Cambridge Handbook of Culture, Organizations, and Work

Edited by

RABI S. BHAGAT
University of Memphis

RICHARD M. STEERS
University of Oregon

CAMBRIDGE
UNIVERSITY PRESS

CAMBRIDGE UNIVERSITY PRESS
Cambridge, New York, Melbourne, Madrid, Cape Town, Singapore, São Paulo, Delhi

Cambridge University Press
The Edinburgh Building, Cambridge CB2 8RU, UK

Published in the United States of America by Cambridge University Press, New York

www.cambridge.org
Information on this title: www.cambridge.org/9780521877428

First published 2009

Printed in the United Kingdom at the University Press, Cambridge

A catalogue record for this publication is available from the British Library

Library of Congress Cataloging in Publication data
Cambridge Handbook of culture, organizations, and work / [edited by] Rabi S. Bhagat, Richard M. Steers.
p. cm.
Includes index.
ISBN 978-0-521-87742-8 (hardback) 1. Corporate culture–Cross-cultural studies. 2. Social values–Cross-cultural studies. 3. National characteristics. 4. Globalization. I. Bhagat, Rabi S., 1950– II. Steers, Richard M. III. Title.
HD58.7.H354 2009
302.3′5–dc22 2009012899

ISBN 978-0-521-87742-8 hardback

CHAPTER 2

Culture, organizations, and institutions: an integrative review[1]

KWOK LEUNG and SOON ANG

The focus on national culture as a major variable in global management research has been primarily guided and inspired by the now classic work of Hofstede (1980), although there is already a vibrant literature on culture and organizational behavior prior to the popularity of cultural dimensions (for a review, see Bhagat and McQuaid, 1982). Hofstede identified four major dimensions of culture in his framework: individualism-collectivism; power distance; uncertainty avoidance; and masculinity-femininity. Numerous studies have employed his framework to examine diverse organizational issues (for a review, see Kirkman, Lowe, and Gibson, 2006), ranging from the choice of entry mode (e.g., Kogut and Singh, 1988), cultural differences in the popularity of internet shopping (Lim, Leung, Sia, and Lee, 2004), the popularity of employee assistance programs (Bhagat, Steverson, and Segovis, 2007), intercultural negotiation (Brett and Okumura, 1998) to foreign-local employee relationships (Ang, Van Dyne, and Begley, 2003).

While Hofstede's framework is obviously important and influential, there are constant pleas for the development of novel constructs to advance our understanding of culture and international business (e.g., Leung, Bhagat, Buchan, Erez, and Gibson, 2005). The objective of our chapter is to review the development of cultural frameworks in the arena of global management since Hofstede's (1980) monumental work, explore how the cultural perspective can augment the institutional perspective, a popular approach for understanding firm differences across cultures, and identify fruitful directions for future research on culture and global management.

Research on cultural dimensions

Major dimensions of culture

Perhaps because Hofstede's (1980) work is based on work values, the bulk of research on culture in the last two decades is concerned with shared values of members of different societies. The Chinese Culture Connection (1987) raised the issue that the cultural dimensions of Hofstede (1980) may have been biased because of the western origin of the value items. To correct for this bias, the Chinese Culture Connection developed a set of values based on Chinese traditional values, and surveyed college students from over twenty societies. This triangulation effort resulted in the validation of three Hofstede dimensions: *individualism-collectivism, power distance*, and *masculinity-femininity*, as well as the identification of a new dimension: *Confucian Work Dynamism*, which was subsequent relabeled as "*short-term vs. long-term orientation*" by Hofstede (1991).

Schwartz (1992) offered a conceptually different approach to mapping dimensions of culture. Although based also on values, Schwartz (1992) was more interested in general values than in work-related values, and has identified ten value types at the individual or psychological level. At the level of culture, Schwartz (1994) has identified seven value types, which may be regarded as cultural dimensions: (1) *conservatism*; (2) *intellectual autonomy*; (3) *affective autonomy*; (4) *hierarchy*; (5) *egalitarian commitment*; (6) *mastery*; and (7) *harmony*. In comparing his value types with Hofstede's dimensions, Schwartz (1994)

[1] This paper was partially supported by a grant (CityU 1274/03H) provided by Research Grants Committee of Hong Kong.

concluded that individualism is positively related to intellectual and affective autonomy as well as egalitarian commitment, but negatively related to conservatism and hierarchy. Power distance shows a pattern of correlations that is generally opposite to that of Individualism. Masculinity is positively related to mastery, and uncertainty avoidance is related to harmony.

The value frameworks of Schwartz have been adopted in some global management research. For instance, his individual value types have been used in understanding cultural differences in conflict resolution (Morris *et al.*, 1998), and in analyzing cultural differences in corporate debt ratios (Chui, Lloyd, and Kwok, 2002).

In an analysis of work values in a sample of over 8,000 employees from forty-three societies, Smith, Dugan, and Trompenaars (1996) have identified two culture-level dimensions: *egalitarian commitment* vs. *conservatism*, and *utilitarian involvement* vs. *loyal involvement*. The egalitarian commitment vs. conservatism dimension corresponds to power distance, whereas the utilitarian involvement vs. loyal involvement dimension corresponds to the individualism-collectivism dimension. In summary, Smith and Bond (1998, ch. 3) concluded that the three different value surveys subsequent to the work of Hofstede (1980) have produced convergent results, lending support to the validity of his original cultural dimensions.

The latest attempt to develop a cultural framework based on values has been made by House and his associates in their global study with the acronym GLOBE. A major focus of this project is to understand leadership and organizational behavior around the world, and in doing so, nine dimensions of culture based on values and practices salient in an organizational context have been identified: (1) *performance orientation*; (2) *assertiveness orientation*; (3) *future orientation*; (4) *humane orientation*; (5) *institutional collectivism*; (6) *family collectivism*; (7) *gender egalitarianism*; (8) *power distance*; and (9) *uncertainty avoidance* (House, Hanges, Javidan, *et al.*, 2004). Despite the use of measures related to leadership and organizational behavior, most of the cultural dimensions identified are related conceptually and correlated empirically with the dimensions of Hofstede's (1991). Institutional collectivism and family collectivism are related to individualism-collectivism; assertiveness orientation and gender egalitarianism are related to masculinity-femininity; power distance and uncertainty avoidance are related to two Hofstede dimensions of the same labels; while future orientation is related to long-term orientation.

Two dimensions, performance orientation and humane orientation, seem unrelated to the Hofstede dimensions. However, performance orientation is conceptually related to McClelland's (1961) concept of need for achievement, while humane orientation appears related to the good vs. bad human nature dimension of Kluckhohn and Strodtbeck (1961). In sum, the overlap between the GLOBE dimensions and the Hofstede dimensions are quite substantial, although there is no agreement with regard to the extent of the overlap (Javidan, House, Dorfman *et al.*, 2006; Hofstede, 2006).

Novel cultural dimensions

Broadly speaking, the several global research projects reviewed above are based on values emphasized in society, and many of the items defining the cultural dimensions are concerned with what people regard as important, necessary, and proper in their cultural context. It is obvious that other constructs are needed to broaden the conceptual tools for analyzing culture (e.g., Gelfand, Erez, and Aycan, 2007). Two recent, major developments are reviewed here, one based on beliefs, and the other one on social norms.

To develop a cultural map of the world that is not based on values, Leung and Bond (2004) have turned to social axioms, or general beliefs that are context-free. Social axioms are general beliefs that may be conceptualized as "generalized expectancies," a concept introduced by Rotter (1966) to characterize locus of control. Based on items culled from the psychological literature as well as from qualitative research conducted in Hong Kong and Venezuela, Leung *et al.* (2002) identified five axiom dimensions in each of five cultures: Hong Kong, Venezuela, the US, Japan, and Germany. These five dimensions were subsequently confirmed in a round-the-world study (Leung and Bond, 2004):

(1) *social cynicism* refers to a negative view of human nature, a bias against some social groups, and a mistrust of social institutions; (2) *social complexity* suggests a belief that there are multiple ways to solve a problem, and that people's behavior may vary across situations; (3) *reward for application* suggests that the investment of effort, knowledge, careful planning and other resources will lead to positive outcomes; (4) *religiosity* asserts the existence of a supernatural being and the beneficial social functions of religious institutions and practices; and finally, (5) *fate control* suggests that life events are pre-determined by external forces, but that there are ways for people to influence the negative impact of these forces.

A culture-level factor analysis with cultural means of the items, however, has yielded only two factors (Bond, *et al.*, 2004): (1) *dynamic externality* refers to beliefs in fate, the existence of a supreme being, and positive functions of religious practices as well as beliefs in effort and knowledge and in the low complexity of the social world; while (2) *societal cynicism* is based entirely on items from social cynicism. Dynamic externality is generally related to collectivism and high power distance, but societal cynicism is relatively distinct from cultural dimensions identified previously.

We note that the individual-level axiom dimensions have been adopted in global management research, such as in a cross-cultural study of influence tactics (Fu *et al.*, 2004). However, the culture-level axiom dimensions have not been studied in a global management context.

The second development centers on the notion of tightness-looseness as a major cultural characteristic, which has been around for decades (e.g., Pelto, 1968), and is concerned with the strength of social norms for regulating social behaviors. Compared to tight cultures, social norms in loose cultures allow more latitude for individual behavior, and norm violations are subjected to less social sanctioning. Gelfand, Nishii, and Raver (2006) argued that because of the dominance of value frameworks in global management research, this important cultural dimension has been ignored. To address this gap, Gelfand *et al.* have proposed a multi-level model of looseness-tightness, which distinguishes between societal tightness-looseness as well as organizational and psychological adaptation to tightness-looseness. Societal tightness-looseness, together with features of the organizational context and psychological adaptations to tightness-looseness at the individual level, are supposed to influence organizational adaptations to tightness-looseness, which in turn influence significant organizational outcomes, such as stability vs. innovation and change. Furthermore, societal tightness-looseness, together with individual characteristics and experiences, are supposed to influence psychological adaptations to tightness and looseness, which in turn influence individual behaviors, such as risk avoidance vs. risk-taking and innovation.

Empirical work on tightness-looseness as a major dimension of culture is just beginning, and given the depth of theorizing that has been proposed regarding this construct, we expect it to emerge as a novel and important non-value-based framework and provide the impetus for some new directions in global management research.

