1

Introduction

The Challenging Role of the Global Manager

It is generally agreed that planning, organizing, coordinating and controlling are basic activities of management.

—Henri Fayol (1916, as cited in Gray, 1987)

Growing interconnections brought about by the globalization process require that both managers and organizations expand repertoires of roles.

—Barbara Parker (2005)

The world of international management is no longer limited to jet-setting corporate troubleshooters or seasoned expatriate managers. Virtually all business conducted today is global business. It is difficult to identify a product or service that is not somehow influenced by a cross-border transaction of some kind. Likewise, international responsibilities and contact with other cultures are commonplace and might not even involve leaving the office. Dramatic shifts in economics, politics, and technology shape the role of the international manager. These shifts are often encapsulated in the term *globalization.* This chapter explores the context in which today's global managers must function in terms of economic, legal, political, technological, and cultural elements by examining the changes that define globalization. Each of these environmental factors is influential; however, the most difficult to understand and the most often neglected can be the influence of culture. This becomes clear when international management is defined by the structure and content of managerial roles as opposed to the functions of management. The roles managers play share certain features across cultures but are best understood in their cultural context. By focusing on these roles, we see the importance of the manager's interactions with individuals from different cultures. Although economics, politics, and technology can define the playing field of international management, it is a game of cross-cultural interactions that is being played. This chapter also provides some guidance in evaluating international and cross-cultural management research such as the studies referred to in this book. General issues about the limitations of present management studies and unique aspects of cross-cultural management studies are discussed.

Globalization

The term *globalization* is omnipresent in contemporary writing about management. However, definitions and descriptions of globalization vary widely. In order to understand what it means to be a global manager, we must first define the term *globalization*. Globalization has been described as the absence of borders and barriers to trade (Ohmae, 1995), the "crystallization of the world as a single place" (Robertson, 1995, p. 38), or the overlapping of the interests of business and society (Renesch, 1992). Parker (2005, p. 5) provides a useful general definition when she describes globalization as "a process whereby worldwide interconnections in virtually every sphere of activity are growing. Some of these interconnections lead to integration/unity worldwide; others do not." This increase in interconnections is the result of shifts that have taken place in technological, political, and economic spheres. The following four categories of change illustrate the process of globalization.

GROWING ECONOMIC INTERCONNECTEDNESS

The economic interconnections among countries increased dramatically with the advent of free trade areas in the 1990s. At the dawn of the 21st century, the number of regional trade agreements was more than 100, up from about 45 a decade earlier (World Trade Organization, 1999). The three largest trade groups, the European Union, the North American Free Trade Agreement, and the Asia–Pacific Economic Cooperation, account for about one-half of the world's trade, with the strongest recent growth occurring in Asia and the Commonwealth of Independent States (CIS; World Trade Organization, 2005). In addition, the World Trade Organization, formed in 1995 as a result of the Uruguay round of the General Agreement on Tariffs and Trade, now has 148 member nations with the goal of reducing tariffs and liberalizing trade across the board. The result of these agreements is a greater degree of interconnectedness among the world's economies.

Therefore, local economic conditions are no longer the result of purely domestic influence.

The gap between regional gross domestic product (GDP) growth rates of the fastest-growing and least dynamic regions of the world has begun to narrow. Although the developed world continues to trade at approximately the world average, trade in other economies, mainly in Asia and the CIS, had output growth rates of 7–8% in 2004 (World Trade Organization, 2005). Economic growth in Europe has slowed since mid-2004 to about 1.5%. However, developing regions of the world all posted significantly higher growth rates in 2004, with 12 African countries posting real output growth of 6% or more (UN Conference on Trade and Development, 2005).

The level of foreign direct investment (FDI) also has a globalizing effect. FDI, as a percentage of world GDP, doubled between 1985 and 1994 (UN Conference on Trade and Development, 1999). Also, the decline in flows that was observed in the early 2000s was reversed in 2004 (World Trade Organization, 2005). The inward flow of FDI now accounts for about one-third of the GDP of developing countries, compared with about 10% in 1980 (UN Conference on Trade and Development, 2005), with China the world's second largest recipient (Deresky, 2006). The result of these changes in trade and FDI flows is a shift in the economic center of the world away from North America and Western Europe. It is important to note that the economic rewards of globalization tend not to be uniform, causing some authors (e.g., Guillén, 2001) to predict a backlash against globalization in countries that have been confronted with adverse consequences, as in large agricultural countries such as Brazil and Argentina and in East and Southeast Asia, which have experienced recent fiscal crises (see Leung, Bhagat, Buchan, Erez, & Gibson, 2005).

Organizational boundaries are also affected by globalization. In modern multinational corporations, production, sales and marketing, and distribution might all be located in different countries to capitalize on certain location-specific advantages. The UN Conference on Trade and Development (2005) reports that about one-third of global trade is intrafirm. Moreover, conventional organizational forms are giving way to networks of less hierarchical relationships (Kogut, 1989) and cooperative strategic alliances with other firms (Jarillo, 1988). An additional aspect of changing organizational boundaries is the emergence of virtual organizations in which employees do not meet face to face but are linked by computer technology (Erez & Earley, 1993).

Multinational firms now manufacture and sell globally on an unprecedented scale, and the expansion of international production continues to gather momentum. And the world's economies are interdependent as never before. Thus, economic globalization connects countries and organizations in a network of international linkages that shape the environment in which global managers must function.

MORE COMPLEX AND DYNAMIC WORK ENVIRONMENT

Related to the increased interconnectedness of economies and organizations are changes that affect the stability of the work environment within organizations. These include downsizing, privatization, and movement toward team-based management. For example, globalization means that layoffs can occur in Milan or Seattle because of cheaper labor in Mexico or Malaysia. Increased rates of mergers and acquisitions, reflecting efforts to remain competitive in a more difficult environment, result in workforce reductions. These workforce changes have an effect on those who remain in the company and on those who leave (Offerman & Gowing, 1990).

