• **COMPARATIVE MANAGEMENT**

_Comparative Management_
Focuses on the similarities and differences among business and management systems from different contexts.

_Intercultural management_
Intercultural management is the combination of knowledge, insights and skills which are necessary for adequately dealing with national and regional cultures and differences between cultures, at the several management levels within and between organisations.

(W. Burggraaf)

> what is culture? corporate culture, national culture, regional, ---

• **WHY IS IT IMPORTANT?**

• **WHAT CAN WE GAIN FROM IT?**

• **LEVELS OF ANALYSIS**

• **TYPES OF RESULTS**

Ad-hoc, specific
Clusters of cultures/countries (cultural distance)
Dimensions of culture
National profiles – stereotypes – cultural standards
How to … communicate, negotiate Do’s and don’ts
Knowledge related to the different management functions (leadership, team work, planning …)

• **MANAGEMENT THEORIES**

Universal, culture-free one best way ?
Culture- bound? Open-systems theory, contingency theories
NEED TO CONSIDER DIFFERENCES?

**AREAS and FUNCTIONS of management**

- **MKT** Consumers, consumer behaviour
- **Design** FORD: “Nova” model
- **FINANCE** Importance of capital markets - raise capital
- **PRODUCTION**
- **HR**

... ...

**Plan** Attitude towards time

**Organize** Flat – steep hierarchies/organizations

**Leading, directing** Individualistic – group oriented

**Controlling** Explicit, rely on procedures, rules VS more implicit, subtle or inexisten ...

**The Need To Consider Cross Cultural Differences**

These differences show themselves in all sorts of differing ways but it is worth outlining some key aspects in which cultural diversity has been shown to impact on organisational management approaches which are central to the process of managing business (from Hodgetts R & Luthans R, 1997).

- **Centralised vs. Decentralised decision making.** There is variation across national culture in the extent to which important organisational decisions are made by senior managers, or whether decisions are made down the line with authority devolved.

- **Safety vs. risk.** In some cultures, managers have a very low tolerance of uncertainty and manage in ways to control this. In others, there is a much greater tolerance of uncertainty and much greater risk-taking.

- **Individual vs. group rewards.** In some cultures, there is emphasis on rewarding individual achievement. In other cultures the emphasis is on rewarding the group collectively.

- **Informal vs. formal procedures.** In some cultures, there is considerable use of informal procedures. In others, formal procedures are very important.

- **High vs. low organisational loyalty.** In some cultures, people identify less with their organisation or employer and more with their occupational group or profession.

- **Co-operation vs. competition.** Some cultures emphasise co-operation in the organisation, others foster competition.

**APPROACHES TO COMPARATIVE MANAGEMENT**

**Main Approaches:**

- **Socio-economic nature**
- **Behavioural/psychological nature**

**Different models**

- Environmental (ecological) Farmer/Richman
- Economic development Harbison and Myers
- Behavioural Ghiselli and Porter
- Open system perspective Negandhi
- Culture Hofstede
DEVELOPMENT OF COMPARATIVE MANAGEMENT
After World War II  North American multinationals

Richman:
"A vital question for international business seems to be to what extent can American principles, practices and general know-how be transferred effectively to other countries, at what cost, and to what degree and extent is the overall process and effectiveness of management constrained by cultural variables?"

RICHMAN, B. (1965: 294), «Significance of cultural variables»
Academy of Management Journal 8, pp. 292-308

Nowotny (1964)

North America VS Europe

past-future
wisdom-vitality
stability-mobility
convention-informality
necessity-abundance
quality-quantity
diversity-organization

Main results of comparative management research  
according to Negandhi[1975:334]

1. There is no one way of doing things. The principle of equifinality applies to the functioning of social organizations; managers may achieve given objectives through various methods.

2. There is no universal applicability of either authoritarian or participating-democratic management styles. In general the United States can best be characterized as following democratic-participative style, while Germany, France, and most of the developing countries are authoritarian in their management style. The authoritarian style is not necessarily dysfunctional in developing countries. This perhaps may be the "right type" of leadership.

3. More objective measures are brought to bear in making managerial decisions with respect to compensation, objectives, goal setting, etc., in the developed countries; subjective judgement (emotions, religious beliefs) often enters the decision making processes in the developing countries.

4. There are similarities and differences among the managers around the world. Similarities are explained in terms of industrialization or the industrial subculture. Differences are explained in terms of cultural variables. The cultural factors are considered the most important influencing variables.

