performance (Killing 1983). These should be linked to social identification due to their association with psychological attraction to the group and sharing of its successes and failures (Ashforth and Mael 1989). When "the organization, as a social category, is seen to embody or even reify characteristics perceived to be prototypical of its members" (Ashforth and Mael 1989, p. 22), this can complement, or be a prerequisite of, a psychological contract. The resulting role investiture includes subscription to shared norms, emotional attachment, and attributions of responsibility for outcomes of collective action.

Whether social identity boundaries remain stable or change, across time and/or domains of experience, is an indicator of how individuals take a stance vis-a-vis the self, others, and the broader organization or setting (Zavalloni 1996). Social identities thus are related to organization climate and managerial behavior, including conflict, morale, political processes, and operational goals (Hopkins and Reicher 1996). However, it is unknown whether and how various contextual variables referenced in IJV research might be related to social identities. For example, when IJVs hire and manage the careers of managers directly, this might be assumed to result in higher role investment and motivation, hence favoring IJV-based identities. Similarly, the degree to which the national and/or corporate cultures of partners are similar might facilitate evolving an IJV working culture that is not "alien" to members, again creating conditions for IJV-based social identification.

Culture, Comportment, Context and Social Identities. Cultural identities have been viewed as interpretive lenses for sense-making and signification (Ong 1987, d'Iribarne 1989). Within cultures, sense-making and signification generate a range of behavioral manifestations that have deep-rooted relational Social Identification logic. Examples are *guanxi* in Chinese culture (Farh et al. 1996), and *l'honneur* in France (d'Iribarne 1989). Primary national socialization imparts values, norms, and assumptions that are relatively stable over time (Hofstede 1980) and have been translated, in the IJV literature, into measures of cultural distance. Members of national cultures, however, display substantial variance in the extent to which they subscribe to their culture's pivotal norms and values (Brannen 1994, Salk and Brannen 2000). Different role values and expectations pertain to different domains of experience and relationships (e.g., work, family, friends, a community). Which culturally rooted social identities become lenses for sense-making and signification varies across situations, institutional contexts, and over time (Smircich 1983).

IJVs reside at the confluence of different cultures, including national, corporate, and occupational. Teams, through interaction and historical responses to shared experiences, create context-specific working cultures (Brannen and Salk 1999, Fine 1979). Such cultures are not neutral with respect to the cultural legacies from which they sprouted (Brannen and Salk 1999); the norms and practices that surface might more closely reflect those of one legacy, or may be foreign to all parties. Because homogeneity of imported norms and practices might typically be greater within than across national cultures (Hofstede 1980), and distinctiveness is theorized to be a vital basis for social identification, formation of nationality-based social identities is likely.

At the same time, many successful MNCs employ culturally diverse management teams that seem to have a coherent identity and effective ways of working. Something beyond demographic diversity therefore must be involved when national culture differences become associated, in member eyes, with difficulties. Working cultures, coupled with individual sense-making and microinteractions, establish a social order (Giddens 1984). A social order, when institutionalized, creates an inertia of existing forms (Zucker 1991). The literature has yet to establish social identities as an institutionalized element of IJV or other working cultures.

What might reinforce particular forms of enactment of social identities and processes underpinning them over time in IJVs? Change and inertia of social identities might come from at least two sources. One might be the accrual of shared experience and repeated interactions, though this leaves open the question of whether these identities are a defining element of the emergent working culture or a causal variable. For example, the behavior of individuals from different groups should become more predictable over time, whether or not a team converges upon shared norms. A second potential source is the stability or fluidity of the institutionalized context (environmental and structural) of the IJV. Environmental influences include the competitive environment of the venture and of each parent (Yan and Gray 1994), and the degree to which the environment imposes common threats or rewards (Ashforth and Mael 1989). Structural factors include organizational design and IJV dependence on the parents for human and other resources. Bettenhausen and Murnighan (1985) suggest that early external threats bring differences to the surface and increase cohesiveness before avoidance or power struggles become a group feature, yet it is unclear whether threats occurring after norms become entrenched instill a shared identity. It is equally possible that contextual continuity might only be loosely connected with institutionalization of social identities; inertia might arise from self-perpetuating dynamics

of stereotype reinforcement that accentuates perceived out-group distinctiveness and polarization.

Research Questions

The literature review suggests that there is potential for a variety of different social identities to be employed by IJV members in their sense-making. These include, at the least, national, parent, and IJV-based identities, with the potential to find others as well. Moreover, the literature review reveals some consensus that strong organizational (IJV-based) identities are particularly important for IJV and team integration and functioning. We therefore ask:

QUESTION 1. Which social identities will be strongest in an IJV and, in particular, will organizational identities be stronger than other social identities?

The above review of the literature establishes that how informants enact primary social identities reveal an ordering of social reality that can shape participant actions (Weick 1988), and that these identities are posited to arise out of contextual influences, both environmental and organizational. We thus examine whether and how participants enact associations or causal linkages between social identities and context:

QUESTION 2. How do different social identities reveal themselves under different organizational and environmental contexts and how do they contribute to enactment of these contexts?

IJV environmental and structural contexts often change over time. Moreover, social identities can be domain-or context-specific. Individuals might bound their identities so that minorities are out-group members when primed with a general discussion of societal differences, while certain members of such groups would be categorized as in-group members when the discussion context is the common business challenges facing team members. Contextual changes might alter the structure of perceived superordinate goals, and hence the boundaries of dominant in-groups and out-groups over time. This would suggest a direct association between context and social identities, and another direct association between context and enactments of the team and organization environment. On the other hand, it is possible that social identities and enacted environments, once established, have a taken-for-granted inertia, and tend to resist revision until a threshold is reached where the primary identification boundaries shift. Hence, given environmental and structural change:

QUESTION 3. Do social identities in a team change as the context changes and do social identification patterns mediate the link between these changes and enactments concerning the team and organization?

Research Strategy and Setting

Paneuropa (a pseudonym) is an IJV where equity, structure, and staffing should allow formation of social identity groups and power relations among groups to emerge from IJV experiences rather than via a preordained strategy or design. Those involved in the negotiation and implementation of the IJV stressed that it was a "marriage of equals": the headquarters was placed outside both parent home countries, and no mandate was given to either parent to shape the culture or norms of the IJV team. IJV top management and its parents offered wide latitude for the study, including access to the IJV agreement, archives, and to all team members over a real-time period of up to three years.

The Partners

The British Parent. Saxony (pseudonym) was a highly diversified global firm. While its European bulk chemical business had been losing money, Saxony as a whole was profitable and a strong competitor. Initial contact depicted its culture as decidedly Anglo-Saxon: polite, gentlemanly, and task oriented. Its structure was highly formal, with detailed career planning and written documentation. Very few non-Anglo-Saxons were in the upper ranks of the firm's bulk business. Saxony offered employment security and had low managerial turnover.

