SOCIETAL CULTURE AND MANAGERIAL DECISION MAKING: 
THE BRAZILIANS AND THE ENGLISH

An International Comparison of the Making and Implementing of 
Strategic Decisions in Organizations

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SOCIETAL CULTURE AND MANAGERIAL DECISION MAKING: the Brazilians and the English

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Abstract

Many features of the making of major managerial decisions have been covered by research - complexity, politicality, innovations, and so forth. Yet one - to which all others may be subject - remains almost untouched by research. It is the effects of societal culture on the way managers from different nations make, and implement, such decisions. This study compares the effects of a New World Latin dominated culture with those of an Old World Anglo-Saxon dominated culture, namely in Brazil and England respectively. It arises from the proposition that decision making, as well as other managerial practices, must be shaped by the cultures of the societies of which senior executives are part, in ways of which they themselves may be unaware.

Methodologically, in response to the criticisms of earlier research which often attributed managerial and organizational differences to culture without direct evidence for that, this study began by composing portrayals of both cultures. The purpose of the portraits was to enable predictions of culturally affected elements in decision making, prior to empirical investigation.

Data was collected by interview on twenty Brazilian and twenty English decisions in sixteen Brazilian and seventeen English organizations, ranging through a variety of manufacturing and service industries as well as universities.

The examination of the results confirmed most of the predicted cultural characteristics. Differences although small on each variable were remarkably consistent across all variables. Brazilian strategic decision making was found to be dominated by a clique around the chief executive, who make fast decisions in a process strongly based on the social relationships between the participants. This style of decision making leads, in Brazil, to very informal processes, with little or no delays and, relatively speaking, less search for information. English decisions were found to be more consultative with more interests being involved in different stages of the process. Decisions in this country were characterized by caution and conservatism with some tendency to postpone decisions.

Methodologically, the value of the prior conceptualization and description of societal culture is demonstrated since this gives meaning to the extensive differences found in all aspects of decision making. Theoretically, an attempt is made to elucidate the interconnectedness of societal culture and managerial behaviour.
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Chapter I

Societal Culture and Research Design Principles

From as long ago as the late 1940s various researchers have made notable contributions to the understanding of the making of major, or strategic, managerial decisions. Many features have been covered - recycling, incrementality, satisfiscity, simultaneity, complexity, politicality, sporadic, fluid and constricted processes, innovation, and so forth. Yet none has searched for the possible effects of societal culture on the way managers from different nations make, and implement, such decisions. Many questions could be asked. Which nations decide faster and which slower? Who is more headstrong or more cautious? Whose decision making is the most politically active? Whereabouts are committees most used or abused? In brief, how is managerial decision making shaped by the cultures of different societies? That is what the research reported in this thesis is about. As a prelude to wider cross-national comparisons, this is a first step towards the identification, and possible explanation of, how Brazilian and English managers bring about decisions.

1.1 Cross cultural research

Cultural effects in the way that people run their countries, including their organizations, have been a subject of attention of different kinds of researchers and thinkers for a long time. We can find them in early Roman epics, describing with some humour the ways that Egyptians and Greeks ran their states and cities, as well as in much more recent political analyses like Tocqueville’s study of democracy in the United States. Tocqueville, as a Frenchman, saw American democracy as a characteristic kind of democracy that differed from the French practice.

In organization studies too, cultural influences in the way that organizations are run is a relatively longstanding topic. We can find in the first volume of ASQ (Administrative Science Quarterly) a paper from Richardson (1956), a former Harvard University student, where he analysed the contrasts in the organization of British and American
ships. Even these self-contained maritime units showed the differences between a class
structured and deferential British society and an American society where 'social
stratification is not widely accepted and is often denied' (Richardson 1956:206).

In the years that followed, one publication especially made an important contribution to
the analysis of societal influences in organizations: Crozier’s ‘Bureaucratic Phenomenon’
(1964) not only examined 'bureaucracy as an organizational system’, but also looked at
French bureaucracy as a cultural phenomenon. To him the cultural dimension seemed
almost impossible to avoid when one passes from an explanation in terms of dysfunction
to an explanation in terms of latent function (1964:213). Crozier described a French
bureaucratic pattern where impersonal rules and formal relationships are associated
with centralization of authority and resistance to change, and he contrasted this with the
hierarchical, suspicious and over-controlled Russian bureaucracy of the day and the
functional and specialization-based American system.

At the same time, during the early 1960s, a team of researchers at the Industrial
Administration Research Unit of the University of Aston in the UK were developing a
methodology that would later be used in many cross-national studies. The Aston team
devised a relatively reliable instrument for the measurement and classification of
organization structures (Pugh and Hickson 1976). The multi-variate analysis of their
first data from the English Midlands showed that structure was mainly a consequence of
organization size and dependence upon other organizations. Subsequent comparison
with data from American and Canadian firms (Inkson et al., 1970, McMillan et al., 1973,
Hickson et al., 1974) led to them proposing a controversial 'culture-free’ hypothesis,
which held that this stable core of relationships, which had a certain structural
rationality, would be found in different societies regardless of their cultural background
(Hickson et al., 1974).

This tended to be misinterpreted (e.g., Maurice 1979) as meaning that organizations
would everywhere become alike, when what it implied was that as size varied, for
example, so organization structures would differ, and even more importantly, that beyond this small core of relationships was a far larger sphere relatively sensitive to cultural influences.

Child's (1981) discussion of 'culture, contingency and capitalism in the cross-national study of organizations' was an important step in what became the rapid exploration of this culture-sensitive sphere. He argued forcefully that 'culture had been treated as a residual factor which was presumed to account for national variations that had neither been postulated before the research nor explained after its completion' (1981:306) a criticism that was particularly pertinent to the international extensions of the Aston studies. The cultures of societies should be deliberately incorporated into the study of organizations, and not treated as an afterthought. This would achieve what Hickson et al., (1979) had called for the establishing of links between the characteristics of societies and their organizations.

Responding to this lead some cross-cultural studies (e.g., Budde et al., 1982, Tayeb 1988, Axelsson et al., 1991) began with a thorough study of the cultures, using data separate from the workplace, and only then going on to compare features of organizations and managerial practices. By doing so, these researchers were able to confirm in the managerial and organizational phenomena, some of the predictions from the cultural characteristics of societies.

1.2 Research design principles

This research also has set out to fulfil Child (1981) as far as possible. Emulating Tayeb's (1984) lead, it begins in societal culture. To avoid treating culture as a residual explanator, the research begins by examining what distinctively cultural differences are expected between the societies which are the subject of this thesis and how these are predicted to affect managerial decision making. As Budde et al., (1982) suggest, these predictions should state what is held to be distinctive about societal cultures and for
which managerial decision making aspects these distinctive features are held to be relevant. In short, it should identify the salient cultural components of each society and their possible effects on managerial decision making. The question that then arises is: what culture is to mean in this study, and how to identify salient societal cultural components prior to the main field-work investigation.

1.2.1 Defining and identifying culture

It is common to say that culture has so many definitions that in many cases cross-cultural researchers prefer to avoid the risk of a definition and just use the concept without specifying what it is about.

Perhaps the most clear guidance through the complexity and variety of definitions and different points of view is given by Keesing (1974) and later extended by Allaire and Firsirotu (1984). According to these authors, a critical distinction can be drawn between those theorists who view culture as meshed into the social system and those who conceive of it as a conceptually separate system. Cultural and social integration into a sociocultural system is related to a holistic perspective which was the prevailing view of traditional anthropologists who based their conclusions on the studies of primitive societies as totalities (Keesing quotes Malinowski and Radcliffe Brown as leading anthropologists who followed this conception). This perspective is based on the assumption that cultural and social realities are in consonance and harmony (Keesing 1974:76). "The cultural is swallowed into the social and vice versa and manifest behaviour is the product of this sociocultural system" (Allaire and Firsirotu 1984:195).

In opposition to this view some authors (Keesing mentions Kroeber and Parsons, 1958 in particular), made a conceptual distinction between social and cultural systems. According to this view, "the social-system focus is on the conditions involved in the interaction of actual human individuals who constitute concrete collectivities with determinate membership" (Allaire and Firsirotu 1984:195 quoting Parson et al., 1961).
The cultural-system, on the other hand, is defined as the "transmitted and created content and pattern of values, ideas and other symbolic meaningful systems as factors in the shaping of human behaviour..." (Kroeber and Parsons 1958:583). This distinction leads to a conceptualization of culture that permits a two-way effect on and of culture, i.e., culture is both a "conditioning element for further action and a product of action" (Kroeber and Kluckhohn 1952).

In this research, the treating of culture as a product of action, yet analytically separable from the social-system, allows the researcher to identify and understand the cultural components from the study of the history of a society (as was done in Budde et al., 1982). But action and social relationships may also be conditioned by other, non-cultural, contextual variables (Child 1981:324). Therefore, to base cultural analyses only on historical and social facts may be misleading, since those facts will also be reflecting non-cultural, institutional, economic and social pressures. As Child suggests (1981:329), "the optimum might appear to combine historical and institutional insight with a careful sampling of values among the present-day populations of the nations in which organizations are to be compared". That is where this research begins. It accepts Hofstede's (1980:13) definition of culture, as a collective programming of the mind which develops through socialization experiences, and expresses values that predominate in a specific society, and traces it back to its historical and institutional origins.

1.2.2 Research design and plan of the thesis

In this study, the societies chosen for comparison are Brazil and England. The reasons for choosing these two societies are both practical and circumstantial. Being Brazilian and doing a Ph.D in England is perhaps the most immediate justification, but also taken into consideration was the fact that previous studies in English society, specially that by Tayeb (1984), had provided the foundations of a description of English culture that could be used as referential throughout the project. Moreover, because Brazil has a
New World Latin dominated culture, and England an Old World Anglo-Saxon, a study comparing these two societies could expose long-lasting differences in the mental programming of their members’ minds that reflect long-lasting differences in language and history.

Since the norms and values of a culture are embedded in a society’s social and historical development, this research begins (Chapters 2 and 3) with an extensive review of historical and sociological literature on both Brazilian and English cultures, which together with the views of novelists and travellers, was used to draw a literature-derived portrayal of each culture. From these "portraits" a list of the most prominent traits emerged (Chapter 4). These are tested with the opinions of a small number of Brazilian and English managers on what they saw were the main work-related characteristics of their own and the other culture. What they said confirmed the "culture portraits" to a remarkable degree, and encouraged the use of them to hypothesize the likely decision making features in organizations of the two nations (Chapter 5).

The thesis proceeds describing the main investigation of decision making in Brazilian and English organizations. Chapter 6 describes the methodology adopted and the sample of organizations and decisions proposed and obtained. Chapters 7, 8 and 9 present the empirical results in the form of comparisons of the data obtained on decision making in the two societies. Chapter 7 focuses on aspects of the politicality and complexity of the decision; Chapter 8 on the various aspects of the decision making process; and Chapter 9 on the outcomes of the decisions. The analyses in these chapters make use of both qualitative and quantitative data as well as of the narratives of the decision-stories (Appendices D and E). Chapter 10 controls for the possible effects of the organizational context and the topics for decision as moderators to cultural influences, and the effects of potential further extraneous factors are controlled for by matching three pairs of decisions and organizations. Chapter 11 concludes the thesis by synthesizing the findings and suggesting some likely theoretical implications of the study for decision making and cross-cultural studies.
Chapter 2

English Culture

This chapter is about the people of England, Englishmen and Englishwomen, their skills, rules and values. Here, I am going to identify not just these aspects but also the balance between them. This composition of skills, rules and values in a specific balance comprises what is called English culture.

English culture will be portrayed from three different sources. Firstly, I am going to explore the perception of the English character through diverse English and non-English writers (novelists, travellers, sociologists, philosophers, etc). Secondly, I shall examine the results of three crucial research studies on English culture, carried out during the 1950s, 1970s and 1980s. I believe that from the results of these studies, as well as from the insights of the writers, I shall be able to identify some of the main characteristics of this culture.

Finally, Hofstede’s four dimensions (1984) will be compared with the previously identified features. These dimensions will form the basis for a comparison of the cultural characteristics of this society with those of Brazilian society.

2.1 English culture through writers’ eyes

For some considerable time, both English and non-English writers have been discussing and writing about the Englishman (much more than about the Englishwoman). Their writings are based on observations and in their contact with or life as English people. Although they identify a great number of aspects, some are more prevalent and most frequently cited.

Reviewing the literature of the last two centuries, I have picked out some of these commonly related features:

- individualism and love of privacy;
- generosity and kindness;
- law-abidance and lack of need for written rules;
- conservatism, rejection of quick changes, and stability;
- class-consciousness and avoidance of dominant leadership;
- appreciation of leisure and games.

The characteristics of individualism and love of privacy have been stressed by many different writers. The American philosopher, Santayana, wrote that the secret of English mastery is self mastery. "An Englishman", Santayana says, "establishes a sort of satisfaction and equilibrium in his inner man" (1922:35). This individualistic behaviour is expressed as the English love of privacy and freedom. Another American writer, Emerson, observed that English people are not public in their bias, and for them, private life holds the place of honour. Emerson concludes his observations by saying that English political conduct is not decided by general views but by internal intrigues and personal interest (1968:299).

English writers, in general, agree with these American observations. Lytton, writing in 1833 about England and the English, states that the root of all English ideas and of all English laws is to be found in the concept of private property. "It is my country, my house and even my God", said Lytton (1833:6).

To love privacy is just one consequence of this highly individualistic character. English people respect someone else’s privacy, and so have their own privacy respected. Bradley comparing English and Latin societies in 1926, remarked that their greatest difference lay in their respect for someone’s privacy. While in Latin society everybody wants to know everything about you, in English society nobody, as a rule, cares in the slightest (Bradley 1971:154). For Commager, an American writer, this privacy is reflected even in the way that English people design their houses. From an American point of view, the English house usually does not have a front porch or veranda, and when an Englishman sits out in his garden, it is always at the back, never at the front of his house (Commager 1974:756)
Despite this highly individualistic trait, a great number of writers have characterized the English as a generous people. Lytton pointed out that generosity used to be the essence of the English nation, yet Lytton was not convinced about generosity among members of the aristocracy. This generosity is, for a great number of non-English writers, not simply 'kindness' or 'politeness' but a 'lofty generosity'. Englishmen and Englishwomen are seen as characteristically sympathetic and generous, they feel with the necessitous and care for the pitiful, but preferably without being affected in their own individuality and privacy.

Another feature, usually attributed to English society, is its respect for law. As stated by Commager, to be law-abiding is part of the essential "Englishness" of the English people. Commager remarks that no other people has the same deep respect for the law, and no other conforms so instinctively to the rules and regulations of government or any organization that has authority (1974:752).

English writers usually agree with this observation and, as Orwell stated in his analysis of the English people (Orwell 1947), the Englishman assumes that to be against the law is synonymous with being wrong. Priestley (1973) went even further, observing that the tradition of respect for the law is not just true for written laws but is also true for unwritten laws and regulations. "England", as Priestley noted, "has no written Constitution and the legal system is not based on any defined code, but on a complicated yet flexible inheritance, and some safeguards for the liberty of the individual" (1973:13).

One aspect of English culture often noticed by American writers, is English conservatism. American visitors can hardly believe that this country had an industrial revolution yet also preserved such a great number of castles, cottages, parks, monuments and even towns and villages from the middle ages or before. Commager gives a good example of how people from the "new world" see English conservatism:

"...they are an intensely conservative people. They hate innovation. Even where they are forced to make changes, they change the substance rather than the form."
"To achieve revolution through evolution" is indeed one of the most amazing aspects of the English character. Priestley, analysing the industrial revolution, makes his point that "revolution" was not an explosive process (a revolution), in the sense of a short period of time, but a process that occurred gradually and slowly (an evolution). He observes that the odd idea that it had happens all at once is replaced by the idea of a step by step process. The industrial revolution, says Priestley, really took place in slow motion, beginning in a semi-rural style, with enormous buildings and great engines, and then gradually expanding, putting up bigger and bigger mills and warehouses and creating whole new towns (1973:121).

Conservatism is seen by many writers to be related to the stability of the English character. English and non-English writers agree that, although English culture has changed, these changes are above ground and they do not go down and strike at the roots (Emerson 1968 and Priestley 1973). Commager calls attention to English history and states his impression that whatever happens, English society remains imperturbably English. The Englishman, observes Commager, "is less affected by the currents and cross-currents of history than people of any other nation in the world" (1974:749).

One paradox of English culture, is the fact that although English people are class-conscious, they avoid strong (in the sense of dominant) leadership. For several English writers, French people initiated the feudal system but the English imbued their culture with class-consciousness. Priestley, Orwell, Bradley, and Lytton all agree that most Englishmen and Englishwomen have a sense of class impressed on their memory. This class-consciousness is not only based on economic differences, but on physical and non-physical features. People can be class-identified, by their manners, clothes and even by their food, language and accent. For most non-English writers this class-stratification is seen as the most pervasive and the most pernicious of English traits.
An obvious consequence, in many societies, of class-consciousness is the acceptance of strong leadership or authority. But that is not the case with this society. "English people", as Santayana observes, "do not wish to be well led, they are all individualistic and aristocratic at heart, and want no leader in ultimate things" (1922:53).

Finally, among the traits most commonly attributed to English people, love of leisure and games is seen as the mostly likeable. English gardens, pets, parks, pubs and games are well known all over the world, and many different people have been trying to emulate the English way of life. Orwell, an Englishman, says that English people have an obsession with sport. This obsession does not mean that they are outstandingly good at all games, but they enjoy playing them, reading about them and even betting on them (1947:11).

Charlot, a French writer, commenting about England and about English people, says that England is a leisure society, where the English use their free-time activity as an important element in their personal development (Charlot 1980:209).

This deep-seated appreciation of leisure is seen by many English writers as a determinant of the low level of materialism in English society, when compared with the western pattern. "An Englishman or Englishwoman" remarks Priestley, "will not be pleased by new cars and television sets if he/she has to avoid or be away from his/her grass, flowers and trees, (I would add games, pubs) he/she will probably be highly frustrated" (1973:43).

"Be individualistic and generous. Be law-abiding even with unwritten laws. Be conservative and stable. Be aware of one’s position in society yet beware of authoritarian leadership. Enjoy leisure and games and preserve the quality of life". This could be the code of English society, the main characteristic of English culture, as described by English and non-English writers alike.
However, there are some further traits, less quoted but not less representative, ascribed by both English and non-English writers. English xenophobia is a good example, and usually related to the British Empire and to its dominance over a great number of countries. This quality is seen as a characteristic that is tending to disappear. In this literary review, none of the English writers quoted here has ever mentioned xenophobia as an English attribute. It was left to foreigners to refer to it (e.g., Commager 1974).

The English intuitive character is another less-mentioned trait. It is seen as 'practicity' by Orwell and as 'strict rationality' by Priestley. These two writers believed that England will never develop into a nation of philosophers, except, I would suggest, to add an empirical approach to philosophy, as was the case with Locke. "An Englishman or Englishwoman", states Orwell, "always prefers instinct to logic and character to intelligence" (Orwell 1947:46).

2.2 English culture through surveys in England

Although comprehensive, the previous section was based on individual opinions and perceptions. The writers quoted there used only their own life and their own culture as reference points for their observations. This second section will add the opinions and impressions of almost 11,000 people. This significant number of people participated in three different surveys, at three different periods, in England. The researchers responsible for these studies had similar objectives: to identify English society's main cultural characteristics through an analysis of people's beliefs and behaviour.

During the early 1950s Gorer collected data from 10,524 questionnaires filled in by English people; Terry interviewed 20 English managers who had lived abroad and 20 non-English managers who were living in England during the second half of the 1970s; Tayeb analysed 100 questionnaires from 140 answered during the first half of the 1980s, and used them to verify as well as to dispute some traditional concepts about English culture.
<table>
<thead>
<tr>
<th>Researcher</th>
<th>Main Findings</th>
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<tr>
<td>Gorer</td>
<td>consideration for the feelings of other people</td>
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<td>law abiding</td>
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<td>stability</td>
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<td>resentment at being overlooked or controlled</td>
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<td>strong belief in the value of education</td>
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<td>attachment to marriage and family</td>
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<td>Terry</td>
<td>love of liberty and democracy</td>
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<td>worry about quality of life and family</td>
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<td>lack of ambition</td>
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<td>arrogance and chauvinism</td>
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<td>Tayeb</td>
<td>independence from parents</td>
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<td>honesty</td>
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<td>no fear of powerful people</td>
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<td>ability to cope well with set-backs</td>
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<td>ability to cope with new situations and uncertainties</td>
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<td>ability to see things through</td>
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<td>self-confidence</td>
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<td>strong sense of responsibility</td>
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Table 2.1 shows the main results of each survey. These results are consonant with the personal insights described in the previous section. English qualities of individualism, kindness, law-abidance, conservatism, stability, class-consciousness, and avoidance of strong control are persistent and identified by all researchers. But a few traits, not cited or only quoted in an indirect way, stood out more strongly. Gorer identified a firm belief in the value of education, and also a strong attachment to marriage and the family. Terry's interviewees highlighted one special aspect: a capacity for tolerance and compromise, while Tayeb stressed a sense of responsibility, an ability to see things through and to cope with the new and the uncertain.
Tayeb’s questionnaires contained questions about 35 cultural characteristics, and in a seven-point scale the respondent could agree, disagree or have a mixed opinion. In her survey, 70.4% of respondents agreed with the characteristic of independence from parents and 61.6% with a preference to work on their own.

Terry’s research was based on an indication by the interviewees of some good or bad characteristics of English culture. As for English individualism, only 55% of them had designated the English as an individualistic society, but 72.5% saw them as lovers of liberty and democracy and 95% said that they were reserved. English respondents saw love of liberty as a way of being left on their own to do their own thing. Concerning the English love of liberty and democracy, non-English respondents expressed some worry about too much liberty and too much democracy. An excess of liberty was seen as passive anarchy, and too much democracy a complicating factor in all kinds of decision processes (Terry 1979:210).

English reserve was noted by all non-English respondents. In their view, the English were seen as shy and naturally reserved; aloof; serious; silent; trying to preserve their own privacy while respecting that of others (Terry 1979:276). English respondents who had lived in Latin countries added that they were unexcitable, did not feel things with the same political passion as other people, and were entirely different from the Latins, who blew up about anything (Terry 1979:172). Non English respondents remarked that the English are slow to make friends, but once someone knew them they were friendly and helpful.

English kindness was specified in all surveys. Gorer identified that, although English people take at least six years to make new friends they have great consideration for and sensitivity towards the feelings of others. Among Tayeb’s respondents, 67% agreed that the English are a friendly people and just 12% disagreed entirely with this peculiarity. English kindness was seen by Terry’s interviewees as a capacity for tolerance and compromise. This characteristic, as Terry explains, has allowed democracy and free
speech to flourish in England (Terry 1979:268). Yet the English talent for compromise was related to a tendency to adjust to others. English respondents saw this characteristic as the one that distinguished them from the Irish and the Scots. The English, they say, tend to avoid confrontation, and try to find a way round, whereas the Scots and Irish approach a problem head-on (Terry 1979:180).

One of the most emphatic results in Gore’s research, was the English law-abiding trait. Gorer observed that one of the most lawless populations in the world, became one of the most law-abiding societies. To reach this conclusion, Gorer had asked what people thought about the police, and 75% of the respondents were enthusiastic in their appreciation. Gorer suggests that this degree of enthusiastic support for the police is peculiarly English and one of the most important components of the contemporary English character (Gorer 1955:213), though it has probably declined since his findings were recorded.

A great number of Tayeb’s (1984) respondents (70.0%) agreed with this tendency to be law-abiding, and they also agreed that the English were trustworthy (79.8%), honest (75.8%) disciplined (67.0) and obedient to their seniors (61.0%). These qualities indicate that the English are not just respectful to laws but also to norms, rules and words. These characteristics of honesty, fairness and reliability were seen by Terry as a strength in the English character. Non-English respondents believed that the Englishman’s word is to be trusted and if he says he will do something at least he will try to do it (Terry 1979:211).

English conservatism was identified by 100% of Terry’s interviewees. Conservatism for both the English and the non-English respondents alike was related to their manner of dealing with change. Terry remarks that the Englishman believes that the way to move forward is by looking backwards and basing change on past experience and precedence (1979:267).
But if conservatism was seen as a negative trait, English tenacity was seen to be of special value in English culture. Foreign respondents stated that the English are a tenacious nation, with great courage and that adversity tends to bring out their best qualities (Terry 1979:213). English respondents emphasised the continuity of English society. They stated that, whatever happens, the English would survive, just as they have survived in the past (Terry 1979:179). This stability and continuity was seen by Gorer as the first and main characteristic of the English. Gorer says that the English character had changed little over the previous 150 years, the changes that had happened were superficial and with a basic historical continuity (1955:286).