Additionally, the number of permanent migrants is changing the composition of the workforce in many countries. As boundaries to migration become more permeable, migration resulting from economic, political, and social factors increases. The current magnitude of migration is very large indeed. According to the Global Commission on International Migration (2005), there were nearly 200 million migrants in 2005, counting only those who have lived outside their country for a year or more. This is equivalent to the population of the world's fifth largest country, Brazil. Table 1.1 shows the countries that are the largest recipients and sources of migration.

Table 1.1 Leading Sources and Hosts for Migrants, 2000

Hosts	
United States	35 million
Russian Federation	13.3 million
Germany	7.3 million
Ukraine	6.9 million
Sources	
China	35 million
India	20 million
Philippines	7 million

SOURCE: Adapted from Global Commission on International Migration. (2005). *Migration in an interconnected world: New direction for action.* Report of the Global Commission on Migration. Switzerland: SRO-Kundig.

Two recent trends in migration are worth noting. First, the number of women migrants is increasing. In 1976 fewer than 15% of migrants were women, but in 2005 women accounted for 70% (Global Commission on

International Migration, 2005). Second, the traditional migration pattern after World War II was low-skilled workers from less developed to more developed countries. Although economic factors continue to be a major pull, today's migrant is much more likely to be highly skilled (Carr, Inkson, & Thorn, 2005). For example, up to 20% of the total population of New Zealand has migrated to live and work outside their country (Bryant & Law, 2004).

A third factor influencing the work environment in many firms is privatization. Governments in both developed and developing countries are selling state-owned businesses to private investors at an increasing rate ("Privatization," 1997). Privatization makes formerly government-controlled enterprises available for purchase by foreign firms, thus reducing boundaries. In addition, because these enterprises have often been noncompetitive, privatization has a dramatic effect on the work life and management in these firms. Major changes in technology, workforce size, and management are often needed to meet global standards of quality and efficiency. The privatization of government-run enterprise in the former Soviet Union, where more than 12,000 state-owned companies were sold ("Russia's State Sell Off," 1994), is perhaps just the most obvious example of this worldwide trend (Sanderson & Hayes, 1990).

Finally, organizations around the globe are increasingly looking at the formation of teams of workers as a solution to productivity problems (Hoerr, 1989). Concurrently, demographic shifts in the workforce have been occurring in many countries. Demographic changes include increasing cultural diversity because of the ease of movement of workers of all skill levels across borders, the rising average age of employees, and the addition of more women to the workforce (Johnston, 1991). Introducing teams in these increasingly multicultural workplaces is a complex affair involving changing work methods, compensation systems, level of employee involvement, and the role of the first-line supervisor (Thomas, Ravlin, & Barry, 2000). These changes, resulting from downsizing, privatization, international migration, and team-based management, contribute to create a more complex and dynamic work environment for firms around the world.

INCREASED USE AND SOPHISTICATION OF INFORMATION TECHNOLOGY

The most significant force toward globalization, the one with the most potential to shape the international management landscape, might be the dramatic advances in information technology (Naisbitt, 1994). The rate of change in communication and computing technology is staggering. Multinational firms can now communicate all types of information (e.g., voice, data, text, graphics) throughout their geographically dispersed enterprise instantaneously. In addition, access to information, resources, products, and markets is influenced by improved information technology. With computer technology, it is now possible to establish a business that is almost entirely unconcerned with traditional boundaries and barriers, including barriers with regard to economies of scale and scope (Cairncross, 2001; Govindarajan & Gupta, 2001). The decreasing price and increasing sophistication of computing systems have placed in the hands of small businesses capabilities that a few years ago were available only to large multinationals. Information technology breakthroughs that affect most areas of human endeavor seem to be occurring on an almost daily basis. Some authors warn that this technological change will render physical place irrelevant for so-called virtual firms and ultimately be the undoing of the nation-state (e.g., Knoke, 1996). At a minimum, the likely effect is that the work roles of employees and managers will need to be adjusted to reflect an increasingly information-driven environment.

MORE AND DIFFERENT PLAYERS ON THE GLOBAL STAGE

Some authors suggest that globalization, as defined by increased interconnectedness, is nothing new (see Parker, 2005). This view stems in part from the fact that international trade as a percentage of gross world product was only slightly higher at the end of the 20th century than it was before 1914 (Farnham, 1994). From this perspective, it is possible to argue that globalization is just business as usual. However, it seems impossible to ignore the numbers of new entrants to the international business arena in recent years. Although international commerce might have existed as early as 3,000 B.C. (Mendenhall, Punnett, & Ricks, 1995), the most rapid expansion of international business occurred in the latter half of the 20th century. The players on the international business stage were originally the firm and its foreign constituency, but they were soon joined by home country and host country governments and, more recently, by special interest groups, international agencies, and economic alliances (Robinson, 1984). In addition, the characteristics of these actors have changed over time. U.S. multinational firms dominated the postwar period, but in 2006, as shown in Table 1.2, Tokyo and Paris were home to most of *Fortune* magazine's Global 500.