Current development of the dimensional approach to culture

In a review of the literature, Leung *et al.* (2005) noted three major trends in the current work on cultural dimensions in the global management areas. First, it is now recognized that the influence of culture is important, but not omnipresent. Situational variables may override or even reverse the effects of culture (Earley and Gibson, 2002; Leung, Su, and Morris, 2001). For instance, in a study of five multinational firms, Zellmer-Bruhn, Gibson, and Earley (2002) found that information exchange among group members was more affected by cultural heterogeneity only when the groups were newly formed. In other words, cultural backgrounds of group members had a smaller influence on information exchange for well-established groups.

There is a different stream of research showing that cultural influence is stronger in situations where one's actions are identifiable. In a comparison between Chinese and Canadians, Kachelmeier and Shehata (1997) reported cultural differences in the willingness to reveal valuable information in an auditing context in an identifiable condition. When

people's preferences were anonymous, however, cultural differences vanished and the pursuit of self-interest was evident for all cultural groups. In general, this line of research attempts to investigate when culture does matter, and what major variables make culture matters more or less.

The second development is concerned with cultural change. In a globalization era, cultures may converge in some areas and diverge in others (Bhagat, Baliga, Moustafa, and Krishnan, 2003). Recently, Erez and Gati (2004) proposed a multilevel model of culture, starting with the macro level of a global culture, to national, organizational, and team cultures. A top-down, bottom-up process is proposed for understanding cultural changes, which may start from some individuals, and eventually shape the global culture. Culture change may also start from the global culture, which will eventually modify the behaviors and thoughts of individuals in a given society. Although their model has not been rigorously tested, there is ample evidence to suggest that culture is not static. For instance, Heuer, Cummings, and Hutabarat (1999) found that Indonesian managers were closer in individualism and power distance to their American counterparts than the gaps previously reported by Hofstede (1980). Ralston, Egri, Stewart, *et al.* (1999) found that in China, younger managers (under 41 years old) were more individualistic and more likely to act independently, and showed lower endorsement of Confucian values. Finally, Hung, Gu, and Yim (2007) reported that younger consumers in China were more likely to endorse novelty seeking, perceive shopping as a leisure activity, and use foreign goods.

The third development is concerned with the argument that the cultural orientation of individuals is not rigid, but shows some latitude as a function of what is salient on their mind. For instance, based on cognitive psychology, Tinsley and Brodt (2004) proposed a number of knowledge structures for understanding cross-cultural differences in conflict behavior. These knowledge structures are dynamic in the sense that their content and salience are sensitive to situational influences, which may lead to different reactions to the same conflict situation. There is convincing empirical evidence to suggest that people's dominant cultural orientation can be shifted by making salient different markers of cultural orientations (Hong, Morris, Chiu, & Benet-Martinez, 2000; Trafimow, Triandis, and Goto, 1991). In line with a dynamic view of culture, for instance, Molinsky (2007) has provided an analysis of the variables that may influence cross-cultural code-switching, i.e., the act of modifying one's behavior in a foreign cultural setting.

Other theoretical frameworks in the cultural approach

Area-specific cross-cultural theoretical frameworks

In a commentary on the debate between Hofstede and the GLOBE team about the overlap of cultural dimensions, Earley (2006) argued for moving away from conducting value surveys around the world to "developing theories and frameworks for understanding the linkage among culture, perceptions, actions, organizations, structures, etc." (p. 928). Unfortunately, this type of theoretical framework is not common in the field of global management. We review two areas of research that are relatively well developed.

The first area is concerned with the adjustment and performance of expatriates, as well as various issues related to their selection and training, which has a very long history in global management (e.g., Tung, 1998). Considerable research has examined the antecedents of the adjustment of expatriates (e.g., Black, Mendenhall, and Oddou, 1991), and a variety of factors, including personal, job and organizational, and non-work factors, are predictive of expatriate adjustment (Bhaskar-Shrinivas, Harrison, Luk, and Shaffer, 2005). Likewise, many factors have been found to predict the job performance and effectiveness of expatriates (e.g., Mol, Born, Willemsen, & Van Der Molen, 2005). The focus of the research in this area is on the processes underlying the adjustment, performance, and effectiveness of expatriates, although cultural dimensions are sometimes invoked in the explanatory mechanisms (e.g., Stahl and Caligiuri, 2005). Quite a number of mid-range theoretical frameworks have been proposed, which have received considerable empirical support, such as the model

of Black, Mendenhall and Oddou, (1991) on the adjustment of expatriates.

The second area of research is nascent, but also touches on intercultural contact. In the latest review on the research in cross-cultural organizational behavior, Gelfand, Erez, and Aycan (2007) lamented that cross-cultural organizational behavior research has focused on comparative research – comparing attitudes and behaviors across cultural groups – but has ignored the dynamics of culture in intercultural encounters. For example, while there is a large literature on cultural differences in motives, justice, negotiation, or leadership across cultures, little is known about what contributes to positive intercultural dynamics (Leung, Bhagat, Buchan *et al.*, 2005). Yet we know that these dynamics can adversely affect effectiveness and performance in culturally diverse settings (Tsui and Gutek, 1999; Williams and O'Reilly, 1998) or in multicultural teams (Earley and Gibson, 2002; Kirkman, Gibson, and Shapiro, 2001)

Gelfand, Erez and Aycan (2007) identified cultural intelligence (Earley and Ang, 2003) as a promising new approach and novel construct for thinking about and researching on effectiveness of intercultural encounters. Cultural Intelligence or CQ (Earley and Ang, 2003), defined as the capability to function effectively in culturally diverse settings, is based on contemporary conceptualizations of intelligence as inclusive of the capability to adapt to others and to situations (Sternberg, 1986). Operationally, cultural intelligence is defined as a multidimensional construct comprising four factors. These four factors mirror contemporary views of intelligence as a complex, multi-factor set of capabilities that is composed of metacognitive, cognitive, motivational, and behavioral factors (see Sternberg, 1986). Metacognitive CQ reflects the mental capability to acquire and understand cultural knowledge. Cognitive CQ reflects general knowledge and knowledge structures about culture. Motivational CQ reflects the individual capability to direct energy toward learning about and functioning in intercultural situations, while behavioral CQ reflects the individual capability to exhibit appropriate verbal and non-verbal actions in culturally diverse settings (Ang, Van Dyne, Koh, 2007; Ang and Van Dyne, 2008). Again, the focus of this stream of research is on adapting and adjusting to a foreign cultural milieu, and cultural dimensions fade into the background of the theorizing in this area. Ongoing research in this area is examining how cultural intelligence in its comprehensive multifaceted form could facilitate the adaptation of individuals and organizations across cultural boundaries.

In summary, while most studies in global management in the last two decades have been inspired by cultural dimensions, we note that in some topical areas, well-defined theoretical frameworks for explicating the specific processes involved have been developed. We are with Earley (2006) that it is important to connect these area-specific theoretical frameworks to general cultural dimensions, which constitutes a very fruitful topic for global management research.

Indigenous theoretical constructs

Cultural dimensions and area-specific theoretical frameworks are universal in nature and are assumed to be applicable in diverse cultural contexts. However, it is also widely acknowledged that some constructs are only salient and important in some cultural contexts, which means that they may not be intelligible and sensible to outsiders. In global management research, a wide variety of indigenous constructs have been identified and studied, some of which are argued to be loosely related to some cultural dimensions. For instance, *guanxi*, loosely translated as interpersonal connections, is very important in the organizational context in China (e.g., Luo, 2000) and can be traced to the collectivistic nature of Chinese societies (e.g., Dunning and Kim, 2007). At the firm level, business groups are more common in Japan and Korea than in the West and while the business groups in these two countries have some unique, country-specific characteristics, they can again be loosely connected to the collectivistic orientation of these two countries (White, 2002).

In contrast, some indigenous constructs show no obvious connection to major cultural dimensions. For instance, some Australians and New Zealanders exhibit what is known as a "tall poppy syndrome", i.e., the envy and hostility directed at

Table 2.1 Major research areas under the cultural perspective

Nature of Cultural Effects	Major Research Areas		
Static	Cultural dimensions		
	1980s	1990s	2000s
	Hofstede	Schwartz	GLOBE
		Smith *et al.*	Bond *et al.*
			Gelfand *et al.*
Contingent	Contextual effects of culture	Culture change	Dynamic effects of culture
Multicultural	Adjustment and behavior of expatriates and migrant workers		Intercultural contact
Mono-cultural	Indigenous concepts tied to broad cultural dimensions		Indigenous concepts unique to a culture

successful people, which may deter the drive for improving individual and firm performance (e.g., Mouly and Sankaran, 2002). Siesta, or afternoon nap, is common in some European countries along the Mediterranean Sea, such as Spain, which has significant impact on job design and work hours (Baxter and Kroll-Smith, 2005).

We agree with Gelfand, Erez and Aycan, (2007) that research on indigenous constructs is underrepresented in global management research. Hopefully, more researchers will work on such constructs to enrich our conceptual tools and facilitate the development of truly universal management theories. For a summary of the broad research areas under the cultural perspective, see table 2.1.

Institutional perspective on global management research

Institutional perspective and national differences

While the dimensional approach to culture is dominant in global management, there is an independent stream of research that examines national differences in management-related phenomena based on the institutional perspective. With roots in sociology, the institutional perspective in essence takes the view that the economic, legal, political, and technological environment of a society impacts and constrains the strategic choices of organizations (DiMaggio and Powell, 1983; North, 1990; Oliver, 1991; Scott, 1995). National differences in strategies, organizational structure, management practices and other related constructs can be explained by the corresponding national differences in some institutional variables. For instance, large national differences in investment behaviors were found among Japanese, American, and German firms, which can be traced to some differences in their institutional environments, such as the institutional bargaining power between owners and labor in decision-making and non-financial corporate ownership of other firms (Thomas and Waring, 1999). Luo (2007) found that cultural differences in attitudes toward the continuous learning model of employee training corresponded to cultural differences in institutional logics. Countries that emphasized the statist logic (i.e., collective authority is located in the state) and the corporatist logic (i.e., individuals are members in collectives) were less likely to prefer the continuous learning model of training.