The Italian Parent. Large and diversified, Italico's (pseudonym) bulk chemical business was concentrated in Southern Europe. It grew out of government-mandated acquisitions and mergers of state-owned and private firms, many of which were poor performers. Recent restructuring resulted in a centralized, but informal structure. Managers preferred verbal to paper communication. The key role played by powerful patrons and networks, rather than formal structures, arose from a deeper assumption of preserving ambiguity, and thus room for personal maneuvering. Careers relied on personal networks. Italico offered high job security.

Strategic Rationales, Ownership, and Organizational Structure

The strategic rationales of both parents were similar: Exploit the complementary geographic positions to rationalize manufacturing and reap distribution synergies. Both parents were heavily invested in production of the raw materials for the bulk chemical product that is the focus of the IJV; maintaining a captive outlet for these materials was deemed critical, as the exit costs in the upstream part of the production chain were prohibitive. In Europe, the industry was characterized by repeated cycles of undercapacity with high profits, followed by periods of chronic overcapacity with losses. In a downward cycle, managers

of both parents initiated discussion of an IJV during a trade fair. Each parent found reducing excess capacity alone difficult, and felt an IJV could overcome such constraints. Less important, but nonetheless attractive, was synergy from combining Italico's reputed technical and engineering excellence with Saxony's reputed administrative skills. The set of potential partners was limited, and both companies saw the IJV resulting in evenly matched, context-based bargaining power (Yan and Gray 1994). The combined resources would give them the number one market position in Europe, which they hoped could be translated into pressure on other competitors to abandon the vicious cycles of overcapacity.

In the IJV agreement, the parents maintained ownership of production facilities while leasing them back to the IJV. The agreement also required the IJV to purchase 45% of its raw materials from each parent (or 90% of its total raw material needs). Secondees filled the top posts. Though the initial CEO position was given to a Saxony manager playing a key role in the negotiations, Italico could propose a successor in three years if it so wished. The agreement did not specify which parent would staff which of the top 20 or so positions, but "as a matter of principle we sought and achieved a roughly equal balance."

Data. We utilized data from 40 formal interviews with team members, which were corroborated by archival and participant-observation data. Interviews, participant observation, and archival sources yielded a database of several thousand pages of interview transcripts and notes, field notes, and company documents.

Interviews. The study focused on the top management team, whose membership was defined with help from two key informants, the CEO and the Resources Director. Initial interviews were loosely structured, but respondents were asked who they worked with closely so as to validate team boundaries. No other than the 20 top team names surfaced more than once, confirming the initial boundaries. In the first two years, nine of the 20 were Britons from Saxony, eight were Italians from Italico, with a manager of British origin sent by Italico as a replacement for an Italian predecessor in Year two, plus a Dutch and an Australian sent by Saxony. Team members were interviewed up to three times over the course of the study. The 40 formal interviews ranged from one half to four hours, averaging approximately one and a half hours.

Interviews began with autobiographical data. Among the few preselected topics were how the IJV and team functioned and what about their IJV experiences were important, surprising or problematic. A closing topic—expected developments over the next six to 12 months (left to the informant to define)—became the starting point for later interviews. This left informants with the choice of which domain to discuss, surfacing data on enactment of the IJV environment.

Participant Observation and Archival Data. Meetings, meals, and other informal encounters provided additional data. Field notes were taken on all occasions. Informal discussions involved other venture employees, consultants to the IJV, and parent managers familiar with the venture. Archival data included the IJV agreement, organization charts, employee surveys, memos and press clippings about the IJV, the parents, and the industry.

Data Collection

Site visits began in month 18 of the IJV and ended in month 48. Eight visits lasted four days on average, with intervals of several months. Ongoing contact between visits was maintained by mail and telephone. The choice of intermittent schedule stemmed from a belief that the lower bound of time necessary to track changes and other developments exceeded a few months, while the upper bound was indeterminate. There were also cost and other practical considerations. The intermittent strategy permitted time between visits to examine data and literature for sensitizing concepts and developing alternative approaches and facilitated the sentiment that the researcher was neutral vis-a-vis the different groups in the company.

Approach to Analysis and Case Data Presentation

During and after data collection, the first author created notes on emergent themes and questions. The interview data were originally coded for substantive themes and patterns. Following Miles and Huberman (1989) an initial case study narrative was created. The narrative suggested the pervasiveness of national social categories. In reviewing social identity and enactment theories, which were not the framing used to create the initial narrative, we decided to recode interviews to conduct a more systematic study of social identification processes.

Raw interview data thus were recoded in terms of constructs thought to be theoretically important. The Appendix lists the coding categories established, giving criteria and examples of each. The first author led in defining basic coding categories and performing the initial recoding, and the second author recoded eight interview scripts chosen at random. The level of agreement in coding was 90%+; disagreements resulted from making inferences from the transcripts rather than relying on the explicit wording. We relied on explicit wording (e.g., to code cultural misunderstandings, the informant had to specifically mention this) to limit interpretive bias. This also eliminated coding disagreements. For each interview, "1" was assigned if an informant discussed a category and "0"

otherwise. No interview was counted more than once for a given category. This renders our findings conservative; categories could arise multiple times in a particular interview and with varying degrees of vehemence. We used this coding to create contingency tables to triangulate with the initial case narrative. Tables summarize large amounts of data for an article-length manuscript, but it must be emphasized that these are not our only data. Vehemence expressed by an informant, a sense of an informant being well-positioned to have an overview or to be a particularly acute social critic, or other cues do not lend themselves to numerical presentation. Such cues were more organically incorporated into establishing the initial narrative.

Data related to process presents a considerable epistemological and practical challenge (Van de Ven 1992). We reveal the logic of actors concerning how they link enactment of their experiences to the IJV's context and structure, at a given point of time and over time. In this study, the interviews coupled with other data allowed us to establish a time-ordered sequencing of change (or lack thereof) across nested levels of the IJV.

Results

We present the results in two steps. We begin with a chronological overview of key context changes that provide narrative linkages across time and across events. At the same time, defining process in terms of causal links (Van de Ven 1992) entails exploring the causal reasoning and logics offered by participants in line with the three research questions posed.

A Chronological Narrative of Key Environmental and Structural Developments

Pre-Start-Up. Two aspects of the preoperation period stood out for participants. The first was that during the wait for regulatory approval, the team was prohibited from working together on-site. In order to not lose precious time, a smaller group of managers from Saxony, because their home base was closer, were asked to handle supposedly "banal" details of preparing the facility, including some of the hiring of local staff, designing forms, decoration, etc. The other feature of this period was that the market quickly rebounded, and by the time regulatory approval came, was enjoying a full boom.

The First Years. The first two and a half years of operation differed from the final year and a half studied in several significant ways. The market boom allowed the IJV to easily meet and surpass its projected goals. Rather than moving to accomplish the initial goals of capacity rationalization, the IJV found itself needing all its capacity; reducing production bottlenecks became the order of the day. The parents continued to own the production assets and the IJV's strategy was focused on the commodity market. Replacement managers all were parent appointees.