As noted previously, technology is facilitating the entry of small businesses into the international arena. For example, in the mid-1990s, 25% of all exporting firms had fewer than 100 employees (Aharoni, 1994). In 1996, small and medium-size enterprises accounted for 80% of all multinational corporations in Sweden, 60% of these firms in Italy, and more than 50% of the new foreign affiliates established by Japanese firms in that year (UN Conference on Trade

Table 1.2 Host Cities, *Fortune* Global 500

Rank	*City*	*Country*	*Number of Global 500 Companies*	*Global 500 Revenues (US$ million)*
1	Tokyo	Japan	52	1,662,496
2	Paris	France	27	1,188,819
3	New York	U.S.	24	1,040,959
4	London	Britain	23	1,054,734
5	Beijing	China	15	520,490
6	Seoul	South Korea	9	344,894
7	Toronto	Canada	8	154,836
8	Madrid	Spain	7	232,714
8	Zurich	Switzerland	7	308,466
9	Houston	U.S.	6	326,700
9	Osaka	Japan	6	180,588
9	Munich	Germany	6	375,860
9	Atlanta	U.S.	6	202,706
10	Rome	Italy	5	210,303
10	Düsseldorf	Germany	5	225,803

SOURCE: From the July 24, 2006, issue of *Fortune* © 2006 Time, Inc. All rights reserved.

and Development, 1999). In addition, the service sector of the global economy is increasing rapidly, with as much as 70% of advanced economies (80% in the United States) contained in this sector and with trade in services now about 20% of world exports (Parker, 2005). A growing percentage of international managers are involved in industries such as travel, transportation, entertainment, advertising, and telecommunication.

Often omitted from discussions of the players on the global stage are international gangs and terrorists. Global gangs based in Russia, China, Hong Kong, Japan, Colombia, Italy, and the United States manufacture and transport illegal drugs around the world, trade in human cargo, and use the international banking system to launder billions of dollars (Parker, 2005). Worldwide trade in human beings is valued in the billions of dollars, and Interpol estimates that illegal drug sales account for about US$400 billion annually. The acts of terrorists were once perceived as isolated local events. However, recent events such as the attack on the World Trade Center on September 11, 2001, the Bali nightclub bombings, and train bombings in Spain have clearly had a global impact. Although the world may have been changing for some time, the repercussions of these dramatic events have made the reality of global interconnectedness apparent.

In summary, the players encountered on the global stage are now more likely to include firms headquartered outside the United States. Increasingly, they could be small to medium-size businesses and are more likely than ever to be a part of the service sector. Finally, global managers must recognize that the increased permeability of boundaries associated with globalization also applies to illegal and terrorist activities. Some might argue that globalization has a single cause, such as technology or trade liberalization. However, it is sometimes difficult to disentangle the causes of globalization from its effects. What seems clear is that the environment in which global managers must function is undergoing changes that influence traditional boundaries. One key result of globalization is that global managers face an external environment far more complex, more dynamic, more uncertain, and more competitive than ever before.

Environment of Global Management

The elements of the global manager's environment can be divided into four categories: economic, legal, political, and cultural. Making managerial decisions on a global basis requires an understanding of the economic strategies of countries in (or with) which one is conducting business. Also, some of the complexity of global management arises from the variety of laws and regulations that exist throughout the world. And political systems are the structures and processes by which a nation integrates the parts of society into a functioning unit and form part of the framework in which management activity takes place.

These three aspects of the global business environment (economic, legal, and political) provide the backdrop against which global managers must function. In the remainder of this book, the focus is on the effect of culture on management. Culture is singled out as uniquely important to international management for three reasons. First, to a great extent, the economic, legal, and political characteristics of a country are a manifestation of a nation's culture. That is, these systems are derived from a country's culture and history. Even in cases where a single person or a small number of people dictate these systems and maintain them through force, history and culture can contribute to their development. As discussed in more detail in Chapter 2, culture stems from the fundamental ways in which a society learns to interact with its environment. The economic, legal, and political systems that have developed over time are the visible elements of a more fundamental set of shared meanings. And the extent to which individuals share beliefs about the world around them is an indication of the extent to which they share a culture (Rohner, 1984). Culture also affects the goals of the institutions of society, the way the institutions operate, and the attributions their members make for policies and behavior (Schwartz, 1992). Second, unlike the economic, legal, and political aspects of a country, which are observable, culture is largely invisible. That is, the influence of culture is difficult to detect, and managers therefore often overlook it. Although culture might or might not be the most important influence on the practice of management, it is the aspect of the management context most often neglected. Finally, as argued in the next section, the practice of management focuses largely on interpersonal interactions. One of the distinct characteristics of global management is that these interactions occur with people who are culturally different. For many "global" managers, the global nature of their environment can consist largely of working with a multicultural workforce in their own country. This perspective on global management, that management is what managers do rather than what functions they serve, emphasizes the importance of interpersonal interactions across cultures.

What Global Managers Do

Most management textbooks describe management in terms of some derivation of Henri Fayol's 1916 definition that "to manage is to plan, organize, coordinate, command, and control" (as cited in Gray, 1987, p. 13). However, these functions of management are difficult to observe; they do not operate in any sequential way, and there are some managerial activities that do not fit neatly into any of these categories. Dissatisfaction with this description of management has led a number of scholars to seek alternative ways to describe what managers do. The best known of these studies was conducted by Henry Mintzberg in the late 1960s (Mintzberg, 1973). He suggested that managers have formal authority over their organizational unit and that this status divides their activities into interpersonal, informational, and decisional role categories. Contrary to earlier beliefs that managerial work was systematic and rational, Mintzberg demonstrated that it was more accurately characterized by brevity, variety, and fragmentation, with a high degree of interpersonal interaction. A review of 30 studies of managerial work conducted by Hales (1986) summarized the 10 features presented in Box 1.1, which are largely consistent with Mintzberg's description. Notable is the extent to which what managers do involves interactions with other people.

Box 1.1 Characteristics of Managerial Work

It combines a specialist (professional) and a managerial element.

The substantive elements involve liaison and management and responsibility for work processes, within which are more detailed work elements.

The character of work elements varies by duration, time span, recurrence, unexpectedness, and source.

