Understanding culture in international management: Functionalism, constructivism, and the emerging practice turn

Abstract

The understanding of culture in international management (IM) research has often been approached from two different theoretical orientations. One stream of research has proposed that culture is a set of relatively stable collective values that are transmitted to the individual in a straightforward and linear manner. In this functionalist perspective, culture is perceived to be a fixed entity firmly delimited by the nation state. Hence, the cross-national distance between comparable values has been a central scholarly focus in this tradition. An alternative and less pervasive line of research has adopted a constructivist approach. Here culture is considered a complex, dynamic interpersonal process. These two perspectives have developed relatively independently and offer scholars and students of IM different analytical insights. In this article we account for key characteristics of the two approaches and offer an alternative, integrative perspective that takes into account some central insights of both research trends, namely practice theory. In doing so, we avoid some of the inherent analytical pitfalls associated with the more radical functionalist and constructivist perspectives.

Keywords: Culture, International business, International management, Functionalist, Constructivist, Practice theory, Bourdieu

Introduction

Culture as a concept is derived from the Latin word ‘cultura’ originally referring to agricultural processing of the land. Later, and in popular use, the term became linked to the process by which a person becomes educated or civilized (Schofield 1972). In the academic world, the notion of culture
was slightly differently conceptualized. For example, the anthropologist Tylor (1920) defined culture as: “[…] that complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society” (p 1.). This use has been maintained in modern social sciences where culture has come to signify collectively shaped norms and values that in different ways organize individual behavior in social entities such as groups, organizations, or nations (Anderson-Levitt 2003). In the international management (IM) field, the focus has been on culture as expressed in value variations connected to different geographical areas and how such variations influence understanding and collaboration between culturally dissimilar individuals (Sackmann and Phillips 2004). In the following, we outline key characteristics of two of the core culture perspectives in IM, namely functionalism and constructivism, and suggest practice theory as a fertile venue for furthering the understanding of culture.

The functionalist perspective

Although the cultural concept in social sciences originates from anthropology, anthropological researchers have not been the most influential theoretical source in current business and management theory. Rather Hofstede’s (1991) seminal work attempting to show that social and economic rationalities vary between countries has come to represent a milestone in the IM literature. Other scholars such as Schwarts (1992), Trompenaars (1993), and House et al. (2004) have provided similar types of culture conceptualizations describing national dissimilarities in terms of dimensions on which individuals from different countries vary. Such culture theories concerned with cross-national variation in different dimensions of values have often been labeled functionalist (Lauring 2011; Ybema and Schaede 2015). In that respect they share similarities with a specific functionalist tradition in social anthropology applying a linear understanding of the relation between
collectively held values and subsequent behavior in terms of the functionality of culture in a given social arena.

Pioneered by Malinowski (1922) and Radcliffe-Brown (1952), the main objective of anthropological functionalist theories was to distinguish culture theory from a cultural evolutionary perspective (e.g., Tylor 1920). The prior proposed an organic analogy comparing society to a living organism in which the individual’s function was to uphold a larger social structure in ethnic groups and tribes (Radcliffe-Brown 1952). More recent functionalist cultural theory has focused on groups as self-contained cultural organisms transmitting patterns of behavior to their members in order for them to function effectively in and as a social unit (see Hall 1976; Leidner and Kayworth 2006). An underlying assumption in the functionalist IM research is that one can equate culture with a nation which leads to the prediction that individuals in a specific country will behave in a predefined manner. Hence, functionalist theories, in IM research and anthropology, can be characterized as applying a relatively static and determinist understanding of the relation between collective values and individual behavior. One consequence of this view is that it entails an inherent assumption that the national cultural identity among different parties remain separate and distinct throughout the process of intercultural interaction (Boyacigiller et al. 2004).

Over the years the functionalist perception of culture has been challenged in anthropology. For example, a constructivist approach was pioneered by Barth (1966; 1971) arguing that cultural identity and perception of difference was formed not in isolation but rather through the interaction between social groups. In management research, the static understanding of culture as a self-contained unit has also been contested (e.g., Söderberg and Holden 2002; Romani, Sackmann, and Primecz 2011; Philips and Sackmann 2015). After reviewing three decades of work on culture,
Zhou and Shi (2011) argue that IM researchers who rely on a functionalist perspective on culture have tended to treat social groups as though they were simple, isolated, static entities thereby basing empirical research on notions of something that does not actually exist. According to them, functionalist culture research thus becomes a methodological abstraction that has no equivalent among naturally occurring social groups. Such insights have led to the emergence of a contesting perspective that challenges core assumptions in the functionalist approach, namely that of constructivism (e.g., Vaara et al. 2003; Yagi and Kleinberg 2011; Lauring 2013).