Two events had shared symbolic meaning for Saxony managers. The first was the removal of a senior Saxony production manager following a conflict with his Italico supervisor over delegation, where the CEO reinforced his belief that he should not intervene in his subordinates' management styles. This manager was not offered a position by Saxony and was retained in the IJV in a less senior staff role. Another event was the publication of a report in the Italian press that implied that Saxony was controlling the venture, which greatly upset top Saxony secondees. For Italico managers, the turnover of several of their team members, nominally for personal reasons, was noteworthy. Italico managers observed that when those individuals returned to Italy, they often waited months for another assignment. They expected this to worsen when, toward the end of the second year of operation, the Italian government merged Italico with another firm, throwing the headquarter's power networks into a state of uncertainty.

The Final Period. By the third year, market forecasts were bleak. Career guarantees for many managers from both parents were questioned and it was clear that many, especially older managers, would have to wait it out in the IJV until retirement. The CEO campaigned to gain control of the production assets and to reinvest in downstream specialty businesses. The parents granted this request by the end of year three. There were conflicts with the parents over transfer prices of raw materials, and while Paneuropa offered attractive Return on Investment (ROI) for Italico, Saxony wanted to reinvest profits elsewhere. The board of directors stalled until toward the end of the third year in reappointing the CEO—a signal of tension between the parents as well as between the CEO and the parents. The CEO and Resources Director did win the right to appoint team members who came from neither parent, the first of whom joined the team in year three.

Overview. On one hand, the favorable market removed a shared threat in the first three years, making it relatively easy for the IJV to meet objectives without rationalizing production. On the other hand, the transfer pricing controversies, evidence of career immobility out of the IJV, and the upcoming market downturn might be expected to change the extent to which team members felt they shared a common fate and, hence, the social identities that dominate. We explore evidence for this below, in answering each of the research questions.

Research Question 1: Which Social Identities Are Enacted and Are the Strongest in Paneuropa?

Question 1 entailed finding which social identities were evident in the venture and their relative strength. Frequency counts reported in the Appendix show pervasive use of subgroup identity boundaries. Content analysis revealed three boundaries: (1) British-Italian (national origins), (2) parent differences (firm origin), and (3) parent–IJV. The British-Italian social identity boundary was by far the most pervasive, found in 32 of 40 formal interviews. Far fewer, but more than 50% of discussions, employed the parent-based social identity boundary (24 of 40). Parent versus IJV was the third most frequent (23 of 40), though as we will examine later, the vast majority of references to this categorization cropped up in the last two years and this bounding of identity coincided with expressed sympathy for parent interests—not the IJV's.

Tables 1 and 2, one for Saxony and one for Italico informants, facilitate cross-group comparisons. The key at the bottom of each table explains how the row and column proportions were calculated. Although the Italian-British identity boundary dominates for both Italico and Saxony managers (see column frequencies in Tables 1 and 2), it is notable that the former tended to use parent differences considerably more often than the parent-IJV identification. The British-Italian and parent differences refer to subgroups occurring within Panreuropa, while the parent-IJV is the only one to invoke a common identity for IJV members. Thus, there is evidence of strong subgroup boundaries and weak identification with the IJV as a whole.

Perceptions of nonparent and non-British or Italian IJV participants reaffirm the salience of Italian-British social identities. The vast majority of staff below the top level consisted of local hires. Time and again, these individuals signaled sympathy with one side or the other. The local secretary of one of the Saxony managers called ahead to alert an Italico manager that the author was coming for her scheduled appointment. He was not in his office and his secretary did not know where he was. "That's the Italians for you" she said, rolling her eyes disdainfully. Meanwhile, other locals claimed to find Italians "more generous," "more human," and "misjudged" vis-a-vis the British expatriates.

The salience of national identities for the British controller sent by Italico, the Dutch director of sales and marketing from Saxony, and Paneuropa's Belgian legal counselor further underscore the above finding. Italians saw the British controller from their own organization and the Dutch director, who had spent his career outside the Netherlands, as allied with the British. Even Italian colleagues who had known the controller when he was in Italy tended to criticize and ostracize him from their informal

Table 1 Social Identity and Other Coded Categories for *Italico* Interviews (N = 17)

Social Identity Categories:	British-Italian [14]	Parent Differences [12]	Parent-IJV [7]
Aspects of Enacted IJV Social and Organizational Environment:			
Cultural Differences/Misunderstandings [15]	0.933/1.00	0.733/0.917	0.200/0.429
Tensions and Conflicts (Personal and Group) [11]	0.910/0.714	0.818/0.750	0.364/0.571
Language/Communication Problems [4]	0.750/0.214	0.500/0.167	0.500/0.286
Relative Dominance [13]	1.00/0.929	0.675/0.667	0.308/0.571
Need Shared IJV Culture/Perspective [7]	0.714/0.357	0.286/0.167	0.429/0.429
IJV Board/Rest of the IJV HQ Organization [3]	1.00/0.214	0.333/0.083	0.667/0.286
Having Positive Investment in IJV-Based Identity [1]	1.00/0.007	1.00/0.083	0/0
Contextual and Structural Factors Discussed:			
Language/Communication Problems [4]	0.750/0.214	0.500/0.167	0.500/0.286
Secondment [12]	0.833/0.714	0.667/0.667	0.333/0.571
IJV Resource Dependencies on Parents [8]	0.750/0.429	0.375/0.250	0.500/0.571
Italian IJV Operations [5]	1.00/0.357	0.200/0.083	0.400/0.286
Poor Market a Threat to IJV [1]	1.00/0.071	0/0	1.00/0.143

Note. Numbers in [ ] represent the number of interviews coded into a particular category. For each cell, first number is the proportion of all interviews falling into that row category that also included the social boundary identification of that column. For example, in the third column of the first row, there were three interviews: hence 3/15 = 0.2. The second number is the proportion of all interviews employing a particular social identity boundary (column) that also included the row category. The second number in the third cell is 3/7 = 0.429. Interviews often could be classified in multiple rows and columns, hence the sum of the proportions are greater than one.