Much time is spent in day-to-day troubleshooting and ad hoc problems of organization and regulation.

Much managerial activity consists of asking or persuading others to do things, involving the manager in face-to-face verbal communication of limited duration.

Patterns of communication vary in terms of what the communication is about and with whom the communication is made.

Little time is spent on any one activity and, in particular, on the conscious, systematic formulation of plans. Planning and decision making tend to take place in the course of other activity.

Managers spend a great deal of time accounting for and explaining what they do, in informal relationships, and in political activity.

Managerial activities are rife with contradictions, cross-pressures, and conflicts. Much managerial work involves coping with and resolving social and technical conflict.

There is considerable choice in terms of what is done and how. Part of managerial work is setting the boundaries of and negotiating the work itself.

SOURCE: Adapted from Hales, C. P. (1986). What do managers do? A critical review of the evidence. *Journal of Management Studies, 23*(1), 88–115.

Efforts to categorize managerial work into identifiable roles have been less consistent. This is perhaps because of the wide variety of jobs that are classified as managerial (Stewart, 1976). Mintzberg's (1973) framework of 10 roles aggregated into three role categories (interpersonal, informational, and decisional) was derived from the direct observation of the daily activities of five chief executive officers. Subsequent survey research (McCall & Segrist, 1980), conducted with 2,609 managers, found some support for the idea that managerial jobs have some similarity across levels and functions. Support was found for 6 of Mintzberg's 10 role classifications. Only the leadership role seemed to differ according to level and function. Another test of these role categories (Shapira & Dunbar, 1980), conducted with both MBA students and managers, found that the 10 roles could be meaningfully divided into two categories, one dealing with the generation and processing of information and the other dealing with roles that involve decisions. The resultant framework focused on an input–output formulation of managerial work, with interpersonal roles, particularly leadership, seen as being integrated into other aspects of the manager's job. Others also argue that interpersonal roles, such as leadership, are actually part of the other managerial roles (Weick, 1974). Table 1.3 presents a comparison of these three classifications of managerial roles.

To some extent, these findings underlie the organization of subsequent chapters of this book around the leadership, decision making, and communication and negotiation roles that form the key components of the global manager's job. Regardless of the labels given to the categories, there seems to be at least some agreement about the common behaviors associated with managerial work. Clearly, however, interpersonal interactions are at the core of management.

Table 1.3 Comparison of Studies of Managerial Role Categories

Mintzberg (1973)	*McCall & Segrist (1980)*	*Shapira & Dunbar (1980)*
	Interpersonal	
Figurehead		
Leader	Leader	
Liaison	Liaison	
	Informational	
Monitor	Monitor	Figurehead
Disseminator		Disseminator
Spokesman	Spokesman	Spokesman
		Liaison
	Decisional	
Entrepreneur	Entrepreneur	Entrepreneur
Disturbance handler		Disturbance handler
Resource allocator	Resource allocator	Resource allocator
Negotiator		Negotiator
		Leader
		Monitor

Organizational Context, Culture, and Managerial Roles

Despite the emphasis on describing the similarities among managers, some research has tried to systematically account for differences in the work of managers (e.g., Stewart, 1976). Of particular interest is the extent to which the global context of international management might affect the manager's role. In an attempt to identify the generalizations that can be made about managerial work and to account for the differences that exist between managerial jobs, Stewart (1982) presents a model that is helpful in understanding how the role of global managers might vary. The model, shown in Figure 1.1, pictures two different jobs, each consisting of an inner core of demands, an outer boundary of constraints, and in between an area of choices. These factors change over time according to the legal, political, economic, and organizational context and can also be influenced by the jobholder.

In Figure 1.1, Job 1 shows tighter job constraints, higher job demands, and therefore less choice than Job 2. *Demands* are what anyone in the managerial job must do. These are such things as meeting minimum performance criteria and doing certain kinds of work, such as, attending required meetings or filing a particular report. *Constraints* are the factors, both internal and external to the organization, that limit what managers can do. These include limitations with regard to resources, technology, geography, laws, trade unions, and any organizational restrictions placed on the manager. *Choices* are the activities that the manager can elect to do. These involve choosing what work is done and how it is done. It includes choices that are common to all managerial jobs and can also

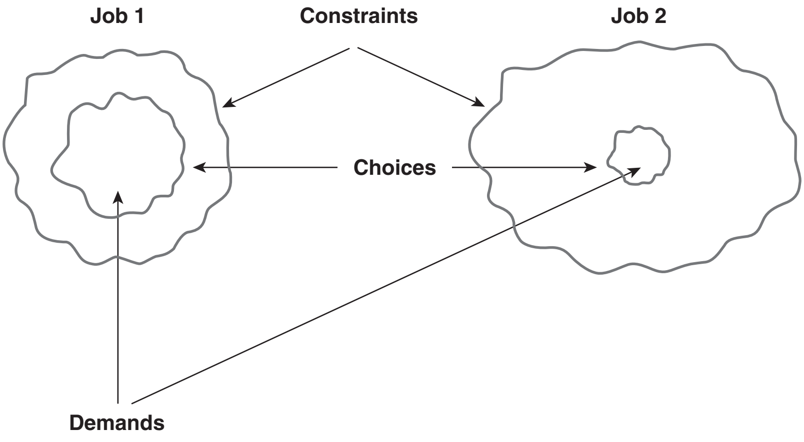

Figure 1.1 Differences in Demands, Constraints, and Choices in Two Jobs

SOURCE: R. Stewart, "Managing Today and Tomorrow" © 1991. Reproduced with permission of Palgrave Macmillan.

be thought of, in Mintzberg's (1973) terms, as emphasizing different managerial roles.