The institutional perspective is frequently used to account for the drastic changes in the strategies and structures of firms observed in transition economies, which are conceptualized as reactions to the corresponding changes in the institutional environment, such as in the case of China (Boisot and Child, 1999; Walder, 1995). In fact, Peng, Wang, and Jiang (2008) argued that the institutional perspective provides a major mechanism for understanding business strategies in transition economies, primarily because the institutional contexts

of these economies are very different form those in developed economies.

Institutional perspective and cultural dimensions

Research guided by the institutional perspective or cultural dimensions is voluminous, but there is a surprising dearth of work that explores the interplay between these two paradigms. One major reason may be that cultural dimensions are popular in micro-level studies, whereas the institutional perspective is typically used to account for macro, firm-level phenomena.

Perhaps the most extreme view in the literature on the interplay between institutional variables and cultural dimensions is given by Singh (2007), who argued that "culture provides very limited explanation for variance in firm behavior or performance," and that institutional explanations can provide more comprehensive explanations for firm characteristics and performance across national and cultural contexts. Singh (2007) reviewed a number of studies that demonstrate the importance of institutional variables in explaining national differences in firm strategies and performance, but there is no empirical evidence that unequivocally supports his claim. For instance, in an analysis of foreign subsidiaries of Japanese firms in forty-eight countries, Gaur, Delios, and Singh (2007) contrasted the effects of institutional distance between Japan and the host countries, which captures national differences in institutional environment, and cultural distance, which is based on the original four Hofstede dimensions (Kogut and Singh, 1988), on the use of expatriates in managing the subsidiaries and their labor productivity. In general, the effects of institutional distance were consistent and as predicted. In contrast, although they detected some effects of cultural distance, these effects were less consistent. We note, however, that meaningful effects of cultural distance did emerge independent of the effects of institutional distance in the study of Gaur, Delios, Singh (2007), and that their findings certainly do not suggest that cultural distance should be ignored in their research context. We also note that Gong (2003) reported more consistent effects of cultural distance on the use of expatriates in managing foreign subsidiaries of multinationals.

Other conceptual analyses of how institutional and cultural variables can be used to explain national differences are less extreme and typically view both types of variables as useful. Kostova (1999) proposed the use of institutional distance to explain the transfer of strategic organizational practices a transnational an alternative to cultural dimensions, but she makes no claim that institutional variables can completely replace cultural variables. In fact, in developing a framework to explain the foreign direct investment of multinational enterprises based on the notion of institutional distance, Xu and Shenkar (2002) explicitly stated that "institutional distance complements, rather than replaces, the cultural distance construct" (p. 615). Aycan (2005) is more explicit about the joint effects of institutional and cultural variables in her conceptual analysis of the influence of cultural dimensions and institutional factors on cross-cultural variations in human resource management practices. For instance, she argues that both universalism and labor laws can promote the use of job-related criteria in the selection of job applicants.

In terms of empirical evidence, there are very few studies that contrasted the effects of institutional and cultural variables in explaining cross-national differences. Typically, these studies show that both institutional and cultural variables have independent effects, and there is no convincing evidence that culture can be ignored in accounting for national differences. For instance, Parboteeah and Cullen (2003) contrasted the effects of culture as represented by Hofstede's dimensions and social institutions on work centrality across twenty-six countries. Three Hofstede dimensions and five social institutional variables were significantly related to work centrality, supporting the importance of both types of variables.

In another study, Lau and Ngo (2001) studied the institutional and cultural perspectives on the receptivity to organization development interventions in domestic and foreign firms in Hong Kong. They concluded that western firms were more receptive of organization development interventions than Hong Kong firms, thus supporting the cultural

perspective. However, the effect of organization development practices on employee satisfaction showed little variation across firms of different origins, thus supporting the institutional perspective.

Integrating the institutional and culture perspectives

Overlap between the institutional and cultural perspectives

The debate regarding the relative influence of institutions and culture is actually less controversial than it seems if we scrutinize the scopes of these two perspectives. The institutional perspective is very broad, including regulatory, normative, and cognitive dimensions (e.g., Scott, 1995). These dimensions, representing authority systems and roles and the associated beliefs; norms that guide behaviors and choices; and socially constructed and shared knowledge, actually overlap with the construct of national culture (e.g., Scott, 1995). In fact, deviating from the typical focus on objective institutional variables, some current work under the institutional rubric has forayed into subjective measures based on aggregating individual responses. For instance, Busenitz, Gomez, and Spencer (2000) created survey items to measure the institutional dimensions for entrepreneurship, and a country's score on a dimension was based on aggregating the relevant items in the survey across individuals from the country. Their items involve individual perceptions and are concerned with current practices and perceived preferences in society (e.g., "Individuals know how to legally protect a new business", and "Entrepreneurs are admired in this country"). It is interesting to note that a high rank-order correlation (.64) was found between their normative dimension and Hotstede's individualism-collectivism dimension.

National culture as a ubiquitous, multilayered and multifaceted construct is even broader. It includes not only cultural values and beliefs, but also social institutions. Both Triandis (1972) and Stewart and Bennett (1991) proposed that culture can best be modeled as having objective and subjective components. Objective culture describes what we can see – the observable and visible artifacts of cultures, which include human-made part of the environment, the economic, political, and legal institutions as well as social customs, arts, language, marriage and kinship systems. Furthermore, the ecocultural model of Berry (1976; 1979) proposes that culture represents an adaptation to its ecological context, and both the ecological context and the sociopolitical context should be viewed as antecedents of culture. In contrast, subjective culture refers to the hidden, psychological features of cultures that reside in individuals. These could include values, beliefs, norms, and assumptions that exist within a society, which is typically mapped by dimensions of culture, such as those of Hofstede (1980).

A cultural model with both objective and subjective components is consistent with Schein's (2004) metaphor that an organizational culture could best be depicted by the metaphor of an iceberg. In the iceberg model, cultural actions and artifacts represent the objective – the part of the iceberg that is visible on the surface. Unspoken rules, values and deep-seated beliefs represent the subjective – the part of the iceberg that is hidden beneath the surface. Trompenaars (1993) offered a different metaphor to describe culture, an onion. The outer layer of the onion represents the objective culture – the visible artifacts we encounter when we first contact a foreign culture. The inner layers then represent its unwritten and subjective norms and values. For the overlap of the scope of the cultural and institutional perspectives, see table 2.2.

We believe that the institutional and the culture perspectives complement rather than compete with each other, and that the two perspectives overlap more than many researchers recognize. Nonetheless, there are indeed major and significant differences between the studies conducted under these two perspectives. Studies guided by the institutional perspectives tend to focus on objective variables associated with characteristics of social institutions, mostly in the economic, legal, and political domains, although, as mentioned before, there is some recent foray into the subjective domain. In contrast, mostly due to the influence of Hofstede (1980), global management studies under the rubric of the cultural perspective typically focus on the subjective culture (Kostova, 2004; Gelfand, Erez, and Aycan, 2007).

Table 2.2 Overlap of the scope of the cultural and institutional perspectives

Cultural Perspective	Institutional Perspective
Ecology	
– climate	
– terrain	
– environmental resources	
– disaster-proneness	
Objective culture	Regulatory dimension
– human-made physical environment	
– other overt, objective elements	
– formal rules	
Subjective culture	
– norms and values	Normative dimension
– beliefs and knowledge	Cognitive dimension

A cultural analysis of institutions

Perhaps because culture has long been studied from the subjective angle, it is easy for researchers to lose sight of the fact that institutions are themselves cultural in nature. As a matter of fact, a number of cultural theorists have provided detailed analyses of social institutions from a cultural perspective, notably in the field of cultural anthropology. Although cultural anthropology has directed its efforts towards discovering cultural differences across a diverse range of human societies, it has also acknowledged that, at a higher level of abstraction, each society has evolved a similar set of cultural systems, known as cultural universals, to cope with various aspects of human functioning and adaptability to its environment. Murdock (1945) offered one of the most comprehensive attempts in creating a taxonomy of cultural universals. More recently, Brown (1991) updated Murdock's work on cultural universals and proposed that these cultural universals should include and are not restricted to: (a) *economic system* – a system of producing, allocating and distributing resources within a society; (b) *legal system* – a system of law in the sense of rights and obligations; (c) *government* – a political system of order where collective decisions and regulations of public order are made; (d) *technology* – a system of producing and using tools; (e) *kinship* – a system of reproduction and social relationships amongst kin groups and outsiders; (f) *religious and supernatural system* – a system of religious or supernatural beliefs for things beyond the visible and palpable; (g) *educational system* – a system of learning and socialization where senior members of a society are expected to transmit norms and patterns of thoughts, beliefs, and behaviors to their offspring; (h) *linguistic system* – a system of communication, both verbal and non-verbal, within members of a society and across members from different societies; (i) *arts and crafts* – a system of aesthetic standards manifested in decorative art and its artifacts, including music and dance.

Conceptually, these cultural systems can be seen as relatively independent of each other, but, in reality, they are tightly interwoven within the objective cultural environment and integral to the subjective cultural environment of values and beliefs. Malinowski's (1944) organic analogy of culture suggests that the complexities of systems associated with a culture is analogous to the complexities of systems associated with a physical human body. Ferraro puts it concisely (2006, p. 42):

> The physical body comprises a number of systems, all functioning to maintain the overall health of the organism: these include the respiratory, digestive, skeletal, excretory, reproductive, muscular, circulatory, endocrine, and lymphatic systems. Any anatomist or surgeon worth her or his salt knows where these systems are located in the body, what function each plays, and how parts of the body are interconnected. Surely no sane person would choose a surgeon to remove a malignant lung unless that surgeon knows how that organ was related to the rest of the body ... In the same way that human organisms comprise various parts that are both functional and interrelated, so too do cultures.

Hence, culture must be examined in its integral whole with its various subjective and objective parts. The institutional perspective in theory can include a wide range of institutions, but in practice most studies are confined to the first four types of cultural universals proposed by Murdoch, namely, economic, legal, political, and technological (e.g.,

North, 1990; Womack, Jones, and Roos, 1990). The cultural perspective on institution can definitely enrich the institutional variables that should be explored in global management research. In the following, we propose four ways for a productive synergy of the institutional and cultural perspectives for future research.