Table 2 Social Identity and Other Coded Categories for *Saxony* Interviews (N = 23)

Social Identity Categories:	British-Italian [18]	Parent Differences [12]	Parent-IJV [16]
Aspects of Enacted IJV Social and Organizational Environment:			
Cultural Differences/Misunderstandings [17]	1.00/0.944	0.647/0.917	0.647/0.688
Tensions and Conflicts (Personal and Group) [12]	1.00/0.667	0.417/0.417	0.500/0.375
Language/Communication Problems [7]	1.00/0.389	0.429/0.250	0.571/0.250
Relative Dominance [11]	1.00/0.611	0.636/0.583	0.636/0.438
Need Shared IJV Culture/Perspective [6]	0.833/0.278	1.00/0.500	0.500/0.188
IJV Board/Rest of the IJV HQ Organization [6]	0.667/0.222	0.500/0.250	0.500/0.188
Having Positive Investment in IJV-Based Identity [6]	0.833/0.278	0.500/0.250	0.500 /0.188
Contextual and Structural Factors Discussed:			
Language/Communication Problems [7]	1.00/0.389	0.429/0.250	0.571/0.250
Secondment [9]	0.778/0.389	0.667/0.583	0.889/0.500
IJV Resource Dependencies on Parents [6]	0.833/0.278	0.500/0.250	1.00/0.375
Italian IJV Operations [10]	1.00/0.556	0.400/0.333	0.500/0.313
Poor Market a Threat to IJV [4]	1.00/0.222	0.250/0.083	0.500/0.225

Note. Numbers in [ ] represent the number of interviews coded into a particular category. For each cell, first number is the proportion of all interviews falling into that row category that also included the social boundary identification of that column. For example, in the middle column of the first row, there were 11 interviews: hence 11/17 = 0.647. The second number is the proportion of all interviews employing a particular social identity boundary (column) that also included the row category. The second number in the middle cell is 11/12 = 0.917. Interviews often could be classified in multiple rows and columns, hence the sum of the proportions are greater than one.

networks. The legal counselor stated he consciously attempted to signal his neutrality vis-a-vis the British and Italians. This is also true of an Australian Saxony replacement at the next level down, and for a British manager hired directly by the IJV from another firm to replace a compatriot in the final year of the study. The British-Italian divide was explicitly noted as salient by all newcomers and observers. This pattern remained stable over time (see results for Research Question 3, below).

Research Question 2: How Do Different Social Identities Reveal Themselves Under Different Organizational and Environmental Contexts, and How Do They Contribute to Enactment of These Contexts?

Question 2 asks how different identities are associated with perceptions of contextual elements of the IJV and how these identities enact the team context.

IJV Structural and Environmental Features as Antecedents of Social Identifications. Informants linked social identities with four features: language (use of English), secondment, raw material dependence on parents, and the management of the Italian operations. Some accounts linked use of English, a consensus choice at the start, to national and corporate identities. Though all Italians spoke English, some were self-conscious that they did not speak well. No Saxony team members spoke Italian in the first two years and, by the fourth year, only one claimed he had acquired enough Italian to follow a meeting. English and Italian lessons were offered on-site, but managers from both parents claimed that business pressure left little time for lessons. One Italian explained that:

> The main obstacle is language. There are few Italians in this company with a clear knowledge [of English]. They can't handle the subtleties. . .Very often these guys aren't willing to admit they don't understand. . .the question is: can Italians really express the consequences of things in English? If Italico had sent people to six months of language training it would have solved a lot of problems. But this is an investment that has to be planned in advance. Italico wasn't prepared to be in a multinational venture.

Systematic support for this explanation is mixed. Only 23.5% (4/17) of Italico interviews raised language and communication problems, versus 30.4% (7/23) in Saxony, although in most cases this had to do with Italians not following up on formal communication with the inference that perhaps they did not understand (also cited as a cultural difference). Saxony accounts citing language also tended to coincide with discussions of implementation issues in Italy, not only or primarily the top team's functioning. Both groups most often associated language with national cultural boundaries. Moreover, discussions of language also tended to coincide with enactment concerning the relative dominance of an Anglo-Saxon working style in the IJV.

Using secondees to staff the top team was another key feature identified as a major source of difficulty by the CEO and others. A total of 70.6% (12/17) of Italico interviews discussed secondment, as did 39.1% (9/23) of Saxony's. A survey conducted by external consultants in year three seemed to corroborate this, with many respondents reporting their careers were more dependent on the parents than on the IJV. The CEO noted that, in the beginning, "as a matter of goodwill we looked for and found a rough [numerical] balance in staffing." This was not meant to imply future commitment to numerical equality. In early field visits, however, managers, mostly on the Italian side, exhibited a tendency to keep score of the relative numbers of Italians and British, as did the parents' personnel departments. The resources director lobbied for the freedom to deviate from the principle in a few cases where Italians returned to Italico and he felt he had found a better replacement either from Saxony or a third-party hire. Until year three, such confrontations led to a standoff and unfilled positions until Italico eventually offered an acceptable candidate. Use of head counts as an interpretation of balanced influence had far-reaching ramifications for many Italian managers. By the middle of year two, only production had an Italian in charge, and some Britons felt their compatriots in production suffered from far less delegation than elsewhere.

Most managers came from the parents' bulk businesses, while Saxony appointed a few outsiders for career development reasons. Saxony offered three-year contracts with a transfer request option after two. In Saxony, not being offered a transfer in two to three years was a sign of a stalled career. Some Saxony secondees saw less clear-cut opportunities in the parent, or were close to retirement; many already had lived and worked abroad. Italico offered two-year contracts. Some Italians claimed verbal promises of return assignments, and some were rumored to be eligible for promotions at Italico while at Paneuropa. Most had been working in Italy and, initially, left their families there. Not surprisingly, most managers tended to view the parents, not the IJV, as the primary provider of career and security. For Italians, sustaining informal networks in the parent was key to information, influence, and later promotions. We repeatedly heard:

> . . . I can't imagine people would come here cutting ties with parents [Italico]. People still see that promotion has to come from the parents. . . . I also don't know how many people from my partner are interested in living here. Most of us feel far from home. (Italico Manager)

However, over the four-year period, experience suggested that going back often was not easy. This reality might be thought to weaken the psychological ties to the parents, but such weakening did not take place. In a later section, we look at how this affected social identities.

Some interviews related social identities to asset and raw material dependence on parents. Note that while secondment logically should lead to parent or national identity boundaries, evoking this equal dependence on both parents might be expected instead to be associated with IJV/parent boundaries. However, evidence for such association is weak at best. The frequency of IJV dependence—47.1% (8/17) for Italico and 26.1% (6/23) for Saxony—can be explained by variable exposure to those dependencies. For Italico managers, the dominant identity boundary associated with this dependence was national—75% (3/4). While Saxony managers always associated this structural feature with parent/IJV identities, 83.3% (5/6) of these discussions also involved national identity boundaries.

As with raw material dependence, exposure to the IJV operations in Italy varied greatly. However, while more Italian managers were implicated directly in this interface, more Saxony interviews discussed it (44% (10/23) versus 30% (5/17)). One might expect that Italico managers would view this interface in terms of parent/IJV or parent identities, because for them, dealing with the Italian operations entailed dealing with shared national and parent culture. However, the patterns of social identity association were essentially the same for both Saxony and Italico interviews, with 100% in both cases being linked to national social identities. Most informant accounts of problems in Italy were connected to issues in communicating and working with Italico personnel.

Hence, the data suggest a link between structural features of the IJV and social identification, further highlighting that the national identities dominated in discussions of these associations. One might logically have predicted that secondment and, to a lesser extent, the use of English, would be associated with national identities. However, based on IJV theory and the initial narrative, it was unexpected that so few interviews discussed language. The findings concerning raw material dependence and the Italian operations also were at odds with theory suggesting that domains posing common threats or interactions not involving substantial cross-cultural interaction would be likely to evoke associations with identities other than nationality.

