



COMMENTARY

# Crossvergence 10 years on: impact and further potential

Michael A Witt

*INSEAD, Singapore, Singapore*

**Correspondence:**

MA Witt, INSEAD, 1 Ayer Rajah Avenue,  
Singapore 138676, Singapore.

Tel: + 65 6799 5253;

Fax: + 65 6799 5399;

E-mail: Michael.WITT@insead.edu

**Abstract**

The 1997 *JIBS* paper by Ralston, Holt, Terpstra, and Yu was instrumental in anchoring and extending the construct of crossvergence in cross-cultural research. Ten years on, the paper has lost none of its relevance, and continues to offer important opportunities for further theory development and attendant empirical research. Scope for further work seems to exist especially in three areas: the meaning of crossvergence; national culture and economic ideology; and processes of change.

*Journal of International Business Studies* (2008) 39, 47–52.

doi:10.1057/palgrave.jibs.8400332

**Keywords:** crossvergence; culture; ideology; change; coevolution; comparative business systems

## INTRODUCTION

Ralston, Holt, Terpstra, and Yu's paper (1997) on the impact of national culture and economic ideology on managerial work values is a worthy recipient of the 2007 *JIBS* Decade Award. The work has been noted for its contributions in several areas (Table 1), including its linkage between culture and individual-level attitudes and attributes, its insight that global organisations need to develop a global corporate culture, and its empirical findings, especially on China and Russia.

By far the most important impact of the paper, however, has been to extend and anchor in cross-cultural research the construct of crossvergence, originally introduced 4 years earlier in an equally widely cited *JIBS* paper (Ralston, Gustafson, Cheung, & Terpstra, 1993). Crossvergence is defined as occurring

when an individual incorporates both national culture influences and economic ideology influences synergistically to form a unique value system that is different from the value set supported by either national culture or economic ideology. (Ralston *et al.*, 1997: 183)

In the context of the still ongoing debate about cultural convergence and divergence, the authors helped spawn the realisation that outcomes in between, or different from, these extreme points were possible, and indeed to be expected. By providing a conceptual foundation for, and a label to attach to, these outcomes, the present paper has enriched the debate on convergence–divergence. It has also, in all probability, rescued a good number of important empirical papers from falling victim to journal reviewer expectations of “clean” results in favour of either convergence or divergence.

Received: 13 September 2007

Accepted: 13 September 2007

Online publication date: 8 November 2007

**Table 1** Selected works citing Ralston et al. (1997), by context of citation and year of publication

Culture and individual-level attitudes/attributes	Filatotchev, Wright, Buck, and Dyomina (1999) Lim and Firkola (2000) Begley and Tan (2001) Siu, Fang, and Lin (2004) Tsui (2004)
Global organisations and global culture	Fish (1999a) Fish (1999b) Heuer, Cummings, and Hutabarat (1999) Alexashin and Blenkinsopp (2005) Andrews and Chompusri (2005)
China	Peng, Lu, Shenkar, and Wang (2001) Giacobbe-Miller, Miller, Zhang, and Victorov (2003) Egri and Ralston (2004) Michailova and Hutchings (2006)
Russia	Fey and Björkman (2001) Elenkov (2002) Fey and Denison (2003) Giacobbe-Miller et al. (2003) Alexashin and Blenkinsopp (2005) Michailova and Hutchings (2006)
Crossvergence	Heuer et al. (1999) McGaughey and De Cieri (1999) Ralston, Egri, Stewart, Terpstra, and Yu (1999a) Ralston, van Thang, and Napier (1999b) Andrews and Chompusri (2001) Bu, Craig and Peng (2001) Donaldson (2001) Entrekin and Chung (2001) Robertson, Al-Khatib, Al-Habib, and Lanoue (2001) Anakwe (2002) Khilji (2002) Maznevski, Gomez, DiStefano, Noorderhaven, and Wu (2002) Tan (2002) Giacobbe-Miller et al. (2003) Egri and Ralston (2004) Fu et al. (2004) Andrews and Chompusri (2005) Kelley, MacNab, and Worthley (2006) Porter (2006) Ralston et al. (2006) Tregaskis and Brewster (2006)

Ten years on, the paper has lost none of its relevance to ongoing cross-cultural research. The convergence–divergence debate continues, now

augmented by a crossvergence perspective that has yet to come to full bloom. Especially for theory development, the crossvergence approach has opened a wide range of opportunities to leave one's mark on the literature. My intention for the remainder of this brief commentary is to provide additional impetus for the further development of crossvergence theory by identifying some of these opportunities. Specifically, it seems to me that there is scope for theory building in three areas in particular: the meaning of crossvergence; national culture and economic ideology; and processes of change.

