Globalization

A Guide for Growth-Oriented Entrepreneurs

Sample Chapter: Scope and Practice of Comparative Management Studies

GROWTH-ORIENTED ENTREPRENEURSHIP PROJECT

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Growth-Oriented Entrepreneur’s Guide to Globalization


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About the Project

The Growth-Oriented Entrepreneurship Project (www.growthentrepreneurship.org) engages in and promotes research, education and training activities relating to entrepreneurial ventures launched with the intent to achieve significant growth in scale and value creation through the development of innovative products or services which form the basis for a successful international business. In furtherance of its mission the Project is involved in the preparation and distribution of Guides for Growth-Oriented Entrepreneurs covering Entrepreneurship, Leadership, Management, Organizational Design, Organizational Culture, Strategic Planning, Governance, Compliance, Finance, Human Resources, Product Development and Commercialization, Technology Management, Globalization, and Managing Growth and Change.

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Attorneys acting as business counselors to growth-oriented entrepreneurs who are interested in forms, commentaries and other practice tools relating to the subject matter of this chapter should also contact Dr. Gutterman at the e-mail address provided above.
PART IV
Cross-Cultural Studies

Preface

This Part begins with a chapter that provides an overview of the field of comparative management studies, which includes research activities undertaken to identify and explain similarities and differences among business strategies, management styles and systems and social behavior in different work contexts (e.g., geographic areas, cultures or industries). The chapter covers a number of topics relevant to the following chapters such as the value of comparative management studies, the elements of the external environment in which all businesses must operate and seek to survive and establish and maintain a competitive advantage, approaches to comparative management studies, and cross-cultural management research techniques. The Part then continues with a discussion of the role of culture in comparative management studies and a survey of some of the areas of interest for cross-cultural researchers. Attention then turns to the thorny and difficult issue of defining the term “culture” which is addressed by documenting various definitions offered by researchers from different fields and listing and discussing certain fundamental properties and components of culture that appear to be commonly recognized in the field. The Part moves on to describe of the evolution and development of cross-cultural studies, including the search for universal questions and issues of the human condition that eventually led to a proliferation of models of cultural dimensions such as those proposed by Kluckhohn and Strodtbeck, Hall, Hofstede, Schwartz, Trompenaars and Hampden-Turner, the GLOBE researchers and Inglehart. Also included in this Part is an assessment of cross-cultural studies research, an overview of cross-cultural leadership studies and a closing chapter that highlights future challenges and topics for cross-cultural studies.

Information regarding cultural differences can be used in a number of ways by managers of global businesses. For example, knowledge regarding culture and what are considered to be effective and legitimate leadership and management styles and behaviors can be used in operating and managing foreign subsidiaries and in designing orientation and training programs for employees of global organizations. Another important area in which information from cross-cultural research can be used is training organizational leaders to ensure that they understand and execute behaviors that are culturally appropriate and which are perceived as being positive and effective by their followers. A related issue is making sure that the management strategies and procedures used by organizational leaders take into account cultural differences. Cultural sensitivity is also essential when negotiating and managing cross-border business relationships with partners from different societal cultures. Finally, societal cultures are a key and inescapable part of the external environment for all organizations and thus must be considered when designing and executing organizational strategies.
In addition to the applications noted above and discussed in more detail in the following chapters, comparative management studies provides managers with a rich repository of information regarding managerial styles and processes employed by their colleagues in other countries that can be used to improve their own skills and may identify insights that can be applied in their own organizations. As noted elsewhere in this Guide, the traditional US domination of the research and commentary on the science and art of management is rapidly eroding and is being replaced by the realization that “best practices” for designing and implementing organizational strategies and coping with organizational design issues may emerge almost anywhere in the world and that competition is now just as likely to come from a firm located halfway around the world as it is from someone down the street. This does not mean that managers should, or can, merely copy something that appears to be working in another country. What is needed instead is the ability to use the techniques of comparative management studies to parse the actions of managers in other cultures to understand why they make sense in light of their situation (i.e., external environment, technology, human resources, societal and organizational culture, etc.) and then adapt those ideas that make sense to a different environment. For example, while a manager operating in a small country with a transitional economy in Eastern Europe can certainly benefit from exposure to management techniques practiced in the US and Japan he or she may realize more immediate benefits from studying the successes and failures of managers in countries at comparable levels of political and economic development and with similar cultural characteristics and traditions.

Chapter 1
Scope and Practice of Comparative Management Studies

§1:1 Introduction

The field of comparative management studies includes research activities undertaken to identify and explain similarities and differences among business organizations, strategies, management styles and systems, and social behavior in different work contexts (e.g., geographic areas, cultures or industries). Pugh et al. explained the focus of cross-cultural organizational research as two basic questions: “(1) what are the similarities or differences between organizations located in different countries?, and (2) why are they similar or different?”¹ In order to answer those questions, Child suggested that following three stages: “(1) the identification of similarities and differences between organizations located in different countries, (2) the isolation of those cultural attributes which account for the observed likenesses and variations, (3) where cross-cultural

differences are discovered offer an explanation for the transfer of national cultural to organizations so that they become ‘infused with national distinctiveness’.”

One of the most important, and controversial issues, in the field of comparative management studies has been the role of culture. Culture was generally ignored for a long period of time as scholars, mostly based in the US, concentrated on demonstrating the existence and validity of so-called “universal” management principles, typically developed and popularized in the US, that transcended culture, national borders or environment and thus could be effectively applied almost anywhere in the world.

During the 1960s, when the formal field of comparative management studies was first emerging, many attempts were made to define the role that culture played in comparative management; however, there were a number of problems with these works including poor methodology and the lack of a consistent and workable definition of the concept of culture. One of the main criticisms of cultural studies was that they were, in reality, national studies since the unit of research was generally a single country or region and the results obtained were actually a mixture of cultural and socio-economic, educational, legal and political factors. Fortunately, as time went by progress was made in defining culture and identifying and assessing the impact of culture on management practices and concepts of culture are now routinely used as a means for measuring effects that can distinguish countries and ethnic or occupational groups.

Comparative management studies is one of several research approaches that have been used to learn more about cross-cultural management practices and researchers in this field are particularly interested in identifying elements of organizational design theory and practice that are universal, and thus can be found in all cultural contexts, and elements

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3 Studies of the early literature regarding comparative management studies showed that a large percentage—roughly 80 percent—of the over 11,000 articles published in 24 management journals between 1971 and 1980 described studies of the US carried out by US researchers. Less than five percent of these articles attempted to describe organizational behavior by reference to cultural factors and less than one percent of the articles discussed cross-cultural interaction among co-workers. See N. Adler, International Dimensions of Organizational Behavior (2nd Ed) (Boston: PWS-Kent Publishing Co., 1991).

4 In order to address this criticism, researchers such as Kelley and Worthley attempted to isolate culture by conducting comparative research in one geographic area—Hawaii—on managers with different cultural backgrounds—Japanese, Japanese-American and Caucasian-American. See L. Kelley and R. Worthley, “The Role of Culture in Comparative Management: A Cross-Cultural Perspective,” Academy of Management Journal, 24(1): (981), 164-173.