Enactment of the IJV: Social Identities and Structural Antecedents. Many interviews referred to cultural differences and misunderstandings, and to tensions and conflicts between groups and individuals (not specifically explained as cultural in nature). Eighty-eight percent (15/17) of Italico interviews discussed cultural differences and 65% (11/17) discussed group and individual conflicts

and tensions versus 74% (17/23) and 48% (12/23), respectively, for Saxony. Language and communication problems, which could be interpreted as enactment of IJV functioning as well as structural antecedents, were less often discussed and, surprisingly, by a smaller percentage of Italico (23%) than Saxony interviews (30%). Dominance also was linked most strongly to national social identities. Cultural differences and language, not surprisingly, were most strongly linked to national identities. Surprisingly, enactment concerning interpersonal and intergroup tensions, relations between the board and the IJV, the need for shared IJV culture and having a positive investment in IJV-based identity also coincided most often with national identities. That the IJV had more Anglo-Saxon than Italian flavor emerged not only from interviews but also from informal conversations with other IJV staff, outsiders familiar with the IJV, and an article in Italian newspapers.

Dominance and prestige have typically been identified as antecedents of social identification. The relative dominance of British and Italians was discussed in 76.5% (13/17) of Italico vs 47.8% (11/23) of Saxony interviews and, as with discussions of cultural differences, misunderstandings and tensions/conflicts, all interviews discussing relative dominance used British-Italian identities with substantially smaller proportions coinciding with other categorizations. Many Italians suggested they deeply resented its connotation of cultural superiority and the burden of adaptation falling mostly on their shoulders. As two different Italians recount:

> The basic statement of the typical Italian man, at the beginning of Paneuropa, when he'd talk to you after a meeting was "I'm not here to be civilized."

> The JV is surviving because Italians have an incapacity of imposing their style.

Occasionally, however, Italians would express a certain admiration of British organizing skills and were critical of their own shortcomings. For example:

> Some Italians have been telling a joke. "The Italians begin thinking on day one. The British begin thinking four months before day one."

Many Saxony managers lacked admiration for Italians. A top manager commented:

> Saxony Co. people are of a different caliber. We don't mind working our pants off for three years because a colleague isn't carrying his weight. But British managers ask me how long they are going to have to put up with this [the perceived lesser competence of Italians] and not get any credit. . . I can tell you I have great difficulty accepting the Italico system. I have trouble dealing with such a nebulous and unfocused political decision process. Yet it is important to Paneuropa interests. . .

This manager intertwines negative perceptions of Italian IJV colleagues with a negative view of Italico. For the British, the salience of the Italian out-group included inferior management skills, purportedly evidenced by the parent as well as by their secondees. This negative attribution was extended to difficulties in working with the Italian operations. Not many British managers had roles that entailed working closely with Italy, yet 43.5% (10/23) of Saxony interviews discussed Italian IJV operations as problematic, versus 29% (5/17) of Italico interviews.

Thus, British and Italians viewed the origins and implications of dominance differently. Britons associated the Italian identity group with frustrations concerning inferior management skills, Italico as a parent, and the Italian IJV operations. They felt that Italico overinterfered, to the IJV's detriment. The Italians had a dual reaction to their acknowledged subordination. On one hand, they contended that the IJV team, if functioning as they thought it should, would show a balance of influence. Reflecting the vast majority of Italian managers, an Italian manager noted:

> We, the Italians, have lost. We have had the positions we had under attack. We don't have planning, finance, etc. The only Italians with some influence left are Sales, Technical, R&D. The first line [CEO and Direct Reports] matters. The rest doesn't matter.

And while Italians recognized what behaviors were expected, they resented the perceived assumption of British colleagues that they should adapt:

> The first experience [with the implementation group] was terrible. They [British] pretended to have things well defined. They began with organization charts and so forth. . . In Italy one works without charts, discuss (sic) around a problem until one finds out what the problem is and until some decision is reached. Also, I don't understand why you have to take part in a meeting and then write to others who were in the meeting about what happened in the meeting, and then letters.

This was felt to be no less true, even if some Italians admitted that certain choices leading to this situation were appropriate:

> The choice of the Saxony systems, for example of accounting, was the right decision. I was involved and made such decisions. But this has created the problem that the systems and procedures were more familiar to British parent people than for Italian people coming into the venture.

Discussions of the IJV board being out of touch with, or failing to set an example for, the rest of management also coincided with national identities, although the board

was balanced between Italico and Saxony appointees. In the early period, such discussions tended to coincide with cultural differences and with conflicts and tensions. In the final period, this category coincided with the CEO and some other board members pushing the parents for reinvestment of profits and ownership of production assets, which will be discussed in results addressing Question 3. Although most direct associations with national social identities came from the earlier period, we will see that the contextual changes in the final period suggest an ongoing legacy of national identity boundaries pervading enactment concerning these developments. Similarly, the "positive investment in IJV-based identity," which is an enactment from the final period studied, also reflects the ongoing importance of national culture, even for those who felt strongly invested in the IJV.

Research Question 3: Do Social Identities Change Over Time as Context Changes, and Do Social Identification Patterns Mediate the Link Between Context Changes and Enactments Concerning the Team and Organization?

By year three, several changes had occurred, or were in the process of occurring, that might be predicted to supplant the dominant salience accorded to national-based social identities. The first was a dramatic downturn of market forecasts. Second, increasingly tenuous security was promised by secondment contracts for most IJV employees, meaning that the IJV became central to one's career. Third, there were signs that the CEO was ultimately going to get at least some of the autonomy he was seeking. He already had secured the right to hire team replacements from outside, compromises had been reached to give him more funds to reinvest in specialty businesses, and negotiations were underway to roll production assets into the IJV.

If social identities were stimulated directly by calculations of self-interest and structural incentives based on external context, these developments should have reduced the salience of national identification in favor of identities reflecting growth of common superordinate goals and individual career dependence on the IJV. The absence of a trend toward parent/IJV social identification would be consistent with predictions that preexisting social identification patterns mediate the associations between contextual and structural changes and cognitive enactment over time, creating inertia. Evidence of coevolution of social identities with these changes is weak. For example, dividing the interviews into periods, one for the first three years and a second for the last year, interviews mentioning cultural misunderstandings and conflicts in the earlier period were 87% (13/15) and 92% (12/13) for Saxony and Italico interviews, respectively. In the last year, the figures were 50% (4/8) and 75% (3/4). While discussion of the need for a shared IJV culture was less frequent for Saxony interviews in the last year (12.5% (1/8) versus 33% (5/15) for the earlier period), that issue actually increased for Italico interviews (50% (2/4) versus 38% (5/13) for the earlier period). The trend for relative dominance is one of a slight increase for both groups.

