A REVIEW OF COMPARATIVE MANAGEMENT THEORY & METHODOLOGY

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In the age of rising global interdependence, there is a growing need to understand national models of management and how they are shaped in order to resolve conflicts and build up co-operation. It is alleged that the field of Comparative Management can play a crucial role in realizing the benefits of global interdependence by contributing required knowledge that can facilitate flow of production factors (capital, labor, technology) across national borders (Bhatt and Miller, 1983). In order the field to play the alleged role, it is expected to have a conceptual and methodological base. The theoretical and methodological capabilities of the field have been questioned for almost two decades.

The objective of this study is to review the theoretical and methodological evolution of the field and to analyze the implications of the solution suggestions on the recent research. Section I reviews the theoretical evolution of the field, section II highlights the methodological problems Section III presents an evaluation of the current status and suggestions.

Section I: A Review of The Theoretical Evolution

It does not take long for any student of the Comparative Management to develop concerns about the field, since the first problem is encountered at the very first step of the study: An appropriate, unambiguous definition of Comparative Management. Although there are a number of definitions provided by the veterans of the field, there is no consensus among scholars and practitioners regarding the definition.

A review of the literature reveals that definitions provided by Boddewyn, Schollhammer, Negandhi and Prasad are the most widely accepted definitions of the field.

According to Boddewyn, Comparative Management deals with the systematic detection, identification, classification, measurement, and interpretation of similarities and differences among managerial actors, processes, structures and functions as found in various nations (Boddewyn, 1969). His updated definition in 1970, emphasized cross-cultural aspect of similarities and differences. Schollhammer defined the field as being concerned with the systematic detection, identification, explanation, evaluation of uniformities and differences of managerial phenomena in different countries or regions. He explains the objective of this effort as being to form basis for predictions regarding the degree of managerial effectiveness and productive efficiency (Schollhammer 1969).

Negandhi and Prasad ended up with a broader definition of the field, as being to study management phenomena on a comparative basis, its role being to detect, identify, classify, measure and interpret the similarities and differences among the phenomena compared (Neghandi and Prasad, 1971).

Although all of the definitions refer to concept of management and a comparative element, they do not explicitly and unambiguously describe the content of the discipline, the appropriate building blocks for theoretical development and what should be researched. Although incomplete and vague, having defined the field is followed by the question why we should study comparative management. The reasons frequently cited are growing interdependence in the world economies; an inescapable need for comparative approach in assessment; the development of an appreciation of cultural diversity and creating sensitivity toward other cultures; widening knowledge base and helping individuals to appreciate his or her own culture and environment (Adler, 1986). In short, a growing need for knowledge and methods to make managers more effective in crossborder operations. Therefore, the ultimate objective of the research in the field must be to satisfy this need. A theoretical framework least must facilitate research for the afforementioned purpose. Thus, providing methods and tools for more effective managerial practices must be added to the dimensions listed in the definitions of the field, namely identification, classification, measurement and interpretation of the similarities and differences across nations or cultures.

Differing definitions naturally led to different approaches in theory construction in the fieid. The following part reviews these different approaches.

1- The Socio-Economic Approach (The Economic Development Approach)

According to Harbison and Myers each management system is comprised of three components: economic resources, systems of authority and class or elite (Harbison and Myers, 1959), and managerial efficiency was depicted as a function of these three factors and defined as a crucial input playing a significant rôle in achieving rapid growth and industrial development. This approach has basically a macro orientation -few macro variables can be compared within this framework, but it essentially ignores the micro-variables regarding the managerial behavior and intra-firm differences. It is usually criticized of being able to identify only part of relevant variables. Size and complexity of organizations, technology, market size and complexity, stage and rate of economic growth, countervailing powers, social structures and cultural values are the variables identified by this model for comparative purposes.

2- The Ecological Approach

The ecological approach is considered as an extension of socio-economic approach and primarily interested in the managerial contribution to the economic development. According to Farmer and Richman economic development results from the economic efficiency of firms which is a function of managerial effectiveness. They stress how the economic and managerial performance are constrained by a large number of environmental factors like educational, socio-cultural, legal political and economic and they suggest objective and subjective techniques to quantify these critical factors. Farmer and Richman framework fails to differentiate between organizational and managerial effectiveness and also does not acknowledge the impact of a given organization on managerial behavior and performance. Another significant flaw of the model is the ignored interaction among environmental variables.