6 It is often said that researchers engaged in comparative management studies are looking for universal elements of organizational theory and practice that “emerge” as information is collected from studies of more culture and that one of the principal goals of this type of research is identifying an “emergent universality”. Not surprisingly, elements that consistently vary as cultural investigation expands are identified as “culture specific” without adverse judgment. In order for comparative management studies to be conducted properly and objectively, the balance between emergent universality and culture specificity should be a research finding and not assumed in advance. See, e.g., N.J. Adler, “A Typology of Management Studies Involving Culture,” Journal of International Business Studies, 14(2) (1983), 29-48.
that will necessarily be different due to the impact of culture and other environmental conditions. Practitioners of comparative management studies must be neutral in their preferences between different countries and cultures and avoid assuming that a particular cultural orientation or management style is better than any other for handling a specific situation and their goal is to conduct an objective and comprehensive comparison of two or more distinguishable management styles and identify characteristics and patterns that can inform and educate every manager.

While comparative management studies should be viewed and treated as a distinct research field notice should be taken of its close relationship to the important topic of cross-cultural or inter-cultural management studies which is primarily concerned with identifying and integrating the appropriate mix of knowledge, insights and skills that are needed in order to adequately deal with national and regional cultures and differences between cultures while attempting to manage organizations whose employees, customers and/or other business partners operate within more than one culture. Cross-cultural management studies describe and compare the behavior of managers and employees in various cultures and countries in order to identify issues that may arise due to different cultural attitudes and design processes, including training and educational programs, that can be used to overcome problems and reduce conflicts so that everyone within these multi-cultural organizations can work effectively together to achieve the objectives established in a global organizational strategy. Appreciation of cross-cultural management issues is essential for companies that expand and globalize their operational activities since the pre-existing management knowledge base developed during their purely domestic stage will no longer be adequate to deal with new countries and cultures.

§1:2 Value of comparative and cross-cultural management studies

Consultants and other professionals have generated a continuous stream of ideas regarding practical applications of the byproducts of comparative and cross-cultural management studies. In particular, there has been a substantial amount of interest in the use of the “cultural dimensions” identified by Hofstede, the GLOBE researchers and others to improve cross-cultural communications in the workplace and enhance the operational effectiveness of firms conducting business in multiple societal cultures. When using the cultural dimensions and the various “rankings” and “scores” for countries and societal cultures it is important to remember that the cultural preferences of specific

For further discussion of universality versus cultural contingency, see the chapter on “Evolution and Development of Cross-Cultural Studies” in this Guide.

7 See P. Hesseling, “Studies in Cross-Cultural Organization,” Columbia Journal of World Business, 8 (December, 1973), 129 (“Cross-cultural studies must start with the assumption that there is no, a priori dominant culture which is superior in coping with reality in any situation. If this assumption is not made, fair comparisons are impossible.”).


9 Portions of the discussion in this section are adapted from J. Bing, “Hofstede’s consequences: The impact of his work on consulting and business practices,” Academy of Management Executive, 18(1) (February 2004).

10 For further discussion, see the chapter on “Cultural Dimensions” in this Guide.
individuals may be different and cannot be predicted with absolute certainty from the scores of the country or society from which that individual comes (e.g., a high uncertainty avoidance score for a particular society does not mean that every member of that society has the same intensity of aversion to risk). Care must also be taken not to place too much emphasis on the raw scores for countries and societal cultures but to simply accept and acknowledge that the scores should be used to flag the possibility of relative differences between countries or cultures on a particular dimension. Another reason that recognizing and understanding the concept of cultural dimensions is valuable is because it helps managers recognize their own cultural tendencies and why they are likely to think and act in certain ways. This sort of self-realization will hopefully lead to an appreciation of the fact that individuals from other cultural backgrounds may approach a situation from a very different perspective and that it is therefore necessary to consider whether changes need to be made in business processes, communications and practices.\(^\text{11}\)

One of the most useful byproducts of cross-cultural management research is the identification of culture-based differences that can be expected to have a significant impact on the selection and effectiveness of particular management styles and processes in a specific cultural context. Among the cross-cultural differences that are commonly cited and analyzed are the following\(^\text{12}\):

- **Centralization of authority:** Variations among cultures have been identified with respect to the degree to which authority for making important business decisions is centralized with a small group of senior managers as opposed to delegating authority downward in the organizational hierarchy (i.e., “decentralization”).
- **Risk tolerance:** Cultures vary with respect to the level of uncertainty and risk that managers are willing to comfortably tolerate and manage. In some cases, managers are highly risk averse and devote a significant amount of time and resources to controlling and minimizing risks. At the other extreme, however, there are managers in certain cultures who aggressively take on higher levels of risk.
- **Reward systems:** Some cultures prefer the use of reward systems that are based on measuring and motivating individual achievement while other cultures generally rely on incentives that reward desired collective behavior of groups.
- **Level of formality:** Cultures vary in the degree to which they prefer to rely on formal management procedures.
- **Organizational loyalty:** In some cultures there is a high level of identity with and loyalty to the company while in other cases the loyalties of employees lie with their occupational group or profession as opposed to any specific employer.
- **Level of cooperation:** Cultures differ in their preference for emphasizing cooperation among managers and employees as opposed to encouraging competition within the company to find the most efficient way to achieve the company’s objectives.

11 Nath argued that the field of comparative management studies is important for the following reasons: living in an interdependent world, its universal nature, sharpening our understanding, widening the knowledge base and appreciating one’s own culture and environment. See R. Nath (Ed.), Comparative management: A regional view (Cambridge, MA: Ballinger, 1988).

§1:3 --Operation and management of foreign subsidiaries

One of the most obvious and important practical application of information regarding potential differences between societal cultures is operation and management of foreign subsidiaries. In many instances parent companies, after taking into account the prevalent cultural values of local managers and employees, need to adopt alternative management processes and motivational strategies and learn how to use them effectively. Hofstede has suggested that among the issues that need to be considered are financial incentives, promotion paths and grievance channels. Failure of parent companies to pay attention to cultural issues could lead to dire consequences with respect to the performance levels within foreign subsidiaries and grave miscalculations with respect to the cost of doing business in a foreign country, labor turnover and absenteeism among local employees and the quality of the products and services produced by the foreign subsidiary.\(^{13}\) Hofstede also noted that culture-specific management processes and motivational strategies for foreign subsidiaries should be implemented and administered by managers who have been properly trained for their assignments and provided information on the culture in which they will be living and working rather than just educated on parent country theories that may have little or no application in foreign countries that have strikingly different cultural values.\(^{14}\)

§1:4 --Design and implementation of employee orientation and training programs

One of the most common uses of the cultural dimensions is in the design and implementation of the employee orientation and training programs used by global organizations. Examples include the following:

- As part of their orientation program new employees can be trained regarding cultural differences and how they may influence communications and collaborative activities with others in the organization’s global network. New employees may be given tools to assess their own cultural preferences and training exercises may be used to illustrate how co-workers in other countries may have different preferences and ways in which cultural misunderstandings can be reduced.

- Ongoing training can be provided for all managers and employees focusing on how cultural differences can impact recurring communications and collaborations between co-workers from different societal cultures. Managers and workers from different cultures should work together to understand possible cultural impediments and create a framework for collaboration that is based on mutual respect for the cultural preferences of all participants.\(^{15}\)


\(^{14}\) Id. at 63.