Operating Under Threat. With new forecasts of sharp market downturn, the IJV confronted its first serious threat. Looming imports from U.S. and third world producers and Paneuropa's market leadership did little to dissuade competitors from plans to build new capacity. The cyclical nightmare that had motivated the IJV in the first place seemed about to repeat. However, according to a Saxony executive, the uncertainty left people demotivated rather than rallying them together:

> I'm afraid with the way we behave quick reactions may be hard. We are successful now under these conditions, but I wonder whether we've developed the capability to work together successfully when times grow lean again?

All discussions about the market downturn occurred in the final year of the study. 50% (4/8) of Saxony interviews conducted in the last period explicitly discussed the issue, as did 25% (1/4) of the Italico interviews. All coincided with use of British-Italian identity boundaries.

Attempts to Make the IJV More Independent. By year three, the CEO openly campaigned to gain ownership of production assets, expand via acquisitions into higher-margin, less cyclical, specialty niche markets, and obtain strategic autonomy to reinvest cash flow and profits. Managers avidly followed these initiatives. On this last item, Italico was more favorable than was Saxony, because the returns from the IJV were higher than average for them. However, while some claimed to admire the CEO's tenacity, few found his vision compelling. The battle between the IJV board and the parents was interpreted by most other managers as underscoring a rift between the vision of the board and that of other managers, who later remained more sympathetic to the parent positions. The first excerpt below is from an Italico Manager, the second from a Saxony Manager:

> The mission for the company developed and promoted by [our CEO] doesn't extend in the company because it doesn't fit reality. How can people identify in Paneuropa when there is no sensible common mission? If the business is hitting reality, the future of the business looks more and more depressing . . .Our market is driving us . . .We are repeating, with similar constraints, the mistakes of our parents in the early 1980s.

> I admire X, our CEO, tremendously. But he and some others sometimes suggest that if the parents don't let us reinvest what we earn and give us the assets that they're stupid?! But others may look at this situation and conclude that the parents are not behaving inconsistently. Why should the parents put every penny back into the joint venture? To the extent that the top level is sending the message that we could be successful if our parents would be nice, some people may increasingly believe that they are out of touch with the reality of the situation.

These managers, interestingly, use "we" to denote the IJV while simultaneously signaling more sympathy for parent interests than for the attempt of the CEO and a few board members to place the IJV interests first. Earlier interviews discussing the gap between the board and the rest of the IJV tended to tie this to the need for a positive behavioral example, hence a link to national social identities was not surprising. The two Italico and three Saxony interviews discussing this rift in the final six months shifted to whether it was realistic for the IJV to be more autonomous, with an emphasis on the Parent/IJV boundary. Because two of the three Saxony interviews were with the CEO and the other manager most intimately involved in trying to win approval for specialty product acquisitions by the IJV, those two interviews were clearly biased in favor of independence. But the Saxony "dissenter" cited above claimed to speak for many. Likewise, Italian managers did not find the cause of independence compelling. Field notes suggested the sensitivity of this topic, which might explain why no more individuals brought it up. At the same time, three of eight Saxony and two of four Italico interviews conducted during the crescendo of this ongoing battle did discuss it. Thus, although this issue evoked use of parent/IJV social identities, it did not clearly result in greater organizational identification for many team members.

Secondment and Staffing Developments. Secondment proved to offer few if any career prospects in the parents for most managers from either company. Moreover, the CEO openly talked about the possibility of shifting oldtimers onto IJV rather than parent contracts, especially after he won leeway to recruit externally. However, this showed no apparent effect on patterns of social identification. Although secondment is mentioned less in later interviews, its link to national social identities remains.

General Pattern of Social Identity Reinforcement. A couple of managers interviewed in the last period—all from Saxony—noted that their own behavior had evolved in ways that made meetings more effective, if not necessarily more efficient. In the precrisis period, references to the "Need for a Shared IJV Culture/ Perspective" documented the wish of at least some members that a way to ease cultural differences be found. The reported reaction of many Britons to the cultural differences reaffirmed their preferences, e.g., resorting to more paper, memos and general formality, even though they were aware that those very preferences were difficult for the Italians and contributed further to accusations of British rigidity and arrogance:

> We've all tried very hard to avoid saying that this is the way I've always done things and how I want to continue doing them. We're a lot more formal here . . .I suppose the formality is a sort of protection or shield. (Saxony Manager)

However, by the last months, one Saxony manager claimed:

> . . . meetings are much better than they used to be. . . . It's still inefficient but no longer so ineffective. There's much more asking for clarification. There has also been learning in this organization. A clarification of roles. So there has been mutual recognition between groups. That is not to say that many parties don't think they are better than another.

Another Saxony manager made similar observations that via repetition and asking for clarification, the team was working more effectively. However, he noted that "[This] is something not generally discussed" and that he felt competent to comment about how the Anglo-Saxons here feel but "he didn't feel at all comfortable speaking for my Italian colleagues." For their part, no Italian informant reported observing such changes and one even claimed that the working relationships between the British and Italians were continuing to deteriorate. Thus, despite a few reports of limited behavioral integration, national identities remained the basis for sensemaking and continued to be linked to at least some aspects of behavior.

Corroborative Evidence from Employee Survey Data. Two surveys administered by outside consultants at this time suggest real issues concerning perceptions of fairness and satisfaction in the IJV. From the results provided by the consultants, we found that 79% of respondents gave a neutral or negative response to "satisfaction with team building;" 80% of the responses to a question concerning opportunities for "better jobs" in the IJV were negative (48%) or neutral (32%). The consultant explained that a very low favorable rating for "support of the parent organizations" was especially due to Italians feeling abandoned by Italico, although some Britons also felt "stuck" in the venture. He added that this sense of abandonment and disappointment was viewed as a "violation of the psychological contract." The response rate from Italico managers was much lower than for Saxony, due partially to legal restrictions in Italy and difficulty in convincing the Italians that their individual responses would not be revealed. Only 36% of Italico managers were satisfied with benefits, versus 69% from Saxony.

Overall, the Italians reported less satisfaction with the IJV, although there was dissatisfaction in both groups with IJV dependence upon the parents.

Discussion

The paper began by suggesting that social identification and social enactment are important processes ignored in the IJV literature. We used the literature to define constructs and develop exploratory questions, which now permits an assessment of the contribution that these constructs make to explain the case of Paneuropa, and, potentially, other IJVs. We found that although there were different social identities used by informants, the British-Italian identities dominated, while the organizational identification (parents–IJV) was weak. Our results further revealed that informants consistently linked the Italian-British (national) identities with a variety of enactments concerning IJV experience and context. This includes enactments of experiences that would be expected to reinforce awareness of national differences (cultural differences and misunderstandings and language), but also those that logically might be expected to evoke a strong identification with the IJV (raw material dependencies and the worsening market conditions).

In examining social identities and enactments concerning the IJV over a period of time in which the context changes, we did not find evidence of a strong direct effect of changing contextual conditions on social identification and enactment processes. Instead, most results are consistent with the suggestion that social identities, once established, become a lens mediating the impact of contextual change on the enactments of the IJV setting and functioning by its members. Our results suggest that studies of IJVs positing a direct effect of environmental and structural contexts on IJV functioning and performance overlook important intermediate social processes of social identity formation set early in an IJV's history.