Broadening the scope of social institutions

We argue that to understand global management phenomena fully, we need to include institutional variables that have been ignored. Of all the cultural universals, the kinship system is widely regarded as the single most important aspect of social structure for all societies (Parkin, 1997), but its importance has only been recently recognized by global management researchers. Kinships refer to relationships among members of a society, and serve the critical function of organizing members of a society into social groups and categories and creating a group identity for these members. Kinships therefore serve to form ingroups and create solidarity among ingroup members within a much larger society (Bock, 1979). With an identity to a certain kin group, members then take on prespecified roles, obligations and responsibilities to the kin. Generally, there are three kinds of kinship systems: (1) consanguineal kinship, where members are related by blood; (2) affinal kinship, where members are related by marriage; and (3) fictive kinship, where members are related neither by blood nor by marriage.

Consanguineal and affinal kinships are also known as kinship organizations where lineages of descent could be traced through genealogical links. By contrast, fictive kinships such as clans claim a stipulated descent, but the tracing of all the genealogical links is not possible. Because of the lack of genealogical links, fictive kinships could be very diverse. For example, namesake kin groups identify members of a society as kin so long as they have the same family name. Other fictive kinships are formed based on close friendships; college fraternities or sororities; affiliations with religious institutions where members are referred to as brothers and sisters; or locale, where members living together in close proximity are regarded as kin.

While many cultures place higher priority on genetically based kinships in terms of members' roles and obligations to such kin groups, other cultures, especially in collectivistic societies, regard fictive kinships as equally important in the daily lives of their members for accessing critical social resources (Lin, 2001). In addition, kinship calculation is the key feature of kinship systems, and can account for the differences in the dominant forms of kinship systems across societies (Kottak, 2006). Kinship calculation refers to a system by which members in a specific society identify, designate, and recognize another member as belonging to a particular kin group (Stone, 2001). One widespread kin calculation is the nuclear family, comprising a married couple and their children. It is the most pervasive kinship organization in western societies and especially in the middle classes. In other societies, however, other kinship calculation may overshadow the nucleus family. Some societies acknowledge extended families where the expanded household includes three or more generations, or fictive kin groups such as clans in terms of legitimate kinship obligations.

Given their fundamental function of organizing members in a society into legitimate social groups, kinship systems have ramifications for the other parts of the objective cultural environments. For example, instead of distributing goods based on the capitalistic principle of one's capacity to pay, societies that place higher emphasis on kinship may distribute resources based on kinship calculation. Goods are distributed based on whether members of a society are classified as an ingroup kin member or outgroup. In some societies, especially tribal societies, law and social controls are also upheld by kinship calculation. A recent *Wall Street Journal* newspaper article (Jaffe, 2007) reported that the US Marines managed to quell violence in Iraq's unruly Anbar province by paying a powerful local Sheik over US $97,000 in cash to pay for food for the Sheik's tribe and for two school renovation projects for which the Sheik is the lead contractor.

The recognition of kinship systems by global management researchers is partly prompted by the emergence of very large, successful family-run overseas Chinese firms (Hamilton, 1996; Redding, 1995). This type of firms is managed by

the owner with unquestioned authority, aided by a small group of family members and close subordinates. When the owner retires, the firm is typically passed to the second generation. Although these family-run firms now have a tendency to engage professionals who are outsiders to help them face their competitors (Tsui-Auch, 2004), the owners rarely relinquish control of the firms.

Kinship systems are also crucial for understanding relationships among people who are related by kinship in collectivistic societies. Research in this area is probably more developed in China, and the notion of *guanxi* is used to describe kin-like, personal and business relationships created by gifts and reciprocal favors (Yang, 1994). Some researchers argue that it is on the decline as a result of China's economic transition to a market economy (e.g., Guthrie, 1999), but others have argued that *guanxi* remains resilient given the strong kinship system inherent of the Chinese society (Kipnis, 1997; Tong and Yong, 1998). Yang (2002, pp. 463–4) concluded:

> While impersonal money has begun to replace some of the affectively charged relationships created by gifts and reciprocal favors, guanxixue has also found new territory to colonize ... It is in the world of business where entrepreneurs and managers still need to engage in guanxi with what remains of the state economy, with official controls over state contracts, access to imports, bank loans, favourable tax incentives, access to valuable market information and influential persons, and exemptions from troublesome laws and regulation.

Yang (2002, p. 465) further remarked:

> It can be said that, among enterprise managers in contemporary China, whether they are in state enterprises or in village and township enterprises, there is not one person who is not aware of the importance of informal social relationships in business and industrial relations.

Since the bulk of China's industrial and commercial order comprises small and medium enterprises, and without a mature and formalized set of institutional power, overseas investors must also rely on *guanxi* to access state and central governments. With *guanxi* overlaying on a market economy, a new version of economic system – the Chinese *guanxi* capitalism has emerged. This form of capitalism relies on small, flexible firms using fictive or lineal kinships to access new markets and supplies. As a new mode of capitalist production, the flexible, *guanxi*-based capitalism detests huge investments, inventories, and overheads of large vertically integrated bureaucratic firms and favors subcontracting relations and small companies, which can change products and distribution outlets more flexibly (Hamilton, 1990; Redding, 1995). Hence, kinship personal networks rather than objective legal and institutional structure are seen to be functional in this new kind of Chinese *guanxi* capitalism. In a nutshell, flexible capitalism favors business relationships of kinship and *guanxi* networks and personal trust (Ong, 1999).

Given that *guanxi* based on kinship notions and particularistic relationships has acquired new forms and meanings and remained indispensable for business transactions in China, global management research can draw on concepts and principles of kinship such as kinship calculation to predict and understand how *guanxi* grows, develops, and evolves in Chinese capitalism. Kinship concepts could also be used to understand how *guanxi* offers Chinese capitalism with an informal, adaptive mechanism that distinguishes itself from western capitalism, which is more formal, legal, rational, and bureaucratic in nature, as well as its hidden cost on business.

Cultural consequences of neglected social institutions

In a state of equilibrium where there is no drastic cultural change, objective and subjective cultural elements are typically consistent with each other and mutually reinforcing each other's influence. For instance, in the previous example of kinship systems, the salience and importance of kinship in an organizational context is associated with the cultural orientation of collectivism. However, despite decades of research on culture and social institutions, some important social institutions have been neglected in global management research, and we do not know much about the subjective cultural elements associated with these institutions.

The case of religious systems provides a good illustration of these gaps. Understanding the impact of religious systems is important for global management research because religions and other supernatural beliefs can shape work-related attitudes, beliefs, and practices. Weber's (1958) analysis of the relationship between Protestantism and capitalism pioneered this line of thinking. Capitalism was viewed as driven partly by the Protestant work ethic, which is prevalent in western Protestant societies and emphasizes diligence, hard work, and frugality with the aim of accumulating capital. Unfortunately, since Weber's seminal ideas, religion has more or less lapsed into oblivion in global management research.

The tragic events of September 11 have propelled religious cultural systems to prominence. To account for scientifically inexplicable and supernatural events, all societies have developed organized forms of religion, astrology, magic, witchcraft, or sorcery (Kottak, 2006), of which religion is typically the more important and influential form of social institution. Although the current interest in Islamism is more politically than business driven, the impact of Islam on business practices is slowly being recognized. For instance, the Islamic religion places strong emphasis on charity to the poor, and on making profits without exploitative gains. Hence, in Islamic banking, interests on loans are prohibited because gains from loans are seen as a form of exploitative gains from the poor who require loans. As a result, international businesses have evolved innovative practices, such as charging upfront fees for a loan, as a way of circumventing interest payments (Lippman, 1995). For non-Islamic firms to do business with Islamic countries, they must have a full understanding of these practices.

In addition to religious beliefs, research in global management needs to examine the extent supernatural customs and beliefs could affect business operations globally. For example, burial grounds are typically regarded as sanctified grounds in many societies. Ong's (1987) study of a Japanese MNC relocating labor-intensive operations in rural Malaysia showed that constructing a factory on the aboriginal burial grounds precipitated mass hysteria and spirit possession affecting more than 120 factory workers of Malay origin. Another example concerns the Festival for the Dead as a major event in the Chinese calendar (Lip, 1988). Opening new business establishments are to be avoided during the Festival of the Dead. Supernatural customs and beliefs usually play a small role in the work context, but, under some circumstances, their influence can be pivotal and exact a major toll on productivity and staff morale.

The implications of religious and supernatural systems for global management research are wide-ranging. The few examples above show how deeply held religious values and supernatural beliefs could affect the financial, management and marketing decisions associated with conducting businesses across borders. As mentioned before, we do not know much about how religious and supernatural systems are linked to the subjective cultural elements that have important management implications. Nor do we know much about the values and beliefs engendered by different religious and supernatural systems, and how these values and beliefs affect management processes and outcomes across societies. Research that seeks answers to these questions will be very different from the current studies guided by the institutional perspective and cultural dimensions. It is hoped that future research will give rise to elements of subjective culture that are drastically different from constructs based on the cultural dimensions that currently dominate the field.

Beyond institutions: the influence of ecology

The cultural perspective is broader than the scope of institutions because it also encompasses the influence of ecology, i.e., the natural environment, on human behaviors. The eco-cultural model of Berry (1976; 1979), which is based on the works of such anthropologists as Kardiner, Linton, Du Bois, and West (1945) and Whiting (1974), is perhaps the most well-known model that takes into account the influence of the physical environment on social institutions and human behavior. In Berry's model, the ecological context influences both the biological and cultural adaptation of its inhabitants, and the central feature of the ecological context is

economic activity, which represents an interaction between the physical environment and human activities. Specifically, means of subsistence of a society is affected by its physical environment, and considerable research has examined the relationships between economic activities and cognitive style.

Two types of economic activities have often been compared: agricultural and hunting. The general finding is that, in agricultural societies, the cognitive style of field dependence is more prevalent, which involves the use of external frames of reference for orienting oneself. One important consequence of field dependence is that one's perception and judgment of an object is more influenced by its background (Berry, 1979). It is also interesting to note that field dependence is correlated with conformity behavior.