3- The Behavioral Approach

The behavioral approach in cross cultural management studies attempts to explain behavioral patterns between individuals and groups in organizational settings. Scholars pursuing this approach basically concentrated on three different aspects:

- "National Character Profiles" which are linked with certain organizational behavior variables (Davies 1971; Narain 1967)

- Attitudes and perceptions of managers concerning some key management concepts and activities (Barett 1970, 1969; Haire, Ghiselli and Porter 1966; Nath 1969; Ryterband and Barett, 1970; Thiagarajan, 1968)

- Prevalent beliefs, value systems, and need hierarchies are functions of a given culture. By establishing relationships between these concepts and managerial practices and effectiveness, one can deduce the impact of cultural variables on management practices and effectiveness (Davis, 1971).

Although intuitively the linkage between culture and attitudes, attitudes and behavior, behavior and effectiveness are clear, there are significant problems regarding these linkages at the conceptual and methodoloical level. Most of these concepts are ill-defined and poorly operationalized. Furthermore empirical evidence support the contention that management practices, behavior and effectiveness are as much functions of such contextual and environmental variables as size, technology, location, market structure, political conditions as they are of socio cultural variables (Neghandi 1975, Child 1981).

4- The Eclectıc Empirical Approach

Schollhammer (1969, 1970) gathered a variety of unrelated empirical studies, therefore this approach did not lend itself to either model building or hypotheses testing, resulting in a lack of comparability across studies. The major contribution of this approach is that it led an accumulation of empirical data developed to the date. Shollhammer concluded that there are strictly semantic differences in the definition of comparative management as a body of knowledge and noted the inability or unwillingness of the scholars to understand each other. He therefore found it necessary to integrate previous approaches and built up this framework. The logical structure of the theory consists of three steps: describing the relevant phenomena and providing proper explanations, evaluating the observed phenomena by using certain standardized objective measures, and formulating generalizations with predictive properties. Eclectic-empirical approach can be considered as a step towards an open system framework because of apparent interactions of the elements.

5- Linkage to Other Disciplines: Organization Theory & Contingency Theory

Negandhi and Estafen (1965) conceptualized a new model basically incorporating the "Management Philosophy of the Firm" (microvariables) to the "environmental Factors" (macro-variables) hypothesizing that management practices are a function of both Environmental factors and the Management Philosophy of the firm. Model was augmented with a subsequent hypothesis that managerial practices impact upon management and enterprise effectiveness. This approach emerged from an acknowledged need to integrate organizational theory and cross-cultural comparative management. Since the model does not explain the evolution of managerial philosophy, it was criticized of being too superficial, although it facilitated empirical investigation.

A comprehensive review of the theoretical, methodological and empirical literature led Negandhi to an open systems framework which acknowledges a dynamic interaction between the organization and the element external to it. This framework is characterized by the interdependence of all the variables which influence the organizational and employee behavior. The open systems model implies multiple causal relationships which complicate the formulation of powerful research designs, when ali these relationships taken into account. This methodological complication led Negandhi to propose a "Contingency Theory" perspective, which would stress the patterns of relationships rather than the cousal linkages (Negandhi 1975 & 1979).

Contingency Theory acknowledges three layers of environment:

- Organizational Environment
- The Task Environment

• The Societal Environment

Variable affecting management practices relate to Organizational environment, part of the total setting with which organization is transacting and competing relates to Task environment and macroenvironment depicted by Farmer and Richman relates to the Societal Environment. Although it is a far more powerful construct than the previous frameworks developed, it has severe methodological shortcomings because of potential number of relationships among the variables.

6- The Systems Approach

Tung (1986) hypothesized that Outcome variables (economic and non-economic measures of effectiveness), are a function of Organizational Climate of a given firm as perceived by its employees. She describes the Organizational Climate as the psychological atmosphere created by observable realities in the sub-system such as size, organizational strategy and structure, and managers which can change the sensory input of the individuals within the unit, and which, in turn, interact with the individuals' perceptions, needs and values (Personal Variables) to produce a resulting set of behaviors. She also postulates a one way relationship between Societal-Environmental Variables and other variables in the model. She describes her construct as "A Systems Theory for Comparative Management" and aims to eliminate the major limitations of earlier models which she believes are overemphasis on a particular group of variables and failure to examine the relationships between the variables. Although this model perceived to be a serious attempt to construct a Comparative Management Theory, it still can not escape the testability problem. As in other models, operationalization of the multitude of variables and their interaction (although the direction of the relationships pre-specified in the model) constitute serious problems. The lack of empirical work based on this model is a clear evidence of this shortcoming if not the laziness of scholars.

