

SUSTAINABLE ENTREPRENEURSHIP PROJECT

Management: A Global Survey of Theory and Research

**SUSTAINABLE ENTREPRENEURSHIP PROJECT
RESEARCH PAPER SERIES**

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About the Project

The Sustainable Entrepreneurship Project (www.seproject.org) engages in and promotes research, education and training activities relating to entrepreneurial ventures launched with the aspiration to create sustainable enterprises that 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 Libraries of Resources for Sustainable Entrepreneurs covering Entrepreneurship, Leadership, Management, Organizational Design, Organizational Culture, Strategic Planning, Governance, Corporate Social Responsibility, Compliance and Risk Management, Finance, Human Resources, Product Development and Commercialization, Technology Management, Globalization, and Managing Growth and Change.

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§1:1 Introduction

Given that “management” has been so widely studied and practiced for literally thousands of years, it is not surprising to find a wide array of possible definitions of the term.¹ At the most basic level, the verb “manage” derives from the Italian word “maneggiare”, which means “to handle”. A number of definitions of “management” have focused on the specific tasks and activities that all managers, regardless of whether they are overseeing a business, a family or a social group, engage in, such as planning, organizing, directing, coordinating and controlling. One of the simplest, and often quoted, definitions of management was offered by Mary Parker Follett, who described it as “the art of getting things done through people”.² The notion of “management through people” can also be found in the work of Wehrich and Koontz, who began with a basic definition of management as “the process of designing and maintaining an environment in which individuals, working together in groups, accomplish efficiently selected aims”.³ Jones et al. referred to management as “the process of using an organization’s resources to achieve specific goals through the functions of planning, organizing, leading and controlling”.⁴

A wide range of definitions and conceptualizations of management have been offered and it is often difficult for managers to fully and clearly understand their roles within the organization; however, managers striving for effectiveness and success would do well to invest time and effort into understanding the functions, roles and skills associated with the managerial position. As with definitions of management, researchers and commentators have developed a variety of lists of managerial functions. The consensus seems to be that managers can expect to be involved in planning, organizing, leading and controlling, and that these functions will be needed when working with a range of organizational resources including people, cash, physical assets and information. Managers play a number of roles on a day-to-day basis and Mintzberg’s well-known theory of basic managerial roles suggests at least ten that cluster into three broad categories: interpersonal roles, which involve relating to other people inside and outside the organization; informational roles, which involve acquiring, processing and distributing information relating to the organization and the world in which it operates; and decision-making roles, which involve initiating changes, resolving disputes and allocating resources. In carrying out their functions and roles, managers must employ a portfolio of different types of technical, interpersonal, conceptual, and diagnostic skills.

What is immediately important to a manager will change from moment to moment based on circumstances often outside of the manager’s control. For example, the optimal

¹ For further discussion of management, see “Management: A Library of Resources for Sustainable Entrepreneurs” prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

² M. Follett, “Dynamic Administration” in H. Metcalf and L. Urwick (Eds.), *Dynamic Administration: The Collected Papers of Mary Parker Follett* (New York: Harper & Row, 1942).

³ H. Wehrich and Koontz, *Management: A Global Perspective*, 10th Edition (New York: McGraw-Hill, 1993) (as summarized in H. Wehrich, “Management: Science, Theory, and Practice”, <http://moosehead.cis.umassd.edu/cis365/reading/Management.pdf> [accessed November 2, 2011])

⁴ G. Jones, J. George and C. Hill, *Contemporary Management* (2nd Ed) (New York: Irwin/McGraw-Hill, 2000).

components of a manager's skill set depend on his or her level in the organizational hierarchy: managers supervising frontline employees on the shop floor need to have the technical and interpersonal skills necessary to explain how certain tasks are performed and how things are done within the organization while managers higher up in the hierarchy spend less time using those skills and are more engaged in overall problem-solving and planning that lean more heavily on diagnostic and conceptual skills. In addition, managerial roles and priorities are continuously shifting as a result of changes in the social and cultural environment in which the organization operates, advances in information technology and changes in attitudes regarding the nature and form of the workplace and the employment relationship. Organizational ethics, diversity, global learning, outsourcing, downsizing and freelancing are just some of the trends and issues that have pushed organizations and their managers to think differently about the way that they interact with and guide their human resources.

While a manager needs to understand what is required of him or her with regard to functions, roles and skills, he or she will be lost unless there is a way to determine whether or not the actions taken as a manager are effective. Not surprisingly, managerial effectiveness is a heavily debated concept and understandably difficult to measure since managerial activities occur at different levels within the organization. For example, whether a manager has been effective in overseeing the work of an individual worker involves measuring both behaviors (e.g., productivity, performance, absenteeism and turnover) and attitudes (e.g., job satisfaction, organizational commitment, organizational involvement and stress) of the worker. When managers are involved with managing groups and teams, effectiveness is measured by team productivity and performance and by examining the norms and methods of collaboration that have been adopted by the members of the group of team. Finally, the actions of managers ultimately impact achievement of organizational-level goals such as financial performance and satisfactory relationships with external stakeholders. Achieving effectiveness at all levels is challenging for managers since actions that might be optimal at one level may endanger goals set at another level: raising salaries and expanding benefits may improve individual attitudes but may also jeopardize attainment of organization-wide financial targets promised to investors.

The functions and roles of managers, as well as the metrics used to determine their effectiveness, all influence the "management style" used and preferred within the organization. There is no single management style that applies in all instances and there are a number of factors that likely have an impact on the selection and effectiveness of management styles, including the type of organization, business purpose and activities of the organization, size of the organization, operating environment, corporate culture, societal culture, information technology and communication and, finally, the personal style and behavior of the owner or chief executive. In addition, as mentioned above, managerial behaviors and styles will and must vary depending on the where the manager is in the organizational hierarchy and the type of activities that he or she is overseeing and it can be expected that management styles will change as firms transition to new business models based on changing trends in the marketplace.

While it has been argued that certain management styles have universal appeal and effectiveness, the reality seems to be that there are real and significant differences between countries with respect to their business and innovation systems and their preferences regarding leadership and management styles. Comparison of management styles used and preferred in different countries is facilitated by cross-cultural studies of management practices and a large number of studies have tested and appeared to verify the argument that societal values do influence the selection and effectiveness of managerial practices. For example, Bigoness and Blakely provided references to a selected set of these studies that included the following⁵:

- Social loafing was found to be present in an individualistic society such as the US but not in a collectivist society such as China.⁶
- A Likert System 2 (“benevolent authoritative”) management style was preferred in Mexico while a Likert System 3 (“consultative”) management style was preferred in the US.⁷
- Extrinsic rewards and behavioral management were found to be effective with workers in Russian textile factories; however, the performance of those same workers noticeably declined when “participative” management techniques were introduced.⁸
- In a comparison of British and French managers, the British were found to place greater emphasis on individual achievement than their French counterparts while, in turn, the French placed greater importance on competent supervision, sound company policies, fringe benefits, security and good working conditions.⁹
- Business school students in Australia were interested in extrinsic factors while business school students in the US were more interested in self-fulfillment, responsibility and other types of intrinsic rewards.¹⁰
- American managers were found to value individuality while their Japanese counterparts placed greater emphasis on socially oriented qualities.¹¹
- Profit-making was important in the decisions of successful managers in the US, United Kingdom and Germany while successful managers in Denmark were more interested in societal concerns during their decision making processes.¹²

⁵ W. Bigoness and G. Blakely, “A Cross-National Study of Managerial Values”, *Journal of International Business Studies*, Fourth Quarter 1996, 739-752, 739-741.

⁶ P. Earley, “Social loafing and collectivism”, *Administrative Science Quarterly*, 34 (1989), 556-581.

⁷ T. Morris and C. Pavett, “Management style and productivity in two cultures”, *Journal of International Business Studies*, 23(1) (1992), 169-179. For further discussion of Likert’s “systems of management”, see “Leadership: A Library of Resources for Sustainable Entrepreneurs” prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

⁸ D. Welsh, F. Luthans and S. Sommer, “Managing Russian factory workers: The impact of U.S.-based behavioral and participative techniques”, *Academy of Management Journal*, 36 (1993), 58-79.

⁹ R. Kanungo and R. Wright, “A cross-cultural comparative study of managerial job attitudes”, *Journal of International Business Studies*, 13(2) (1983), 115-129.

¹⁰ P. Dowling and T. Nagel, “Nationality and work attitudes: A study of Australian and American business majors”, *Journal of Management*, 12 (1986), 121-128.

¹¹ A. Howard, K. Shudo and M. Umeshima, “Motivation and values among Japanese and American managers”, *Personal Psychology*, 36 (1983), 883-898.

¹² B. Bass and L. Eldridge, “Accelerated managers’ objectives in twelve countries”, *Industrial Relations*, 12 (1973), 158-171.

- Kuwaiti managers were more likely to make business decisions based on their personal goals than US managers.¹³
- While managers in Sweden showed little reluctance to bypass the hierarchical chain of command when they deemed it necessary their counterparts in Italy felt such an action was a serious offense calling for either discipline or adjusting the organizational structure.¹⁴

Bigoness and Blakely conducted a cross-national study of instrumental managerial values involving managers in 12 developed countries and found that while there appeared to be universal support for the importance of several values—broadmindedness, capability, courage, imagination, independence and intelligence—there were also differences among the countries in the level of importance that managers assigned to certain values.¹⁵ Bigoness and Blakely also found evidence that societal culture seemed to have a role in explaining differences between managers from different countries with respect to technology transfer, organizational development and negotiation techniques. Bloom and Van Reenen conducted an exhaustive international study of patterns of management and productivity based on interviews with managers in 17 countries and concluded that not only did firms with “better” management practices tend to perform better but that management practices varied tremendously across firms and countries and countries specialized in different styles of management.¹⁶ In addition to large multi-country studies, researchers have shown a particular interest in comparing Western and Asian management styles and behaviors. For example, Weihrich compared management practices in the US, Japan and China using five dimensions: planning, organizing, staffing, leading and controlling.¹⁷ Culpan and Kucukemiroglu conducted a comparative study of management styles in the US and Japan using their suggested “conceptual model of management style” that included six dimensions: supervisory style; decision-making process; communication patterns; control mechanisms; interdepartmental relationships; and paternalistic orientation.¹⁸ Yu and Yeh also examined Asian and Western management styles and found evidence of differences on several different dimensions including control, decision-making, leadership style, communication style, goal orientation and motivational style.¹⁹

Another important issue for managers is their ability to guide their companies through a continuously turbulent external environment and effectively manage organizational

¹³ M. Yasin, T. Zimmerer and R. Green, “Cultural values as determinants of executive attitudes”, *International Journal of Value-Based Management*, 2(2) (1989), 35-47.

¹⁴ A. Laurent, “The cultural diversity of Western management conceptions”, *International Studies of Management and Organization*, 8(1-2) (1983), 75-96.

¹⁵ W. Bigoness and G. Blakely, “A Cross-National Study of Managerial Values”, *Journal of International Business Studies*, Fourth Quarter 1996, 739-752, 739.

¹⁶ N. Bloom and J. Van Reenen, “Why Do Management Practices Differ across Firms and Countries”, *Journal of Economic Perspectives*, 24(1) (Winter 2010), 203-224.

¹⁷ H. Weihrich, “Management Practices in the United States, Japan and the People’s Republic of China”, *Industrial Management*, March/April 1990, 3-7.

¹⁸ R. Culpan and O. Kucukemiroglu, “A comparison of US and Japanese management styles and unit effectiveness”, *Management International Review*, 33 (1993), 27-42.

¹⁹ Pei-Li Yu and Quey-Jen Yeh, “Asian and Western Management Styles, Innovative Culture and Professionals’ Skills”, <http://www.scribd.com/doc/61439046/HR-Abstracts> [accessed January 29, 2012]

changes that may be necessary for the company to remain competitive and survive.²⁰ Much time and effort is spent, and rightly so, on the launch phase of a new company and decisions made and actions taken during that phase will impact the future of the business and how the focus of the members of the senior management team will change as the company evolves. The launch phase is dominated by brainstorming about new business ideas, clearing the decks for concentrating on product development and marketing, forming a new entity and finding the funds required to make the dreams of the founders come true. If all goes well the company will transition into a growth phase marked by climbing revenues, an expanding line of products and services and, perhaps most important from a management perspective, an explosion in the size of the organizational structure and the challenges of coordination and communication. Growth is not necessarily constant and the expansion path of the business may include peaks and valleys, with each downturn bringing its own set of issues in terms of diagnosing problems and then identifying and taking corrective action. At some point the rapid growth generally slows and the company reaches a plateau or even begins to experience signs of decline as customer requirements change and new technologies and competitors emerge. In some cases the symptoms for decline cannot be reversed; however, in most cases the company can stave off extinction by consciously focusing on renewing its business model and, in effect, launching a new business that can succeed in the changed business environment in which the company is operating. However, renewal is not easy since it requires not only new ideas, technologies and capital but also changes in culture and in the ways in which things are done within the company.

The need to undertake some form of organizational change can arise from any of the same forces that define the environment in which companies must compete: competitive forces, economic forces, political forces, global forces, demographic forces, social forces and ethical forces. Jones has provided the following examples of how each of these forces can impact organizational design²¹:

- Competitive forces generally require actions that will allow the company to keep up with and surpass the skills of competitors with respect to efficiency (e.g., cost of production), innovation and product quality and reliability.²²
- Economic and political forces continuously impact the market conditions and rules under which companies produce and sell their goods and services and will cause them to reconsider how and where they engage in production and sales activities. The rise of economic and political unions (e.g. European Union) and increasing use of free trade agreements has changed traditional notions of market entry strategies and provided foreign competitors with new advantages.²³

²⁰ For further discussion of managing organizational change, see “Managing Growth and Change: A Library of Resources for Sustainable Entrepreneurs” prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

²¹ See G.R. Jones, *Organizational Theory, Design and Change* (5th Ed) (Old Tappan N.J.: Prentice Hall, 2007), 271-273.

²² See also C.W.L. Hill and G.R. Jones, *Strategic Management: An Integrated Approach*, 3d (Boston: Houghton Mifflin, 1995).

²³ See also C.W.L. Hill, *International Business* (Chicago, IL: Irwin, 1994).

- Global forces are clearly important as companies expand into new foreign markets with different languages, cultures and business practices. Changes in the organizational structure will be required in order to allow companies continue to achieve the economies of scale and other advantages associated with global strategies while simultaneously acting like a local firm in foreign markets and satisfying the specific requirements of customers in each country.²⁴
- Demographic forces are important internal and external factors for companies. In the workplace companies must address the rising levels of diversity among personnel and must create and effectively administer managerial and reward systems that take into account the needs and expectations of employees drawn from a wide demographic spectrum.²⁵ In the marketplace companies must be prepared to tailor their products and services to the unique demands of specific demographically defined customer groups.
- Social forces have a substantial impact on what employees expect and want out of their careers and the companies they select for employment. Employees have a keener interest in lifestyle balance that employers must consider accommodating and firms must also be prepared to offer employees more opportunities for professional development through training and job rotation.
- Ethical forces are continuously pushing companies to embrace socially responsible business practices and act in an honest and ethical manner. Laws and regulations pertaining to ethical behavior have proliferated in the United States and in many foreign countries and companies must establish and follow internal rules and procedures to ensure that laws are obeyed and ethical problems are brought to light, independently reviewed and positively resolved. Ethical forces are also at work when companies develop strategies to carry out their activities in ways that preserve the environment and respect the human rights of others (e.g., ensuring the foreign suppliers refrain from operating “sweatshops” and otherwise mistreating their workers).²⁶

Organizational change may take a number of forms and managers must have the skills to complete several different types of activities and transactions such as entering into strategic alliances to expand business activities and gain access to complementary resources owned or controlled by third parties; growing and changing the company and its organizational structure and mission through negotiated acquisitions of new businesses and assets from outside parties; and offering, or “floating” it securities in the public finance markets and thus becoming subject to a wide range of laws and regulations and disclosure requirements. Finally, managers must be prepared to encounter and hopefully overcome strategic, financial, managerial, economic and/or operational issues that may

²⁴ See also C.W.L. Hill, *International Business*, (Chicago, IL: Irwin, 1994); C.A. Barlett and S. Ghoshal, *Managing Across Borders* (Boston: Harvard Business School Press, 1989); and C.K. Prahalad and Y.L. Doz, *The Multinational Mission: Balancing Local Demands and Global Vision* (New York: Free Press, 1987).

²⁵ See also D. Jamieson and J. O’Mara, *Managing Workforce 2000: Gaining a Diversity Advantage* (San Francisco: Jossey-Bass, 1991).

²⁶ See also W.H. Shaw and V. Barry, *Moral Issues in Business*, 6e (Belmont, CA: Wadsworth, 1995) and T. Donaldson, *Corporations and Morality* (Upper Saddle River, NJ, Prentice Hall, 1982).

stall the growth of their companies and suddenly place them in a crisis situation where survival becomes the immediate goal and objective.

§1:2 United States

Two general types of management styles can be observed in the US: the “employee-centered” approach, which seeks to involve employees in the process of setting goals and planning work activities in an effort to increase their motivation and productivity; and the “management-centered” approach, which is used less often and features a “top down” management system similar to what is used in the military.²⁷ Several popular management practices are associated with the employee-centered approach. For example, “management by objectives”, or “MBO”, is often used as means for facilitating collaboration between managers and employees on identifying specific metrics to track progress over a fixed period of time toward mutually agreed goals and objectives. This approach allows employees to be part of the decision making process and establishes a framework for performance feedback. MBO is often adopted in government offices and educational institutions, health care organizations and non-profit organizations. In addition, managers can select from a variety of employee recognition programs that recognize and celebrate things such as performance in a specialized area, length of service, perfect attendance, superior customer service, high quality work produce and improvement. Incentives used in employee recognition programs can include cash, recognition in ceremonies in front of peers, vacations, stock ownership, parties and other activities, prizes, special assignments, promotion and training opportunities. Finally, the employee-centered management style features processes to facilitate employee involvement or participation in making decisions about organizational goals and the best ways to pursue and achieve those goals. Examples of employee involvement programs include representative participation (e.g., work councils), quality circles and employee stock ownership plans. In general, American managers tend to be more flexible and able to adapt their management styles to fit the particular situation and the challenges confronting the organizational unit at that moment.

§1:3 United Kingdom

In the early 1960s Burns and Stalker reported that they had identified two very different management styles in UK: organic and mechanistic.²⁸ Humes observed that UK companies had traditionally shown little interest in formal business training for their managers and opted for “gentlemen amateurs” with either no degree or a liberal arts degree as their foundation for taking on a management role.²⁹ As a result, the characteristics of UK management culture included a stress on common sense, adaptability and resourceful pragmatism along with class and club-consciousness. However, beginning in the early 1990s accounting began to emerge as a preferred specialist background in the UK and there was also a definite movement toward

²⁷ The discussion of US management styles in this section is based on “Management Styles: International Management Styles”, <http://www.amasuweb.com/files/ob.ppt> [accessed January 10, 2012].

²⁸ T. Burns and G. Stalker, *The Management of Innovation* (1961).

²⁹ S. Humes, *Managing the Multinational: Confronting the Global-Local Dilemma* (1993), 118-121.

management training in universities and colleges. Bass and Eldridge found that profit-making was important in the decisions of successful UK managers.³⁰

In their exhaustive study of patterns of management and productivity among companies in seventeen countries, Bloom and Van Reenen found that UK managers fell into the middle of pack with respect to “overall management”.³¹ When considering management practices and styles among UK emerging companies it is useful to understand the broader context of management practices throughout the country regardless of type and size of firm. In an earlier study of management practices in hundreds of manufacturing companies in France, Germany, the UK and US, Bloom and Van Reenen, working with other colleagues, found that UK productivity lagged behind the US and that 10% - 15% of the gap could be attributed to differences in management practices between the two countries and that UK firms included in the survey had the widest variation in management practices among the four countries including the highest proportion of “poorly managed” companies.³² The researchers noted that the relatively poor performance of UK management in relation to the other three surveyed countries was somewhat puzzling given that the UK had moderately high levels of competition and low levels of regulations, two factors that the researchers argued were important drivers of good management practices.

Bloom, Van Reenen and their colleagues did a follow up study in the Autumn/Winter of 2009 and 2010 with many of the same UK companies that they had previously surveyed to identify any intervening changes in management practices and found that management practices appeared reasonably persistent over time (i.e., the well-managed firms in 2006 tended to also be the well-managed firms in 2009) and that management quality appeared to have improved among the firms as a group, particularly with respect to adoption and implementation of “lean operations”.³³ The researchers observed that the improvement in management practices was greatest in situation where the company faced increased product market competition or had upgraded its skills and that companies also performed better when managerial turnover had occurred, a finding that the researchers suggested might indicate that companies were making managerial changes to bring in people capable of implementing better management practices. The researchers also touched on constraints to improving management practices in the UK and cited, in order, an inadequate supply of managerial human capital, inadequate worker skills and informational barriers (i.e., “not knowing what changes to make”).

Relatively little research has been done on management styles and practices among emerging companies in the UK, a situation which has sometimes led to the unfounded

³⁰ B. Bass and L. Eldridge, “Accelerated Managers’ Objectives in Twelve Countries”, *Industrial Relations*, 12 (1973), 158-171.

³¹ N. Bloom and J. Van Reenen, “Why Do Management Practices Differ across Firms and Countries”, *Journal of Economic Perspectives*, 24(1) (Winter 2010), 203.

³² N. Bloom, *Management Practices: The Impact on Company Performance*, CentrePiece (Summer 2005) (summarizing N. Bloom, S. Dorgan, J. Dowdy, T. Rippin and J. Van Reenen, *Management Practices across Firms and Nations* (2005)).

³³ N. Bloom, R. Lemos, M. Qi, R. Sadun and J. Van Reenen, *Constraints on Developing UK Management Practices* (2011).

assumption that Silicon Fen companies are managed in ways that are quite similar to technology companies in Silicon Valley; however, Koeppe argued that “[t]he practices guiding Cambridge’s commercial enterprises ... differ radically from the management styles found in [Silicon] Valley ... [and] ... Cambridge entrepreneurs in general are not intent on creating the next Silicon Valley ... [and] ... are content with reinforcing the Cambridge Phenomenon, avoiding comparisons with its American counterpart even though it shares its key dynamics and staying power”.³⁴

§1:4 Japan

Japan’s stunning economic successes during the 1980s and 1990s made Japanese management a “hot topic” among researchers and pundits.³⁵ Japanese societal culture, and its management practices, are sometimes difficult to classify and it is generally agreed that while Japan is located in Asian its characteristics are distinguishable from its geographic neighbors for a variety of reasons. For example, a proposed list of the forces shaping Japanese management practices included various cultural factors such as a collective mentality grounded in the Confucian tradition, great persistence grounded in the Zen Buddhism tradition, a sense of social reciprocity, cultural homogeneity and a universal respect for and appreciation of education and learning; a distinct national system of industrial organization (i.e., the Keiretsu groups of firms connected through shareholdings and mutual trading agreements); and, finally, the important role of the government in developing and enforcing industrial policy.³⁶ Another important factor that has distinguished Japanese businesses from their competitors in the US was the long-term approach that Japanese firms take with regard to development and implementation of strategic plans and the patience exercised by Japanese managers with respect to the time required to implement concepts and systems and embed the organizational philosophy necessary for achievement of the specified goals and objectives.³⁷

³⁴ R. Koeppe, Book Excerpt: Clusters of Creativity, *The Milken Institute Review* (First Quarter 2003), 65, 80 (excerpting from R. Koeppe, *Clusters of Creativity: Enduring Lessons on Innovation and Entrepreneurship from Silicon Valley and Europe’s Silicon Fen* (2002)).

³⁵ Among the many sources of information on various aspects of Japanese management styles, systems and practices are the following: R. Pascale and A. Athos, *The Art of Japanese Management* (New York: Warner Books, 1981); W. Abernathy, K. Clark and A. Kantrow, “The new industrial competition”, *Harvard Business Review*, (59) (September-October 1981), 69-81; and R. Hayes, “Why Japanese factories work,” *Harvard Business Review*, (59) (July-August 1981), 57-66; M. Aoki and R. Dore (Eds.), *The Japanese Firm: Source of Competitive Strength* (Oxford: Oxford University Press, 1994); R. Cole, “Permanent Employment in Japan: Fact and Fantasies”, *Industrial and Labor Relations Review*, 26(1) (1972), 615–30; N. Hirakubo, “The End of Lifetime Employment in Japan”, *Business Horizon*, 42(6) (1999), 41-46; T. Kono and S. Clegg, *Trends in Japanese Management. Continuing Strengths, Current Problems and Changing Priorities* (Basingstoke and New York: Palgrave, 2001); W. Ouchi, *Theory Z: How American Business Can Meet the Japanese Challenge* (Reading, MA: Addison-Wesley, 1981); and J. Sullivan, “Japanese Management Philosophies: From the Vacuous to the Brilliant”, *California Management Review*, 34(2) (1992), 66–87.

³⁶ “Management Styles: International Management Styles”, <http://www.amasuweb.com/files/ob.ppt> [accessed January 10, 2012].

³⁷ J. Keys and T. Miller, “The Japanese Management Theory Jungle”, *The Academy of Management Review*, 9(2) (April 1984), 342-353.

Lawrence and Yeh suggested the following profile of Japanese culture while they were studying the influence of Mexican societal culture on the use of Japanese manufacturing techniques in Mexico³⁸:

- Hierarchical nature: Rigid in rank and most communication; blurred in authority and responsibility
- Individualism vs. collectivism: Highly collective culture; loyalty to workgroup dominates; group harmony very important
- Attitudes toward work: Work is sacred duty; acquiring skills, working hard, thriftiness, patience, and perseverance are virtues than work
- Time orientation: Balanced perspective; future oriented; monochronic in dealings with outside world
- Approach to problem solving: Holistic, reliance on intuition, pragmatic, consensus important
- Fatalism: Fatalism leads to preparation
- View of human nature: Intrinsically good

Linowes offered another profile of Japanese culture that was built around three fundamental characteristics: patience, harmony and hierarchy.³⁹ Specific attitudes and behaviors associated with each of these characteristics included the following:

- Patience: Man within nature, caution, incremental improvement, deliberation, adherence to form, silence, emotional sensitivity, indirectness and avoiding
- Harmony: Consensus building, conformity, group convention, trusted relationships, collective strength, maintenance of the group, saving face
- Hierarchy: Loyalty, rewarding seniority, generalists, obligations, untiring effort, dutiful relationships, strict ranking, racial and gender differentiation

Like the Germans, Japanese managers are tightly focused on manufacturing efficiency and quality, as evidenced by well-known Japanese programs such as (“just-in-time” manufacturing and “total quality control”). Continuous improvement and innovation are fundamental goals and objectives for everyone working in a Japanese company, both managers and workers, and this explains the large corporate investments in research and development overseen directly by top management and the use of suggestion systems and quality circles to generate new ideas from persons at lower levels of the organizational hierarchy. In fact, consensus and “bottom up” decision making and participative management are part of a broader emphasis on team work and cooperation within Japanese firms and Japanese managers are expected to develop and use the skills required to build and maintain mutual trust, harmony and communication with their subordinates. One important tool used to manage and resolve management-worker conflicts is the

³⁸ J. J. Lawrence and Ryh-song Yeh, “The Influence of Mexican Culture on the Use of Japanese Manufacturing Techniques in Mexico”, *Management International Review*, 34(1) (1994), 49-66.

³⁹ R.G. Linowes, “The Japanese Manager’s Traumatic Entry into the United States: Understanding the American–Japanese Cultural Divide” *The Academy of Management Executive*, VII (4) (November 1993), 24.

“work council”, which provides a forum for managers and employees to discuss disagreements and identify mutually acceptable compromises.

Any discussion of Japanese management style must also include some mention of Ouchi’s Theory Z, which built on the well-known Theory X and Theory Y model developed by McGregor. Theory Z was actually a prescription for improving performance and morale among US firms; however, it provided an interesting window into Japanese management practices. Ouchi conducted in-depth comparisons of the management principles typically applied in the US and Japan, taking note of what Ouchi found to be significant differences with respect to societal culture and organizational design. For example, while the cultural environment in the US was, at least during the late 1970s and early 1980s when Ouchi was writing, heterogeneous, mobile and individualistic, Japanese society could be characterized as homogeneous, stable and collectivist. In addition, according to Haak, Ouchi observed that “US companies [were] characterized by short-term employment, frequent performance reviews, rapid promotion, specialized career paths, explicit control mechanisms, individual decision-making and responsibility, while Japanese companies [were] characterized by lifetime employment, rare performance reviews, slow promotion, meandering career paths, implicit control mechanisms and above all collective decision-making and responsibility”.⁴⁰ Ouchi argued that US companies should adopt certain Japanese characteristics—trust, friendship and cooperation, for example—without necessarily trying to fully copy them. In other words, US companies should build and improve on their existing managerial models by adopting various “soft” managerial techniques and styles. Critics noted that US firms had difficulty in applying this advice since even though they implemented various processes such as “just-in-time” manufacturing and quality circles they were not able to replicate the work ethic and loyalty found among Japanese workers.