### THE MEANING OF CROSSVERGENCE

The first area with potential for theory development concerns the possibility of refining the definition of crossvergence to allow a more fine-grained interpretation of empirical results. Recall that crossvergence is defined as occurring when, at the level of the individual, the influences of national culture and economic ideology combine to produce a value system that is fully aligned with neither culture nor ideology. For the moment, let us accept the implicit assumptions that culture and ideology are independent from each other, homogeneous in themselves, and in themselves immutable (at least in the short term).

Now assume, as a thought experiment, that a given society has had a national culture and economic ideology that are in tune with each other. We now replace the existing economic ideology with one that is fundamentally at odds with existing national culture. Virtually any subsequent development in individual-level values, whether systematic or stochastic in origin, that deviates from national culture but does not fully align with the new economic ideology would qualify as crossvergence. This would be the case even if individual values were actually, over time, moving toward alignment with economic ideology and thus convergence, but had not arrived at their final destination because such processes might take “ten years, twenty years, or perhaps generations” (Ralston et al., 1997: 183).

The implication is that the formal definition of crossvergence is so encompassing, and the implied definitions of convergence and divergence are so exclusive, that even under our stringent assumptions about culture and ideology it would seem difficult for empirical work not to find evidence supporting the crossvergence perspective. This is especially true where values are assessed using



instruments with multiple sub-dimensions, as is the case in the prize-winning paper and many that cite it. The more sub-dimensions, the higher the likelihood, by chance alone, that at least one of them will diverge where the others converge – or vice versa – thus leading to an overall verdict of crossvergence.

### **NATIONAL CULTURE AND ECONOMIC IDEOLOGY**

Further room for theory development and empirical validation arises from the distinction of national culture and economic ideology. The paper defines the former, in line with the common use in much of the literature of culture as shared meaning, as “those beliefs and values that are widely shared in a specific society at a particular point in time” (Ralston et al., 1997: 179). Economic ideology, by contrast, is more loosely defined. The authors consider it “the ‘workplace philosophy’ that pervades the business environment of a country” (Ralston et al., 1997: 179), with capitalism and socialism presented as the two main examples of such ideology.

Leaving aside the question of what “workplace philosophy” really means, this latter point raises two important issues. First, capitalism and socialism are not ideologies. They are economic and political systems with different ownership structures – private ownership in capitalism, community ownership in socialism. Ideologies, by contrast, are commonly defined as systems of ideas and ideals. Since political and economic systems are normally supported by ideologies that seek to legitimise these systems and their underlying power structures (Mannheim, 1936), one may hypothesise that countries sharing the same systems of ownership probably also exhibit the same “economic ideology”.

While the prize-winning paper makes a strong assumption that this connection exists, empirical validation is needed. The connection may turn out to be less clear-cut than one might think, especially if one seeks to equate capitalism with individualism and socialism with collectivism, as the authors do. For instance, take Germany, clearly a capitalist country. Article 14 of its constitution guarantees private property, thus establishing a capitalist political and economic order. However, the same Article 14 also requires the use of private property toward the common good. German capitalist ideology, as expressed in the constitution, thus espouses both individualist and collectivist values.

Similarly, in the Japanese case, the means of production may be under private ownership, but it is widely accepted that the ends of economic activity are to serve society as a whole, as well as the firm’s employees (Inagami & Whittaker, 2005; Witt, 2006). During Japan’s “lost decade” of the 1990s, many firms, including closely held small and medium-sized enterprises, preferred taking on more debt to firing employees. When private entrepreneurs had exhausted their credit lines, a lamentably common way of taking responsibility for having failed to meet societal expectations was suicide. Japanese capitalism is clearly not the “self-serving economic system where everyone looks out primarily for his/her own self-interests” (Ralston et al., 1997: 180) that the empirical part of the paper requires it to be.