The relevance of cognitive styles to management is perhaps not direct but, recently, Van de Vliert and his associates have conducted an impressive research program on the effects of temperature, an important feature of the ecological context, on social and work behaviors. For instance, Van de Vliert and Van Yperen (1996) found that ambient temperature was correlated with role overload across twenty-one societies. Van de Vliert (2003) investigated the relationship between thermoclimate, culture, poverty, and wages in fifty-eight nations. Van de Vliert makes a distinction between three major types of climate with reference to the human body temperature: temperate, hot, and cold. Temperate climate is comfortable, and hot and cold climates are demanding. As predicted, the effect of temperate climate on overpayment (wages received controlled for a country's national wealth) is partially mediated by a mastery orientation. The results further showed that the tendency for overpayment was found in countries that were both poor and had a mastery-oriented culture (and hence a temperate climate).

More recently, Van de Vliert (2007) argued that the influence of climate on culture has been contemplated before, but these previous attempts have failed because they conceptualized temperature in absolute terms, but not with the human body temperature as the reference point, and they did not take into the account the effects of wealth. Van de Vliert (2007) has proposed a theoretical model, in which climate and wealth exert some intricate, but predictable effects on human behavior. His basic argument is that psychological functioning in terms of individual values, motives, attitudes, and practices is impoverished in poor countries with demanding climates, but flourishes in wealthy countries with demanding climates, because of the success in overcoming the threats associated with demanding climates. Psychological functioning is moderate in countries with a temperate climate, regardless of their wealth.

Consistent with his argument, in a study of thirty-eight countries (Van de Vliert, Van Yperen, and Thierry, 2008), extrinsic work motivation was strongest in poor countries with demanding climates, whereas intrinsic work motivation was strongest in wealthier countries with demanding climate. Moderate levels of intrinsic and extrinsic motivation were found in countries with undemanding climates, regardless of their wealth. In a study of eighty-four nations, Van de Vliert and Smith (2004) found that leaders in wealthier nations, especially those with more demanding climates, relied more on subordinates as a source of information. Based on these results, Van de Vliert (2006; 2008) hypothesized and confirmed that autocratic leadership was viewed as more effective in poorer countries with demanding climates, whereas democratic leadership was viewed as more effective in wealthy countries with demanding climates. In countries with temperate climates, both leadership styles were accepted regardless of the wealth of a country.

The research program of Van de Vliert and his associates on thermoclimate illustrates that the ecology of a society does exert important influence on some management processes and work behavior. The research findings of this program of research have at least two important implications for global management research. First, it is clear that thermoclimate has impact on some work behaviors, and it is entirely possible that thermoclimate may also have impact on the form and dynamics of some social institutions across a wide range of countries. In fact, in Berry's (1976; 1979) ecocultural model, the ecological context and social institutions are hypothesized to have mutual effects on each other. Generally speaking, the examination of the interaction of the ecological context and social

institutions in the global management context is an exciting area of research.

Second, thermoclimate is just one type of ecological variable, and other ecological variables may also have important effects on work behaviors and social institutions. For instance, the likelihood of natural disasters, such as volcano eruptions, earthquakes, tsunamis, and hurricanes obviously have significant impact on people's life, including work life. People who live and work in areas threatened by such disasters are likely to be different in some important aspects from their counterparts in safer environments. Likewise, institutions in disaster-prone and non-disaster-prone areas may differ in some significant aspects. Interestingly, natural disasters have been considered by global management scholars under the rubric of risk management (Miller, 1992, 1993), but the focus is on how international firms can prepare for such disasters. There is little research on how the threats of natural disasters shape work behaviors and social institutions across nations, and global management research will be enriched by considering such possibilities.

Lewis and Harvey (2001) recently argued that firms have not taken into account the natural environment into their strategic thinking. Based on the work of Miller (1992; 1993), they have developed a scale to measure perceived environmental uncertainties and, in doing so, they have identified a number of ecological variables relevant for the operations and performance of firms. These variables are primarily concerned with environmental resources, which can be classified with two dimensions: renewable vs. non-renewable and sources (resources) vs. sinks (for disposal of wastes). Generally speaking, sources are economically valuable, whereas sinks have little economic value. Based on this scheme, four types of environmental resources can be exploited by firms: renewable and economically valuable (e.g., hydroenergy); renewable and economically not valuable (e.g., forests as carbon sinks); non-renewable and economically valuable (e.g., hydrocarbons); and non-renewable and economically not valuable (e.g., land fills). Firms can take advantage of these different types of environmental resources by implementing various strategies and actions in improving their performance. In addition, firms may also be affected by a variety of environmental issues, such as climate change and pollution, and their responses to these threats can have a significance influence on firm performance as well.

To facilitate the understanding of the impact of the ecology on global management practices, a taxonomy of the relevant ecological variables is needed. Four broad types of ecological variables can be identified based on our cursory review of this literature. The ambient environment involves two types of ecological variables: Climatic (e.g., temperature and rainfall) and geological (e.g., terrain). Environmental resources described above constitute the third type of ecological variables. The final category is concerned with the occurrence of natural disasters, such as floods and hurricanes. This typology is obviously crude and future research needs to refine it and identify subdimensions. We are just beginning to understand the interaction between the ecology and human activities in the global management context, and this is definitely a very fruitful avenue for future research.

Cultural jolts: conflict between culture and institution

While some cultures are relatively stable, many societies experience cultural jolts in the form of innovation and diffusion (Rogers, 2003). Innovation refers to cultural jolts generated internally by members of a society. It is typically associated with a change in the objective culture – a new religious practice, a new social practice or policy, a new technological tool, new scientific breakthroughs such as harnessing new sources of energy, stem-cell research, nanotechnology, and others. Diffusion, on the other hand, refers to cultural jolts that come from outside the society, involving the spreading of a cultural element from one society to another (Rogers, 2003). Diffusion therefore occurs when one society adopts an innovation or an existing cultural feature that originated from another society. The adoption of a cultural feature could be a physical technology, such as a tool; or a social technology, such as a human resource practice or a government policy. Linton (1936) estimated that

innovation comprised approximately 10 per cent of all cultural jolts while diffusion made up the remaining 90 per cent. Obviously, we do not know whether this proportion has changed since Linton's study in the early 1930s.

In theory, any cultural feature associated with a cultural jolt could be diffused from one culture to another. However, societies that remain relatively insulated from the global economy experience relatively few cultural jolts. By contrast, societies which are highly interdependent with other societies in the global economy experience more cultural jolts.

According to Rogers (2003), whether a cultural feature 'sticks' in a society depends largely on whether the subjective cultural values inherent in the cultural feature are compatible with the sociocultural values and beliefs of the recipient society. This argument suggests that social institutions and organizational practices may also spread from country to country, but adaptation may occur such that the form of an imported institution or practice may remain the same, but its functions and mode of operation may change. For example, Singapore recently implemented a social "workfare" instead of a welfare scheme for addressing low-wage and creeping structural unemployment plaguing the nation. The workfare program is a modification of Wisconsin Works in the US. While the original Wisconsin Works had focused on aid to the unemployed to help them seek gainful employment (e.g., paying for retraining), Singapore's workfare further supports the unemployed by paying for the employed children's education. The extension of aid to supporting the next generation's education embraces Singapore's national value and belief system that education is the primary if not the sole means whereby subsequent generation of the nation could escape the poverty trap of its current generation (Neo and Chen, 2007).

Cultural jolts are sometimes introduced into a system in an attempt to change the fundamental values of a society or an organization, but the intended change may not occur if the imported institution or practice conflicts with local values and beliefs. An example is the adoption of quality control circle (QCC) practices across the world. QCC as a social technology evolved in Japan because Japan's group-centered norms and values naturally promote circle formation and maintenance of circle activities. When QCC was introduced into individualistic (e.g., US: Griffin, 1988) or vertically oriented cultures (e.g., Singapore: Wee, 1995), circle activities fostered consensual group values by promoting team work and collective decision-making. However, although initial attitudes toward teamwork and consensual decision-making were improved in the recipient societies, longitudinal assessments showed that these initial positive reactions were at best ephemeral (Griffin, 1988; Wee 1995). Rarely are subjective cultural values shifted because of cultural jolts. Change in subjective cultural values evolves more slowly because values and beliefs are simply very deep-seated (Inglehart, 2006).

In general, innovation created in one society is rarely universal, and a case in point is information technologies (e.g., SAP from Germany; or Microsoft from the US). Despite efforts by western global technology companies to supply "universal" or "global" technological solutions to the world, such presumably "universal software" is based inherently on western metaphors, representations, color associations, and navigational logic. Yet design features such as metaphors, representations, and color schemes vary widely from culture to culture. According to Callahan (2005), the aesthetics and visual appeal of technological tools are perceived differently across cultures. For example, southern provinces of China prefer bright colors while those in the north prefer more subdued colors (Marcus, 2003).

The use of icons and aesthetic representation across cultures also creates much confusion. Shen, Woolley, and Prior (2006) found that "My computer" in the MS Windows has created much angst. The phrase "My computer" suggests private ownership, which is uncommon in cultures without private property and ownership protection. An interesting dilemma is provided by Callahan (2005, p. 284), who shares the challenge facing universal software designers by using flags to depict the different languages in the world:

> the best visual symbol for language is a flag, but is language an indication of ethnicity and is the flag a symbol of nationality? Which flag would be the best for indicating English on the Web:

> British, American, or Australian? What about other countries where English is spoken (India, several African countries)? ... The idea of using a flag to represent a language seems untenable and potentially politically explosive. And we are still left with the problem of the existence of thousands of languages that cannot be represented by a flag.

In summary, symbols that originate from one society are not recognized automatically by other societies, and their recognition requires learning (Marcus, 2003). Cultural misfits or misalignments are especially extensive when ubiquitous information technologies solutions that originate from US/western European spread to Asia, eastern Europe and beyond (Martinsons, 2004). For example, Sia and Soh (2007) documented more than 400 cultural misfits just from customizing a "generic" enterprise resource package that was developed in Germany and transplanted to Singapore for use in its hospitals. The cultural misfits arose from incompatibility of patient care systems, financial accounting practices, and other regulatory requirements between the two nations.

The diffusion of organizational practices is often viewed from an institutional perspective, which examines institutional variables that promote or suppress diffusion (e.g., Guler, Guillén, and Macpherson, 2002; Kostova, 1999). However, some research shows that diffusion is also affected by culture. For instance, Erumban and de Jong (2006) found that across a wide range of countries, the diffusion of information and communication technologies is related to Hofstede's (1980) cultural dimensions. Bhagat, Kedia, Harveston, and Triandis (2002) have recently proposed a framework for examining the cross-border transfer of organizational knowledge. In their model, knowledge is classified in terms of two dimensions: explicit vs. tacit and complex vs. simple. The effectiveness of the cross-border transfer of different types of knowledge is influenced by the cultural patterns of the countries and the cognitive styles of the individuals involved.