From the previous discussion of the environment faced by global managers, it is clear that they face demands and constraints that are both quantitatively and qualitatively distinct. Although empirical research has generally found more similarities than differences in managerial roles (Hales, 1986), some studies demonstrate the effect of contextual factors such as environmental and technological complexity (Gibbs, 1994), the size of the firm (Choran, 1969), the amount of uncertainty in the environment (Leifer & Huber, 1977), and the organization's structure (Aldrich & Herker, 1977; Hales & Tamangani, 1996) on managerial roles. For example, in one study environmental complexity increased the proportion of informational roles, whereas complexity and dynamism increased the proportion of decisional roles (Gibbs, 1994). In another, managers in more centralized organizations spent more time in downward communication, in contrast to those in decentralized organizations, who emphasized upward communication (Hales & Tamangani, 1996). In summary, the manager's role relates directly to the constraints and demands of the national and organizational environment and involves choices in which roles are emphasized.

Consistent with the choices managers have in their roles, research finds that managers can have jobs with similar demands and constraints and still differ in what roles they choose to emphasize (Graen, 1976; Stewart, 1982). One very apparent difference involves the choices managers from different cultures make about their roles. For example, differences in the activities managers emphasize have been found for Germans as compared with British managers (Stewart, Barsoux, Kieser, Ganter, & Walgenbach, 1994), and between Chinese, Japanese, Korean, and U.S. managers (Doktor, 1990). Therefore, the roles and work behaviors of managers are the result of both the national and organizational contexts, which impose demands and constraints on the choices they make, which are influenced by national culture.

The effect of culture on management is the focus of much of the remainder of this book. However, it is important to emphasize that culture affects the roles and behavior of managers indirectly as well as directly, such as in the choice of a particular role emphasis. The direct effect of culture is taken up in some detail in subsequent chapters. However, culture also influences managerial roles indirectly by shaping the context in which managers must perform. For example, in a study of Chinese managers, Boisot and Xing (1992) found that although Chinese managers share many behavioral characteristics with their U.S. counterparts, they do so in an institutional setting that places different demands and constraints on their behavior. Specifically, because of the strong hierarchical organization, Chinese managers spent about the same amount of time in downward communication as U.S. managers but about four times as much time in communication with superiors and only about one-half as much time in communication with outsiders and peers. Similarly, Stewart et al. (1994) found differences in German and British firms that gave rise to specific differences in roles for managers. For example, German organizations were flatter and more integrated and placed a greater emphasis on technical as opposed to interpersonal controls than did British firms. This resulted in German managerial jobs that involved less concern about gaining cooperation, less awareness of organizational constraints, less choice of job roles, more involvement in the technical aspects of tasks, less direct supervision, fewer meetings and networking, but more desk work than the jobs of British managers. In these cases, national cultural differences influenced managerial jobs indirectly. That is, culture shapes the context of managerial work, which in turn influences managerial roles.

The practice of management is anything but static. As globalization increases the amount of intercultural contact in organizational settings, the inadequacy of our present understanding of management to explain and predict behavior in these settings becomes more apparent.

Evaluating Cross-Cultural Management Studies

For practicing managers and management scholars to continue to enhance their understanding of management in this dynamic environment, it is imperative that systematic study of management across cultures continues to improve. Failure to do so reinforces the lack of relevance of which management research is often accused. The type of exploration needed is not easy for those conducting international studies, and understanding the findings and their implications is often not straightforward for consumers of this research. In the following section, general limitations of current management theory in explaining global management are outlined. Then, studies of international management are classified by the types of questions they can answer. Finally, key methodological issues regarding cross-national and cross-cultural research are presented, both as a reminder for scholars and as a consumer's guide of a sort for managers.

LIMITATIONS IN PRESENT MANAGEMENT STUDIES

As will be evident in this book, it is possible to describe myriad differences among management practices around the world. However, to try to understand what is happening in practice in various countries, management scholars must often rely on theory that has its basis in the United States. As scholars construct theory, they are searching to understand the world they perceive around them (Doktor, Tung, & Von Glinow, 1991). If that world is the United States, as is the case in much management research, their theory reflects it. This bias in theory development is the result not of an inherent belief in the superiority of U.S. management but of parochialism—a lack of awareness of alternative contexts, models, research, and values (Boyacigiller & Adler, 1991). This parochialism is understandable and can be better considered in our evaluation of management research if we review its origins.

First, the questions to which management scholars seek answers are a product of the time in which they are studied (Lawrence, 1987). Although some early management thought, emanating from the likes of Henri Fayol, Max Weber, and F. W. Taylor, had its origins outside North America, much of contemporary management knowledge was defined in the United States after World War II. As the only economic power left intact, the United States dominated the world economy for the next 20 years. It was during this period of U.S. economic dominance that the field of management studies began to emerge and was thus marked with a U.S. orientation (Boyacigiller & Adler, 1991). Under the assumption that the underlying influence on the economic success of the United States was U.S. management practices, U.S. firms were studied, and their practices were held up as models for the world (Beechler & Pucik, 1989). Additionally, many of the most prestigious management journals were founded in the United States during this time (Boyacigiller & Adler, 1991). Whether it was actually management practice or, as argued by some (Ouchi, 1984; Thurow, 1984), a benevolent environment that accounted for U.S. success, the study of management has an indelible U.S. imprint.