According to Taleghani et al., human beings have special value within the framework of Japanese societal culture and Japanese businesses see their employees as important assets who should be continuously and rigorously trained to perform needed tasks.⁴¹ While companies do use rules and regulations to control work activities, norm orientation is extremely important and influential in Japan and Taleghani et al. reported that several researchers had observed that the functionality of work groups in Japan, and the actions of their members, is primarily controlled by the members of the group and that Japanese managers supervise the functionality of the group as a whole rather than spending too much time on the actions of particular individuals. However, while Japanese managers do rely on their subordinates to watch out for, and assist, one another, they will be actively involved in solving problems that may arise within the work groups that they oversee if the members of the group cannot do it on their own. Other major characteristics of the traditional Japanese system according to Taleghani et al. included “team work, collective decision making, job rotations, flexibility in work, long term

⁴⁰ R. Haak, “Introduction: A View on Japanese Human Resource Management”, in R. Haak (Ed.), *The Changing Structure of Labour in Japan: Japanese Human Resource Management between Continuity and Innovation* (2006), 1-9, 4.

⁴¹ G. Taleghani, D. Salmani and A. Taatian, “Survey of Leadership Styles in Different Cultures”, *Iranian Journal of Management Studies*, 3(3) (2010), 91, 97-98.

employment, mutual emotional relationship between employer and employee, system of promotion on the basis of superiority, group assessment and group bonus”.⁴²

The speed of contracting among Japanese companies is impaired by an aversion to risks and the tendency to rely on deliberative, often lengthy, approval processes in which even the simplest matters often must be elevated to the highest levels of the organizational hierarchy. For example, in the US senior executives other than the CEO as well as middle managers are generally given some degree of latitude to make decisions within their defined responsibilities, including approval of small contracts for the purchase and use of new products and processes from relatively inexperienced, yet promising, vendors. In this way the companies are able to quickly vet new technologies to determine whether they can provide long-term value for their businesses. In Japan, however, a technology officer or manager cannot make decisions like this on their own, even if he or she reasonably and honestly believes that the technology is sound and that the vendor is knowledgeable and reliable. Instead, the decision must be pushed up the organizational hierarchy where others look not only at the value of the product or technology to the company, but also scan things such as who are the owners and customers of the vendor. This process takes time; however, it is inevitable given the concerns that executives and managers have about the adverse consequences that a bad procurement decision might have on their careers. Moreover, since Japanese companies are reluctant to terminate contracts once they have been signed, even if the vendor and/or the product is not performing as expected, they spend an inordinate amount of time before a contract is signed on trying to avoid walking into a bad relationship at the beginning.

Basu and Miroshnik argued that there were three basic ingredients to the Japanese system of management, including lean production, total quality management, and human resources management.⁴³ Lean production, which was originally developed at Toyota⁴⁴, focuses on lowering costs through the elimination of waste and everything that does not add value to the product and follows from the overriding principle of continuous improvement that is embedded in the traditional Japanese organizational culture. The effectiveness of lean production depends on collective action of everyone involved in the process, all of whom are considered to be responsible for quality assurance. According to Basu and Miroshnik, the more important organization element of lean production is the creation and use of multi-functional teams consisting of workers who have been trained to perform a number of different tasks necessary for the production process. Notably, responsibilities within the lean production system are decentralized and supervisory positions are minimized or eliminated such that team leadership is rotated among the members of the team rather than vested in a single person.

Hashimoto compiled a list of cultural contrasts between organizational activities and processes within US and Japanese companies based on years of experience working in

⁴² Id. at 98-99.

⁴³ D. Basu and V. Miroshnik, “National Culture, Organizational Culture and Corporate Performance of Japanese Multinational Companies: A Structural Equation Modelling Approach”, *Keiei to Keizai*, 83(3) (December 2003), 207, 214.

⁴⁴ T. Ohno, *Toyota Production System* (1978).

both environments and certain key characteristics of working life in Japan that were mentioned were as follows⁴⁵:

- Decision making in the Japanese companies tended to be cautious and conservative, markedly slower than in the US, and was carried out in stages along the corporate hierarchy relying heavily on meetings and documentation. Hashimoto suggested that this approach was intended to reduce errors and impose consistency at all levels within the organizational hierarchy. In addition, the cautious approach is part of an overall aversion to risk and a belief that if someone is not correct in their decision it will reflect badly upon them.
- Japan is clearly not as individualistic as the US and while Japanese companies required and expected employees to make the necessary individual contributions to their work groups, it was generally recognized that the success of the group, rather than any one individual, was the key to success for the entire organization and that if the group was not successful the contribution of a single person had no meaning.
- Both US and Japanese companies focused on “return on investment”; however, the Japanese appeared to pay much more attention than their US counterparts on the process of achieving the desired return and, in fact, when the resources used in establishing the process were explicitly valued and factored in as a cost to be accounted for in measuring ROI.
- Japanese companies remained highly heterogeneous—organized by Japanese for Japanese—and everyone had the same background and same understanding of the “unspoken words” that were an important means of communication within those companies.
- Japanese companies, particularly larger firms, relied heavily on meetings and used them as processes for disseminating information and building consensus among everyone who would be involved with a particular project or activity. Face-to-face meetings, rather than the e-mail communications and virtual meetings commonly used in the US, were preferred in Japan and considered to be essential for proper conduct of business relationships.
- Cautious and deliberate decision making, extensive analysis of ROI and seemingly endless sequences of meetings to discuss proposed projects and activities are all byproducts of a high level of risk aversion in Japan and a desire to be 100% certain of an outcome before committing company resources. In contrast, executives, managers and employees in the US are much more casual about risk and are likely to optimistically sign on to a task even if the realistic chances of succeeding are no more than 50% to 70% at the time that the work begins.
- Regular working hours were the norm among Japanese companies and it those companies did not allow telecommuting or working at home, both of which have become commonplace in the US. The work environment inside the Japanese companies was tightly organized, akin to a school classroom according to Hashimoto, with the department head at the top of a row of desks and no walls or cubicles to interfere with the desired group orientation of work activities.

⁴⁵ R. Hashimoto 10 Cultural Contrasts between US & Japanese Companies (December 15, 2010).

- While family and other personal activities are important to US employees, and work-life balance is a common and well-publicized aspiration in the US, the Japanese clearly accord the highest priority to their work and Hashimoto commented: “It is a given work is the center of life.” Japanese companies establish and maintain a number of rituals and traditions to reinforce the centrality of work life including “drinking parties” and other organized social events to facilitate bonding among co-workers.

In general, the organizational structure found among Japanese firms features a large number of vertical levels and substantial overlap between departments and business units. Like the Germans, Japanese managers are tightly focused on manufacturing efficiency and quality, as evidenced by well-known Japanese programs such as (“just-in-time” manufacturing and “total quality control”). Continuous improvement and innovation are fundamental goals and objectives for everyone working in a Japanese company, both managers and workers, and this explains the large corporate investments in research and development overseen directly by top management and the use of suggestion systems and quality circles to generate new ideas from persons at lower levels of the organizational hierarchy. In fact, consensus and “bottom up” decision making and participative management are part of a broader emphasis on team work and cooperation within Japanese firms and Japanese managers are expected to develop and use the skills required to build and maintain mutual trust, harmony and communication with their subordinates.

One important tool used to manage and resolve management-worker conflicts is the “work council”, which provides a forum for managers and employees to discuss disagreements and identify mutually acceptable compromises. Another unique aspect of Japanese management was the traditional practices of “lifetime employment” and generalist career paths coupled with seniority-based evaluation, promotion and compensation systems. There is little dispute about the characterization of Japanese management as “patriarchal”. It was often observed that these human resources practices built tremendously loyal workforces and a strong sense of family within Japanese businesses and also provided other advantages such as reduced turnover and the development of an internal labor market.⁴⁶ Haak described elements of Japanese human resource management as follows: “Trust and loyalty between the company and the employees play as large a part as balancing management and staff interests to benefit the company. Indeed it would not be an exaggeration to say that the Japanese have a human resource philosophy that has overtones of employee equality. This philosophy is defined by intense communication between employees and their superiors that extends beyond the working day, a strong willingness on the part of employees to perform well, be disciplined and be committed to the company, and on the part of the company to care for its employees beyond the workplace relationship.”⁴⁷ However, the economic challenges that have confronted Japan since the late 1990s have made it more difficult for Japanese

⁴⁶ J. Keys and T. Miller, “The Japanese Management Theory Jungle”, *The Academy of Management Review*, 9(2) (April 1984), 342-353.

⁴⁷ R. Haak, “Introduction: A View on Japanese Human Resource Management” in R. Haak (Ed.), *The Changing Structure of Labour in Japan: Japanese Human Resource Management between Continuity and Innovation* (Basingstoke and New York: Palgrave Macmillan, 2006), 1-9, 5.

firms to sustain these practices. In addition, Western style management practices have become more prevalent as older workers retire and are replaced by younger highly-educated workers and Japanese firms gain more exposure to such practices through Western educational programs and the need to manage Western workers in foreign joint ventures and subsidiaries.⁴⁸

No discussion of Japanese management styles and practices would be complete without mentioning the concept of “Kaizen”, which Imai described quite simply as “ongoing improvement involving everyone, including both managers and workers”.⁴⁹ According to Imai, Kaizen is the essential umbrella concept that incorporates all of the uniquely Japanese management practices that had achieved such notoriety, including total quality control (“TQC”), Quality Control (“QC”) circles, suggestion systems, total productive maintenance (“TPM”), Kanban, “just-in-time” and “zero defects”. Kaizen strategies and practices are based on a process-oriented way of thinking that focuses on development and implementation of schemes that assure continuous improvement and which involve people at all levels of the organizational hierarchy of the typical Japanese company.

Imai argued that it was useful to distinguish between two main components of management: maintenance and improvement.⁵⁰ Maintenance activities are primarily directed towards maintaining current technological, managerial and operating standards within the company and are generally based on standard operating procedures (i.e., policies, rules, directives and unwritten norms) established, disseminated and enforced by management. Improvement, on the other hand, refers to activities directed toward improving current standards and it is improvement that occupies an increasingly larger amount of a manager’s time as he or she moves upward in the organizational hierarchy. Imai noted that improvement itself can be broken out into Kaizen (i.e., small improvements in the status quo as a result of ongoing efforts) and “innovation”, which he described as drastic improvements in the status quo that generally required significant investments in new technology and/or equipment, and explained that Japanese managers placed far more emphasis on Kaizen than on innovation, a situation that contrasted sharply with the approach of Western managers who tended to push for innovation, often recklessly in the eyes of the Japanese, and pay little or no attention to the more modest changes that were the core of the Kaizen concept.

As noted above, Kaizen involves everyone in the organization and the amount and type of involvement varies depending on the level of a person in the organizational hierarchy. Imai described the different roles of top management, middle management and staff, supervisors and workers with respect to Kaizen as follows⁵¹:

⁴⁸ “Management Styles: International Management Styles”, <http://www.amasuweb.com/files/ob.ppt> [accessed January 10, 2012].

⁴⁹ M. Imai, *Kaizen: The Key to Japan’s Competitive Success* (1986), 3.

⁵⁰ *Id.* at 5-7.

⁵¹ The descriptions are based on a figure appearing in M. Imai, *Kaizen: The Key to Japan’s Competitive Success* (1986) at 8.

- **Top Management:** Be determined to introduce Kaizen as a corporate strategy; provide support and direction for Kaizen activities through decisions relating to allocation of resources; establish strategies and policies for Kaizen and cross-functional goals; realize Kaizen goals and objectives through effective deployment and audits; and build systems, procedures and structures that are conducive to success of Kaizen.
- **Middle Management and Staff:** Deploy and implement Kaizen goals as directed by top management through policy deployment and cross-functional management; use Kaizen in functional capabilities (i.e., research and development, manufacturing, sales and human resources management); establish, maintain and upgrade standards; implement intensive training programs to create and maintain Kaizen-consciousness among employees; and assist employees in developing skills and tools for problem solving.
- **Supervisors:** Use Kaizen in their functional roles; formulate plans for Kaizen and provide guidance and assistance to workers; improve communication with workers and sustain high morale; support small-group activities (e.g., QC circles) and the individual suggestion system; introduce discipline in the workplace; and provide Kaizen suggestions.
- **Workers:** Engage in Kaizen through participation in the individual suggestion system and small-group activities (e.g., QC circles); practice discipline in the workplace; engage in continuous self-development in order to become better at problem solving; and participate in cross-education activities to enhance skills and job performance expertise.

Imai emphasized several points about Kaizen that he believed had often been misunderstood or incorrectly represented in commentaries on various Japanese management practices. For example, he explained that TQC was not limited to product-quality control but extended to improvement of managerial performance at all levels, including quality assurance, cost reduction, meeting production quotas and delivery schedules, safety, new product development, productivity improvement and supplier management.⁵² Imai also noted that since Kaizen is a process-oriented approach to management, managers operating within such a system are required and expected to pay attention to both processes and results and ensure that everyone is involved in, and able to contribute to, process improvements. As such, Japanese managers should be extremely focused on discipline, time management, skill development, participation and involvement, morale and communication.⁵³ Incentive systems established by Japanese companies not only recognize “results” as measured by savings or profits, but also reward efforts to improve as measured by participation in Kaizen activities such as the individuals suggestion systems and QC circles.

§1:5 Germany

⁵² M. Imai, *Kaizen: The Key to Japan’s Competitive Success* (1986), 13-14. Imai included an entire chapter on “Kaizen by Total Quality Control” beginning at 43-80.

⁵³ *Id.* at 21.

While US and Japanese management styles have attracted a good deal of attention, notice should also be taken of management styles in other successful countries such as Germany, a nation often touted as Europe's "economic giant" based on its impressive manufacturing output and a per capita export trading volume.⁵⁴ Hofstede wrote extensively on how cross-cultural differences might impact attempts to transfer management theories popular in one country to another country with a different societal culture profile. For example, he commented on how well one might expect Drucker's well-known "management by objectives" ("MBO") would be accepted in cultural environments other than the US.⁵⁵ Hofstede argued that in order for MBO to be successful, there must be a good deal of dialogue between organizational units, and managers and subordinates, regarding objectives, targets and standards, and this assumes that subordinates have sufficient independence and confidence to engage in meaningful negotiations with persons higher in the organizational hierarchy (i.e., small or medium power distance). In addition, MBO assumes that everyone in the organization, subordinates and their managers, is willing to take risks (i.e., weak uncertainty avoidance). With regard to how well MBO might fare in Germany, Hofstede noted that its small power distance should support and welcome dialogue within the organization regarding goals and objectives but that problems might arise with respect to acceptance of risk given that Germany is a much stronger uncertainty avoidance society.⁵⁶ Hofstede did point out that MBO could fit well with German small power distance/strong uncertainty avoidance to the extent that mutually agreed upon objectives provide subordinates with direction that alleviates stress while also removing the threat of arbitrary authority exercised by superiors. Hofstede cited studies of the use of MBO in German-speaking countries that illustrated a preference for the elaborate formal information systems suggested by Drucker and an emphasis on group objectives that was consistent with the low individualism values in these countries.⁵⁷

German leaders are uncomfortable with "management by objectives" and instead demand detailed information and analysis before important decisions are made. For example, Fein observed that German managers are rarely satisfied with reports that simply outline

⁵⁴ V. Glunk, C. Wilderom and R. Ogilvie, "Finding the Key to German-Style Management", *International Studies of Management and Organization*, 26(3) (1997), 93-108, 93 (noting that during the 1990s 40% of the manufacturing output of the European Community came from Germany and that German exports were, and had been since the 1960s, twice as high, per capita, as Japan).

⁵⁵ MBO is based on the principle that individual efforts must be put together to achieve a common goal known to, and accepted by, everyone in the organization and required the completion of the following steps: organizational objectives must be defined at the very top of the hierarchy, such as the board level; management roles and activities should be analyzed so that duties and responsibilities relating to achievement of the objectives can be properly allocated among the individual managers; performance standards should be established; managers and subordinates should agree upon and define specific objectives for the activities of the subordinates; the targets set for each subordinate should be aligned with the larger objectives of the organization; and management information systems should be created to monitor performance and the actual relationship of individual achievement to organizational objectives. G. Hofstede, "Motivation, Leadership and Organization: Do American Theories Apply Abroad", *Organization Dynamics*, 9 (1980), 42, 58-59. See also P. Drucker, *The Practice of Management* (1954).

⁵⁶ G. Hofstede, "Motivation, Leadership and Organization: Do American Theories Apply Abroad", *Organization Dynamics*, 9 (1980), 42, 58.

⁵⁷ *Id.*

progress that has been made toward a particular profit target and want to know “exactly where the figure came from, what has been changed, why this has been changed, and what downside this all has”.⁵⁸ Fein noted that German managers expect precision and complexity in the reports they receive from subordinates and suggested that this approach, while perhaps seeming tedious in good times, can be particularly effective when companies are struggling and need to engage in painful assessments in order to determine what changes might be needed in current strategies and programs. According to Fein, German companies delegate authority for important decisions to the heads of the departments most impacted by the decision and his or her team members, rather than insisting that such decisions be made at higher levels in the organizational hierarchy.⁵⁹

One commentator has observed that “[t]he German manager concentrates intensely on two objectives: product quality and product service”.⁶⁰ The main elements of German management culture, as well as the preferred styles of German managers, all evolve around the desire to design and manufacture high quality products and provide customers with extraordinary responsiveness and dedication. In contrast to managers in the US, German managers are not only interested in the financial success of their product lines but also keenly follow production methods and make it a priority to maintain good relations with workers in order to create a culture of cooperation and communication that is thought to be necessary in order to continuously create and produce good products. Another important characteristic of German managers is their tendency to remain with one firm throughout their careers, which means that those managers build an intense loyalty to their firm and make decisions based on what will be best for the long-term prospects of the firm.

The focus of German managers on production is not surprising given that German firms have tended to draw on engineers and technicians for fill management positions and these persons necessarily bring a strong background in manufacturing, design and service to their managerial duties. In fact, until recently Germans resisted the notion that management should be treated as a separate science and did not embrace US style MBA programs to train prospective managers. While German universities have long offered courses in business administration, according to one commentator: “. . . it was rare until the 1980s to find courses in management techniques such as those taught at schools of management in the United States. Germans believed that management as a separate discipline bred selfishness, disloyalty, bureaucratic maneuvering, short-term thinking, and a dangerous tendency to neglect quality production”.⁶¹ When management courses were finally introduced in Germany they tended to focus on reinforcing, rather than changing, traditional German management practices.

⁵⁸ H. Fein, *The DaimlerChrysler Turnaround and German Management Style* (2010).

⁵⁹ *Id.*

⁶⁰ *The Culture of German Management*, http://www.mongabay.com/history/germany/germany-the_culture_of_german_management_.html [accessed January 13, 2012] For further discussion of German management style, see V. Glunk, C. Wilderom and R. Ogilvie, “Finding the Key to German-Style Management”, *International Studies of Management and Organization*, 26(3) (1997), 93-108.

⁶¹ *The Culture of German Management*, http://www.mongabay.com/history/germany/germany-the_culture_of_german_management_.html [accessed January 13, 2012]

The product- and quality-orientation that prevails among German firms is supported by reliance on elaborate vocational training systems, “respect for competence” and the use of formalized production management systems and procedures.⁶² These preferences are based on the pursuit of thoroughness and consistency and a production culture that is serious and focused on high quality workmanship, innovation and stable relations between management and employees. German management style has deep historical roots, going back to medieval guilds and the merchant traditions formed centuries ago; however, it is also geared to meet the intense challenges of global competition through rigorous pursuit of product quality and product service. Interestingly, it is often commented that German firms are not interested in competing based on price, unless absolutely necessary, and are committed to creating and maintaining competitive advantage based on excellent products and services. Intense focus on quality is accompanied by pursuit of significant market share in specific niches, as can be seen in the actions of German automobile manufacturers.

Vocational training has a long history in Germany and the vocational training system in Germany is routinely proclaimed to be the best in Europe with qualifications in hundreds of areas available and provision for “on the job” training that attracts a majority of German industrial workers. The system is closely connected to employment opportunities in the German manufacturing sector, which reflects the close working relationship between government, employer associations and trade unions. Technical knowledge and engineering skills are the hallmarks of the vocational training system and it has been estimated that about two-thirds of German supervisors hold a “meister certificate” that signifies specialized training in topics that promote technical workmanship such as production automation, logistics, organizational methodology and leadership. Once they have completed their initial qualification German managers and technical workers are involved in continuous learning experiences in order to allow them to cope with new procedures, tools and techniques. The expert knowledge learned through the vocational training system, along with the quality of their skills and experience, are the key criteria in identifying and selecting candidates for managerial positions in Germany.

Specific elements of the “respect for competence” found in German business culture include workmanship, wide spans of control, loyalty, an emphasis on quality and innovation and effective labor relations. The respect for high quality workmanship and technical and professional expertise has already been noted above and the training requirements imposed on managers and workers ultimately allow German firms to adopt relatively wide spans of control in their organizational structures on the premise that skilled workers do not need supervision from staff personnel that create unnecessary hierarchical levels in those structures. As a result, German workers enjoy much higher levels of autonomy and job discretion than their counterparts in other countries. Loyalty, as evidenced by relatively long tenures at one firm, has also been mentioned above and one unusual byproduct of the long-term commitment of German managers is the practice

⁶² The discussion of German vocational training systems, “respect for competence” and use of formalized production management systems and procedures in this section is based on “Management Styles: International Management Styles”, <http://www.amasuweb.com/files/ob.ppt> [accessed January 10, 2012].

of allowing managers to select and train their own replacements. This type of approach is said to enhance continuity of decision making and reduce the stress associated with uncertainty about succession issues. In addition, since the designated replacement is required to “shadow” his or her predecessor before assuming the new role once the change is finally implemented the new manager has a much higher level of confidence. Finally, the respect for competence throughout the organizational structure of the German enterprise based on the strenuous training provided to both managers and workers provides the underpinning of an effective labor relations system that includes meaningful participation by non-executive directors on management boards.

While the high level of training provided for German workers permits greater autonomy and individual discretion it is nonetheless apparent that formalized, hands-on production management plays an important role in ensuring that finished products meet the stringent quality standards found in Germany. German managers rely heavily on formal job descriptions, procedures and instructions and German workers understand that reliance on rules and regulations, rather than improvisation, is expected of them. This type of formality is thought to be the best way to reduce uncertainties on the production floor and ensure that production deadlines will be meant. The formality is accepted and understood by workers as being necessary to maintain quality control and its effect is mitigated a great deal by the opportunities provided to workers to receive feedback on their performance, participate in discussions regarding goal setting and contribute ideas to enhance productivity based on their own experiences and training.

In their survey of relationships between societal culture and leadership styles in various countries around the world, Taleghani et al. Found that German managers rated themselves among the high in Europe with respect to “setting direction for the future” and willing and ability to embrace new ideas and perspectives; however, before moving forward German managers proceeded with diligence and caution weighing the new ideas against past practices and engaging in in-depth study to ensure that they had considered the long-range implications of decisions regarding the future.⁶³ German managers were technically-oriented, less likely to take a short-term view, and placed great value on tapping into current expertise and knowledge gained from past experience to minimize risk. The researchers found that management styles and relationships were relatively formal in Germany—based more on role and responsibility within the organizational hierarchy than on personal magnetism—and that German managers were typically comfortable in their leadership roles and willing to assume command. Leadership styles among the German managers tended to be understated and subdued and managers maintained distance and acted more aloof than their counterparts in other European countries such as France.

According to Aguilera and Jackson, German managers often pursue and achieve advanced degrees in technical fields such as engineering or chemistry and Aguilera and Jackson argued that their educational background caused German managers to adopt a

⁶³ G. Taleghani, D. Salmani and A. Taatian, “Survey of Leadership Styles in Different Cultures”, *Iranian Journal of Management Studies*, 33(3) (2010), 91, 102-103.

managerial ideology that stressed achievement of technical excellence⁶⁴ and placed more emphasis on functional orientations than financial interests.⁶⁵ Aguilera and Jackson also noted that decision making among German companies has traditionally been based on “principles of consensus that foster managerial commitment to organizational relationships and constituencies”.⁶⁶

In March 2014, Germany's Labor Ministry, following the examples of major German companies such as Volkswagen and Deutsche Telekom, issued guidelines to its managers prohibiting them from calling or e-mailing staff outside of business hours except in emergencies, a move that was intended to reduce undue stress for staffers who had previously been constantly on call.⁶⁷

§1:6 France

In an article published in 2011, *The Economist* reported on the results of a poll taken among French employees that showed that 40% of them actively disliked their managers and that France ranked last among ten surveyed countries with respect to workers' opinions of management.⁶⁸ The article also mentioned that French employees were dissatisfied, relative to workers in other parts of the world, with the extent to which their managers worked with them to achieve their goals and that French companies were unique in that both middle management and lower level employees admitted to being largely disengaged from their companies. As for the widely-held belief among outsiders that French workers are lazy, the article refuted the claim by citing a report on national competitiveness compiled by the World Economic Forum that concluded that French employees found great satisfaction in their work and had a much stronger work ethic than their counterparts in the Netherlands, the UK and the US, a finding that led *The Economist* to suggest that it is the managers, and not the workers, that are the problem in getting the most out of France's human resources.

According to *The Economist*, “critical” decisions for French companies were made centrally and senior managers insisted on being kept informed about all activities within the organization “so they can check other people's decisions”.⁶⁹ Taleghani et al. also observed that French managers had a need to be kept aware of everything that was going on in the areas which they oversaw and demanded regular reports on all activities so they could control the decisions made by subordinates.⁷⁰ Biatas set out to analyze cross-cultural differences in internal relations between managers and their subordinates, specifically horizontal communication and employees' participation, that might be influenced by the level of power distance using data collected from French and Swedish

⁶⁴ P. Lawrence, *Managers and Management in Germany* (1980).

⁶⁵ R. Aguilera and G. Jackson, “The Cross-National Diversity of Corporate Governance: Dimensions and Determinants”, *Academy of Management Review*, 28(3) (2003), 447, 458.

⁶⁶ Id.

⁶⁷ Germany Bans Managers from Calling or E-Mailing Staff after Work Hours (March 29, 2014).

⁶⁸ “Schumpeter: The French Way of Work”, *The Economist* (November 19, 2011).

⁶⁹ Id.

⁷⁰ G. Taleghani, D. Salmani and A. Taatian, “Survey of Leadership Styles in Different Cultures”, *Iranian Journal of Management Studies*, 3(3) (2010), 91, 102-103.

enterprises operating in Poland.⁷¹ Biatas found that among the French enterprises, management was conducted in a very hierarchical framework which attributed a significant amount of competence to senior managers at the top of the pyramid and limited the role of lower level managers to providing advice and information to senior managers and not attempting to manage, or make decisions, on their own. Biatas observed that top managers in French enterprises were considered to be very special persons with high authority, a view attributable more to the position held by the person as opposed to specific competencies of that person, and their direct contacts with lower level employees were limited and rare; however, relationships between supervisors and their subordinates were typically quite strong, albeit formal rather than friendly, and supervisors generally showed an interest in taking care of their subordinates and in their private lives.

In the “pyramid of people”, the implicit model of organizational structure for French companies suggested by Hofstede and Steven, the general manager of a French firm was expected to demonstrate personal authority through his or her intelligence, knowledge, experience, values and leadership skills.⁷² In other words, consistent with the views of well-known French management theorist Henri Fayol, French senior managers provided coordination at the top, rarely delegated authority and expected that those below them in the hierarchy would carry out their activities in accordance with formal rules as principles of coordination. Other studies have shown that French managers view organizations as political and authority-based and value role formalization and the use of hierarchical relationships.⁷³ Reporting relationships within French firms must remain simple and clean and, in fact, researchers have reported that French workers strongly resist reporting to more than one supervisor, thereby undermining the prospective use of matrix structures in France.⁷⁴

After studying France, Britain and Germany, Horovitz observed that the control systems used by managers in France were “more like those used in Germany than the British”.⁷⁵ French managers tended to rely on controls as policing and surveillance tools rather than as guiding instruments and were particularly focused on production controls. As was the case in Germany, French managers relied on centralized staff for administration of their control systems; however, Horovitz opined that “the typical French practice [was] less systematic and less sophisticated than the usual German system”.⁷⁶ French companies tended to be organized by functions and generally had large central staff and extensive

⁷¹ S. Biatas, “Power Distance as a Determinant of Relations between Managers and Employees in the Enterprises with Foreign Capital”, *Journal of Intercultural Management*, 1(2) (November 2009), 105.