**Constructivist perspectives**

A prevalent version of constructivism in IM studies tends to view culture as a diffuse, mutable, and negotiated social process (Primecz, Romani, and Sackmann 2009). Hence, rather than treating national culture as a simple and static cognitive pattern embedded in the individual, which is generalizable to all members of a particular nation-state, constructivist perspectives often consider culture as dynamic and complex phenomena which emerges in the interaction between individuals. Hence, by studying social encounters between for example organizational members from different nation states they tend to address how values and identities are shaped and contested in the multinational corporation (MNC) (Brannen and Salk 2000; Yagi and Kleinberg 2011). Relying mainly on qualitative methodologies, the constructivist view seeks to de-essentialize the notion of culture by describing how interactions also come to constitute culture “from below” (cf. Moore 2006). Hence, it is particularly apposite for capturing the ongoing reconstruction of cultural identities in culturally complex organizational settings (Søderberg and Holden 2002).

In anthropology, the complexity of culture has been of scholarly interest since the cultural evolutionary perspective suggested a linear progression from simple to more complex systems
considering modern Western cultures as the furthest advanced (e.g., Tylor 1920). Recent studies, however, have abandoned this simple notion of cultural complexity since a number of so-called primitive societies were found to be highly complex, for example the Australian aboriginal culture (Rose 2000). Complexity may relate to the number of elements in a system and the number of interactions among these elements. Culture can be complex, for instance, in relation to the number of levels of social stratification and the degree of social heterogeneity (Hannerz 1992; Denton 2004).

Another characteristic of a constructivist view is the dynamics of culture, where dynamic refers to variability over time. In the functionalist perspective, individuals often relate to one another in a consistent and predictable way. However, since cultural systems include a large variety of interacting elements, they will not stay constant in the long run. In relation to this, culture dynamics imply that values and behavior can change as people interact and negotiate positions in a given context (Lauring 2008; Bjerregaard, Linneberg, and Lauring 2016). This can happen internally in a group due to developments in group composition and circumstances or due to influences coming from outside the cultural system. As such, cultural practices can be argued to represent a contextual framework that people use to structure and understand their social world and to interact and negotiate with their peers (Fog-Olwig and Hastrup 1997).

We acknowledge that IM research may benefit from including cultural complexity and dynamics. However, scholars concerned with culture also have to take into account the inertia inherent in social, cultural, political, or economic structures at various levels, including those that comprise the nation state. Hence, we argue that there is a possible risk in viewing individuals as being entirely detached from broader cultural ideals produced and reproduced in for example nation states (cf.
Chevrier 2009). Hence, following streams of globalization research in the fields of anthropology (Eriksen 2007), there are persistent societal structures at the national level that are often firmly rooted in the identity of individuals, and hence of utmost importance for understanding cultural encounters in international organizations. For example, perceptions of national symbols (e.g. flags, sports teams, and food), national groupness (e.g. American exceptionalism), and national language could operate as anchors for imagined communities linked to the nation (Anderson 1990; Brubaker 2002; Frykman and Löfgren 2003). Here, an imagined community differs from an actual community in that it is not based on everyday interaction among its members. Still, in the minds of each individual lives the image of their unity. The nation as an imagined community can be developed for example through national symbols and media images. As such, the nation becomes a product created as, for instance, a means to political and economic ends, yet real to the individual. Based on the above notions, we propose a theoretical framework that allows scholars to integrate cultural complexity and dynamics with the inertia of social and cultural structures as sustained in and by the nation state.

Towards an integrative perspective

The nation state is internally diverse and interaction between individuals from different countries is increasing with accelerated globalization of businesses. Therefore, one might think that cultural values and identities are changing in a similar rapid pace. For example, one could assume that managers and employees are all becoming national-cultural hybrids in the melting pot of the MNC (e.g., Søderberg and Holden 2002; Taras, Steel, and Kirkman 2014). Yet, at the same time scholars have convincingly argued that this is not the case, and that differences existing between countries tend to be socially reproduced and even at times reinforced (Romani, Sackmann, and Primecz 2011). This is, among other things, so since formal and informal administrative entities linked to the
nation state have a capacity to partly standardize cultural ideals and perceptions (Eriksen 2007). Hence, certain structures emerge within the nation states, and while such structures are not carved in stone, they might be relatively stable (cf. Sackmann 1997; Boyacigiller et al. 2004).