The legacy of the U.S. origins of management studies is also evident in the institutions that perpetuate the way in which management research is done and how it is disseminated. It is important to note that the vast majority of scientific knowledge is contained in perhaps as few as 10% of the countries of the world and that the study of organizations is represented in still fewer (Roberts & Boyacigiller, 1984). The United States accounts for most published articles in the field of management and organizational studies, and all but a handful of the key contributions to the field have come from U.S. researchers (Adler, Doktor, & Redding, 1986; Boyacigiller & Adler, 1991). Historically, U.S. management scholars have lacked an international orientation, as indicated by the small number of scholarly articles focusing on an international or cross-cultural aspect of management. A survey of journals in the early 1980s (Adler, 1983) indicated that less than 5% of published articles focused on international or cross-cultural studies, and even more recent surveys showed little increase (Boyacigiller & Adler, 1991). Although the first few years of the 21st century have seen a dramatic increase in international and cross-cultural management studies (Kirkman & Law, 2005), these historical factors have perpetuated parochialism in management studies.

The U.S. orientation of management theory is important because the activity it purports to describe, management and organizing, does not appear to be universal. The preponderance of evidence, as limited as it is in some areas, indicates substantial cultural variation in management and organizational practices.

Therefore, it is important to recognize the unique cultural orientation that a U.S. perspective has brought to the study of management and organizations. Like all national cultures, the United States has deeply embedded values that influence the way scholars from the United States perceive and think about the world they are investigating. The lack of universality of "made in America" theories is described to some extent in later chapters. However, Boyacigiller and Adler (1991) suggest three particularly pervasive aspects of the U.S. perspective that limit the ability of U.S. management theories to explain organizational phenomena in cultures with contrasting orientations: (a) extreme individualism; (b) a belief that individuals are in control of their own circumstances and can, to a great degree, influence their environment and future events (or free will); and (c) low-context communication (discussed in detail in Chapter 6), where most of the meaning of a message is contained in the explicit communication as opposed to the context surrounding the information exchange. Unfortunately, theories indigenous to other cultures, which might show what is being missed by applying U.S. approaches abroad, are rare (Smith, Bond, & Kağitçibaşi, 2006). In the best case, theoretical relationships could be tested simultaneously in several different cultures based on concepts that are meaningful in each. Then the results are compared for possible convergence. However, this so-called derived-etic approach (Berry, 1989) is not typical, and most cross-cultural research must be carefully evaluated with the recognition of the limitations presented by the cultures involved and of the method used.

TYPES OF INTERNATIONAL MANAGEMENT RESEARCH

Global (international) management research can take a number of forms, each with a distinct purpose and characteristics. The types of studies have been categorized in a number of ways by different authors (e.g., Adler, 1983; Drenth & Wilpert, 1980; Earley & Singh, 1995; van de Vijver & Leung, 1997). The typology presented here incorporates elements of these previous approaches to arrive at six categories of research studies. The six different types of studies shown in Table 1.4 differ in the assumptions they make about culture and the universality of management theory and in the types of questions they address. Each type also has specific methodological issues that must be confronted.

Domestic Research

Domestic research is defined here as the management studies designed and conducted within a single country without regard for the boundary conditions set by the cultural orientation of the country. These studies assume the universal applicability of the constructs and relationships they test. Most of this type of research originated in the United States and suffers from the

Table 1.4 Types of Cross-Cultural Management Studies

Category	*Description*	*Cultural Assumptions*	*Research Questions*
Domestic	Management studies in a single country	Culture is ignored, or universality of theory is assumed.	How can we explain and predict the behavior of people in organizations?
Replication	Management study repeated in another country	Universality is questioned; there is no theory available to predict the effect of culture.	Does this theory that applies in culture A also apply in culture B?
Indigenous	Individual management studies conceived and executed in one or many cultures	Cultural differences are assumed to exist, indigenous theory is needed to explain behavior.	How can we explain and predict the behavior of people in organizations in country X?
Comparative	Management study conducted in two or more countries	Similarities and differences exist; there may or may not be a theory available to predict the effect of culture.	What similarities and differences exist in the behavior of people in organizations? Is this theory universal?
International	Studies of multinational organizations	Similarities and differences exist, or culture is ignored.	How do organizations that operate in multiple countries function?
Intercultural	Studies of intercultural interactions in organizations	Specific aspects of culture are part of the theoretical framework underlying the study.	How is this theory influenced by cultural differences, and how is it universal?

parochialism mentioned earlier. This research, which is confined to a single cultural context, is constrained in both its ability to advance theory and its practical application. Before it can be applied to a culture other than the one in which it originated, its generalizability across cultures must be proven.

Replication Research

These studies are conceived and managed by a researcher in one country and then repeated in other countries by the originator or by local collaborators. These attempts to replicate studies, typically first conducted in the United States, often use what is called an imposed-etic design (Berry, 1989). That is, they assume that the concepts being measured and the relationships being studied have the same meaning to the participants in the new culture as they did in the culture in which the study was conceived. Therefore, they also assume that the responses in the two cultures can be compared directly. Although some well-known U.S. studies have been replicated, the assumption of equivalence where it may not exist is probably the reason that many studies fail to replicate in other cultures (Smith et al., 2006). Many of the studies reported in this book are examples of replication research.

Indigenous Research

Classified as "emic" (Berry, 1989) studies, this research focuses on the varied ways in which managers behave and organizations are run in a variety of specific cultural settings. Like domestic research, these studies are conducted within a single country. However, they differ in that they assume cultural differences (and, in extreme cases, that cultures are unique [Berry, 1969]) and require locally generated theory to explain and predict behavior within a culture. Examples of indigenous approaches are the concept of *simpatía* central to understanding interpersonal interactions in Hispanic cultures (Levine, Norenzayan, & Philbrick, 2001; Triandis, Marin, Lisansky, & Betancourt, 1984), *amae* (indulgent dependence) as an important element in superior–subordinate relationships in Japan (Doi, 1973; Yamaguchi, 2004), and *guanxi* (relationships) as a fundamental building block for Chinese businesses (Chen, Chen, & Xin, 2004; Wu, 1999). Like domestic research, these concepts and the relationships they support are applicable only in their own cultural context until generality is proven. In addition, these types of management studies are rare because of the historical and economic factors mentioned previously.