Negandhi, A,(1975), «Comparative management and organization theory: a marriage needed»  
Academy of Management Journal 18, pp. 334-344
## Similarities and Differences between Arab and American Managers

<table>
<thead>
<tr>
<th>Predominant Characteristics</th>
<th>Arab Stereotype</th>
<th>American Stereotype</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Leadership Style</strong></td>
<td>Egalitarian, emphasis on peer approval and gain personal acceptance.</td>
<td>Materialistic likes &quot;wheeling and dealing,&quot; emphasis on opportunities to get ahead.</td>
</tr>
<tr>
<td><strong>Decision Style</strong></td>
<td>Consultative</td>
<td>Participative</td>
</tr>
<tr>
<td><strong>Negotiation Style</strong></td>
<td>Ritual, display a high desired for long-term relations, affective, e.g., appeals to emotions and feelings, concession seeking.</td>
<td>Direct, seeking short-term relations, emphasis on facts and logical analysis; concessions are made on occasion.</td>
</tr>
<tr>
<td><strong>Work Orientation</strong></td>
<td>Hard work is a virtue in the light of the needs of man and the necessity to establish equilibrium in one's individual and social life. Family and work are the center of life.</td>
<td>Hard work is a virtue by itself, work is the center of life.</td>
</tr>
<tr>
<td><strong>Attitudes Toward Organizational Authority</strong></td>
<td>Necessary to avoid chaos and to build a family-type environment.</td>
<td>Important to the extent that it facilitates work, less emphasis on hierarchical relations and rules.</td>
</tr>
<tr>
<td><strong>Business Conduct</strong></td>
<td>Highly personalized, emphasis on honesty, moral aspects, and verbal commitment, documentation is not highly regarded.</td>
<td>Impersonal, emphasis on results, thriving on competition, gamesmanship, calculated risks, and maneuvering, documentation is highly valued.</td>
</tr>
<tr>
<td><strong>Communication System</strong></td>
<td>Face-to-face, informal, urgent, emphasis on human interest, and stress actual case studies or examples of how programs have benefited the people.</td>
<td>All directions written, routine, formal, engages in manipulation of facts, which is justified through the manipulative &quot;flexible ethics.&quot;</td>
</tr>
<tr>
<td><strong>Reward Systems</strong></td>
<td>Accept longevity and seniority oriented pay increases, emphasis on recognition by the superior for a good job by the group and personal growth as a part of humanity.</td>
<td>Seniority increases in pay are not as effective as merit, incentive awards, opportunity for advancement, and money is extremely important because it's the &quot;name of the game.&quot;</td>
</tr>
<tr>
<td><strong>Motivational System</strong></td>
<td>Motivation comes from social relations, interpersonal transactions, egalitarian value, and opportunity to get paid for helping other.</td>
<td>Motivation comes from high achievement, hierarchical advancement and material gains.</td>
</tr>
<tr>
<td><strong>Performance Appraisal</strong></td>
<td>Informal, generally judgment based, emphasis on human relations aspect of the individual performance.</td>
<td>A goal-oriented and wrapped into the organization's planning system, generally objective-based and emphasis on immediate feedback.</td>
</tr>
<tr>
<td><strong>Recruitment of Personnel</strong></td>
<td>Highly subjective, selection depends on personal contacts, nepotism, regionalism, and family name.</td>
<td>Relatively objective, standard developed, merit and experience are considered.</td>
</tr>
<tr>
<td><strong>Use of Management Consultants</strong></td>
<td>A sign of something is going wrong, used only in crisis situation.</td>
<td>Highly regarded and used frequently.</td>
</tr>
</tbody>
</table>