\(^{15}\) Cross-cultural training on e-mail communications might be valuable and provide workers with a better understanding of basic issues such as how much content should be included in e-mail messages, how much time will normally be required to receive a response from someone from a different culture and what practices do persons from different cultures follow with respect to copying others on e-mail communications (e.g., persons from high power distance societies are more likely to copy their supervisors on e-mail communications than persons from low power distance societies and this is important for persons
Relocation training prior to a transfer of an employee to a location where the cultural preferences are different than those of the transferee can sensitize the transferee to potential misunderstandings and provide an opportunity for the transferee to maintain a sense of balance in his or her new surroundings and work and communicate effectively with colleagues in the new location. In the case of managers it is particularly important for them to understand the expectations of subordinates in the new location regarding leader behaviors and management processes such as reward systems, information sharing, discipline and delegation of authority.

§1:5  --Leadership training and development

Cultural dimensions and cross-cultural management studies also play an important role in leadership training and development:

- The GLOBE program, which is discussed in detail elsewhere in this Guide, is an example of the extensive research that has been undertaken regarding the relationship between culture and leadership styles and practices and the information generated from those studies can be used to provide leaders of global organization with insights into how leadership practices and expectations differ across cultures and how leaders can tailor their leadership styles to be more effective when dealing with subordinates from other cultures.\(^\text{16}\) For example, while there is some agreement on universally endorsed leadership attributes, as well as leadership attributes that are universally disliked, the acceptance of many attributes is culturally contingent and leaders need to understand when and why actions might be good considered good leadership behavior in one culture yet disapproved of in other cultures.

- Culture differences are likely to impact the effectiveness of management practices implemented in global organizations. For example, reward systems and performance review procedures should be designed in a way that takes into account the local cultural expectations, particularly the way in which the local culture fits into the individualistic-collectivist continuum.\(^\text{17}\) A similar issue arises when determining the extent to which managers share authority regarding decisions about strategies and workflow (e.g., high power distance cultures generally accept and expect that authority will be centralized and that subordinate input will typically not be requested or welcomed).

- Cross-cultural management training can also be used to improve communication across geographic and “organization chart” borders within a global organization particularly between the headquarters office in one country and local subsidiaries. An understanding of cultural dimensions allows leaders to design corporate and local policies and procedures that meet the needs of everyone involved.

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\(^\text{16}\) For further discussion, see the chapter on “Cross-Cultural Leadership Studies” in this Guide.

\(^\text{17}\) While extraordinarily high compensation based on attainment of performance-based objectives may be considered to be acceptable in highly individualistic societies such an arrangement is likely to be strongly disfavored among persons from collectivist societies.
• One of the hallmarks of global organization is the creation of global teams that bring together the best minds, practices and resources from around the world to work on a wide variety of projects from new product development to improving manufacturing processes. However, the effectiveness of global teams will depend in large part on understanding the cultural preferences of the team members and designing the collaboration process in a way that reduces cultural tensions and allows team members to work in a way that best suits them without disrupting the progress of the team. For example, it is important for team members to discuss the role of the team leader since members from highly individualist societies will want freedom to work on their own while members from collectivist and high power distance societies will generally be more comfortable taking and executing orders from the leader.

• Understanding cultural dimensions also allows leaders of global organizations to do a better job of defining and developing global competencies including training programs and rewards systems. For example, cultural preferences in a particular society may be best suited to a specific activity such as the attention to detail in the manufacturing and engineering process found among members of certain societies. Another illustration is how global organizations can stimulate the development of new technologies in different parts of the world—in performance-oriented societies reward systems tilted toward individual achievement might be used while in collectivist societies team-based rewards would be more appropriate.

§1:6 —Management strategies and procedures

An understanding of cultural differences that may exist within a global organization is important for designing and drafting policies and other communications that are intended for use across national borders. For example, when the corporate human resources department is preparing employee surveys care must be taken to draft them so that the questions can be readily understood by employees from all of the cultures represented within the organization. This is not an easy task and survey design remains an evolving technique among cross-cultural researchers. Each of the corporate-based functional business units also need to develop their own strategies for identifying and accommodating cultural differences in designing their programs and activities. One illustration is the need for training programs created by the human resources department to take into account the cultural preferences of participants in various parts of the world—in high power distance societies lectures may be the preferred method of conveying information while small group discussions may work best in low power distance societies. Similarly, new product development may be best encouraged through brainstorming in individualistic societies while the same activity in collectivist societies is more likely to be successful when done through group activities. Finally, decisions regarding changes in corporate strategy and implementation of such changes also require attention to cultural differences. When explaining changes to persons from individualistic societies it is best to focus on how the change will impact them individually while explaining changes to persons from collectivist societies should emphasize the impact on the “group”. Similarly, persons in high power distance societies generally prefer that changes be announced by senior leaders with instructions on what subordinates are now expected to do while persons in lower power distance societies
want to be involved in decisions about how strategic changes will impact day-to-day operational activities.\textsuperscript{18}

\section{1:7 Cross-border transactions and business relationships}

Information about potential cultural differences is essential to negotiating and managing cross-border transactions and business relationships (i.e., joint ventures and strategic alliances) and should certainly be incorporated into training activities for personnel who will be working closely with counterparts from outside organizations based in different societal cultures.\textsuperscript{19} Organizations that conduct significant amounts of business in foreign countries must provide their managers and employees with the tools necessary for effective cross-cultural negotiations including an understanding of cultural dimensions and how they can explain the behaviors of persons from other cultures during business meetings and other forms of communication including e-mail. For example, when negotiating a business arrangement with a foreign partner understanding the level of formality regarding management procedures that is commonly expected in the partner’s cultural environment may determine the level of detail that is acceptable in terms of requirements of reports and other regular communications during the course of the relationship. Another factor to keep in mind is that each societal culture has its own ideas about the steps that need to be followed in order to enter into a business arrangement including the length and purpose of preliminary discussions, the manner in which decisions are made, how communications should occur during the negotiations and the length and content of the definitive agreement or contract. In addition, attitudes regarding cooperation and reward systems are important when the success of a particular project or joint venture depends on the ability of persons from different cultures to work effectively with one another toward a common objective. Cross-border joint ventures present significant cultural challenges and a special effort will need to be made to identify cultural similarities and differences in order to improve communications and allocate responsibilities in an efficient manner. Finally, a good deal has been written about the challenges of cross-border mergers and acquisitions, a transaction that has become increasingly common as firms look to accelerate expansion into new geographic markets, and most commentators agree that the success or failure of these deals depends largely on whether cultural differences between the parties are understood and accommodated. The cultural dimensions can be used as a starting point for identifying potential conflicts and areas in which the business processes of the two parties will need to be reviewed and perhaps synchronized to ensure that they can communicate effectively once the deal has been completed.\textsuperscript{20}

\textsuperscript{18} For further discussion of the impact of culture on change strategy see the Appendix in J. Bing, “Hofstede’s consequences: The impact of his work on consulting and business practices,” Academy of Management Executive, 18(1) (February 2004).

\textsuperscript{19} Research relating to multicultural and global leadership has expanded to address the challenges managers now commonly confront when working in “nontraditional” organizational structures such as joint ventures and strategic alliances with partners in other countries. See W. Mobley and M. McCall (Eds.), Advances in Global Leadership, Vol. 2 (New York: JAI Press, 2001).