Contributions to IJV Theory Building

By integrating theory and constructs from social identity and social enactment theories into IJV theory, this study connects structural and environmental context, as well as perceived cultural differences, to the nature of social identification with the IJV. Although no one contextual factor alone explained the predominance of national identification, secondment interdependence of the parent and IJV did not help. However, before rushing to conclude that shared management and high IJV dependence on the parents *causes* low investment in IJV identities, caution is advised. It is instructive that Salk (1996) observed a similar initial pattern of national social identification in three IJVs, but that two of them evolved beyond this in a matter of months toward a dominance of team-based identities. Albert and Whetten (1985) contend that "an organization has an identity to the extent there is a shared understanding of the central, distinctive and enduring character or essence of the organization among its members" (in Ashforth and Mael 1989, p. 27). By its fourth anniversary, Paneuropa's top management team exhibited very limited integration and did not come to constitute a "psychological group" (Turner 1987).

IJV (Lane and Beamish 1990, Parkhe 1991) and strategy scholars (Anderson and Gatignon 1986, Kogut and Singh 1988, Brown et al. 1989) use "cultural distance" to explain the functioning of IJVs. Our findings call into question the predictive power of this popular construct. From a cultural distance perspective, Paneuropa's problems should be linked to a priori differences between the national cultures of the parent companies. In Hofstede (1980), the greatest gap between Italian and British cultures is in uncertainty avoidance (higher in Italy), a gap that Hofstede (1980) sees as the most damaging to international cooperation. One might argue that attempts to control management appointments by the parents and restricting CEO's autonomy are manifestations of uncertainty avoidance. However, this was equally a problem in dealings with Saxony. Moreover, uncertainty avoidance is commonly associated with the speed with which decisions and actions are taken. Thus, if this underpins national social identification, why was the speed of decision-making not mentioned in any of forty interviews and numerous informal encounters?

Power distance (Hofstede 1980) is another dimension on which British and Italians differ, manifested in Paneuropa by conflicts over delegation in the production department, but neither of these dimensions explains many aspects of stereotypes and behaviors found in this study. In a shared management IJV team displaying a priori cultural antecedents (German/ Japanese) that would be expected from a cultural distance perspective to be at least as problematic as those found here, Salk and Brannen (2000) found that the team generally displayed high integration and performance. In that IJV, environmental and structural contexts seemed to create conditions for the evolution of national identity enactment processes toward something far more nuanced. In Paneuropa, subsequent evolution of structural and environmental contexts failed to alter patterns of social identity enactment. Thus, at best, the culture distance approach is incomplete without analyzing context effects on social processes as an intermediate construct.

Our data also shed light on the debate surrounding shared management. A number of studies researched 50/ 50 equity IJVs with secondment (Killing 1983, Lyles and

Salk 1996, Salk and Brannen 2000); hence, Paneuropa is arguably representative of a more general category. While some scholars highlight the learning opportunities and the mutual commitment shared management can generate (e.g., Walmsley 1982, Hamel et al. 1989), others view such IJVs as inherently prone to problems (Killing 1983, Lane and Beamish 1990). Which materializes, according to this study, depends on group processes such as social identity enactments, which provide the mechanisms through which social integration (cohesion) and cognitive integration (shared views and norms) are manufactured. Thus, our approach potentially explains what seem to be irreconcilable views in the IJV literature.

The Paneuropa case further highlights a distinction that should be made between a formal decision to choose a working language (a structural context choice) and enactments concerning language. The mediation of early social identity enactment, that might be based on the direct effect of preexisting differences, could not only impede social integration in the IJV, but also potentially influence "collaborative know-how" (Simonin 1997). To better understand the boundary conditions affecting when social identification processes take on such an inertial character, more comparative studies and larger sample survey studies that address the role of social identity and other enactments in team and organizational development will be necessary.

Contributions to Social Identity Theory

Previously applied to such phenomena as ethnic conflict (Sachdev and Bourhis 1990), nationalism (Hopkins and Reicher 1996), stereotyping, conflict, and discrimination (Tajfel 1978, 1982; Turner 1987), this study extends social identity theory into a new domain, IJVs. We confirm many features previously highlighted in this literature, especially that initial distinctiveness, prestige, out-group salience, similarity, liking, and a common threat (or its absence) are important antecedents for social identification (Ashforth and Mael 1989). IJVs are a natural laboratory for studying social identification processes, one in which individuals' multiple social memberships offer simultaneous foci for identification, permitting clear observation of social identification vis-à-vis systems and subsystems.

While previous studies acknowledge contextual factors, the present study elaborates on various social identification dynamics absent in the current literature. One is how contextual antecedents, both environmental and structural, interact to influence identification, with enactment of initial identity boundaries becoming a "social fact" that shapes social reality even as the initial antecedents change. A second contribution concerns which antecedents are associated in sense-making with social identity enactment. Third, this study examines threshold conditions for social identification (Ashforth and Mael 1989, p. 34). The data suggest that group prestige and out-group salience arising from initial social identity processes combine to produce stable enactment of Anglo-Saxon group dominance over time. Further, individual and group antecedents are intertwined with strategic issues at the firm and industry level (e.g., strategic dependencies of the IJV on parents), to produce an institutionalized social order. This study thus contributes to an issue which is key to the further development of social identity theory, namely, the use of both individual and organizational levels of analysis. Following Klein et al. (1994) and Rousseau (1985), the replication of relationships at both individual and group/subunit levels in this study provides support for such travel in level of analysis.

Social identity theory maintains that "conflict between (organizational) identities tends to be resolved by ordering, separating, or buffering the identities" (Ashforth and Mael 1989, p.30). Paneuropa suggests that the type of conflict generated may be carried over into the resolution phase. Thus, individuals may not only define themselves in terms of their more salient social identity (i.e., ordering), but also in terms of its relationship to a competing source of identification (e.g., IJV versus parent). This observation might have important consequences for social identity theory, as it implies that continuous embeddedness of competing identities can undermine the efficacy of some conflict resolution mechanisms in given circumstances (e.g., cognitive decoupling of identities may be impossible when both continue to generate rewards).

Finally, this study confirms the importance of research that traces historical roots of social phenomena (Berger and Luckmann 1967, Hall 1986, Redding 1994). Following Paneuropa over its first years of its life has made it possible to observe the formative phases of its culture, bridging micro-and macroorganization behavior and strategy (Smircich 1983), while most social identity studies focus only on the micro and meso levels. Following cases over even longer periods of time may yield similarly rich dividends. For instance, some IJV literature would have predicted a natural evolution toward greater autonomy (cognitive as well as structural) over time (Killing 1983, Lecraw 1984, Yan and Gray 1994), while social identity theory tends to take a more contingent, ahistorical perspective. In Paneuropa, social identification processes, in combination with other strategic considerations, may just have been powerful enough to undermine the potential for a positive impact of greater autonomy on organizational identification when autonomy increased in years three and four. By highlighting historical

embeddedness and multiple levels of analysis, our approach suggests synergies with the more traditional micro and cross-sectional concerns of social identity theorists, potentially refining and enriching this approach.