An important reason for this cross-national variation in capitalist ideology is likely to be the second conceptual issue, namely, that economic ideology and national culture are in many cases not orthogonal. The crossvergence model presented in the paper assumes independence of the two constructs, thus enabling the authors to build their hypotheses around a  $2 \times 2$  matrix of Western (individualist) vs Eastern (collectivist) culture and capitalist (individualist) vs socialist (collectivist) ideology.

However, in most countries at most points in time, economic ideologies take on the character of beliefs and values that are widely shared – which is the definition of “culture” in the paper. This is because either a dichotomy between national culture and ideational influences such as an alien economic ideology has been resolved, or no such dichotomy existed to begin with. In the former case, crossvergence is likely to have occurred – almost by default, given the encompassing definition of the construct – though the process may have been completed a long time prior to the point of empirical observation. The latter case constitutes a category of its own; the assumption of orthogonal culture and ideology may make it look like the product of crossvergence, though in reality it is not. Without a closer understanding of the evolution of culture and ideology over time, the present research design thus runs the risk of producing false positive findings of crossvergence.

One implication is that economic ideology will rarely exist in the conceptual purity the paper assumes, as already discussed earlier. In most cases it will constitute part of culture, and since culture varies across boundaries, so do commonly accepted



views on the economy and, reflective of these, managerial values. For instance, recent research has found that top-level managers in different capitalist countries hold views that diverge greatly by country about such fundamental questions as the purpose of the firm and the desirable shape of the economy (Redding & Witt, 2004; Witt & Redding, 2007).

This is not to deny that ideology can sometimes act as an independent force. For instance, the imposition of socialism on many eastern European states in the course of the 20th century is likely to have clashed with relatively individualist cultural norms. Similarly, the imposition of socialism on China is likely to have gone against the grain of Chinese culture. China has historically, and again since 1978, espoused a form of capitalism organised around the family as a collective (Redding & Witt, 2007) – another example of the successful coexistence of capitalism with collective values. Socialism under Mao meant a move from private to communal or state property, and an attempt to replace the family with artificially created collectives, thus introducing an alien ownership structure and economic ideology. It seems that it is cases like these, where economic ideology represents a force alien to, rather than a part of, national culture, that longitudinal studies in particular are likely to afford us important new insights into the interaction of ideology and culture.

### PROCESSES OF CHANGE

A third area inviting further theory development is the question of change in the ideational realm, including culture. Crossvergence implies change over time, but many questions about the process and underlying mechanisms of such change remain open to exploration. In the prize-winning paper, the authors lay the basis for further discussion. They point to outside “management techniques, behavior and business systems” (Ralston et al., 1997: 182) as forces of change and managers of global companies as change agents. They also underline the reciprocal relationships of influence among culture, ideology, and work values in driving change over time (Ralston et al., 1997).

Again, the scope for further development remains considerable. First, several additional forces driving convergence, and thus affecting crossvergence, exist. Later work by some of the authors acknowledges this by moving away from “economic ideology” toward the more encompassing construct of “business ideology,” which is defined to include

“the political and technological influences as well as the economic influences upon the value system of a society” (Ralston, Pounder, Lo, Wong, Egri, & Stauffer, 2006: 70). Although this is an improvement over the original construct of economic ideology, business ideology similarly fails to distinguish between the realms of ideas and material factors. A cleaner distinction is provided in the work of Redding (2005), in which the evolution of a business system, including its cultural layer, is subject to the influence of both external material and external ideational forces, among others. The potential for these forces to drive a trend toward convergence is well established, both for the material (Berger & Dore, 1996; Dunphy, 1987) and for the ideational (Hall, 1993; Leung, Bhagat, Buchan, Erez, & Gibson, 2005).