\textsuperscript{20} For further discussion see G. Gitelson, J. Bing and L. Laroche, “The impact of culture on mergers & acquisitions”. CMA Management, March 2001.
§1:8  --Design and implementation of organizational strategies

Organizations operating in more than one societal culture must account for cultural differences in designing and implementing their overall organizational strategies and an understanding of cultural differences allows executive and managers to make better decisions about implementing strategies in multiple societal cultures. One illustration is the need to prepare marketing communications in a way that recognizes cultural preferences and attitudes in each of the countries where the communications will appear and words or images that are perceived favorably in one country may have the opposite effect in others. Culture may also lead to very different attitudes regarding financial and legal matters. A good illustration of this is the way that interpretation and enforcement of intellectual property rights varies around the world. Managers also need to understand how societal cultural values impact the environment in which they operate and how they must design strategies for leading and motivating their employees. For example, cultural values have been shown to be a significant influence on governmental policies and legislation relating to the employment relationship and the presence and impact of labor unions and local laws governing workplace activities, such as discipline and termination of employees, inevitably reflect and reinforce the local cultural values associated with the relationship between employees and their companies and the assumed duties of each side of that relationship to the other.21

§1:9  Areas of interest for cross-cultural researchers

Two of the main areas of interest for scholars and consultants active in the area of cross-cultural studies have been identifying and analyzing strategies for management of cultural differences among individuals in global organizations and comparisons of leadership styles and management practices used by leaders and managers in organizations from different societal cultures.22 The underlying assumption for all this activity has been that “culture” is, in fact, an important influence on organizational processes, leader effectiveness and the ability of organizations to continuously adapt and survive in a continuously changing business and social environment.23 Adler, for example, provided a useful representation of the influence of culture on behavior among persons in an organizational setting in the form of a circular flow that began with “culture” and then moved to “values”, “attitudes” “behavior” and then back to “culture”.24 She argued that persons in the same culture express that culture through the values that they believe in regarding life and the environment in which they live and that these values are the driving force in determining their attitudes regarding what is considered to be “appropriate behavior” in any given circumstance that arises in their

environment. These attitudes serve as the foundation for norms of behavior in that particular culture and these norms are evidenced in the daily behavior of persons living and operating within that culture. If the norms of behavior remain unchanged the culture will remain static; however, if patterns of behavior can be altered there will be a corresponding change in culture that will then be reflected all around the circle in the form of changes in attitudes and values.

As noted elsewhere in this Guide, various techniques for conducting cross-cultural research relating to leadership styles and management practices have been developed and they illustrate the diverse approaches taken by researchers and some of the shortcomings that have often led to controversy in the field. A good deal of the initial work in the area of cross-cultural studies could rightly be characterized as “parochial” in that the focus was on the study of a single culture by researchers who lived and worked within that culture and brought the values of that culture to the design of the study and the interpretation of the results. With respect to leadership and management the initial wave of research was conducted by Americans focusing on how people in US companies behaved in the workplace and why. The implicit assumption was that the results could be applied to other cultures, at least those that had achieved roughly the same level of economic development, and that “universally” applicable principles of leadership and management could be articulated. The next step for researchers after they developed research methods and ideas about leadership styles and management theories in and for their home country was to attempt to replicate the research in other countries; however, ethnocentric studies were generally more interested in analyzing whether home country management techniques would be effective in foreign countries than in identifying and fully exploring differences in those countries. Fortunately, cross-cultural researchers, recognizing the challenges in identifying universally effective leadership styles and management practices, have turned to polycentric and comparative studies involving simultaneous study of numerous countries or culturally-defined groups to identify and explain both similarities and differences in how leaders and managers lead and manage and employees respond and behave in those countries or cultures. The accuracy and richness of the data collected from these efforts has been enhanced by improvements in

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25 Id. at 16.
research and measurement techniques and increased reliance on collaborative work involving researchers living in different societal cultures.

By embracing “cultural diversity,” as opposed to clinging to the pursuit of a single set of rules for leaders and managers, cross-cultural studies has been able to inform the practice of management in a number of areas that have emerged as important in the modern global business environment—management and organizational design practices of multinational companies, leading and managing a culturally diverse workforce in a single country, understanding behaviors of foreign business partners and identifying leadership techniques and management practices used in other cultures that can be adapted for effective use in other cultural contexts. While it does appear that a good deal of progress has been made there are still those calling for more attention to various research issues (e.g. the need for increased theoretical and methodological sophistication, more collaborative work and more integrative frameworks) as well as some who still question the usefulness of culture for purposes of research.

§1:10 Challenges of comparative and cross-cultural management studies

Researchers working in the areas of comparative management and cross-cultural studies are continuously confronted with a variety of challenges even as they continue to make progress toward a better understanding of how firms are managed and the different approaches that firms around the world take to resolve common business issues. One fundamental issue is coming up with a useful definition of the term “culture,” a dilemma that is made even more difficult by the fact that is possible to distinguish among national and regional cultures as well as the recognition that companies operating in the same markets and geographic regions can have very different corporate cultures based on factors such as the background of their founders.

A second issue that continuously arises is the long-standing debate regarding “universality” versus “cultural contingency”. A survey of the relevant literature in the early 1980s by Child led him to conclude that there were two distinct camps within the cross-cultural management research community at that time—one group believed that management systems and practices were converging in a way similar to the traditional universalist school of thought while another group believed that diversity among

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29 For further discussion of defining the term “culture,” see the chapter on “Defining Culture” in this Guide.
management systems could still be observed and would continue.\(^{30}\) Child’s own belief was that while firms around the world might embrace similar macro-level strategies regarding organizational structure and technology as they matured, the behavior of people within those firms would continue to be strongly influenced by cultural factors. This conclusion, if true, served as an important cautionary note not to assume that just because two firms operating in different cultures look the same when viewed from a macro level that the same prescriptions for leadership, motivation, and decision making would be effective in each instance.\(^{31}\)

Research techniques have also drawn the attention of a number of commentators and a list of the alleged shortcomings of the methods deployed in conducting comparative management studies compiled in the mid-1980s included concerns about the lack of a theoretical base due to a failure to test theoretical or conceptual models in order to develop and expand a broader framework that includes all relevant test results; ethnocentrism, notably the tendency to assume that the management processes in the US were dominant and that research should be structured as comparisons of other countries to a “US model”; overemphasis on cultural variance and a resultant failure to identify and explain similarities across cultural boundaries; failure to recognize and explain differences that might exist within a single country or culture; a tendency to limit investigation to a single country without attempting to relate the results to the situation in other countries; too much reliance on just one method to collect information—questionnaires—without using other potential useful research tools such as interviews and participant observation; and overemphasis on studying the US, other industrialized Western countries and Japan while ignoring smaller and less-developed countries in other parts of the world, many of which were rapidly emerging at that time as new global competitors in various industries (i.e., East Asian nations such as Hong Kong, Korea, Singapore and Taiwan).\(^{32}\)

In recent years, however, a number of technological developments have contributed significantly to the efficiency and quality of cross-cultural research and have enabled the growing wave of large multi-cultural research projects tapping into the expertise of local researchers around the world who are able to provide their unique cultural insights into the methodology of the projects and interpretation of the results. Examples of new communication tools that have had an impact include e-mail, telephone conference calls, video conferencing and “real time” chats that allow researchers to interact quickly and efficiently to resolve issues that typically arise during the design and administration of surveys and the post-survey interpretation of results. Cross-cultural research has also


