

Chapter 6

THE FIT BETWEEN NATIONAL CULTURES, ORGANIZING AND MANAGING

Mikael Søndergaard

*University of Aarhus, Department of Management, School of Economics and Management,
University Park, Building 322, DK-8000 Aarhus C, Denmark*

Abstract: We hypothesize a fit between national cultural environment of the organization and contingency variables subject to managerial discretion. Such a hypothesis implies that national culture is a contextual variable in contingency theory and uses empirically derived culture contingency theory (Hofstede, 1980) to argue that national cultural characteristics affect management's choices as to how to organize and manage people. A tightly matched population of 4400 city managers from 14 Western countries constitutes strong material for the analysis as cultural and behavioral variables were directly analyzed. Findings suggest that bureaucratic tools of management are positively correlated with uncertainty avoidance and masculinity and negatively correlated with individualism. In addition, relationship management is negatively correlated with power distance but positively correlated with individualism. Normative aspects of management are negatively correlated with uncertainty avoidance. We derive a number of important implications for organization design theory and practice.

Key words: Organizing, culture, managing.

1. INTRODUCTION

The best way to organize and manage people depends on the situation, broadly speaking. All organizational design decisions must balance two opposing considerations - differentiation and integration (Lawrence & Lorsch 1967).

The forces of specialization and competition of the global environment of business organization require that global business organization responds to

local markets conditions and at the same time integrates worldwide (Bartlett & Ghoshal 1989).

This chapter provides a report from the analysis with a focus on how national culture variables relate to a number of organizational, managerial and behavioral aspects.

The anchor of present day theory about global organization is clear in the classic arguments of contingency theory. Bartlett and Ghoshal theory is grounded in the original argument formulated by Lawrence and Lorsch that organizational differences between organizational units in 1) type of work performed, 2) time horizon of work and 3) people's skills and interpersonal orientation are the source of creative energy needed for innovation. Integration across differentiated units is required to respond to market needs, speedily, efficiently and effectively (Lawrence & Lorsch 1967).

Many labels have been attached to the two opposing considerations that design decisions need to address the global environment. Gibson and Birkinshaw (Gibson & Birkinshaw 2004) mention both of these as well as contradictory tensions and contextual ambiguity and refer to a number of previous examples of business units pursuing two disparate goals at the same time, such as manufacturing efficiency and flexibility (Adler, Goldoftas, & Levine 1999), (Carlsson 1989), differentiation and low cost strategic positioning (Porter 1980), incremental and discontinued innovation and change (Tushman & O'Reilly 1996), dual structure to manage innovation (Duncan 1976) and the conflicting demands for exploitation and exploration (March & Simon 1958).

Regardless of research specialization and particular approaches, there seems to be a common interest in helping business organizations to become more effective and efficient at the same time. In table 6.1, some of the different arguments in relation to the "best" way to organize in the most effective and efficient way are listed.

2. NATIONAL CULTURE - A CONTEXTUAL VARIABLE IN CONTINGENCY THEORY

Contingency theory proposes that organizational structure is dependent on organizational context. Furthermore, context and structure affect performance interactively. Contingency studies have focused on the relationship between organizational context variables, e.g. uncertainty, technology, competition and organizational structure, i.e. centralization, formalization. A body of research and theory argues for the view that managers make choices on the basis of cultural and political dimensions of their environment National culture, for example, has been shown to be