7- The Open Systems Approach

Although Tung adapted a systems approach in her theory building, she defined unidirectional relationships between variables which renders her model at best a "Quasi-Open System Approach". Nath (1988), proposed an open systems framework for comparative management. He depicted a dynamic, interactive open system integrating macro and micro variables. He defined the macro variables as Environmental variables and micro variables as Business and Management System. His model also incorporates the task environment variables described by Negandhi and a new set of variables classified as "Historical Antecedents" which explictly brings a time dimension to the model. Nath also depicted a strategy regarding the implementation of the model. He suggests an idiographic (data gathering through lengthy and systematic observation of a given culture or nation) and geocentric (integrating inputs from different nations, gathered by natives of each country) framework as opposed to classical nomothetic and ethnocentric approaches. Nath's construct is the last serious attempt so far in developing a theoretical framework for comparative management research.

8- Attempts to Integrate Culture As A Variable

The role of culture in comparative management has been acknowledged by numerous scholars and culture has been integrated in the related research as an independent variable. Ajiferuke and Boddewyn (1970) reviewed 22 studies in the field that employed culture as an independent variable. Negandhi (1983) similarly reviewed 36 studies which integrated culture as a variable.

But as both review efforts revealed, scholars use cultural variables as residual elements without defining and operationalizing them. They also identify culture with nation. As rightly expressed by Ajifureke and boddewyn (1970, p154) culture is "one of those terms that defy a single all-purpose definition, and there are almost many meanings of culture as people using the term." Although culture was used as an independent variable, it has a very obscure identity and often used as a residual variable. Use of nation state as a unit of analysis and identification of culture with nation renders many studies to be cross-national rather than cross-cultural. The first serious effort to operationalize culture came from Hofstede (1980). Hofstede defined culture in four dimensions (Power Distance, Uncertainty Avoidance, Msculinity/Feminity, and Individuality/Collectivity) and described countries or societies in terms of these dimensions. Triandis (1983) introduced culture in 30 different dimensions which is not practical for operationalizing purposes. While some of the researchers were seeking methods to incorporate culture properly, Kelly and Worthley (1981) tried the control culture as a variable by separating culture from other environmental factors. Incorporation of culture in the comparative management studies still remains as a problem area since a proper, widely agreed upon operationalizing scheme has not yet been developed in the field.

Section II: Methodological Problems In Comparative Management Research

1- The Absenee of Indigenous Theory to Guide Research

As it's been covered in the previous section despite a long history of theoretical evolution, field of comparative management still lacks a solid, research guiding theoretical framework. Even a widely accepted definition of the field has not yet been developed. This creates problems in identifying relevant variables and hypothesizing relations. Furthermore too general constructs are hardly suitable for testing the well-conceptualized hypotheses. The adaption of systems approach provoked a new direction in the field andproduced significant improvement in the field exemplified by the work of Tung (1986) and Nath (1988). Although these approaches have not yet pursued in any of the published research, they introduce a relatively stronger theoretical framework in terms of identification of variables and the direction of relationships.

2- Problems Associated With Operationalization of Variables

The guidance provided by the theoretical framework helps us only to identify the relevant variables. The operationalization of these variables rises as another important concern in knowledge generation. As in many disciplines, comparative management field also enforce use of surrogates, proxies for the unobserved latent variables. The representativeness of the proxies used are subject to deep dispute in the field. The best illustration of this situation is the problems faced in operationalization of culture as an independent variable. Despite Hofstede's and Triandis' efforts still there is not a commonly accepted method to operationalize culture. There are number of other variables which are equally difficult to operationalize. This is a significant flaw concerning the comparative management research and so far there is no relieving progress on this issue.

3- Methods Used In Research

Survey research is the predominating method in the field. Although it seems to be the best suited tool, it has to be used with ultimate care in cross-cultural settings. The functional, conceptual and instrumental equivalence must be guaranteed. Vocabulary, idiomatic and gramatic structures of the questionnaires have significant implications on the results.

Sampling techniques and the representativeness of the sample (Adler, Kiggundu, 1983) used are other potentially problematic issues regarding methods of research.

An important consideration here is the suitability of the research method to the particular cultural setting. Observations and interpretations might be too culture bound, and instruments which may be appropriate in certain environments may not be effective in creating meaningful results (Adler, Campbell, Nigel, Andre, 1989).