\(^{31}\) For further discussion of “universality” and “cultural contingency” in relation to effective leadership styles, see the chapter on “Cross-Cultural Leadership Studies” in this Guide.

benefited from the use of sophisticated data collection tools such as web-based surveys.\footnote{See, e.g., M. Dickson, D. Den Hartog and J. Mitchelson, “Research on leadership in a cross-cultural context: Making progress, and raising new questions”, The Leadership Quarterly, 14 (2003) 729-768, 759-760 (also speculating that the massive scope of something like the GLOBE project, which is described in detail elsewhere in this Guide, would not have been possible in the days prior to the introduction of the new communications tools as researchers would have been forced to rely on slow and ponderous methods of interaction such as traditional mail that took days to get from one part of the world to the other).} Ironically, these new ways for people to interact raises interesting questions cultural questions that will need to be incorporated into future research such as how should cross-cultural leaders provide direction through e-mail messages sent to subordinates in multiple countries. Finally, researchers have cast a more critical focus on the generalizability of managerial models and practices developed in Western cultures, particularly leadership and management practices used in the US.\footnote{W. Mobley and M. McCall (Eds.), Advances in Global Leadership, Vol. 2 (New York: JAI Press, 2001).}

§1:11 Approaches to comparative management studies

For a long time scholars interested in management and organizational activities searched for universal rules regarding oversight of firm activities and relations between managers and employees that could be applied successfully in every situation. Much of the work was carried out by scholars based in the US and relied on studies of US companies operating primarily in their domestic market. For the most part they paid little or no attention to factors such as culture or the external environment in which firms operated and competed. In the 1950s, however, a new discipline that eventually became known as “comparative management” emerged as a small group of scholars began to suggest that it was possible to identify and explain similarities and differences in the management practices and inter-firm relationships of firms operating in different cultures and socio-economic environments. Once comparative management was established as a recognized field of study the volume of research expanded exponentially and a number of theories and methods have been introduced; however, it is fair to say comparative and cross-cultural management studies remains a young discipline with many basic methodological issues yet to be resolved. The surge of interest in the area has been fueled by the explosion in global business activities that has occurred over the last 50 years as more and more companies find themselves both competing with foreign firms deploying what appear to be very different management styles and diversifying the cultural profile of their own organizations as they set up branches and subsidiaries in foreign countries.

This section provides an introductory summary to the main approaches that have served as the foundation for comparative and cross-cultural management studies: the socio-economic (economic development) approach; the environmental (ecological) approach; the behavioral (socio-psychological) approach; the organizational theory approach; the open system (eclectic) approach; and the systems model approach.\footnote{A concise and useful summary of each of these approaches, including a detailed bibliography of critical assessments and commentaries, can be found in S. Chandarapratin, “Cross-Cultural and Comparative Management Research,” The Journal of Development Administration, 36:4 (October – December 1996), 39-63. See also M. Chen, Asian Management Systems: Chinese, Japanese and Korean Styles of Business (London: Routledge, 1995), 11-24.} Most of these
approaches can be categorized as primarily macro models that attempt to explain the overall management systems used by firms; however, several of the approaches are useful in examining micro-level elements such as the behavior of individuals working inside those firms. Several of the earlier approaches were severely limited by the fact that they attempted to account for differences in management styles and organizational effectiveness by focusing on just one particular variable such as the stage of economic development, external environmental factors, managerial attitudes or culture. The emerging consensus is that relying on a single variable is too simplistic and that organizational and managerial behavior and effectiveness is a complex matter that is influenced and determined by an array of quantitative, or objective, variables (e.g., market share, profits and return on investment) as well as qualitative, or subjective, variables such as culture, climate attitudes and managerial philosophy. In addition, consideration must be given not only to general environmental factors but also to variables within the specific task environment of a particular firm and its managers.  

§1:12 --Socio-economic (economic development) approach

The socio-economic approach suggested by Harbison and Myers is based on the proposition that the choice of management styles and beliefs should be tied to the stage or level of economic and industrial development in the country where the manager is operating. Harbison and Myers identified four stages of economic development which they believed represented the universal and inevitable progress from an agrarian-feudalistic society to an industrialized-democratic system for all countries and then described corresponding appropriate management styles for each of these stages. Assuming that all countries would eventually reach the most advanced level of economic development the Harbison-Myers model predicted that managerial beliefs and practices around the world would ultimately converge and that all firms and managers, regardless of culture and environment, would rely on participatory and democratic management systems. In many ways, the economic development approach was not much different than the then-prevailing “universalist” management school that argued that all organizations around the world would eventually embrace and practice a single management system.

While there is general agreement that differences in socio-economic systems can and do have an important impact on management practices in a particular country the economic development approach has been criticized on several fronts. First, it does not include any attempt to evaluate whether or not specific elements of the management styles contribute to organizational effectiveness. Second, it does not recognize or explain differences in management styles among companies in the same country operating within

the stage of industrial development. Third, it ignores the real possibility that managers in countries at different stages of economic development may nonetheless use similar management practices. Finally, it suggests that managers cannot proactively modify their management styles on their own and must await external events that cause the country to transition to the next stage of economic development—a somewhat dispiriting proposition for ambitious and entrepreneurial managers in a developing country.

Since the Harbison-Myers model was first introduced the progression of countries toward industrialization has been far from uniform and consistent and, in fact, the gap between the industrialized and developing nations has widened. As a result, it is apparent that significant socio-economic differences among countries will persist for some time and that the universal acceptance of a participatory-democratic management system as suggested by Harbison and Myers is unlikely in the foreseeable future. Another problem for the efficacy of the Harbison-Myers model is the fact that fundamental differences in management styles have already been observed among countries, notably Japan, that have reached the fourth and final stage of economic development. Nonetheless, Harbison and Myers are to be commended for laying the foundation for comparative management studies by suggesting that socio-economic conditions could influence management practices and encouraging scholars to undertake research on management systems in countries outside of the US.

§1:13 --Environmental (ecological) approach

The first, and still most well-known, example of the environmental approach is the Farmer-Richman model which posited that elements of the management process (e.g., planning, organizing, staffing, directing, controlling and policy making in operational areas) are affected by cultural variables—risk-taking preferences, attitudes toward achievement and needs—and various types of external constraints (i.e., educational, sociological, legal-political and economic) and that the management process affects management and managerial effectiveness which ultimately determines firm and system efficiency. The Farmer-Richman model represented a substantial leap forward from the socio-economic approach given the attempt to conceptualize a number of external environmental variables—not just economic or industrial development—and examine their relationship to observed similarities and differences in management styles and

39 Various studies have confirmed differences in management styles among companies with similar characteristics operating within the same geographic area and under comparable conditions. See, e.g., P. Lawrence and J. Lorsch, Organization and Environment: Managing Differentiation and Integration (Homewood, IL: Irwin, 1967); R. Duncan, “Characteristics of Organizational Environments and Perceived Environmental Uncertainty,” Administrative Science Quarterly, 17 (1972), 313-327; and R. Tung, “Dimensions of Organizational Environments: An Exploratory Study of Their Impact on Organization Structure,” The Academy of Management Journal, 22 (1979), 672-693.