Comparative Research

Comparative studies seek to find both the similarities and the differences that exist across cultures regarding a particular management issue. Therefore, the extent to which a theory is universal and the aspects unique to a particular culture are both key questions. In conducting comparative research, it is important that researchers do not present one cultural perspective as dominant (Adler, 1983). Descriptive comparative studies document the similarities and differences found across cultures, whereas predictive studies test relationships suggested by theory, including a theory predicting the expected cross-cultural differences. Numerous examples of comparative research are found in this book, such as Earley's (1989) study of social loafing among U.S. people and Chinese (Chapter 8).

International Research

This category of research was created to capture the studies that focus attention on multinational enterprises. Although these studies recognize that both similarities and differences exist across cultures, the cultural context does not figure prominently in the conceptualization or execution of the study. For example, studies of the human resource policies of multinational enterprises that affect expatriate managers fall into this category, as would studies of how expatriates adjust in foreign assignments (see Chapter 10). These studies are not concerned with comparing the cultural context of each country in which the firm operates, except as it applies to the organization as a whole.

Intercultural Research

Intercultural research seeks to understand the interactions between culturally different individuals in organizational settings. Therefore, the mechanisms responsible for the influence of culture (as discussed in Chapter 4) are an integral part of these studies. Intercultural research considers the culture of all parties in the interaction and contextual explanations for observed similarities and differences. These types of studies are a somewhat recent development in management research but are represented in studies of cross-cultural negotiation (e.g., Adler & Graham, 1989; Francis, 1991), studies of the interactions between members of multicultural work groups (e.g., Thomas, 1999; Thomas, Ravlin, & Wallace, 1996), and studies of leader–follower interactions across cultures (e.g., Thomas & Ravlin, 1995; Ah Chong & Thomas, 1997).

Both managers and researchers can benefit by recognizing the cultural assumptions and purpose of the research on which they depend for theoretical development or practical application. Each of the six categories of studies outlined here has specific characteristics that define the boundaries of its applicability. However, these limitations are not always made explicit in the presentation of the research itself. Therefore, it is important for the consumer of this research to recognize the boundary conditions that might be associated with a cross-cultural study and that affect its applicability.

METHODOLOGICAL ISSUES IN CROSS-CULTURAL RESEARCH

As noted previously, not all studies that might be of interest to global managers involve more than one culture. For example, descriptions of the characteristics of Chinese family businesses (Chapter 9) can be very important for managers interested in doing business in China. However, much of the focus of this book is on the behavioral aspects of management, which highlights the similarities and differences in behavior across cultures. Studies that involve two or more cultures share several common methodological issues that are not present in purely domestic research. These are discussed under the broad headings of equivalence, sampling, and data collection.

Equivalence

Perhaps the most important issue in cross-national or cross-cultural research is equivalence. The opportunity for bias caused by cultural differences in values, attitudes, and normative behavior is staggering. Cross-cultural equivalence cannot be assumed at any stage of a cross-cultural study, and it must be established at three key points: the conceptualization of the theoretical constructs, the study design, and the data analysis (van de Vijver & Leung, 1997).

Conceptual or construct equivalence relates to the extent to which the concepts examined in cross-cultural research have the same meaning in different countries. Without construct equivalence, comparisons are impossible. The involvement of researchers from different cultures in the development of a study is one indication that thought was given to the need for conceptual equivalence. Method equivalence relates to whether the measurement unit is the same in all groups. Threats to this type of equivalence include acquiescence and extremity bias. Acquiescence is the tendency for some cultural groups to agree (or disagree) with all or most questions asked. Extremity bias involves the way different cultures use particular response scale formats. For example, some cultural groups systematically choose the extreme points on rating scales more often than other groups (Hui & Triandis, 1989). In addition, different levels of familiarity with the construct being studied, the physical conditions surrounding data collection, and communication between the researcher and participants can contribute to this type of nonequivalence. Finally, metric equivalence is the extent to which questions (survey items) have similar measurement properties across different groups. Nonequivalence can result from poor item translation, complex item wording, and culture-specific issues regarding item content. *Equivalence* means that culturally different participants understand equally the concept and its relationship to other concepts in the study. Given cultural differences, unmodified instruments are rarely equivalent across cultures. This does not mean that replication research or research based on concepts developed in the United States cannot be done. It does mean that the instrument development process and data collection strategy play a bigger role in research across national boundaries.

Sampling

The goal of sampling is to conduct research with a small number of participants who accurately represent the population about which we want to make conclusions. In cross-cultural research, selecting an appropriate international research sample is closely tied to conceptual and instrument development. The ability to select a truly representative sample in cross-cultural research is much more difficult, and convenience samples are often used. Therefore, a significant number of cross-cultural studies involve samples of individuals who are readily available, seem intelligent, and are willing to respond (Brislin, Lonner, & Thorndike, 1973).

First, to prove the universality of a phenomenon would require a random sample of countries. However, it is virtually impossible to collect data from a truly random sample of countries of sufficient size to be meaningful. There are only about 185 countries, and the logistics and statistical requirements of random sampling argue against anything but an approximation of random sampling of countries. Second, because of subcultural variation within countries, any sample selected from a specific geographic region does not necessarily represent the country (Brislin et al., 1973). Third, inconsistencies in the availability of sampling frames (lists of possible participants) across cultures can affect the sample. This applies not only in developing countries, in which a lack of commonly used devices such as telephone books and business directories present problems, but also in developed countries such as New Zealand and Canada, in which political or legal agendas dictate the kind of information collected and disseminated. Finally, practical considerations override some of the conditions of theoretical sampling, and convenience samples are used. In these cases, any hint that samples might be different on a factor should cause the researcher to measure those dimensions of potential difference and assess and report their effect.