The above review provides a compelling case for considering the joint effects of culture and the institutional context in the diffusion of organizational practices and institutions, which has not received much attention in the literature. Nonetheless, the scanty research in this area shows that both culture and institution matter. For instance, Matten and Geppert (2004) reported that the adoption of work systems in engineering in subsidiaries of multinationals was affected by both national culture and the institutional context. No clear convergence in work systems across the subsidiaries of multinationals was found, because it is unlikely that two subsidiaries had an identical cultural and institutional context. The interplay between culture and institution in shaping the diffusion of social institutions and organizational practices across nations is a largely uncharted territory in global management research and much exciting research awaits to be contemplated.

Management in transition economies

Under most circumstances, economically developed societies, such as western European countries, Japan, and the US, tend to be relatively stable in their national culture and institutions. In contrast, the pace of change in transition economies that enjoy rapid growth tends to be much faster, and major institutional reforms and value change are typical. A case in point is China, which has sustained hyper growth since its switch from central planning to a market-oriented economy. These drastic changes make transition economies an excellent context for studying cultural jolts and the interplay between institution and national culture.

In the literature, the majority of studies have examined management processes in transition economies with the institutional perspective, and the typical focus is on relating observed management processes and strategies to the institutional context (e.g., Peng, Wang, Jiang, 2008). In this type of study, institutional features are viewed as independent variables, which exert influence on the strategies and operations of firms. For instance, because of the lack of formal institutions, informal relationships and connections become important in business transactions in many transition economies (e.g., Redding, 1995; Newman, 2000).

We argue that while it is important to examine the effects of institutions, the effects of culture cannot be ignored. Large-scale economic and

organizational reforms in transition economies have typically resulted in the introduction of new institutions and organizational practices, as well as the reengineering of existing institutions and practices. While it takes relatively a short time to reform institutions and practices, cultural values are more enduring and take much longer to change. Thus, some newly introduced institutions and practices may contradict dominant cultural values and beliefs and create tension between management and employees.

A good example of this conflict can be found in China, in which state-owned enterprises used to be the dominant form of organizations. Many state-owned enterprises have not performed well, partly because of the lack of incentives for good performance (Warner, 1996). It is interesting that Chinese culture emphasizes interpersonal harmony and hence an equal distribution of resources and rewards among team members (Leung, 1997). The equal treatment of employees in state-owned enterprises despite their different contributions is actually consistent with the cultural norms and values in China (Chow, 2000; Liu, 2003). The economic reform in China has introduced merit-based compensations to motivate employees to perform at a high level. When asked to distribute rewards, Chinese now favor a merit-based rule in a work context, even more so than Americans (Chen, 1995), and a likely explanation is that China now emphasizes a market economy and the competitiveness of firms (He, Chen, and Zhang, 2004). Nonetheless, the introduction of merit-based compensation schemes to state-owned enterprises is slow and difficult, and staff resistance is widespread (Chow, 2004; Ding, Akhtar, and Ge, 2006). People who get less may be jealous about those who get more (termed the red eye disease in Chinese), thus limiting the motivational effects of these incentive schemes (e.g., Warner, 1996).

In summary, the conflict between subjective culture and newly introduced institutions and organizational practices may be especially acute in transition economies, which provides a fertile ground for some innovative global management research. Unfortunately, these issues have not been pursued extensively and we believe that very exciting research on the interplay of institution and national culture can emerge from this context.

Conclusion

The aim of this chapter is to show that global management research needs to go beyond the narrow focus on either subjective culture or social institutions by embracing broader conceptualizations of culture from cultural anthropology and cross-cultural psychology. On the one hand, culture viewed as a deep-level construct of societal values and beliefs is enduring and can survive centuries of societal evolution and revolution. On the other hand, culture viewed as a surface-level construct of institutions and practices, which is ubiquitous and manifests itself in such domains as government, economic institutions, kinship, religion, and family, are less stable and can change significantly in a matter of decades because of economic reforms and intercultural contact. In stable economies or societies, subjective culture and objective cultural elements usually align with each other, and different cultural domains are synergistic and coherent. In the event of rapid social changes, however, different cultural components are likely to be in conflict with each other. In transition economies, for example, institutional changes often clash with deep-seated cultural values and beliefs. The management of firms is likely to be more challenging in transition than in stable economies.

We argue that the current cultural perspective in global management research must acknowledge that culture includes not only its subjective components, but also the objective components, such as constructs emphasized in the institutional perspective and beyond. Furthermore, we argue that the unique and defining characteristic of global management research vis-à-vis domestic management research is the recognition of the complexity of the business context, thus calling for a fully fledged perspective on the institutional context. We believe that a comprehensive view of the business context needs to go beyond economic, political, and legal systems and include such systems as kinship, religion, aesthetics, linguistics, and technologies. An expanded view of the business context provides a richer set of explanatory variables and offers a more comprehensive framework to explain the cultural differences

in global management phenomena than either cultural values and beliefs or the narrowly defined social institutions in the current institutional perspective. For instance, we note that by including ecological variables in our frameworks, global management researchers can more fully conceptualize the effects of the environmental context and the subjective cultural elements and their interplay.

Finally, an important corollary of our analysis is that viewing the institutional perspective and the cultural perspective as independent is not likely to be productive. Both perspectives capture essential components that define a culture, and they should be viewed as complementary to each other. We hope that our chapter provides the impetus for a paradigm shift in global management research, where culture is approached and conceptualized as an integrated whole comprising both subjective and objective elements.

References

Ang, S., Van Dyne, L. and Begley, T.M. (2003). "The employment relationships of foreign workers versus local employees: a field study of organizational justice, job satisfaction, performance, and OCB", *Journal of Organizational Behavior*, 24(5): 561–58.

2008. "Conceptualization of cultural intelligence: definition, distinctiveness, and nomological network", in Ang, S. and Van Dyne, L. (eds.), *Handbook on Cultural Intelligence*. New York: M.E. Sharpe, pp. 3–15.

Van Dyne, L., Koh, C., Ng, K.Y., Templer, K.J., Tay, C., and Chandrasekar, N.A. (2007). "Cultural intelligence: its measurement and effects on cultural judgment and decision making, cultural adaptation, and task performance", *Management and Organization Review*, 3: 335–371.

Aycan, Z. 2005. "The interplay between cultural and institutional/structural contingencies in human resource management practices", *International Journal of Human Resource Management*, 16: 1083–119.

Baxter, V., and Kroll-Smith, S. 2005. "Normalizing the workplace nap: blurring the boundaries between public and private space and time", *Current Sociology*, 53: 3–55.

Berry, J.W. 1976. *Human Ecology and Cognitive Style: Comparative Studies in Cultural and Psychological Adaptation*. New York: Sage/Halsted.

1979. "A cultural ecology of social behavior", in L. Berkowitz (ed.), *Advances in Experimental Social Psychology* Vol. 12. New York: Academic Press, pp. 177–207.

Bhagat, R.S., Baliga, B.R., Moustafa, K.S., and Krishnan, B. 2003. "Knowledge in cross-cultural management in the era of globalization: where do we go from here?", in D. Tjosvold and K. Leung (eds.), *Cross-cultural Management: Foundations and future*. Hampshire, UK: Ashgate, pp. 155–176.

Kedia, B.L., Harveston, P., and Triandis, H.C. 2002. "Cultural variations in the cross-border transfer of organizational knowledge: an integrative framework", *Academy of Management Review*, 27: 204–21.

and McQuaid, S.J. 1982. "Role of subjective culture in organizations: a review and directions for future research", *Journal of Applied Psychology*, 67: 653–685.

Steverson, P.K., and Segovis, J.C. 2007. "International and cultural variations in employee assistance programmes: implications for managerial health and effectiveness", *Journal of Management Studies*, 44: 222–42.

Bhaskar-Shrinivas, P., Harrison, D.A., Shaffer, M.A., and Luk, D.M. 2005. "Input-based and time-based models of international adjustment: meta-analytic evidence and theoretical extensions", *Academy of Management Journal*, 48: 257–81.

Black, J.S., Mendenhall, M., and Oddou, G. 1991. "Toward a comprehensive model of international adjustment: an integration of multiple theoretical perspectives", *Academy of Management Review*, 16: 291–317.

Bock, P.K. 1979. *Modern cultural anthropology*. New York: Alfred A. Knorf, Inc.

Boisot, M., and Child, J. 1999. "Organizations as adaptive systems in complex environments: the case of China", *Organization Science*, 10: 237–52.

Bond, M.H, Leung, K, Tong, K.K., de Carrasquel, S.R., Murakami, F. *et al.* 2004. "Culture-level dimensions of social axioms and their correlates across 41 countries", *Journal of Cross-Cultural Psychology*, 35: 548–70.

Brett, J.M. and Okumura, T. 1998. "Inter- and intracultural negotiation: US and Japanese

negotiators", *Academy of Management Journal*, 41: 495–510.

Brown, D.E. 1991. *Cultural Universals*. New York: McGraw Hill.

Busenitz, L.W., Gomez, C., and Spencer, J.W. 2000. "Country institutional profiles: unlocking Entrepreneurial Phenomena", *Academy of Management Journal*, 43: 994–1003.

Callahan, E. 2005. "Interface design and culture", in B. Cronin (ed.), *Annual Review of Information Science and Technology* Vol. 39 Medford, NJ: Information Today, pp. 257–310.

Chen, C. 1995. "New trends in reward allocation preferences: a Sino–US comparison", *Academy of Management Journal*, 38: 408–428.

Chinese Culture Connection. 1987. "Chinese values and the search for culture-free dimensions of culture", *Journal of Cross-cultural Psychology*, 18, 143–64.

Chow, G.C. 2000. "Managerial values and practices sharing common cultural heritage: a comparison of cultural values in Hong Kong, Taiwan, and the People's Republic of China", *Journal of Asia Pacific Business*, 2: 21–38.

Chow, I.H. 2004. "Human resource management in China's township and village enterprises: Change and development during the economic reform era", *Asia Pacific Journal of Human Resources*, 42, 318–35.