Second is the question of why these forces of convergence produce crossvergence rather than convergence. The most likely answer, which does not seem to have entered the crossvergence debate, would be path dependence (North, 1990, 2005; Pierson, 2004). While more commonly used in the analysis of the evolution of formal institutions over time, its application to culture and values seems appropriate for two reasons. First, culture can at least in part be construed of as an informal set of institutions (North, 1990, 2005), in the sense that it places constraints on human behaviour by defining appropriate action. Second, as North (2005: 52) points out, path dependence

is not “inertia”; rather it is the constraints on the choice set in the present that are derived from historical experiences of the past.

Conceptual integration of path dependence into the crossvergence framework paired with empirical research exploring its dynamic interaction with convergence forces is likely to yield insights with impact beyond the field of cross-cultural management.

Related to path dependence is a third point, namely the interaction of the ideational realm with the institutional structures of society and, by extension, the actors involved in shaping institutions over time. The intricate connection between culture and institutions is well established in the increasingly converging research areas of coevolution and comparative business systems. Culture is seen as a key factor in the emergence of national institutional configurations, shaping, and in turn being shaped by, other elements in these national systems such as institutions, material and ideational extra-institutional forces, and politics



(Lewin & Kim, 2004; Lewin & Volberda, 1999; Redding, 2005). The evolution of these systems over time is dependent both on political and apolitical processes (Witt & Lewin, 2007), which may affect culture directly or indirectly through the interdependencies inherent in these systems. Research fleshing out these interactions would be

likely to make a valuable contribution to our understanding of crossvergence in particular and cultural change more generally.

### ACKNOWLEDGEMENTS

I thank Arie Y Lewin and Gordon Redding for their helpful comments and suggestions.

