

# [Vitro corning](https://assignbuster.com/vitro-corning/)

Identify and discuss Corning's strategic predisposition toward a joint venture with Vitro. Because of long histories of successful joint ventures and had been an innovative leader in foreign alliances for over 73 years, Corning's strategy of establishing the joint venture relationship with Vitro seems to be a ideal combination and will lead to success. However, the joint venture became subject to a series of cultural and other conflicts that began to undermine this vision. According to company officials and external analysts, cultural differences were a principal cause of the alliance'sfailure.

Therefore, lack of fully understanding Mexicocultureis the key predisposition of Corning's strategy. What is culture? One of the well-accepted definitions is given by Goodenough (1971), who has defined culture as a set of beliefs or standards, shared by a group of people, which help the individual decide what is, what can be, how to feel, what to do and how to go about doing it. The main cultural clashes between two companies are discussed as follow: Different decision-making style betweenMexicanand American:

Vitro and other Mexican businesses are much more hierarchical, withloyaltyto fathers and patrons somehow carried over to the modern corporation. As a matter of loyalty or tradition, decisions are often left either to a member of the controllingfamilyor to top executives, while middle level managers are often not asked their opinions. As a result, Corning managers who work in the joint venture were sometimes left waiting for important decisions about marketing and sales.

Refers to a Corning executive: " If we were looking at a distribution decision, or a customer decision, we typically would have a group of people in a room, they would do an assessment, figure alternatives and make a decision, and I as chief executive would never know about it. ” My experience on the Mexican side is that someone in the organization would have a solution in mind, but then the decision had to be kicked up a few levels. ' Different working efficiency:

The Mexicans sometimes saw the Americans as too direct, while Vitro managers, in their dogged pursuit of politeness, sometimes seemed to the Americans unwilling to acknowledge problems and faults. The Mexicans sometimes thought Corning moved too fast; the Americans felt Vitro was too slow. Other difference in culture: America is a advanced country in modern society with only 227 years history, traditional culture has far less important position than fashion in most Americans' mind, contrarily, traditional culture plays a significant role in Mexico, most Mexican are conservative even in large companies.

For instance, Corning's offices in upstate New York are in a modern glass enclosed building, while Vitro's headquarters in Monterrey, often thought of as Mexico's Pittsburgh, are in a replica of a 16th century convent, with artwork, arched ceilings and antique reproductions. To sum up, attitudes, orientations, emotions, and expressions differ strongly among people from American or Mexican. These differences are fundamentally cultural. According to Hofstede's culture dimensions, we can get the conclusion as the table demonstrated below:

As shown in the table, although culture of both countries has masculinity characters, there is still a large culture gap in other aspects between American and Mexican. Therefore, without fully understanding Mexico's culture leads to the failure of Corning's alliance strategy with Vitro. Cultural clashes among partners in joint ventures are not a new issue. Discuss why an MNC, and specifically Corning, would be interested in fully understanding the culture of a potential before deciding on an alliance. Culture clash - the cultures of the companies are not compatible and compete for dominance.

The businesses of both companies suffer while attention is diverted to the contest and it may destroy the key element of prior success. (Jeff Jacobs 2001) Although there is evidence of increasing cultural convergence between countries around the world, cultural differences among countries will persist. It is widely recognized that cultural differences between the partners of a merger are one of the most common reasons for failure in mergers, this may happen during pre-merger negotiations or during post-merger integration.

Thus, fully understanding the culture of a potential can help managers anticipate problems in negotiating mergers and prevent them from disrupting what can be an attractive and mutually beneficial market entry strategy. In this case, as an innovative leader in foreign alliances, Corning has formed approximately 50 ventures over the years. Only 9 had failed (dissolved), an impressive number considering one recent study found that over one-half of foreign and national alliances do not succeed.

With this proud record, Corning was confident of being succeed in the joint venture of Vitro, however, the joint venture became subject to a series of cultural and other conflicts that began to undermine this vision. Culture is about shared assumption, beliefs, values and norms. Each organization has its own culture developed from its own particular experience, its own role and the way its owners or managers get things done (Hellard, 1995). Since culture may affect the MNC in many aspect of itsinternational development, even like Corning, which has rich foreign alliance experience, cannot ignore the effect cause by culture clash.