⁷² G. Hofstede, “Motivation, Leadership and Organization: Do American Theories Apply Abroad”, *Organization Dynamics*, 9 (1980), 42, 60. Hofstede was referring to the work of O. Stevens at INSTEAD.

⁷³ A. Laurent, “The Cultural Diversity of Western Conceptions of Management”, in *International Studies of Management and Organization* (Vol. XIII, Nos. 1-2, Cross-Cultural Management II: Empirical Studies) (Spring-Summer 1983) 75.

⁷⁴ A. Laurent, “Matrix Organizations in Latin Cultures, A Note on the Use of Comparative Research Data in Management Education”, *International Studies of Management and Organization*, X(4) (1981), 101.

⁷⁵ J. Horovitz, “Management Control in France, Great Britain and Germany”, in T. Weinsall, *Societal Culture and Management* (1993), 445, 446.

⁷⁶ *Id.* at 447.

centralized services, similar to the situation among German firms. Many decisions were left to be made at the highest levels of the organizational hierarchy; however, rather than relying on committee management the tendency was for the chief executive to be given sole and final control over decisions required to resolve problems that might arise among the various functions.⁷⁷ As opposed to their counterparts in Britain and Germany, French firms studied by Horovitz placed less emphasis on long-range planning activities and those firms that were active in this area typically created plans that were “often more like 3-year financial forecasting rather than being decisions today which [could] change the normal course of actions for tomorrow”.⁷⁸

Hofstede wrote extensively on how cross-cultural differences might impact attempts to transfer management theories popular in one country to another country with a different societal culture profile. For example, he commented on how well one might expect Drucker's well-known “management by objectives” (“MBO”) would be accepted in cultural environments other than the US.⁷⁹ Attempts to implement MBO in France were a failure in Hofstede's view because France is a large power distance society in which managers are uncomfortable with decentralizing authority and subordinates do not expect managers to delegate authority and, in fact, prefer that managers provide direction through a hierarchical structure that reduces stress and anxiety by its very predictability.⁸⁰ In order for MBO to be successful, there must be a good deal of dialogue between organizational units, and managers and subordinates, regarding objectives, targets and standards and this assumes that subordinates have sufficient independence and confidence to engage in meaningful negotiations with persons higher in the organizational hierarchy (i.e., small or medium power distance). Initially it was thought that MBO might be a means for implementing what some believed was a long overdue democratization of management processes within French organizations; however, the cultural aversion to participatory management practices, shared by persons at all levels of the organizational hierarchy, proved too difficult to overcome in most instances and Hofstede reported that the French version of MBO—referred to as DPPO (Direction Participative par Objectifs)—had largely been discredited by the time that he first published his survey results at the end of the 1970s.⁸¹

⁷⁷ Id. at 448.

⁷⁸ Id. at 450.

⁷⁹ MBO is based on the principle that individual efforts must be put together to achieve a common goal known to, and accepted by, everyone in the organization and required the completion of the following steps: organizational objectives must be defined at the very top of the hierarchy, such as the board level; management roles and activities should be analyzed so that duties and responsibilities relating to achievement of the objectives can be properly allocated among the individual managers; performance standards should be established; managers and subordinates should agree upon and define specific objectives for the activities of the subordinates; the targets set for each subordinate should be aligned with the larger objectives of the organization; and management information systems should be created to monitor performance and the actual relationship of individual achievement to organizational objectives. G. Hofstede, “Motivation, Leadership and Organization: Do American Theories Apply Abroad”, *Organization Dynamics*, 9 (1980), 42, 58–59. See also P. Drucker, *The Practice of Management* (1954).

⁸⁰ G. Hofstede, “Motivation, Leadership and Organization: Do American Theories Apply Abroad”, *Organization Dynamics*, 9 (1980), 42, 58–59.

⁸¹ Id.

Schramm-Nielsen compared the impact of cultural influences on decision making processes used by French and Danish managers and found that the French demonstrated a preference for logical and systematic analysis of problems that included “looking for as many alternatives as possible and trying to evaluate them before coming to a conclusion and then go back to see whether there might be more possibilities to be considered, other ways of doing things”.⁸² At the same time, however, French managers also often combined their analytical rationalism with emotion and impulse that often appeared when it was time to defend a decision that had already been made, prompting Schramm-Nielsen to refer to the French model of decision making as being that of “emotional man”. Consistent with conclusions reached by other researchers, Schramm-Nielsen also found indications that French managers disapproved of delegating too much decision making authority to employees and relied on extensive control mechanisms and procedures to oversee the activities of those reporting to them.⁸³ Schramm-Nielsen noted that while French managers invested a significant amount of time and effort into analyzing potential strategies for resolving problems, they typically had little interest in operation and implementation and looked to lower-level employees to sort out the details while the managers watched using tight control procedures.

The Economist argued that the centralized decision making preferred among French companies, coupled with their emphasis on intellectual leadership, “serves research and strategy formulation well but is perhaps less well suited to flexible responses in fast paced industries where planning from the top can be cumbersome”.⁸⁴ The preference for logical and systematic analysis of problems uncovered by Schramm-Nielsen can also be an impediment to making and implementing decisions at the rapid pace required in order for French companies to compete effectively in technology-focused business sectors. In order to be successful going forward, it would appear that substantial changes are need in the way that French companies are managed starting with collapsing the tall organizational hierarchies and a realization that the traditional reliance on general management skills possessed by an elite group of highly educated leaders needs to give way to management processes that include and value input from specialists who can creatively address and solve thorny technical issues. In addition, a different balance must be struck between deliberation and action, which means that French managers must be prepared to cope with a bit more uncertainty that they are comfortable with in order to accelerate innovation.

While it may be a somewhat unfair and overly simplistic to attribute the long-standing practices of French management to the well-known principals of management developed by French industrialist Henri Fayol, Rodrigues suggested that Fayol’s framework could be used as a framework for identifying some of the changes that companies, including those in France, should be making in order to increase the effectiveness of their

⁸² J. Schramm-Nielsen, “Cultural Dimensions of Decision Making: Denmark and France Compared”, *Journal of Managerial Psychology*, 16(6) (2001), 404, 412.

⁸³ *Id.* at 419.

⁸⁴ “Schumpeter: The French Way of Work”, *The Economist* (November 19, 2011).

management practices.⁸⁵ Recommendations from Rodrigues that were particularly relevant to the situation in France included a shift from management empowerment, in the form of centralized authority, to greater reliance on employee participation and empowerment; substitution of informal, peer-pressure controls for the formalized command and control procedures that have long been a staple of French enterprises; and involvement of workers in the conception and implementation of new ideas. Rodrigues realized, however, that changes in management styles and procedures could only be made if organizational cultures and values were changed and suggested that implementation of employee training and development programs was the best way to accelerate this process. Moreover, by emphasizing training and development, French companies could ensure that workers throughout the organization were better prepared to take on more responsibility and adapt quickly to increasingly rapid changes in the business environment in which their companies were operating.

Schramm-Nielsen analyzed and compared the cultural dimensions of decision-making processes in French and Danish companies and found that there were clear differences between the two classes of companies with respect to the ways that decisions were arrived at in terms of how managers emphasized different phases of the decision making process.⁸⁶ Schramm-Nielsen suggested that in order to adequately characterize actual behavior in French companies it was necessary to supplement classical theories of decision making (i.e., “economic man”, “administrative man” and “the science of muddling through”) with a new model that the author referred to as “emotional man”, who was someone who was impulsive and emotional in decision making, yet also creatively irrational as opposed to consciously rational.⁸⁷ Schramm-Nielsen explained that the French decision making style was “characterized by rationality on the one hand, inasmuch as there is a thorough search for alternatives, but also by emotion and impulse on the other hand”.⁸⁸ Schramm-Nielsen presented quotes from both French and Danish managers that painted a picture of French managers obsessively analyzing problems over and over again, investing much more time in the process than the Danes. However, while the careful approach taken by the French suggests a “predilection for logical analysis”, Schramm-Nielsen reported that respondents from both countries mentioned that “analytical rationalism was often coupled with emotion and impulse, the very opposite of cool, reasoned rationality”.⁸⁹ Other observations from the respondents included an assessment that, in relation to the Danes, the French, “are more creative, but less able to

⁸⁵ C. Rodrigues, “Fayol’s 14 Principles of Management Then and Now: A Framework for Managing Today’s Organizations Effectively”, *Management Decision*, 39(10) (2001), 880. Fayol’s principles of management are explained in H. Fayol, *General and Industrial Management* (1949).

⁸⁶ J. Schramm-Nielsen, “Cultural Dimensions of Decision Making: Denmark and France Compared”, *Journal of Managerial Psychology*, 16(6) (2001), 404.

⁸⁷ *Id.* at 407. Schramm-Nielsen argued that Danish managers also followed a different new model, one that was described as “action man” and referred to a decision maker marked by pragmatic rationality based on experience and on induction from empirical findings. For discussion of the three classical theories of decision making referred to in the text, see J. March and H. Simon, *Organizations* (1958) (“economic man”); H. Simon, *Administrative Behavior* (1947) (“administrative man”); and C. Lindblom, “The Science of Muddling Through”, *Public Administration Review*, 19 (1959), 79 (“the science of muddling through”).

⁸⁸ J. Schramm-Nielsen, “Cultural Dimensions of Decision Making: Denmark and France Compared”, *Journal of Managerial Psychology*, 16(6) (2001), 404, 420.

⁸⁹ *Id.* at 412.

stick to the subject and get the report done . . . and get things done” and far less comfortable with giving up control over implementation to lower level managers.⁹⁰

§1:7 Switzerland

Management styles and practices in Switzerland should be viewed in the context of the country’s societal culture influences and thus it is important to remember while the majority of the Swiss are of German decent there are also sizable populations that trace their roots to France or Italy. Staeheli carefully reviewed the empirical findings of a number of well-known researchers with respect to Swiss societal culture and then provided a summary that included the following highlights⁹¹:

- Hall found Switzerland to be a low-context, highly individualistic culture with low people involvement, and also found that time was very important in Swiss culture.⁹²
- Triandis found Switzerland to have a horizontal and individualistic orientation.⁹³
- According to an assessment published by Hofstede in 2001, the cultural profile of Switzerland included moderately high individualism and masculinity, moderately low power distance and uncertainty avoidance, and Hofstede characterized German-speaking Switzerland as a “well-oiled machine” national culture type and French-speaking Switzerland as a “solar system” national culture type that was characterized by hierarchy and an impersonal bureaucracy.⁹⁴
- According to Hampden-Turner and Trompenaars, Switzerland was a highly universalistic and individualistic culture, which was moderately high on inner direction, had average achieved status, synchronous time orientation and tended towards specificity instead of diffuseness.⁹⁵
- According to Schwartz, Switzerland was an intellectually and affectively autonomous country, with high egalitarianism, but low importance of hierarchy values.⁹⁶
- The GLOBE researchers’ assessment of societal culture “as is” for German-speaking Switzerland revealed above average power distance, uncertainty avoidance, future and performance orientation, and above average assertiveness; however, the “to be” scores indicated that German-speaking Swiss aspired to low power distance, average-low uncertainty avoidance, average assertiveness, and high humane orientation, family collectivism and gender egalitarianism.⁹⁷

⁹⁰ Id. at 412, 419.

⁹¹ B. Staeheli, *Cross-Cultural Management within Switzerland: An In-depth Case Study of a Swiss Financial Services Company* (2003), 140.

⁹² E. Hall, *Beyond Culture* (1976).

⁹³ H. Triandis, *Individualism and Collectivism* (1995).

⁹⁴ G. Hofstede, *Culture’s Consequences: Comparing Values, Behaviors, Institutions and Organizations across Nations* (2nd Ed.) (2001).

⁹⁵ C. Hampden-Turner and F. Trompenaars, *Building Cross-Cultural Competence: How to Create Wealth from Conflicting Values* (2000).

⁹⁶ S. Schwartz, “A Theory of Cultural Values and Some Implications for Work”, *Applied Psychology*, 48 (1999), 23.

⁹⁷ R. House, M. Javidan, P. Hanges and P. Dorfman, “Understanding Cultures and Implicit Leadership Theories Across the Globe: An Introduction to Project GLOBE”, *Journal of World Business*, 37(1) (2002), 3.

Staheli added results from several other surveys to provide a richer and more diverse picture of Swiss societal culture and highlight the differences between the three language regions. For example, a survey conducted by the Swiss national television “SRG SSR Idée Suisse” revealed that 70% of the respondents, regardless of their regional origin, believed that there were differences between the three language regions in Switzerland and that could be found mainly in mentality and language.⁹⁸ According to the results of that survey, the most characteristics attributes of the Swiss-Germans included courage and risk-taking; entrepreneurship; environmental awareness; pride in their work; sense of organization and administration; and stereotyping (against other regions); the Swiss-French were characterized by courage and risk-taking; creativity; openness for international issues; flexibility and change orientation; and optimism and trust in the future; and the Swiss-Italian were characterized by creativity; flexibility and change orientation; “*joie de vivre*”; and optimism and trust in the future. A study conducted by Miauton and Reymond in the late 1990 found considerable differences between French-, Italian- and German-speaking Switzerland.⁹⁹ Specifically, they found that German-speaking Swiss were environmentally aware; good administrators, organizers, and serious persons; analytic, attentive to details; entrepreneurial and trained in business skills; and professionally dynamic and quality-oriented. In contrast, French- and Italian-speaking Swiss were characterized as: open-minded; mobile and flexible (particularly Italian-speaking Swiss); more tolerant; and more original.

The Hofstede Centre offered various assessments of projected management styles and practices in Switzerland based on observed characteristics of Swiss societal culture.¹⁰⁰ Noting that power distance among Swiss of Germanic success was low, the Hofstede Center predicted that the German Swiss management style would emphasize being independent, hierarchy for convenience only, equal rights, accessibility of superiors, coaching leadership and empowerment, and that power would be decentralized and managers would rely on the experience of their team members. The Hofstede Center also commented that employees would expect to be consulted and dislike controls, and relationships between managers and subordinates would be relatively informal and marked by direct communication and a participative atmosphere. In contrast, the high power distance found in French-speaking Switzerland would likely mean that managerial practices in that region would be hierarchical and centralized and that managers would act as benevolent autocrats issuing directives that would be readily accepted by subordinates who expect to be told what to do and rarely challenge leadership. The Hofstede Center reported that both German- and French-speaking Switzerland scored high on individualism, meaning that employer/employee relationships could be expected to be mainly contractual based on mutual advantage and that hiring and promotion decisions are supposed to be based on merit only. High individualism was complimented by high

⁹⁸ B. Staheli, *Cross-Cultural Management within Switzerland: An In-depth Case Study of a Swiss Financial Services Company* (2003), 54-55.

⁹⁹ *Id.* at 56 (citing M. Miauton and A. Reymond, *Der nationale Zusammenhalt: Mythus oder Realität? Ansichten der Leader und der Bevölkerung* (1998)).

¹⁰⁰ The discussion in this paragraph is based on the description of Swiss societal culture published online by The Hofstede Centre, <http://geert-hofstede.com/switzerland.html>

masculinity, which the Hofstede Center explained meant that Swiss workers were generally highly success oriented and driven and expected that their managers would be decisive and employ management practices that emphasized equity, competition and performance. Uncertainty avoidance in Switzerland varied between the French-speaking area (high uncertainty avoidance) and the German-speaking area (lower uncertainty avoidance) and the Hofstede Center noted that differences between the two regions could be expected with regard to reliance on rules, openness to change and the amount of analysis that goes into making decisions. Finally the Hofstede Center reported that Swiss culture could be characterized as “pragmatic”, as opposed to “normative”, and “indulgent”, as opposed to “restrained”.

The GLOBE project researchers found the scores of the societal culture practices in German-speaking Switzerland, to be relatively high with respect to uncertainty avoidance, performance orientation and power distance, results that were consistent with the other countries in assigned to GLOBE’s Germanic Europe cluster along with Switzerland (i.e., Austria, Germany and the Netherlands).¹⁰¹ The Swiss scores for future orientation and assertiveness were also higher than average, although not as important as the three previously mentioned dimensions.¹⁰² The GLOBE researchers observed that after taking into account their absolute scores and completing a comparative analysis in relation to other clusters around the world, Switzerland and the other countries in the Germanic Europe cluster were characterized by practices with a stronger tendency toward standardization and rules, higher levels of assertiveness, and more gender equality.¹⁰³ In relation to other clusters, the Germanic European countries placed less emphasis on institutional collectivism, group and family collectivism, gender egalitarianism, and humane orientation.¹⁰⁴ When scores on “practices” and “values” (i.e., the way that respondent would like their country’s societal culture to be) were compared, the Swiss clearly desired higher levels of general egalitarianism and lower levels of uncertainty avoidance, power distance and assertiveness. Staeheli observed that in terms of “values”, and compared to actual practices, the scores for French-speaking Switzerland were almost identical with the Latin cluster and the scores for German-speaking Switzerland were almost identical with the Germanic cluster.¹⁰⁵

Results from the GLOBE research indicated that team orientation and participation are perceived as important for effective leadership in German-speaking Switzerland and Szabo et al. argued that these results might well be attributed to the long-standing tradition of democracy and participation in the political arena in that country and the domination of values of harmony and consensus over dissention and competition at the

¹⁰¹ E. Szabo, F. Brodbeck, D. Den Harto, G. Reber, J. Weibler and R. Wunderer, “The Germanic Europe Cluster: Where Employees Have a Voice”, *Journal of World Business*, 37 (2002), 55, 63.

¹⁰² The discussion of the results for German-speaking Switzerland in this paragraph is adapted from E. Szabo, F. Brodbeck, D. Den Harto, G. Reber, J. Weibler and R. Wunderer, “The Germanic Europe Cluster: Where Employees Have a Voice”, *Journal of World Business*, 37 (2002), 55.

¹⁰³ *Id.* at 65.

¹⁰⁴ V. Gupta, P. Hanges and P. Dorfman, “Cultural Clusters: Methodology and Findings”, *Journal of World Business*, 37(1) (2002), 11.

¹⁰⁵ B. Staeheli, *Cross-Cultural Management within Switzerland: An In-depth Case Study of a Swiss Financial Services Company* (2003), 64.

societal level, and commented that “[i]nfluenced by this background, contemporary Swiss managers are likely to view participation as a value in itself and consider it a ‘logical ingredient’ of their management style”.¹⁰⁶ The GLOBE researchers also found that Switzerland scored low with respect to gender egalitarianism practices but that respondents clearly felt that improvements in this area were desirable and important. Szabo et al. noted that, as of the early 2000s, women in Switzerland, while constituting 40% of the workforce, were toiling mainly in sales, agriculture and unskilled manufacturing, and that at that time only a quarter of the seats in the national parliament were held by women.¹⁰⁷

Schroter and Davioine examined and described research regarding authority relationships between superiors and subordinates in Switzerland using dimensions first developed by Beetham and subsequently adapted by Whitley.¹⁰⁸ They noted that Swiss organizations tended to be conceptualized as systems of formally defined rules, a conception that fit well with Hofstede’s “well-oiled machine”, and that Swiss organizations tend to be hierarchical to assure rational task performance and rely on clear definitions of tasks and responsibilities. In addition, they pointed out that several researchers had reported that consensus orientation was an important feature of Swiss management.¹⁰⁹ Also relevant to understanding management styles and practices in Switzerland was the low physical and psychological distance between superiors and subordinates, with superiors expected to exert influence and power moderately through their technical know-how and expertise and professional competence. Overt status symbols are de-emphasized, equal treatment (i.e., rules are valid for and should be applied equally to everyone) is valued and functional departments are given a high degree of autonomy.¹¹⁰ Finally, Schroter and Davioine reported that researchers had found a strong performance orientation among the Swiss and that they attributed a high value to work.¹¹¹

§1:8 Nordic Europe

¹⁰⁶ E. Szabo, F. Brodbeck, D. Den Harto, G. Reber, J. Weibler and R. Wunderer, “The Germanic Europe Cluster: Where Employees Have a Voice”, *Journal of World Business*, 37 (2002), 55, 66.

¹⁰⁷ *Id.* at 64.

¹⁰⁸ O. Schroter and E. Davioine, *The Cross-National Transfer of HRM Practices in Multinational Companies Towards their Swiss Subsidiaries* (2009) (citing D. Beetham, *The Legitimation of Power, Issues in Political Theory* (1991) and R. Whitley, *Divergent Capitalisms: The Social Structuring and Change of Business Systems* (2000), 52).

¹⁰⁹ *Id.* at 11 (citing J. Weibler and R. Wunderer, *Leadership and Culture in Switzerland—Theoretical and Empirical Findings*, in J. Chhokar, F. Brodbeck and R. House (Eds.), *Culture and Leadership Across the World: The GLOBE Book of In-Depth Studies of 25 Societies* (2007), 251).

¹¹⁰ J. Weibler and R. Wunderer, “Leadership and Culture in Switzerland—Theoretical and Empirical Findings”, in J. Chhokar, F. Brodbeck and R. House (Eds.), *Culture and Leadership Across the World: The GLOBE Book of In-Depth Studies of 25 Societies* (2007), 251, 266.

¹¹¹ O. Schroter and E. Davioine, *The Cross-National Transfer of HRM Practices in Multinational Companies Towards their Swiss Subsidiaries* (2009), 12 (citing J. Weibler and R. Wunderer, “Leadership and Culture in Switzerland—Theoretical and Empirical Findings”, in J. Chhokar, F. Brodbeck and R. House (Eds.), *Culture and Leadership Across the World: The GLOBE Book of In-Depth Studies of 25 Societies* (2007), 251).

Warner-Søderholm, while acknowledging the popularity of the concept of “Scandinavian culture” and belief that all of the Nordic countries shared similar cultural values, cautioned against ignoring sometimes subtle, yet clear and important, differences among those countries that can influence business and management practices.¹¹² Warner-Søderholm reviewed the inter-cultural dimensions developed and used by the GLOBE researchers to compare their findings of Danish, Swedish and Finnish research with new data collected by her from Norway to identify cultural differences among the four countries in the Nordic region. She noted that the results of research regarding the societal cultures of all four countries appeared to confirm that each of the countries were intrinsically egalitarian; appeared to value low power distance, directness and consensus in decision making; and appeared to promote gender egalitarianism. However, each country has its own unique characteristics, which she summarized as follows: “The hallmark of Norwegian cultural practices within a Nordic context is seen to be higher gender egalitarianism. The most pronounced Danish cultural trait within a Nordic framework is low power distance. The Finnish culture on the other hand is seen to be the most hierarchical and formal culture in the Nordic region, whereas the Swedish culture is said to mirror values such as 'socially concerned individualism'. Indeed, a subtle equilibrium seems to pervade the Swedish way of behaving—a balance between individualism and social concern.” Based on her findings, Warner-Søderholm offered country-specific prescriptions to managers in the Nordic context about how they might accommodate the cultural differences among the four countries:

- Among the four countries Norwegians tended to place greater value on low context communication, stronger gender egalitarianism values and a low power distance, and Warner-Søderholm recommended with managers needed to be prepared to deal with a direct culture where honesty was traditionally more valued over face and harmony.
- Swedes valued collectivism within the framework of “socially concerned individualism” (i.e., individuals were expected and encouraged to pursue personal achievement while supporting collective initiatives such as the “welfare state”), participative decision-making, pragmatic and “matter-of-fact” approaches to tasks, and clear borderlines between private and public lives.
- Danes preferred an individualistic, autonomous approach to tasks and open and participative management without close supervisory controls, and were prone to rely heavily on support and advice from colleagues and co-workers rather than instructions handed down from the top of the organizational hierarchy.

¹¹² G. Warner-Søderholm, “But We’re Not All Vikings!: Intercultural Identity within a Nordic Context”, *Journal of Intercultural Communication*, 29 (August 2012), 1. The text of the article can be accessed online at <http://immi.se/intercultural/nr29/warner.html>. See also T. Grennes, “Scandinavian Managers on Scandinavian Management”, *International Journal of Value-Based Management*, 16 (2003), 9; L. Holt and U. Bruun de Neergaard, *Nordic Lights: A Research Project on Nordic Leadership and Leadership in the Nordic Countries* (2007); M. Lindell and J. Arvonen, “The Nordic Management Style of Investigation”, in S. Jonsson (Ed.), *Perspectives of Scandinavian Management* (1996), 11; M. Lindell and C. Sigfrids, “Culture and Leadership in Finland”, in J. Chhokar, F. Brodbeck and R. House, *Culture and Leadership across the World: The GLOBE Book of In-Depth Studies of 25 Societies* (2007); P. Smith, J. Andersen, B. Ekelund, G. Gravesen and A. Ropo, “In Search of Nordic Management Styles”, *Scandinavian Journal of Management*, 19 (2003), 491; and G. Warner-Søderholm, *Culture Matters: Norwegian Cultural Identity within a Nordic Context* (2011).

- Finns preferred a more silent and conservative approach with more defined sense of responsibility, clear lines of authority, less social networking and a strong aversion to rules made by others and a strong respect for “unwritten rules”. Warner-Söderholm also noted that Finland was the most masculine of the four cultures and that this might explain why there were fewer women in decision-making positions in Finland as compared to the other Nordic countries.

In 1997, Jack Welch, former CEO of General Electric, observed that Swedish managers were comfortable in global environments and opined that “Pound for pound, Sweden probably has more good managers than any other country”.¹¹³ Comfort with globalization begins at an earlier age for the typical Swedish manager with schooling in English and frequent opportunities to attend schools in the US or the UK and continues during his or her career with assignments to foreign subsidiaries and affiliates.

Birkinshaw noted that Swedish management was “unthreatening” and “polite” and emphasized “empowerment, teamwork and consensus-based decision making”.¹¹⁴ In addition, according to Birkinshaw, effective Swedish managers operated under the guiding principle that “you should believe in and respect the ability of every individual that works for you”.¹¹⁵ According to Birkinshaw, the Swedes had avoided many of the “quick-fix” management ideas and solutions that have circulated over the last several decades and while they are open to new ideas they approach them in a deliberative process that emphasizes involvement by all interested parties as a means for building a sense of collective ownership of a new plan before it is implemented.¹¹⁶

Birkinshaw argued that there are some common managerial traits that could be seen in most Swedish companies and suggested that “[t]he Swedish style of management can be boiled down to two elements – empowering and coaching”.¹¹⁷ Empowerment meant that Swedish managers were comfortable with delegating responsibility to subordinates, sharing decision making with them, and appreciating their initiative. Coaching for Swedish managers meant working to ensure that everyone felt like they were part of the same team, encouraging and facilitating cooperation, keeping informed about the progress of everyone’s work activities and, finally, taking an active interest in the individual performance and well-being of each subordinate.

Acknowledging that both empowerment and coaching had become clichés in management doctrine, Birkinshaw turned to research conducted by Zander that compared how managers related to their subordinates in 18 different countries and concluded that the one-on-one relationships that managers develop with their subordinates differ significantly from country to country even when those managers are all attempting to emphasize and practice empowerment and coaching.¹¹⁸ Zander found that, in practice,

¹¹³ Quote appeared in J. Birkinshaw, “The Art of Swedish Management”, *Business Strategy Review*, 13(2) (2002), 11, 13.

¹¹⁴ *Id.* at 14.

¹¹⁵ *Id.*

¹¹⁶ *Id.*

¹¹⁷ *Id.* at 14-15.

¹¹⁸ L. Zander, *The Licence to Lead* (1998).

Swedes, as well as their counterparts in other Scandinavian countries, did emphasize empowerment, but that subordinates were less keen on coaching and direct supervision and preferred, in the words of Birkinshaw, “a model that gives them a lot of freedom to do their work uninterrupted by their boss” and being given a particular objective to attain but being allowed to figure out how to achieve it on their own.¹¹⁹ In order for this approach to be successful, managers need to have complete trust in their subordinates and be willing to accept mistakes that may be made and value them as tools for learning.

Kakabadse et al. identified four basic European styles of cross-national teams and reported that executives in Finland and Sweden tended to use what was referred to as a “consensus” model for managing and leading their workers, which featured, in the words of Lamsa, “working in groups and team spirit: and a emphasis by managers on “people moving forward together through effective communication and stability, open discussion at team meetings and consensus decision making”.¹²⁰ Lamsa noted that the perception of consensus among Finnish and Swedish workers was an important element of the degree of their job satisfaction.