### REFERENCES

- Alexashin, Y., & Blenkinsopp, J. 2005. Changes in Russian managerial values: A test of the convergence hypothesis? *International Journal of Human Resource Management*, 16(3): 427–444.
- Anakwe, U. P. 2002. Human resource management practices in Nigeria: Challenges and insights. *International Journal of Human Resource Management*, 13(7): 1042–1059.
- Andrews, T. G., & Chompusri, N. 2001. Lessons in 'cross-vergence': Restructuring the Thai subsidiary corporation. *Journal of International Business Studies*, 32(1): 77–93.
- Andrews, T. G., & Chompusri, N. 2005. Temporal dynamics of crossvergence: Institutionalizing MNC integration strategies in post-crisis ASEAN. *Asia Pacific Journal of Management*, 22(1): 5–22.
- Begley, T. M., & Tan, W. -L. 2001. The socio-cultural environment for entrepreneurship: A comparison between East Asian and Anglo-Saxon countries. *Journal of International Business Studies*, 32(3): 537–553.
- Berger, S., & Dore, R. P. (Eds.) 1996. *National diversity and global capitalism*. Ithaca, NY: Cornell University Press.
- Bu, N., Craig, T. J., & Peng, T. K. 2001. Acceptance of supervisory direction in typical workplace situations: A comparison of US, Taiwanese and PRC Employees. *International Journal of Cross Cultural Management*, 1(2): 131–152.
- Donaldson, T. 2001. The ethical wealth of nations. *Journal of Business Ethics*, 31(1): 25–36.
- Dunphy, D. 1987. Convergence/divergence: A temporal review of the Japanese enterprise and its management. *Academy of Management Review*, 12(3): 445–459.
- Egri, C. P., & Ralston, D. A. 2004. Generation cohorts and personal values: A comparison of China and the United States. *Organization Science*, 15(2): 210–220.
- Elenkov, D. S. 2002. Effects of leadership on organizational performance in Russian companies. *Journal of Business Research*, 55(6): 467–480.
- Entrekin, L., & Chung, Y. W. 2001. Attitudes toward different sources of executive appraisal: A comparison of Hong Kong Chinese and American managers in Hong Kong. *International Journal of Human Resource Management*, 12(6): 965–987.
- Fey, C. F., & Björkman, I. 2001. The effect of human resource management practices on MNC subsidiary performance in Russia. *Journal of International Business Studies*, 32(1): 59–75.
- Fey, C. F., & Denison, D. R. 2003. Organizational culture and effectiveness: Can American theory be applied in Russia? *Organization Science*, 14(6): 686–706.
- Filatõtchev, I., Wright, M., Buck, T., & Dyomina, N. 1999. Exporting and restructuring in privatised firms from Russia, Ukraine and Belarus. *The World Economy*, 22(7): 1013–1037.
- Fish, A. 1999a. Cultural diversity: Challenges facing the management of cross-border business careers. *Career Development Journal*, 4(4): 196–205.
- Fish, A. 1999b. Selecting managers for cross-border assignments: Building value into the process. *International Journal of Management Reviews*, 1(4): 461–483.
- Fu, P. P., Kennedy, J., Tata, J., Yukl, G., Bond, M. H., Peng, T. -K., Srinivas, E. S., Howell, J. P., Prieto, L., Koopman, P., Boonstra, J. J., Pasa, S., Lacassagne, M. -F., Higashide, H., & Cheosakul, A. 2004. The impact of societal cultural values and individual social beliefs on the perceived effectiveness of managerial influence strategies: A meso approach. *Journal of International Business Studies*, 35(4): 284–305.
- Giacobbe-Miller, J. K., Miller, D. J., Zhang, W., & Victorov, V. I. 2003. Country and organizational-level adaptation to foreign workplace ideologies: A comparative study of distributive justice values in China, Russia and the United States. *Journal of International Business Studies*, 34(4): 389–406.
- Hall, P. A. 1993. Policy paradigms, social learning, and the state: The case of economic policymaking in Britain. *Comparative Politics*, 25(3): 275–296.
- Heuer, M., Cummings, J. L., & Hutabarat, W. 1999. Cultural stability or change among managers in Indonesia? *Journal of International Business Studies*, 30(3): 599–610.
- Inagami, T., & Whittaker, D. H. 2005. *The new community firm: Employment, governance and management reform in Japan*. Cambridge: Cambridge University Press.
- Kelley, L., MacNab, B., & Worthley, R. 2006. Crossvergence and cultural tendencies: A longitudinal test of the Hong Kong, Taiwan and United States banking sectors. *Journal of International Management*, 12(1): 67–84.
- Khilji, S. E. 2002. Modes of convergence and divergence: An integrative view of multinational practices in Pakistan. *International Journal of Human Resource Management*, 13(2): 232–253.
- Leung, K., Bhagat, R. S., Buchan, N. R., Erez, M., & Gibson, C. B. 2005. Culture and international business: Recent advances and their implications for future research. *Journal of International Business Studies*, 36(4): 357–378.
- Lewin, A. Y., & Kim, J. 2004. The nation state and culture as influences on organizational change and innovation. In M. S. Poole (Ed.), *Handbook of organizational change and development*: 324–353. Oxford: Oxford University Press.
- Lewin, A. Y., & Volberda, H. W. 1999. Prolegomena on coevolution: A framework for research on strategy and new organizational forms. *Organization Science*, 10(5): 519–534.
- Lim, L., & Firkola, P. 2000. Methodological issues in cross-cultural management research: Problems, solutions, and proposals. *Asia Pacific Journal of Management*, 17(1): 133–154.
- Mannheim, K. 1936. *Ideology and utopia: An introduction to the sociology of knowledge*. New York: Harcourt, Brace, & World.
- Maznevski, M. L., Gomez, C. B., DiStefano, J. J., Noorderhaven, N. G., & Wu, P. -C. 2002. Cultural dimensions at the individual level of analysis: The cultural orientations framework. *International Journal of Cross Cultural Management*, 2(3): 275–295.
- McCaughy, S. L., & De Cieri, H. 1999. Reassessment of convergence and divergence dynamics: Implications for international HRM. *International Journal of Human Resource Management*, 10(2): 235–250.