41 R. Farmer and B. Richman, Comparative Management and Economic Progress (Homewood, IL: Irwin, 1965). Richman had written elsewhere: "A vital question for international business seems to be to what extent can American principles, practices and general know-how be transferred effectively to other countries, at what cost, and to what degree and extent is the overall process and effectiveness of management constrained by cultural variables?" B. Richman, “Significance of cultural variables”, Academy of Management Journal, 8 (1965), 292-308, 294.
practices in different countries. In addition, the explicit inclusion of culture as a significant variable in determining the content and effectiveness of managerial practices provided a means for examining what was going on inside the firm at the micro level and how cultural factors might be impacting the behavior and performance of workers and the overall organizational effectiveness of the firm. On the other hand, however, this model has been criticized as placing too much emphasis on factors external to the firm and ignoring internal organizational variables and the fact that managers do not passively accept their external environment and actually adopt their own strategies and organizational processes to change or control external factors. Another alleged shortcoming of this model is that it is static and does not take into account changes in certain of the environmental factors that will occur as a result of industrialization. Finally, the failure of the Farmer-Richman model to explain why two seemingly similar firms operating under comparable environmental and cultural conditions often use very different management styles and processes eventually led to the introduction of the open systems approach described below.

§1:14 --Behavioral (socio-psychological) approach

The behavior approach includes a number of different types of research studies and assumes that managerial practices, and their effectiveness, are a function of a range of cultural variables including beliefs, value systems, attitudes, perceptions, behavioral patterns and managerial philosophies. The behavioral approach is a micro model that is primarily interested in examining and interpreting the psychological characteristics of managers and their employees in the workplace and how those impact the way that groups within the firm interact and perform. Research efforts under the umbrella of the behavioral approach have included national character profiles; studies of the attitudes and perceptions of managers regarding key management concepts and activities; and studies of prevalent beliefs, value systems and need hierarchies in various cultural groups. Not surprisingly, the research confirms the existence of significant differences

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among cultures and countries with respect to the aforementioned cultural variables and the results provide a cautionary note for managers seeking to transfer managerial behaviors and styles across cultural boundaries. However, shortcomings with the behavioral approach include the failure to explain the reasons for the identified differences and recommend strategies that can be used to effect changes through to be necessary to improve organizational effectiveness.\(^{48}\) The frequently cited work of Hofstede, who identified five cultural dimensions of work-related values\(^ {49}\), has also been criticized for failing to provide hard empirical evidence to support the conclusions presented by Hofstede as how cultural factors actually influenced organizational structure and managerial practices.\(^ {50}\) In addition, concerns have been raised about vague definitions of “culture” and overly simplistic lists of cultural variables that ignored important factors thought necessary for a fuller understanding of the relevant socio-psychological environment in a particular country or region.\(^ {51}\) There have also been complaints that the research tools, originally developed in the US, were not properly adapted for use in other cultures. Finally, behavioral researchers have often cited culture as a basis for explaining differences when in fact there is a strong likelihood that other environmental variables (e.g., technology, socio-economic, legal or political) provide a better explanation.\(^ {52}\)

### §1:15 --Organizational theory approach

The organizational theory approaches supplements the cultural variables used in the socio-psychological approach with consideration of additional factors borrowed from the field of organizational theory including the size and structure of the firm, performance indicators and the variables included in the task environment described below in connection with the open system approach. The organizational theory approach is often cited as being more practical with greater utility for managers seeking answers to their day-to-day issues and problems. The organizational theory approach has not, however, caught on due to severe limitations in the type and volume of research. Most of the studies focusing on this approach have been limited to a small number of interviews with persons from a limited number of firms in each country and the results have been aggregated at the national level such that managers cannot easily identify patterns or relationships that they can apply in their own firms.\(^ {53}\)

### §1:16 --Open system or eclectic approach


\(^{49}\) G. Hofstede, Culture’s Consequences: International Differences in Work Related Values (Beverly Hills, CA: Sage, 1980). For further discussion, see the chapter on “Evolution and Development of Cross-Cultural Studies” in this Guide.

\(^{50}\) M. Tayeb, Organization and National Culture (Beverly Hills, CA: Sage, 1988). Hofstede’s work has also been criticized as being biased toward American ownership and types of jobs and for using inappropriate measurement tools and sampling techniques. Id.


\(^{53}\) Id. at 51-52.
The open system, or eclectic, approach encompasses the efforts of a number of researchers to create models that focus on the interaction between firms and their various environments. The first well-known open systems model was developed by Negandhi and Presad and grew out of criticism of the Farmer-Richman model for failing to explain why two seemingly similar firms operating under comparable environmental and cultural conditions often use very different management styles and processes. Negandhi and Prasad developed a model that hypothesized that the management practices deployed within a firm are determined not only by environmental factors but also by the management philosophy of firm managers which is not necessarily dictated or predetermined by culture or environment. The Negandhi-Prasad model also suggested that environmental factors not only influenced management practices but also had a direct impact on management and enterprise effectiveness.

The Negandhi-Prasad model suggests that there are three different types of environment—task, organizational and societal. The task environment includes suppliers, employees, owners (e.g., shareholders), consumers, government and the community in which the firm operates. The variables that are part of the organizational environment, which are generally considered to be under the control of the managers of the firm, include size, structure, technology, organizational climate, capital and human resources. The variables in the societal environment are essentially the same as those included in the Farmer-Richman model (i.e., socio-economic, educational, political, legal and cultural). The management philosophy referred to in the Negandhi-Prasad model includes the attitudes and beliefs of managers of the firm regarding the variables in the firm’s task environment described above. The management practices referred to in the Negandhi-Prasad mode are similar to those in the Farmer-Richman model and include planning, organizing, staffing, motivating and directing and controlling.

The Negandhi-Prasad model has been praised for distinguishing between managerial and organizational effectiveness and stressing that performance should be evaluated using

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55 In their original study Negandhi and Prasad compared subsidiaries of American firms located in Argentina, Brazil, India, the Philippines and Uruguay to local companies engaged in the same activities and concluded that the local companies have developed management philosophies similar to those of the American subsidiaries and that the managerial styles and effectiveness of the local companies was not much different from the American subsidiaries. The study was cited as evidence of the close relationship between management philosophy and practice and the possibility that the same management philosophy could be successfully applied in different cultural contexts.

56 Negandhi also commented on the main results of comparative management research and declared that there is no one way of doing things; no universal applicability of either authoritarian or participating-democratic management styles; and that there are similarities and differences among the managers around the world with similarities explainable in terms of industrialization and differences explainable in terms of cultural variables. See A. Negandhi “Comparative management and organization theory: a marriage needed”, Academy of Management Journal 18 (1975), 334-344.

both economic and non-economic measures since economic performance may be influenced by external factors (e.g., inflation or political instability) outside of the control of the firm and its managers. The model also recognizes that it is management’s perception of events and conditions in the firm’s task environment, rather than objective reality, which forms the foundation for their management philosophy, thus helping to explain why apparently similar firms in the same county might be managed quite differently. However, the Negandi-Prasad model has been criticized as being not comprehensive, relying on arbitrarily selected and poorly defined variables, failing to examine interrelationships between variables and failing to explain the relationships between variables and the organizational effectiveness of the firm. In addition, the relatively small weight that the model gives to the role that culture plays in the formation of managerial attitudes has also been challenged by critics who maintain that even the most innovative and enlightened management philosophy will not succeed unless barriers to execution embedded in the cultural environment can be identified and overcome.