A survey conducted among 42 representatives of Finnish and Swedish companies working in management positions provided interesting comparative insights on leadership and management styles.¹²¹ For example, a majority of the Finnish respondents felt that Finnish leaders were more traditional and stiffer than the Swedes, that Finnish leaders took sole responsibility for decisions and that the Finnish management style was not as democratic and participative as the style preferred in Sweden. The Finnish respondents were critical of the slow pace of decision making in Sweden and felt that the Swede’s desire to achieve consensus slowed progress. Representative comments from the Finnish respondents included the following: “In Sweden the leader’s main task is to get all subordinates committed in the joint decision. In Finland is made more decisions based on the position of power. In Finland delegated responsibility means clearly the delegation of decision-making” and “The Finnish leaders can do decision-making better and they bear the responsibility of it. To Swedish managers the decision-making is slower and more difficult. Responsibilities may also blur in complex designs.”¹²² The Finnish respondents perceived Finnish leaders as being task oriented while Swedish leaders were more human oriented and maintained closer contact and dialogue with their subordinates than their Finnish counterparts.

¹¹⁹ J. Birkinshaw, “The Art of Swedish Management”, *Business Strategy Review*, 13(2) (2002), 11, 15.

¹²⁰ T. Lamsa, “Leadership Styles and Decision-Making in Finnish and Swedish Organizations”, *Review of International Comparative Management*, 11(1) (March 2010), 140, 141 (citing A. Kakabadse, A. Myers, T. McMahon and G. Spony, “Top Management Styles in Europe: Implications for Business and Cross-National Teams”, *European Business Journal*, 7(1) (1995), 17). Other styles identified by Kakabadse, et al. included “managing from a distance” (France); “working towards a common goal” (Germany and Austria); and “leading from the front” (UK, Ireland and Spain).

¹²¹ Id. at 146-147 (citing J. Hakkarainen, *Management by perkele vai management by ack herreguuden? Tutkimus suomalaisen ja ruotsalaisen johtajuuden kulttuurieroista* (2006)).

¹²² Id. at 146 (March 2010) (citing J. Hakkarainen, *Management by perkele vai management by ack herreguuden? Tutkimus suomalaisen ja ruotsalaisen johtajuuden kulttuurieroista* (2006)).

For their part, the Swedish respondents believed that Finnish managers were much more authoritarian than Swedish leaders and that the organizational structures typically found in Finland were much more hierarchical than the flat organizations preferred in Sweden. One of the Swedish respondents characterized Finnish management style as militaristic, albeit honest and straightforward, and Swedish respondent generally felt that subordinates in Finland followed the decisions of top management with question or debate based on the assumption that top management had all the information and knowledge necessary to make the best decisions. The Swedes felt that the Finns viewed management and business with more formality than the Swedes and that the Finnish managers did not take the individual concerns of their subordinates into consideration while Swedish managers were much more interested in how their subordinates felt mentally and took time to inquire about their personal lives.

Researchers have often observed that Swedes are diligent and hardworking, take their work seriously and are closely identified with their work.¹²³ The search for consensus among team members in Sweden before a decision is made is generally accompanied by extensive planning, discussion and organization before a decision is finalized and implemented, all steps that are seen as a way to ensure that the team is fully committed to a common goal and to attaining the highest quality.¹²⁴

Schramm-Nielsen analyzed and compared the cultural dimensions of decision-making processes in French and Danish companies and found that there were clear differences between the two classes of companies with respect to the ways that decisions were arrived at in terms of how managers emphasized different phases of the decision making process.¹²⁵ Schramm-Nielsen suggested that in order to adequately characterize actual behavior in French and Danish companies it was necessary to supplement classical theories of decision making (i.e., “economic man”, “administrative man” and “the science of muddling through”) with two new models that the author referred to as “emotional man”, which was applicable to French management, and “action man”, which was applicable to Danish management.¹²⁶ Briefly, “emotional man” referred to a person who was impulsive and emotional in decision making, creatively irrational as opposed to consciously rational, and the descriptor “action man” referred to a decision maker marked by pragmatic rationality based on experience and on induction from empirical findings.¹²⁷

¹²³ See, e.g., G. Herlitz, *Swedes: What Are We Like and Why We are As We Are* (1995).

¹²⁴ T. Lamsa, “Leadership Styles and Decision-Making in Finnish and Swedish Organizations”, *Review of International Comparative Management*, 11(1) (March 2010), 140, 145-146 (citing A. Ekwall and S. Karlsson, *Mötet – en bok om kulturella skillnader och ledarskap. Svenskt och finskt* (1999), 152).

¹²⁵ J. Schramm-Nielsen, “Cultural Dimensions of Decision Making: Denmark and France Compared”, *Journal of Managerial Psychology*, 16(6) (2001), 404.

¹²⁶ For discussion of the three classical theories of decision making referred to in the text, see J. March and H. Simon, *Organizations* (1958) (“economic man”); H. Simon, *Administrative Behavior* (1947) (“administrative man”); and C. Lindblom, “The Science of Muddling Through”, *Public Administration Review*, 19 (1959), 79 (“the science of muddling through”).

¹²⁷ J. Schramm-Nielsen, “Cultural Dimensions of Decision Making: Denmark and France Compared”, *Journal of Managerial Psychology*, 16(6) (2001), 404, 407.

Based on responses provided by both French and Danish managers, Schramm-Nielsen concluded that while French managers were focused on showing their intellect and creativity, the Danes concentrated on “being pragmatic, realistic and result oriented” as decisions were being made and implemented and cautioned that the weak point in the Danish process was likely with respect to “control”, since Danish managers were must more disposed to giving subordinates “responsible autonomy” to implement decisions.¹²⁸ In fact, Schramm-Nielsen argued that “[t]he Danes . . . found the control mechanisms and procedures overwhelming and unnecessary, believing that people could be trusted to do their best and to be capable of assessing the situation”.¹²⁹ According to Schramm-Nielsen, Danes wanted to get down to action and start operations and were better than the French at organization, implementation and other aspects of the practical side of the decision making process. Danes were far less interested than the French in investing time and effort in identifying and evaluating alternatives, and Schramm-Nielsen noted that this meant that they had to live with less comprehensive knowledge of the consequences. Danes were also less likely to reconsider goals and objectives once initial decisions had been made, meaning that the goals remain constants and challenges that come up after the fact with regard to implementation are solved as opposed to triggering a full re-assessment of the chosen direction.

§1:9 Israel

The qualities that Israelis appear to admire most among their managers include individual skills and qualifications, a sense of initiative, outstanding dynamism, a willingness to adapt, team spirit and leadership, fairness, professional and military experience, academic training and firm knowledge.¹³⁰ Since Israel is a country of immigrants, a manager’s personal background has little influence on his or her relationship with subordinates, or how subordinates perceive their manager, and the most important thing in terms of establishing respect for a manager is displaying appropriate and effective professional skills. Israel managers accept a certain level of informality in their relationships with subordinates, including allowing subordinates to address them using their first name; however, managers expect subordinates to meet the goals and deadlines that have been established for them and will closely manage the workloads of those reporting to them until they have demonstrated that they can be trusted to perform and thus can be given more leeway with respect to how they carry out their duties. Israeli companies tend to be quite egalitarian in terms of participation in decision making and debates on topics that come up in the workplace generally are conducted in an open manner at staff or work team meetings; however, once a director or manager has made a decision it is expected that everyone involved will follow the course that he or she has selected. Meetings are conducted based on a formal agenda, do not last long and are tightly focused on achieving specific goals and then moving on to the next task.

¹²⁸ Id. at 420.

¹²⁹ Id. at 419.

¹³⁰ The discussion of Israeli managerial practices and styles in this paragraph is adapted from Foreign Affairs and International Trade Canada: Centre for Intercultural Learning, Cultural Information: Israel; and from Culture Crossing: Israel.

The traditional values of the kibbutz ideology have played a significant role in the collectivist nature of the typical Israeli workplace that existed for many years prior to and immediately following independence. As time went by, however, the homogeneous nature of Israeli society was transformed by waves of immigration that introduced a wide array of new and different cultural influences. As a result, the Israeli workplace includes not only Jews, but also Arabs, Muslims and Christians, as well as immigrants from a wide array of countries including the large number of Eastern Europeans who moved following the disintegration of the Soviet bloc. In addition, Israel has become much more diverse on a variety of other dimensions, including age, gender and socio-economic status, and has embarked upon economic changes that have injected new issues and factors into the mix of workplace cultures, notably the increase in foreign participation in the Israeli economy through inbound investment and the rise of activities in the dynamic high technology sectors. The byproduct of these changes has been a transition in the underlying beliefs, norms and work values in the Israeli workplace, as explained by Lund et al.: “The kibbutz ideology has waned and workers now place a greater importance on values such as employee empowerment, participation in decision making, job enrichment and career development. This has required all managers to integrate modern management practices such as high-commitment and open book management.”¹³¹

A survey of US senior managers regarding their perception of Israeli executives revealed praise for the hospitality, creativity, innovation and readiness to work hard among the Israelis; however, the Americans also criticized the Israelis for being too tough, aggressive and overly self-confident in negotiations; lacking the loyalty required to build and maintain a sense of long-term commitment; reluctant to disclose sensitive, yet important, financial information; and inconsistent with respect to meeting deadlines and fulfilling previously agreed commitments.¹³²

While Israel appears to have its sights set on becoming and remaining a global player in a number of technological areas, there are genuine concerns about whether or not Israeli companies can overcome their historical tendency to “sell early” and build large and enduring technology firms that remain independent and are not gobbled up by larger foreign multinationals that siphon intellectual property and talent away from the country.¹³³ Senor and Singer speculated that one reason for all of this is that Israeli has not yet been able to develop the mature management culture that is needed to lead and manage large companies with thousands of employees spread out across business units operating worldwide.¹³⁴

§1:10 China

¹³¹ J. Lund, J. Manion, I. Teller, T. Tran and A. Zak, *Israel: Country Briefing* (2004) (citing A. Sagie and J. Weisberg, “The Transformation in Human Resource Management in Israel”, *International Journal of Manpower*, 22(2) (2001), 226).

¹³² D. Isenberg, *The Image of the Israeli Executive as Perceived by American Customers and Partners*, *Israeli Management Culture* (1993), 141-146.

¹³³ B. Rooney, “Israel's Big Tech Sector Looks to Produce Bigger Companies”, *The Wall Street Journal* (October 23, 2013).

¹³⁴ D. Senor and S. Singer, *Start-up Nation: The Story of Israel's Economic Miracle* (2009).

Many researchers investigating and comparing leadership and management styles across countries have recognized a group of Confucian Asian countries with similar cultural profiles including China, Hong Kong, Singapore, South Korea, Taiwan and Vietnam, and the Global Leadership and Organizational Behavior Effective Research (“GLOBE”) project expanded the scope of its Confucian Asia cluster to include Japan as well.¹³⁵ However, while these countries, particularly those often referred to as being parts of a “Greater China” (i.e., China, Hong Kong and Taiwan), share the same cultural foundation, they have all developed their own different set of business institutions based on their unique historical paths since the midpoint of the 20th century. Child and Warner have noted that “[w]hile China is home to the world’s oldest and most continuous culture, it has also been subject to massive institutional changes since the nation-wide establishment of the Communist regime in 1949”¹³⁶ and Warner and Zhu have also observed that the Chinese have often been subject to strong external forces that have influenced their management styles and practices.

In general, the Chinese appear to be adept at accommodating outside influences and integrating them into the dominant managerial approach seen in the country from time-to-time while still preserving the essential of traditional cultural values. For example, during the period that Mao was in control after the Communist takeover managers adopted to massive institutional changes and followed an authoritarian approach that was consistent with the strong central control of the economy by the State; however, once the economic reforms began in the late 1970s one began to see Chinese managers modeling the management systems of the West imported through foreign investment activity that emphasized profitability and efficiency.¹³⁷ Warner and Zhu argued that while the Maoist era called for adherence to the Soviet model of industrial and agricultural management, including large doses of bureaucracy and authoritarianism, the Chinese were able to design and implement their own unique governance systems including enterprise managers, party officials and trade union leaders that led to the “iron rice-bowl” that provided the disenfranchised workers with some degree of compensating “benefits” in the form of guaranteed minimum levels of food and wages as well as the expectation of “lifetime employment”.¹³⁸

The management styles currently practiced in China have been aptly described as “eclectic” and “developing” and one can find elements from the traditional administrative practices that existed for so long in the SOEs and characteristics of Western style management learned and used in those sectors where marketplace influence is highest,

¹³⁵ For further discussion of the Global Leadership and Organizational Behavior Effective Research (“GLOBE”) project, see “Globalization: A Library of Resources for Sustainable Entrepreneurs” prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

¹³⁶ J. Child and M. Warner, “Culture and Management in China”, in M. Warner (Ed), *Culture and Management in Asia* (London: Routledge Curzon, 2003).

¹³⁷ M. Warner and Z. Ying, “Re-assessing Chinese Management: The Influence of Indigenous versus Exogenous Models”, *Human Systems Management*, 17(4) (1998), 245-255.

¹³⁸ M. Warner and Z. Ying, “Re-assessing Chinese Management: The Influence of Indigenous versus Exogenous Models”, *Human Systems Management*, 17(4) (1998), 245-255.

including the private sector and foreign invested companies and joint ventures.¹³⁹ The rapid of economic reform that has occurred in China over the last several decades, including the shift from the centrally planned economy to “market socialism” and the increased exposure to foreign investors and their governance models for business organizations and arrangements, has caused some fundamental shifts with respect to management systems, corporate governance and organizational culture in China and has had a significant impact on the attitudes, behaviors and goals of many Chinese managers. For example, Child and Warner have reported that before the early 1980s, “managers had very limited autonomy and could neither hire nor fire their workers. Like their employees, their performance was not linked to their effort; motivation was low; mobility was very restricted and in many cases, non-existent.”¹⁴⁰ After the reforms introduced by Deng Ziaoping in 1978, however, managers became much more involved in issues relating to strategies and structures and found that they were not only responsible for achieving financial performance targets but also were in line for rewards if those targets were attained. Other characteristics of the “new environment” for Chinese managers included the possibility of the shares of their firms being floated on stock exchanges and the opportunity for them to acquire an ownership stake in their enterprises through management buyouts.

There is still no single model that can serve as a prototype for all companies with respect to management practices in China. In 2003, Child and Warner observed: “Chinese enterprises vary extensively, ranging from [SOEs], some of which are still protected from market forces, through former SOEs which have converted to joint stock companies, to collectively-owned enterprises and private firms. In addition, companies with foreign ownership now make up a sizeable part of the non-agricultural economy.”¹⁴¹ Of particular interest was the fact that, except for a few of the SOEs, Chinese firms had to look to the marketplace to obtain raw materials and other resources for their activities and to dispose of their products. Child and Warner also noted that “many and varying Chinese corporate cultures” existed from the traditional “iron rice bowl model” that was still practiced in many of the remaining SOEs to what they referred to as “state of the art entrepreneurial one” in some of the joint stock companies that had converted from SOE status. An increasingly influential factor has been exposure to the corporate cultures imported through joint ventures with, or acquisitions by, foreign investors, particularly multinational companies.¹⁴²

Child and Warner have also pointed out several other factors that contribute to the difficulties associated with describing and analyzing modern Chinese management

¹³⁹ R. Grainger and S. Chatterjee, “Chinese and Indian Systems: Divergent in the midst of Global Trends”, in University of Sydney (Eds), *Asia-Pacific Economic and Business History Conference* (Sydney, Australia: University of Sydney, 2007).

¹⁴⁰ J. Child and M. Warner, “Culture and Management in China”, in M. Warner (Ed), *Culture and Management in Asia* (London: Routledge Curzon, 2003).

¹⁴¹ J. Child and M. Warner, “Culture and Management in China”, in M. Warner (Ed), *Culture and Management in Asia* (London: Routledge Curzon, 2003).

¹⁴² See also J. Child and Y. Yan, “National and Transnational Effects in International Business” *Management International Review*, 41(1) (2001), 53-75.

practices more challenging.¹⁴³ First, China is obviously a large land mass and several commentators have cautioned about the need to consider and respect regional diversity and the sub-cultures that exist in many different parts of China.¹⁴⁴ In fact, one scholar has noted that, in China, “. . . regional differences are too great to be homogenized under a unitary state”.¹⁴⁵ A second factor that cannot be ignored is the rapid pace of industrialization that China has experienced over the last few decades which has led to both regional and generational differentiation, particularly in the coastal areas of the country. Finally, Chinese policymakers, managers and workers have had to absorb and learn to understand the new enterprise forms described above, each of which raise different managerial issues and thus require their own unique versions of “Chinese management style”.

The discussion above illustrates that China has certainly experienced strong institutional influences on the way in which its society operates, notably the recent infusion of Communist ideology; however, for all of this, China still remains one of the best examples of how societal culture impacts the way in which institutions are designed and operated on a day-to-day basis and a number of scholars have observed the strong influence that Chinese societal culture has had on Chinese business institutions, including the way that enterprises are managed.¹⁴⁶ Fahr and Cheng have noted that the long history of feudalism in China provides a favorable environment for paternalistic organizational cultures¹⁴⁷ and Child and Warner have observed that “[e]nterprises at both extremes of the range, traditional SOEs and private firms, both exhibit corporate cultures that reflect paternalistic cultural values”¹⁴⁸.

Redding has described Chinese societal culture as collectivist and high power distance, with the family serving as the core collective unit and authority being exercised within collective units in a paternalistic fashion.¹⁴⁹ Child and Warner relied on the following list compiled by Redding to describe the fundamental Chinese cultural values, many of which are heavily grounded in the Confucian traditions that have dominated Chinese

¹⁴³ J. Child and M. Warner, “Culture and Management in China”, in M. Warner (Ed), *Culture and Management in Asia* (London: Routledge Curzon, 2003).

¹⁴⁴ See, e.g., T. Cannon and A. Jenkins (Eds), *The Geography of Contemporary China* (London: Routledge, 1990).

¹⁴⁵ J. Fairbank, *The Great Chinese Revolution, 1800-1985* (London: Chatto and Windus, 1987), 363.

¹⁴⁶ J. Child and M. Warner, “Culture and Management in China”, in M. Warner (Ed), *Culture and Management in Asia* (London: Routledge Curzon, 2003); L. Pye, *Asian Power and Politics* (Cambridge, MA: Harvard University Press, 1985); M. Lockett, “Culture and the Problems of Chinese Management”, *Organization Studies*, 9(4) (1988), 475-496; S. Redding, “The Capitalist Business System of China and its Rationale”, *Asia Pacific Journal of Management*, 19 (2002), 221-249; and S. Redding, *The Spirit of Chinese Capitalism* (Berlin: De Gruyter, 1990).

¹⁴⁷ J. Farh and B. Cheng, “A Cultural Analysis of Paternalistic Leadership in Chinese Organizations”, in J. Li, A. Tsu and E. Weldon (Eds), *Management and Organizations in the Chinese Context* (Basingstoke: Macmillan, 2000), 84-127.

¹⁴⁸ J. Child and M. Warner, “Culture and Management in China”, in M. Warner (Ed), *Culture and Management in Asia* (London: Routledge Curzon, 2003).

¹⁴⁹ G. Redding, “The Capitalist Business System of China and its Rationale”, *Asia Pacific Journal of Management*, 19 (2002), 221-249.

history, which a number of scholars have cited as being most relevant to management and organizational behavior in China¹⁵⁰:

- “1. Societal order: This reflects the sense of Chinese civilization as based on the learning and practice by individuals of clearly defined roles, all within a dominating state structure with a remit to preserve order, and all socialized into a belief in the need for appropriate conduct in the interests of harmony.”¹⁵¹
2. Hierarchy: Stemming largely from Confucian ethics, these values legitimate paternalism at the levels of family and organization, and patrimonialism at the state level, and provide a moral justification for hierarchy by stressing reciprocal vertical obligations.
3. Reciprocity and personalism: This is the currency of horizontal exchange, and the guarantor of the limited but adequate trust that maintains the particular structure of transactions.
4. Control: In a society of competing families, under conditions of scarce resources, and in an interventionist state, control of one’s fate becomes a core ideal for many, particularly business owners, and sensitivities to control become highly tuned.
5. Insecurity: This is endemic in an essentially totalitarian state, with weak property rights, and it is associated with competitiveness and a work ethic. Building defences and reserves becomes a moral duty towards dependents, as well as a practical necessity.
6. Family based collectivism: The architecture of horizontal order in Chinese society is based on identity with family as the core social unit.
7. Knowledge: The Chinese respect for learning appears to have survived the ravages of the Cultural Revolution and the related persecution of intellectuals, although its support in the institutional fabric is less strong than in the Imperial period. The value of learning, however, remains high, and there is doubtless some connection made with social mobility in its retention as a core ideal.”

Child and Warner went on to create their own inventory of some of the ways that the aforementioned Chinese cultural values appeared to be particularly relevant to management practices in China¹⁵²:

- Leadership status is readily ascribed to long-serving “senior figures” in Chinese organizations based on the respect for hierarchy and learning embedded in Chinese cultural values.

¹⁵⁰ J. Child and M. Warner, “Culture and Management in China”, in M. Warner (Ed), *Culture and Management in Asia* (London: Routledge Curzon, 2003) (quoting the list appearing in S. Redding, “The Capitalist Business System of China and its Rationale”, *Asia Pacific Journal of Management*, 19 (2002), 221-249, 234-235). See also O. Shenkar and S. Ronen, “The Cultural Context of Negotiations: The Implications of Chinese Interpersonal Norms”, *Journal of Applied Behavioral Science*, 23 (1987), 263-275; M. Lockett, “Culture and the Problems of Chinese Management”, *Organization Studies*, 9(4) (1988), 475-496; S. Redding, *The Spirit of Chinese Capitalism* (Berlin: De Gruyter, 1990); M. Bond (Ed), *The Handbook of Chinese Psychology* (Hong Kong: Oxford University Press, 1996).

¹⁵¹ See also M. Chen, *Asian Management Systems* (London: Routledge, 1995), 144 (“... a Chinese should first and foremost know his place in society and how to interact with others in a proper manner.”)

¹⁵² J. Child and M. Warner, “Culture and Management in China”, in M. Warner (Ed), *Culture and Management in Asia* (London: Routledge Curzon, 2003).

- The strength of family-based businesses in China, as well as the long-standing personnel practice of recruiting family members, is a function of family-based collectivism and the dominant view of the family as the core social unit within China.
- As a collectivist society the Chinese have a strong group orientation and this causes resistance among group members to efforts by managers, generally from the West, to establish pay and bonus systems that are tied to individual performance.
- The elements of “insecurity” and “personalism”, when taken together, explain how important it is for the Chinese to be able to preserve “face”.¹⁵³
- The need to maintain harmony and guarantee trust leads to strong emphasis on the importance of personal relationships in business arrangements.¹⁵⁴

Child and Warner sum up the role of culture in understanding how Chinese business organizations work by noting: “Together with *guanxi* (relationships), *li* (rite), *mianzi* (face) and *renqing* (obligations) reinforce the social bonds that make the Chinese system function smoothly. In terms of organization theory, this represents the elements of a reciprocal informal system that acts as neither market nor hierarchy; it acts reciprocally with whatever institutionalized bureaucratic structures exist at the time and may help to make them work more smoothly.”¹⁵⁵

In general, the SOEs exhibit a paternalistic corporate culture highlighted by what Child described as “top-down leadership and authority, collectivism and mutual dependence, with an emphasis on conformity and attachment to the organization based on moral rather than material incentives”.¹⁵⁶ Child and Warner observed that the employment relationship within SOEs was based strongly on a “moral contract” under which workers provided loyalty to their superiors and their work units in exchange for employment protection and welfare benefits.¹⁵⁷ However, the viability of this contract in the future is problematic given the movement toward privatization of the SOEs and the financial difficulties that have pushed many SOEs toward bankruptcy.

¹⁵³ Child and Warner advised outsiders to be careful when negotiating with Chinese managers or officials who may not have modern technical knowledge not to act in ways that might cause the Chinese party to lose face, such as making them feel embarrassed for not have as much knowledge about the issue as they should. Id.

¹⁵⁴ Child and Warner discuss the Chinese practice of *guanxi*, which they define briefly as “relational networking based on inter-personal connections”, and note that it has been deeply rooted in China since the days of Confucius and remains important in China as a “coordinating mechanism”. Id.

¹⁵⁵ Id. See also M. Chen, *Asian Management Systems* (London: Routledge, 1995), 144 (“*Guanxi*, face and *renqing* are important components in regulating interpersonal relationships.”)

¹⁵⁶ J. Child, *Management in China During the Age of Reform* (Cambridge: Cambridge University Press, 1994).

¹⁵⁷ J. Child and M. Warner, “Culture and Management in China”, in M. Warner (Ed), *Culture and Management in Asia* (London: Routledge Curzon, 2003). The concept of “jobs for life” and “cradle to the grave” welfare commonly associated with working for SOEs has often been referred to as the “iron rice bowl” and included wages prescribed by the state, a steady pace of work and immunity from dismissals. Employers offered little or no incentives to workers demanding that they be content to be able to eat “out of one big pot”. See A. Takahara, *The Politics of Wage Policy in Post-Revolutionary China* (London: Macmillan, 1992).

There is no doubt that one of the most important management issues in China is to handle the integration of Western style management techniques into the traditional Confucian value system. One might expect that certain attributes of traditional Chinese culture—collectivist orientation, importance of relationships and the concern for harmony—will support organizational structures and activities thought to be necessary for efficiency and competitiveness in the marketplace including teamwork, pursuit of a common purpose, task interdependence and group orientation.¹⁵⁸ However, in order for these indicators of effective teamwork to be meaningful Chinese managers must devise organizational structures and communications techniques that overcome and eradicate the cultural preference for rigid hierarchies and “top-down” controls so that managers and workers toiling in different departments or business units can work together in ways that facilitate innovation and sharing of knowledge that can then be put to work throughout the entire firm to achieve a comparative advantage.

Following announcement of the economic reforms the managers of the SOEs were encouraged to “modernize” their management and marketing techniques to conform to the ideas typically used in the West.¹⁵⁹ Also, the infusion of foreign capital that has played a significant role in the rapid development of market-based business institutions in modernizing China has put even more pressure on Chinese managers to find a way to integrate traditional Chinese cultural values with Western-style management techniques expected by investors from outside Greater China.¹⁶⁰ Nankervis and Lee described the response of Chinese managers by noting that “. . . especially in the private sector, we can see that imported management and human development systems are blended with traditional Confucian inspired ideas about the primacy of senior management, managerial paternalism, the maintenance of face and workplace harmony, and the importance of networks, and socialist inspired ideas such as collective participation in decision making, and the desirability of worker representation through trade unions”.¹⁶¹

Studies have identified significant influences by foreign investors on management practices in China and a tendency among joint venture companies, particularly “transnational” companies (i.e., companies with production facilities in two or more continents and with worldwide sourcing and/or distribution), to adopt formal governance procedures and cultural norms that include important elements imported from the foreign partners. Several reasons have been offered for this trend including the practices of

¹⁵⁸ X. Chen, J. Bishop and S. Dow, “Teamwork in China: Where Reality Challenges Theory and Practice” in J. Li, A. Tsu and E. Weldon (Eds.), *Management and Organizations in the Chinese Context* (Basingstoke: Macmillan, 2000), 269-282.

¹⁵⁹ R. Grainger and S. Chatterjee, “Chinese and Indian Systems: Divergent in the midst of Global Trends”, in University of Sydney (Eds), *Asia-Pacific Economic and Business History Conference* (Sydney, Australia: University of Sydney, 2007), 1-45.

¹⁶⁰ R. Grainger and S. Chatterjee, “Chinese and Indian Systems: Divergent in the midst of Global Trends”, in University of Sydney (Eds), *Asia-Pacific Economic and Business History Conference* (Sydney, Australia: University of Sydney, 2007), 1-45.

¹⁶¹ A. Nankervis and N. Lee, “Managing global integration, national values and local development in China”, in S. Chatterjee and A. Nankervis (Eds.), *Asian Management in Transition: Emerging Themes* (Houndmills: Palgrave Macmillan, 2007) (as referenced in R. Grainger and S. Chatterjee, “Chinese and Indian Systems: Divergent in the midst of Global Trends”, in University of Sydney (Eds), *Asia-Pacific Economic and Business History Conference* (Sydney, Australia: University of Sydney, 2007), 1-45).

appointing expatriates to key joint venture positions, the emphasis on training local personnel and the role that foreign investors are playing in providing a high percentage of the inputs necessary for the initial launch and operation of the venture.¹⁶²

Given that the private sector in China is relatively new there is little information available on corporate culture; however, several case studies have provided indications that many of the reconstituted SOEs will abandon the traditional paternalism in favor of cultures that combine the long-standing collective spirit generally observed in Chinese firms with a greater emphasis on personal achievement.¹⁶³ Commentators believe that this transition toward greater autonomy and responsibility will be needed in order for the enterprises to survive in the marketplace with reduced support from the state.