- Michailova, S., & Hutchings, K. 2006. National cultural influences on knowledge sharing: A comparison of China and Russia. *Journal of Management Studies*, 43(3): 383–405.
- North, D. C. 1990. *Institutions, institutional change and economic performance*. Cambridge: Cambridge University Press.
- North, D. C. 2005. *Understanding the process of economic change*. Princeton, NJ: Princeton University Press.
- Peng, M. W., Lu, Y., Shenkar, O., & Wang, D. Y. L. 2001. Treasures in the China house: A review of management and organizational research on greater China. *Journal of Business Research*, 52(2): 95–110.
- Pierson, P. 2004. *Politics in time: History, institutions, and social analysis*. Princeton, NJ: Princeton University Press.
- Porter, G. 2006. Profiles of workaholicism among high-tech managers. *Career Development Journal*, 11(5): 440–462.
- Ralston, D. A., Gustafson, D. J., Cheung, F., & Terpstra, R. H. 1993. Differences in managerial values: A study of US, Hong Kong and PRC managers. *Journal of International Business Studies*, 24(2): 249–275.
- Ralston, D. A., Holt, D. H., Terpstra, R. H., & Yu, K. -C. 1997. The impact of national culture and economic ideology on managerial work values: A study of the United States, Russia, Japan, and China. *Journal of International Business Studies*, 28(1): 177–207.
- Ralston, D. A., Egri, C. P., Stewart, S., Terpstra, R. H., & Yu, K. 1999a. Doing business in the 21st century with the new generation of Chinese managers: A study of generational shifts in work values in China. *Journal of International Business Studies*, 30(2): 415–427.
- Ralston, D. A., van Thang, N., & Napier, N. K. 1999b. A comparative study of the work values of North and South Vietnamese managers. *Journal of International Business Studies*, 30(4): 655–672.
- Ralston, D. A., Pounder, J., Lo, C. W. H., Wong, Y. -Y., Egri, C. P., & Stauffer, J. 2006. Stability and change in managerial work values: A longitudinal study of China, Hong Kong, and the US. *Management and Organization Review*, 2(1): 67–94.
- Redding, G. 2005. The thick description and comparison of societal systems of capitalism. *Journal of International Business Studies*, 36(2): 123–155.
- Redding, G., & Witt, M. A. 2004. *The role of executive rationale in the comparison of capitalisms: Some preliminary findings*. INSEAD EAC Working Paper Series, INSEAD, Fontainebleau, France.
- Redding, G., & Witt, M. A. 2007. *The future of Chinese capitalism: Choices and chances*. Oxford: Oxford University Press.
- Robertson, C. J., Al-Khatib, J. A., Al-Habib, M., & Lanoue, D. 2001. Beliefs about work in the Middle East and the convergence vs divergence of values. *Journal of World Business*, 36(3): 223–244.
- Siu, W. -S., Fang, W., & Lin, T. 2004. Strategic marketing practices and the performance of Chinese small and medium-sized enterprises (SMEs) in Taiwan. *Entrepreneurship & Regional Development*, 16(2): 161–178.
- Tan, B. L. B. 2002. Researching managerial values: A cross-cultural comparison. *Journal of Business Research*, 55(10): 815–821.
- Tregaskis, O., & Brewster, C. 2006. Converging or diverging? A comparative analysis of trends in contingent employment practice in Europe over a decade. *Journal of International Business Studies*, 37(1): 111–126.
- Tsui, A. S. 2004. Contributing to global management knowledge: A case for high quality indigenous research. *Asia Pacific Journal of Management*, 21(4): 491–513.
- Witt, M. A. 2006. *Changing Japanese capitalism: Societal coordination and institutional adjustment*. Cambridge: Cambridge University Press.
- Witt, M. A., & Lewin, A. Y. 2007. Outward foreign direct investment as escape response to home country institutional constraints. *Journal of International Business Studies*, 38(4): 579–594.
- Witt, M. A., & Redding, G. 2007. *What prospects for institutional convergence across advanced industrialized nations? Evidence from the belief systems of senior executives in Germany and Japan*. INSEAD EAC Working Paper Series, INSEAD, Fontainebleau, France.

#### ABOUT THE AUTHOR

**Michael A Witt** (Michael.WITT@insead.edu) earned his PhD at Harvard University. He is Affiliate Professor of Asian Business and Comparative Management at INSEAD, Fellow at INSEAD's Euro-Asia and Comparative Research Centre, and Associate in Research at Harvard's Reischauer Institute. His work focuses on comparative business systems and institutional change.

Accepted by Arie Y Lewin, Editor-in-Chief, 13 September 2007.