The English attribute of class-consciousness was seen differently by the three researchers. Tayeb obtained a low level of agreement to this trait, Gorer stressed the fact that there were great differences in habits, in education, vocabulary and standard of living, but his survey showed that the only differences in attitudes were concerned with supernatural beliefs. The middle class was more religious and also more credulous than all the other classes (Gorer 1955:245). In Terry’s research, English class-consciousness and class structure were emphasised, by non-English respondents, as an uncommon aspect of this society. The English classes were seen as more obtrusive and complex than the classes in their own societies (Terry 1979:177).

If class-consciousness received less emphasis than might be expected in this research, the same was not true concerning the avoidance of dominant leadership. Tayeb’s respondents showed a 64.0% agreement with the characteristics of 'not [being] afraid of powerful people'. Gorer’s respondents expressed their resentment at being overlooked or controlled. The respondents that had lived during the war said that any attempt to impose rationing and controls on the English people, except when facing the most obvious emergency such as war, would almost inevitably undermine their best qualities (Gorer 1955:229). Here Gorer underlines a paradox in English culture. They are law-abiding, they respect and value the police but, if the laws and the police try to restrict
and control their lives, they reject and cheat them. For Gorer this paradox is evidence of latent aggression in the English character.

This aggressiveness is kept under control and this control is learned through a strict education. A strong belief in the value of education was expressed by a great number of respondents, and a need for the child to have suitable discipline imposed by his parents as early as possible. Gorer sees this education as indispensable to control children’s bad tendencies, their undesirable instincts, their wrong behaviour, at least their aggressiveness. This belief in the value of education was only identified in Gorer’s survey. He also highlighted a strong attachment to marriage and the family. Terry’s research detected a similar feature, named by Terry as ‘worry about quality of life and family’. Terry’s respondents expressed their admiration for the quality of English life. They agreed that English people had found the right balance between work and home life or leisure. Many of them believe that most of the time the balance was weighted towards home and leisure, rather than work (Terry 1979:183).

Terry’s research also labelled English people as being unambitious. This trait was seen as a consequence of English conservatism, class-consciousness and concern about the quality of life. This lack of ambition is reflected, as Terry points out, in apathetic, lethargic, complacent and lazy behaviour. Although it was seen as a bad quality on its own, lack of ambition was a determinant of lack of materialism. This was seen as an excellent aspect of English society.

Unlike Section 2.1, where English xenophobia was only mentioned by the non-English, all of Terry’s English respondents expressed the opinion that English people were arrogant and chauvinistic. The respondents, also, saw this arrogance and jingoism as a bad inheritance dating from the time when England was at the centre of the British Empire. The non-English believed that this blind patriotism was decreasing and was being replaced by a more European awareness.
Tayeb's research was rich in its evaluation of English cultural characteristics. English people were identified as a resourceful people. A resourceful person, Tayeb explains, is able to cope well with new situations and set-backs without losing his integrity and self-confidence (1984:258). In Tayeb's survey, the English were considered by 77.8% of the respondents as capable of coping well with set-backs; by 76.8% as people who see things through; by 70.0% as able to face up to new and/or uncertain situations; and by 71.4% as self-confident.

Tayeb also identified an 80% agreement with the idea of a 'strong sense of responsibility'. Almost nobody (only 6.0%) disagreed with that characteristic, but as an isolated feature and it could hardly be identified as a cultural trait.

Concluding this second section, we can combine the main characteristics of the English in Table 2.2 where both the writers' opinions and the research results may be expressed by 8 dimensions. These dimensions, as I said before, are not exclusive to English culture, but their combination is.

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<th>Table 2.2 Main English cultural dimensions</th>
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<td>Dimension</td>
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<td>Submission</td>
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Table 2.2 could be summarized by saying that English culture is based on high individualism, expressed through love of freedom, autonomy, rejection of strong control and privacy; a high degree of friendliness, based on kindness, generosity, consideration for others and a capacity for tolerance and compromise; exceptional honesty, based on law-abidance, obedience and fairness; strong conservatism, based on a rejection of quick changes, tenacity and stability; an appreciation of leisure and games, concern
about the quality of life and a lack of ambition; great resourcefulness, based on an ability to cope with new situations and uncertainty, set-backs and a capacity to see things through; medium to high levels of arrogance, based on English xenophobia and chauvinism; and finally a high submission threshold based on an avoidance of dominant leadership, a lack of fear of powerful people and resentment at being overlooked.

These first two sections constitute a unilateral evaluation of English culture. Even if some writers and researchers’ respondents were non-English, their approach was not to compare English culture with that of others or with their own, but to identify and isolate English characteristics. This is clearly seen in Table 2.2 where almost all dimensions are considered high. In a unilateral analysis there is a tendency to over emphasise those aspects that a particular culture possesses and overlook those that the culture lacks. Moreover, if there is any doubt about a trait there is only a passing reference to it or none at all.

The next section locates the English on a limited number of cultural dimensions among forty countries. While this has the advantage of multinational comparison it also suffers from the disadvantage of a restricted number of dimensions. Hofstede’s research will form the basis for this analysis, as well as the results of other research studies from different areas of social science.

2.3 English culture in four dimensions

During the 1970’s, Hofstede (1980 and 1984) analysed data from a multinational company (later revealed as IBM) and factored the information in four dimensions: power distance, uncertainty avoidance, individualism, and masculinity. His results have been the subject of debates and analyses. Since publication several researchers have tried to replicate his four dimensions in different situations and in different countries.
Before analysing each dimension separately, it is important to verify that English culture follows an Anglo-Saxon pattern. Figure 2.1 uses Hofstede’s scores for Anglo Saxon nations to show a general Anglo Saxon profile. Its characteristics are: low power distance, low uncertainty avoidance, high individualism, and medium masculinity.

As shown in Figure 2.2, which portrays the average scores of the four Anglo nations against those of Germanic and Latin nations, this pattern is peculiar to that group of nations. Although the Germanic pattern derived from the scores of West Germany and Austria also has low power distance, it has medium to high levels of uncertainty avoidance, individualism, and masculinity. The Latin pattern (the average of the values
obtained by 12 Latin countries, including both Latin Europeans and Latin Americans) is entirely different, with high power distance and uncertainty avoidance, low individualism and medium to low masculinity. It is the pattern of scores, the profile, which is meaningful, more than the scores on each dimension alone. Nevertheless, each will now be discussed in greater detail.

Hofstede’s first dimension, power distance, is related to how people in a group, or society, perceive and deal with inequality. According to Hofstede, different societies put different stress on status consistency in areas such as prestige, wealth and power (1980: 92). The power distance concept was first defined in the early 1960s when Mulder (1976) began a study on the variations of leadership in situations of crisis and non-crisis. As Mulder and colleagues (1971) state, the power distance theory suggests that the smaller the difference in power a person perceives between himself and the more powerful, the stronger is his tendency to reduce the distance still more. This definition shows that power distance is not a structural or a hierarchical factor but a "dimension" seen through perception.

The power distance index (PDI) used by Hofstede assumes that each culture justifies inequalities and authority using its major values, and secondly that power distance is the difference between the extent to which A (higher power) can determine the behaviour of B (lower power), and the extent to which B can determine the behaviour of A (Hofstede 1979: 101, Hofstede 1980: 99).

Figure 2.3 shows the variations of this index in Hofstede’s research and the relative position of England/Britain. The vertical lines represent the values, and Hofstede’s original 40 countries are ranged along the Y axis from low to high.
England/Britain is among the countries with a lower Power Distance Index, which fits the English avoidance of dominant leadership, and lack of fear of powerful people, already described.

Hofstede, analysing the consequences of low power distance, states that (among other aspects) low PDI countries are expected to have: low inequality in society, leadership based on rules, and even distribution of power. Transferring these features to English every-day life we expect to find:

- a consensual alternation of groups in the government.

- political parties and government based on the outcome of majority votes with the hierarchical structure more bureaucratic than charismatic.

- labour movement pragmatically oriented.

- participation in organizational decisions.

As Jennings (1961) explains, the British political system is based in two paradoxical peculiarities: continuity and discontinuity. It is continuous because its last big change in structure happened during the early 19th century. Since then the political system has been structured on Parliament and on parties. The Crown, not the monarch personally, is the Head of the State, and the government is controlled by the parties through its
members in parliament. It is discontinuous because the parties have long been alternating in government.

Figure 2.4 Majority seats in the House of Commons

Figure 2.4 shows the discontinuity of the British political system. It represents the majority of seats in the House of Commons since 1832, Liberal and/or Labour majorities are represented below the zero level, and Conservative majorities above it. Since 1832, there have only been two long periods of dominance of one side over the other. For 17 years between 1857 and 1874, there were six successive Liberal Prime-Ministers. The second was the period of Conservative majority since 1979, with the government of Mrs Thatcher being the longest Conservative government as well as herself the longest serving Prime-Minister.

The authority structure of British parties is characteristically based on a rational, legal mode. Hartley and Griffith (1981), examining how someone becomes a party leader in Britain, affirmed that he/she:

"must have been a member of the House of Commons for many years. He/she must have shown ability in the House of Commons and "sure-footedness" in these slippery places where his/her seniors fought with one another. He/she should, at certain points in his/her career, either have thrown in his/her lot with one of the senior members who then went on to success; or, at the very least, he/she should have been picked out for junior office at an early age and have incurred the minimum possible displeasure from those of his/her contemporaries, and when he/she came to the top and into contest for the leadership of the party it must have been at a time when his/her particular qualities were thought to be preferable. For reasons which might
have had nothing whatever to do with him/herself, obviously, then, he/she must also have some luck." (Hartley and Griffith 1981:54)

Before continuing it is necessary to explain that, when analysing government or trade unions, it is impossible to restrict the study to England. Nevertheless, since at least 84% of the British population is English (in 1985, the population of Britain was 56 million, of whom 47 millions were in England), we can expect a predominance of English culture in these organizations.

The British union movement is characterized by its structure and density. Membership density is twice as large as it is in the USA and France, though smaller than in Sweden, which has long had a uniquely high membership. (Kennedy 1980).

In an environment with a relatively high density of union membership and complex union structures, a great deal of union political activity might be expected, and this happens in Britain, but in a very special way. Hain (1986) observes that union weapons, such as strikes, have not been a typical instrument of political pressure by British trade unionism. This author says that British trade unionists have seen strikes as weapons of last resort and have shown a marked reluctance to see their role in anything other that strictly industrial terms. Despite this pragmatism, British trade unionists have strongly influenced the government through intensive pressure on the Labour Party (Kennedy 1980:5). The best example was during the period of office of the last Labour government, when the unions exercised a considerable power over Mr. Callaghan’s policies, with two-thirds of his cabinet places being occupied by former union officials (Torrington 1978:55).

However, even with low power distance and an intensive and pragmatic Trade Union movement, British industrial relations do not fit the expectation of workers’ participation in decisions. As Kennedy observes, participation either through works councils or board representation has not been as important in Britain as in many other European countries (Kennedy 1980:18).
This low incidence of worker-participation suggests that even if English society is characterized by low power distance, its class structure and traditionalism limits formal participation at work.

The second dimension, uncertainty avoidance, is equivalent to the resourcefulness dimension in Table 2.2. There it was based on the ability of English people to cope with the new, with the uncertain and with set-backs, and also with their 'capacity to see things through'. Here, Hofstede's uncertainty avoidance is a dimension based on a single assumption: the inevitability of the next instant. As Hofstede understands it, the basic fact of life is that time only goes one way. This means that the only certainty we have is the time continuum, and to deal with time, at least with future time, means to deal with the unknown and with uncertainty.

To cope with this uncertainty we use mechanisms to try to control the future, such as technology and laws, and agencies of faith, such as religions (Hofstede 1980:153). These instruments are not simply to reduce uncertainty, but also to obviate anxiety.

Lynn (1971) suggests that anxiety level varies between countries, and that each country has what he calls 'a national pattern of anxiety'(1971:16). Specific to each society are the ways of coping with it. Hofstede states that these means belong to the cultural heritage of each society and are transferred and reinforced through basic institutions like family and schools (1980:154).

To identify different levels of anxiety, Lynn used indices of mental illness, suicide, alcoholism and calorie intake. He could compile them for only 18 countries, those with a high level of development and where the indices had high level of credibility. Lynn believes that a country with a low anxiety level would show low suicide rates, high calorie intake and also fewer fatal driving accidents. His research was based on the consequences of anxiety, while Hofstede's Uncertainty Avoidance Index (UAI) was based on the levels of rule orientation and employment stability, being ways of coping with uncertainty, and on the level of stress, a consequence of uncertainty.
Hofstede argues that a country with a low UAI would have a low anxiety level and few written rules. He sees codification as being a means of giving a reassuring impression that all is under control in a high anxiety society. In Britain, with low anxiety, there is no written Constitution and no single uniform written code of laws. Britain has two legal systems, the Scottish and the English/Welsh, and the great difference between them is that the Scottish is largely based on Roman practice, while the English/Welsh system is based on court decisions, and with no uniform codification.

Wade and Bradley (1985) remark that the absence of a written Constitution indicates that there is no single document from which the authority of the main organs of government derives. The English form of Constitution and laws is established partly in Acts of Parliament and judicial decisions, partly upon political practices, and partly through the various government agencies for the carrying out of their own tasks. For a non-English person the absence of written codes is an amazing and sometimes incredible peculiarity. A French lawyer, Rene David (1980), affirms that the most striking difference between the English law system and the system found on the continent is the fact that the law is primarily to be found in codes and statutes on the European continent, whilst it is to be found primarily in the decisions of the courts in England.

The third dimension in Hofstede’s research is the degree of individuality of a society. The word individualism has different implications. As Lukes (1973) explains, philosophers and thinkers from different cultures emphasise different aspects of it. In France, where the term individualism first appeared, it always had a negative connotation. Individualism, among a great number of French writers, was seen as being responsible for social dissolution, anarchy, isolation and egoism.

In Germany individualism implies uniqueness, originality, self-realization. It is seen as a positive value of individual self-fulfilment, and "the organic unity of the individual and society" (Lukes 1973:22).
In England, thinkers have tried to avoid the word individualism and preferred the idea of liberalism. English individualism/liberalism assumes the absence, or minimum occurrence, of state intervention in the economy and other spheres (Lukes 1973:39). Individualism is then, as Lukes states, a dimension with at least 10 different interpretations. Individualism can be understood as the dignity of man; autonomy; privacy; self-development; political individualism (liberalism); economic individualism; religious individualism; ethical individualism; epistemological individualism; and even methodological individualism (Lukes 1973). English individualism was based on three of these concepts: autonomy, privacy and liberalism.

Hofstede’s individualism index (IDV) is based on two of them: autonomy and self-development. Autonomy, or self-direction, accords with an individual’s personal thought and action, and is not determined by agencies or causes outside his control (Lukes 1973:52). Self-development specifies an ideal whose content varies with different ideas of the self, on a continuum from pure egoism to strong ‘communitarianism’ (Lukes 1973:71).

Figure 2.5 shows Hofstede’s 40 countries sample for his 'Individualism Index'. England has one of the highest indices in this dimension; only the USA and Australia, both Anglo-Saxon countries, having higher.
However, some researchers, such as Harding and colleagues (1986), identified a relatively collectivist morality or low ethical individualism in the English people. As defined by Lukes, ethical individualism is related to two classical schools of morals, deontology and utilitarianism.

Deontological ethics, mostly based on Kant’s writings, holds that at least some acts are morally obligatory regardless of their consequences for human weal or woe (Edwards 1967v2:343). In other words, the results of an act do not justify the use of non-moral processes. In deontological ethics 'how to do it' is just as important as 'what to do'. Deontology is related to collectivist behaviour and is opposed to the idea of individualism.

Utilitarianism, at least the utilitarian act, can more generally be described as the doctrine which states that the rightness or wrongness of actions is determined by the goodness and badness of their results (consequences) (Edward 1967 v8:206). This view of utilitarianism, is associated with Jeremy Bentham and Stuart Mill’s emphasis on the results (consequences) rather than the processes (acts) themselves. Utilitarianism is seen, by deontologists, as individualism or ethical egoism because it subscribes to the idea of the individual’s action performed for his own benefit.

![Figure 2.6 Tolerance to morally debatable behaviour across seven countries](image)

Figure 2.6 Tolerance to morally debatable behaviour across seven countries
Figure 2.6 shows the result of Harding and colleagues' (1986) large-scale social research. It represents the tolerance to three debatable forms of behaviour: killing in self-defence, abortion, and euthanasia. Although the English trait of law-abidance was frequently mentioned in Tayeb's and Gorer's studies, the degree of tolerance to these three 'morally debatable' situations indicates a relatively 'deontological morality' in English society. They are much less deontological than Belgians, Germans, and Italians but relatively less utilitarian than the Danes, the French and the Dutch.

This "deontological ethical behaviour" suggests that although English society is a characteristically individualistic society when individualism is seen in terms of privacy, self-development and political liberalism, it has a certain 'collectivist' aspect when ethical questions are at issue.

Hofstede’s fourth dimension is a new facet of the analysis in this thesis. Hofstede called it masculinity, and he based his 'masculinity index' (MAS) on the analysis of male/female working goals. Professional males' main objectives were advancement, earnings, training and up-to-dateness; what Hofstede called the ego factor. Women's main concerns were with a more friendly atmosphere, job security, physical conditions, management and cooperation; what Hofstede designated as social factors (Hofstede 1984:186).
Figure 2.7 shows the variation in the masculinity index, when the concepts of ego/social factors were analysed in 40 countries (vertical lines). The sample presents a normal distribution, 9 countries having a low masculinity level with low ego and high social goals; 22 countries having no determinant factor, with no predominance of ego or social factors; finally, 9 countries, including Britain/England, had a high masculinity index, with high ego and low social factors.

If aggressiveness is a pronounced characteristic of the human male, Hofstede’s masculinity index might also be understood as an index of aggression. If that were true, we would find some aggressive features in English society. Nonetheless, among sources referred to earlier only Gorer (1955) mentioned aggressiveness as an English attribute. Even there, English aggressiveness was the sort of characteristic that everyone preferred not to talk about, and when they did, they made it clear that it was a trait in decline, and under the strict control of education.

Aggression, is understood, here, as the propensity to unprovoked attack. Aggression differs from violence because the latter is the actuality of attack, and aggression is the potentiality for it. There is general agreement that aggression is social as well as biological in origin and as such, culture-dependent. Segall (1989) states that from a cross-cultural perspective, aggressive behaviour is learned from others, primarily through socialization and 'enculturation', involving both teaching and learning by observation (173). Although there is much anthropological research supporting this (e.g., Barry et al., 1976, Whiting and Whiting 1975), England is not the unit of analysis, but there are two factors which might indicate English aggressiveness: England’s inordinate participation in wars, and English football hooliganism.

War and England, are closely identified. Morgan’s (1988) chronology of English/British history indicates that England, and later Britain, not only had a great number of internal wars but also took part in many foreign ones.
Football hooliganism has been a constant news item in the papers, and these indicate the extreme prevalence of such occurrences (e.g. Times 31/05/1985). This form of violence is seen by many sociologists as caused by a mixture of socio-economic problems, associated with cultural influences. Williams and colleagues (1985) argue that socio-economic problems play an important role in this kind of hooliganism, since football fans involved in violence are typically from the lowest levels of society, and are usually young men. Nevertheless, even if all other social classes have become less aggressive throughout the centuries, by a process of socialization and education, this group, the lower working class, maintains aggressive behaviour as a form of social identification and anti-authoritarian conduct in an individualistic society (Williams et al., 1985:131).

Therefore, the indications are that aggressive masculinity and individualism are closely interwoven in English culture. This high degree of masculinity indicates great concern with ego factors, mentioned before as autonomy and self-development (individualistic factors); and English aggressiveness, even if undergoing transformation, is a reflection of English individual self-concern.

2.4 Conclusion

In this chapter, opinions, impressions, observations and research results have been analysed in an attempt to identify some of the main cultural attributes of the English society. The assumption was that culture was such a complex subject that it needed not just one or two approaches and methodologies, but as many as possible. In trying to reach this objective, several sources have been used, from the informal impressions of novelists to the systematic, empirical methods of social scientists.

But, in the end, what can be understood by the term Englishman and/or Englishwoman? In the economic sense it is to be a member of a developed society of almost 48 million people, in a country where the GNP attains a level of $10,420 per
inhabitant, and the life-expectancy is 75 years (World Bank 1989). Historically, it means to be in the centre of an old empire. Great Britain is more often than not called England by foreigners, to the annoyance of the Welsh and Scots, and the great British Empire has always been seen as the great 'English Empire'. England is the land where the industrial revolution first took place; where capitalism has its deepest roots; and where the monarch, is up to the present, the Head of the Church. But it is also the land of unwritten laws; the land where leisure and games play an important role; the land of marvellous gardens and parks.

Further, culturally speaking to be English is to be a member of a society where respect for authority is not to be confused with submission; where the future is not controlled by written laws and rules, but by conservatism and the belief that changes are a continuous natural process; where reserved behaviour, law-abidance, honesty, autonomy, self-development and liberalism are seen as the basic rules of life; where the "ego" has priority over the "social" and where aggressiveness is still a component of every-day life.

These traits do not belong exclusively to English culture, thus many other societies are also individualistic or conservative, but no other society displays the combination of low power distance with low uncertainty avoidance, high conservatism, high individualism, high honesty and law-abidance, highly reserved behaviour, high masculinity and high aggressiveness as the English do. A profile of English culture drawn from this chapter, in a form that can be related to managerial decision making, appears in Chapter 4 together with an equivalent Brazilian profile drawn from the following chapter.
Chapter 3

Brazilian Culture

As in the previous chapter, I am going to write here about the culture of a society, in this case, about the culture of Brazilian society. Once again, I would like to explain that the values, rules and skills that we are going to identify are not exclusive to the Brazilian culture, but the balance between these values, rules and skills is. Brazil as a former Portuguese colony has received from that society most of its traits, but the historical process that Brazil went through and the relationships and influences received from different societies made Brazilian culture unique and characteristic.

The chapter will be divided into three parts. First, it describes Brazilian society and its historical origins. The main aim here is not an extensive analysis of Brazilian history, but an identification of the main characteristics and processes that Brazilian society went through to produce its present condition. Then, it will set forth and discuss some of the main perceptions about Brazilian culture. These ideas are for the most part results from anthropological and sociological analyses done by Brazilians and non-Brazilian scientists. Finally, the chapter will focus on Hofstede’s four dimensions. Power distance, uncertainty avoidance, aggressiveness and individualism, will, once again, be the objects of attention. As was done with regard to English culture, these four dimensions will be identified in different aspects of Brazilian society.

3.1 Brazil, political and economic development

Brazilian history, which starts in the early sixteenth century, is related to the commercial and colonial expansion in Europe. Portugal, then in decline, discovered Brazil in 1500, and just thirty years later began the exploration of the new possession, with the Portuguese monarch dividing the colony into 15 hereditary captaincies. His aim was to transfer the responsibility for colonization and financial underwriting to the "donatario", the individual who received the captaincy. This system survived, without great success,
until the middle of the sixteenth century, when Portugal decided on the setting up of a central government to represent the Portuguese crown.

The main aims of the Portuguese explorer during this first phase of colonization were those of quick enrichment and speedy return to Portugal. Freyre (1963) mentions this aspect when discussing the non-presence of Portuguese women in colonial Brazil. According to Freyre, "the men left their wives and family in Portugal as an insurance against a prompt return" (1963:XXIX).

The Portuguese expected to find gold and silver in the new colony, as had happened with the Spaniards in theirs. But none of the expeditions found either of these precious metals which were so valued in Europe. As Faoro states, this land apparently with no gold or silver, lacking in the riches so easily obtained in India, did not offer anything to the noble or the merchant (1975:103). The only natural product that could be of some interest was the brazil-wood, a hard-reddish wood, also found in India, used in dyeing.

The change from exploratory to productive colonization came about as a consequence of the Dutch invasion of the north-east coastline of Brazil. Furtado (1965) maintains that one of the most outstanding episodes in the war between Holland and Spain, was the Dutch occupation of the Brazilian sugar-producing regions for a quarter of a century (1630-1654). With the expulsion of the Dutch, sugar-production continued, the Portuguese acting as the most important element of colonization and enrichment.

The sugar plantations, in the eyes of many historians, were a vital factor in the formation of Brazilian society. With a Portuguese as owner and overseer, sugar-cane production initially involved a large number of the indigenous population, who were later replaced by slaves from Africa. These three groups, Portuguese, Indians and black slaves, are seen as fundamental in the formation of Brazilian society.