Other factors that may eventually lead to adjustments away from the bureaucratic model include the growing influence of younger workers raised in urban environments with greater exposure to workplaces norms and practices of Western firms. In fact, in a comparative study of younger managers in the US, China and India Samii et al. found that modern managers in China who are well-educated and with considerable exposure to Western business practices tend to be more risk taking and that the gap in terms of uncertainty avoidance with US managers has narrowed. In addition, they found evidence that modern Chinese managers have a different approach than their elders regarding acceptance of power distance and hold a lower power distance attitude relative to US managers and that they also have a changing perception about the gender egalitarianism and are more aware of the improved status of women. Finally, according to Samii et al., modern managers in China are more performance-, future- and humane-oriented.¹⁶⁴

Other studies of Chinese managerial values have attempted to identify and explain differences among Chinese managers based on a variety of factors such as the location and level of industrialization of their businesses, the level of education of the managers and the age of the managers (i.e., “generational” differences). Child and Warner summarized some of the most interesting and important findings as follows¹⁶⁵:

- Individualistic attitudes were found to be more prevalent among “cosmopolitan” Chinese (i.e., managers living and working in regions exposed to higher levels of foreign influence, typically coastal area) than “local” Chinese; however, both cosmopolitan and local Chinese managers maintained a strong commitment to

¹⁶² J. Child and Y. Yan, “National and Transnational Effects in International Business”, *Management International Review*, 41(1) (2001), 53-75. Chinese managers are also learning from the transfer of management practices from Hong Kong business partners. J. Child, L. Chung, H. Davies and S-H. Ng, *Managing Business in China* (Hong Kong: Hong Kong General Chamber of Commerce, 2000).

¹⁶³ J. Child and M. Warner, “Culture and Management in China”, in M. Warner (Ed), *Culture and Management in Asia* (London: Routledge Curzon, 2003) (citing P. Nolan, *China and the Global Business Revolution* (Basingstoke: Palgrave, 2001)).

¹⁶⁴ M. Samii, S. Schragle-Law and C. Yan, “A Cultural Analysis of Management Styles: The United States with a New Generation of Managers in India and China”, academicarchive.snhu.edu/bitstream/handle/10474/1770/snhu_00155.pdf [accessed January 22, 2012]

¹⁶⁵ J. Child and M. Warner, “Culture and Management in China”, in M. Warner (Ed), *Culture and Management in Asia* (London: Routledge Curzon, 2003).

traditional Confucian values such as societal harmony, personal and interpersonal harmony and virtuous behavior.¹⁶⁶

- A comparison of Chinese managers in Guangzhou, a “cosmopolitan” city that has experienced substantial contact with foreign investors and influences, and the more traditional city of Chengdu indicated that individualism, openness to change and self-enhancement were seen as much more important by Guangzhou managers and that those managers attached less importance to collectivism than their counterparts in Chengdu, although they were not willing to abandon Confucian values such as collectivism in their entirety.¹⁶⁷
- A study of Chinese managers and professionals working in SOEs concluded that “New Generation” managers—aged 40 or younger—scored higher on individualism and lower on collectivism and Confucianism than their counterparts in two older generational categories (i.e., the “Current Generation” (aged 41 to 51) and the “Older Generation” (aged 52 and older)). Based on these results, which were achieved after controlling for other demographic factors (e.g., religion, gender and position with the firm), the researchers concluded that the new generation of Chinese managers are “more similar to Western managers than are the previous generation, especially in respect to individualistic behavior”.¹⁶⁸

Child and Warner noted that the results of the research appear to indicate that younger managers and workers in the coastal regions of China, particularly in urban areas, have had substantial exposure to new and powerful economic and social forces such as consumerism and the Internet and have also had heavy interaction with foreign investors, and this has led them to question, and deviate from, traditional Chinese cultural values and embrace elements of Western-style culture such as individualism.¹⁶⁹ Child and Warner also caution, however, that it remains an “open question” as to just how much traditional Confucian values are being diluted or forsaken and suggest that perhaps younger managers are seeking to separate the values that they adhere to in the workplace from those that they continue to follow in their private and community lives.

¹⁶⁶ D. Ralston, K. Yu, X. Wang, R. Terpstra and W. He, “The Cosmopolitan Chinese Manager: Findings of a Study of Managerial Values Across the Six Regions of China”, *Journal of International Management*, 2 (1996), 79-109 (surveying work values of 704 managers from six Chinese cities).

¹⁶⁷ D. Ralston, N. Van Thang and N. Napier, “A Comparative Study of the Work Values of North and South Vietnamese Managers”, *Journal of International Business Studies*, 30(4) (1999), 655-672.

¹⁶⁸ D. Ralston, C. Egri, S. Stewart, R. Terpstra and K. Yu, “Doing Business in the 21st Century with the New Generation of Chinese Managers: A Study of Generational Shifts in Work Values in China”, *Journal of International Business Studies*, 30(2) (1999), 415-428, 425. Note, however, that while another study of Confucian values among a group of Chinese managers also found that some elements of Confucianism are weakening among those in the younger generation certain fundamental values appear to remain in tact for the time being including benevolence; temperance, including harmony; and persistence, including perseverance, patience and adaptation. K. Heffernan and J. Crawford, *The Relationship Between Managerial Values and the Adoption of Western Lifestyle Practices in the People’s Republic of China* (Paper presented to the Australia and New Zealand Academy of Management Conference, Auckland, December 2001).

¹⁶⁹ J. Child and M. Warner, “Culture and Management in China”, in M. Warner (Ed), *Culture and Management in Asia* (London: Routledge Curzon, 2003).

In any case, there is clearly a struggle going on in China between the demands of pursuing success in the new world economy and the need and desire to maintain the social traditions and cultural values that have played a fundamental role in preserving the unity in the country for thousands of years.¹⁷⁰ Rui noted that many of China's younger tech professionals have a decidedly Western outlook on key elements of organizational structure and culture, one that deviates significantly from the approaches traditionally seen in China's state-owned enterprises. For example, many Chinese companies are beginning to accede to the wishes of their young and well-educated engineers and designers for empowerment, flexibility, less hierarchy and a workplace environment in which they were afforded support and approval for their individual creativity and accountability.¹⁷¹

Another area where culture appears to play a significant role is with respect to the reaction of Chinese managers to managing conflict in business relationships. In general, the response seems to vary depending on whether the conflict is with another Chinese manager ("intra-cultural" conflict) or with a manager from a foreign country in the context of joint venture or similar arrangement ("inter-cultural conflict"). Child and Warner reported the findings of Wang, who studied the research that had been done on the impact of culture on conflict management in China and found that Chinese managers focused on restoration of harmony when intra-cultural conflicts arose and typically responded quickly to resolve the situation—sometimes approaching the other party directly or reporting the situation to a higher authority so that it could be raised and resolved at a formal meeting—but were hesitant to deal directly with foreign colleagues in the event of inter-cultural conflict. Wang noted that the reluctance of Chinese managers to confront their foreign colleagues directly to discuss and resolve conflicts might ultimately lead to bigger problems if the foreign managers are offended that issues are publicized with others before they have had an opportunity to address the situation directly with the Chinese party.¹⁷² In the same vein, Morris et al. studied the impact that cultural background might have on the preferences of managers from four countries—China, India, the Philippines and the US—with respect to conflict resolution styles and techniques and concluded that Chinese managers were likely to choose and follow an avoiding conflict style perhaps because they place a higher value on social conservatism (i.e., conformity and adherence to tradition) than their colleagues in the other countries in

¹⁷⁰ M. Boisot and J. Child, "From Fiefs to Clans and Network Capitalism: Explaining China's Emerging Economic Order", *Administrative Science Quarterly*, 41(4) (1996), 600-628.

¹⁷¹ R. Ma, "5 Tips All Expats Should Consider Before Launching a Startup in China, Venture Burn" (April 11, 2014), <http://ventureburn.com/2014/04/5-tips-all-expats-should-consider-before-launching-a-startup-in-china/2/> (accessed May 13, 2014).

¹⁷² See Z-M Wang, "Team Management Conflict" in J. Selmer (Ed.) *International Management in China: Cross-Cultural Studies* (London: Routledge, 1998), 29-44.

the study.¹⁷³ Morris et al. also found that the value of power was rated much more highly by managers in China, India and the Philippines than by managers in the US.¹⁷⁴

§1:11 India

When first measured by Hofstede on his cultural dimensions, India preferred a much larger power distance than in the US; however, the countries were roughly equivalent with respect to both uncertainty avoidance and masculinity and, in fact, appeared together in a cluster in the weak uncertainty avoidance/masculine quadrant.¹⁷⁵ The US was much more individualist than India although India was still in the middle on that axis and much less collectivist than other then-developing countries. India scored above the average on long-term orientation in a range with countries like Brazil and Thailand yet still well below the scores of China, Hong Kong, Japan, Taiwan and other Asian countries. Nigam and Su later reported that societal culture in India has traditionally been described as collectivist, high power distance, high on masculinity and high uncertainty avoidance.¹⁷⁶ In their study of India and nine other countries based partly on Hofstede's model Aycan et al. found that India scored high on paternalism, power distance, uncertainty avoidance, and loyalty towards community. Aycan et al. also found that India scored higher than Canada on futuristic orientation, reactivity, and obligation towards others, but that Indian employees scored lower than the counterparts in Canada with respect to autonomy, skill variety and self-control.¹⁷⁷

Nigam and Su have observed that the management system in India “is based upon centuries of rules and regulations from various dominating empires; different religions; a very influential caste system that, knowingly or unknowingly, intentionally or unintentionally, influences the organizational system of Indian enterprises; the British Raj who ruled India for about 200 years; and more recently, the globalization of world

¹⁷³ M. Morris, K. Williams, K. Leung, R. Larrick, M. Mendoza, D. Bhatnager, et al., “Conflict management style: Accounting for cross-national differences,” *Journal of International Business Studies*, 29(4) (1998), 729-747. The researchers found that China and the Philippines scored higher than India and the US with respect to social conservatism (i.e., conformity and adherence to tradition) and, in fact, managers from the US, which scored highest with respect to achievement values, relied more heavily on a different “competing” style of conflict resolution than managers in China.

¹⁷⁴ M. Morris, K. Williams, K. Leung, R. Larrick, M. Mendoza, D. Bhatnager, et al., “Conflict management style: Accounting for cross-national differences,” *Journal of International Business Studies*, 29(4) (1998), 729-747.

¹⁷⁵ G. Hofstede, “Motivation, Leadership and Organization: Do American Theories Apply Abroad,” *Organization Dynamics*, 9 (1980), 42-63, 51-54. See also G. Hofstede, *Culture's consequence: International differences in work-related values* (Newbury Park, CA: Sage, 1980).

¹⁷⁶ R. Nigam and Z. Su, “Management in Emerging versus Developed Countries: A Comparative Study from an Indian Perspective,” *Journal of CENTRUM Cathedra*, 4(1) (2011), 121-133, 124.

¹⁷⁷ Z. Aycan, R. Kanungo, M. Mendonca, K. Yu, J. Deller and G. Stahl, “Impact of culture on HRM practices: A 10 country comparison,” *Applied Psychology: An International Review*, 4(1) (2000), 192-221. Samii et al. also found high future orientation among younger Indian managers. See M. Samii, S. Schragle-Law and C. Yan, “A Cultural Analysis of Management Styles: The United States with a New Generation of Managers in India and China”, academicarchive.snhu.edu/bitstream/handle/10474/1770/snhu_00155.pdf [accessed January 22, 2012]

economies and its influence on the Indian management system”.¹⁷⁸ Chatterjee has argued that the sources for the emerging management style in India are “strong national pride in the tradition and history of the country; existing bureaucratic institutional infrastructure and regulatory framework; commitment and vision to achieve a global identify by becoming engaged in the region and beyond; and new levels of confidence in innovation, enterprise and knowledge networks”.¹⁷⁹ In addition, Grainger and Chatterjee have noted that “[m]anagers in India retain a strong orientation towards the cultural legacy of an ancient but continuously living and evolving civilization. However, in recent years this legal has been impacted by the changing economic and managerial contexts...The contemporary managerial elite in India are more pragmatically than ideologically driven than in the past.”¹⁸⁰ They also observed that “[d]ynamic domestic economic competition and global challenges are providing a sustainable momentum towards a new managerial and leadership culture”.¹⁸¹

The large power distance score for India is consistent with the long-standing tradition of recognizing and enforcing caste systems. Large power distance also correlates with Hinduism, which is practiced by about 80% of the population of India—the only country with over 50% of its population embracing the Hindu religion. Large power distance provides the underpinnings for a strong respect for hierarchy that necessarily influences organizational structure within Indian firms. Researchers such as Kumar and Shankaran have observed that that a “hierarchical mindset” permeates all aspects of Indian life including people, relations and ideas.¹⁸² As a result, it is not surprising that researchers have found evidence of a preference for, and acceptance of, centralized “top down” decision making in Indian business organizations.¹⁸³ However, there are some signs of changes and researchers such as Samii et al. claim to have found evidence that among younger managers in India there is a different approach regarding acceptance of power distance than in the more traditional segments of Indian society and that younger Indian managers have a lower power distance attitude relative to their US colleagues.¹⁸⁴

¹⁷⁸ R. Nigam and Z. Su, “Management in Emerging versus Developed Countries: A Comparative Study from an Indian Perspective”, *Journal of CENTRUM Cathedra*, 4(1) (2011), 121-133, 124. The authors based their research on an extensive review of relevant journals, particularly “articles with a special focus on management, Asian management, and Indian management”. *Id.* at 122.

¹⁷⁹ S. Chatterjee, “Bridging the gap between potential and performance: The challenges of Indian Management”, in S. Chatterjee and A. Nankervis (Eds.), *Asian Management in Transition: Emerging Themes* (London: Palgrave Macmillan, 2007), 83.

¹⁸⁰ R. Grainger and S. Chatterjee, “Chinese and Indian Systems: Divergent in the midst of Global Trends”, in University of Sydney (Eds), *Asia-Pacific Economic and Business History Conference* (Sydney, Australia: University of Sydney, 2007), 1-45.

¹⁸¹ *Id.*

¹⁸² M. Kumar and S. Sankaran, “Indian culture and the culture for TQM: A comparison”, *The TQM Magazine*, 19(2) (2007), 176-188.

¹⁸³ R. Nigam and Z. Su, “Management in Emerging versus Developed Countries: A Comparative Study from an Indian Perspective”, *Journal of CENTRUM Cathedra*, 4(1) (2011), 121-133, 126.

¹⁸⁴ M. Samii, S. Schragle-Law and C. Yan, “A Cultural Analysis of Management Styles: The United States with a New Generation of Managers in India and China”, academicarchive.snhu.edu/bitstream/handle/10474/1770/snhu_00155.pdf [accessed January 22, 2012]

Personal relationships between employees in the workplace are highly valued in India and Indian workers have traditionally been quite loyal to their companies and been rewarded by a promotion system that emphasizes years of experience and loyalty as opposed to individual performance.¹⁸⁵ The loyalty shown by Indian workers follows from the high level of trust that younger workers have had that their elders will take care of them as they progress through their careers.¹⁸⁶ Researchers have also noted that respect, affection for the young and deference to elders leads to strong bonding to and within the firm.¹⁸⁷

The emphasis on relationships in the Indian business culture has other important consequences. For example, Hofstede has noted that the relationship orientation within Indian firms leads to greater flexibility with respect to exceptions to formal rules and regulations.¹⁸⁸ In fact, Nigam and Su reported: “Similar flexibility is extended to agreements. It has been noticed that formal contracts were not of high importance; personal relationships carry more weight in Indian culture. Contracts were seen more from the moral point of view, as a course of action for the future, and were debatable and adjustable with mutual understanding.”¹⁸⁹ In addition, the importance of relationships can be seen in the business group structures used in India that provide a context for social networking among managers and employees of firms involved in the same group.¹⁹⁰

Chatterjee described the behavior of Indian managers as a combination of collectivism on the outside and individualism on the inside.¹⁹¹ Nigam and Su explained this to mean that “power is considered important in the Indian culture, and obtaining more power is a strong motivational factor”.¹⁹² In fact, several researchers have found that money is not

¹⁸⁵ R. Kanungo and M. Mendonca, “Culture and performance improvement”, *Productivity*, 35(4) (1994), 447-453.

¹⁸⁶ J. Sinha, *The cultural context of leadership and power* (New Delhi, India: Sage, 1995).

¹⁸⁷ S. Chatterjee, “Human resource management in India: ‘Where from’ and ‘where to?’”, *Research and Practice in Human Resource Management*, 15(2) (2007), 92-103; and M. Kumar and S. Sankaran, “Indian culture and the culture for TQM: A comparison”, *The TQM Magazine*, 19(2) (2007), 176-188.

¹⁸⁸ G. Hofstede, “Asian management in the 21st century”, *Asia Pacific Journal of Management*, 24 (2007), 411-420. Also with regard to the use of formal rules and regulations in India, Taylor observed that India’s relatively low score on uncertainty avoidance in relation to other countries likely means that India is generally more tolerant of risk and thus less inclined to rush to deploy formal laws, regulations and policies as means to control the unknown. See S. Taylor, “International Business Etiquette and Manners—India Page” <http://www.cyborlink.com/besite/india.htm> [accessed April 14, 2010]

¹⁸⁹ R. Nigam and Z. Su, “Management in Emerging versus Developed Countries: A Comparative Study from an Indian Perspective”, *Journal of CENTRUM Cathedra*, 4(1) (2011), 121-133, 125.

¹⁹⁰ J. Sinha and D. Sinha, “Role of social values in Indian organizations”, *International Journal of Psychology*, 25 (1990), 705-714.

¹⁹¹ S. Chatterjee, “Human resource management in India: ‘Where from’ and ‘where to?’”, *Research and Practice in Human Resource Management*, 15(2) (2007), 92-103; and M. Kumar and S. Sankaran, “Indian culture and the culture for TQM: A comparison”, *The TQM Magazine*, 19(2) (2007), 176-188.

¹⁹² R. Nigam and Z. Su, “Management in Emerging versus Developed Countries: A Comparative Study from an Indian Perspective”, *Journal of CENTRUM Cathedra*, 4(1) (2011), 121-133, 126. In the same vein, Morris et al. found that the value of power was rated much more highly by managers in China, India and the Philippines than by managers in the US. M. Morris, K. Williams, K. Leung, R. Larrick, M. Mendoza, D. Bhatnager, et al., “Conflict management style: Accounting for cross-national differences,” *Journal of International Business Studies*, 29(4) (1998), 729-747.

the primary motivator among Indian managers and workers.¹⁹³ For example, Lang's study of Indian employees working for Lufthansa found that status and "pleasure of doing the job" were more important motivating factors than money.¹⁹⁴ Chatterjee's research revealed that lifetime employment, medical care and housing and educational support were valued highly among Indian workers and Aycan found that maternity leave and sabbaticals were popular benefits in India.¹⁹⁵

Determination and distribution of rewards within Indian firms is tightly aligned with the collectivist thinking that dominates the country. Several groups of researchers have found that distribution of rewards is based on a philosophy of equality, rather than the merit- and performance-based rewards systems found in more individualistic societies such as the US, and managers and workers have generally been willing to accept that raises and promotions would be based on loyalty and seniority as part of the overall bargain of lifetime employment.¹⁹⁶ This approach to determination and distribution of rewards tends to encourage cooperation rather than competition among workers and also means that relatively little attention is paid to formal objective appraisal systems that are used in individualistic countries to measure performance in order to determine rewards and establish career paths and training objectives for employees.¹⁹⁷ In fact, several researchers have noted that performance appraisal methods in India are crude or non-existent and when appraisals are carried out they are limited only to a certain level of employees.¹⁹⁸

It should be noted that while Indian business culture and management styles remain strongly influenced by historical factors there are signs of incremental changes as India continues to be exposed to foreign multinationals and the challenges of competing in the global marketplace. For example, as noted above researchers have found a relatively high future orientation in their cultural profile of India and Aycan et al. speculated that

¹⁹³ D. Arora, "Foreign multinationals in India: Adapting to India's work culture and management practices" in W. Schmeisser, T. Hummel, G. Hannemann and D. Ciupka, *Internationale Geschäftstätigkeiten in Asien*. (München und Mering, Germany: Rainer Hampp, 2005).

¹⁹⁴ J. Lang, "Human resources in India: Retaining and motivating staff in a Lufthansa subsidiary", *Compensation Benefits Review*, 40 (2008), 56-62.

¹⁹⁵ S. Chatterjee, "Human resource management in India: 'Where from' and 'where to?'"', *Research and Practice in Human Resource Management*, 15(2) (2007), 92-103; and Z. Aycan, "The Interplay between cultural and institutional/structural contingencies in human resource management practices", *International Journal of Human Resource Management*, 16(7) (2005), 1083-1119.

¹⁹⁶ N. Ramamoorthy, A. Gupta, R. Sardesai and P. Flood, "Individualism / collectivism and attitudes towards human resource systems: A comparative study of American, Irish and Indian MBA students", *International Journal of Human Resource Management*, 16(5) (2005), 852-869.

¹⁹⁷ R. Nigam and Z. Su, "Management in Emerging versus Developed Countries: A Comparative Study from an Indian Perspective", *Journal of CENTRUM Cathedra*, 4(1) (2011), 121-133, 128.

¹⁹⁸ S. Chatterjee, "Human resource management in India: 'Where from' and 'where to?'"', *Research and Practice in Human Resource Management*, 15(2) (2007), 92-103; M. Mendonca and R. Kanungo, *Performance management in developing countries*, in R. Kanungo and A. Jaeger (eds.), *Management in Developing Countries*. (London, UK: Routledge, 1990), 223-251; Y. Baruch and P. Budhwar, "A comparative study for career practices for management staff in India and Britain", *International Business Review*, 15(1) (2008), 84-101; and A. Rao, "Effectiveness of performance management systems: An empirical study in Indian companies", *The International Journal of Human Resource Management*, 18(10) (2007), 1812-1840.

this was an indication that Indian managers have begun to realize that some level of future planning is necessary in light of the need for them to compete in a complex and unpredictable political and economic environment using limited resources.¹⁹⁹ In addition, changes in the fundamental characteristics of Indian societal culture may be occurring, albeit slowly, as evidenced by the findings of Kumar and Sankaran in 2007 that India is shifting from “high” to “moderate” with respect to uncertainty avoidance²⁰⁰ and the observation of Samii et al. that the perception of gender egalitarianism is changing among younger Indian managers as they are becoming more aware of the need to improve the status of women.²⁰¹ Finally, there is evidence that, at least among private firms, Indian managers are recognizing the importance of following the lead of their competitors in the US and elsewhere in establishing new management systems such as in the area of “knowledge management”.²⁰²

While maintaining their cultural roots and traditional ways of thinking in social relationships, Indians, like the Japanese, have been willing to adopt and accept Western business practices and institutions including professional organizational and managerial structures and governance standards. This trend has been supported by the growing interest in, and demand for, professional qualifications such as MBAs and the number of corporations that are seeking listing on public stock exchanges and thus must comply with stringent governance requirements. Even the family-controlled enterprises have taken to emphasizing that being a family member is no longer sufficient for a management role and that their operations are overseen by managers with suitable professional qualifications and training.²⁰³ However, while there is evidence that younger Indian managers are more “performance oriented”²⁰⁴, George has cautioned that Western assumptions regarding motivational strategies for workers often are not

¹⁹⁹ R. Nigam and Z. Su, “Management in Emerging versus Developed Countries: A Comparative Study from an Indian Perspective”, *Journal of CENTRUM Cathedra*, 4(1) (2011), 121-133, 128 (citing Z. Aycan, R. Kanungo, M. Mendonca, K. Yu, J. Deller and G. Stahl, “Impact of culture on HRM practices: A 10 country comparison”, *Applied Psychology: An International Review*, 4(1) (2000), 192-221).

²⁰⁰ M. Kumar and S. Sankaran, “Indian culture and the culture for TQM: A comparison”, *The TQM Magazine*, 19(2) (2007), 176-188. Other researchers have also observed that exposure to management education programs and Western business practices has caused a narrowing of the gap between modern Indian managers and their counterparts in the US with respect to “uncertainty avoidance”. See M. Samii, S. Schragle-Law and C. Yan, “A Cultural Analysis of Management Styles: The United States with a New Generation of Managers in India and China”, academicarchive.snhu.edu/bitstream/handle/10474/1770/snhu_00155.pdf [accessed January 22, 2012]

²⁰¹ M. Samii, S. Schragle-Law and C. Yan, “A Cultural Analysis of Management Styles: The United States with a New Generation of Managers in India and China”, academicarchive.snhu.edu/bitstream/handle/10474/1770/snhu_00155.pdf [accessed January 22, 2012]

²⁰² R. Nigam and Z. Su, “Management in Emerging versus Developed Countries: A Comparative Study from an Indian Perspective”, *Journal of CENTRUM Cathedra*, 4(1) (2011), 121-133, 129 (citing R. Pillania, “State of organisational culture for knowledge management in Indian industry”, *Global Business Review*, 7(1) (2006), 119-135).

²⁰³ R. Grainger and S. Chatterjee, “Chinese and Indian Systems: Divergent in the midst of Global Trends”, in University of Sydney (Eds), *Asia-Pacific Economic and Business History Conference* (Sydney, Australia: University of Sydney, 2007), 1-45.

²⁰⁴ M. Samii, S. Schragle-Law and C. Yan, “A Cultural Analysis of Management Styles: The United States with a New Generation of Managers in India and China”, academicarchive.snhu.edu/bitstream/handle/10474/1770/snhu_00155.pdf [accessed January 22, 2012]

applicable in India—for example, it is not necessarily true that Indian workers will be motivated by more autonomy, responsibility and control over their work, nor is it to be assumed that Indian workers will lose their motivation if they are placed in a highly structured, bureaucratic and controlled environment.²⁰⁵

§1:12 Vietnam

Quang and Vuong combined elements of the Culpan and Kucukemiroglu model, which emphasized various practices and procedures that managers used when supervising subordinates, and a model developed by Khandwalla, which focused on managerial styles²⁰⁶, to create their own model of a “management system” which they then used for a comparison among three enterprise sectors in Vietnam: the state sector (“SOEs”), the private sector and the joint venture sector.²⁰⁷ Prior to 1986, the dominant, if not only, management system in Vietnam was a function of the centrally planned economy in which resource allocations and overall national economic strategies and plans were made by the Central State Planning Committee established by the Government. Each production unit worked to achieve performance targets set by the State and management systems were based on strict bureaucracy and hierarchies. Managers of these SOEs were limited in their ability to exercise their own leadership and management competencies and their duties were confined to executing the directives handed down by the State. The following table shows the items that Quang and Vuong included in their profile of the Vietnamese management system, as well as their view of the characteristics each of those items prior to 1986²⁰⁸:

Item	Characteristics
Leadership style	Paternalistic-autocratic
Degree of decentralization/delegation	Low
Communication pattern	Top-down
Quality controls	Some
Authority definition	Unclear; collective responsibility
Trust and confidence in subordinates	Medium; “men of the system”
Planning term	Short range (one to two years)
Personnel policy	Not stated or transparent, regulated and standardized
Control devices	(Time) punching clocks; frequent observations
Training programs	Many (e.g., on-the-job training), but not often effective or relevant

²⁰⁵ J. George, “Social Capital and Educational Achievement: The Case of India”, *Canadian and International Education*, 29(2) (December 2000), 47.

²⁰⁶ P. Khandwalla, “Effectiveness Management Styles: An Indian Study”, *Journal of Euro-Asian Management*, 1(1) (1995), 39-64, 43-46. For further discussion, see the chapter on “Management Styles” in this Library.

²⁰⁷ T. Quang and N. Vuong, “Management Styles and Organisational Effectiveness in Vietnam”, *Research and Practice in Human Resource Management*, 10(2) (2002), 36-55.

²⁰⁸ Id. (based on Table 1: Profile of Vietnamese Management System before the Renovation Policy).