Chui, A.C.W, Lloyd, A.E., and Kwok, C. C. Y. 2002. "The determination of capital structure: Is national culture a missing piece to the puzzle", *Journal of International Business Studies*, 33: 99–127.

DiMaggio P.J. and Powell, W.W. 1983. "The iron cage revisited: institutional isomorphism and collective rationality in organisational fields", *American Sociological Review*, 48: 147–60.

Ding, D.Z., Akhtar, S and Ge, G.L. 2006. "Organizational differences in managerial compensation and benefits in Chinese firms", *International Journal of Human Resource Management*, 17: 693–715.

Dunning, J.H. and Kim, C. 2007. "The cultural roots of guanxi: an exploratory study", *The World Economy*, 30: 329–41.

Earley, P.C. 2006. "Leading cultural research in the future: a matter of paradigms and taste". *Journal of International Business Studies*, 37: 922–31.

and Ang, S. 2003. *Cultural Intelligence: Individual Interactions Across Cultures*. Palo Alto, CA: Stanford University Press.

and Gibson, C.B. 2002. *Multinational Work Teams: A New Perspective*. Hillsdale, NJ: Lawrence Erlbaum.

Erez, M. and Gati, E. 2004. "A dynamic, multi-level model of culture: from the micro level of the individual to the macro level of a global culture", *Applied Psychology: An International Review*, 53: 583–598.

Erumban, A.A., and de Jong, S.B. 2006. "Cross-country differences in ICT adoption: a consequence of culture?", *Journal of World Business*, 41, 302–31.

Ferraro, G. 2006. *Cultural Anthropology: An Applied Perspective* (6th edn). Belmont, CA: Thomson Learning, Inc.

Fu, P.P., Kennedy, J., Tata, J., Yukl, G., Bond, M.H., Peng, T.K., Srinivas, E.S., Howell, J.P., Prieto, L., Koopman, P., Boonstra, J.J., Pasa, S., Lacassagne, M.F., Higashide, H., and Cheosakul, A. 2004 "The impact of societal cultural values and individual social beliefs on the perceived effectiveness of managerial influence strategies: a meso approach", *Journal of International Business Studies*, 35: 284–305.

Gaur, A.S., Delios, A., and Singh, K. 2007. "Institutional environments, staffing strategies, and subsidiary performance", *Journal of Management*, 33: 611–63.

Gelfand, M.J., Erez, M.E., and Aycan, Z. 2007. "Cross-cultural organizational behavior", *Annual Review of Psychology*, 58: 479–514.

Nishii, L.H., and Raver, J.L. 2006. "On the nature and importance of cultural tightness-looseness", *Journal of Applied Psychology*, 91: 1225–44.

Gong, Y. 2003. "Towards a dynamic process model of staffing composition and subsidiary outcomes in multinational enterprises", *Journal of Management*, 29: 259–80.

Griffin, R.W. 1988. "Consequences of quality circles in an industrial setting: a longitudinal assessment", *Academy of Management Journal*, 31: 338–58.

Guler, I., Guillén, M.F., and Macpherson, J.M. 2002. "Global competition, institutions, and the diffusion of organizational practices: the international spread of ISO 9000 quality certificates", *Administrative Science Quarterly*, 47, 207–32.

Guthrie, D. 1999. *Dragon in a Three-piece Suit: The Emergence of Capitalism in China*. Princeton, NJ: Princeton University Press.

Hamilton, G. 1990. "The network structures of East Asian economies". In S.R. Clegg and S.G. Redding (eds.), *Capitalism in Contrasting Cultures*. Berlin: Walter de Gruyter, pp. 105–29.

1996. *Asian Business Networks*. New York: walter de Gruyter.

He, Q. 1998. *The Trap of Modernization: Economic and Social Problems in Contemporary China*. Beijing: Jinri Zhongguo Chubanshe.

He, W., Chen, C.C., and Zhang, L. 2004. "Rewards-allocation preferences of Chinese employees in the new millennium: the effects of ownership reform, collectivism, and goal priority", *Organization Science*, 15: 221–31.

Heuer, M., Cummings, J.L., and Hutabarat, W. 1999. "Cultural stability or change among managers in Indonesia", *Journal of International Business Studies*, 30, 599–610.

Hofstede, G. 1980. *Culture's Consequences: International Differences in Work-related Values*. Beverly Hills, CA: Sage Publications.

1991. *Culture and Organizations: Software of the Mind*. London: McGraw Hill.

2006. "What did GLOBE really measure? researchers' minds versus respondents' minds", *Journal of International Business Studies*, 37: 882–96.

Hong, Y.Y., Morris, M.W., Chiu, C.Y., and Benet-Martínez, V. 2000. "Multicultural minds: a dynamic constructivist approach to culture and cognition", *American Psychologist*, 55: 709–72.

House R. J, Hanges, P. J, Javidan, M., Dorfman, P., and Gupta V. 2004. *Cultures, Leadership, and Organizations: GLOBE Study of 62 Societies*. Newbury Park, CA: Sage.

Hung, K.H., Gu, F., and Yim, C.K. 2007. "A social institutional approach to identifying generation cohorts in China with a comparison with American consumers", *Journal of International Business Studies*, 38: 836–53.

Inglehart, R. 2006. "Mapping global values", *Comparative Sociology*, 5: 115–36.

Jaffe, G. 2007. "How courting sheiks slowed violence in Iraq", *Wall Street Journal*, 32, A1–A11.

Javidan, M., House, R.J., Dorfman, P.W., Hanges, P.J., and Sully de Luque, M. 2006. "Conceptualizing and measuring cultures and their consequences: a comparative review of GLOBE's and Hofstede's approaches", *Journal of International Business Studies*, 37: 897–914.

Kachelmeier, S.J., and Shehata, M. 1997. "Internal auditing and voluntary cooperation in firms: a cross-cultural experiment", *The Accounting Review*, 72, 407–31.

Kardiner, A., Linton, R., Du Bois, C., and West, J. 1945. *The psychological frontiers of society*. New York: Columbia University Press.

Kipnis, A. 1997. *Producing Guanxi: Sentiment, Self, and Subculture in a North China Village*. Durham, NC: Duke University Press.

Kirkman, B.L., Gibson, C.B., and Shapiro, D.L. 2001. "Exporting teams: enhancing the implementation and effectiveness of work teams in global affiliates", *Organizational Dynamics* 30: 12–29.

Lowe, K.B., and Gibson, C.B. 2006. "A quarter century of Culture's Consequences: A review of empirical research incorporating Hofstede's cultural values framework", *Journal of International Business Studies*, 36: 285–320.

Kluckhohn, F., and Strodtbeck, F. 1961. *Variations in Value Orientations*. Evanston, IL: Row, Peterson.

Kogut, B. and Singh, H. 1988. "The effect of national culture on the choice of entry mode", *Journal of International Business Studies*, 41: 1–32.

Kostova, T. 1999. "Transnational transfer of strategic organizational practices: a contextual perspective", *Academy of Management Review*, 24, 308–24.

2004. "Limitations of the culture perspective in teaching international management", in N.A. Boyacigiller, R.A. Goodman, and M.E. Phillips (eds.), *Crossing Cultures: Insights From Master Teachers*. New York: Routledge, pp. 185–200.

Kottak, C.P. 2006. *Cultural Anthropology* (11th edn). New York: McGraw Hill.

Lau, C.M. and Ngo, H.Y. 2001. "Organization development and firm performance: a comparison of multinational and local firms", *Journal of International Business Studies*, 32: 95–114.

Leung, K. 1997. "Negotiation and reward allocations across cultures", In. P.C. Earley and M. Erez (eds.), *New Perspectives on International Industrial Organizational Psychology*. San Francisco, CA: New Lexington Press/Jossey-Bass, pp. 640–75.

Bhagat, R.S., Buchan, N.R., Erez, M., and Gibson, C.B. 2005. "Culture and international business: recent advances and their implications for future research", *Journal of International Business Studies*, 36, 357–78.

and Bond, M.H. 2004. "Social axioms: A model for social beliefs in multi-cultural perspective", *Advances in Experimental Social Psychology*, 36: 119–97.

Bond, M.H., Reimel de Carrasquel, S., Muñoz, C., Hernández, M., Murakami, F., Yamaguchi, S., Bierbrauer, G., and Singelis, T.M. 2002. "Social axioms: the search for universal dimensions of general beliefs about how the world functions", *Journal of Cross-Cultural Psychology*, 33: 286–302.

Su, S.K., and Morris, M.W. 2001. "Justice in the culturally diverse workplace: the problems of over and under emphasis of cultural differences", in S. Gilliland, D. Steiner, and D. Skarlicki (eds.), *Research in social issues in management: Vol. 1*. Greenwich, Connecticut: Information Age Publishing, pp. 161–85.

Lewis, G.J., and Harvey, B. 2001. "Perceived environmental uncertainty: the extension of Miller's scale to the natural environment", *Journal of Management Studies*, 38, 201–34.

Lim, K., Leung, K., Sia, C.L., and Lee, M. 2004. "Is e-commerce boundary-less? Effects of individualism-collectivism and uncertainty avoidance on internet shopping", *Journal of International Business Studies*, 35: 545–59.

Lin, N. 2001. *Social Capital: A Theory of Social Structure*. New York: Cambridge University Press.

Linton, R. 1936. *The Study of Man*. New York: Appleton-Century-Crofts.

Lip, E. 1988. *Chinese Beliefs and Superstitions*. Singapore: Graham Brash.

Lippman, T.W. 1995. *Understanding Islam*. New York: Meridian Books.

Liu, S. 2003. "Cultures within culture: unity and diversity of two generations of employees in stated-owned enterprise", *Human Relations*, 56: 387–417.

Luo, Y. 2000. *Guanxi and Business*. Singapore: World Scientific Press.

2007. "Continuous learning: the influence of national institutional logics on training attitudes", *Organization Science*, 18: 280–96.

Malinowski, B. 1944. *A Scientific Theory of Culture*. Chapel Hill, NC: University of North Carolina Press.

Marcus, A. 2003. "Fast forward: user-interface design and China: a great leap forward", *Interactions*, 10: 21–5.

Martinsons, M.G. 2004. "ERP in China – one package, two profiles: how and why the same software system implementation can produce fundamentally different results", *Communications of the ACM*, 47, 65–8.