Eventually the process of "interiorization" succeeded with the discovery of gold and diamonds during the 1690s. During the same period, Portugal had lost its leadership in
Europe and Portuguese statesmen decided that, in order to survive as a colonial power, the country should link its destiny with that of one of the other great powers. This would, of necessity, mean giving up part of its own sovereignty. Treaties signed with England in 1642, 1654, 1661, but mainly the 1703 Methuen Treaty, produced an alliance which was to leave an indelible mark on the economic and political life of Portugal and Brazil for the next two centuries (Furtado 1965:34). As a consequence of these treaties, Brazilian gold flowed into London in exchange for goods sent to Portugal and Brazil, with Portugal enjoying some facilities for selling wine on the English home market. Some authors (Furtado 1965, Galeano 1981) estimate that by the end of the 17th century there was more gold from Brazil in London than in Portugal. The English reserve of Brazilian gold was, according to these authors, the main source of funds that would later finance the war against Napoleon (Galeano 1981:67).

After some unsuccessful attempts at independence, this was finally achieved in 1822 through the son of the Portuguese monarch. In 1808, the Portuguese court had settled in Rio de Janeiro, driven from Lisbon by Napoleon's armies. While the court resided in Brazil, a new treaty was signed with Britain whereby Brazilian ports were opened and could trade freely and independently, but only with British ships. The Portuguese king then returned to Lisbon in 1821, leaving his son Pedro as Regent. In September 1822, Don Pedro refused an order to return home and declared Brazil independent, thus becoming the first Brazilian monarch.

During the final phase of Portuguese colonialism and the early phase of the Brazilian monarchy, sugar was still the main Brazilian export. In spite of new products, such as cotton, being exported, the new country based its economy on sugar. This product faced strong competition from the Caribbean islands, and its price was decreasing as a consequence of the opening of Cuban ports by Spain. On the other hand, industrial goods, mainly imported from England, were also low in price. This encouraged importation and hindered any industrial development.
The late eighteenth century had seen many internal conflicts in the north-east and the south of Brazil, consequent on a growth in social poverty and regional interests. In the midst of these troubles, coffee began to emerge as a new source of wealth and development. As Furtado observes, coffee was introduced into Brazil in the early eighteenth century and cultivated in many parts of the country for consumption. Its importance grew as a result of the decline in Haitian production. By 1830, coffee accounted for 18% of Brazilian exports, occupying third place after sugar and cotton. Two decades later, coffee took the lead, and was responsible for more than 40% of the country’s export value. (Faoro 1975).

So the nineteenth century economy was dominated by coffee production. As a consequence, two of its elements changed. Firstly, the owners of coffee plantations became a new dominant class, with interests clearly distinct from those of the sugar mill owners. Secondly, coffee plantations required a level of manpower which was not available. Although Brazil had almost 2 million black slaves, they were not available to move from the north-east, where the sugar mills were located, to the south where the coffee plantations were to be found. The alternative solution adopted was the attraction of large numbers of European immigrants.

Politically, the Brazilian Emperors, Don Pedro I and Don Pedro II, tried to reproduce a model of the British Empire in Brazil, with the monarch assuming a moderating role, vis-a-vis the two parties, the conservatives and the liberals. But, it did not work out that way. Don Pedro I was an absolute monarch, and Don Pedro II established a highly centralized government. And the parties, which were "artificially" established by the government, had no distinction of ideology, class or economic basis (Flynn 1978:16).

The changes in the economic pattern associated with a "crisis of legitimacy" together with military dissatisfaction, were enough to replace the Monarchy with a Republic. The new economic situation resulted in a shift in the leading group, with coffee farmers
replacing sugar-mill owners (the senhores de engenho), and the wealth being transferred from the north-east to the south, especially to the State of Sao Paulo.

Moreover, the high degree of centralization instituted by the Monarch was against the new economic interests. As various historians suggest (Faoro 1975, Fenelon 1978, Flynn 1978) there was no strong republican ideology among the groups that supported the new government. Most of them had upheld the idea of monarchy, but this had lost its legitimacy. As Faoro argues, by the end of the 19th century imperial centralization was no longer possible. There was no support for it, and the French revolution was seen as the best example. The abolition of slavery, signed by the Don Pedro II's daughter in 1888, was the last act to avert the loss of legitimacy (Faoro 1975:463).

At the same time, the military was becoming a new group on the Brazilian political scene. Traditionally they had been a police force, but the military section had become strong during the war against Paraguay. The monarch's intention of avoiding a strong army was enough to push the officers towards a republican position. Flynn (1978) suggests that the officers were angry that their services should be forgotten or disparaged by civilians for whom they had a generally low regard. They were, consequently, more disposed to join in national politics than before the war. This they did. In November 1889, a military coup supported by wealthy coffee-farmers, the paulistas (farmers from the State of Sao Paulo), proclaimed the Republic.

The new Republican government begun with a marshal as President, and the army stayed in power until 1894 when a paulista assumed the Presidency. The political system of the early 20th century was, then, controlled by the coffee-rich State of Sao Paulo and by the cattle State of Minas Gerais. These dominated the government till 1930, when a second military coup, supported by "outsiders" (cattle farmers from other southern states) ousted them. During this so called "old Republic" (1889-1930), the Brazilian political system had assumed a less centralized pattern, with elected state governors having more autonomy and power. At the social level, the country went through rapid
changes in the population. Immigrants were attracted to those states that needed workers for coffee plantations, mainly Sao Paulo, and to states that needed manpower to colonize extensive unproductive areas. Before the end of the 19th century, Brazil received not less than 800,000 European immigrants, mostly from Italy. During the first decades of the new century, those were followed by a large contingent of Japanese, German, Polish and other eastern European immigrants.

Coffee remained as the main product of the Brazilian economy, receiving heavy subsidies from the government, but as a primary product its price was subject to fluctuation on the international market. After the first world war, the United States assumed the role of the main commercial partner of Brazil, and as such the principal coffee importer. At that time, even though international consumption was stable, internal production expanded, as a result of large investment in coffee plantations. To avoid a decline in prices, the Brazilian government adopted the policy of buying up and stocking the surplus. To finance this overstocking, the government obtained large loans from foreign banks. This unstable situation reached breaking point with the world crisis of 1929.

The economic crisis, associated with a collapse in the government alliance, determined the end of the "old Republic". The military, aided by cattle farmers from the states of Minas Gerais and of Rio Grande do Sul, deposed the paulista President Washington Luiz, appointing the cattle-farmer Getulio Vargas as provisional President of Brazil. Vargas remained in power till 1945.

The coup of 1930 was intended to install true democracy in Brazil. To do that, Vargas promoted a constitutional assembly to draw-up the third Constitution since independence. The new Constitution, signed by the President in 1932, nominated Vargas as provisional president till the elections to be held in 1938. However, although the economy was edging towards stabilization, the political process was in crisis. In 1932, Vargas crushed revolts in the states of Sao Paulo and Pernambuco, the former
dominant sugar-producing State in the north-east. In 1935, a communist uprising gave him the opportunity to suppress the party and to imprison all its leaders. In 1937, the discovery of a document purporting to be the battle plan for a communist revolution, gave Vargas sufficient excuse to suspend constitutional rights, cancel the presidential election and install himself as President with full powers.

The next period, from 1937-1945, was one of dictatorship, world war and industrial development. President Vargas' new government, named the Estado Novo (the New State), was distinctly centralized, authoritarian and nationalistic. Vargas proclaimed a new constitution in which executive authority was greatly increased. The presidency possessed the instrument of decree-law, which allowed it to govern without the legislative assembly.

On the economic level, coffee was still the main Brazilian export. But, as Skidmore observes, economic nationalism was appealing increasingly to Brazilian sentiments, and was supported by the President who had espoused fascist beliefs and who supported Mussolini's nationalistic policies. President Vargas' economic nationalism, according to Skidmore, ranged from straight-forward suspicion of foreign profiteers, to sophisticated theories about international economic stratification (1986:45). The most immediate results of this state nationalism were the introduction of policies to support the creation of industries, and increased intervention in the economy. State intervention was, by this time, largely justified by the war and an attendant decrease in the capacity to import.

As Furtado (1965) and Skidmore (1986) state, Brazilian industrialization was the consequence of three factors: the need for import-substitution; the shift in private investment from the export sector to industrial production for the domestic market; and state intervention based on economic nationalism (Furtado 1965:235, Skidmore 1986:46).

By the end of the war, Brazil had achieved a comfortable economic position with a large foreign exchange reserve, the international price of coffee at an acceptable level, and an
industrialization process under way. But politically there was an intensive movement for democratization. In February 1945, Vargas issued a Decree setting a date for a presidential election, and allowing the formation of political parties. Four parties were then organized: two opposition parties and two pro-Vargas. The Social Democratic Party (PSD), and the Brazilian Labour Party (PTB) were created by Vargas to support his election campaign. According to some authors (Wesson and Fleisher 1983), the PSD was neither a party, social, or democratic, it was rather a group of traditional rural politicians (coroneis) who had supported Vargas since 1930. The PTB was created to capitalize on Vargas' following among the urban masses and organized labour (Roett 1984). The two opposition parties were the Democratic National Union (UDN), supported by all anti-Vargas movements, except the communists who had their own party, the Brazilian Communist Party (PCB), which was led by the same group who were imprisoned in 1935 and who were openly pro-Soviet.

The election scheduled for December 1945 initiated a period of intense political debate. But worry that the President would once again tamper with the election led the military to issue an ultimatum that the President should withdraw, and retire to his farm in Rio Grande do Sul, thus ending the 15 years presidency as it had started, at the hands of the army officers.

The next period of Brazilian history, 1945-1964, was essentially democratic. The 1945 election was won by the PSD candidate, General Dutra, Vargas' war minister, with the support of the PTB. Actually it was a victory for Vargas and for his supporters, and it opened the doors for Vargas' return in 1950, this time elected as a candidate of the combined PSD/PTB. It was Vargas' first winning of the presidency in a free election. However, he did not last till the end of his mandate. Political pressure resulted in Vargas' suicide in August 1954.

This event was followed by vigorous political activity, with the vice-president assuming power in a caretaker role under military supervision. The 1955 election was won by
Juscelino Kubitschek, the candidate of the combined PSD/PTB. President Kubitschek was to be the second Brazilian president since 1930 to finish his term of office. He handed over the presidency to a controversial president, Janio Quadros, a candidate backed by the UDN. The latter stayed in power just eight months, resigning in August 1961 when the PTB leader, Joao Goulart, became president.

On the economic level, there were a series of advances followed by slow-downs during this period (Kemp 1983:142). Dutra's government started with liberal economic policies and finished with state intervention in economic matters. The period of liberalism saw a huge demand for imports, resulting in the loss of the exchange reserve, and the stagnation of industrial development. After 1947, Dutra's government tried to reverse this trend by the co-ordination of public expenditure and by state-intervention in the economy.

Vargas' return can best be described as the return of the developmentalist-nationalist formula, with the state assuming control over investment in strategic areas, such as electric power-generation and the petroleum industry. The creation of the state-owned corporations, Eletrobras and Petrobras, was a step towards the centralization and control of these domains.

President Kubitschek then promised "fifty years' progress in five". The new government, espousing industrial expansion through internal and external investment, made an appeal to private investors. It offered liberal credit policies and the promise to maintain a high level of domestic demand, thereby assuring profitable markets (Skidmore 1986:165). During Kubitschek's government, industrial production grew 80 per cent, mainly in the transport equipment (600%) and electrical and communications (380%) sectors. Kubitschek's government also organized the construction of the new capital, Brasilia, inaugurated in 1961.

The consequence of such quick growth was a rise in internal prices and external debt. In the early sixties inflation had reached a level as high as 91.9% per annum. It was time to
pay the bill for the developmentalist-nationalist period. The Quadros and Goulart governments were beset by economic and political crisis. Quadros resigned eight months after entering office, without any formal explanation. Goulart, an inheritor of Vargas' ideas, had been his Labour Minister and Kubitschek's Vice-President. His political career which was marked by populist activity and military opposition, resulted in his government coming to an early close, because of another military coup.

The 1964 coup, the fifth military intervention into Brazilian political affairs, marked the end of the democratic period and the beginning of 21 years of authoritarian government. Different groups gave support to the coup. The military had the support of politicians, members of the UDN and of the right wing of the PSD, as well as of technocrats, and businessmen. As in many other Latin America countries, the 1964 coup d'etat received not only financial but also strategic support from the American government.

A senior military man, General Castello Branco, took office in April 1964, promising to prepare Brazil for the presidential election to be held in 1965, an election that never happened. By a series of Institutional Decrees, the 1946 Constitution was modified, giving the President plenary powers, authorizing indirect presidential elections, removing political rights and dismantling the party system. Two new parties were created: The pro-government, Aliança Renovadora Nacional - Arena (National Renovating Alliance), and "the legal opposition" the Movimento Democrático Brasileiro - MDB (Brazilian Democratic Movement). The last act of Castello Branco's government was the promulgating of a new Constitution, the sixth since independence.

General Castello Branco was followed by General Costa e Silva (1967-1969), General Emilio Medici (1969-1974), General Ernesto Geisel (1974-1979) and General João Figueiredo (1979-1985). This period is exemplified by repression, centralization and economic growth. Under military rule, the technocracy enjoyed better conditions for establishing strong control over the economy. The rate of inflation was reduced to under
20% in 1968, and the economy showed growth beyond all expectation, giving rise to what was called the Brazilian "economic miracle".

The economic model adopted by the technocrats was based on three main elements: firstly, high growth of the economy, with the industrial sector divided between national, multinational and state companies. Brazilian GNP growth reached an average of 10.2% during the period of the miracle (1968-1973). Secondly, the use of foreign capital to finance development and public expenditures. By the end of President Figueiredo's turn in office, Brazil's external debt had risen to approximately US$95 billion. Thirdly, higher participation in the world economy through expansion and diversification of exports. Skidmore, suggests (Skidmore 1988) that Brazil's export success was based on a significant diversification in commodity exports, as well as between commodities and industrial products. Brazil, contrary to what had been predicted, was finding markets for her industrial goods in both the developed countries and in the Third World (Skidmore 1988:140).

But the 1974 oil-price rise brought the economic miracle to an end. Kemp (1983) observes that there was a slowing down of growth, while cost and profitability fell. Inflation rates began to go upwards. The balance of payments deficit tended to increase while foreign borrowing of all types rose; debts to foreign countries continued to mount. Nevertheless, there was continued confidence in the potential of the Brazilian economy. This period coincided with the beginning of the liberalization process.

General Geisel and his successor General Figueiredo favoured a slow but deliberate process of redemocratization (Roett 1984:34) that ended in the election of Tancredo Neves, a former PSD and MDB leader, to the presidency. This liberalization involved a general political amnesty, and the reorganization of the political party system. The pro-government ARENA became the Partido Democrata Social - PSD (Social Democratic Party), the opposition MDB became the Partido do Movimento Democratico Brasileiro - PMDB (Party of the Brazilian Democratic Movement). An ancient legend reappeared
in the form of the new PTB, but it was, in fact, merely a pale copy of the old PTB of Vargas. Three new parties were then founded: the *Partido dos Trabalhadores* - PT (Workers’ Party) the first legitimate Brazilian labour party; the *Partido Popular* - PP (Popular Party) an ironic label for an elitist group, most of them former PSD, which later merged with the PMDB in response to electoral changes in 1981; and the *Partido Democratico Trabalhista* - PDT (Democratic Labour Party), a party organized by a former PTB leader and mostly composed of one-time exiled politicians.

In January 1985, Tancredo Neves, and Jose Sarney, former PSD president, were elected president and vice-president respectively, by an electoral college, receiving 480 votes out of 686. The government candidate, Paulo Maluf, received 180 votes. It was the end of 21 years of military rule and the beginning of a new attempt at democracy.

The new democratic period began dramatically with the death of the elected president Tancredo Neves, and the vice-president Jose Sarney taking office as the first civilian president. Politically, Sarney’s government was distinguished by the convoking of a Constituent Assembly and by preparations for a popular presidential election, the first since 1960. However, the worst problems that his government were to face were in the economic sector.

Brazil, as described above, was in deep economic crisis, with high external debt, soaring inflation and a serious deficit. This had forced General Figueiredo’s government to approach the IMF and to adopt strong orthodox measures. President Sarney’s economic team could not do a great deal. The Brazil of the eighties had the world’s largest external debt and inflation approaching 1,000%. Encouragement for the export sector and control of the external debt, did not greatly change the situation. Following the examples of Israel and Argentina, a new currency (the cruzado) was introduced by dividing the cruzeiro by 1000. The so called, Cruzado Plan failed to control inflation, and a few months later was followed by a Cruzado Plan II, and later still by a Summer Plan, all of them failing to reduce inflation, mainly because the government of President
Sarney, for political reasons, decided not to cut its spending and to keep interest-rates high. At the end of his mandate (April 1990) President Sarney handed to his successor, the elected President Collor, a country with an economy in deep recession, with inflation around 7,000% and an external debt totalling US$112 billion.

On the political front, the Constituent Assembly had voted-in a new Constitution, and when the presidential election was held in November 1989 there were 13 candidates. The successful candidate, Fernando Collor, a former PSD (pro-military party) member, was elected after defeating the candidate of the Workers' Party (PT) in the second round.

In its first months the new government's output of programmes, rulings and provisional measures was impressive, but most of them failed, at least in the short term, to tame inflation and to transform the country's economy and government. By the time of the final version of this chapter, the Collor government was still struggling to control the economy and was under increasing pressure, due to allegations of the use of illegal funds during and after his election campaign.

This section represents a brief review of Brazilian history. Brazil appears here as a country where political and economic stability has always been a dream of its people but only intermittently achieved, where, ever since the colonial period and throughout the Empire and Republic, the government was politically controlled either by a paternalistic elite, or by military forces, with an economy based on primary products (mainly sugar and coffee) and an industrial development fostered by intensive state participation as well as borrowing. Throughout its history it is possible to identify some elements that might represent the cultural values of Brazilian society, such as: the close link with authority and respect for those in authority; the continual writing and rewriting of Constitutions and laws; the strong nationalism, that determined political procedures and economic plans. But, these characteristics, taken from Brazilian political and economic development, are just a first step towards the understanding of this society. In the next
section there will be a review of some studies that more specifically examine the Brazilian culture. The aim will be to identify those traits that most obviously define this society.

3.2 Some traits of Brazilian culture

If the study of culture is seen as a delicate and controversial subject, an analysis of Brazilian society presents a special problem, which is the recent process of urbanization through which Brazil has changed from a stable, rural society, into a volatile urban community. The Brazil of today has 75% of its population living in urban areas with 70% of them concentrated in 14 cities with more than 500,000 inhabitants (World Bank 1989). Table 3.1 shows how quickly this urbanization process has taken place. The Brazilian society of the early 1940s was typically rural, with only 36.5% of the population living in large cities, mainly in Rio de Janeiro, Sao Paulo and Salvador.

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>Percentage of urban population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1940</td>
<td>41 million</td>
<td>36.5%</td>
</tr>
<tr>
<td>1950</td>
<td>52 million</td>
<td>40.1%</td>
</tr>
<tr>
<td>1960</td>
<td>71 million</td>
<td>47.7%</td>
</tr>
<tr>
<td>1980</td>
<td>120 million</td>
<td>66.1%</td>
</tr>
<tr>
<td>1987</td>
<td>141 million</td>
<td>75.0%</td>
</tr>
</tbody>
</table>

This figure started to change during the 1950s, and by the early 1960s, the urban population had reached almost 50%. Cities like Belo Horizonte had an average annual growth rate of 9.3% during this decade. Smith (1970), stresses that this urbanization process is operating as a moving force or cause, to re-shape drastically the structure, processes and values of Brazilian society, along lines and into patterns that are radically different from those prevailing in the first half of the century (Smith 1970:361). An important element in this transformation was the consolidation of an urban middle class. Rural Brazil was basically composed of two classes: farm owners and rural
workers. In urban Brazil the middle classes play a decisive role, insisting on the adoption of modern reforms. Nevertheless, as Rodrigues (1967) and Iutaka (1971) emphasize, contemporary "Brazilian culture" is the combination of different stages of the same culture: at one extreme, a primarily rural culture that preserves its traditional organization, at the other, a not entirely urban society, in which many traits of the traditional pattern can be found.

But, what are the main characteristics of this society?

Most studies of Brazilian culture that have been carried out by sociologists and anthropologists highlight a large number of characteristics, some even contradictory, but nevertheless, indicative of Brazilian society's general complexion. Among them, six traits seem to be the most representative, and they are: cordiality; informality; "personalism"; respect for authority; immediateness; and a mix between nationalism and an inferiority complex vis-a-vis European and North American countries.

Cordiality is the most often distinguished Brazilian attribute. Holanda (1969), observes that if there is something that Brazilians contribute to civilization it is cordiality. Frankness, hospitality, and generosity are virtues that are commonly praised by foreigners visiting Brazil (Holanda 1969:106). This cordiality is also expressed as a legitimate cheerfulness.

Freyre (1963) in his classical investigation of the formation of Brazilian society, stressed that Brazilian cheerfulness is a characteristic legacy from the negroes. Portuguese people, as Freyre remarks, are naturally melancholic and sad. It was the negro with his joyfulness and gaiety that overcame this sadness, introducing cheerfulness into Brazilian society (Freyre 1963:439).

Another quality related to Brazilian cordiality is pacifism. This is seen as a horror of tragic solutions. Brazil, having no tradition of fighting wars, is seen by Rodrigues (1967) as a country with an aversion to violent solutions and with a strong belief in the
principles of arbitration and peaceful settlement (Rodrigues 1967:62). This trait is basically a Portuguese heritage. "The Portuguese personality always seeks a way of smoothing things over, a middle way that avoids definite breaks" (Rodrigues 1967:59). In Brazilian society this virtue is associated with an ability to forget and a rich sense of humour, which transform pacifism into an informal method of surviving difficult moments; and it is this informality that is the second fundamental trait of Brazilian society.

Brazilian informality shows itself through an emphasis on direct relationships and personal liking, rather than on relationships that are impersonal, indirect and of an unqualified nature (Rodrigues 1967:46). Iutaka (1971) states that, although such a mechanism may be found in most modern industrial societies, this pattern is of special importance in Brazilian society, being the basis of the most familiar and typical Brazilian behaviour, o jeitinho brasileiro (literally translated as "the Brazilian little way"). This common behaviour, even if largely criticized, is used in Brazil to do things in an informal, sometimes illegal way to achieve results. In Brazil, this mannerism is institutionalized in the experts in the jeitinho: the despachantes (agents). The profession of despachante is legally recognized as those who represent someone’s interests, mostly to the bureaucratic establishment. Despachantes are hired to solve different problems (e.g., to pay taxes, to obtain a driving-licence, to register a child, to arrange the documents for a mortgage, etc) most of them involving the jeitinho. As Amado and Brasil (1990:23) suggest, the despachantes bridge the gap between the law and fact, making possible the impossible, legal the illegal, and fair the unfair.

Brazilian informality is expressed in many other different ways. Marshall (1966) relates it to Brazilian punctuality, or rather, un-punctuality. In Brazil, as Marshall stresses, the function of a clock is to tell the time, not dictate it (Marshall 1966:118). And a great number of situations, are used to "transform" a formal relationship into friendship. Holanda (1969) mentions the case of an American merchant who was amazed to realize that in Brazil, to gain a customer, it was necessary to make him, or her, into a friend
(Holanda 1969:109), in a process seen as a transference from the individual to the personal, breaking the rigidity of a formal situation into the intimacy of an informal one. This, according to Da Matta, is, in Brazilian society, a useful transference from the individual level, where everyone has individual consciousness with equal rights and subject to the same rules and laws, to the personal level where each one is a complement to the others, and where those involved are above the law and with special rights.

Da Matta (1983) stresses that Brazil is a society both of persons and of individuals. Individuals are anonymous and can be treated formally, whereas persons are known for themselves. Comparing Brazil with India and the United States, he draws the distinction that India excludes systematically the individual, while the United States excludes systematically the person. "In Brazil, however, we appear to use each one as the other category. In a system of persons, everyone knows each other, everyone respects each other and does not go beyond one's limits, everyone knows one's proper place and remains there" (1983:183).

Rodrigues (1967) sees this personalism as a traditional negative characteristic of Brazilian society, which is still present nowadays. The negative aspect is best seen in the focusing of Brazilian public life on personalities. As Rodrigues observes, in Brazil personal feelings complicate the handling of public affairs; hence favours shown to sons, nephews, sons-in-law, friends, and friends of friends are rife in dealings concerned with matters of state.