It is unalterable principle for Corning to fully understanding the culture of its partner before it decides on an alliance. International alliances are an ideal setting within which to explore cultural differences in negotiations because they involve not only up-front negotiations over the initial structure of the relationship, but also constant and ongoing negotiation to manage what can be an inherently unstable and continuously evolving organizational form. If Corning and Vitro still want to remain in the alliance, understanding and accepting the other part's culture is the precondition.

According to there is large culture gap between America and Mexico, how to narrow this gap or create an agreement of new value concept is the possible solution. The specific method advised as follow: 1. Managers from USA and Mexico who will work together in the alliance should meet and negotiate the detail of establishing the new company in each country before they carrying out the merging plan. 2. Employees from both companies should learn about how to minimize the breakage of culture clash. There should be a particular training for the employees who will work together in the new merger.

The skills to overcome an embarrass situation are indispensable for them. 3. In order to get used to working in a newenvironmentwith different culture, Corning and Vitro can implement a manager-exchange program before new company established. Managers participated in the program will be assigned to the partner country and pursuit as probation period for the purpose of experiencing the local culture. 4. After new company established, localization is a important key to keep it operating properly and performing well, which mean among employees of the new company, local residents should have larger proportion.

In addition, the final decision of the new company should be made by the local manager, and manager from the other part just take theresponsibilityof supervision and report the current operating situation to parent company. 5. In the early days of the alliance, executives from both companies should gather frequently to summarize the new company's performance of the previous period, exchange the information they collect from the operation of local company. Till the new companies enter into the right path, they can meet quarterly for further strategies.

Discuss why both companies would continue to distribute each other's product after the joint venture failed. What impact might the public statements about the failure have on the relationship? Both Corning and Vitro remain in the situation of distributing each other's product even after the joint venture failed. The main reason is they still can make profit from counterparts' market. We can understand it easier from the first purpose of why Corning enters into joint venture: to gain access to markets that it cannot penetrate quickly enough to obtain a competitive advantage.

In addition, both companies were globally oriented, and both had founding families still at their centers, Corning specialized in cookware and Vitro in tableware. Corning was accomplished at melting glass, while Vitro was expert in molding it. The companies intended to combine product lines based on where each company had technicalleadership, and they began to swaptechnologyto enhance their respective capabilities. Even though the alliance had been failed, both of them still can get competitive advantages from each other. Furthermore, if the culture clash problem can be solved or minimized, they still have opportunity to merge.

Someone might consider the impact of public statement on the failure of their partnership negative. In fact, it might be a good thing; there is a famous saying in China: a loss may turn out to be a gain, a blessing in disguise. As we know, no company's development is plain sailing on their way to success, frustration is inescapable, what can you learn from the frustration is more important. In this case, the joint venture dissolved illustrate there is a culture gap between both companies, but not the quality of products or managing skills and something else.

The failure can provide a clear orientation to Corning and Vitro's further positioning, once they can acknowledge and face bravely to the failure, and analyze the reason lead to the failure, the rare experience they gain is much larger than they lost. In future operation, they will consider more cautiously and more comprehensively before they decide to establish a new joint venture. Certainly, culture clash factors included. Reference: Goodenough, Ward H. , 1971, Culture language and society , modular publications, 7, Addison- Wesley: Reading MA Hellard, R. B. (1995), Project Partnering: Principle and Practice Hofstede, G. 2001). Culture's consequences: Comparing values, behaviors, institutions and organizations across nations (2nd ed. ). Jackson, T, (ed), (1995). Cross-Cultural Management, Jeff Jacobs. (2001). How Culture Affects Mergers and Acquisitions X. Zhang, Y. Wang, J. Wrathall & amp; M. Berrell, 2002, International Management--Managing in the Era ofGlobalization, People's University Press, China Available: http://www62. homepage. villanova. edu/jonathan. doh/CORNINGcase. rev. doc Available: http://www-edocs. unimaas. nl/files/mer95011. pdf ;/pre;;/body;;/html;