Motivation	Monetary and psychological
Employee morale	Not always high
Absenteeism	Low to medium
Productivity	Low

Quong and Vuong conducted an extensive analysis of various elements of Vietnamese management styles and practices in the three sectors in 1998, ten years after the first economic reforms.²⁰⁹ They found that, at that time, management was a male-dominated activity in Vietnam and that there are variations in age and seniority of managers based on the particular sector—the average age of managers in the State sector was 48 years, which reflected the heavy reliance on seniority within the SOEs, and those managers had an average of 10 years of experience; however, the average age of managers in the private and joint venture sectors was much lower (i.e., 38 for the private sector and 42 for the joint venture sector) and those managers had less experience (seven years in the private sector and six years in the joint venture sector).²¹⁰ Another interesting observation was the educational background of the surveyed managers, which was primarily in the technical area (i.e., engineering), and only a small percentage of managers, many of whom work in the private sector, had any formal education in business administration and/or economics.²¹¹

In the course of completing their comparison, Quang and Vuong examined specific characteristics and metrics for each of the listed dimensions. For example, when examining “leadership style” in Vietnam they focused on characteristics such as how much attention the supervisor paid to employees’ interests and opinions, close supervision, encouragement of work teams, the amount of direction given from the top, the amount of freedom given to subordinates and the extent to which the supervisor delegated authority to subordinates.²¹² When evaluating “decision making” Quang and Vuong sought to measure the degree of employees’ participation in decision making, the degree of contribution of functional departments in decision making, the use of new methods and technologies in decision making and the level of support from employees for decisions made by top management.²¹³

With regard to the management styles used in the SOEs, the researchers found that the bureaucratic style was the most popular, a finding that found “understandable given the

²⁰⁹ Id. Quong and Vuong selected 210 top and middle managers from a published list of registered businesses in Hanoi to participate in the survey. Invitees were equally distributed among the three sectors and the response rate was a little over 50% with respondents from the State sector accounting for 36.2% of the total and the remaining 62.8% divided equally between the private and joint venture sectors. A wide range of business sectors were represented, including tourism and services (45%), transport (15%), informatics (9%), heavy industry (8%) and construction (7%). Responses were also received from businesses involved with electronics and post and telecommunications and from trading companies. Most of the enterprises in the private sector were small businesses with less than 50 employees while respondents from the State and joint venture sectors tended to be medium or large sized based on the number of employees.

²¹⁰ Id.

²¹¹ Id.

²¹² Id.

²¹³ Id.

fact that most of the enterprises under study were medium and large size, characterised by a complex and mostly undefined organisation where central planning and the ministry patronage/subsidy system had been the rule of the day”.²¹⁴ The patriarchal influence of Vietnamese traditional culture on business practices was also important for the SOEs given that the familial style of management was the second most used among the respondents from that sector. In addition, each of the conservative, participative and authoritarian styles scored highly, causing the researchers to comment that management styles in the SOEs reflect the “characteristics of both the old traditional values and the socialist principles of today’s society”.²¹⁵ The researchers noted that managers of the SOEs preferred clear reporting relationships, formal communication and strict controls, and comment that, in their opinion, this type of management style would ultimately prove to be unsuitable in the competitive environment in which the firms were operating.

Not surprisingly, the private sector, which consisted largely of small-sized enterprises developed from family-owned workshops or stores, relied on the familial management style.²¹⁶ This followed from the fact that managers and employees of these types of firms tended to have very close personal relationships based either on familial ties or friendships outside of the workplace. Private sector firms also commonly employed elements of the bureaucratic, conservative and authoritarian. While the familial style emphasized parental concern for employees, managers showed their attention by imposing strict control and coordination procedures, including posting relatives of the owner in key positions. This type of approach was consistent with Vietnamese culture and could be effectively orchestrated as long as the size of the firm remained small.

Finally, the joint ventures demonstrated a different management profile than the other sectors by their preference for participative management. The researchers explained this finding as follows: “The managers in this sector were generally younger and were keen to learn from their foreign business partners on how to manage business in a market economy. They were more willing to encourage horizontal coordination and cooperation, to build an open communication system, and allow subordinates to participate in decision-making processes.”²¹⁷ The bureaucratic style was also found quite often among those joint ventures in which the Vietnamese partner was a converted SOE, since these enterprises often retained a good deal from the prior organizational characteristics and managerial styles and practices.²¹⁸ A distinguishing feature among the joint ventures was the influence of expatriate managers trained in “modern principles of management” and their interest in transferring their knowledge to local managers and employees.

²¹⁴ Id.

²¹⁵ Id. On a scale between 1 and 7 (1 = strongly disagree and 7 = strongly agree), the scores for the various management styles in the SOE sector were as follows: bureaucratic (6.28); familial (6.21); conservative (5.91); participative (5.21); authoritarian (5.18); entrepreneurial (4.96); and intuitive (3.84).

²¹⁶ Id. On a scale between 1 and 7 (1 = strongly disagree and 7 = strongly agree), the scores for the various management styles in the private sector were as follows: familial (6.39); bureaucratic (5.65); conservative (5.40); authoritarian (4.91); participative (4.63); entrepreneurial (4.86); and intuitive (3.58).

²¹⁷ Id.

²¹⁸ Id. On a scale between 1 and 7 (1 = strongly disagree and 7 = strongly agree), the scores for the various management styles in the private sector were as follows: participative (6.11); bureaucratic (6.06); familial (5.79); conservative (5.52); authoritarian (5.31); entrepreneurial (4.73); and intuitive (3.08).

The researchers concluded that while there were differences among the three sectors with regard to their preferred management styles, in most instances the differences were not statistically significant and, in general, “traditional” and “socialist” values continued to play a big part in the selection of management styles across all sectors of the Vietnamese economy. There was also a consensus that two other management styles analyzed in the survey—“intuitive” and “entrepreneurial”—were not as popular as the other styles mentioned above. The intuitive style was the least preferred in all three sectors and the researchers explained that this followed from the tendency of Vietnamese managers to rely on rationality, rather than intuition, in managing their enterprises. The poor showing of the entrepreneurial style, particularly among SOEs and joint ventures, was seen as reflecting “the lack of a more dynamic and innovative generation of managers in the transition economy in Vietnam”.²¹⁹

Turning to management practices in the three sectors, the researchers found that the only area where they could identify significant differences among the sectors was with respect to “leadership style”. The paternalistic style of leadership was the preferred approach in both SOEs and private sector enterprises, although there were some differences between those sectors with respect to specific practices relating to leadership such as the amount of freedom given to subordinates and the degree to which subordinates’ opinions were solicited; however, among the joint ventures, the managers, who were generally younger, tended to prefer a more participative leadership style that included greater interest in encouraging teamwork than in the other sectors, providing subordinates with greater freedom to determine their work schedules, and more delegation of authority to subordinates.²²⁰ Interestingly, while managers in the joint venture sector were decidedly more participative in their leadership styles, they still used certain paternalistic practices at the same level found in the other sectors, notably paying attention to employees’ interests and close supervision.

As for the five other dimensions of management practices measured and analyzed in the survey—decision making, communication patterns, control mechanisms, interdepartmental relations and paternalistic orientation, the researchers failed to find any significant differences among the sectors²²¹:

- In general, employee participation in the decision making process was very low across all three sectors and only a small percentage of the managers interviewed, primarily those in the joint venture sector, indicated that they would be in favor of more democracy with respect to how decisions are made in their organizations. Vietnamese organizations typically followed a top-down structure and employees generally accepted and supported decisions made at the top of the hierarchy without question. The researchers did uncover efforts by many managers to improve the quality of their decisions through application of new methods and technologies including upgrading computerization and communications systems.

²¹⁹ Id.

²²⁰ Id.

²²¹ Id.

- Managers across all sectors were generally satisfied about their communications patterns in their organizations and believed that they understood what was happening in their firms and that they were receiving sufficient information to make decisions and manage effectively. Managers believed that communications paths were open in their organizations and that information was being passed to lower levels of the hierarchy to permit subordinates to work effectively and that subordinates had the ability to communicate with their superiors, including transmitting grievances to top management.
- Strict controls, primarily through close supervision, were the norm in all of the sectors and the overwhelming feeling among Vietnamese managers was that they should not trust their subordinates and it was therefore necessary to closely monitor their work activities. When controls were implemented they appeared not only during the processing stage but also through careful reviews of the final outcome. There was an even split among managers about the benefits of having the control activities carried out using a democratic manner of supervision.
- Interdepartmental relationships within organizations included in the survey were generally considered to be good and managers reported that departments typically cooperated with one another and shared information required for overall organizational effectiveness. Bargaining between departments was not a common practice in Vietnam and managers indicated that serious conflicts of interest between departments were rare.
- Paternalism was a predominant feature among all of the organizations, a finding that was not surprising given the continuing importance of family values in Vietnamese culture. Managers were often involved in the family life of employees and providing social support and this was illustrated by the common practice of recruiting new employees from family members of existing workers. Managers also provide funds to help employees who might be having financial problems. While paternalism was practiced to some degree in most of the organizations, there were differences in intensity—40% of the respondents claimed to be active practitioners of paternalism while about the same percentage indicated that they did it only occasionally.

Finally, with respect to the relationship between management style and organizational effectiveness among the three sectors, the researchers found that the key indicators of effectiveness were employee satisfaction relative to rivals in the industry, financial strength relative to rivals in the industry and public image and goodwill relative to rivals in the industry and that the scores of the joint ventures were higher than the firms in the other sectors. This led the researchers to conclude that the joint venture sector was operating more effectively than the other sectors. Another interesting observation was that firms in the public sector scored better than firms in the private sector with respect to financial strength and public image, a finding that the researchers attributed to the fact that private sector firms are still much smaller than state enterprises in Vietnam.²²²

§1:13 Mexico

²²² Id.

While studying the influence of Mexican societal culture on the use of Japanese manufacturing techniques in Mexico, Lawrence and Yeh suggested the following profile of Mexican culture²²³:

- Hierarchical nature: Rigid in all aspects
- Individualism vs. collectivism: Collective relative to family group; don't transfer loyalty to work group; individualistic outside family
- Attitudes toward work: Work is means to support self and family; leisure more important than work
- Time orientation: Present oriented; time is imprecise; time commitments become desirable objectives
- Approach to problem solving: Reliance on intuition and emotion, individual approach
- Fatalism: Fatalism makes planning, disciplined routine unnatural
- View of human nature: Mixture of good and evil

Mexico is considered to be a high power distance society, at least in relation to countries such as the US²²⁴, and this means that Mexican firms are more likely to adopt hierarchical structures with power vested at the top of the pyramid and introduce and follow formalistic relationships between managers and workers; however, the apparent rigidity of hierarchy and formalism is tempered to some degree by a relatively casual approach to rules and regulations. The hierarchical structure seen in Mexican business organizations follows the model that has traditionally existed in the church and in government and there is typically a "director general" or "president" who has come up through the ranks to assume that position and who generally deals only with a small group of senior managers who report to the executive and are expected to show respect to the executive and take and carry out the executive's directions without question. These senior managers, assumed to have the trust of the executive, are given authority to make many decisions relating to their division, department or function.²²⁵

Non-managerial employees usually have little or no authority and are reliant on their managers and supervisors for directions. As noted above, formalism is very important in Mexican firms and managers rarely interact directly with employees at Mexican manufacturing plants and construction facilities, instead managers give instructions to supervisors who then pass them along to the employees. However, employees accept their distance from managers as the way things should be and are willing to work hard to

²²³ J. J. Lawrence and Ryh-song Yeh, "The Influence of Mexican Culture on the Use of Japanese Manufacturing Techniques in Mexico", *Management International Review*, 34(1) (1994), 49-66.

²²⁴ Several studies have confirmed Hofstede's finding that Mexico is a relatively high power distance society and that Mexican employees are therefore comfortable with, and accepting of, inequalities of authority in the workplace. See, e.g., M. Marchese, "Matching Management Practices to National Culture in India, Mexico, Poland, and the U.S.", *The Academy of Management Executive*, 15(2) (2001), 130-132 and C. Robert, T. Probst, J. Martocchio, F. Drasgow and J. Lawler, "Empowerment and Continuous Improvement in the United States, Mexico, Poland, and India: Predicting Fit on the Basis of the Dimensions of Power-distance and Individualism", *Journal of Applied Psychology*, 85(5) (2000), 643-658.

²²⁵ R. Schuler, S. Jackson, E. Jackofsky and J. Slocum, Jr., "Managing human resources in Mexico: a cultural understanding". *Business Horizons*. FindArticles.com. http://findarticles.com/p/articles/mi_m1038/is_n3_v39/ai_18348268/ [accessed June 12, 2011]

complete the instructed tasks as long as they believe that their managers and supervisors are wielding their authority in a kind, sensitive and respectful manner. If employees believe that the executive, senior managers and supervisors can be trusted, then there is a strong likelihood that there will be good labor and community relations.

Loyalty of a firm to its employees is highly valued and illustrative of Mexico's "paternalistic" management system in which firms take care of their employees and their families.²²⁶ Morris and Pavett described the relationship of authority between management and labor in Mexico as "fatherly", with management acting as the undisputed authority figure making all strategic and operational decisions relating to the business of the firm and setting disciplinary standards for the workers. They noted that new employees entering the workplace were profoundly influenced by these attitudes regarding authority and that Mexican workers, like maturing children, eventually became conditioned to assuming that supervisors or managers will make decisions, take responsibility and assume all accountability.²²⁷

The attitude within Mexican firms, in fact throughout many parts of Mexican society, toward formal rules and regulations is also quite interesting and contrasts sharply with expectations in countries such as the US. A common observation regarding Mexico is that people view rules as "a loosely applied set of guidelines that indicate what ought to be done, but not what necessarily is done".²²⁸ As a result, Mexican workers frequently neglect the designated work hours established by the firm and set their own schedules and other formal rules and regulations established by Mexican companies are frequently ignored unless someone in authority is present. In other words, the authority of the manager because of his or her position in the hierarchical structure, and the respect that the manager has collected based on his or her actions, are more important determinants of employee behavior than formal rules and regulations. This illustrates the importance of "personalism" and "particularism" in Mexico's management system.

The strong tendency toward high power distance and formalism observed in Mexican firms would appear to rule out the effective use of certain management practices commonly deployed in lower power distance countries such as the US. For example, while employees, particularly employees who have been working with the firm for extended periods, would certainly be able to make contributions to debates on how particular projects and activities should be conducted, employee involvement in decision making in Mexico is not typical and, in fact, managers that seek opinions from employees may actually be perceived as weak and indecisive and lose respect and trust. Similarly, efforts by managers to establish channels for upward communications that employees might use to pose questions to management or make suggestions to management are likely to go unused since Mexican employees are simply not comfortable with appearing

²²⁶ Id.

²²⁷ T. Morris and C.M. Pavett, "Management Style and Productivity in Two Cultures", *Journal of International Business Studies*, 23 (1992), 169-179.

²²⁸ Id.

to raise problems or providing input on matters perceived to be outside of their place in the overall hierarchy.²²⁹

The paternalism referred to above also follows from the strongly collectivist nature of Mexican societal culture, which is clearly evidenced in the way that Mexican companies are expected to care for their workers and their families and preference for harmonious relationships in the employer-employee relationship. It has been observed that “having a job is viewed as a social right” in Mexico and that Mexican workers believe that society owes them a job and that the job should not just be an exchange of money for labor but should be a relationship in which the employer assumes moral and family responsibility for all of its employees.²³⁰ The social responsibility of Mexican employers to their employees is reinforced by labor laws and regulations that make it extremely difficult, and expensive, for employers to terminate employees other than for causes specifically recognized by statute such as dishonesty or violence. As such, employees are seen as the “extended family” of the company executive and receive a wide range of services and benefits, all of which are not seen as “extra” but as simply part of the way in which the employer is expected to fulfill its societal obligations. In fact, according to Teegen and Doh, the ideal workplace situation in Mexico follows the “family model”, with everyone working together and doing his or her share in accordance with his or her assigned roles, and it is assumed that authority is concentrated at the upper levels of the organization and is not to be delegated.²³¹ In return, Mexican workers are expected to be loyal and hard-working.²³²

Krijgsman described Mexican business culture by noting the continuous influence of the family in Mexican businesses that typically led to individual entrepreneurs exercising considerable power in the decision making processes associated with their businesses.²³³ In Mexico, it is generally the entrepreneur that assumes the primary financial risk associated with launching new ventures and many of those ventures develop into family businesses in which the entrepreneur serves as the general manager. Krijgsman noted that certain characteristics of Mexican traditions and culture often have a significant influence on the way that businesses are managed. For example, as Mexican culture places a high value on relationships and mutual trust it is not surprising to find that business success in Mexico is highly correlated to development of personal networks and relationships that can be used to advance the goals of the business and access the resources need in order for the business to be successful. While there is a fairly large social and professional distance between supervisors and subordinates in Mexico, supervisors do attempt to develop more personal relationships with those that they oversee as a means for establishing and maintaining loyalty. Teamwork is also an

²²⁹ Id.

²³⁰ Id.

²³¹ H. Teegen, and J. Doh, "U.S.-Mexican Alliance Negotiations: Impact of Culture on Authority, Trust, Performance", *Thunderbird International Business Review*, 44(6) (2002), 749-775.

²³² Jimenez et al. also observed that “trustworthiness, loyalty and reliability are important to Mexican employers”. M. Jimenez, M. Fasci and J. Valdez, “A comparison of management style for Mexican firms in Mexico and the United States”, *International Journal of Business*, 14(13) (2009).

²³³ J. Krijgsman, *The Influence of National Culture on Entrepreneurial Processes* (2012).

important element of the collectivist culture in Mexico and Mexicans generally have concern for others that leads to team spirit and close associations in the workplace.

Krijgsman reported that researchers had consistently found that decision making in Mexican businesses was generally centralized and undemocratic with senior managers assuming control for the direction of the business and subordinates accepting status differences between themselves and their managers and a clear separation of work roles. Supporting these findings are the findings made by Morris and Pavett when they studied the management styles of American managers of Mexican subsidiaries of US firms and found that those managers were likely influenced by the attitudes of their Mexican workers regarding authority and thus adopted a management style that was less participative than they would have used for similar activities in the US.²³⁴ Stanford also found that American managers of "maquiladora" assembly plants in Mexico were slow to implement participative management given that the Mexican employees seemed willing to accept directions and treat the American managers as legitimate authority figures that were to be obeyed and trusted.²³⁵

Related to the notion of "extended family" is the desire for harmony and the relatively low tolerance for adversarial relations among those working together in Mexican organizations and Mexican managers and workers seek to avoid conflict and any event that will disturb the harmony associated with the traditional roles of managers and workers. Obedience and respect between managers and employees is the preferred situation and Mexican managers generally avoid practices that may cause tension among groups of workers.²³⁶ For example, variable compensation programs may be problematic because they can create "social distance among employees" and as a rule Mexican employees, even though they are often struggling to get by, prefer a congenial work environment as opposed to the chance to make more money in a compensation program that set employees up as competitors of one another.²³⁷ In addition, "saving face" is very important in Mexican culture and this means that public criticism and other extraordinary displays of conflict will be avoided.²³⁸ Related to "saving face" is a strong respect for the dignity of Mexican workers, which means that managers are careful to craft disciplinary

²³⁴ T. Morris and C.M. Pavett, "Management Style and Productivity in Two Cultures", *Journal of International Business Studies*, 23 (1992), 169-179.

²³⁵ M. Jimenez, M. Fasci and J. Valdez, "A comparison of management style for Mexican firms in Mexico and the United States", *International Journal of Business*, 14(13) (2009) (citing J. Stanford, *Measuring the Implementation of Employee Involvement in the Maquiladora Industry: A Matched-pairs Analysis of United States Parent Companies and Their Mexican Subsidiaries*, Unpublished Ph.D. Dissertation, College of Business Administration, University of North Texas, Denton, TX, 1992).

²³⁶ DeForest has also found that Mexican have a low tolerance for adversarial relationships in the workplace. M. De Forest, "Thinking of a Plant in Mexico?", *Academy of Management Executive*, 8 (1) (1994), 33-40.

²³⁷ *Id.* Variable compensation programs are also inconsistent with the high uncertainty avoidance in Mexico which leads employees to dislike unstable and ambiguous situations such as not knowing how much they will be paid and when payment will be received.

²³⁸ Resource for Business Management, "Comparative Motivation in Mexico: Management in Focus", <http://www.businessmanagementclassonline.com/businessmanagement-285-resource-for-business-management-comparative-motivation-in-mexico-management-in-focus.html> [accessed June 9, 2011]

actions in a way that does not unduly shame or embarrass a worker, such as through training examples and cooperation.²³⁹

DeForest has observed that the notion of the workplace as family and the aversion to conflict that is commonly found in Mexico predicts various strategies in selecting new employees. The preference for relatives and friends has been noted by several researchers; however, the desire to reduce the possibility of adversarial relations or frictions at work causes Mexican employers to scrutinize applications of job candidates to determine whether they have a history of working harmoniously with others and cooperating with authority. The ideal Mexican worker is someone who agreeable, respectful and obedient and innovativeness and independence are typically characteristics that Mexican employers seek to avoid since they would undermine the cooperation with authority that is central to the traditionally preferred authoritative management style.²⁴⁰

It has often been observed that in Mexico the family is of central importance and the values of loyalty and commitment to the family often come into play when decisions are made regarding employment and promotion in the workplace or as to whether some form of special consideration should be given in a contractual relationship. The commitment to family also has a negative impact on productivity and efficiency in the workplace as “family reasons” are often given as explanations by employees to miss work.²⁴¹ Kas, using a mixture of observations and interviews, also found that family life is more important in Mexico than in the US and noted that while a majority of Mexicans consider work necessary to live, Mexicans also believe that there must be a balance between work and pleasure and there should be a modest amount of pleasure incorporated into their workdays. This finding also explained why hiring of relatives and friends is a common occurrence in Mexico.²⁴²

Relationships must be carefully nurtured in Mexico and in the workplace this means that managers must be mindful of the dignity of their subordinates; however, the predominant management style deployed by Mexican managers tends to be authoritative and paternal and they are expected to take care of their workers as if they were part of the manager’s extended family.²⁴³ Mexican employees expect their managers to make the decisions about what happens in the workplace and employees will rarely do things on their own initiative nor are they likely to take issue with any directive given by their manager. Mexican workers do not expect that decisions will be made on the basis of objective information and instead generally accept that managers may rely on their ideals, emotions

²³⁹ Id.

²⁴⁰ M. De Forest, "Thinking of a Plant in Mexico?", *Academy of Management Executive*, 8 (1) (1994), 33-40.

²⁴¹ Resource for Business Management, “Comparative Motivation in Mexico: Management in Focus”, <http://www.businessmanagementclassonline.com/businessmanagement-285-resource-for-business-management-comparative-motivation-in-mexico-management-in-focus.html> [accessed June 9, 2011]

²⁴² E. Kras, *Management in Two Cultures: Bridging the Gap between U.S. and Mexican Managers* (Maine: Intercultural Press, 1989).

²⁴³ See e.g., H. Teegen, and J. Doh, "U.S.-Mexican Alliance Negotiations: Impact of Culture on Authority, Trust, Performance", *Thunderbird International Business Review*, 44(6) (2002), 749-775 (noting that Mexico is a business setting wherein the maintenance of relationships is highly regarded).

and intuition in directing operations. While the authority of the manager is accepted as the norm, employees nonetheless appreciate that managers adopt a personalized management style that connects with individual workers rather than simply issuing orders based only on the power of position. In addition, Mexican workers expect that the authority vested in the hands of their superiors will not be abused and the manager-subordinate relationship will be conducted with formality and dignity and respect for the respective roles assigned to each of the parties.²⁴⁴

The traditional high power distance in Mexico and expectations of paternalistic and authoritarian management by those higher in the organizational structure are impediments to implementing any sort of participative decision making processes in Mexico.²⁴⁵ Work conducted on the viability of self-managed work teams in Mexico has noted the challenges confronting such a strategy that are created by the reluctance of Mexican workers to accept responsibility and their reliance on the paternalistic management style and hierarchical organizational structure typically seen in Mexican firms. Another issue that undermines the use of self-managed work teams is the relatively low levels of education, training and technical skills among Mexican workers. However, there are certain cultural factors, notably mutual respect and strong sense of loyalty to recognized groups, which could provide a foundation for the “team spirit” necessary for work teams to operate successfully. It has been recommended that self-managed work teams can be established in Mexico if appropriate support is provided from leaders at the top of the organization and sufficient training is made available to team members to give them the tools necessary to communicate with other members and work collaboratively. Steps must also be taken to create a culture of individual responsibility among team members to fulfill their commitments to the team and support the efforts of other team members.²⁴⁶

Notice should be taken, however, of interesting changes in Mexican managerial styles and practices. For example, Jimenez et al. conducted a study of 20 manufacturers and distributors in Mexico to determine, among other things, whether managers of those firms continued to use the authoritative management style. The average number of employees among the surveyed firms was 111 and they had average annual sales of approximately \$3.1 million. The researchers relied on data collecting using the shorter version of a study instrument developed and popularized by Likert²⁴⁷ and found that, based on Likert’s scoring system, managers in the surveyed firms tended to adopt and follow the consultative management style (System 3 on Likert’s continuum of management styles), which meant that employees had a modest level of interaction and communication with managers regarding decisions but that although employees were consulted about problems and decisions, management still made the final decisions.²⁴⁸ This finding was interesting in that earlier studies had indicated that the preferred management style in

²⁴⁴ Resource for Business Management, “Comparative Motivation in Mexico: Management in Focus”, <http://www.businessmanagementclassonline.com/businessmanagement-285-resource-for-business-management-comparative-motivation-in-mexico-management-in-focus.html> [accessed June 9, 2011]

²⁴⁵ Id.

²⁴⁶ Id.

²⁴⁷ R. Likert and J.G. Likert, *New Ways of Managing Conflicts* (New York: McGraw-Hill, 1976).

²⁴⁸ M. Jimenez, M. Fasci and J. Valdez, “A comparison of management style for Mexican firms in Mexico and the United States”, *International Journal of Business*, 14(13) (2009).

Mexico was Likert's System 2 (Benevolent Authoritative)²⁴⁹ and Jimenez et al. speculated that changes in external conditions, notably increased global competitiveness and exposure of Mexican managers to US management styles, might be leading to a progressive change in Mexican management styles toward greater inclusion of employee ideas while retaining the centralized decision making authority traditionally associated with Mexican firms and the overriding societal culture.

Since many Mexican workers believe that events in their lives are the result of forces beyond their control, it can be problematic to attempt to motivate them using reward systems that are based on their own actions and performance. Work is often seen primarily as the means for providing for the needs of the worker and his or her family rather than as a path for pursuit of individual achievement. Placed in the framework of Maslow's hierarchy of needs, most Mexican workers are most concerned with their current survival and livelihood rather than higher order needs such as self-actualization, achievement and status. This is not surprising given the difficult economic conditions in Mexico and relatively low standard of living and dictates that compensation systems for many workers be geared toward short-term incentives and goals, such as meeting daily production quotas and satisfying monthly requirements for regular daily attendance.²⁵⁰

While economic conditions in Mexico dictate that cash compensation, generally based on simple short-term payment systems, is the primary motivational factor for Mexican workers, companies often provide additional benefits such as recreational facilities, on-site health care facilities for workers and their families, free meals and, in some instances, small loans to help workers and their families get through unforeseen emergencies. These benefits are seen as part of the paternalistic role that Mexican firms play with respect to their workers and help to build a sense of family within the firm. The viability of performance-based compensation arrangements in Mexico is undermined by legal requirements that workers be paid Christmas bonuses regardless of productivity.²⁵¹

§1:14 Brazil

While Brazil has clearly attracted international attention with respect to its rapid ascendancy to the status of an emerging global economic power, it has been noted that Brazil has not received as much attention as other BRIC countries (i.e., China, India and Russia) when it comes to analyzing and measuring aspects of modern business practices

²⁴⁹ See, e.g., R. Likert and J.G. Likert, *New Ways of Managing Conflicts* (New York: McGraw-Hill, 1976); T. Morris and C.M. Pavett, "Management Style and Productivity in Two Cultures", *Journal of International Business Studies*, 23 (1992), 169-179; and M. De Forest, "Thinking of a Plant in Mexico?", *Academy of Management Executive*, 8 (1) (1994), 33-40. A Benevolent Authoritative System is hierarchical; however, management tends to be more paternalistic and provides employees with a modest amount of freedom within limited boundaries for interaction, communication and decision-making.