But, "personalism" is not exclusive to political affairs, Da Matta (1983) shows that Brazilians have a powerful mechanism for handling relationships. This mechanism is the ritual of the "Do you know who are you talking to?", often used in Brazilian relations, both in words and symbols. This practice is used to make sure that the interlocutor is able to distinguish the person from the individual. As a mechanism of jeitinho, this conversion is commonly used in bureaucratic situations where everyone is identified as
an impersonal individual who is not personally recognized. Da Matta gives an example where a lady, in a hospital, was asked to take her place in the queue, and her answer was a strong "Do you know who are you talking to? I am Doctor X’s mother-in-law." According to Da Matta, it is not crucial that the interlocutor should recognize the person mentioned. The simple assertion of a possible relationship between the individual in the queue and a potentially recognizable person is enough to transfer his or her influence to that individual. In this case, the lady was not just someone awaiting her turn, but she was Doctor X’s mother-in-law, therefore she was above the others and could jump the queue. "Laws are to be applied to individuals and not to persons" (Da Matta 1983:184), or "to the individuals, the law; to the persons, everything" (1983:183).

If the ploy of "Do you know who are you talking to?", is used to distinguish the person, it is also used to impose a vertical relationship of authority. When the person using it is related to someone with more authority than the interlocutor, the relationship does not change to the personal condition but to one of submission. The routine is transformed into an instrument of authority, with an immediate response by the less-powerful. A special aspect of this device is that authority is also transferred to someone’s friends or relatives. That is a combination of personalism and respect for authority. In the example given by Da Matta, the authority of Doctor X was transferred to his mother-in-law as it could be have been to his friend, neighbour, maid, etc.

Brazilian respect for authority, considered by many as one of the oldest vestiges of rural Brazil and a product of the patriarchal family structure, is seen as on the decline. The patriarchal family is, as clearly stressed by Freyre (1963), the basic organization in rural Brazil. The first Brazilians grew up in a society where the patriarch, usually owner of a sugar plantation, was responsible for all decisions, not just of his family but also of all families related to him: workers, slaves, etc. Faoro (1975) goes further, saying that the origins of Brazilian patriarchal society are due to the typical masculine colonization of Brazil, in which the Portuguese, unlike the English and Irish colonists in North America,
came to Brazil without their wives, and established a patriarchal, polygamous and racially mixed society.

Faoro stresses another important difference between Brazilian and North American colonization. The colonists who went to the United States were searching for their own land, and went to the colony as a refuge from their bad conditions in Britain and Ireland, and also from religious persecution. The new land was seen as their own country and a motherland for their descendants. By contrast, the Portuguese colonists did not have anything to run away from. Even if Portugal was a country on the wane, their living conditions were much better there than in the colony. The Portuguese who went to Brazil were explorers rather than colonists. Their aim was to get rich as fast as they could and return to Europe to spend their wealth in Lisbon, Paris or London.

For many critics of Brazilian economic problems, their origins lie in this negative trait of immediateness and expropriation. There is no worry about the future. Brazil is simply a land to be exploited as fast as possible for wealth. Rodrigues (1967) observes that this characteristic is best exemplified by administrative corruption. Recently, the Brazilian government announced that its citizens had almost $30 billion deposited in foreign banks, hinting that part of this sum had come from continued public expropriation (Financial Times 1989:8). For Marshall (1966), Brazilian immediateness can be compared with a man who, in his anxiety to provide himself and his family with all the benefits and gadgetry of the 20th century, finds himself entangled in the meshes of finance companies (Marshall 1966:128).

In a historical book published in 1914, Alberto Torres accused Brazil of not being a nation but a land whose inhabitants lacked national unity and where exploitation and expropriation were the only communal objectives. This book marks the beginning of a movement that spread the sense of nationalism throughout the country, and nowadays has become an important aspect of Brazilian society. Brazilian nationalism is one of eloquence. In Brazil it is common to hear someone say that "God is Brazilian"; "Brazil is
the nation of the future"; "Brazil is the best country in the world", etc. This nationalism, as we described earlier, is often used as a political and economic background for changes and even for repression. The latter was clearly used by the military government during the 1970s, when to avoid more political problems they contracted advertising agencies to produce TV programmes, and short films, along with items for the print media, usually based on nationalist catchphrases, such as: "You build Brazil"; "Nobody can hold this country"; "Brazil counts on me" and also "Brazil, love it or leave it" (Skidmore 1988:111).

But if nationalism was a contrived instrumental trait, seen in a positive light, the "inferiority complex of Brazil" is seen as a negative attribute. Penna (1980) says that the best example of the Brazilian complex was the choice of Don Pedro I as the first ruler of an independent Brazil. "[This move] was needed to hide the fact that Brazil was a country of natives in an environment of tropical jungle. The Emperor had to be white with blue eyes, an heir of the European aristocracy. The Brazilian elite had to be an aristocracy of white people well-dressed and following the latest French or English fashion" (Penna 1980:155). Nowadays, this complex is expressed by what Rodrigues (1967) calls "cultural expatriation", which is a predilection for foreign objects, products, art, music, and even leaders.

The vast literature about Brazil and Brazilians also shows many other peculiarities, but beyond these 6 traits above described I would like to include just three more: optimism, belief in luck and gambling, and a combination of racial democracy and racial prejudice.

The first two attributes are closely related, for there is in Brazil an overall tendency towards optimism and boldness in thought and action, that, in Rodrigues' view, stimulates a spirit of initiative (1967:61). "Almost all business is not business, but a gamble, and the best way to acquire a fortune is through gambling and luck" (1967:64). These are negative perceptions that, as Rodrigues states, were common in the days of the Colony and Empire, but are still true today.
Brazilian racial democracy has been the subject of a great number of books, and papers and a great deal of research. However, today this is seen as definitely misleading. The Brazilian expression "In Brazil, there is no racism, our negroes know their place", clearly shows the limits of "racial democracy" (Fernandes 1969). Different authors (Marshall 1966, Fernandes 1969, Whitaker 1972) have suggested that in Brazil there is firstly, a generous definition of white ("Brazilian whites are always just as upset at being treated as non-white, as the whites in South Africa" Marshall 1966:121); secondly, the popular shame of openly admitting racial prejudice; and thirdly, a close relationship between racial and social-economic prejudice. Whitaker shows that in the Brazilian language, a black person who is poor is a *negro*, but a black person who is rich is a *mulato*, or *moreno* (mixed or brown) (Whitaker 1972:173).

So what is it to be a Brazilian?

In summary, we might identify Brazilians as: a cordial people, with a strong respect for authority (this trait was also seen in the previous section), having a typical manner of avoiding formalism and impersonal relationships (the *jeitinho brasileiro*), low concern with either the past or the future (called here "immediateness"), a mixed feeling of nationalism with an inferiority complex, a belief in luck associated with optimism, and a disguised racial prejudice.

### 3.3 Brazilian culture in four dimensions

Once again, the best way to study a specific culture is by means of a comparison of some of its dimensions with those of other societies, and for this we must again turn to Hofstede (1980). He did not state where the data was collected, but it must have been in one or more of the larger cities in the south and south-east, possibly in Sao Paulo, Rio, and Belo Horizonte, where IBM had its main offices in Brazil. Therefore, his data and findings are expected to depict the work-related values of the Brazilian urban population.
As we have seen in the previous chapter, Hofstede’s four dimensions can be used to group nations. Anglo-Saxon countries are typified by low power distance, low uncertainty avoidance, high individualism and high masculinity. Latin countries display, on average, high power distance, high uncertainty avoidance, low individualism and medium to low masculinity (Figure 2.2).

But, how uniform is this general Latin pattern?

Figure 3.1 Examples of Latin scores on Hofstede’s four dimensions

Figure 3.1 shows six Latin countries on Hofstede’s four dimensions, three European: Portugal, France and Spain and three American: Brazil, Argentina and Mexico. Historically Latin European countries had a great influence on the formation of Latin America, either through imperialism (Portugal and Spain) or through strong cultural influence (France).

The perception of the gap between the more and the less powerful, represented by the "Power Distance Index" (PDI), was relatively high for all countries. Mexico is the country with the highest index among the Latin countries (PDI=81) and Argentina the lowest (PDI=49), while Brazil has PDI=69. As Hofstede remarks, the high PDI among Latin countries may be understood as a heritage received of the Roman Empire, where the Emperor had all power and authority over the people, and where the Emperor’s will had the force of law (1984:100).
The way that a society copes with the future, represented by the "Uncertainty Avoidance Index" (UAI), shows that all Latin countries are above Hofstede's sample mean. Portugal (UAI=104) appears as the society with the highest index among the Latin countries, with Italy, (not shown in Figure 3.1) and Brazil with the lowest, UAI=75 and UAI=76 respectively. Here again, Hofstede associates these indices with the historical Roman Empire. The Roman Empire, as described by Hofstede, set an uncertainty-avoiding pattern by establishing an effective system of formal control over its territories and a unified legal system (1984:135).

The dialectic individualism-collectivism, described by the "Individualism Index" (IDV), was used by Hofstede to show a clear distinction between developed and underdeveloped countries. IDV and wealth correlated $r=.82$ with a variation determined by what Hofstede called "historical or traditional factors".

Figure 3.1 shows that France (also Italy and Belgium, not shown) had an IDV above the mean, with all other Latin countries aligning below this level; Venezuela and Colombia had the lowest index among all 40 countries, UAI=12 and UAI=13 respectively; and Brazil had IDV=38. Thus South America Latin societies are inclined to be more collectivistic than the Southern Europeans. The correlation between the 1987 GNP per capita (World Bank 1989) and the IDV of Latin countries, showed a result of $r=.90$, indicating that among them, the degree of societal individualism is closely related to the country's wealth, the more collectivistic being poorer.

The masculine or feminine behaviour of the society, represented by the "Masculinity Index" (Mas), revealed greater diversity among the Latin countries. Venezuela (Mas=73) had one of the highest indices in Hofstede's sample; and Chile (Mas=28) had the fifth lowest index among the 40 countries; while Brazil holds an intermediate position with Mas=49. This indicated that for that dimension there is no Latin unity, the Latin machismo is more a Venezuelan, Italian (Mas=70) and Mexican (Mas=69) quality than a general Latin one.
But, how far can Brazil be identified as a Latin country? Brazil has a high Power Distance Index (PDI=69), just surpassed by Mexico (PDI=81) and Venezuela (PDI=81). Further, the Brazilian 'Uncertainty Avoidance Index' is almost 19 per cent higher than the mean of 39 countries, though one of the lowest among Latin countries.

If the Individualism Index represents the degree of individualism of a certain society, the Brazilian score is comparatively collectivistic, being at IDV=38, 25% below the mean of the 39 countries (IDV=51), and within the median value of Latin countries (IDV=39). As for the Masculinity Index, although there is no Latin pattern, Brazil could be classified as being in an intermediate position, since her index of 49 is average for Hofstede’s sample and for the Latin countries.

Thus Brazil can undoubtedly be characterized as a fairly typical Latin country with high power distance, high uncertainty avoidance and low individualism. But how far does the society and its characteristics reflect this? Each dimension will now be examined in greater detail.

As discussed in the previous chapter, power distance is related to how people in a group, or society perceive and deal with inequality. In a country with a high PDI, such as Brazil, it is expected to be signified, among other features, by authoritarian governments; a high participation of military personnel in political affairs; political parties with less ideology and more charismatic leaders; a labour movement under the tutelage of the state; and a patriarchal family structure.

The first aspect, authoritarian government, is clearly seen in the analysis of Brazilian political development, and the best examples come from the period after the 1964 military-technocratic government. The less centralized and authoritarian 1946 Constitution was followed by a 1967 Constitution, with its 1969 modifications, that was designed to create a "strong government", along with a touch of democracy. As observed by Roett (1984), the 1967 Constitution further restricted the power of Congress and almost 700 towns were declared to be areas of national security and were denied the
right to hold local elections; mayors and other officers were to be appointed by the central government (Roett 1984:68).

Skidmore (1988), analysing this increasing authoritarianism, suggests that three factors contributed to it. First, there was the disorganization and opportunism of the political elite that, logically, should have comprised the opposition. Second, there was the profoundly sceptical attitude of the general public: arbitrary suspension of political rules, for example, brought a minimal response. The public, as Skidmore pointed out, disillusioned by the blunders and opportunism of the politicians, appeared to be resigned for the time being at least, to rule by technocrats under military tutelage. The third and most important factor, in Skidmore's opinion, was the attitude of the military, which had been the direct cause of President Goulart's fall and which immediately emerged as the active censor of Brazilian political life (Skidmore 1988:321).

As was seen earlier, this military participation in political affairs was not a new phenomenon in Brazilian history. In Brazil, the military had intervened on numerous occasions from 1889 onwards: in 1889, by establishing the Brazil Republic; in 1930 by deposing the "Old Republic" and giving the presidency to Getulio Vargas; in 1945, by issuing a ultimatum that forced Vargas into retirement; in 1955, in guaranteeing the inauguration of the elected president, Juscelino Kubitschek; and in 1964 by deposing President Goulart and starting 21 years of military rule.

Military meddling in politics was not only in the form of coups, but also through an effective contribution as presidents. In her 100 years of republican government Brazil has had seventeen civilian presidents and eight military ones, the latter covering more than 30% of Brazilian political history. Another special feature of military intervention in Brazilian political affairs, was that after 1889 they assumed "moderating power", an expression used to circumscribe the emperor's role after independence (1822-1889). This military "moderating power" was included in several Brazilian Constitutions. The 1946, 1967 and 1969 Constitutions, as Skidmore (1988) notices, had used similar
wording, stating that the armed forces are essential to the carrying out of national security policy, and are charged with defending the country, with guaranteeing constitutional powers and in preserving law and order (Skidmore 1988:271).

In the political context, so full of authoritarianism and military interference, politicians and their parties have assumed a special role. Traditionally, Brazilian political parties have been distinguished by their positions, rather than their ideologies. That means, the traditional parties in Brazil are in Skidmore’s phrase, the parties of the "ins" and the parties of the "outs", where the "ins" are the supporters and members of the government, and the "outs" are the members of the opposition (1986:55).

During the democratic period from 1945 to 1964, the parties created by President Vargas, PSD, and PTB were the parties of the "ins", and the UDN was those of the "outs". The National Democratic Union (UDN) originated in the struggle against the Vargas dictatorship bringing together politicians and trade union leaders who were antagonistic to the Vargas regime. It stayed "out" until 1964 when it became the "government party", the party of the "ins", with its principal leaders in many of the cabinet posts of the military regime.

The "Political Parties Statute" of 1965 abolished the old parties allowing the organization of the two new ones, the "ins", ARENA and the "outs", MDB. Following the policy of political liberalisation, started in 1977 and ARENA’s successive defeats in diverse polls, the military pressed for an "autodissolution" of the then parties and the formation of "legitimate" ones (Roett 1984:71). As described earlier, this was succeeded by the emergence of six parties, which have today grown to 15, many of them with a well-defined and fixed ideology. Among these alignments, the Workers’ Party (PT) is conspicuous for its novelty.

The founding of the PT in 1979, marks the opening of a new chapter in the history of the workers’ movement in Brazil (Lowy 1987:454). The Brazilian labour movement, provides an excellent example of the authoritarian government’s policy of co-opting
opposition forces. Roett (1984) observes that, rather than allow the growth of an independent and perhaps destabilizing labour movement, each regime since 1930 has used its power to tie labour to the government, effectively precluding the creation of an autonomous, politically active interest group to represent workers' concerns.

During Vargas' years labour unions were legally recognized, new unions were encouraged, a Ministry of Labour was created by presidential-decree, and a "paternalistic" Labour Legislation was consolidated. Vargas, who had received the nickname of "Father of the Workers", centralized all labour movements under government control, and forbade all unofficial unions and labour organizations. It was the beginning of a prolonged government domination of unions and workers. Today, although PT's propaganda says that the movement is 'the expression of the political independence of the working class and working people; a democratic, pluralist, militant party, free of all links with the dominant classes and the state', Vargas' "Consolidated Labour Legislation" and the Ministry of Labour still control all unions and labour relations.

In the previous part of this chapter, respect for authority was thought to be a declining trait in Brazilian society. The typical Brazilian patriarchal family, commended by Freyre (1963), is disappearing; not as a powerful network (this aspect of the Brazilian family will be analysed later), but as an authoritarian structure. Azevedo (1963) states that Brazilian urban families are not self-sufficient, as was the patriarchal family, and that the power of decision is also less and less centralized (Azevedo 1963:14). The typical urban, middle-class, nuclear family has, nowadays, less parental authority and high participation of all members in family decisions, even if, in many situations, the patriarch or matriarch maintains his or her symbols of dominance.

However, if this is a changing characteristic it has not yet reached the level of politics. Political parties still aspire to be "ins" and politicians still use authoritarian means to govern. Skidmore (1988) gives a good example, showing that President Sarney
announced (in 1985) that his government would not use authoritarian methods, such as the *decurso de prazo*, a default rule whereby the president sent a bill to Congress with a time-limit within which the Congress had to act or the bill was automatically passed. He also pledged not to use the power of presidential decree, which the post-1964 government had relied on as a mechanism for by-passing Congress. Despite his promises, there was nothing to stop President Sarney from using such convenient procedures if times became difficult, as he indeed did. During his five years' mandate the President used the authoritarian resources of presidential decree more than 10 times and the *decurso de prazo* on many other occasions till it was excluded from the Constitution.

The second dimension, uncertainty avoidance, as described in the previous chapter, is based on the evidence that speculation about the future is a basic fact of human life, whereby one attempts to cope, using mechanisms to control the future. Among these measures, Hofstede (1980) refers to the use of written laws, technology and religion. Brazil, as a country with a middle uncertainty-avoidance level, is expected to deal energetically with these means. Technology will be left out of this analysis, because today it is more closely related to the economic and industrial development level of the society.

Skidmore points out that there is a long dominant Portuguese and Brazilian elitist assumption that the solution to any problem generates a new written law (Skidmore 1988:57). Brazil has not only a great number of codes but a long tradition of replacing constitutions. It has had seven Constitutions in its history as an independent country. The first, which lasted for 67 year, was promulgated by the Emperor in 1822 and replaced by the Republican Constitution of 1889. In 1930, Getulio Vargas convened a Constitutional Assembly which formulated a new Constitution in 1934. This lasted until 1937, when President Vargas promulgated his own authoritarian Constitution.
In 1945, the presidential election was followed by a new Constitution (1946), the most
democratic of Brazil's "Magna Cartas". However, in 1967 the military government
declared a "new" authoritarian Constitution. This was later modified in 1969, with the
inclusion of even more autocratic articles. The completion of Brazil's late process of
political liberalization was the voting in of a new Constitution, in 1988, by a Constituent
Assembly, attended by representatives of different classes and interests.

If Brazilian written laws and Constitutions are evident instruments for coping with a
high level of uncertainty-avoidance, Brazilian religiousness is not obvious enough.
Religion in Brazil is mainly looked upon as a mystic instrument for dealing with the
present and solving people's everyday problems.

Brazilian is known as the biggest Catholic country in the world, with almost 90% of the
population categorised as Catholic. However, Brazilian faith is not so much a faith to
ensure the future, but a faith for the present. Bruneau (1982) extensively researched
religion in Brazil and he describes different groups of Brazilian Catholics. The largest
and most characteristic group, practising 'Popular Catholicism', centre their religious life
round the cult of saints (official and non-official).

This form of religion is based on an individual's relationship with one or more saints,
and it includes the making of promises and novenas, i.e., devotions lasting one or
several days to obtain a particular request through the intercession of the saint(s).
Bruneau sees this system, of making promises to saints in return for the granting of a
wish, as basically a reciprocity-relationship of the client/patron variety. The saints are
"paid" to do a service, and the results of the service are evaluated before the payment.
This Catholicism, with its deviations towards Candomble (a mixture of Catholicism and
African beliefs) views most personal problems as having a spiritual basis (Bruneau
1982:26). In this way, the saints (in the popular Catholic Church) and the gods (in
Candomble) are able to solve these problems. It is important to stress that this kind of
religious practice is not exclusive to Brazilian society, since it has been found even in European Latin countries, such as Portugal and Spain.

The third dimension, individualism, is probably the most complex of all four. As discussed in the previous chapter, it involves aspects as diverse as: the dignity of man; autonomy; privacy; self-development; political individualism (liberalism); economic individualism; religious individualism; ethical individualism; epistemological individualism; and methodological individualism (Lukes 1973). Hofstede's 'Individualism Index' was based on the concepts of autonomy and self-development.

The Brazilian individualism index (IDV=38), is below Hofstede's sample mean (IDV=51), indicating a tendency to assume more collectivist than individualistic characteristics. This collectivism can be clearly seen in the personalist trait of Brazilian society discussed earlier. It is based in the Brazilian family structure and its complex network, a social element related to the aspects of privacy, autonomy and self-development.

The family has always played an important role in Brazilian society. Even nowadays, it is the central institution of that society, no longer so because of its paternalistic, rural, self-sufficient structure but rather on account of its strength, and mainly internal cohesion (Azevedo 1963:21). This internal cohesion is exemplified in its large kinship network, called by sociologists and anthropologists parentela. This includes not just relatives on both the maternal and paternal sides, but also affines as well as individuals related by ceremonial ties of compadresco (godfathers and godsons). Azevedo observes that in many cases the compadresco relationship results from an asymmetrical arrangement of people of different status and class condition. It functions as a means of strengthening former consanguineous or affinitive ties, and of close friendship between non-kin (Azevedo 1963:8).

The existence of the family network was easily recognized by many researchers of the Brazilian family. There are descriptions of a great number of cases where people were
able to distinguish between 30 and 500 relatives, most of them in a non-consanguineous relationship. This "Brazilian family network", has an intensive influence on someone’s life. Smith (1970) in his description of the function of the family in Brazil, states that it plays an important role in several areas such as recreation, protection, mutual aid, etc. In recreation and other social activities, the Brazilian family occupies a pre-eminent position. A very large part of all leisure time is spent in the company of some members of the family. Wagley (1968) points out that Brazilian families frequently meet. Birthdays, funerals, Christmas, New Years, Easter and all other principal festival of the years are always pretexts for a get-together.

But it is in mutual aid and protection that the Brazilian family really shows its collectivist nature. In many cases the family serves not only as the most important institution of mutual aid but also as the principal agency for providing protection for its members (Smith 1970:200). Da Matta (1987) gives a good example of how the family assumes responsibility for helping its members. In 1985 a member of the government was asked about the appointment of some members of his family to take up special posts. His answer was that: "First of all, I think they are qualified for the position. If they have qualifications, if they are able to do it, they can do it. Just because they are my relatives they cannot be punished or condemned never to work" (Da Matta 1987:120).

The Brazilian position on the masculinity dimension is the most difficult dimension to be analysed here. The reasons are that since Brazil occupies an intermediate position, both characteristics of masculinity and of femininity are present. As described earlier, on the feminine side Brazilian pacifism is a trait often highlighted by sociologists and anthropologists. Pacifism is seen as a horror of tragic solutions, as an aversion to violent solutions and a strong belief in the principles of arbitration and peaceful settlement. Yet on the masculine side, violence has always been related to political repression. During the Estado Novo and during the period of office of the post-1964 military government, violence and torture were constantly used against political opponents. In 1971 Amnesty International confirmed 1,076 cases of torture in Brazil by no fewer than 472 torturers.
Yet although high, these numbers are relatively small compared with other Latin American countries. Skidmore (1988) explains that the Brazilian military regime, notwithstanding its horrors, had caused far fewer deaths that the Argentine and (probably) the Chilean military governments. The Brazilian death-toll from government torture, assassination and disappearance for 1964-81 was, according to most reliable estimates, no more than 333. The official Argentine investigative commission confirmed between 8,960 and 20,000 deaths and disappearances. Argentina had a per capita death-toll over 100 times as high as that of Brazil. It lost one citizen for every 2,647 of its population, while Brazil’s loss was "just" one for every 279,279 (Skidmore 1988:269).

3.4 Conclusion

Hofstede postulates that culture is to society what personality is to the individual - a system of values, where values are understood as "a broad tendency to prefer certain states of affairs over others" (Hofstede 1984:18). Culture and values are in Hofstede’s terms the interactive aggregate of personal characteristics that influence the individual’s response to the environment" (Hofstede 1984:21). Hence a national culture can be understood as the result of individual characteristics, national history, environmental conditions, and influences from other cultures, etc; all mixed in a crucible, called society. But that is not all, other components can be added to it to form subcultures, in a continuous process of change and exchange. For example, there is to some extent a rural culture, an urban culture and a work-related culture. Even so, it is possible to maintain that although there are apparent differences, there is a common nucleus shared by the members of the so-called national culture. It has a prevailing character, and in this chapter it has been possible to identify a historical continuity.