Another open system model envisions dynamic interaction between an organization and its general and task environments. The variables that are part of the organization include management philosophy, organizational structure and processes, union-management relations and policies in areas such as finance, marketing and human resources. The general environment includes six subsystems: cultural, sociopolitical, economic, technological, legal and informational. The contingency model developed by Lawrence and Lorsch is another example of the open systems approach and argues that the management system used by a firm should be compatible with the nature of the people within the firm, the nature of the tasks that must be performed in order for the firm to operate effectively and the nature of the environment in which the firm is operating. For example, theory X style of management is generally appropriate for a firm in situations where its people are dependent, the tasks to be completed are routine and require technology that is established and the operating environment is stable and predictable. On the other hand, firms should opt for theory Y style of management when people are highly educated and independent, tasks are non-routine and technology is unsettled and rapidly changing and the operating environment is turbulent and unpredictable. This model has been criticized for failing to give sufficient weight to cultural factors.

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59 Id. at 45 and 53. In fairness, many of the models of comparative management suffer from a lack of inquiry into the relationships between variables and the impact that variables appear to have on organizational effectiveness. One interesting critique made by Chandarapratin is the Negandhi-Prasad model fails to include competitors as a variable in the firm’s task environment and thus ignores the forces that determine competitive strategy, which is an important influence on core management practices such as strategic planning, pricing and diversification that ultimately play a key role in managerial and organizational effectiveness and success.
§1:17 --Systems model approach

The systems model approach suggested by Tung uses an organizational climate construct as a platform for analyzing interactions between external and internal organizational variables and measuring the impact of these interactions on organizational effectiveness. Tung’s model also allows researchers to suggest and test possible causal linkages between variables. This approach, which relies heavily on the tools available in the field of multivariate analysis, has been praised for its potential to overcome many of the limitations of prior comparative management models cited above. For example, supporters have claimed that Tung’s approach would provide greater understanding of why certain management styles work in one culture and not in another, information that managers could use to determine the best approach in a given situation. In addition, Tung’s approach does not assume that the management styles and practices used within a country or culture are uniform and the advanced analysis can be used to illuminate just why firms and managers operating within the same culture may choose different managerial approaches.

§1:18 --Adapted comparative model approach

Following his review of several of the major comparative management models discussed above, Chen suggested an adapted comparative model approach based on three distinct, yet interrelated, focuses: organization, strategy and environment. In suggesting this approach Chen chose to use the open systems model developed by Negandhi and Prasad as a starting point since, criticisms aside, it is a comprehensive and pragmatic combination of important features of other macro- and micro-oriented models and then proceeded to add and integrate several new interesting elements relating to management practices, competitive strategies and national industrial strategies and policies.

As is the case with Negandhi and Prasad, Chen begins with management philosophy and environmental factors, both of which are composed of essentially the same elements used in the Negandhi-Prasad model. Chen takes an interest step further, however, by suggesting that national industrial policies are an important dimension of the external environment that must be explicitly considered. Chen developed his model after the US had gone through an extended period of competitive challenge from Japan and other countries that had led to calls for the US to implement its own industrial policy to remain competitive while confronting institutionalized collaborative arrangements involving government, corporations, financial institutions and labor unions in Japan. While Chen

does not specifically advocate the use of industrial policy he does correctly point out that industrial policy, when deployed as it was in Japan and in other Asian countries, obviously has a substantial impact on other elements of the model including management systems, organizational structure and the overall socio-economic environment.

Like the Negandhi-Prasad model, management philosophy and environment affect management practices. In addition, however, Chen argues that the effect of management philosophy and environment on “competitive strategies” must also be considered and that competitive strategies and management practices interact with one another. The management practices referred to in the Chen model are somewhat different than in the Negandhi-Prasad model as Chen breaks them out into three distinguishable categories of management activities—managing technical core activities (i.e., planning and supervising); which is influenced by market conditions, size and managerial policies; managing the social systems (i.e., interpersonal relationships) that exist within the organization, which is influenced by socio-cultural factors; and managing the external relationships of the organization, which is influenced by economic, legal and political environmental factors. The inclusion of competitive strategies recognizes the impact that strategy has on organizational structure and the role that designing the appropriate organizational structure plays in establishing the proper fit between organizations and their environments. Finally, environmental factors, management practices and competitive strategies all affect management effectiveness and enterprise effectiveness is determined by management effectiveness and environmental factors.

§1:19 Cross-cultural management research techniques

A number of techniques for cross-cultural management research have been identified and critiqued. In general, researchers have suggested both theoretical and empirical studies. Theoretical studies use concepts, models, conceptual structures or types to develop hypotheses that can be tested using information that is collected with respect to managerial processes and intercultural relationships within business organizations. Empirical studies collect and analyze information regarding various aspects of managerial behavior that can be used to test existing theories, guide actions of managers and facilitate development of new theories. While some of the techniques used in cross-cultural management research are similar to those used in general management studies there are clearly special difficulties that must be overcome when collecting and evaluation information from different cultures including a high level of complexity, challenges in creating equivalent elements that can be studied across cultures and higher costs due to the volume of work and the geographic dispersion of the information that must be collected. All of these factors highlight the need for careful and exacting

67 Chen explicitly attributes the three categories of management activities to the earlier work of Parsons as discussed in T. Parsons, “Suggestions for Sociological Approach to the Theory of Organizations”, Administrative Science Quarterly (June 1956), 62-85.
planning and organization of research activities in order for cross-cultural studies to be effective and meaningful and one of the major criticisms of the work in this area has been a lack of rigor.\textsuperscript{70}

The literature regarding cross-cultural management research has generally identified six main approaches or techniques that have been used to study and understand management practices and workplace behaviors in different cultural contexts. There is a good deal of variation among these approaches or techniques, which are briefly summarized below, with respect to things such as the number of cultures included in the study, the approach taken with respect to searching for similarities and differences, the assumptions made with respect to the existence of universality and the primary questions that the researchers are attempting to answer. These variations inevitably lead to different sets of methodological issues for each approach or technique.\textsuperscript{71}

\section*{§1:20 Parochial studies}

The most frequently seen form of management studies has always been parochial studies—the study of one culture by persons from within that culture—with the large volume of work on management practices in the US completed by American researchers being the obvious example. Parochial studies assume both similarity and universality, at least among cultures that have achieved the same level of economic development, and seek answers to the basic questions of how people behave in the workplace and why. It is assumed that the results can be applied to many cultures even though only a single culture has been studied; however, the reality is that results are only truly useful for the culture from which they were derived. Researchers need to be concerned about designing appropriate survey instruments and proper analysis and interpretation of results, a methodological issue that applies to all of the approaches and techniques described in this section. Since parochial studies do not involve any comparative activities they are often not included in surveys of comparative management studies; however, rigorously

\textsuperscript{70} See, e.g., N. Adler, “A Typology of Management Studies Involving Culture,” Journal of International Business Studies, 14(2) (1983), 29-48. In an attempt to provide guidance, Adler identified several stages of comparative management studies as follows: establishing the goals of the study; specifying the themes and the questions about those themes for which an answer is being pursued (e.g., “Is a particular element common to all cultures and, if so, does it have the same meaning and importance in all cultures?); sampling; translating the materials; measuring the management processes; conducting the study; analysis and interpretation of information collected during the study; and application of the results of the research. Other commentators have expressed concerns regarding the reliability of studies of cultural differences due to the fact that people in different cultures may not ascribe the same meaning to the elements that are the subject of the study. See L. Sechrest, “On the need for experimentation in cross-cultural research,” in L.L. Adler (Ed.), Annals of the New York Academy of Sciences: Issues in cross-cultural research (1977: Vol. 285) (New York: New York Academy of Sciences, 1977), 104-118. See also K. Roberts, “On Looking at an Elephant: An Evaluation of Cross-Cultural Research Relating to Organizations,” in T. Weinsall (Ed.), Culture and Management (Middlesex: Penguin Books, 1977), 56-104, and U. Sekaran, Methodological and Theoretical Issues and Advancements in Cross-Cultural Research (Montreal: McGill International Symposium on Cross-Cultural Management, 1981).