Data Collection

The most common methods of data collection in cross-cultural research are questionnaires, followed by interviews (Peng, Peterson, & Shyi, 1991). This is not surprising because U.S.-trained organizational researchers conduct most international research. Prior success with these methods may be a reason for the "safari" or replication research (Drenth & Wilpert, 1980) mentioned previously. The "have questionnaire, will travel" approach can have negative consequences that often are not apparent in a brief exposure to another culture. For example, people in different cultures differ in how familiar they are with particular research methods and in how ready they are to participate. Such differences come up most strikingly with the self-administered questionnaires so popular in international management research. Some factors, such as variation in literacy rates, are reasonably obvious. However, other, more subtle effects are also typical. For example, the level of familiarity with questionnaires can dramatically influence responses, as Shenkar and Von Glinow (1994) found when the unfamiliarity of Chinese with questionnaires using a multiple-choice format was a source of bias in responses. Moreover, in many countries a researcher's purpose is suspect (Napier & Thomas, 2001). Participants can view the researcher as an agent of management, a union, or even the government. This perception can be hard for researchers to avoid if those groups control access to participants. In these cases, concern about response bias emerges. Also, respondents may not have a frame of reference from which to respond to questions. For example, most people in the United States are used to responding to hypothetical questions. However, in many cultures respondents need a concrete example or a detailed explanation of the context to provide a meaningful answer (Shenkar & Von Glinow, 1994). Asking hypothetical questions of respondents who do not think in conditional terms can result in unreliable responses (Bulmer & Warwick, 1983).

Interviews are the most common qualitative method commonly used in international and cross-cultural research. Although interviews have many advantages, a key disadvantage is the possible interaction between interviewer and respondent. For example, characteristics of the interviewer (e.g., age, gender, personal appearance) can influence respondent answers, the interviewer's technique (e.g., question phrasing, tone of voice) can bias responses, and the interviewer can selectively perceive or anticipate the respondent's answers. When the interviewer and respondent are culturally different, the chance of error increases. For example, a Chinese person may give very different responses to a Malay than to another Chinese, and Saudis do not feel comfortable with the possibility of having to explain their behavior that is suggested in the interview process (Usunier, 1998).

CRITIQUES OF INTERNATIONAL AND CROSS-CULTURAL RESEARCH

A number of critical reviews of the state of international and cross-cultural research have been conducted (e.g., Adler, 1983; Bhagat & McQuaid, 1982; Peterson, 1993). The following is representative of the types of criticism often leveled at this field of study:

Lack of a theoretical base. Often cross-cultural studies have been concerned with emphasizing the differences between nations rather than testing management theory in a cross-cultural context (Sullivan, 1997).

Parochialism. As noted, culture is often ignored in management research, and universality is assumed. However, when an international perspective is included, an assumption that organizations and management behavior in other cultures should be compared with a Western industrial model dominates (Boyacigiller & Adler, 1991).

Heavy reliance on convenience samples. Although understandable and perhaps justifiable in some cases, such samples often do not allow the kind of comparisons adequate to test theory or inform practice in the future.

Lack of relevance. The critical question consuming scholars and managers in the United States might not be viewed as important abroad (Napier & Thomas, 2001). International research puts relevance sharply into focus.

Reliance on a single method. Most international and cross-cultural research has relied on responses to questionnaires gathered at a single point in time. Both the temporal aspect of cultural influence and the richness provided by alternative methods are largely absent from this body of research (Osland & Osland, 2001).

Bias toward studying large companies. Most international and cross-cultural studies have been conducted in the organizational context of large firms.

Reliance on a single organizational level. Most international or cross-cultural studies rely on responses from a single level (managers or production workers) to draw conclusions about cultural differences. Rarely are samples drawn from multiple positions in the organizational hierarchy (Peterson, 1993).

Limited to a small number of locations. Reviews of cross-cultural research show that most studies were done in a small number of Western European countries and Japan. We know very little about the forgotten locations of Eastern Europe, the Middle East, Africa, and Latin America (Thomas, 1996).

The preceding section is not meant as an indictment of cross-cultural research, nor is it a comprehensive guide to conducting such research. Instead, it is intended to sensitize the reader to methodological issues associated with these complex research projects. It is hoped that instead of accepting the findings of these studies uncritically, readers will interpret studies involving culture with these limitations and boundaries in mind. Many limitations of the existing body of knowledge about managing across cultures are being remedied as more scholars recognize the demand for relevance of research to managers whose jobs are increasingly global in scope.

Summary

Globalization is affecting the environment in which managers must function. Rapid change is occurring in economic alliances, the work environment, trade and investment, and the players on the international stage. And all this change is being facilitated by a revolution in information technology. Therefore, today's global manager faces an environment that is more complex, more dynamic, more uncertain, and more competitive than ever before. The challenges presented by economic, legal, and political aspects of the international business environment are formidable. However, it is the influence of culture on management that can be the most difficult to deal with because culture has a broad influence on behavior and on other environmental factors and because cultural effects are difficult to observe.

Although management can be defined in terms of both managerial roles and the functions managers perform, focusing on what managers do emphasizes the importance of the interpersonal aspects of the manager's job. Regardless of their environment, all managers share a significant degree of similarity in their roles. In subsequent chapters of this book, the leadership, communication and negotiation, and decision-making roles of global managers are explored in detail. As will be apparent, important aspects of these roles and their associated behaviors differ around the world. These differences are the result of both a direct effect of culture on behavior and a more indirect effect of culture on organizational context. Thus, by defining management in terms of managerial roles, which must be played out in a dynamic global environment, we reveal the pervasive effect of culture on management.