In short, the Brazilian culture of today may be seen as an amalgam of its different stages of development with many typically rural traits mixed with modern urban values. Traditional and/or less traditional attributes are all together reflected in the urban
practices, so often studied by Brazilian anthropologists (Da Matta 1983, 1984) which express a Brazilian social identity (Fachin 1988).

Traditional qualities are made visible by authoritarian practices such as the one represented by the expression "Do you know who are you talking to?". This, according to Fachin (1988) reveals the contradiction between the traditional authoritarian aspects of Brazilian (rural) reality and the search for an urban democratic and non-conflictual world.

Other urban practices, such as the jeitinho brasileiro, are also based on traditional values and are ritualized reflexes of the social intention to cope with formal urban dilemmas, especially the bureaucracy. The jeitinho brasileiro is possibly a legacy of the old rural collectivism. According to Da Matta, the jeitinho is a pacific and, in Brazilian society, a legitimate way to solve a problem, by invoking a casual relationship between the norm and the person who is involved (1984:99), a mechanism to personalize the impersonal.

It is common to speak of Brazil as the country of the future, but as has been said, Brazilians are essentially a people whose main concern is with time-present. Immediatism may be a consequence of high levels of uncertainty-avoidance. "Live the present, forget the past and do not worry about the future, because it is uncertain", seems to be the belief that supports Brazilian immediatism. The most quoted effect is the tendency towards makeshift and quick remedies, frequently called gambiarra in the Portuguese language. Gambiarra, as a rule, is a way of finding a quick, often cheap and non-professional solution that will bring a short-term result. The provisional remedy becomes a permanent one, and the definitive solution is always postponed (Amado and Brasil 1990). Just like the jeitinho, the gambiarra has become a legitimate means of solving a problem in Brazilian society.

Other characteristics mentioned in this chapter were: the emphasis on pacific rather than aggressive solutions; the dialectic nationalism - the "inferiority complex of Brazil";
and the tendency to create an extensive framework of rules and regulations that gives the sense of order and certainty.

In the next chapter a profile of Brazilian culture drawn from this chapter is compared with that of the English derived from Chapter 2. To support the comparison, some Brazilian and English managers were asked to talk about their perceptions of the most prevalent work-related attributes, and this small survey also gives a first insight into the possible influences of Brazilian and English cultures upon managerial decision making.
Chapter 4

Brazilian and English cultures compared

The broad sketches of the prevailing Brazilian and English cultures in the previous two chapters can now be brought together. First, their principal features are summarized in a stereotypical fashion and contrasted. Second, they are tested against and supplemented by impressions of some Brazilian and English managers who have had practical experience working in both countries.

4.1 Summary profiles of differences and similarities

So how different are the two societies of this study? Are there any common features between them? Has Brazilian society any "Englishness"? Has English society any "Brazilianess"?

Table 4.1 summarizes the previous two chapters on English and Brazilian cultures respectively. It gives the broad traits and particular characteristics of each society in comparison with the other. The table does not exhaust the qualities of each society, but insofar as it catches the outstanding features, it shows clear contrasts between the two cultures.

As defined by Hofstede (1980), power distance is related to how members of each society deal with inequalities of power. English society is typically low power distance, thus authority is not imbued with domination or submission either by those above or by those below; though conservatism perpetuates tacit acceptance of social stratification. In high power distance Brazil, however, power is seen either as an important instrument of domination or as an important instrument of submission.
Table 4.1 Summary of the main characteristics of Brazilian and English cultures (relatively speaking)

<table>
<thead>
<tr>
<th>Brazilian Culture</th>
<th>English Culture</th>
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<tbody>
<tr>
<td><strong>high power distance</strong></td>
<td><strong>low power distance</strong></td>
</tr>
<tr>
<td>political authoritarianism</td>
<td>political liberalism (but</td>
</tr>
<tr>
<td>state interference</td>
<td>deference to accepted</td>
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<tr>
<td>need for a strong lead</td>
<td>authority)</td>
</tr>
<tr>
<td><strong>high uncertainty avoidance</strong></td>
<td><strong>low uncertainty avoidance</strong></td>
</tr>
<tr>
<td>higher formalization</td>
<td>low formalization</td>
</tr>
<tr>
<td>(several Constitutions)</td>
<td>(no written Constitution)</td>
</tr>
<tr>
<td><strong>low conservatism</strong></td>
<td><strong>high conservatism</strong></td>
</tr>
<tr>
<td>immediatism</td>
<td>gradualism</td>
</tr>
<tr>
<td>risk-taking</td>
<td>less risk-taking</td>
</tr>
<tr>
<td><strong>low individualism</strong></td>
<td><strong>high individualism</strong></td>
</tr>
<tr>
<td>strong interpersonal networks</td>
<td>reserved behaviour</td>
</tr>
<tr>
<td>personalism</td>
<td>self-development</td>
</tr>
<tr>
<td>informality and cordiality</td>
<td>autonomy</td>
</tr>
<tr>
<td><strong>low aggressiveness</strong></td>
<td><strong>aggressiveness</strong></td>
</tr>
<tr>
<td>peaceableness</td>
<td>greater competitiveness and assertion</td>
</tr>
<tr>
<td><strong>low xenophobia</strong></td>
<td>xenophobia</td>
</tr>
<tr>
<td>mixture of nationalism and</td>
<td>arrogance</td>
</tr>
<tr>
<td>national inferiority complex</td>
<td></td>
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</tbody>
</table>

The histories of both societies give us clear examples of this. Brazilian history is full of totalitarianism, dictatorship, patriarchy and patrimonial leadership, where the holders of power are far above the people (Faoro 1975). English history, although it has some instances of authoritarianism, shows a comparatively long experience of forms of democracy, with members of the working classes achieving positions in government (Morgan 1988), something that rarely happens in Brazilian society.

It is not just in the perception of power that English and Brazilian people are different, they also deal differently with the future. English society, although uneasy with strange and uncertain situations, does not avoid them. The unexpected is confronted rather than avoided. This society sees the future merely as a consequence of the past and change as continuous. It does not require written laws and rules to guide it into the future.

 Brazilians, on the other hand, are uncertainty avoiding this being clearly expressed politically by their great number of Constitutions and codes of laws. Brazilian high formalization is an old trait which is cited by many students of Brazilian history (e.g.,
At the same time, Brazilian society is characterized by its immediatism. It is a society where the past is seen as something that has happened and is over and the future as something that will happen and should be dealt with when it happens, therefore the here and now is the moment to worry about.

Individualism can be seen as one of the most representative traits of English society. English individualism manifests itself as highly reserved behaviour, personal autonomy, high self-development, and liberalism. It requires each individual to guard both his own rights and obligations and, more importantly, to respect those of others, regardless of whether they are known personally or not. Hence rules may be bent but, in general, they are to be observed.

In Brazil, where collectivism overwhelms individualism, reserved behaviour is replaced by an open cordiality, a conspicuous peculiarity of this people; autonomy and self-development are replaced by strong networks that start in the family and spread to friends and relatives; liberalism is replaced by political as well as economic dependence, not just on the government, but also on powerful groups. However, Brazilian collectivism is a personalist collectivism. Brazilian society sees each member, not as an impersonal individual but as a particular person. Hence the value of a particular known person can be considered greater than the rights of individuals generally. Obligations depend upon who (the person) and when (the situation).

So there is a continual tendency to break down formal procedures and (formal) situations into informal ones. The 'jeitinho brasileiro' uses personal contacts to get things done. A Brazilian feels uncomfortable in a formal, impersonal situation or relationship, where an English person would not be affected.

The last two features that distinguish the two cultures are their degree of aggressiveness and the way that each society sees its own country. English society places much more emphasis on 'ego factors' and, in a general sense, is relatively aggressive. This links up with its relative arrogance and xenophobia (Terry 1979). In a way, the Brazilian
counterpart of these, though in an opposite sense, is an incipient "inferiority complex". Despite Brazil's size geographically and numerically, which makes it by far the largest nation in South America, Brazilians feel that good things do not emanate from Brazil, a feeling inconsistent with the simultaneous belief that Brazil is the nation of the future.

Of course, on the world scene both nations are western capitalist societies, where material consumption, property and individual enrichment are highly valued. They are also traditional Christian countries, sharing similar morals and faith.

4.2 A test of managers' opinion

These profiles were tested by talking to a small number of practicing managers who had personal experience of both societies. Brazilian managers working in England and English managers who had worked in Brazil were asked to rate their own traits and those of others. In addition, they were asked to talk generally about the characteristics as well as the good and bad qualities of each society. The objective was not to have a tightly controlled questionnaire, but a conversation to elicit further information about managers' perceptions of Brazilian and English cultural characteristics and how these were viewed as affecting managerial practices and organizational situations.

4.2.1 Sample and Methods

Methodologically, this small survey, as far as possible, set out to emulate Terry (1979). An interview schedule with six open questions and fourteen dichotomous scales was designed, based on Terry's questionnaire. The interview schedule was elaborated to encourage interviewees to talk freely about the good and bad qualities of managers from the other culture. They evaluated both the other culture and their own on fourteen cultural traits, presented in pairs of opposite statements. As with Terry's study, a five-point scale was placed between each of these statements. Statements were randomly
distributed to the left or right of the list to prevent a concentration of Brazilian or
English characteristics on just one side of the list.

The first version of the interview schedule and scales was tested with two Brazilians and
one English person, not managers but academics who had lived in both countries for
some years. These pilot tests, although limited, supplied enough material to improve the
interview schedule. The full interview schedule and scales are shown in Appendix A.

Following Terry's methodology, the scales were completed by the interviewees at the
conclusion of the interview, "to ensure that the scales did not influence the responses
during the interviews" (1979:165).

Since the cultural survey was intended to verify whether managers, from their
experience, confirmed or not the cultural attributes defined by the literature-derived
portrayals, it was necessary for the interviewees to have at least some experience
working with managers from both societies. It was also preferable for interviewees to be
senior executives in their organization and, because of the limited resources available
for travelling, located near Bradford. The initial target was to interview ten Brazilians
and ten English managers.

Through the Brazilian Embassy and the Hispanic and Luso-Brazilian Councils, one
Brazilian and seven British companies were identified with offices in the north of
England (Harrogate and Manchester areas). The British concerns were all holding
companies with one or more divisions in Brazil, and the Brazilian institution was the
English office of a large Brazilian textile firm.

It was decided that all these should be contacted and, if necessary, more companies
from the London area should be added later. In a preliminary telephone conversation of
a general nature with the chief executive's secretary, the name of an appropriate person
was identified and a letter sent. A copy of the letter can be found in Appendix A. From
this first contact, only one company declined to participate, explaining that it no longer
had interests in Brazil. From the remaining seven, one English manager was unable to arrange a suitable time for an interview and hence dropped out, but the other five agreed to participate, with one company even suggesting two managers: one Englishman and one Brazilian, to be interviewed. So, during this first stage, a total of seven managers: two Brazilian and five Englishmen, were successfully interviewed.

Further contact with the Brazilian Embassy and with The Hispanic and Luso Brazilian Councils then resulted in a longer list of English organizations that had trade with Brazil, and Brazilian organizations with branches in London. The British companies were mostly banks and holding companies, the Brazilian organizations were also banks, and public and private exporting and forwarding agents.

Using the same approach and the same letter, two English and five Brazilian companies were contacted in the London area. All companies agreed to participate, and one English bank designated a Brazilian manager to be interviewed. Because of the limited resources of travelling, and limited time, it proved impossible to reach the initial target numbers. A total of twelve interviews was achieved, six with Brazilian managers and six with English managers. Their positions ranged from senior operations and finance managers to chief executives of international divisions.

Because of the informal nature of the interview schedule and of the absence of personal or organizational questions, the twelve interviews can be described as very relaxed. With sessions ranging from 1 to 2 hours, the English interviewees felt very comfortable relating their experiences working with Brazilian managers and what they thought were the characteristics of that culture and the implications for their organizations. Since all except one had lived in Brazil for some time, they were happy to talk about Brazilian culture and people. Although they could each speak Portuguese, the interviews were in English but peppered with Brazilian expressions like the 'jeitinho Brasileiro' and 'gambiarras' already used here in Chapter 3, and others with no clear English equivalents.
The interviews with Brazilian managers tended to be longer and even more informal. Managers were pleased to talk about their experience in England and what they perceived as English culture and English traits. Most interviews lasted for more than two hours and managers tended to make more comparisons with their own culture than did the English interviewees. The interviews were in Portuguese despite the fact that the interview schedule was in English.

To conclude this section, I must comment on the consistent pattern of coffee-drinking during the interviews. Without exception, at all English interviews, coffee was brought by a secretary just as the interview started, when I was introducing myself and the research. This pre-interview coffee was used in several cases to make comments about Brazil and Brazilian coffee, thereby breaking the ice and bringing the conversation down to an informal level. With Brazilian managers, it happened in the opposite order! Coffee was not brought at the beginning of the interview, but rather at its conclusion. The interview tended to start with a general exchange of information about the length of time spent in England and general impressions about living in Europe. This was followed by the relatively longer and more detailed interview, and only then by coffee. On three occasions, these post-interview coffee sessions took place in a different room and were followed by very informal conversation about Brazil, Brazilians, English people and life in England. The after business coffee gave the impression of a friendly farewell to keep the relationship alive, whereas the English used coffee to create a brief relationship which was then brought to an end.

4.2.2 English culture as seen by Brazilian managers

English managers were described by most Brazilians as highly professional, a positive characteristic related to their ability to do what had been laid down, to follow timetables and programmes and to behave with more discipline and attainment. Greater technical knowledge and greater professional ethics were also mentioned as the typical characteristics of English management and managers.
Talking about positive characteristics, most Brazilian interviewees also mentioned English managers' decision making practices. Some said that English decisions are taken without hurry and more people are involved in the process. However, although decisions are seen as more efficient, usually the English are seen as tending to delay, rather than solve problems. This gives them more time to think and more time to enjoy their lives outside their organizations. English concern with quality of life and free time was mentioned by five out of the six Brazilians as a good quality that they tried to adopt while working in England. Other good qualities mentioned were: respect for subordinates, greater use of information, and greater ability to work in groups.

Talking about what they perceived as English bad qualities, all Brazilians mentioned their resistance to change and to innovation as the most critical. "Despite being capable and with extraordinary intelligence, most English managers tended to be inflexible even closed-minded sometimes," said one senior manager who worked in a Brazilian bank in London. "They don't like to change what works," said another one talking about the resistance of his English colleagues to accept a decision to change the layout of their London office. "The English managers did not agree with it and made a lot of noise just because we were going to change two or three walls and some desks," he added.

Most Brazilians also mentioned xenophobia and reserved behaviour as bad characteristics. One Brazilian manager who worked at the interface between Brazilian and English companies said: "They are very good in industry, but terrible in trade, because they are overbearing, always thinking that their products are the best in the world." Talking about the reserved behaviour or formalism of the English, as described by five managers, Brazilians see it as a negative characteristic but one that has no immediate effect on their managerial activities. For them, it has more effect on their pleasure in life generally. One Brazilian manager working in a British company described it as: "a very sad characteristic of this society, English people should learn how to be informal and friendly with us Brazilians, and I am sure that they would be much happier."
When asked to compare English good and bad qualities with those of Brazilians, most managers argued that Brazilians need to be more professional and efficient, whilst English managers should be more flexible and eclectic. To illustrate the differences between Brazilian and English managers one senior manager who worked in a British bank and had subordinates from both nationalities, said that he learned to use these differences in his own favour. "When I have a problem in the company that needs some innovation and creativity I usually ask one of my Brazilian managers to study it and to propose a solution. But once it is time to implement the idea, I ask an English manager. He usually follows precisely what was defined and does it."

4.2.3 Brazilian culture as seen by English managers

Brazilian management and managers were described by most English interviewees as flexible, open to new ideas, and communicative. These characteristics, also mentioned as good qualities of this society, were described as responsible for the good and friendly environment in most Brazilian organizations. "There is a friendly openness," suggested one manager who worked in Brazil for two years. "There people are free to be themselves." This manager concluded, saying that his experience in Brazil was fascinating. "There I was free to feel." Other good qualities mentioned were: hard work, personal interest in their company and job, and optimism.

When talking about bad qualities, all English managers were unanimous about the autocratic and authoritarian style adopted by many Brazilians. One English manager, amazed by what he saw during his experience as a financial consultant in Brazil, described Brazilian organizations as having, as a rule, three distinct categories of people. "At the top is the president who makes all the financial decisions. At the second level, very close to the president, are the executives who follow the president’s decisions and who are responsible for all operational and technical decisions. At the bottom, are the rest who have to follow their superiors’ decisions and try their best to put them into practice. Within each level there is a great deal of communication and friendly
relationship, but between levels the relationship is very formal, with superiors treating subordinates with total authority and disrespect, in spite of the subordinate’s respect and even deference." For this interviewee it recalled a master/dog relationship, "Superiors treat their subordinates with the same kindness that a master treats his dog, but behind this kindness there is total domination and authority."

Another negative characteristic mentioned by all English interviewees was the lack of managerial knowledge and experience of most Brazilians. Lack of good training and contact with foreigners were described as the reason for several bad practices adopted by Brazilians. "Many of them lack culture and they express this in the way they behave," said one manager. Among others they mentioned: difficulties with deadlines; decisions made without proper evaluation of risk and consequences; managers making decisions that are beyond their capabilities and authority; too much informality, especially during meetings; tendency to write too much and to go in for too many details; etc. One senior manager who worked for a large British multinational company in Brazil stated: "... Brazilian managers are not as professional as English ones. They are excessively informal, especially during meetings. They tend to jump from one subject to another and talk too much, and they are not well prepared." Two other interviewees suggested that Brazilians should travel more. "It is interesting to observe that Brazilian managers do not travel abroad. There should be more exchange with other people and they should have contact with other cultures," recommended one.

Comparing Brazilian and English good and bad qualities, the chief executive of a British holding company, responsible for large investments in Brazil, said that despite the economic problems he was confident that his Brazilian managers would fight for their company 'as best they could'. "Our Brazilian managers are incredibly hard-working people. They work much harder and are more committed to the company than any English executive in the group. Unfortunately, all this hard work sometimes tends to be inefficient and non-productive." One similarity mentioned by the interviewees is the low level of workers' participation in Brazilian and English organizations. In Brazil it is
related to the authoritarian superior-subordinate relationship mentioned above, in England to the class structure still dominant in this country. Other differences mentioned were English conservatism and Brazilian immediatism with the Brazilian capacity to cope with uncertainty. "Brazil is a typical present-oriented country," said one manager. "This is probably related to the absence of winter. They don’t need to save or to plan, just to live."

Finally, most English and Brazilian managers emphasised the Brazilian capacity to operate under terrible economic conditions. "We are unable to live with high inflation. I don’t know how they can make it," said one English manager. From the point of view of one Brazilian manager: "our ability to cope with a high degree of change, in other words our 'jeito de cintura' (a Portuguese jargon expression that reflects one’s quick-wittedness or ability to adapt easily to new situations), is what makes Brazilian managerial practice more dynamic and flexible." When making a comparison with English managers he said: "They [English managers] are unable to cope with such change and that is why they are more 'rigid' [meaning without 'jeito de cintura'], preventive and risk-averse." One English manager, responsible for reporting to the company’s board the decisions and performance of a Brazilian subsidiary, said: "Our board is very concerned by the way our Brazilian executives take decisions, especially financial decisions. In England these decisions are always based on consistent three-year plans, while in Brazil they are usually based on a six-monthly plan, most of them more speculative than tangible." In short, for most interviewees, Brazilian managers had learned to cope with the incertitudes of an unstable economy and high levels of inflation. One Brazilian manager working in a British bank as intermediary between Brazilian and English companies, gave a good illustration of what happens when managers from both societies are sitting round a table discussing the possibility of making a joint decision. "A common situation is to see, on one side of the table, Brazilians with a handful of unreliable information trying to push for a quick agreement or contract; on the other side, English managers continually asking for more and more information, forever trying to delay the final
decision, and always going back to their board for further evaluation and discussions. In the end, the Brazilians, in a hurry, go back without a deal; the English managers, not trusting the information given, lose a contract; and I, lose my commission."

Table 4.2 summarizes the most common characteristics mentioned by Brazilian and English managers during the interviews.

<table>
<thead>
<tr>
<th>Brazilian managers are:</th>
<th>English managers are:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- autocratic</td>
<td>- with strong respect for authority</td>
</tr>
<tr>
<td>- quick to make decisions but slow to implement</td>
<td>- without disrespect to subordinates</td>
</tr>
<tr>
<td>- open to discussion and conflict</td>
<td>- class oriented</td>
</tr>
<tr>
<td>- authoritarian with subordinates</td>
<td>- conservative</td>
</tr>
<tr>
<td>- flexible, creative and eclectic</td>
<td>- opposed to changes</td>
</tr>
<tr>
<td>- audacious and risk-taking</td>
<td>- slow to make decisions</td>
</tr>
<tr>
<td>- in need of more managerial knowledge and experience</td>
<td>- capable of efficient group work</td>
</tr>
<tr>
<td>- involved in too many meetings</td>
<td>- formal in personal relationships</td>
</tr>
<tr>
<td>- too informal during formal situations</td>
<td>- more ethical</td>
</tr>
<tr>
<td>- too detailed when writing</td>
<td>- more concerned with quality of life</td>
</tr>
<tr>
<td>- hard working and enthusiastic about their work</td>
<td>- not emotionally involved with their organization and job</td>
</tr>
<tr>
<td>- optimistic</td>
<td></td>
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</tbody>
</table>

4.2.4 Survey results: scales

The small number of respondents limits the analysis of the data on the fourteen scales of possible cultural traits. Figure 4.1 below is a graphical representation of the mean scores given by Brazilian and English managers on each scale and for each society.

The first diagram in Figure 4.1 shows Brazilian cultural attributes as rated by Brazilian and English managers. It can be observed that the ratings given by managers from both countries were in agreement in eleven out of the fourteen traits. There is common acceptance that Brazilians are: outgoing (item number: 1), neither [middling] arrogant nor subservient (3), moderately autocratic (5), moderately risk-taking (6), with moderate difficulty in compromising (7), radical with regard to change (8), able to cope with uncertainty (9), neither free nor bound to rules (10), inclined to see their own
country as inferior (11), present-oriented (12), and at ease in informal relations (14). English managers tended to see Brazilians as non-aggressive, lower in power distance, and less future-oriented. With Brazilians consistently rating themselves as future oriented and with high power distance.

The second diagram in Figure 4.1 shows English cultural attributes as rated by Brazilian and English managers. The diagram shows that, on average, managers agreed in eleven out of the fourteen traits. Brazilian and English respondents rated English managers as: reserved (1), non-aggressive (2), moderately arrogant (3), middling between easy-going
and strongly respectful towards those in authority (4), risk-avoiding (6), neither ready to compromise or compromising with difficulty (7), gradualist (8), needing to control the unknown (9), free within rules (10), xenophobic (11), and at ease in formal impersonal relations (14). Brazilian managers tended to see them as democratic, and past oriented. In general, English have a more extreme pattern of characteristics than Brazilians, who are more middling or moderate.

Thus both Table 4.2 and Figure 4.1 show that when asked, Brazilian and English managers tend to agree with most of the literature-derived traits discussed before. Literature and managers fully agreed in describing English managers as: gradualist, conservative, reserved, individualist, xenophobic, with respect for authority without submission, class-conscious and democratic. Managers, but not the literature on English culture, tended to emphasize the professionalism and the non risk-taking approach of the English, who are, for Brazilian managers, rather inflexible, unemotional in their relations within the organizations, sometimes arrogant and usually slow to make decisions.

As for the most typical cultural features of Brazilians, literature and managers fully concurred in describing them as: fearful of people in positions of power, more obedient to superiors, dependent on strong leaders, radical with regard to change, 'immediatist', risk-taking, collectivist, outgoing, informal and cordial, optimistic, peaceable, non-xenophobic. Managers, more than the literature, were inclined to emphasize the greater flexibility, creativity and hard-working characteristics of Brazilians, despite English managers being critical about their managerial expertise and training. Brazilian managers tended to see themselves as open to argument and discussion, but with excessive respect for those in authority. English managers emphasised their positive tendency to risk-taking but weakness in putting things into action.

Despite the general agreement, literature-derived portrayals and the pilot study did not agree in their evaluation of the ability of the English and the Brazilian to cope with
uncertainty. Hofstede (1980), and most writers of English culture, described this society as being able to cope with new and uncertain situations, with Brazil being described as a high uncertainty avoidance country. On the other hand, for Brazilian and English managers, Brazilians are capable of coping with uncertainty, while English managers are uneasy with unforeseeable situations and need to control the unknown. This difference between managers' opinions and the literature on English culture may be related to different interpretations of the concept of uncertainty.