\textsuperscript{71} The discussion in this section is adapted from N. Adler, “Understanding the Ways of Understanding: Cross-Cultural Management Methodology Reviewed,” Advances in International Comparative Management, 1984, 31-67.
executed parochial studies can be used as a starting point for generating ideas for theoretical and empirical cross-cultural research.

§1:21 --Ethnocentric studies

The use of ethnocentric studies represents the natural first leap outward into foreign cultures by American researchers and includes their attempts to replicate their research methods in other countries. Ethnocentric studies ask whether or not theories of management developed for the home country can also be used effectively in other cultures. Ethnocentric studies do question the notion of universality and focus on the search for similarities in other cultures that can be used as a basis for claiming discovery and verification of universal elements of effective management practices that were first identified in the home country. The key methodological issue for ethnocentric studies is the practice of attempting to standardize research tools across cultural boundaries by using substantially the instruments and methods used in the home country except for translating the materials into the language of the second culture. The problem with this approach is that this type of standardization does not necessarily guarantee equivalence since persons in the second culture may ascribe different meanings to particular terms and concepts. Ethnocentric studies have also been criticized for failing to properly recognize the potential importance of differences identified in cultures outside of the home country and, in fact, such differences are often dismissed as examples of the inferiority of the second culture. Another problem is that cultural values themselves can influence the way that participants view their roles in responding to survey techniques. For example, in group-oriented societies (i.e., collectivist) respondents may feel that they need to provide answers that are consistent with what they think would be acceptable in the context of the groups to which they belong and thus will not provide their own personal views. In contrast, respondents in individualistic societies can be expected to offer their own perspective.

§1:22 --Polycentric studies

Polycentric studies attempt to identify, describe and explain different patterns of organizational theory and management in multiple cultures. Polycentric studies deny universality and uses individual studies of foreign cultures to determine how managers manage and employees behave in those cultures. While polycentric studies are valuable because they do not assume in advance that any one culture is dominant it is extremely difficult to design survey techniques and metrics for evaluating the results since there are no home country theories or models that can be used as a starting point. In addition, polycentric studies have been criticized as lacking practical value for international managers due to the fact that the results are typically descriptive of the culture that has been studied without any attempt to identify similarities and differences between cultures. For example, it is interesting, and certainly true, that there are many different ways for managers to achieve the same goals and objectives and managers can certainly benefit from information regarding management processes in other cultures; however, these types of studies would be more useful if they attempted to segregate and describe similarities and differences. In spite of these criticisms, polycentric studies do provide a
means for explaining differences in other cultures without dismissing them as weaknesses in the way that is sometimes done in ethnocentric studies.

§1:23 --Comparative studies

Comparative studies attempt to identify both similarities and differences among patterns of organizational theory and management observed in many cultures dispersed around the world. Comparative studies looks to sort out what aspects of organizational theory and management practices might be truly universal (an approach sometimes referred to as “emergent universality”), and thus applicable across all cultures, as opposed to those aspects that must be seen as culture specific and considered as such when making management decisions and predicting how companies and individuals within those companies will react in certain situations. In contrast to the long-standing traditions underlying parochial and ethnocentric research, comparative studies does not assume that American management practices should be employed everywhere in the world or that such practices are the best solution for every problem. In fact, comparative studies reject the notion that any culture is dominant. The sheer scope of comparative studies means that challenges will arise in ensuring that the methodology used in each of the cultures is equivalent at each stage of the process including survey design, surveys and samplings, administration and analysis/interpretation. In addition, care must be taken in defining the term “culture” and establishing criteria for determining whether a particular result is universal or culture specific. Also, even when the methodology deployed is sound there is a risk that the collection of information and interpretation of results may be influenced by the cultural background of the researcher.

§1:24 --Geocentric studies

Geocentric studies is a fundamental part of the field of cross-cultural or inter-cultural management studies described above and is primarily interested in observing organizational design and management processes within companies that are operating in more than one culture in order to understand how those companies really work from an organizational design perspective. The goal of geocentric studies, commonly referred to as international business studies in business school curricula, is to provide multi-cultural companies with reliable information regarding universally tested and accepted guidelines that they can use to organize and manage their operations in a way that reduces cultural conflicts and, hopefully, capitalizes on the company’s access to culture-specific skills and resources. At a practical level, geocentric studies guides global companies about the proper balance between having unified policies for worldwide operations on the one hand and the degree to which local autonomy due to cultural factors can and should be tolerated, a quest that is addressed in earnest through the synergistic studies described below. While geocentric studies explore management practices of multinational companies headquartered around the world (e.g., American, European and Japanese) they generally do not attempt to compare companies from different cultures.

Geocentric studies typically rely on the same methodology used to carry out general management studies of any single organization; however, adjustments will obviously
need to be made to take into account the geographic scope of the company’s operational activities. Since large multi-national companies have already developed a common language to promote understanding among their employees, and generally have taken steps to promote a consistent corporate culture, there may be fewer issues of translation and equivalency in carrying out geocentric studies; however, the size and geographic scope of the companies involved makes collection and interpretation of information extremely challenging and it is difficult to identify and support “cause and effect” relationships associated with elements of management practices.

§1:25 --Synergistic studies

Synergistic studies focuses on identifying both universal similarities and culturally specific differences in organizational theory and management practices and using that information in a positive and creative manner to create guidelines that multi-national and transnational companies can use for effective organizational design that includes both universal best practices and a means for facilitating necessary culture-specific management processes. Synergistic studies are an attempt to create and improve universality with respect to intercultural management and require extensive gathering and evaluation of information from a variety of situations where persons from different cultures interact in a business setting with the intent to pursue and achieve common goals (e.g., wholly domestic companies with employees from different cultural backgrounds; multi-national companies; joint ventures with foreign companies; relationships with foreign business partners such as customer, suppliers and distributors; and interactions with foreign government officials). It would appear that synergistic studies would have tremendous appeal and value to managers of multi-cultural companies—both domestic and international—since the goal is to derive effective solutions for designing and administering the structures and processes necessary for workers from all cultures to communicate and collaborate. For example, companies can increase managerial efficiency by create universal organizational structures and managerial processes where appropriate in light of the involved cultures while simultaneously respecting cultural differences to reduce conflict and promote understanding. Key methodological issues include designing methods for studying and describing cross-cultural interactions and developing and testing processes for proactively integrating cultural differences. While synergistic studies have been much slower to emerge than the other research techniques described above they have become much more popular and important as more and more companies transition to cross-cultural activities as part of the accelerating globalization of business process.