Limitations and Potential Practical Implications

Single-case studies are primarily generalizable to theory (Yin 1989, 1994). Observations in this study that social identities initially established mediate the association between contextual antecedents and enactment of the IJV working environment over time, require further study with larger and more diverse samples. Similarly, whether and how these processes are related to performance and objective individual and group outcomes such as network integration, learning, job satisfaction, and turnover must await further results. Finally, while findings were consistent with our view that initial social identification patterns mediate effects of changes in context on subsequent identification patterns, our data do not allow us to directly assess the posited mechanisms. If the current findings hold in other settings, this would have important practical as well as theoretical implications. For example, IJV implementation would entail new role requirements for IJV leaders to influence social identity processes, inducing members to reassess relative prestige and to intervene as necessary to counterbalance tendencies arising from social identification to view "balanced" in terms of equality rather than equity, as was the case in Paneuropa. It would also be potentially desirable, especially in the absence of initial environmental pressures on performance, to create feedback loops for IJV teams that highlight short-term performance implications of behavior, fostering greater role investment by making members jointly more accountable for short-run outcomes linked to their behaviors.

As an initial application of social identity and social enactment theories to illuminate social processes in an IJV, we have illustrated the potential importance of processes generally ignored in IJV research. In doing so, we have taken a step towards developing a richer theory of IJV microprocesses. We have also offered a foundation in response to Doz's (1996) plea for more attention to process and to Salk's and Brannen's (2000) conclusion that IJV theory must set aside a "dummy variable" mindset concerning culture to make significant advances in the future.

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Appendix: Coding Categories, Definitions, Number of Mentions, and Examples of Coded Interview Text

Category	Definition and Criteria for Category	Number of Mentions	Typical Example*
1. Italian-British	Bounding the Italians and British as distinct social groups.	32	"We all fall into national stereotypes. Yes, the Italians are very quick to flare up . . ." (S) 'Some Italians have been telling a joke. "The Italians begin thinking on day one; the British begin thinking four months before day one." (I)'
2. Parent Differences	Bounding the parent organizations and their managers as representing distinct cultures and/or interests vis-a-vis the IJV.	24	"The understanding of how to do the job was very different for Saxony Co. And Italico people. (I)
3. Parent-IJV	Bounding the parents and IJV in terms of having different practices or interests vis-a-vis the IJV.	23	" [our CEO and a few others] are suggesting that if the parents don't let us reinvest what we earn and give us the assets, that they're stupid . . ." (S)
4. IJV-loyal, non-loyal	Managers who invest in their IJV role as more than just a temporary assignment (IJV-loyal) versus those who do not.	3	"We will never hear from [X] for the rest of our lives. He was a soldier and gave 200%. But his loyalties were always to Italico." (S)
5. Cultural Differences and Misunderstandings	Says that there are cultural differences. Describes ways in which the national groups do and/or expect different things; how the parent company organizations differ.	32	"An example is how a Saxony Co. man would relate to a plant. He would have a meeting, write a memo and expect it to be implemented. An Italico man would go to a plant, ask for information and expect it to run smoothly." (I)

Appendix (cont.).

Category	Definition and Criteria for Category	Number of Mentions	Typical Example*
6. Tensions/ Conflicts in IJV (Personal and Group)	Specific reference to conflicts and tensions in the IJV team, that may or may not be linked to cultural sources. These can either be between individuals or groups.	23	"When something like this happens, the typical British reaction is that the Italians are pathetic. The British on the other hand see themselves as willing to put on the uniform and to follow orders." (S)
7. Relative Dominance	This in general means that the informant talks about Anglo-Saxon influence on the IJV and offers at least some rationale or critique on it. This differs for Saxony and for Italico. For Saxony managers, this was more typically discussions of lower quality of Italian managers, etc. For Italico managers, this was almost always a discussion of how and why the British took control.	24	". . . We, the Italians have lost. We have had the positions we had under attack . . ." (I) "In my opinion there has been some fundamental misunderstanding of the Italians here. I disagree with some of the assessments of individuals and performance. In my opinion, they've had to put up with a lot." (S) "Saxony Co. Managers dominate because Saxony Co. Is bigger and more organized. . . Their culture is built into their system and structures." (I)
8. Language/ Communica-tion Problems	Mentions language differences as a problem and/or mentions problems or difficulties with communication more generally.	11	"The main obstacle is language. There are few Italians in this company with a clear knowledge . . . ." (I) "But anyway, while things like this go on all the time, meetings are much better than they used to be. Partly this is because language skills have improved. . ." (S)
9. Secondment	Mentions the secondment system of using managers from the parents as an issue.	21	"Our careers are strongly dependent on our parents Some people while on loan here have gotten important promotions back in Italy" (I) "The secondment situation adds a further problem, which means they say 'Why should I change?' " (S)
10. IJV Dependencies on Parents	Discusses dependence on parents (for raw materials, strategy approval, assets). This category is not meant to cover HRM dependence, which is covered in the Secondment category above.	14	"An implication [of requirement to purchase raw materials form the parents] is that many in the parents see us a little more that a raw material 'sink' ". (S)
11. Italian IJV Operations	Mention that they have experienced difficulties or problems in IJV operations located in Italy (relative to other IJV operation).	15	". . . But the choice of an MIS system based on Saxony's, has had the implication of tremendous difficulties in bringing the Italian operations on line." (I) "Everything is more difficult in dealing with Italy. These people are far away from our office and many can't speak any English." (S)
16. Poor Market a Threat to IJV	Only appears in middle of third year. This indexes explicit discussions of how the market downturn is creating new shared perceptions and concerns.	5	"If the future of the business looks more and more depressive . . . Our market is driving us." (I)
17. IJV Board/ Rest of the IJV HQ Organ-ization	How the IJV executive board relates to the rest of the headquarters and/or IJV organization or should relate to these.	9	"I am alarmed that the Executive Board feels that if there is poor communication it's not them and not their problems." (S) "Independence [from parents] is not possible and people know this. The Executive Board give us words, not facts." (I)
18. Need Shared IJV Culture/Perspective	Discusses the need for managers to have a shared perspective and/or the creation of a culture specific to the IJV.	13	"In the first two levels you have great differences in style and lots of conflict. So whenever you bring in someone new, they don't have to modify the style they've always used." (S)

Appendix (cont.).

19. Having Positive Investment in IJV-Based Identity	Explicitly asserting lack of interest in returning to a parent organization, asserting verbally that they see themselves as staying with the IJV, asserting positive investment in IJV career.	7	"I passed into Italico through the [another joint venture] I have no real future there and am happy to be here." (I) "I was hired through Saxony, but I really was never socialized and don't feel any particular attachment to Saxony." (S)

*Key: (S) = from a Saxony interview; (I) = from an Italico interview.

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