Managers tend to relate uncertainty to risk-taking and to ambiguous decision making, especially when information and the consequences of a choice are not clearly known. Based on these concepts Brazilians, who are more risk-taking, "to the point of impetuosity" (as mentioned by more than one manager), who "tend to make decisions without enough information and without fully evaluating the consequences of those decisions" (as stated by several English and Brazilian managers), can clearly be thought of as low in uncertainty avoidance. English managers, who are seen as more risk-averse, who tend to prefer to make decisions having a clear knowledge of their consequences, can be thought of as more uncertainty avoiding.

Researchers, on the other hand, relate uncertainty avoidance to the society's capacity to cope with the inherent unpredictability of life, related to the continuity of time (Hofstede 1980). In practical terms, this is measured according to the people's need for written rules, faith, stability on the job, and strong technology. Research, based on these concepts, tends to identify Brazilians as being endowed with high uncertainty avoidance, and English people as more able to cope with uncertain situations.

The difference between the two concepts is due to the difference between what is believed and what is done. From the researchers' point of view, and Hofstede is a good example, high uncertainty avoidance Brazilian managers would tend to feel threatened by uncertain situations, and therefore they would be more likely to use greater amounts of written rules, and be less willing to take risks and accept novelties and changes. But
the reality, as seen by the managers, is different. Brazilians do tend to be more formal, in terms of the amount of written rules, but the rules are not followed, and they have to take risks in an economically unstable situation with high inflation. In fact, more recent authors (Schneider and Meyer 1992) suggest that high uncertainty avoidance people are more likely to avoid uncertainty by moving ahead fast. The higher the level of uncertainty avoidance the faster and more proactively people are expected to behave, not just in organizations but also on the road. As Hofstede observed, high-speed driving is positively related to uncertainty avoidance index (1980:180).

In this sense, Brazilian fast action and risk taking, though seen by managers as an ability to tolerate uncertainty, is actually a means of proactively avoiding uncertainty or, at least, fending it off, whilst casual English procrastination shows less anxiety about uncertainty. A difference that may have important consequences for the decision making process, as it will be discussed in Chapter 5.

4.3 Concluding profiles

In short, the views of Brazilian and English managers confirm the "culture portraits" summarized in Table 4.1 to a remarkable degree. The autocratic/authoritarian emphasis for Brazilians fits the high power distance in the table, as do their views of cordiality and informality which fit personalism, and their flexibility and openness to change which fit immediatism. In the same way, most of the culture-related features ascribed to English management are related to one or more attributes on the literature-derived portrayal. For example, gradualism and inflexibility, mentioned by both Brazilian and English managers, fit with the English conservatism described in Chapter 2. In the same way, English managers’ tendency for reserved and unemotional relationships, and greater task orientation, fit the emphasis given to individualism and self-development in this society.
The main characteristics of Brazilian and English cultures, as well the more obvious culture-related features deduced for Brazilian and English approaches to management, are summarized in Table 4.3. From this sketch of salient cultural differences the distinctive features of strategic decision making to be expected in the organizations of each society are plain to see. As has been argued, because of cultural differences concerning individuals’ relationship to authority and to the collectivity, decisions will be made under different ‘political’ and social circumstances. Further, differences in conservatism and uncertainty avoidance are expected to result in processes with different approaches to time and to innovation, with possible effects on the levels of complexity of the decision-issue. Culture-related differences regarding task-orientation, aggressiveness and optimism, are expected to influence the decisions’ outcomes and the managers’ appraisal of the decisions’ consequences and effects.

<table>
<thead>
<tr>
<th>Brazilian Culture</th>
<th>English Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High power distance</strong></td>
<td><strong>Low power distance and class consciousness</strong></td>
</tr>
<tr>
<td>authoritarianism</td>
<td>democratic</td>
</tr>
<tr>
<td>autocracy</td>
<td>deference to accepted authority, but without submissiveness</td>
</tr>
<tr>
<td>submissiveness</td>
<td></td>
</tr>
<tr>
<td><strong>Medium/high uncertainty avoidance</strong></td>
<td><strong>Low uncertainty avoidance</strong></td>
</tr>
<tr>
<td>formalization</td>
<td>low formalization</td>
</tr>
<tr>
<td>more threatened by uncertainty</td>
<td>less threatened by uncertainty</td>
</tr>
<tr>
<td><strong>Immediatism</strong></td>
<td><strong>High conservatism</strong></td>
</tr>
<tr>
<td>impulsiveness</td>
<td>gradualism</td>
</tr>
<tr>
<td>openness to change</td>
<td>opposed to change</td>
</tr>
<tr>
<td><strong>Personalism/collectivism</strong></td>
<td>rule abidance</td>
</tr>
<tr>
<td>informalism and cordiality</td>
<td></td>
</tr>
<tr>
<td>interpersonal cohesion</td>
<td>High individualism</td>
</tr>
<tr>
<td>risk-taking</td>
<td>formal and polite</td>
</tr>
<tr>
<td>more emotional</td>
<td>task oriented</td>
</tr>
<tr>
<td>Low aggressiveness</td>
<td>risk-averse</td>
</tr>
<tr>
<td>more peaceful</td>
<td>more rational in the interrelationships</td>
</tr>
<tr>
<td>more nurturing</td>
<td>Aggressiveness</td>
</tr>
<tr>
<td>Optimism</td>
<td>more competitive</td>
</tr>
<tr>
<td></td>
<td>more assertive</td>
</tr>
<tr>
<td></td>
<td>More critical assessment</td>
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</tbody>
</table>

In the following chapter, the literature on decision making is reviewed and further steps are taken towards more fully identifying those aspects of strategic decision making that are most likely to be influenced by the cultural characteristics of the two societies.
Chapter 5

Decision making and societal culture: predictions and definition of variables

Though societal cultures are fascinating in their own right, the attempt to condense those of Brazil and England is a means to another end. That end is the identification of characteristics that are most likely to influence the making of strategic decisions in organizations of both countries. In this chapter the literature on decision making is briefly reviewed, followed by an analysis of possible effects of Brazilian and English cultures upon managerial decision making, and definitions of the variables used in this research.

5.1 Different approaches to decision making

Decision making is possibly the most crucial part of managerial work (Mintzberg 1973, Oliveira 1988), and possibly one of the most challenging subjects in the field of organization theory. Perhaps, as Barnard (1938) noted many years ago and Mintzberg and Waters (1990) reminded us more recently, because decision making leaves behind few direct evidences that are hard to be traced down by researchers; or perhaps because organizations do not always make explicit decisions but rather imitate others, or make decisions incrementally with re-examination of previous decisions (Starbuck 1976). Nonetheless, in spite of all difficulties, or perhaps because of all difficulties, studies of decision making developed through the years gaining specially during the 1970s and early 1980s a great deal of popularity (Horvath and McMillan 1979).

Conceptually, studies of decision making have taken criticism of the rational model as their starting point and developed from it. First came March, Simon and colleagues (Cyert et al., 1956) who examining decision making in organizations pointed out the limitations of the rational model and the so called "economic man". As an alternative to the rational model, Simon and March and Simon (March and Simon 1958, Simon 1976) proposed an alternative "administrative man" who with his human cognitive limitations
would make satisficing decisions within limited knowledge on the decision-issue and its consequences. According to this bounded rationality approach, managers' intended rationality is bounded by human cognitive limitations, and therefore people in organizations seek to satisfice and not maximize when making decisions (March and Simon 1958:169).

While the bounded rationality approach has been recognized as providing a broader framework for the understanding of decision making and providing a breakthrough from the rational model, Simon and March based their ideas on a more or less rationally-constructed organization designed to achieve collective objectives. Although recognizing that conflicts may arise, they did not recognize that conflict may occur not because of differences in goals or differences in knowledge (which could be solved by communication), but because of individual's differences of opinion and interests.

Cyert and March's *A behavioural theory of the firm* (1963) was an advance on this, with the authors recognizing the political realities of organizations but keeping in mind the human cognitive limitations and bounded rationality. They recognize that organizational goals are often ambiguous and sub-goal differentiations are a normal part of organization structure. So decisions became recognized as made through bargaining and influence processes amongst the set of power and influence wielding units (Cyert and March 1963, Abell 1975, Pettigrew 1973). Later studies by Allison (1969) and Pettigrew (1973) extended this political approach by adding "a more Machiavellian image of organization decision making" (Butler 1990). According to Pettigrew's views "conflicts in a decision making process may arise not only as a result of differences in goals and perceptions but with regard to the transference of authority over a particular area from one sub-unit to another" (1973:22). Decisions are therefore seen as a political process, either explicitly through open and forthright discussion as in Allison's study of the Cuban missile crisis, or covertly through agenda control, behind-the-scenes coalition formation and withholding of information as in Pettigrew's study of a British retail firm. More recent studies (Eisenhardt and Bourgeois 1988) tend to push
Allison's and Pettigrew's argument even further by suggesting that although conflict and differences in goals may be inherent, they are not a sufficient condition for the emergence of politics in decision making. Examining decisions made in the microcomputer industry, Eisenhardt and Bourgeois point out that political activity is more intense when it is used by the chief executives to preserve their power, or by top managers to gain power. According to this view, decision making is a political process not because of uncertainties and differences related to the decision issue, but rather because of differences in power within the organization.

The limited rationality of decision processes was also pointed to by Lindblom (1959) who proposed an alternative model called "muddling through" or the incremental approach. The underlying assumption of this model is that managers when making decisions can cope with their limited rationality by using successive limited comparisons. In these circumstances decisions are made by small increments in disjointed processes, with the decision being arrived at by successive comparisons between the status quo and proposed marginal changes. According to Quinn (1980) "to improve both the information content and the process aspect of decisions surrounding precipitating events, logic dictates and practice affirms that [decisions] are normally best handled carefully and consciously incrementally, to make decisions as late as possible consistent with the information available and needed" (1980:22).

Going beyond Lindblom's original ideas, Mintzberg and colleagues (1976), examining twenty-five decisions made in organizations, observed that they were typically discontinuous with no simple sequence of events. According to their findings, strategic decisions were series of small choices that combined to produce the major decision processes characterized by interruptions, delays, and speed-ups.

According to some authors (e.g. Lyles and Thomas 1988, Daft 1989) the incremental approach is in fact an extension of Cyert and March's satisficing coalition approach. Together they describe how decisions are made in organizations when either problem
identification or solution are uncertain (Daft 1989). According to the contingency model introduced by Thompson and Tuden (1959) and extended by Thompson (1967), different approaches are adopted in consequence of different organizational and decisional situations. Under their framework, in situations where there is agreement regarding intended goals and where knowledge is available or believed to be available, decision making is more rational with best alternatives being adopted through analysis and calculation (decision by computation). Where knowledge is uncertain or disputed but there is agreement regarding goals, decision makers will tend to rely on intuition and judgment to choose one alternative. Decision making processes in this circumstance will be less political and more incremental with the organization taking small steps and learning through trial and error. Where knowledge is certain but participants do not agree on a common goal or intended objective, a decision will tend to be made through bargaining and coalition. The process in this situation is more political with potential conflicts and interruptions, specially during the early stages as suggested by Mintzberg and colleagues' political design decision process. Finally, where there is neither goal consensus nor certainty on existing knowledge, it is very difficult to make a decision. According to Thompson and Tuden, organizations try to avoid this situation, but if forced they tend to make decisions by inspiration with the adoption of innovative solutions that are not reached by logical means. More recently, some authors (e.g., Daft 1989) suggested imitation as another way of coping with this situation. Decisions tried elsewhere are adopted in the hope that they will work.

In short, it may be said that Thompson and Tuden with their contingency decision making framework offer a picture which explains many of the variations in decision making, yet still leave interesting questions unanswered. There is no mention of the effects of organizational structure, nor of the nature of the different interests involved in the process. There is no indication of the sources of knowledge uncertainty and divergence of goals, as the contingency framework does not include timing and the dynamics of the process.
Some questions were later answered by the so called Bradford studies (Hickson et al., 1986) in their analysis of 150 case histories of top management decision making in 30 organizations. The Bradford Studies central thesis was that strategic decision processes are the resultant not only of the organizational settings (diversity of goals and organizational design) but much more of the degrees of complexity and politicality related to each specific decision-issue (Hickson et al., 1989). Where complexity refers to the extent to which the topic is intricate involving multiple considerations and participants, and politicality refers to the diversity and influence of the various interests which participate in the process.

Describing decision making processes according to the dimensions along which they vary (and not as stages as in Mintzberg et al., (1976)), Hickson and colleagues found three modes of strategic decision making. The modes are vortex-sporadic, tractable-fluid and familiar-constricted. The vortex-sporadic mode consists of an uneven and widespread process most likely to be protracted and involving delays, interruptions and the use of a wide range of managerial devices (e.g., reports, advice). Such a process is most often related to controversial decision-issues (which have high complexity and politicality) that suck many different interests into the process. The tractable-fluid mode is related to decision-issues that are relatively simple and least political. Impediments and delays are less likely in a process that involves fewer people and fewer sources of information. The third mode, familiar-constricted, is rather straightforward (least complex, less political). Because of some diversity of opinion there could be some discontinuity and delays, but as the issue is less complex and involves less diversity of interests than the vortex-sporadic mode, the process is more restrained and narrowly channelled. (Astley et al., 1982, Hickson et al., 1986, Hickson et al., 1989 and Cray et al., 1991).

Hickson and colleagues suggest that, in spite of exceptions, decisions over certain kinds of issues were likely to result in particular kinds of processes, or rather, unlikely to result in certain kinds of processes. They suggest that decisions on any aspect of
organization itself (e.g., reorganizations, mergers) are hardly familiar enough to be held within a constricted-familiar mode. And while decisions on new products or on personnel are never tractable enough for a fluid process, decisions about inputs are relatively straightforward and have none of the vortex character which engenders a sporadic process (Hickson et al., 1986:241).

The Bradford studies paint the first broad picture of the decision making phenomenon. Yet, as Pennings (1992) notes, the researchers do not go as far as exploring the consequences of incongruous scenarios. There is also little mention of the possibility of flows between modes. As Rowe (1989) suggests, differences in the level of the management involved and the stages at which they become involved may cause the process to flow from vortex-sporadic to tractable-fluid and back, or from familiar-constricted to vortex-sporadic. Finally, and most importantly for the purpose of this thesis, there is no mention of the possibility of cultural values affecting what happens.

5.2 Societal culture and managerial decision making: how Brazilian and English cultures may affect decision making

According to the extensive and diverse literature on culture (e.g., England 1975, Hofstede 1980, Beyer 1981, Wuthnow et al., 1984, Adler 1986) people tend to behave in organizations in accordance with their own cultural values (and perhaps in accordance with the cultural values of their powerful superiors, as suggested by Beyer (1981:187)). Nonetheless, little research has been specifically focused on the effects of societal culture on decision making (among the noteworthy exceptions are: Budde et al., 1982, and Axelsson et al., 1991). As with the Bradford studies, most research has concentrated on the analysis of decisions made in one society.

Nevertheless, the potentiality of culture affecting decision making is evident, with Beyer arguing that:
"...it seems clear that decisions made in organizations can be affected in many ways by the ideologies and values of decision makers, or their perceptions of the ideologies and values of others to whom decision makers are responsive. All stages of decision processes can be affected by the ideological value premises (a) that define the problems or provide available solutions, (b) that characterize the shifting configurations of participants with interests in the outcomes of decisions, (c) that characterize the environments to which decision makers try to fit organizations, and (d) that structure decision making situations (1982:187)."

This study is based on this assumption, i.e., that decisions made in Brazilian and English organizations by Brazilian and English decision makers are affected by the ideologies and values embedded in their cultures. To begin answering the question of how far this is true, this section considers two issues: (a) what characteristics of Brazilian and English culture are most likely to shape the way that decisions are made, and (b) what implications these characteristics have for decision making.

The previous chapters on the cultures of the two societies point to those features of decision making in Brazilian and English organizations most likely to be culturally affected. These can be classified into seven aspects, i.e., the politics and politicality of the decision-issue and decision process, the complexity of the decision-issue, the interpersonal and intergroup relationships during the process (the social dimension), the timing and dynamic of the process (the temporal dimension), the nature and quality of the information used (informational dimension), the innovativeness and risk of the authorized decision, and the decisions' final outcomes.

Variables representing these seven aspects are defined in Table 5.1. The genesis of each category and the full definitions of the variables are now discussed category by category in the same sequence as they appear in the Table.
<table>
<thead>
<tr>
<th>Table 5.1 First provisional operationalization of variables</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Politicality</strong></td>
</tr>
<tr>
<td><em>Number of active interests</em> The count of the number of individuals, or groups of individuals (e.g. departments, committees, other organizations) who had influence in the process, not including any participant who although involved had not directly influenced the course of the decision.*</td>
</tr>
<tr>
<td><em>Average influence in favour</em> The mean of influence ratings of those who were favourable to the decision, minimum score: 1, maximum 5.*</td>
</tr>
<tr>
<td><em>Top manager participation</em> A rating of the chief executive’s involvement, from little (1) to a very great deal (5).*</td>
</tr>
<tr>
<td><em>Average influence against</em> The mean of influence ratings of those who were against the decision, minimum score: 1, maximum 5.*</td>
</tr>
<tr>
<td><em>Negotiation scope</em> A rating of how much negotiation and compromise there was during the process, from little (1) to a very great deal (5).*</td>
</tr>
<tr>
<td><strong>Complexity</strong></td>
</tr>
<tr>
<td><em>Rarity</em> How often decisions of a similar nature arise (measured as frequency).*</td>
</tr>
<tr>
<td><em>Radicality of consequences</em> A rating of how great a change the decision was intended to make, from little (1) to a very great deal (5).*</td>
</tr>
<tr>
<td><em>Endurance of consequences</em> How far ahead people looked when making the decision (measured as number of years).*</td>
</tr>
<tr>
<td><em>Seriousness</em> A rating of how serious would it have been if things had gone badly wrong, scale: not very serious (1), quite serious (2), very serious (3) extremely serious (4), and catastrophic (5).*</td>
</tr>
<tr>
<td><strong>Social Dimension</strong></td>
</tr>
<tr>
<td><em>Overall informal interaction</em> How much discussion and toing and froing took place, in addition to pre-arranged meetings, from little (1) to a very great deal (5).*</td>
</tr>
<tr>
<td><em>Informal interaction in breaks</em> How far people continued chatting about the decision during breaks in the working day, from never (1) to very often (5).*</td>
</tr>
<tr>
<td><em>Informal interaction off job</em> How far people continued chatting about the decision after normal working hours, from never (1) to very often (5).*</td>
</tr>
<tr>
<td><em>Meetings’ completion</em> How far meetings followed and finished the agenda, from never (1) to very often (5).*</td>
</tr>
<tr>
<td><em>Meandering during meetings</em> How far meetings meandered before becoming decisive, from never (1) to very often (5).*</td>
</tr>
<tr>
<td><em>Interpersonal facilitation</em> How far the right people knowing each other personally beforehand helped in coming to a decision, from not at all (1) to a great deal (5).*</td>
</tr>
</tbody>
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continued
Table 5.1 First provisional operationalization of variables (continuation)

**Temporal Dimension**

*Duration* The length of time from the first identifiable action which began movement towards a decision, to the moment when implementation was authorized or, in some cases, when the implementation began.

*Occurrence of gestation* A dichotomy, 'Yes=1', 'No=0', assessed by the researcher, based on the informants' description of the processes.

*Disruption* A rating of how far the process was interrupted by delays or periods of inactivity, from never (1) to very often (5).

*Perceived pace* A rating of how rushed was the decision, from not at all (1) to a great deal (5).

**Informational Dimension**

*Information effort* How far steps were taken to obtain information.

*Information diversity* The count of the variety of sources of information used (e.g., plans, internal documents, personal knowledge).

*Information sufficiency* What further information would have been desirable within the limits of what it would have been possible to know at the time.

**The Authorized Decision**

*Decision innovation* A rating of how novel was the decision, from little (1) to a very great deal (5).

*Organizational innovativeness* An indication of the extent to which decisions, in general, in the organization are highly novel, from not at all (1) to a great deal (5).

*Risk* How risky was the decision, from not at all (1) to a very great deal (5).

**The Final Outcomes**

*Goal achievement* How far the final outcome succeeded in achieving what had been intended, from little (1) to a very great deal (5).

*Propitiousness* How far there were unexpected advantages in consequence of the decision, from not at all (1) to a great deal (5).

*Disturbance* How far there were unexpected disadvantages, from not at all (1) to a great deal (5).

*Successfulness* Taking everything into account, how far the decision was perceived as an overall success, from not at all (1) to a great deal (5).

5.3 Predicted effects of Brazilian and English cultures on the politicality of the decision

Strategic decision making has been described as a political process with participants competing over what are often conflicting views (Astley et al., 1982). But not all
decisions are politically intensive. The politicality of a decision, or the degree to which influence is exerted through a decision-making process (Hickson et al., 1986:59), depends first on the diversity of the interests involved (Thompson and Tuden 1959), and second on the dispersion of power within the organization (Eisenhardt and Bourgeois 1988). Therefore, in a situation of relative consensus, the decision-making process will be less political, with participants adopting more collaborative rather than competitive behaviour. Whereas in a situation of diversity of ends, where the selection of one solution means the exclusion of others, the decision-making process will tend to be more political with greater emphasis on bargaining and compromise (Thompson and Tuden 1959).

Underlying this is the power that different participants can bring to bear upon a decision issue (Butler 1991:61). In a situation of concentration of power the influence in the process tends to be unilateral and the selected goal will be that of the dominant elite (Hage 1980). In a situation of dispersion of power and decentralization of participation the process will tend to be more political with greater negotiation and influence.

In a cross-cultural perspective, the differences in the politicality of a decision-making process between two societies may depend mainly on the cultural differences regarding relationships with authority and relationships between participants. On one hand, goal consensus is predicted to be greater in societies that emphasise trust in others and group relationships, and less in societies where the emphasis is on autonomy and personal achievement. On the other hand, dispersion of power is predicted to be greater in societies where inequalities are minimized and authoritarianism is avoided, and less (greater concentration) in societies where the culture encourages inequality in the relationships with authority.

Therefore, high power distance Brazilian managers are expected to make centralized decisions with just a small number of participants being actively involved in the process. Decisions are predicted to be made and authorized by interests from the highest ranking
with little involvement of those from lower levels in the organization’s hierarchy. Respect for those in authority, and commitment to those known personally will result in subordinates sustaining the decisions made by their superiors. Opposition, when it happens, is predicted to be related to collective rather than to individual interests. This centralization, restricted participation, and goal consensus, is predicted to result in a process with little or no bargaining and negotiation, little or no dispersion of influence and consequently less politicality.

On the other hand, low power distance English managers are expected to make decisions through relatively decentralized processes, encompassing more committees. Because of class deference, those committees are predicted to have the participation of managers from different divisions but not of lower level personnel. Autonomy, and self development will result in participants being more concerned with furthering the sectional interests of the (impersonal) organizational subunits which they represent, with the decision being subject to diverse and sometimes conflicting views from the various interests which are participating. The process as a whole is predicted to be more political, with more bargaining and greater influence being exerted.

5.3.1 Politicality variables

These effects of Brazilian and English cultures are expected to be shown in the five politicality variables defined in Table 5.1 which are primarily concerned with the dispersion of participation and influence of interest units involved in the process (the definitions of all variables are given in the Table).

The first variable is the number of interests actively involved, a simple count of those which took part, both internal and external, such as the chairman, president, chief executives, managing directors, board members, senior managers, holding company, collaborating organizations, suppliers, etc. The impact of these interests is indicated by ratings of their influence on a five point scale from "a little" to "a very great deal". There
are both the influence in favour of the decision, and a further variable indicating the pressure brought to bear, the involvement of the organization's top manager. In high power distance Brazil decisions are predicted to be centralized by those at the top who exert intensive influence in favour of the decision. In low power distance England, because of the strategic nature of what is under decision top managers are also expected to be significantly involved in the process, but greater dispersion of involvement is predicted to result in varying distributions of influence among the interests in favour.

There may also be some influence from interests who do not agree with what is being decided. Opposing interests will result in a more political and contentious process (Hickson et al., 1986, Heller et al., 1988). Thus the influence against the decision is another important aspect of politicality and one which is predicted to show a clear distinction between high power distance-collectivist Brazilian decisions and low power distance-individualist English ones. On the Brazilian side greater group identity of interests is expected, and even when there is contention it is predicted that those opposing the decision will not have enough power to influence the process. On the English side, greater individualism is predicted to result in greater diversity of views among interests, with any which are opposed expressing their view more openly and actively.