Therefore, although culture should be perceived to be complex and dynamic, we suggest that national boundaries often comprise structural features that in one way or the other serve as point of reference, and that they are invoked in or inform the interpretations and actions of individuals. These structures are maintained, negotiated, and developed in the institutions within a country; formal (e.g. schools and laws) as well as informal (e.g. commonly accepted practices and etiquette) (Helmke and Levitsky 2004). However, such boundaries are less fixed and static than the IM literature often leads us to believe. Through interpersonal interaction processes, the national categories might be renegotiated and changed. For example, based on Giddens’ (1984) version of practice theory, Brannen and Salk (2000) account for how national culture delivers the points of departure for a complex cross-border process of interaction and negotiation. In this regard, Moore (2015) argues that the future of cross-cultural management is to regard culture in a more nuanced and critical fashion. Similarly, Mayrhofer and Pernkopf (2015) argue that new theoretical insights have been gained by grand theories in the social sciences aiming at bridging the structure-agency divide. However, they also state that while these concepts have been around for some time now, particularly the field of IM has unfortunately not yet made full use of them. Agreeing with Moore (2015) and Mayrhofer and Pernkopf (2015), we argue that applying a theory of practice approach could be a fertile way forward for a more comprehensive and balanced understanding of the role of culture in and around the MNCs (see also Brannen 2012). In the following, we draw inspiration from Bourdieu outlining how practice theory may take into account some central insights of radical versions of constructivism and functionalism in the IM literature while overcoming their potential
pitfalls.

**National-culture in practice**

Taking a Bourdieu-inspired theory of practice approach is to deploy a structural-constructivist lens to social life in international organizations. The first part of the notion mirrors the idea that social life is guided by objective structures that exist outside the person, for example rules, laws, and other regularities. The second part of the notion relates to individuals’ involvement in shaping the structures (Bourdieu 1990). Thus, in a practice perspective, cultural, and social structures (e.g. national ideals) are created and recreated in practice (e.g. daily interaction) while at the same time being guided by the same structures (Bjerregaard and Jonasson 2014). This dynamic between structure and agency is particularly relevant to the study of how culture appears in IM (Mayrhofer and Pernkopf 2015). It captures how culture guides interactions while simultaneously being maintained or modified through them. For example, in a practice perspective, cultural training programs for expatriates in MNCs, relying for example on a Hofstedian functionalist perspective, may do more than account for cultural differences; it could instill such differences in employees who then perform these in intercultural encounters.

Taking a practice theory perspective on culture in IM also means being sensitive to the interrelation between the nation-state and the cultural identities and values held among its citizens. Different ways of understanding this relationship can be identified among practice theoretical approaches. Some practice scholars suggest that identification with a nation state does not imply homogeneity in the population (Herzfeld 1997). Thus, homogeneity on the surface may combine with great variation in social experience among individuals. In other words, since nations are imagined communities, their inhabitants may perceive national ideals and the meaning of symbols differently
although all agree that they belong to the same social unit. Hence, while actors in international firms could identify with the same nation state, their perceptions and enactment of what it means to be associated with a certain national identity often vary substantially.

Other practice scholars argue that, for instance, national bureaucracies such as the education system shapes the norms and values of individuals, yet at times even producing a considerable degree of difference between groups in a country (Bourdieu 2015). Nation states thereby, to various extent, generate systems of classification, for example good and inappropriate cultural behavior (Bourdieu 2015). Such classifications can inform the evaluation of organization members across MNCs so that individuals raised in one country have been socialized to see a certain cultural behavior of other MNC employees as inappropriate. This could, for example, be the open display of emotions that are heavily sanctioned by many state driven institutions in Asia.

Based on the above arguments, a practice approach does not infer cultural rules as determinants of behavior. Nor is there a linear and static relationship between national-culture at a collective level and individual behavior. Rather, practice scholars are interested in the production of social patterns embedded in individuals’ practices. For Bourdieu (1990) it is only through studying actual practice that we can unveil the dynamics that shape cultural interaction.

In an IM perspective, this means studying the context of interactions between organizational members and assessing how and the extent to which people’s perception of their national-culture inform social interaction. Hence, the categories (e.g. national, linguistic, or professional) which employees and managers use over others are shaped by actors’ situatedness in a particular social context (e.g. HQ, subsidiary, department etc.). In order to further flesh out some potential venues of
using practice theory in IM, we elaborate on three central and interrelated concepts from the work of Bourdieu, namely field, habitus, and capital. The three concepts can be described separately but they operate in relation to each other forming what can be labeled as social practice (cf. Brannen 2012).