### Types of Cross-Cultural Management Research

<table>
<thead>
<tr>
<th>Title</th>
<th>Culture</th>
<th>Approach to Similarity &amp; Difference</th>
<th>Approach to Universality</th>
<th>Type of Study</th>
<th>Primary Question</th>
<th>Main Methodological Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parochial Research</td>
<td>Single culture studies</td>
<td>Assumed similarity</td>
<td>Assumed universality</td>
<td>Domestic studies</td>
<td>What is the behavior of people like in work organizations? Study is only applicable to one culture and yet it is assumed to be applicable to many cultures.</td>
<td>Traditional Methodologies. All of the traditional methodological issues concerning design, sampling, instrumentation, analysis and interpretation WITHOUT reference to culture.</td>
</tr>
<tr>
<td>Ethnocentric Research</td>
<td>Second culture studies</td>
<td>Search for similarity</td>
<td>Questioned universality</td>
<td>Replication studies</td>
<td>Can we use home country theories abroad? Can this theory which is applicable in Culture A be extended to Culture B?</td>
<td>Standardization and translation. How can research be standardized across cultures? How can instruments be LITERALLY translated? Replication should be identical to original study with the exception of language.</td>
</tr>
<tr>
<td>Polycentric Research</td>
<td>Studies in many cultures</td>
<td>Search for difference</td>
<td>Denied universality</td>
<td>Individual studies of foreign cultures</td>
<td>How do managers manage and employees behave in country X? What is the pattern of relationships in country X?</td>
<td>Description. How can country X be studied without either using home country theories or models and without using obtrusive measures? Focus is on inductive methods and unobtrusive measures.</td>
</tr>
<tr>
<td>Comparative Research</td>
<td>Studies contrasting many cultures</td>
<td>Search for both similarity and difference</td>
<td>Emergent universality</td>
<td>Studies comparing many foreign cultures</td>
<td>How are the management and employee styles similar and different across cultures? Which theories hold across cultures and which do not?</td>
<td>Equivalence. Is the methodology equivalent at each stage in the research process? Are the meanings of key concepts defined equivalently? Has the research been designed such that the samples, instrumentation, administration, analysis, and interpretation are equivalent with references to the cultures included?</td>
</tr>
<tr>
<td>Geocentric Studies</td>
<td>International business studies</td>
<td>Search for similarity</td>
<td>Extended universality</td>
<td>Studies of multinational organizations</td>
<td>How do multinational organizations function?</td>
<td>Geographical Dispersion. All of the traditional methodological questions with the added complexity of geographical distance. Translation is often less of a problem since most MNOs have a common language across all countries in which they operate. The primary question is to develop an approach for studying the complexity of a large organization. Culture is frequently ignored.</td>
</tr>
<tr>
<td>Synergistic Studies</td>
<td>Intercultural management studies</td>
<td>Use of similarities and differences as a resource</td>
<td>Created universality</td>
<td>Studies of intercultural interaction within work settings</td>
<td>How can the intercultural interaction within a domestic or international organization be managed? How can organizations create structures and processes which will be effective in working with members of all cultures?</td>
<td>Interaction models and integrating processes. What are effective ways to study cross-cultural interaction? How can universal and culturally specific patterns be distinguished? What is the appropriate balance between culturally specific and universal processes within one organization? How can the proactive use of cultural differences to create universally accepted patterns be studied?</td>
</tr>
</tbody>
</table>

Nancy Adler: “Understanding the ways of understanding: cross-cultural management methodology reviewed” in Advances in International Comparative Management, 1984, pg.31-67
Six different approaches to cross-cultural management research.

Studies vary in

- the theoretical and management issues which they address,
- in their assumptions about universality,
- in their ways of dealing with similarity and differences,
- and, therefore, in the methodological problems which they must confront.

The most common type of management studies has been and still is parochial studies - studies of the United States conducted by Americans. Assume universality.

The second most common type is ethnocentric studies - studies which attempt to replicate American management research in foreign countries.

The third is polycentric studies - studies which focus on describing the patterns of management and organization in foreign countries. Universality denied. View institutions as only being understandable in terms of their own culture.

The fourth type, comparative management studies, attempts to identify aspects of organizations which are similar and aspects which are different in cultures around the world. Try to distinguish between those aspects of organizational theory which are truly universal and those which are culture specific. Try to define patterns which emerge from all cultures studied. No culture is dominant.

The fifth type, geocentric studies, focuses on studying organizations which operate in more than one culture. In international business, these studies focus on identifying the similarities among cultures which will allow MNOs to have unified policies for their worldwide operations. Investigate the managing of MNO. Underlying assumption is that there are universally effective approaches to organizing and managing. Transcultural meaning beyond culture ....

The sixth, and to date the least common type of management research, is culturally synergistic studies which emphasize creating universality. Synergistic studies explore cross-cultural interaction and the positive uses of similarities and differences in creating both universal and culturally specific patterns of management. The purpose of synergistic studies is to create transcultural structures and processes which can be used around the world while maintaining an appropriate level of cultural specificity. Understand patterns of relationships and theories which apply when people from more than one culture interact within a work setting – people within multinational and transnational organizations, people on international assignments for domestic organizations, and people in domestic organizations which have cross-cultural employee, supplier, or client populations. Rare.

Each of the six types of studies is designed to address a different set of questions and is based on a different set of assumptions. For researchers to successfully build a theoretical framework for understanding the behavior of people in organizations around the world, and for managers to effectively use the results of cross-cultural management research, it is necessary to differentiate the six types of studies and to delineate those areas in which further research is needed.
Country clusters

Country clusters based on employee attitude.


*Academy of Management Review, 1985*