When the interests are distinct or opposing then bargaining and negotiation may complicate the process. The negotiation and compromise that results is one of the central dynamics in decision making (e.g., Pettigrew 1973, Mintzberg et al., 1976). It is politicality in action. Therefore the negotiation scope of a decision is predicted to reflect the culture differences of the two societies regarding power distance and relationships between participants. English decisions are predicted to be more contentious with a great deal of room for negotiations. Brazilian decisions, on the other hand, are expected to have less scope for negotiation, with high power distance managers using their authority to settle any eventual differences.
5.4 Predicted effects of Brazilian and English cultures on the complexity of the decision

The complexity of a decision refers to the extent to which the topic that engages the decision making is intricate (Astley et al., 1982:360). This, according to those researchers, "may be due to ambiguity over what is being done, or to the many-sided nature of prevailing issues, or to the uncertainty of the consequences involved in embarking upon a particular course of action". Theories allowing for non-rational behaviour recognize the difficulties of coping with the uncertainty of complex decisions and suggest how organizations and decision makers cope or avoid this uncertainty. According to Cyert and March (1963) organizations avoid uncertainty by focusing on short-term feedback, and by arranging long term contracts to stabilize inputs from their environment.

More recent studies (e.g., Schneider and Meyer 1991, Dutton and Jackson 1987), suggest that organizations faced with uncertainty may respond actively (proactive behaviour) or passively (reactive behaviour). Behaviour is proactive, suggest Schneider and Meyer, when actions are taken to effect change, and reactive when organizations simply respond to change (1991:307). "Organizations under more threat are more likely to be active than passive, proactive vs. reactive, to engage in risk-taking behaviour, to diversity activities, and to focus actions internally" (Schneider and Meyer 1991:308).

These perceptions and interpretations are not, as Waddock and Isabella (1989) say, dependent on some objective amount of uncertainty, but on the way in which uncertainties are perceived within the organization. As Duncan (1972:325) has shown, some individuals have a very high tolerance for ambiguity and uncertainty and they perceive situations as less uncertain than others with lower tolerances. These individual differences in the perception of uncertainty are related more to cognitive (personality) process variables than to perception of environmental conditions, suggested Downey et al., (1977) after testing four sources of variability of 51 managers' perception of uncertainty.
Hofstede therefore suggested that if perceptions of uncertainty are affected by personality variables, "it is more than likely that they will also be affected by cultural variables" (1980:157). So, it is expected that culture differences regarding uncertainty avoidance will result in different interpretations and responses to strategic issues. Therefore, the predictions are that higher uncertainty avoidance Brazilians are more likely to perceive strategic issues as threateningly radical, and decisions as more consequential to their organizations. While lower uncertainty avoidance English managers will perceive strategic issues and decisions as a more normal element of their managerial activity.

In addition to any such effects on the consequentiality of the decision, culture differences regarding conservatism/immediatism are predicted to affect the rarity of Brazilian and English decisions. A few empirical studies of innovation have suggested that the value placed by top managers on novelty plays a critical role in an organization's introduction and adoption of innovative decisions (Mohr 1969, Hage and Dewar 1973). Since they are more likely to act quickly, immediatist Brazilian managers are more likely to initiate and support decisions that are novel to their organizations, compared to more conservative ones. In line with this argument is Sturdivant and colleagues' (1985) suggestion that conservative managers tend to show greater preference for tradition and cautious behaviour, and resistance to change. Transposing this argument to the societies in this study, it is predicted that relatively to the more conservative English, immediatist Brazilians will initiate more decision-issues that are novel to them and to their organizations.

5.4.1 Complexity variables

Following the Bradford Studies, complexity is described by variables which indicate the rarity and the consequentiality of what is under decision (Hickson et al., 1986).
As in those studies, the variable *rarity* is the frequency with which similar decisions recur (Hickson et al., 1986:35), a frequency expected to be affected by immediatism or conservatism as argued above.

"The most strategic of the topics are also likely to carry greater commitment and consequences" (Hickson et al., 1986:37). In this study, three variables are used to indicate the level of consequentiality of the topic of decision. First, *radicality of consequences*, how great were the intended changes in the organization. Second, the variable *endurance of consequences*, measured as the (longest) length of time (in years) the consequences of the decision were anticipated to prevail. Finally, *seriousness of consequences*, the significance of a wrong decision to the organization. On all these variables, Brazilians are expected to show higher scores, i.e., to be more radical, to find reassurance in assuming predictable long term consequences, and to see decisions as bigger and more serious compared to the cautious English.

5.5 Predicted effects of Brazilian and English cultures on the social aspects of decision making processes

Interaction has been described as the very essence of decision making (Hickson et al., 1986). The whole process of managerial decision making is based on the exchange of information, knowledge and influence through talks in meetings, around the office desk, on the telephone, over tea, over meals, or wherever those involved in the process have the opportunity to meet and talk. Interactions may happen both formally, following the communication systems specified by the organization structure, for example board, committee and working groups meetings; and informally in more casual forms of contact.

According to Simon (1976:160) and to March and Simon (1958:168) no matter how elaborate a system of formal interaction is set up in the organization, this system will always be supplemented by informal channels. Informal interaction develops side-by-
side with formal ones, and the use of either channel tends to reinforce the use of the other. The possible reasons for the predominance of one pattern over another are diverse. Hage (1980) mentions among others: the level of uncertainty of the decision-issue, the mechanical or organic character of the organization, and the concentration of specialists involved in the process.

Simon (1976) suggested that patterns of interaction are related to personal motives and attitudes. Informal interactions are built around the social relationships of the members of the organization. "Friendship between the individuals creates frequent occasions for contact and 'shop talk'" (Simon 1976:160). In other words, the pattern of interaction in a decision making process is, perhaps, influenced by the degree of interpersonal cohesiveness between those involved in the process. Early studies of group processes see group cohesiveness as the resultant of forces acting on the members to remain in a group (Festinger 1950:164), for instance, as Back (1951) suggests: personal attraction, the prestige of being a group member, and the task itself. "Members of high cohesive groups are cooperative, friendly and generally behave in ways designed to promote group integration, whereas low-cohesiveness group members behave much more formally and independently" (Shaw 1971:197). Moreover, in groups with a great deal of interpersonal cohesiveness group members tend to intensify the informal communication system as well as interpersonal influences (Hackman 1975, Butler 1981, Zaccaro and Lowe 1988). Cohesiveness affects the quality and quantity of interaction (Lott and Lott 1961), the pressure toward group uniformity (Festinger 1950), and the overall performance of the group (Janis 1972, Hackman 1975).

The quality of interpersonal interaction is therefore very sensitive to the power distance, individualist, and immediatist elements of culture. Mallory and colleagues (1983) suggest that patterns of interaction may be related to different national decision-styles. Comparing decisions made in American owned organization with others made in British owned ones, those researchers noticed that in the American organizations there was a tendency for more informally assembled working groups in quicker decisions while in
the British organizations the tendency was for more formally elaborated and defined standing committees in slower processes. Whilst Axelsson and colleagues (1991), though finding Swedish processes to take even longer than the British, did not find any significant difference in their patterns of interaction.

In this study, because of the cultural differences regarding individual relationships and group support (Brazilian personalism and English individualism) patterns of interaction and the social features of decision making processes are expected to exhibit distinctive characteristics. It is predicted that "personalist" Brazilian managers with greater emphasis on personal face-to-face relationships, and group-centred concerns, will act with greater mutual positive attitudes, informal communication and interpersonal facilitation. Whereas English decision makers, more individualistic, are predicted to be more task oriented and, possibly, more concerned in getting (individual) reward for their performance. Their decision processes are, therefore, expected to be less oriented towards interpersonal relations with less informal interaction and interpersonal facilitation. Differences are also expected to occur in the ways that scheduled (formal) meetings are run. More task oriented English decision makers are expected to follow standardised procedures (agendas, minutes, etc), while Brazilians are expected to run even scheduled meetings more informally as a continuation of their more intensive informal interaction.

5.5.1 Social dimension variables

Three aspects of social dimension are included: informal interaction, behaviour during meeting’s, and interpersonal facilitation. Informal interaction is divided between the total level of interaction outside scheduled communication channels (pre-arranged meetings), indicated by the variable overall informal interaction; the level of casual interaction during breaks in the working day, over coffee, lunch, etc, indicated by informal interaction in breaks; and the level of informal interaction outside "normal" working hours indicated by informal interaction off-job. It is predicted that Brazilian
decision processes will show more intensive informal interaction overall and both on and off the job.

Two variables are used to expose the levels of "informalism" during scheduled meetings. The variable *meetings' completion* indicates how far meetings where the decision was discussed and/or authorized, followed and finished the agenda. The variable *meandering during meetings* indicates how far the meetings circled around and strayed from their intended agendas. It is expected that the English will be both more restrained and more businesslike.

Finally, to measure how far the process was benefited by the participant's mutual personal familiarity, the variable *interpersonal facilitation* was included. This attempted to ascertain whether movement towards a decision was "oiled" by "who knows who", that is by personal relationships between crucial participants. It is predicted that in Brazilian decisions such interpersonal relationships are more likely to play an important role in facilitating the conclusion of the process, either through direct group influence or through access to resources and information.

5.6 Predicted effects of Brazilian and English cultures on the temporal dimension of decision making processes

Time has always been a crucial factor in organizations; it has been said that "time is money", "time is a scarce resource" (Mallory 1987) and, according to Mintzberg (1989), time is crucial in virtually everything that managers do. In strategic decision making processes, the most obvious aspect of time is the duration of the process, i.e., the chronological time that it takes to arrive at a conclusive choice (Hickson et al., 1986). Moreover as Mintzberg and colleagues (1976) found, strategic decisions are profoundly influenced by dynamic factors. They are stopped by interruptions, delayed and speeded up by timing responses, and forced repeatedly to branch and cycle.
According to Mallory (1987), faster decisions happen in response to managers' perception of time pressure. "Maybe it is because when managers are pressured for time they react to those pressures by perceiving themselves to be moving at a faster pace and do indeed move faster against the clock" (1987:240). But when the pressure is off, the pace and speed of a process are more affected by other variables specially those related to the search for information (Mallory 1987) and to conflict (Mintzberg et al., 1976, Hickson et al., 1986).

Other empirical studies (Eisenhardt 1989, Judge and Miller 1991) have shown that fast decisions are fast because decision makers try to be "efficient" in their use of time. And to be "efficient" is to respond selectively. "For example, they [the time-efficient decision-makers] seek advice from the best sources but not from everyone, and they develop multiple alternatives but analyse them quickly in comparison" (Eisenhardt 1989:572).

According to those researchers, fast decisions (both in pace and in duration) are fast in response to managers' intentions to make them fast. Fast decisions are seen not only as related to higher performance but also to a positive managerial approach and competitive advantage.

In short it seems that faster decisions are related to the decision makers intentions to make them faster, and by doing so they are putting, as Mallory suggests, greater time pressure on the process and, as Eisenhardt and Judge and Miller suggest, are acting more time-efficiently. Transposing this to a cross-cultural analysis it could be expected that decision makers from a more conservative society would prefer more cautious behaviour with decision processes moving less quickly and decision makers failing to seize initiatives or delaying to avoid hasty judgments. Therefore, it is expected that relative to the Brazilians, more cautious English decision makers will put less time-pressure on the process, take longer in their evaluation, and delay more frequently to give themselves more time. On the other hand, immediatist Brazilians are expected to create a great deal of time-pressure, and to make decisions by comparatively shorter processes with less time spent in consideration of alternatives, and to brook no delays and interruptions.
5.6.1 Temporal dimension variables

In this study the temporal dimension includes not only the chronological duration of the process, but also its flow and the decision makers' perception of pace. Four variables are included: process duration, occurrence of gestation, disruption and perceived pace. The first, process duration, is the chronological time from the first identifiable action which began movement towards a decision (e.g., when a report is commissioned or the idea is crystallized into a topic for discussion in a meeting, etc) to the moment when the action to implement a decision is authorized.

Occurrence of gestation is any time from first recognition of a problem, or opportunity, during which nothing is done that begins movement towards a decision. It precedes, but may merge into process duration. The third variable, disruption, was included to assess how far and the reasons why the process was interrupted or delayed once it had begun.

Clark (1982) and latter Mallory (1987) have suggested that in organizations individuals perceive time as a relative, not absolute, measure of streams of events. According to this view individuals perceive an event to be faster or slower in comparison to previous experiences and previous events. In this study a variable of perceived pace is included to evaluate the decision makers' perception of the speed of movement towards a decision in the sense of how rushed they felt it was.

5.7 Predicted effects of Brazilian and English cultures on the informational dimension of decision making processes

From a classical decision theory point of view, information is the lifeblood of decision making, it is gathered and used because it helps make choices. The model of March and Simon (1958) suggested bounded rationality, because of human limited capacity of information processing. Before information can have an impact it must both reach and be processed by the relevant decision makers. This means that the information must not only be available to users but must also be understood, believed and acted upon.
Some authors (e.g., O'Reilly 1982 and 1983, March and Sevon 1988) have pointed out that decision makers tend to be biased in their procurement and use of information. O'Reilly (1982) in a direct test of the impact of accessibility and quality of information on information source use, noticed that although decision makers recognized information sources of high quality, they used sources that provided lower quality information but were more accessible. Similar effects are mentioned by Eisenhardt (1989) who suggests that because of self imposed time-pressure decision makers may seek information from what they see as the best sources but not from everyone. O'Reilly (1983:118) explains these results in terms of the costs involved in obtaining information from less accessible sources. "Given that the decision makers were under time constraints and subject to numerous interruptions, it may have been that they were simply unable to seek out higher quality information when it came from less accessible sources". Decision makers tend to use readily accessible real-time information instead of more elaborated planning information.

This bias towards accessible information also reflects in managers’ strong preference for oral as opposed to written information. Mintzberg (1973) has shown that managers typically prefer short, oral reports to longer written ones. Interestingly, O'Reilly (1983:118) suggests that when obtaining information in this manner, managers may judge the validity of the information, not on the facts of the matter, but on the credibility of the source. According to O'Reilly (1983:119), "this may lead to the acceptance of a piece of information as 'true' or 'false' depending on how much the recipient trusts the sender".

Several empirical studies of decision making (e.g., Mallory 1987, Eisenhardt 1989, Axelsson et al., 1991) have suggested that the amount or nature of the information used during the process is one of the most powerful explanations of faster decision processes. Mallory argued that the deeper and harder that decision makers search for information the longer the process (1987:234). Eisenhardt, as mentioned above, suggest that faster decisions are related to the use of readily accessible real-time information, whereas
slower decisions are related to the use of more elaborated planning information. Axelsson and colleagues, comparing decisions made in Sweden with those, from the Bradford Studies, made in Britain, suggested that longer decisions in Sweden are related to the Swedish tendency to gather more information and to have more sources of information involved in the process.

In this study it is predicted that because of the cultural differences regarding immediatism/conservatism Brazilian decision makers will push decision making along as fast as possible and doing that they will cut short the information search by obtaining inputs from fewer and more accessible sources. Brazilians are most likely to be satisfied with the amount and nature of the information so obtained.

In England, relatively cautious managers are expected to be more careful in the making of decisions. Because they are less likely to feel under time constraint they will tend to delay the process to search for information from a greater variety of sources and with more elaborate search methods. In spite of this, their caution will make them comparatively sceptical about the adequacy of the information obtained.

5.7.1 Informational variables

In this study the search for and use of information is assessed in three ways: information effort, that assesses how difficult was the access to the information used; information diversity, that assesses how many sources of information were drawn upon (e.g. plans, internal documents, personal knowledge); and information sufficiency, that assesses the managers judgement of how adequate was the information used.

5.8 Predicted effects of Brazilian and English cultures on the authorized decision

While empirical work has tried to describe the processes either according to their sequence of events (Mintzberg at al., 1976), or according to the dimensions along which
the processes vary (Hickson et al., 1986), little attention has been paid to the conclusion of the process in a decision or to the outcomes of that decision. In the following two sections the analysis of predicted effects of Brazilian and English cultures moves from process to its results. It is concentrated on those aspects that are most likely to show clear differentiation between decisions made in the two countries.

The making of strategic decisions is often described as that process which results in the choice among alternative courses of action (Taylor 1965), some more innovative than others. Damanpour's (1991) meta-analysis of the relationships between organizational innovation and 13 of its potential determinants concluded that its most important determinants are the characteristics of the organization structure and "technocratization" or the presence of a technical group in the organization. But also important is the extent to which managers or members of the dominant coalition are in favour of change. He argued that manager's favourable attitude toward change leads to an internal climate conducive to innovation. Hage and Dewar (1973) in their analysis of predictors of innovation, found a .60 correlation between the values of the top executives and the occurrence of innovation. According to those researchers:

"elite values relative to change are slightly stronger predictors than complexity, the strongest predictor among the structural variables, supports the view that elites are not totally determined by the kind of organization they lead, but are able to manipulate their organizations, at least for innovation" (Hage and Dewar 1973:287).

Examining the opposite effect, i.e., the effects of managers' conservatism, Wilson (1973) and later Sturdivant and colleagues (1985) suggest that conservatism is positively related to anti-innovation and negatively related to seeking. In Wilson's and Sturdivant et al's contrasts of conservatism with liberalism they suggest that "a liberal attitude has the structure of preferring new things, change and innovation" (Wilson 1973:73), whereas "conservatism is manifested in resistance to change, a preference for tradition and cautious behaviour" (Sturdivant et al., 1985:31).

*It is predicted here that because of their conservatism, English managers will tend to show a greater disposition towards being moderate and cautious. They are expected to show greater*
resistance to innovation, taking decisions that are less novel and more traditional. Managers and administrators from a "society of individuals" will prefer a risk-narrowing strategy with the selection and authorization of decisions that involve less chances of loss or failure (Douglas 1985). Brazilians, on the other hand, are predicted to be biased towards new things, change and innovation. When making decisions Brazilian executives are predicted to be more welcoming of innovations and changes. Because of the greater cultural group support (personalism) in Brazil, they will more easily take risks, making decisions that involve greater chances of loss or failure.

5.8.1 The authorized decision variables

In this study this choice, or authorized decision, is examined in two of its aspects: innovation and risk. These among many possible aspects of an authorized decision are the ones that are most likely to be influenced by the cultural differences between the Brazilians and the English. Following previous studies (Aiken and Hage 1971, Hage and Dewar 1973) innovation here is defined as the adoption of a solution that was new for the organization. It did not have to be new for other organizations, nor an invention. It had only to be new for the organization where the decision was being made. The variable decision innovation indicates how novel was the authorized decision for the organization. But then how far is this typical of the organization in general? Did the decision occur in a normally innovative context, or not? The variable organizational innovativeness is included to assess this.

A variable of risk is included to assess the chances of loss or failure involved in the decision. It is predicted that Brazilian decisions will show higher scores on all these three variables, being more innovative in more innovative organizations with greater risks taken.
5.9 Predicted effects of Brazilian and English cultures on the final outcomes

Traditionally decision's outcomes have been described exclusively according to the extent to which the problem that evoked the decision was solved or opportunities were taken. Just recently, studies on decision's success or decision's effectiveness (e.g., Rodrigues 1980, Butler et al., 1992) began to consider other outcomes not immediately related to the attainment of specific decision's goals. Rodrigues (1980), for example, comparing decisions made in public and private organizations, noticed that not all consequences of a decision were related to the problem or opportunity which evoked the decision making process. There were a set of events which could be called unexpected outcomes. These were both positive outcomes which were defined as unforeseen advantages exposed by the decision process, and negative outcomes, or unforeseen problems.

The determinants of different outcomes are diverse and inconsistent. Rodrigues (1980) argues that in public organizations the effectiveness of a decision process is mostly affected by who was involved, the direction of influence and agreement. Close involvement of top managers tends to result in increased disagreement, and less successful decisions, with more unexpected problems and fewer unforeseen advantages. Effective decisions in the public sector were related to a greater diversity of participation, particularly of specialists from different departments. Whereas in business organizations it seems that the outcomes of the decision are less influenced by the politics of the process and more determined by the resources and information available. In these organizations neither top managers' influence nor disagreement had any strong effects on the effectiveness of the process, while the more resources and information available the greater the chance that opportunities were taken up and that goals were achieved.

Having said that, how far may the contrasts in Brazilian and English cultures affect the outcomes of a decision? These transcend any differences in ownership, for instance.
since they apply to all forms of organization in each society, though this assumption needs checking empirically as will be done later in this thesis. *It is presumed that because of cultural differences regarding task-commitment (Brazilian lower masculinity) and the other predicted characteristics of Brazilian processes (centralization, top manager involvement, group cohesiveness, low use of information) and of the authorized decision (high innovation and risk), Brazilian decisions will be less likely to succeed in achieving their intended goals. Also, more novel and risky decisions, made in less controlled processes and with less information, are more likely to give rise to unexpected outcomes both positive and negative.*

The English tendency for more caution, combined with their greater diversity of participation, more use of information, less risk-taking and perhaps a more structured and controlled process suggests that decisions are more likely to be relatively efficacious, achieving their aims and resulting in fewer unexpected outcomes.

Finally, given Brazilian optimism, emotional involvement with the organization and colleagues, and the social nature of their processes, Brazilians are likely to be more positive in their personal (subjective) evaluation of the success of the decision. While cautious English decision makers, less involved either emotionally or personally in what happened, are likely to be more critical in their evaluation.

### 5.9.1 The final outcomes’ variables

Following Rodrigues (1980), three aspects of outcomes are measured: intended achievement, unexpected outcomes, and overall success. The first concept, intended achievement, assumes that a decision is made with some aims in mind, however "fuzzy" these may be. The variable *goal achievement* assesses the degree to which these aims were attained. The second concept, unexpected outcomes, is based on the assumption that sometimes opportunities and problems may be brought about by the making of the decision which were not thought of beforehand (Rodrigues 1980:53). The variables
**propitiousness** and **disturbance** assess the degree to which opportunities and problems arose unexpectedly due to the making of the decision. The final concept, overall success, is based on the assumption that the evaluation of managerial processes are bound up with both individuals’ and organizations’ goals and experiences (Cyert and March 1963, Hedberg 1981, Levitt and March 1988), and that these lead to an overall view with hindsight which is a useful retrospective evaluation. The variable **perceived success** was included to assess the decision makers personal evaluation of the decision’s success.