²⁵⁰ Resource for Business Management, "Comparative Motivation in Mexico: Management in Focus", <http://www.businessmanagementclassonline.com/businessmanagement-285-resource-for-business-management-comparative-motivation-in-mexico-management-in-focus.html> [accessed June 9, 2011]

²⁵¹ Id.

and organizational culture within Brazilian firms.²⁵² Brazil has been included in major multi-country studies such as the GLOBE project and was part of the original work conducted by Hofstede; however, in-depth studies of Brazil are hard to find and much of what has been written to date has been the work of specialists in other branches of the social sciences who have discussed the interaction between Brazilian history and politics and its complex and unique societal culture but rarely ventured into the how all of that impacts the way in which business organizations are operated.²⁵³

Several researchers have traced elements of Brazil's current organizational culture and tendencies with respect to managerial practices to governance structure that Portugal established long ago to control its distant, large colony and its agricultural resources. For example, Islam noted that the Portuguese monarchy divided Brazil into vast territories that were to be managed by landholders designed by Portugal in a manner that closely resembled European feudalism.²⁵⁴ The authority of these landholders was based largely on politics rather than class, caste or religion and the actions of the Portuguese was an attempt to create a social hierarchy using political methods.²⁵⁵ On the face of things, a strict legal order was to be observed throughout the colony; however, as a practice matter this order was difficult to enforce and there eventually arose what Islam described as "a flexible view of social regulations based on personalistic relationships and case by case exigencies" as a means for tempering some of the potentially unfair aspects of an overly formalistic and rigid legal structure.²⁵⁶ Islam argued that the adaptive behaviors of the Portuguese during the colonial period have survived to the present day in the form of consistent findings among researchers that the Portuguese highly value "social relationships" and "personalistic ties".²⁵⁷

Vizeu argued that the strengthening of the farming system that Brazil inherited from the colonial period caused the country to lag behind in the social, political and economic modernization processes that were developing in other parts of the world and led to creation and adoption of management styles that were characteristic of patrimonialist societies and which persist to this day.²⁵⁸ Vizeu cited two specific adverse consequences of this result: protectionism based on political influence and privileges extended to a "business elite", which left the country somewhat ill-prepared for the rigors of global competition once reforms allowed foreign entry into the Brazilian markets; and a failure of professional management, with its formalities and technical competencies, to

²⁵² G. Islam, "Between Unity and Diversity: Historical and Cultural Foundations of Brazilian Management", Insper Working Paper: 218/2010 (Sao Paulo: IBMEC, 2010).

²⁵³ There are some exceptions: see, e.g., G. Amado and H. Brasil, "Organizational Behaviors and Cultural Context: The Brazilian 'Jeitinho'", *International Studies of Management and Organization*, 1991, 38–61; and F. Duarte, "Exploring the Interpersonal Transaction of the Brazilian Jeitinho in Bureaucratic Contexts", *Organization*, 13 (2006), 509-527.

²⁵⁴ T. Meade, *A Brief History of Brazil* (New York: Checkmark Books, 2004).

²⁵⁵ G. Amado and H. Brasil, "Organizational Behaviors and Cultural Context: The Brazilian 'Jeitinho'", *International Studies of Management and Organization*, (1991), 38–61.

²⁵⁶ G. Islam, "Between Unity and Diversity: Historical and Cultural Foundations of Brazilian Management", Insper Working Paper: 218/2010 (Sao Paulo: IBMEC, 2010).

²⁵⁷ Id.

²⁵⁸ F. Vizeu, "Rural Heritage of early Brazilian Industrialists: its Impact on Managerial Orientation", *Brazilian Administrative Review*, 8(1) (January/March 2011), 68-85.

overcome long-standing “patriarchal personalist logic”, meaning that business owners allocated authority based on family ties and personal loyalties rather than managerial skills.²⁵⁹ The situation was aptly described in the following quote Vizeu included from a work by Cardoso:

“In companies that are under the direct supervision of members of the owner families or groups of shareholders, the director who is not a shareholder is usually a „man of trust“. There are many channels for acquiring trust and they are only indirectly related to professional competence. When the companies are run by foreign families or controlled by descendants of immigrants who are in constant touch with the homeland of their ancestors; one of the important conditions for access to the positions that require great responsibility is to be of the same national origin as the owners. It is common in companies that belong to Italian families, for instance, to fill places on the board of directors that must be given to people outside the group by hiring Italians. It is often the case that someone with a high school diploma or graduate degree, but with no qualifications for managing a company, becomes a „specialist“ and is higher up in the company hierarchy than workers who have specialist qualifications that were obtained in Brazil.”²⁶⁰

Vizeu commented that “[t]he direct effect of this preponderance of property rights over the technical authority of professional administrators in the management of Brazilian companies was the difficulty they faced when dealing with basic matters of efficiency” and observed that problems in this area have persisted and that researchers have often noted a “generalized inefficiency of Brazilian companies”.²⁶¹

Islam explored the origins of current management practices among Brazilian multinational corporations (MNCs) and argued that “Brazilian MNCs inherit many of their predominant tendencies from organizational aspects of Brazilian bureaucratic structures, structures which developed early in Brazil’s colonization by the Portuguese, then were refined and changed through independence, republicanism, crisis and democratic renewal”.²⁶² He took particular note, as have others, of the dual influence of the Portuguese formal regulatory system implemented during the colonial period and striking diversity within the Brazilian people due to large land mass and demographic and economic diversity of the country.²⁶³ Specifically, Islam observed that Brazil could be considered unique in that there is a lack of a “homogeneous essence” among its people and that Brazilian “culture” may be seen as an “encounter” involving a wide array of disparate civilizations including Portuguese, African and Indigenous populations and

²⁵⁹ Id.

²⁶⁰ Id. (citing F. Cardoso, *Empresário industrial e desenvolvimento econômico no Brasil* (2nd Ed.) (São Paulo: Difusão Européia do Livro, 1972), 124).

²⁶¹ Id.

²⁶² G. Islam, “Between Unity and Diversity: Historical and Cultural Foundations of Brazilian Management”, Inesper Working Paper: 218/2010 (Sao Paulo: IBMEC, 2010).

²⁶³ See also T. Meade, *A Brief History of Brazil* (New York: Checkmark Books, 2004); and R. DaMatta, For an Anthropology of the Brazilian Tradition or “A Virtude esta no Meio”, in D. Hess and R. DaMatta (Eds.), *The Brazilian Puzzle: Culture on the Borderlands of the Western World* (New York: Columbia University Press, 1995), 270-291.

waves of immigrants from other countries such as Germany, Italy and Japan. Accordingly, relational ties are more important than constituent characteristics, or “values”, in discussing and understanding Brazilian culture. The result has been a continuing need for Brazilians to balance formality and diversity which has led to what Islam succinctly described as a “seemingly paradoxical Brazilian managerial style marked by both a high deference to formal authority, and a tendency to creative improvisation and innovation”.²⁶⁴ He noted that this unique approach has been described in a number of colorful ways, including “the *jeitinho* or ‘little way’, the *gambiarra*, or ‘creative fix’ or the style of the *homem cordial* or ‘cordial man’”.²⁶⁵

Islam also argued that the combination of formality and diversity, when coupled with the flexibility observed by other researchers, explains a good deal about why Brazilian firms have appeared to be adept at accepting management practices from the “West” and “North” while maintaining their own “authenticity”.²⁶⁶ He observed that his impressions of common elements of Brazilian organizational culture in the business context—a highly bureaucratized formal sector, marked by rigid authority relations and a highly personalistic informal sector, meant to smooth over interpersonal conflict—were consistent with the picture of Brazilian societal culture painted by Hofstede and others, including both high power distance and femininity.

There has clearly been an attempt to influence Brazilian management practices through the introduction of techniques developed in the US and Europe and formal business education in Brazil has also been guided by Northern models, including a public education system designed based on European practices and private education funded and other supported by US-based sponsors.²⁶⁷ While evidence of Brazilian-based business literature exists, commentators have noted that it is often based on methods and theories first developed in the US and Europe and the textbooks used by prospective managers in Brazil are typically translations of books used in the US. While the impact of Northern and Western management techniques in Brazil is undeniable, Islam has noted that Brazil, like many other emerging markets, has “creatively appropriated” these techniques and molded them to fit the local context.²⁶⁸ Moreover, Caldas and Wood, who conducted extensive research on the successes and failures associated with attempts to adopt

²⁶⁴ G. Islam, “Between Unity and Diversity: Historical and Cultural Foundations of Brazilian Management”, Inesper Working Paper: 218/2010 (Sao Paulo: IBMEC, 2010).

²⁶⁵ See, e.g., G. Amado and H. Brasil, “Organizational Behaviors and Cultural Context: The Brazilian ‘Jeitinho’”, *International Studies of Management and Organization*, 1991, 38–61; and L. Barbosa, “The Brazilian Jeitinho: An Exercise in National Identity”, in D. Hess and R. DaMatta (Eds.), *The Brazilian Puzzle: Culture on the Borderlands of the Western World* (New York: Columbia University Press, 1995), 35-49.

²⁶⁶ Id.

²⁶⁷ M. Caldas and T. Wood, “‘For the English to See’: The Importation of Managerial Technology in Late 20th Century Brazil”, *Organization*, 4(4) (1997), 517-34; and T. Wood and M. Caldas, “Adopting Imported Managerial Expertise in Developing Countries: The Brazilian Experience”, *Academy of Management Executive*, 16(2) (2002), 18-32.

²⁶⁸ G. Islam, “Between Unity and Diversity: Historical and Cultural Foundations of Brazilian Management”, Inesper Working Paper: 218/2010 (Sao Paulo: IBMEC, 2010).

imported managerial expertise into Brazil²⁶⁹, have cautioned against taking apparent borrowings of foreign management practices at face value when it comes to Brazil, noting that Brazilian companies frequently adopted Western practices such as ISO certifications during the 1990s for symbolic purposes only—to placate foreign investors—and not because they believed that such practices had any particular operation value to their enterprises.²⁷⁰

Ferreira et al. examined potential differences between workers in public and private companies in Brazil with regard to various dimensions associated with organizational culture by collecting information from 547 male and female workers, all volunteers, from either public or private trading, industrial, and service-providing organizations, 56 in all, living in the city of Rio de Janeiro.²⁷¹ They found that the respondents from private companies tended to believe that their organizations valued cooperative professionalism (i.e., carrying out the assigned job efficiently and competently and demonstrating a team spirit, ability, dedication, professionalism and initiative, so as to reach common organization goals) and employee satisfaction and well-being at levels that were significantly higher than what was found in the responses from workers at public companies and that private companies were thus more interested than public companies in humanizing the work environment and making it a more pleasant place to work. In turn, respondents from public companies reported much higher levels of rigid hierarchical power structures and competitive professionalism within their organizations than what was found at private companies.

Questions regarding organizational practices led the researchers to conclude that private companies exceeded public companies in their enthusiasm for external integration practices (i.e., strategic planning and decision-making processes that facilitated integration with the requirements of external customers in the marketplace), reward and training practices and interpersonal relationship practices designed to promote employee cohesion and satisfaction and public companies relied more on decision-making and communication practices than private companies. The emphasis on reward and training practices among private companies was consistent with their organizational values of employee satisfaction and development. In contrast, the researchers noted that the centralized and authoritarian system of authority favored by public companies made it difficult for them to implement professional development programs and the researchers observed that “the culture of the public companies that have taken part in this research can be fundamentally defined by valuing authority and competition, detrimental to the human element and to interpersonal relations, as a means of climbing the hierarchy”²⁷².

²⁶⁹ See T. Wood and M. Caldas, “Adopting imported managerial expertise in developing countries: The Brazilian experience”, *Academy of Management Executive*, 16(2) (2002), 18-32.

²⁷⁰ M. Caldas and T. Wood, “For the English to See’: The Importation of Managerial Technology in Late 20th Century Brazil”, *Organization*, 4(4) (1997), 517-34.

²⁷¹ M. Ferreira, E. Assmar, K. Estol and M. Helena, “Organizational culture in Brazilian public and private companies” in B. Setiadi, A. Supratiknya, W. Lonner and Y. Poortinga (Eds.), *Ongoing themes in psychology and culture* (Online Ed.) (Melbourne, FL: International Association for Cross-Cultural Psychology, 2004). <http://www.iaccp.org> [Accessed May 16, 2011]

²⁷² M. Ferreira, E. Assmar, K. Estol and M. Helena, “Organizational culture in Brazilian public and private companies” in B. Setiadi, A. Supratiknya, W. Lonner and Y. Poortinga (Eds.), *Ongoing themes in*

Bruno and de Sousa analyzed Brazilian organizational culture found in business management by measuring the elements of the organizational culture of a firm in the Manaus Industrial District of Brazil.²⁷³ They measured nine cultural traits that they posited were present in the Brazilian business environment and found that the “flexibility”, “power concentration” and “personalism” traits had the highest preponderance while the remaining traits (i.e., personal loyalty, impunity, expectant posture, formalism and conflict avoidance) were significantly less evident.²⁷⁴ Flexibility had by far the high preponderance score, a finding that the researchers explained meant that there was “great flexibility within the company” and that “the organization has great capacity to adapt itself to the circumstances of the environment”. The adaptability and creativity within flexible organizations was perceived as a positive characteristic given the turbulent changes occurring in Brazil and around the world that require companies to be extremely agile. While the scores for power concentration and personalism were much lower than the flexibility score, they were still enough higher than the scores for the other traits to be designated as significant by the researchers. Power concentration was described as “traditional power” that was “based on hierarchy/subordination”.²⁷⁵ Personalism refers to the commonly noted phenomenon of power being wielded with great charisma and magnetism, with those in authority leading not through their expertise but rather by their ability to forge personal relationships with others and build networks of supporters.²⁷⁶

Brazilian management practices have been influenced through the introduction of techniques developed in the US and Europe. In addition, formal business education in Brazil has been guided by Northern models, including a public education system based on European practices and private education funded and other supported by US-based sponsors.²⁷⁷ Brazilian-based business literature is often based on methods and theories first developed in the US and Europe, and the textbooks used by prospective managers in Brazil are typically translations of books used in the US.

psychology and culture (Online Ed.) (Melbourne, FL: International Association for Cross-Cultural Psychology, 2004). <http://www.iaccp.org> [Accessed May 16, 2011]

²⁷³ L. Bruno and J. de Sousa, *Organizational Culture: How to Measure It – A Case Study*, <http://www.g-casa.com/conferences/tallinn/pdf%20papers/Bruno.pdf> [Access May 16, 2011]

²⁷⁴ The researchers covered the main organizational cultural traits observed in the often-cited earlier work of Barros and Prates which included extensive literature reviews and surveys of thousands of executives and managers from 520 large, mid- and small-sized companies in South and Southeast Brazil. *Id.*

²⁷⁵ See also Herman Miller, *Culture and Work Styles in the BRIC Countries: Research Summary* (Zeeland, MI: Herman Miller, 2010), 3 (“Office life [in Brazil] . . . remains hierarchical. How comfortable employees are in communicating with their supervisors may depend on their education level as well as an employee’s level of security in his position.”).

²⁷⁶ Others have made similar observations about Brazilian business culture. See, e.g., Herman Miller, *Culture and Work Styles in the BRIC Countries: Research Summary* (Zeeland, MI: Herman Miller, 2010), 3 (“Brazil’s culture is a friendly, open one that easily accommodates many ethnicities. Titles and the hierarchy they reflect are important in business situations, even though work processes are often carried out laterally, rather than along a top-down continuum. Relationships are key.”).

²⁷⁷ M. Caldas and T. Wood, ‘For the English to See’: The Importation of Managerial Technology in Late 20th Century Brazil, 4(4) *Organization* 517-34 (1997); and T. Wood and M. Caldas, *Adopting Imported Managerial Expertise in Developing Countries: The Brazilian Experience*, 16(2) *Academy of Management Executive* 18-32 (2002).

While the impact of Northern and Western management techniques in Brazil is undeniable, Islam has noted that Brazil, like many other emerging markets, has “creatively appropriated” these techniques and molded them to fit the local context.²⁷⁸ Moreover, Caldas and Wood, who conducted extensive research on the successes and failures associated with attempts to adopt imported managerial expertise in Brazil²⁷⁹, cautioned against taking apparent borrowings of foreign management practices at face value when it comes to Brazil, noting that Brazilian companies frequently adopted Western practices such as ISO certifications during the 1990s for symbolic purposes only — to placate foreign investors — and not because they believed that such practices had any particular operational value to their enterprises.²⁸⁰

§1:15 Africa

In light of the dominant cultural beliefs and social practices in Africa, particularly the emphasis on age and the respect for wisdom that come through the aging process, it is not surprising that many have argued that “paternalism-authoritarian” is the dominant and traditional leadership and management style in Africa. As a result, subordinates, typically younger workers, are expected to submit to the will of their elders and this generally leads to a hierarchical management structure with authority solidly vested at the top of the pyramid. Researchers have observed that management authority in Africa typically resides with business owners and senior managers. Middle managers and other subordinates are generally not allowed to take any initiative and, in fact, it is commonly believed they lack the skills or will to exercise initiative. Authority is rarely delegated and subordinates are expected to be submissive and loyal to their superiors. In some cases, delegation is seen by managers a sign of indecisiveness. When delegation does occur, it generally is in favor of a small group of trusted managers who are typically related to the owner. As a general rule, African business owners remain distrustful of unrelated managers, believing that such outsiders will not protect their interests.

The authoritarianism, hierarchical structures and dependence of subordinates on superiors generally found in African business organizations follows naturally from other culturally-based institutional practices in Africa. In the words of Kanungo: “. . . authoritarian practices in the family, the educational system and religious institutions act to create a strong sense of dependence in children. This is reinforced by hierarchical authority structure in these institutions. Those who are in positions of authority tend to over-control their subordinates through the use of formal authority. Unconditional obedience by surrendering to authority is considered a virtue. Personal initiative, originality and

²⁷⁸ G. Islam, *Between Unity and Diversity: Historical and Cultural Foundations of Brazilian Management*, Insper Working Paper: 218/2010 (Sao Paulo: IBMEC, 2010).

²⁷⁹ See T. Wood and M. Caldas, *Adopting imported managerial expertise in developing countries: The Brazilian experience*, 16(2) *Academy of Management Executive* 18-32 (2002).

²⁸⁰ M. Caldas and T. Wood, ‘For the English to See’: *The Importation of Managerial Technology in Late 20th Century Brazil*, 4(4) *Organization* 517-34 (1997).

independence in thinking and decision-making in every sphere of life meets with social disapproval. As a result, independent critical thinking and reasoning diminish.”²⁸¹

The paternalistic-autocratic management style can create communication problems within the organization. In general, communication, including orders and directives, flows downward from business owners and senior managers to subordinates following the organizational hierarchy of the firm. Little or no provision is made for feedback up the chain from employees or lower-level managers, who are expected to simply accept and carry out the instructions without question, thereby depriving the organization of opportunities to take advantage of some of the know-how that exists in parts of the firm other than at the very top of the organizational hierarchy. Further problems may be created by owners and senior managers who bypass middle managers to communicate directly with employees, either because they don't trust the middle managers or because they simply believe that they have the right to ignore formal communications patterns.

It has been argued that managerial performance in Africa has been a dramatic failure, characterized by ineptitude and inefficiency, declines in labor productivity, poor or even non-existent planning, squandering of resources, irrational investment decisions, and often outright theft and corruption.²⁸² In addition, many have expressed concerns about the long-term impact that authoritarian management styles and practices might have on development of the economy and business organizations in Africa. Kiggundu, confirming that the dominant management style in Africa is authoritarian, warned that the situation is “not conducive for management development and the emergence of new leadership. Entrepreneurial, creative, and development talents are suppressed in favor of bureaucratic risk-averse administration based on absolute obedience”.²⁸³ Another concern is that new generations of managers, training in modern management techniques, may grow frustrated with their inability to contribute and that morale in business organizations will suffer accordingly. It is also feared that African firms will lose the benefits of accessing the creativity of junior managers and may find that they are unable to respond quickly to environmental challenges; however, it is suspected that the rigors of competition may eventually force entrepreneurs to pursue and accept input from subordinates as to how to enhance organizational performance.

Mvano provided a short list of some of the reasons why managers in Africa may have performed poorly including intolerance of opposing views, perhaps attributable to an “inferiority complex”; a tendency toward favoritism on the basis of kinship, ethnic background or cronyism; corruption and lack of transparency; and reliance on autocratic

²⁸¹ See T. Ndongko, “Management Leadership in Africa”, in M. Mwaura, E. Tiagha and J. Waiguchu, *Management of Organizations in Africa: A Handbook and Reference* (Westport, CT: Praeger, 1999), 99-124, 111.

²⁸² F. Edoho, “Management Challenges for Africa in the Twenty-First Century”, in F. Edoho, *Management Challenges for Africa in the Twenty-First Century: Theoretical and Applied Perspectives* (Westport, CT: Praeger, 2000), 1-28, 4-5.

²⁸³ M. Kiggundu, “Africa”, in R. Nath (ed.) *Comparative Management: A Regional View* (Cambridge, MA: Ballinger, 1988), 169-243, 226 (cited in T. Ndongko, “Management Leadership in Africa”, in M. Mwaura, E. Tiagha and J. Waiguchu, *Management of Organizations in Africa: A Handbook and Reference* (Westport, CT: Praeger, 1999), 99-124, 110).

and heavy handed management style that was insensitive to subordinates and akin to a traditional “village chief” that chose to run the organization as a fiefdom.²⁸⁴ For their part, subordinates in African organizations typically did not challenge the decisions or instructions that came from their managers and Mvano speculated that perhaps “subordinates tend to put too much faith in what their leader is capable of”.²⁸⁵ The end result of the interactions that often occurred between managers and subordinates in African firms was a dominant style of management that tended to be “more ‘task oriented’ and ‘transactional’ rather than ‘people oriented’ and ‘transformational’” and a group of subordinates who understandably grew alienated and frustrated because of their inability to contribute their expertise and knowledge and engage in creative and innovative activities on behalf of their firms.²⁸⁶

Mvano did note that managers in the private sector in Africa did tend to perform better than their counterparts in the public sector. While private sector managers may have a more enlightened attitude toward interactions with their subordinates the improved performance can also be traced to such managers have more autonomy and authority with respect to strategic and operational issues that improved their own sense of motivation. Nonetheless, the challenges for private sector managers in Africa remain daunting and were described by Mvano as follows: “coping with the speed of changes taking place in the social, economic and technological environment, and overcoming resistance to change; institutionalizing good governance and eradicating corruption; building and motivating effective work teams, who are committed, trusted and loyal to the organization; effects of globalization, particularly worldwide competition; institutionalizing effective and equitable performance management systems; institutionalizing strategic thinking and long-term view of organizational performance; and putting into practice the relevant management theories and best practice”.²⁸⁷

Nkomo conducted an extensive review of the organizational studies literature to explore how “African leadership and management” was portrayed and examine the possibilities for re-writing “African leadership and management” in organizational studies.²⁸⁸ Nkomo first noted that the volume of texts, materials and references to Africa in organizational studies was relatively small and then went on to propose that the coverage that actually existed could be broken out into four broad categories: “African management development”, which focused on the need for capable leadership and management in Africa in order to achieve economic and social goals; literature on national culture, which examine African leadership and management using one or more of the various cultural dimension models that have been developed and popularized by various researchers such as Gaart Hofstede; the representations of African leadership and management that appeared in management textbooks, which typically focus on how historical feats in Africa such as the building of the pyramids in Egypt fit into the progression toward the

²⁸⁴ V. Myano, The Challenges Facing Managers in Africa, http://web2.msm.nl/news/articles/050707papers/0202_Mvano.PDF, 7.

²⁸⁵ Id.

²⁸⁶ Id. at 8.

²⁸⁷ Id. at 9.

²⁸⁸ S. Nkomo, Images of ‘African Leadership and Management’ in Organisation Studies: Tensions, Contradictions and Re-visions, (Inaugural Lecture, University of South Africa, March 7, 2006).

development of “classical” and “scientific” management theory; and a small but growing number of works defining the elements of indigenous “African management philosophy” and development and adoption of management practices that are congruent with African cultural values as opposed to ill-suited prescriptions from Western cultures that were introduced during the colonial period.

A number of books and articles have included extensive discussions of perceived deficiencies of African management development, including comments regarding “the inability of African nations to train capable managers for major institutions” and the loss of the “capacity to manage” in Africa.²⁸⁹ Problems with management development and attainment of “high level” management skills, particularly “inadequate” management education, are routinely linked to the failure of African countries and territories to achieve economic and social development. Many scholars blame African management development problems on the legacy of the colonial period, during which little attention was paid to education and training of local managers, and the inappropriate fit between Western management theories and what Nkomo referred to as the “African reality (i.e., culture, limited resources, poverty and under education)”; however, in most cases these same scholars nonetheless propose that the solution for Africa is to embrace and pursue Western ideas of management, leadership and administration including the development of skills in strategic management, negotiation, resource development and utilization, operations management, production and administration and cross-cultural interactions and communications.²⁹⁰

Africa has also been included in what Nkomo referred to as the “leadership and management literature on national culture”, which is frequently concerned with testing whether US theories of leadership and management can be effectively transferred and applied in other countries in light of differences in national culture. Nkomo is critical of how “Africa” has been depicted in these efforts noting, for example, that Hofstede referred to “West Africa” as a country in some of his works, thereby making the fundamental mistake of assuming that the cultural identity of just one country or a small group of countries is representative of a much larger region such as the entire African continent.²⁹¹ Similarly, while the GLOBE researchers offered a description and analysis

²⁸⁹ Quoted observations taken from F. Safavi, “A model of management education in Africa”, *Academy of Management Review*, 6(2), (1981), 319-331, 319. This article also includes an extensive review and analysis of the shortcomings of management education in Africa at the time the article was written. With regard to alleged deficiencies of African leadership and management, see also M. Kiggundu, “The challenges of management development in sub-Saharan Africa”, *Journal of Management Development*, 10(6) (1991), 32-47; and J. Waiguchu, E. Tiagha and M. Mwaura (Eds.), *Management and Organizations in Africa: A Handbook and Reference* (Westport, CT: Quorum Books, 1999).

²⁹⁰ See, e.g., M. Kiggundu, “The challenges of management development in sub-Saharan Africa”, *Journal of Management Development*, 10(6) (1991), 32-47.

²⁹¹ G. Hofstede, “Cultural constraints in management theories”, *Academy of Management Executive*, 7(1) (1993), 81-94. The article included a summary comparison of the cultural dimension scores of “West Africa” to nine other countries, including the US, Germany, Japan, France, Netherlands, Honk Kong, Indonesia, Russia and China. In fairness to Hofstede, however, this same article included the following observation when discussing attempts by Westerners to package and transfer their management practices and techniques to developing countries: “Regions of the world with a history of large-scale political integration and civilization generally have done better than regions in which no large-scale political and

of the cultural dimensions of “sub-Saharan Africa”, their findings were based on a survey of just five countries²⁹², thereby causing Nkomo to raise concerns that even as the research models used in cross-cultural management studies become more sophisticated they still tend to “[overlook] the diversity of cultures within countries and across the [African] continent”.²⁹³ The current output from this literature, based on the GLOBE findings, is that the cultural dimensional profile of sub-Saharan Africa includes high power distance, collectivism, uncertainty avoidance and strong humane orientation. Hofstede’s profile of “West Africa” is similar: high power distance, low individualism (high collectivism), medium masculinity and uncertainty avoidance and low long-term orientation.²⁹⁴

When African leadership and management are referenced in management textbooks it is usually part of a broader discussion of the development and history of management theory. In that context, the building of the great pyramids by the Egyptians is often cited as an example that “management” of some type did indeed exist thousands of years ago and, in fact, Nkomo provides the following illustrative quote from a major management treatise: “The practice of management can be traced back thousands of years. The Egyptians used the management functions of planning, organizing and controlling when they constructed the pyramids.”²⁹⁵ Nkomo criticizes the way that these textbooks appear to characterize these Egyptian management practices dismissively as “pre-scientific” and also notes that the textbooks generally focus only on Egypt and ignore other great civilizations in Africa, including Timbuktu, Songhai, Empire of Mali and Mapungubwe.²⁹⁶

What has been referred to as “African management philosophy” has arisen, in Nkomo’s words, “in response to Africa’s relegation to the margins of global considerations of

cultural infrastructure existed, even if the old civilizations had decayed or been suppressed by colonizers. It has become painfully clear that development cannot be pressure-cooked; it presumes a cultural infrastructure that takes time to grow. Local management is part of this infrastructure; it cannot be imported in package form. Assuming that with so-called modern management techniques and theories outsiders can develop a country has proven a deplorable arrogance. At best, one can hope for a dialogue between equals with the locals, in which the Western partner acts as the expert in Western technology and the local partner as the expert in local culture, habits, and feelings.” Id. at 87.

²⁹² R. House, P. Hanges, M. Javidan, P. Dorfman and V. Gupta (Eds), *Culture, Leadership, and Organizations: The GLOBE Study of 62 Societies* (Thousand Oaks CA: Sage, 2004). The five countries were Namibia, Nigeria, South Africa (“black sample”), Zambia, Zimbabwe. Egypt and Morocco were classified as Middle Eastern countries and a separate “white sample” for South Africa was included with countries classified as “Anglo”. For further discussion of country clusters, see “Globalization: A Library of Resources for Sustainable Entrepreneurs” prepared and distributed by the Sustainable Entrepreneurship Project (www.seproject.org).