Fields are a system of social positions (e.g. a profession such as a business manager) structured by power relations (e.g. between managers and employees) and characterized by struggles for the benefits associated with the field (e.g. influence, money, or status) (Wacquant 2006). This means that individuals do not act in a social vacuum but compete for resources and recognition within a certain delimited area of life. This competition is regulated by certain logics that are accepted by those ‘playing’ in the field. Accordingly, the field works as a market in which individuals and groups negotiate for benefits. The boundaries of a field are demarcated by where the effects of an individual’s position ends.

An example could be the linguistic field (Bourdieu 1991; Bourdieu 1995). In a global business environment, competence in English as a lingua franca has been found to provide individual benefits (Neeley 2013; Bjørge and Whittaker 2014). Here, good English language skills may allow individuals to get a better job, absorb information from a broader range of sources, and be recognized as competitive in the international labor market (Park 2001). Assumptions like these often shape the linguistic investment of individuals, motivating them to learn English and improve their skills so that they may access better opportunities in education and in the job market.

There is, however, not only one field for individuals to relate to. In society, different and relatively autonomous fields exist such as the religious, the economic, or the educational field (Moore 1978).
In each of those fields, local struggles over resources and recognition are being played out between individuals. However, there may also be relations and struggles between fields.

The field concept is useful for IM research since firms doing business internationally are both embedded in and contain multiple social fields linked to involved societies or the business unit itself. Accordingly, the MNC can thus be understood as a set of fields, including for example a local subsidiary or the engendering profession as sub-fields. With globalization and organizational embeddedness in multiple national contexts, a multitude of relatively autonomous fields are brought together in various constellations. However, the national fields are merely one set that is interlinked with other fields at different levels (Bourdieu 2005). Take, for example, the case of global virtual teams where actors are located in different countries and brought together via communication technology. Here, a practice approach would break with an *a priori* perception that a national cultural field is the most important for understanding social interactions in the global virtual environment. Rather one could construct the various fields in which the virtual interaction is situated.

Hence, studying IM as taking place in social fields may involve examining the extent to which national cultural identity is meaningful to individuals within a given field relative to other identifications. In addition, one should also take seriously the view that an MNC consists of multiple and partly overlapping fields signifying that the meaning infused in a national culture identity will vary across the MNC. As such, the field concept is useful for describing external international activities that the individual relates to. However, in order to understand the individual characteristics and their consequences when managing internationally, the habitus concept can be applied.
Habitus is a concept that explains how the social world becomes integrated in a person. An individual’s habitus is formed by his or her history and over time it becomes embedded influencing the person’s perceptions and actions as internalized heuristics (Bourdieu 1984). This can include socially produced beliefs, values, tastes, bodily postures, feelings, and thoughts. These characteristics gradually become a part of the repertoires of action an individual uses to guide actions and interactions (Bourdieu 1990). This means that the individual habitus can take different routes and change depending on the different contexts the person is exposed to, for example international experiences.

Habitus constitutes a form of practical knowledge that allows individuals to more or less skillfully operate within a particular field such as an international negotiation or the global automobile business. It is what Bourdieu (1990) terms a ‘feel for the game’. Thus, habitus brings into a subsidiary or HQ of an MNC international individuals’ experiences in fields that only partly overlap with the particular firm (Bjerregaard and Klitmøller 2016). This means that dissimilar individuals with varying habitus originating from diverse field experiences will be guided differently in their actions and perceptions of new situations. Such differences, however, do not only originate from a national culture context but could also come from a variety of local communities, environments, or social classes. Importantly, while inhabitants of a nation state and the fields it comprises might partake in some of the same broader social and cultural dynamics, the interactions among employees within a firm are also shaped by their location in smaller fields, for example a local department or a social class (Blazejewski 2009). Consequently, studying the MNC in a practice perspective may shed light on how different individuals interpret and refer to the same national-cultural contexts and values in quite diverse ways as they are guided by differential local interests.
and concerns (Blazejewski 2009; Becker-Ritterspach and Dörrenbächer 2011). Further, while the notion of habitus implies a degree of cultural continuity in the behavior of an individual, a practice theory lens also accounts for the potential changes that emerge from those who have difficulties navigating in accordance with a dominant practice of a particular field. This means that depending on the particular social field in which individuals carry out their activities, they are faced with different possibilities and constraints. Consequently, moving from one sub-field to another, for example from the subsidiary to the HQ or between companies, often implies a shift in the structural conditions for an actor’s practices. This is, for example, visible in international mergers where actors from different organizations are brought together. In such situations there can be clashes between different kinds of habitus and new norms need to be developed in order to form a new social entity. As such, every personal encounter, in particular when individuals are crossing field boundaries, holds the potential of unleashing social and cultural change in the MNC because it could result in adjustments of habitus. An important reason for such change is the struggle for resources or what Bourdieu terms capital.