Matten, D. and Geppert, M. 2004. "Work systems in heavy engineering: the role of national culture and national institutions in multinational corporations", *Journal of International Management*, 10: 177–98.

McClelland, D.C. 1961. *The Achieving Society*. Princeton, NJ: D. Van Nostrand.

Miller, K.D. 1992. "A framework for integrated risk management in international business", *Journal of International Business Studies*, 23: 311–31.

1993. "Industry and country effects on managers' perceptions of environmental uncertainties", *Journal of International Business Studies*, 24, 693–714.

Mol, S.T., Born, M.P.H., Willemsen, M.E., and Van Der Molen, H.T. 2005. "Predicting expatriate job performance for selection purposes: a quantitative review", *Journal of Cross-Cultural Psychology*, 36: 590–620.

Molinsky, A. 2007. "Cross-cultural code-switching: the psychological challenges of adapting behavior in foreign cultural interactions", *Academy of Management Review*, 32, 622–40.

Morris, M.W., Williams, K.Y., Leung, K., Bhatnagar, D., Li, J.F., Kondo, M., Luo, J.L., and Hu, J.C. 1998. "Culture, conflict management style, and underlying values: accounting for cross-national differences in styles of handling conflicts among US, Chinese, Indian and Filipina Managers", *Journal of International Business Studies*, 29: 729–48.

Mouly, V.S. and Sankaran, J.K. 2002. "The enactment of envy within organizations", *Journal of Applied Behavioral Science*, 38: 36–56.

Murdock, G.P. 1945. "The common denominator of cultures", in R. Linton (ed.), *Science of Man in the World Crisis*. New York: Columbia University Press, pp. 123–42.

Neo, B.S. and Chen, G. 2007. *Dynamic Governance: Embedding Culture, Capabilities and Change in Singapore*. Singapore: World Scientific Press.

Newman, K.L. 2000. "Organizational transformation during institutional upheaval", *Academy of Management Review*, 25: 602–19.

North, D.C. 1990. *Institutions, Institutional Change and Economic Performance*. New York: Cambridge University Press.

Oliver, C. 1991. "Strategic responses to institutional processes", *Academy of Management Review*, 16: 145–79.

Ong, A. 1987. *Spirits of Resistance and Capitalist Discipline: Factory Women in Malaysia*. Albany, NY: *State University of New York Press*.

1999. *Flexible Citizenship: The Cultural Logics of Transnationality*. Durham: Duke University Press.

Parboteeah, K.P. and Cullen, J.B. 2003. "Social institutions and work centrality: explorations beyond national culture", *Organization Science*, 14: 137–48.

Parkin, R. 1997. *Kinship: An Introduction to Basic Concepts*. Malden, MA: Blackwell.

Pelto, P. 1968. "The difference between 'tight' and 'loose' societies", *Transaction*, 5: 37–40.

Peng, M.W., Wang, D., and Jiang, Y. 2008. "An institution-based view of international business strategy: a focus on emerging economies", *Journal of International Business Studies* 39: 920–36.

Ralston, D.A., Egri, C.P., Stewart, S., Terpstra, R.H., and Yu, K.C. 1999. "Doing business in the 21st century with the new generation of Chinese managers: a study of generational shifts in work values in China", *Journal of International Business Studies*, 30: 415–27.

Redding, S.G. 1995. *The Spirit of Chinese Capitalism*. New York: Walter de Gruyter.

Rogers, E.M. 2003. *Diffusion of Innovations* (5th edn). New York: Simon and Schuster.

Rotter, J.B. 1966. "Generalized expectancies for internal versus external control of reinforcement", *Psychological Monographs*, 80, 1–28.

Schein, E. 2004. *Organizational Culture and Leadership* (3rd edn). New York: Wiley.

Schwartz, S.H. 1992. "Universals in the content and structure of values: theoretical advances and empirical tests in 20 countries", *Advances in Experimental Social Psychology*, 25: 1–65.

1994. "Beyond individualism/collectivism: New cultural dimensions of values", in U. Kim, H.C. Triandis, C. Kagitcibasi, S. Choi, and G. Yoon (eds.), *Individualism and Collectivism: Theory, Method, and Applications*. Thousand Oaks, CA: Sage, pp. 85–119.

Scott, R. 1995. *Institutions and Organizations*. Thousand Oaks, CA: Sage.

Shen, S.T., Woolley, M., and Prior, S. 2006. "Towards culture-centered design", *Interacting with Computers*, 18, 820–52.

Smith, P.B., and Bond, M.H. 1998. *Social Psychology Across Cultures* (2nd edn). Boston, MA: Allyn & Bacon.

Smith, P.B., Dugan, S., and Trompenaars, F. 1996. "National culture and managerial values: a dimensional analysis across 43 nations", *Journal of Cross-Cultural Psychology*, 27, 231–64.

Sia, S.K., and Soh, C. 2007. "An assessment of package-organisation misalignment: institutional and ontological structures", *European Journal of Information Systems* 16(5): 568–83.

Singh, K. 2007. "The limited relevance of culture to strategy", *Asia Pacific Journal of Management*, 24: 421–28.

Stahl, G.K. and Caligiuri, P.M. 2005. "The effectiveness of expatriate coping strategies: the moderating role of cultural distance, position level and the time on the international assignment", *Journal of Applied Psychology*, 90: 603–15.

Sternberg, R.J. 1986. "A framework for understanding conceptions of intelligence", in R.J. Sternberg and D.K. Detterman (eds.), *What is Intelligence? Contemporary Viewpoints on its Nature and Definition*. Norwood, NJ: Ablex, pp. 3–15.

Stewart, E.C., and Bennett, M.J. 1991. *American Cultural Patterns: A Cross-cultural Perspective*. Yarmouth, ME: Intercultural Press.

Stone, L. 2001. *New Directions in Anthropological Kinship*. Lanham, MD: Rowman and Littlefield.

Thomas, L.G. III and Waring, G. 1999. "Competing capitalisms: capital investment in American, German, and Japanese firms", *Strategic Management Journal*, 20, 729–48.

Tinsley, C.H., and Brodt, S.E. 2004. "Conflict management in Asia: A dynamic framework and future directions", in K. Leung and S. White (eds.), *Handbook of Asian Management*. New York: Kluwer, pp. 439–58.

Tong, C.K. and Yong, P.K. 1998. "Guanxi bases, xinjong, and Chinese business networks", *British Journal of Sociology*, 49: 75–96.

Trafimow, D., Triandis, H.C., and Goto, S.G. 1991. "Some tests of the distinction between the

private self and the collective self", *Journal of Personality and Social Psychology*, 60: 649–55.

Triandis, H.C. 1972. *Analysis of Subjective Culture*. New York: Wiley.

Trompenaars, F. 1993. *Riding the Waves of Culture: Understanding Diversity in Global Business*. London: Nicholas Brealey.

Tsui, A.S. and Gutek, B. 1999. *Demographic Differences in Organizations: Current Research and Future Directions*. New York: Lexington Books/Macmillan.

Tsui-Auch, L.S. 2004. "The professionally managed family-ruled enterprise: ethnic Chinese business in Singapore", *Journal of Management Studies*, 41: 693–723.

Tung, R.L. 1998. "American expatriates abroad: from neophytes to cosmopolitans", *Journal of World Business* 33: 125–44.

van de Vliert, E. 2003. "Thermoclimate, culture, and poverty as country-level roots of workers' wages", *Journal of International Business Studies*, 34: 40–52.

2006. "Autocratic leadership around the globe: do climate and wealth drive leadership culture?", *Journal of Cross-Cultural Psychology*, 37: 42–59.

2007. "Climatoeconomic roots of survival versus self-expression cultures", *Journal of Cross-Cultural Psychology* 38, 156–72.

2008. Climate, wealth, and organization. In P.B. Smith, M.F. Peterson, and D.C. Thomas (eds.), *Handbook of Cross-cultural Management Research*. Thousand Oaks, CA: Sage, pp. 330–350.

and Smith, P.B. 2004. "Leader reliance on subordinates across nations that differ in development and climate", *Leadership Quarterly*, 15: 381–403.

and Van Yperen, N.W. 1996. "Why cross-national differences in role overload? Don't overlook ambient temperature!", *Academy of Management Journal* 39: 986–1004.

Van Yperen, N.W., and Thierry, H. (2008). "Are wages more important for employees in poorer countries with harsher climates?", *Journal of Organizational Behavior*, 29: 79–94.

Walder, A.G. 1995. "Local governments as industrial firms: an organizational analysis of China's transitional economy", *American Journal of Sociology* 101: 263–301.

Warner, M. 1996. "Human resources in the People's Republic of China: the 'three systems' reform", *Human Resources Management Journal*, 6: 32–43.

Weber, M. 1958. *The Protestant Ethic and the Spirit of Capitalism*. New York: Charles Scribner's Sons.

Wee, B.G. 1995. *Structure, Action and the Interpretive Flexibility of Quality Control Circles – An analysis of QCC Systems and Practice in Singapore*. PhD thesis, University of Hull, UK.

White, S. 2002. "Rigor and relevance in Asian management research: where are we and where can we go?", *Asia Pacific Journal of Management*, 19, 287–352.

Williams, K. and O'Reilly, C. 1998. The complexity of diversity: a review of forty years of research", in B.M. Staw and L.L. Cummings (eds.), *Research in Organizational Behavior*, vol. 20. Greenwich, CT: JAI Press, pp. 77–140.

Whiting, B.B. 1974. "Folk wisdom and child rearing", *Merrill-Palmer Quarterly* 20: 9–19.

Womack, J.P., Jones, D.T., and Roos, D. 1990. *That Machine that Changed the World*. New York: Rawson Associates.

Xu, D., and Shenkar, O. 2002. "Institutional distance and the multinational enterprise", *Academy of Management Review* 27: 608–18.

Yang. M.M. 1994. *Gifts, Favors and Banquets: The Art of Social Relationships in China*. Ithaca, NY: Cornell University Press.

2002. "The resilience of guanxi and its new deployments: a critique of some new guanxi scholarship", *China Quarterly* 170: 459–76.

Zellmer-Bruhn, M., Gibson, C.B., and Earley, P.C. 2002. *Some of These Things are Not Like the Others: An Exploration of Heterogeneity in Work*. Paper presented at the annual meeting of Academy of Management, Denver, CO.