4- Lack Of Structure

Complexity of the variable relationships, interdependencies, and interactions along with complexity of the environment create ambiguous situations where well-defined research strategies may not be adequate to capture the problem. Researchers in the field are forced to accept this relationship-oriented, complex and unstructured environment and to design clinical field research to be effective in this environment.

5- Cultural Bias

One of the most pervasive problems in comparative management research is the cultural bias. Every researcher brings his/her own set of values, beliefs and assumptions molded by the culture he/she comes from. This dimension becomes particularly important in dealing with management problems involving personnel of an organization. The most recent and may be most striking example of this phenomena was reported by Adler and Laurent (1989). They intended to investigate the behavior of Chinese managers relative to managers in a number of western countries. For this purpose they used Laurent Management Questionnaire which was successfully used in their research covering several western countries. They bitterly experienced that this questionnaire was not able to explore the intended aspects of Chinese managers and at least was misleading.

6- Other Issues

Comparative management research suffers from narrow focusing on specific issues by using diverse theoretical orientations, research designs and methodologies. Furthermore inadequate reporting of research findings making verification or replication virtually impossible. Replicability is a very serious limitation of the comparative management research. Reliability and Validity are other two serious methodological concerns in the area. In cross cultural setting instrument design becomes particularly important. Sample selection is another problem which poses a significant threat for external validity of the research.

An Evaluation Of Current Status and Suggestions

A review of the literature reveals that field of Comparative Management stagnating regarding its theoretical and methodological evolution. Since Tung (1986) and Nath (1989) we have not witnessed any major effort in forwarding theoretical framework. Furthermore none of the recent published studies benefit from constructs developed by Tung and Nath. Majority of the published work continues to be descriptive and anecdotal in nature. Whereas, what discipline needs is the test of theoretically based hypotheses which would extend our understanding of the nature of relationships among variables of models. Therefore discipline still needs significant concentration on theory development and methodological search. Methodological concerns have primary importance not only since they help us to determine the appropriate methodology for a given study but also it might lead to methodological innovations. For instance the application of non-metric multivariate analysis techniques in comparative management facilitated a series of research clustering countries with respect to certain characteristics (Ronen and Shenkar, 1988). Adaption of clinical field research techniques might facilitate research in many complex areas because of its flexibility and the richness of the data it can collect (Beamish, Lane and Wright, 1988).

The nature of the comparative management research requires cooperative efforts among scholars with diverse background and related disciplines. Also considerable effort is needed to promote research collaboration among scholars across national and regional boundaries. This cooperation will both increase the quality of the research and will integrate the comparative management literature in other countries.

Culture-boundedness of the comparative management research creates significant problems in knowledge generation. Therefore the need for creation of non-western based research paradigms has to be recognized. Bond and Hofstede (1988) attempted to create such a paradigm.

In the last decade major debates and research issues in the field were, 1) does organizational behavior vary across cultures?, 2) how much of the observed difference can be attributed to cultural variables, 3) is the variance in organizational behavior worldwide increasing decreasing or remaining the same, 4) how can organizations be best managed within cultures other than their own? 5) how can organizations best manage cultural diversity as an organizational resource. These questions still attract scholars' attention but more emphasis is placed on cultural diversity as a resource rather tha n a liability. Particularly increasing global strategic cooperation among the MNCs in the form of Joint Ventures and Strategic Alliances creates a practical demand for this type of research exploring synergies and providing methods for the managers to create synergy out of diversity. On the other hand Mergers and Acquisitions, emerging NIC and third world multinationals dictate search for non-western theoretical and methodological paradigms in management. The validity of predominantly North-American management and organization theories has long been questioned, but increasing participation of third world and particularly pacific originated companies in the world economy cast further doubt on Occidental management theories. Presence of scholars recognizing this fact is encouraging regarding the future direction of the field.

A review of the very recent literature gives encouraging signals regarding the topical orientation of the field. Studies covering particularly Joint Ventures are abound (Baird, Lyles and Wharton 1990; Ganitsky and Watzke, 1990; Teagarden and Glinow, 1990; Zeira and Shenkar, 1990). But the fundemantal problems of the field are still there. Most of the studies are either descriptive or anecdotal. This trend has to be reverted for a sound development in the field.

With the increasing complexity of the international business environment the need for normative and prescriptive research has been increasing. Comparative Management field is a strong candidate to fill this gap despite its existing problems.

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