*Capital* refers to any resource that is useful for achieving something in a given field. As a valuable or rare resource, relation, skill, or status, capital can take different forms in a social system. For example, capital can be economic (money), social (connection), linguistic (language proficiency) or symbolic (position) (Goxe and Paris 2016). Moreover, capital can be legitimate or not depending on the field in which it is applied (Wacquant 2006). A certain capital only has value when there is a demand for it in a specific market context. If that is not the case, it is worthless.

For example, social capital in the form of business connections may only be useful in a specific subsidiary or a specific country. A specific status in an organization may also have different value
depending on the business unit or country. Capital is also closely related to habitus because the habitus forms the capital that the individual acquires. Since capital is formed in daily interactions, an Asian manager, for example, through history develops a different preference for skills or relations than an American worker although they may work in the same MNC. Moreover, the American worker may hold a capital more comparable to an Asian worker than to managers in either of the two countries. While capital is often relatively well defined in a social group, the increasing globalization could lead to renegotiations of legitimate capital in a certain field. For instance, different linguistic groups may compete over which national language should be most legitimate in organizational communication. This could be a struggle between those having good skills in the HQ language (e.g. Finish) and those having good skills in the common language (e.g. English) (cf. Marschan-Piekkari, Welch, and Welch 1999). This example indicates that there can be a struggle for market legitimacy between different groups with linguistic capital invested in different languages.

The resources that comprise capital can also take a symbolic form. International business negotiations could, for example, involve examining actors’ position-takings on the issues for negotiation as various forms of capital (e.g. economic and symbolic) are mobilized to influence the negotiation. The different forms of capital may also be an outcome of the negotiation. For example, to some individuals, the status of doing business with a prestigious international firm may be more important than the financial gain achieved as the outcome. In this way, economic capital can be transformed to symbolic capital during the negotiation and vice versa.

As described above, field, habitus, and capital are three concepts that allow researchers and students of IM to understand social practices from a standpoint that, on the one hand, includes the dynamics
and complexity of the constructivist perspective (e.g. struggles for capital) and, on the other hand, the inertia of the national context emphasized by the functionalist perspective (field and habitus). Put differently, using these three concepts IM and MNCs can be analyzed and understood as a social arena (field) of struggle over the appropriation of certain species of resources and status (capital) guided by preferences developed over the individual’s history (habitus). The conceptual lens suggested here has the capacity to provide a detailed understanding of any international encounter; yet neither over- nor underestimating the role of national context.

Conclusion

In the first part of this article, we addressed the question of whether or not the culture concept in international business theory should be decoupled from the nation state. After outlining functionalist and constructivist perspectives on culture in IM, it became apparent that it is not simply to either maintain or abandon the nation state as a relevant factor for understanding cultural variation in the context of international business. We maintain that although culture is a negotiated, to the extent that the nation state provides frames for interaction between individuals, making it more easy to interact within than between, it will also inform collective values and behavioral patterns among those living within its boundaries (cf. Ghemawat 2003).

In line with this, we have argued that while functionalist theories tend to maintain a static and at times simplistic concept of culture, constructivist scholars are in danger of overshooting in the other direction by down-playing the difficulties in crossing national boundaries (e.g., Søderberg and Holden, 2002). As a response to the unconstructive separation of the debate on culture in international business research, we propose an integrative approach to understanding culture as dynamic-yet-bounded. For this aim, we leverage inspirations from Bourdieu’s theory of social
practice including the concepts of field, habitus, and capital.

The current article contributes to debates in IM research since little work has been conducted to articulate the theory of practice as a distinctive approach to culture in this field. We have taken a step towards explicating a theory of practice agenda for researchers interested in how culture appears in and influences the practice of managing internationally. The practice lens situates cultural dynamics in the everyday work practices and experiences of managers doing international business, their actions and interactions at the micro-level. On the other hand, it recognizes the influence of national and global fields and their diverse logics within which these practitioners operate. In this vein, a practice agenda holds the promise for advancing research that is relevant to the experiential reality of practitioners in international organizations.

While nascent efforts have been expended on applying a practice lens to IM, we encourage more researchers to explicitly situate and articulate their work within this lens; thereby better allowing for comparisons, cross-pollination, and identification of novel paths of exploration. In this article, we have merely leveraged some inspirations from one practice theorist, namely Bourdieu. However, the practice agenda has gained ground in different social sciences and management disciplines (e.g., Jarzabkowski et al. 2015). As such, it is rich on perspectives and facets not elicited here, yet which may further the study of the culture dynamics that occur when people from around the world come together to do business across borders or are involved in global work at a distance.
References