²⁹³ S. Nkomo, *Images of ‘African Leadership and Management’* in *Organisation Studies: Tensions, Contradictions and Re-visions*, (Inaugural Lecture, University of South Africa, March 7, 2006).

²⁹⁴ G. Hofstede, “Cultural constraints in management theories”, *Academy of Management Executive*, 7(1) (1993), 81-94, 91.

²⁹⁵ R. Griffin, *Management* (Boston: Houghton-Mifflin, 2005), 42. See also C. George, *The History of Management Thought* (Englewood Cliffs, NJ: Prentice-Hall, 1968), 4-5.

²⁹⁶ S. Nkomo, *Images of ‘African Leadership and Management’* in *Organisation Studies: Tensions, Contradictions and Re-visions*, (Inaugural Lecture, University of South Africa, March 7, 2006). (referencing C. Diop, *Pre-colonial black Africa* (Westport, CT: Lawrence Hill & Company, 1987).

leadership and management as well as practice”.²⁹⁷ The following definition of “African management philosophy” has been offered by Edoho: “The practical way of thinking about how to effectively run organisations--be they in the public or private sectors--on the basis of *African* ideas and in terms of how social and economic life is actually experienced in the region. Such thinking must be necessarily interwoven with the daily existence and experience in Africa and its contextual reality.”²⁹⁸ According to Nkomo, supporters of African management philosophy believe that economic and social development will not occur in post-colonial Africa unless and until African countries create and embrace indigenous approaches to management and leadership.²⁹⁹ While much time is spent debating when and why best practices of African management disappeared, the general consensus seems to be that colonialism and the attempts to transfer and imbed Eurocentric leadership and management practices in Africa led to the current dismal state of management practices in many parts of Africa.³⁰⁰ Scholars argue that Western management theories and practices simply are inappropriate and ill-suited for the local cultural, political, economic and social environment in Africa and thus must be rejected or limited in favor of African-based philosophies and practices.³⁰¹

Assuming that African management philosophy movement is viable, the next fundamental question, of course, is just what are the core dimensions and characteristics of “African” management? The movement to create generalized descriptions of “African” management is in itself somewhat problematic given that many scholars involved concede that there is substantial diversity throughout Africa such that some sort of universalist African theory may be just as inappropriate in a particular area as Eurocentric management systems and practices; however, not surprisingly, a number of scholars have

²⁹⁷ S. Nkomo, Images of ‘African Leadership and Management’ in Organisation Studies: Tensions, Contradictions and Re-visions, (Inaugural Lecture, University of South Africa, March 7, 2006).

²⁹⁸ F. Edoho, “Management in Africa: The Quest for a Philosophical Framework”, in F. Edoho, Management Challenges for Africa in the Twenty-First Century: Theoretical and Applied Perspectives (Westport, CT: Praeger, 2000), 73-90, 74.

²⁹⁹ See, e.g., C. Anyansi-Archibong, “Toward an African-oriented management theory”, in F. Edoho, Management Challenges for Africa in the Twenty-First Century: Theoretical and Applied Perspectives (Westport, CT: Praeger, 2000), 63-72; P. Blunt and M. Jones, “Exploring the limits of western leadership theory in East Asia and Africa,” Personnel Review, 26 (1997), 6-23; K. Kamoche, “Sociological Paradigms and Human Resources: An African context (Aldershot, UK: Ashgate, 2000); M. Mangaliso, “Building competitive advantage from ubuntu: Management lessons from South Africa,” Academy of Management Executive, 15(3) (2001), 23-32; L. Mbigi, Ubuntu: The African Dream in Management (Pretoria: Knowledge Resources, 1997); L. Mbigi, The Spirit of African leadership (Johannesburg: Knowledge Resources, 2005); H. Ngambi, “African leadership: lessons from the chiefs”, in T. Meyer and I. Boninelli (Eds), Conversations in leadership: South African perspectives (Johannesburg: Knowledge Resources, 2004), 107-132; F. Edoho, “Management in Africa: The Quest for a Philosophical Framework”, in F. Edoho, Management Challenges for Africa in the Twenty-First Century: Theoretical and Applied Perspectives (Westport, CT: Praeger, 2000), 73-90.

³⁰⁰ F. Horwitz, “Whither South African management?”, in M. Warner and P. Joynt (Eds), Managing Across Cultures (London: Thomson Learning, 2002), 215-220; and A. Thomas and J. Schonken, “Culture-specific management and the African management movement”, South African Journal of Business Management, 29(2) (1998), 53-76.

³⁰¹ P. Blunt and M. Jones, “Exploring the limits of western leadership theory in East Asia and Africa,” Personnel Review, 26 (1997), 6-23; and A. Jaeger, “The applicability of Western management techniques in developing countries: a cultural perspective”, in A. Jaeger and R. Kanungo (Eds), Management in Developing Countries (London: Routledge, 1990), 131-145.

attempted to answer this question based on a variety of sources, including African studies literature and the work of African historians.³⁰² Nkomo contrasted Western and African “management thought” as follows: “Whereas Western management thought is said to advocate Eurocentricism, individualism and modernity, ‘African’ management thought is said to emphasize traditionalism, communalism, co-operative teamwork, and mythology.”³⁰³ Nkomo went to explain that “traditionalism” with respect to African management thought “has to do with the adherence to accepted customs, beliefs and practices that determine accepted behaviour, morality and characteristics of individuals in African society.”³⁰⁴ Nkomo also emphasized that the basic unit of socialization in African societies is the “family” and that “[t]he family system is viewed as the basic building block of any organisation in African societies”.³⁰⁵ Communalism rejects individualism and focuses on the attachment that each individual has with his or her broader community. This leads to an emphasis on teamwork and the group, including the belief that organizational leaders, such as managers, should focus on the welfare of the entire group and not the individual. Other scholars have also emphasized community consciousness and group belongingness in describing African culture, including the capacity to share and care not just for immediate families but also for the members of extended families.³⁰⁶

Proponents of African management philosophy believe that African history and indigenous knowledge and management systems that existed during the pre-colonial period are key tools for success in the future³⁰⁷; however, they must overcome a variety of hurdles. For example, there remains a festering notion that Africa is “primitive” and that historical managerial practices from the pre-colonial period are of little value in modern times.³⁰⁸ Another problem is that there are many who still do not accept and understand how and why scientific management and Western systems of administration

³⁰² B. Davidson, *African civilization revisited* (Trenton, NJ: Africa World Press, 1991); and A. Mazrui, *The Africans: A triple heritage* (Boston: Little, Brown and Company, 1986).

³⁰³ S. Nkomo, *Images of ‘African Leadership and Management’ in Organisation Studies: Tensions, Contradictions and Re-visions*, (Inaugural Lecture, University of South Africa, March 7, 2006).

³⁰⁴ Id. Respect for traditionalism has also been extended to include strong beliefs regarding connections between the individual and ancestors. See, e.g., L. Mbigi, *Ubuntu: The African Dream in Management* (Pretoria: Knowledge Resources, 1997); and L. Mbigi, *The Spirit of African leadership* (Johannesburg: Knowledge Resources, 2005).

³⁰⁵ S. Nkomo, *Images of ‘African Leadership and Management’ in Organisation Studies: Tensions, Contradictions and Re-visions*, (Inaugural Lecture, University of South Africa, March 7, 2006).

³⁰⁶ Id. (referring to F. Edoho, “Management in Africa: The Quest for a Philosophical Framework”, in F. Edoho, *Management Challenges for Africa in the Twenty-First Century: Theoretical and Applied Perspectives* (Westport, CT: Praeger, 2000), 73-90, 81).

³⁰⁷ See, e.g., H. Ngambi, “African leadership: lessons from the chiefs”, in T. Meyer and I. Boninelli (Eds), *Conversations in leadership: South African perspectives* (Johannesburg: Knowledge Resources, 2004), 107-132; F. Edoho, “Management in Africa: The Quest for a Philosophical Framework”, in F. Edoho, *Management Challenges for Africa in the Twenty-First Century: Theoretical and Applied Perspectives* (Westport, CT: Praeger, 2000), 73-90; M. Kiggundu, “The challenges of management development in sub-Saharan Africa”, *Journal of Management Development*, 10(6) (1991), 32-47; and C. Nzalibe, “The evolution of African management thought”, *International Studies of Management and Organization*, 16(2) (1986), 6-16.

³⁰⁸ M. Mangaliso, “Building competitive advantage from ubuntu: Management lessons from South Africa,” *Academy of Management Executive*, 15(3) (2001), 23-32.

and bureaucracy failed during the colonial period even though scholars have written extensively about instances of economic exploitation and social oppression by colonial powers that routinely dismantled local institutions, rejected and suppressed indigenous management practices and ignored development of higher-level management skills among Africans.³⁰⁹ In addition, identifying those elements of African management philosophy that are embedded within successful management practices in the pre-colonial period is difficult given that there is little written record of the management systems that were used at that time. Notwithstanding all of these issues, the movement perseveres and, as Nkomo notes: “Beginning with the work of Nzelibe, a number of articles and books have been written arguing for a rejection and/or limitation of Western management thought and practice in Africa and the adoption and incorporation of African philosophy into management.”³¹⁰

Scholars arguing for the revival of a truly African management philosophy use history to demonstrate the existence of effective management and systems in African societies. The completion of significant large-scale projects, notably the pyramids in Egypt, is often mentioned along with the management systems established in other well-known ancient empires that had flourished in Africa.³¹¹ A description of a typical African administrative system offered by Kiggundu argued that such systems tended to be relatively small in size, homogenous in terms of membership, reliant on local technology and indigenous knowledge systems and dedicated to harmonious co-existence with the external environment. Kiggundu characterized African leadership and management as authoritarian and noted that key decisions were controlled and made by the person at the top of the hierarchy although there was a tendency to permit delegation of routine decisions.³¹² Blunt and Jones had a slightly different view of African leadership, which

³⁰⁹ See, e.g., M. Kiggundu, “The challenges of management development in sub-Saharan Africa”, *Journal of Management Development*, 10(6) (1991), 32-47; C. Nzelibe, “The evolution of African management thought”, *International Studies of Management and Organization*, 16(2) (1986), 6-16; and W. Rodney, *How Europe underdeveloped Africa* (Great Britain: Bogle-L’Ouverture Publications, 1974).

³¹⁰ S. Nkomo, *Images of ‘African Leadership and Management’ in Organisation Studies: Tensions, Contradictions and Re-visions*, (Inaugural Lecture, University of South Africa, March 7, 2006) (citing C. Anyansi-Archibong, “Toward an African-oriented management theory”, in F. Edoho, *Management Challenges for Africa in the Twenty-First Century: Theoretical and Applied Perspectives* (Westport, CT: Praeger, 2000), 63-72; L. Mbigi, *Ubuntu: The African Dream in Management* (Pretoria: Knowledge Resources, 1997); L. Mbigi, *The Spirit of African leadership* (Johannesburg: Knowledge Resources, 2005); H. Ngambi, “African leadership: lessons from the chiefs”, in T. Meyer and I. Boninelli (Eds), *Conversations in leadership: South African perspectives* (Johannesburg: Knowledge Resources, 2004), 107-132; F. Edoho, “Management in Africa: The Quest for a Philosophical Framework”, in F. Edoho, *Management Challenges for Africa in the Twenty-First Century: Theoretical and Applied Perspectives* (Westport, CT: Praeger, 2000), 73-90; C. Nzelibe, “The evolution of African management thought”, *International Studies of Management and Organization*, 16(2) (1986), 6-16).

³¹¹ Some researchers claim that historical analysis of management systems and work organization leads to the conclusion that ancient Egypt, and not classical management theory, was the birthplace of commonly accepted management principles such as division of labor, administration and accounting. See, e.g., M. Ezzamel, “Work organization in the Middle Kingdom, ancient Egypt”, *Organization*, 11(4) (2004), 497-539.

³¹² M. Kiggundu, “The challenges of management development in sub-Saharan Africa”, *Journal of Management Development*, 10(6) (1991), 32-47.

they described as authoritarian, paternalistic, conservative, and change resistant.³¹³ Pre-colonial political units in Africa tended to be smaller clans and kingdom that were centrally rule with power vested in one or more kinds and regional clan chiefs who were charged with listening to their subjects, acting in a manner that put the interests of the community above those of any one individual or smaller group, establishing harmony with their community and the environment and helping their subjects identify their position in the universal current of life.³¹⁴

The organizational studies literature includes specific prescriptions for particularly African management systems and philosophies that are aligned with indigenous cultural values. For example, reference has been made to *Ubuntu*, which has been said to be inclusive of the beliefs, values, and behaviors of a large majority of the South African population and has been defined as: "humaneness--a pervasive spirit of caring and community, harmony and hospitality, respect and responsiveness--that individuals and groups display for one another. *Ubuntu* is the foundation for the basic values that manifest themselves in the ways African people think and behave towards each other and everyone else they encounter."³¹⁵ The same author goes on to argue that *Ubuntu* can be converted into a dynamic and effective system of management practices: "Incorporating *Ubuntu* principles in management hold the promise of superior approaches to managing organisations. Organisations infused with humaneness, a pervasive spirit of caring and community, harmony and hospitality, respect and responsiveness will enjoy more sustainable competitive advantage."³¹⁶ Nkomo summarizes the key elements of a management approach based on *Ubuntu* as an emphasis on teamwork, attention to relationships, mutual respect and empathy between leader and followers, and participative decision-making.³¹⁷ While this sounds appealing, *Ubuntu*, like so much of what has been written to date on African management philosophy, is largely prescriptive and has not been subjected to extensive research.

Development and implementation of indigenous management theories in Africa is clearly a subject that has attracted significant interest and resources in recent years; however, the challenges associated with such an undertaking are daunting—the cultural dimensions used to analyze Western principals of societal culture may not be applicable to Africa; much of the work that has been done to date is static and undifferentiated and often

³¹³ P. Blunt and M. Jones, "Exploring the limits of western leadership theory in East Asia and Africa," *Personnel Review*, 26 (1997), 6-23.

³¹⁴ E. Mutabazi, "Preparing African leaders", in C. Derr, S. Roussillion and J. Boumais (Eds.), *Cross-cultural approaches to leadership development* (Westport, CT: Quorum Books, 2002).

³¹⁵ M. Mangaliso, "Building competitive advantage from ubuntu: Management lessons from South Africa", *Academy of Management Executive*, 15(3) (2001), 23-32, 24.

³¹⁶ *Id.* at 32.

³¹⁷ S. Nkomo, *Images of 'African Leadership and Management' in Organisation Studies: Tensions, Contradictions and Re-revisions*, (Inaugural Lecture, University of South Africa, March 7, 2006). See also N. Poovan, M. du Toit and A. Engelbrecht, "The effect of social value of *Ubuntu* on team effectiveness", *South African Journal of Business Management*, 37(3) (2006), 219-233 (emphasizing specific characteristics of *Ubuntu* that would allow African managers to build and reinforce teamwork, including pooling resources for survival, engineering unified solutions through "group behaviors" designed to create a spirit of solidarity and enhancing social oneness and participation through gatherings and group activities and rituals).

expediently ignores that vast cultural diversity throughout the African continent; and globalization is a growing force in Africa, as it is all over the world, and promises to have a significant impact on “traditional values”. Other issues that must be overcome in conducting scholarly work on African management include a lack of research facilities; the inability of African managers to document their experiences and their general lack of attention to the formal study of proper and adequate administrative systems and leadership styles; and the relative newness of management as a serious and formally recognized discipline in African educational institutions.³¹⁸ Finally, it has been suggested that African managers will need to learn a wide array of “new management techniques” in order to develop an African management philosophy that effectively and efficiently manages African resources, including taking steps to achieve the “self-confidence to reflect national and indigenous interest, rather than the management principles and practices of the multinational companies and western interests.”³¹⁹

If and when the traditional authoritarian structure gives way to allocation of responsibilities based on merit and training there will also need to be other significant changes in the mindsets of everyone working for the organization. For example, it has been reported that age is the primary factor for advancement in many African countries and, until recently, it has been uncommon to find younger people in senior management positions. If this trend is to be broken, younger managers will need to overcome the inevitable discomfort in attempting to deliver instructions and directives to older workers when custom demands that the manager show respect to his elders, regardless of their position in the firm, through bowing.

While much time and effort has been spent on identifying and analyzing “African” management styles, the reality is that Africa is not monolithic and each country must be assessed separately. For example, local Nigerian companies typically have a very hierarchical organizational structure that calls for the owner and senior managers to be treated with respect and deference. Status within Nigerian firms is generally given to the elders and it is assumed that age brings the wisdom necessary to properly guide the firm. Decisions are made at the top of the organizational hierarchy, sometimes with consultation but often without, and the instructions issued by senior managers are expected to be carried out without question and in the manner specifically directed by the managers. However, while Nigerian managers wield substantial authority it is expected that their management style will be paternalistic and that they will take an interest in the

³¹⁸ B. Inyang, “The Challenges of Evolving and Developing Indigenous Management Theories and Practices in Africa”, *International Journal of Business and Management*, 3(12) (2008), 122-132.

³¹⁹ *Id.* A list of the needed “new management techniques” was proposed in N. Eze, *Human resource management in Africa: problems and solutions* (Lagos, Nigeria: Zomex Press, 1995). Among other things, Eze argued that African managers needed to develop a more positive attitude and willingness and determination to change and that steps needed to be taken to encourage managers to be accountable, use objective methods of appraisal and abandon autocratic tendencies by adopting management practices based on impartiality in personnel matters. African managers were also encouraged to become less risk averse and establish research and development capabilities for continuous innovations and transformations. Finally, Eze recommended a “human relationship-based management philosophy” that included patriotism, nationalism, equal participation, full delegation, human rights, belongingness, ownership, and humanness”. *Id.* at 168-175.

personal lives and problems of their subordinates. Relationships are strong in Nigeria and this provides a foundation for collaboration in a team environment; however, Nigerian managers must be mindful of potential conflicts due to differences among team members with respect to religious or tribal background and should be prepared to proactively lead the group and provide members with clear instructions regarding their roles and responsibilities.³²⁰

Hierarchy is also an important characteristic of organizational structures in South Africa and firms in that country tend to be more bureaucratic than in other parts of Africa. Hierarchy and bureaucracy are remnants of decades of state intervention in business activities and the consolidation of private sector influence in a handful of companies that collectively represented as much as 70% of the market capitalization of the Johannesburg Stock Market. However, it can be expected that changes will occur as more and more international investment enters the country and post-apartheid transitions create more opportunities for black South Africans to set up and manage their own businesses. For example, commentators have suggested that South Africa will eventually develop a class of professional middle managers who will be more involved in decision making, thus slowly eroding the hierarchical tendencies inherited from the past. South African managers must operate in an environment in which trade unions wield a significant amount of power and influence and in which the racial tensions from the past still remain raw. Moreover, South Africa is tremendously diverse: white South Africans are either English or Afrikaner and black South Africans can be broken out into a variety of diverse and distinct sub-cultures.³²¹

§1:16 Middle East

Badawy³²² surveyed need deficiency, fulfillment and job satisfaction among 248 respondents characterized as “mid-management” personnel from six countries in the Middle East. Badawy measured various managerial and organizational variables such as classical versus democratic managerial attitudes toward the capacity to lead and initiative, sharing of information and organizational objectives, participation, internal controls and communications. The data collected and analyzed by Badawy uncovered a range of significant differences between Western and Middle Eastern management styles as measured using a variety of dimensions including the following³²³:

³²⁰ World Business Culture, <http://www.worldbusinessculture.com/Business-in-Nigeria.html>

³²¹ World Business Culture, <http://www.worldbusinessculture.com/Business-in-South-Africa.html>

³²² M. Badawy, Managerial attitudes and need orientations of Mid-Eastern executives: An empirical cross-cultural analysis. Paper presented at the annual meeting of the Academy of Management, Atlanta (August 1979). Information regarding the variables used in the study and survey procedures that were followed is derived from S. Ronen and O. Shenkar, “Clustering Countries on Attitudinal Dimensions: A Review and Synthesis”, *The Academy of Management Review*, 10(3) (July 1985), 435-454 (Table 1 – “Variables Used in the Studies Reviewed”).

³²³ Adapted from M. Badawy, “Styles of Mid-Eastern Managers”, *California Management Review*, 22 (Spring 1980), 51-58, 57. Note that while Badawy included observations on Western management styles for contrast his survey did not include Western countries. With respect to management styles in the Middle East generally, see also U. Yucelt, “Management Styles in the Middle East: A Case Example”, *Management Decision*, 22(5) (1984), 24 – 35. Studies of individual countries have also become more prominent such as, for example, A. Al-Jafary, A. Aziz and A. Hollingsworth, “Leadership styles,

- **Leadership:** Middle Eastern management styles featured a highly authoritarian tone, rigid instructions and too many management directives. In contrast, leadership styles in the West placed less emphasis on the leader's personality and considerable weight on the leader's style and performance.
- **Organizational Structures:** Organizational structures in the Middle East tended to be highly bureaucratic and centralized with power and authority vested firmly at the top of the organizational hierarchy. This led to vague relationships and ambiguous and unpredictable organizational environments. Western organizational structures were generally less bureaucratic and more decentralized with greater delegation of authority.
- **Decision Making:** Middle Eastern organizations operated based on ad hoc planning with decisions made at the high level of management by managers who were generally unwilling to take high risks. In contrast, Western organizations typically made use of model decision making tools and sophisticated planning techniques supported by elaborate management information systems.
- **Performance Evaluation and Control:** There was a lack of vigorous performance evaluation systems and internal control mechanisms in the Middle East and control was exercised informally using routine performance checks. Western organizations tended to have fairly advanced control systems that focused on organizational effectiveness and control and reduction of costs.
- **Personnel Policies:** In the Middle East there was heavy reliance on personal contacts and getting individuals from the "right social origin" to fill major positions; however, in the West organizations relied on sound personnel management policies with decisions regarding hiring and promotion made on objective factors such as the qualifications of the candidates.
- **Communication:** In the Middle East the tone of communications depends heavily on the communicants with factors such as social position, power and family influence being extremely important. In the Middle East the chain of command must be followed rigidly, people relate to each other tightly and specifically and friendships are intense and binding. In contrast, in the West equality and minimization of differences are generally stressed, people relate to each other loosely and generally and friendships are not intense or binding.

In a subsequent study and analysis of managerial work value systems among Arab managers, Ali suggested the following "Arab stereotype" with respect to a wide range of workplace-related dimensions, activities and processes³²⁴:

- **Leadership style:** Egalitarian, emphasis on peer approval and gaining personal acceptance.
- **Decision style:** Consultative.

Machiavellianism and the needs of Saudi Arabian managers", *International Journal of Value-Based Management*, 2(1) (1989), 103-111.

³²⁴ A. Ali, "A Cross-National Perspective of Managerial Work Value Systems", in *Advances in International Comparative Management* (Vol. 3), 1988, 151-169.

- Negotiation style: Ritualistic; stress on establishing a long-term relationship; affective, appealing to emotions and feelings; and concession seeking.
- Work orientation: Hard work is perceived to be a virtue in light of the needs of man and the necessity to establish equilibrium in one's individual and social life; family and work are the centers of life.
- Organizational authority: Authority vested in organizational leaders is necessary in order to avoid chaos and to build the desired and approved family-type environment.
- Business conduct: Highly personalized with an emphasis on honesty, moral aspects and verbal commitments; written contracts and documentation are not highly regarded.
- Communication systems: Face-to-face, informal and urgent communications are favored and the most effective communications emphasize human interest and provide examples of how programs have benefitted the people.
- Reward systems: Longevity and seniority are the primary factors in awarding pay increases; emphasis on recognition by the superior for a good job by the group and personal growth as a part of humanity.
- Motivational systems: Motivation comes from social relationships, interpersonal transactions, egalitarian values and opportunities to be rewarded for helping others.
- Performance appraisal: Informal and generally based on subjective judgment of superiors rather than formal performance evaluations; appraisals emphasize the human relations aspect of the performance of the individual.
- Recruitment and promotion: Recruitment and promotion decisions are highly subjective with decisions based primarily on personal contacts, nepotism, regionalism and family name.
- Management consultants: Management consultants are used only in crisis situations since such a move is seen as a sign that something is going wrong.

While exploring the relationship between societal culture and managerial styles and practices in Saudi Arabia, Harris and Moran suggested that notice should be taken of several fundamental culture values in that country: tribal and family loyalty, Arabic language, close and warm friendships, Islam, honor and shame, an "idealized self", polychromic use of time, independence, and male domination.³²⁵ They argued that these values contributed to the portfolio of styles, practices and behaviors typically employed by Saudi Arabian managers such as work group loyalty, nepotism, management by walking around, Theory Y management, sensitivity to Islamic values, clear guidelines and conflict avoidance, training and defined job duties, centralized decision making, sensitivity to control, interest in the individual, and separation of sexes. Harris and Moran also cautioned foreigners seeking to engage in personal and business relationships with Saudis to avoid certain behaviors that would like be perceived poorly in the context of Saudi societal culture: bringing up business subjects until you get to know your host; raising colloquial questions that may be common in your country but possibly misunderstood in Saudi Arabia as an invasion of privacy; engaging in conversations about religion, politics, or Israel; bringing gifts of alcohol or using alcohol, which is

³²⁵ Adapted from P. Harris and R. Moran, *Managing Cultural Differences* (4th Ed) (Houston TX: Gulf Publishing Company, 1996).

prohibited in Saudi Arabia; requesting favors from those in authority or esteem, for it is considered impolite for Arabs to say no; and pointing your finger at someone or showing the soles of your feet when seated.³²⁶

As part of a cross-cultural study of internal work culture in ten countries, Aycan et al. found Turkey to be highly paternalistic, moderately collectivistic and hierarchical and non-fatalistic.³²⁷ Further details on the study later reported by Aycan noted: “. . . managers held favorable assumptions and beliefs regarding employee malleability, responsibility seeking and participation. On the other hand, it was a common belief that employees were not proactive. In HRM practices, Turkey scored high on job enrichment and empowering supervision, but low on performance-reward contingency.”³²⁸

Another survey conducted in 2000 of senior business students from different universities all around Turkey provided support for charismatic leadership as the preferred style of leadership, followed by the participative and paternalistic leadership styles.³²⁹ Respondents indicated that the factors that would provide the highest motivation for them in the workplace would be having power and authority, a peaceful work environment, opportunities for career advancement and pay. On the other hand, respondents indicated that close supervision and guidance, praise from supervisors, feedback on performance and a sense of belonging would be the least motivating. The researchers concluded that the trend among an increasingly younger and more educated workforce in Turkey is toward “aspirations and preferences that are more aligned with those prevalent in ‘Western’ industrialized societies”.³³⁰

The studies describe above provide interesting insight into the challenges confronting those who are designing human resources management practices throughout Turkey as it seems clear that, using the words of Aycan, “Turkish societal and organizational culture is a blend of ‘Western’ and ‘Eastern’ values”.³³¹ As a result, one sees business organizations in Turkey that are adapting and using Western style human resources practices such as job enrichment and empowering supervision; however, the effectiveness of these strategies is often muddied by the impact of long-standing traditional cultural values which, while changing, still remain influential.³³²

³²⁶ Adapted from P. Harris and R. Moran, *Managing Cultural Differences* (5th Ed) (Houston TX: Gulf Publishing Company, 2000).

³²⁷ Z. Aycan, R. Nanungo, M. Mendonca, K. Yu, J. Deller, G. Stahl and A. Khursid, “Impact of culture on human resource management practices: a ten country-comparison”, *Applied Psychology: An International Review*, 49(1) (2000), 192-220.

³²⁸ Z. Aycan, “Human resource management in Turkey: Current issues and future challenges”, *International Journal of Manpower*, 22(3) (2001), 252-260, 253.

³²⁹ Z. Aycan and S. Fikret-Pasa, “Leadership preferences, career choices and work motivation in Turkey: a national profile and regional differences”, Paper presented at the 15th International Congress of the International Association for Cross-Cultural Psychology, Pultusk, Poland, July 16-21, 2000 (cited and described in Z. Aycan, “Human resource management in Turkey: Current issues and future challenges”, *International Journal of Manpower*, 22(3) (2001), 252-260).

³³⁰ Z. Aycan, “Human resource management in Turkey: Current issues and future challenges”, *International Journal of Manpower*, 22(3) (2001), 252-260, 254.

³³¹ Id. at 253.

³³² Id.