*In accordance to the predictions above, English decisions are expected to show higher scores on goal achievement, and lower scores on the other three variables.*

**5.10 Summary**

Table 5.2 presents a list of the predicted effects of Brazilian and English cultures on all variables included, as they have been argued in this chapter, as well as brief indications of the cultural attributes from which these predictions mainly derive.
Table 5.2 Predicted effects of Brazilian and English cultures on variables of strategic decision making

<table>
<thead>
<tr>
<th>Dependent Variables</th>
<th>Brazil</th>
<th>England</th>
<th>Main cultural reasons for predictions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Politicality</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of active interests</td>
<td>Higher</td>
<td>Br: high power distance; Eng: low power distance</td>
<td></td>
</tr>
<tr>
<td>Average-influence in favour</td>
<td>Higher</td>
<td>Br: personalism; Eng: low power distance</td>
<td></td>
</tr>
<tr>
<td>Top manager participation</td>
<td>Greater</td>
<td>Br: high power distance; Eng: class bound</td>
<td></td>
</tr>
<tr>
<td>Average-influence against</td>
<td>Higher</td>
<td>Br: high power distance; Eng: low power distance</td>
<td></td>
</tr>
<tr>
<td>Negotiation scope</td>
<td>Higher</td>
<td>Br: high power distance; Eng: low power distance</td>
<td></td>
</tr>
<tr>
<td><strong>Complexity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rarity</td>
<td>Higher</td>
<td>Br: immediatism; Eng: conservatism</td>
<td></td>
</tr>
<tr>
<td>Radicability of consequences</td>
<td>Higher</td>
<td>Br: immediatism; Eng: conservatism</td>
<td></td>
</tr>
<tr>
<td>Endurance of consequences</td>
<td>Higher</td>
<td>Br: high uncert. avoidance; Eng: low</td>
<td></td>
</tr>
<tr>
<td>Seriousness</td>
<td>Higher</td>
<td>Br: high uncert. avoidance; Eng: low</td>
<td></td>
</tr>
<tr>
<td><strong>Social Dimension</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall informal interaction</td>
<td>Higher</td>
<td>Br: collectivism; Eng: individualism</td>
<td></td>
</tr>
<tr>
<td>Informal interaction in-breaks</td>
<td>Higher</td>
<td>Br: collectivism; Eng: individualism</td>
<td></td>
</tr>
<tr>
<td>Informal interaction off-job</td>
<td>Higher</td>
<td>Br: collectivism; Eng: individualism</td>
<td></td>
</tr>
<tr>
<td>Meetings’ completion</td>
<td>Higher</td>
<td>Br: collectivism; Eng: individualism</td>
<td></td>
</tr>
<tr>
<td>Meandering</td>
<td>Higher</td>
<td>Br: collectivism; Eng: individualism</td>
<td></td>
</tr>
<tr>
<td>Interpersonal facilitation</td>
<td>Higher</td>
<td>Br: collectivism; Eng: individualism</td>
<td></td>
</tr>
<tr>
<td><strong>Temporal Dimension</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Process duration</td>
<td>Longer</td>
<td>Br: immediatism; Eng: conservatism</td>
<td></td>
</tr>
<tr>
<td>Occurrence of gestation</td>
<td>No</td>
<td>Yes</td>
<td>Br: immediatism; Eng: conservatism</td>
</tr>
<tr>
<td>Disruption</td>
<td>Higher</td>
<td>Br: immediatism; Eng: conservatism</td>
<td></td>
</tr>
<tr>
<td>Perceived pace</td>
<td>Higher</td>
<td>Br: immediatism; Eng: conservatism</td>
<td></td>
</tr>
<tr>
<td><strong>Informational Dimension</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information effort</td>
<td>Higher</td>
<td>Br: immediatism; Eng: conservatism</td>
<td></td>
</tr>
<tr>
<td>Information diversity</td>
<td>Higher</td>
<td>Br: immediatism; Eng: conservatism</td>
<td></td>
</tr>
<tr>
<td>Information sufficiency</td>
<td>Yes</td>
<td>No</td>
<td>Br: immediatism, high uncertainty avoidance Eng: conservatism, medium uncertainty avoidance</td>
</tr>
<tr>
<td><strong>The Authorized Decision</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decision Innovation</td>
<td>Higher</td>
<td>Br: immediatism; Eng: conservatism</td>
<td></td>
</tr>
<tr>
<td>Organiz.Innovativeness</td>
<td>Higher</td>
<td>Br: immediatism; Eng: conservatism</td>
<td></td>
</tr>
<tr>
<td>Risk</td>
<td>Higher</td>
<td>Br: immediatism and collectivism Eng: conservatism and individualism</td>
<td></td>
</tr>
<tr>
<td><strong>The Final Outcomes</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal Achievement</td>
<td>Higher</td>
<td>Br: immediatism; Eng: conservatism, assertiveness</td>
<td></td>
</tr>
<tr>
<td>Propitiousness</td>
<td>Higher</td>
<td>Br: immediatism; Eng: conservatism</td>
<td></td>
</tr>
<tr>
<td>Disturbance</td>
<td>Higher</td>
<td>Br: immediatism; Eng: conservatism</td>
<td></td>
</tr>
<tr>
<td>Successfulness</td>
<td>Higher</td>
<td>Br: optimism, collectivism; Eng: individualism</td>
<td></td>
</tr>
</tbody>
</table>
Chapter 6

Research Design and Methods

This is the chapter where the researcher tries to explain how the empirical investigation was done and why it was done the way it was. As Morgan (1983) says happens, the personal and cultural values of the researcher had a great deal of influence on the selection of methods and sample used in this study. It is a research project about Brazilian and English decisions carried out by a Brazilian subject to all the influences from that culture. The data collection was designed to result in informal conversations between him and informants, leaving room for such influences. The organizations were selected with the intention of obtaining a sample that appeared not only representative of the population of Brazilian and English organizations, but also that appeared to be feasible in terms of access and resources.

As already mentioned, the aim is to capture aspects of decision making which reflect the most dominant cultural attributes of each society. Data collection and samples were, therefore, designed to maximise the chances of differences between Brazilian and English decisions, revealing the cultural attributes presented in Chapters 2, 3 and 4 and the effects on decision making predicted in Chapter 5.

6.1 Research strategy

Because of the cross-cultural aspects of this study and following previous research on decision making, it was decided to collect the data through depth interviews which would provide case histories and allow scope for impromptu elaboration, whilst at the same time being guided by structured schedules that would enable the collection of a common core of data in all organizations and in both countries (Galtung 1967, Hickson et al., 1986). An interview schedule would also reduce the problems of interviewing in different languages (interviews in Brazil were to be in Portuguese) making it easier for the researcher to control the conversation.
In terms of sampling, the study of only one or two cases in each country was the design initially favoured by the researcher. This would have the advantage of allowing a deeper understanding of each decision than a more extensive study, and very similar organizations making very similar decisions could be selected to reduce the possibility of variations related to organization context and topic of decision. This possible design would also have operational advantages. It would reduce the potential difficulties of accessing numerous different organizations (a problem sometimes critical in strategic decision studies), and reduce the costs of data collection, with the possibility of selecting organizations located in the Bradford area in England and in Belo Horizonte in Brazil.

However, it was gradually realized that the disadvantages of very few cases could be greater than these potential advantages. From the cross-cultural point of view, the study of only one or two decisions in each country would imply that the few Brazilian and English managers working in these few organizations would be true representatives of the cultural attributes of their society. As Lonner and Berry (1986) noted, in a cross-cultural study, sample units should primarily represent their "cultureness", and representativeness is definitely required (1986:89). As there had been no previous study of this nature, there was no guide to making such an accurate selection.

Further, the sample should include organizations from different contexts and different 'types' of decisions, so as to allow the investigation of cultural influences in different circumstances. Thus a larger sample seemed desirable, casting the net widely enough to catch a range of situations. But it should also be small enough to be feasible in operational terms. It was known in advance that the greatest limitation of the sample size would be the time available for the data collection in Brazil. Due to the funding sponsor's regulations this time was to be limited to two months, and letters and telephone calls appealing for more time because this would be a working trip home and not a holiday fell on unheeding or unbelieving ears.
Before the sample size was finally defined, it was necessary to define how many informants should be interviewed per decision, and how many decisions should be studied per organization. The experience of previous researchers (Rodrigues 1980, Rodrigues 1987) had shown that it was not always possible to interview more than one person about each decision. Moreover, the experience of Hickson et al (1986) and preliminary results obtained by Butler and colleagues (1990) indicated that a single informant was enough to give a good overall insight into a decision making process.

In terms of the number of decisions per organization, the results of the Bradford Studies indicated that, in a study where the unit of analysis is the decision episode, the complexity and politicality of what is under decision is what matter most, rather than the characteristics of the organizations studied (Hickson et al., 1986:247). Based on this argument and on the need to reduce the problems of access to organizations, it was decided that ideally more than one decision should be studied in each organization, but that one alone would suffice if more proved impracticable. It was thought that a target of twenty decisions in ten organizations in each country might be feasible.

6.1.1 Initial aims in sampling organizations

The sample of organizations was chosen both to attempt to match pairs of organizations between countries, and to maximize variation within each country. Because the population of organizations in Brazil was smaller than in England, and so allowed less choice, a larger number of organizations than required had to be identified to give enough chance of being able to select the Brazilian ones needed to match the English. The researcher decided that a pre-sample of 30 Brazilian and 30 English organizations should be identified from which the final smaller sample could be selected. Using the Brazilian specialized magazine "Maiores & Melhores", and a list of organizations supplied by the Associacao Comercial de Minas (the Chamber of Commerce of the city of Belo Horizonte and its region) as a sampling base, the researcher selected 26 Brazilian companies concerned with different activities and located in the state of
Minas Gerais. In addition to these, three universities and one nationalized steel company were selected as potential sample-units representing organizations from the public sector, making the total of 30. Then 30 English organizations were chosen, approximately equivalent to the Brazilians in size, activity and ownership. The selection of the names of 27 business organizations was taken from the publication "Key to British Companies" (1989 edition), and the choice of the three universities was made from the publication "The World of Learning" (1989 edition). The selection of these thirty English organizations was also based on their location (close to Bradford and Leeds).

The basic characteristics of each of these pairs of organizations are listed in Table 6.1.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Characteristics</th>
<th>Number of Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Activity</td>
<td>Size</td>
</tr>
<tr>
<td>Banking</td>
<td></td>
<td>Large</td>
</tr>
<tr>
<td>Chemical</td>
<td></td>
<td>Medium</td>
</tr>
<tr>
<td>Construction</td>
<td></td>
<td>Large</td>
</tr>
<tr>
<td>Daily Newspapers</td>
<td></td>
<td>Medium</td>
</tr>
<tr>
<td>Engineering</td>
<td></td>
<td>Large</td>
</tr>
<tr>
<td>Food</td>
<td></td>
<td>Large</td>
</tr>
<tr>
<td>Retailing</td>
<td></td>
<td>Medium</td>
</tr>
<tr>
<td>Retailing</td>
<td></td>
<td>Medium</td>
</tr>
<tr>
<td>Road Transport</td>
<td></td>
<td>Medium</td>
</tr>
<tr>
<td>Steel Industry</td>
<td></td>
<td>Large</td>
</tr>
<tr>
<td>Textile</td>
<td></td>
<td>Large</td>
</tr>
<tr>
<td>Toys and Games</td>
<td></td>
<td>Large</td>
</tr>
<tr>
<td>Universities</td>
<td></td>
<td>Large</td>
</tr>
<tr>
<td>Furniture</td>
<td></td>
<td>Medium</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>

The data collection strategy was "incremental". Sets of five organizations were to be contacted and, if access was denied in any, they were to be replaced by equivalent ones from the above list, until the total aimed at was reached.
6.1.2 Sampling decisions

As in previous decision making studies (Rodrigues 1980, Hickson et al., 1986), the identification of the decisions to be studied was left to the organizations' senior managers. Each chief executive was to be asked to suggest decisions that they believed could be described as strategic for their organizations. If possible, decisions were to vary in content, with the sample including different topics of decision. In the English sample, researcher and senior managers were to choose two decisions on different topics with no limitation of the topic to be chosen. In the Brazilian organizations, however, the topic of decision was to be chosen to match those already studied in their equivalent English organizations.

6.2 The interview schedule

Having opted for structured interviews as the main form of data collection, the next step was the preparation of the interview schedule. It involved the examination of questionnaires and interview schedules used by other researchers in the field (Rodrigues 1980, Hickson et al., 1986, Mallory 1987, Rodrigues 1987). The interview schedule was to be designed in such a way as to lead the informants to give a coherent description of the decision-episode, its reasons, and consequences. It was also to assure that the informants would give enough information to allow the measurement of those variables in the analytical framework, but was to include questions on other aspects of the decision to allow as complete as possible understanding of what happened during the process. The interview schedule was set out to emulate the data collection methodology developed by the Bradford Studies (Hickson et al., 1986:266). The interview was to begin with the identification of the reasons for decision, the frequency with which the decision arises in the organization and a narrative account of what happened. In it the variables were "operationalized" into questions which were both open-ended narratives and scores derived from nominal or ordinal rating scales. As in Hickson et al., the intention was to have both the informants' ratings and the meaning of
the ratings (1986:266). The first version of the interview schedule included a total of fifty-two questions.

6.2.1 Pilot tests

To test not just the interview schedule but also the entire process of data collection, it was decided that a small but representative sample of managers should be interviewed as pilot tests. The strategy adopted was to select a small number of readily-accessible informants from different organizations which more or less represented the population and the predicted sample. There was no pre-defined number of pilot interviews; the idea was to conduct and evaluate one interview test at a time. After each pilot interview there was to be a complete assessment of: a) the interview schedule, b) the researcher’s ability to control the interview, c) the researcher’s ability to understand the decision-stories and the informants’ responses to the different questions.

Seven managers were interviewed during the Spring of 1990. These interviews covered seven different topics of decision in six different organizations. Following each interview, the researcher and his supervisor discussed the difficulties and problems arising from the design of the interview schedule, and adjustments were made before the next interview. Each decision story was written in a narrative form by the researcher and three of them were sent back to the informants for comments. Two of these received minor modifications, and one was not returned to the researcher.

After the seventh pilot test it was decided that the improvements were already satisfactory and it was unlikely that more interviews would improve the latest version of the interview schedule and the researcher’s ability to interview, sufficiently to justify the cost.

In general, the pilot tests resulted in useful changes in the interview schedule and in the interview. The most crucial modifications were intended to reduce the length of the interview. The first pilot interviews took on average two hours, with one of them taking
more than two hours and a half. To reduce the length of the interview, several questions were excluded from the schedule. Questions which needlessly duplicated the narrative of the sequence of events were the first to be excluded. Questions that asked for over-precise information, in most cases too difficult to be remembered, were also excluded. For example, few informants could remember exactly how many meetings there were during the process, most just said "many", "some" or "few". In addition to these cuts, and to help the interview to run more smoothly, the sequence and construction of questions were rearranged. Related questions were placed together.

Some five-point scales were changed. Unnecessary scales were excluded when they tended to duplicate answers, and others were modified to avoid ratings that were never given. For example the question "How far was the chief executive involved?" included a five-point scale from "not at all" to "a very great deal". Since the interviews were about strategic decisions, no informants rated their chief executives as "not at all involved" so the scale was then adjusted to exclude this.

To facilitate and speed up the interview, it was decided that the informants should have a brief summary of the interview schedule, and that they should be asked to read through it very rapidly before the researcher started the proper interview. This was to give them a general idea of the sequence of the interview and was to help the understanding of the researcher's questions, should there be difficulty among the English in understanding the researcher's accent. Informants also had a short list with all the rating scales which they could consult, if necessary, during the interview.

6.2.2 Translation of the interview schedule

One final step that was necessary before the interview schedule was ready to be used was its translation from English into Portuguese. It was critical that the interview schedule in Portuguese was correct before the trip to Brazil, since the limited time in that country would not allow any pre-tests in Brazilian organizations. And there was
also the concern that adjustments in the Portuguese version could feed back into changes in the original version.

Following recommendations from methodology manuals on cross-cultural research (e.g., Lonner and Berry 1986), the researcher decided to follow a back-translation procedure. First a Brazilian translator did a translation from English to Portuguese. It was done with the cooperation of the researcher and included jargon expressions commonly used by Brazilian managers and administrators. From this Portuguese version, an English translator was asked to translate it back to English without having access to the original version.

Because the back translation version had some divergences from the original, it was decided that both the original and the Portuguese versions should be rewritten and be adjusted to one another. This was done by the researcher with the support of both translators.

The final versions of the interview schedules included 41 questions (and several sub-questions). The English and Portuguese versions of the interview schedules are given in full in Appendices B and C.

6.3 Data collection

Having tested and translated the interview schedule the researcher and his supervisor agreed that the data should be fully collected first in England before the single short "all or nothing" trip to Brazil permitted by the funding agency. The intentions were that English data should be collected during the Summer/Autumn 1990 and the Brazilian data, avoiding the Brazilian holiday season (Brazilian Summer, English Winter), during the Spring 1991.
6.3.1 Data collection in England: difficulties of gaining access to the organizations and adjustments to the sample

The process of data-collection in England began in June 1990; five organizations from the pre-sample list (Table 6.1) were selected by the researcher (from five different industries) and a preliminary letter was sent to the chief executives/managing directors. It explained the objectives of the study and asked for an interview to talk about strategic decisions that had been made and put into effect into their organization. The letter also specified the cross-cultural character of the study and proposed a date when the researcher would telephone them to see if a convenient date could be arranged for the interview.

The initial response rate to this first set of letters was disappointedly low. In the follow-up telephone conversation the secretaries of two of the five managers contacted replied that their bosses were unable or had no interest in participating in the study. Two secretaries said that their bosses were on holiday till August, and only one manager said that he would be interested in participating, but it had to be after the summer holidays.

From this first set of negative replies, the researcher realized that it was the worst possible time to begin a field study; most senior managers would simply be enjoying their summer holiday. The interviews would have to wait a few more months.

In early September, the three managers who were on holiday at the time of the first letter were again contacted, this time by telephone. Again the response-rate was highly disappointing. Only the manager who had earlier agreed to participate was willing to arrange a date and to have the interview. One manager said that he would be pleased to participate, but the moment was not opportune, so he had to decline. The other manager, after the researcher tried on several occasions to talk with him on the telephone, simply asked: "What will we gain with this?, adding "we have no interest in this sort of study."
As Galtung (1967) has suggested, to make a person accept to be interviewed requires the exercise of some kind of normative or remunerative power over him or her. According to this author, researchers must try to make the potential interviewees want the interview themselves, or try to give them something in return for the favour of being interviewed (1967:147).

Failure to gain access to four out of five of the organizations made the researcher evaluate the way the organizations were approached and even the need to identify normative and remunerative aspects that could be used as sources of power. In normative terms, the experiences of other researchers from the Management Centre have suggested that it was easier to interview managers who already had contact with research (managers from R&D, Planning, Marketing or similar) or who had doctoral or MBA degrees. Since it was difficult to know in advance the background of each chief executive, the rule of thumb adopted by several researchers was to avoid managers with a financial or accounting background. The common belief was that the pecuniary self-interest of these managers would make them less interested in academic research.

Another potential source of normative power, which eventually proved the most vital one, was to identify, in publications about the organizations, decisions they would be proud of talking about. The follow-up telephone conversation should suggest to the potential informant that the researcher knew about this specific decision and would like to talk about it. The impressions from previous experience (Oliveira 1988) was that managers always find time and have more interest to talk about something they are proud of.

In terms of remunerative power, the only possible return that could be offered for the time spent by the informants was some feedback after the research was completed. According to Galtung, this kind of exchange is especially attractive because it equals in kind (1967:148). The informant gives information about decisions in his organization, and he receives in return information about decisions in other organizations and in this
case in other countries. The follow-up telephone conversation should also suggest to the potential informant that the research intended to send him or her, afterwards, a report with the results of the study.

In addition to these normative and remunerative techniques, the first negative replies indicated that before an organization was included in the sample, the researcher should have fuller information about them and the potential informant. Before a first letter to the chief executives was sent, it was essential to have a preliminary telephone conversation with their secretaries to confirm their names, position, and availability (if they were still in the job, if they were on holiday, travelling, etc). Advance knowledge about the organizations should include better and more up-to-date information about their performance and stability. For example, it was thought that managers trying to solve a financial crisis or fighting against a takeover bid would be less interested in participating in the study.

Following this change in approach another five organizations, including one university, were selected for possible inclusion in the sample. These were the subject of an extensive prior study that included an analysis of their performance and latest news. This was done by using the information available from public databases (e.g., Extel database) and press (e.g., Financial Times), and by examining their most recent annual reports. This caused two of the five selected organizations to be replaced, one because of recent changes at the senior level, the other because of indications that it was having serious financial problems. After also studying the two new organizations, the researcher telephoned the chief executives' secretaries and verified their name, address and availability.

From this first telephone conversation the researcher was informed that the Marketing Director of one of these organizations was a part-time MBA student at the Management Centre and that he would be more interested in the study than the chief executive. This was followed by telephone conversations with the Marketing Director
who agreed to be interviewed and who would arrange an interview with the company's managing director.

From this phone call and a second set of letters, managers from four out of the five organizations contacted agreed to participate, with one manager declining because he believed that his company was not adequate for this kind of research.

Despite the relative success of the new approach the first interviews suggested that most managers would not talk about more than one decision. The chief executive and senior managers interviewed tended to have a great deal of difficulty in selecting a second decision to be studied. And since most decisions had the involvement of the same managers, the second decision would have meant another 1 hour or 1½ hours of interviews with the same persons, which in many cases made the study of the second decision impossible.

Researcher and supervisor then decided that the total target of 20 decisions per country should be maintained by dropping the aim of two cases per organization but adding more organizations to the sample (from the pre-sample list) and sufficing usually with one case each. Hence the initial target of 10 organizations per country was exceeded.

Table 6.2 lists the twenty decisions and seventeen organizations in England, fourteen of them providing one case each and three providing two cases. It shows the main characteristics of each organization and the number of informants per decision.

The principal informants in each case were mainly chairmen (2), chief executives/managing directors (16), and their equivalents in universities (vice-chancellors) (2) who had been directly involved in the process. Other informants were non-executive directors (2) and function directors (13) in firms, and chief officers in universities (3) who had been present at the time. These include representants from finance departments (4), marketing (4), production (6), sales (1), and purchasing (2).
Table 6.2 English sample of organizations and decisions

<table>
<thead>
<tr>
<th>Code</th>
<th>Decision</th>
<th>Activity</th>
<th>Size (a)</th>
<th>Ownership</th>
<th>Informants</th>
</tr>
</thead>
<tbody>
<tr>
<td>E1</td>
<td>Rationalization of expenditure</td>
<td>Retailing</td>
<td>3,000</td>
<td>Cooperative</td>
<td>3</td>
</tr>
<tr>
<td>E2</td>
<td>Introduction of franchises</td>
<td>Dairy Company</td>
<td>5,500</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>E3</td>
<td>Rationalization and reorganization</td>
<td>Food Manufacturer</td>
<td>2,500</td>
<td>Private</td>
<td>2</td>
</tr>
<tr>
<td>E4</td>
<td>Re-equipment</td>
<td>Textile</td>
<td>2,000</td>
<td>Private</td>
<td>2</td>
</tr>
<tr>
<td>E5</td>
<td>Diversification</td>
<td>Textile</td>
<td>1,500</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>E6</td>
<td>New Presses</td>
<td>Daily Newspapers (b)</td>
<td>1,200</td>
<td>Private</td>
<td>2</td>
</tr>
<tr>
<td>E7</td>
<td>Computerization</td>
<td>Daily Newspapers (b)</td>
<td>1,200</td>
<td>Private</td>
<td>2</td>
</tr>
<tr>
<td>E8</td>
<td>Rationalization of expenditures</td>
<td>University (b)</td>
<td>430</td>
<td>Public</td>
<td>5</td>
</tr>
<tr>
<td>E9</td>
<td>Disposal of division</td>
<td>Construction</td>
<td>3,250</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>E10</td>
<td>Reorganization</td>
<td>Chemical (b)</td>
<td>1,740</td>
<td>Private</td>
<td>3</td>
</tr>
<tr>
<td>E11</td>
<td>Budget</td>
<td>University (b)</td>
<td>430</td>
<td>Public</td>
<td>2</td>
</tr>
<tr>
<td>E12</td>
<td>Merger</td>
<td>Chemical (b)</td>
<td>1,740</td>
<td>Private</td>
<td>3</td>
</tr>
<tr>
<td>E13</td>
<td>Acquisition in the Netherlands</td>
<td>Games Manufacturer</td>
<td>4,200</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>E14</td>
<td>New divisions in the USA</td>
<td>Road Transporter</td>
<td>1,600</td>
<td>Private</td>
<td>2</td>
</tr>
<tr>
<td>E15</td>
<td>New service</td>
<td>Finance</td>
<td>3,450</td>
<td>Bdgl.Soc.</td>
<td>2</td>
</tr>
<tr>
<td>E16</td>
<td>Acquisition of competitors</td>
<td>Construction</td>
<td>1,300</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>E17</td>
<td>Closure of division</td>
<td>Textile</td>
<td>4,800</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>E18</td>
<td>Re-equipment</td>
<td>Textile</td>
<td>900</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>E19</td>
<td>Budget</td>
<td>University</td>
<td>1,050</td>
<td>Public</td>
<td>2</td>
</tr>
<tr>
<td>E20</td>
<td>Move the company's headquarters</td>
<td>Retailing</td>
<td>3,500</td>
<td>Cooperative</td>
<td>1</td>
</tr>
</tbody>
</table>

Notes: (a) Number of employees in round figures (to the nearest ten)  
(b) Organizations with two decisions studied  

General Statistics: Total number of decisions: 20  
Total number of organizations: 17  
Total number of informants: 38  
Decisions in Manufacturing organizations: 13  
Decisions in Service organizations: 7  
Decisions in Private organizations: 14  
Decisions in Cooperatives: 3  
Decisions in Public organizations: 3  
Average Size: 2,264 employees

The English sample has a majority of private organizations in manufacturing, with most organizations being of medium size (3 decisions from organizations with less than 1,000 employees; 8 decisions from organizations between 1,000 and 1,800 employees; 6 decisions from organizations between 1,800 and 3,500 employees; and 6 decisions from organizations with more than 3,500 employees).

The sample of decisions is varied. Following Hickson and colleagues’ typology (1986:161), seven decisions could be classified as boundary decisions or decisions about mergers, takeovers and disposal of divisions (cases E5, E9, E12, E13, E14, E16, and E17). The large number of boundaries decisions may reflect the level of the informants
(chairmen, chief executives, and managing directors) to whom the most strategic decisions seemed to be those related to the major investments made outside the organization.

There are also: four technology decisions, which include decisions to invest in new machinery and technologies (cases E4, E6, E7, and E18); two reorganization decisions, or decisions to modify the internal structure (cases E3 and E10); one location decision (case E20); one new product decision (case E15); one domain decision, i.e., a decision to change the distribution system of a dairy company by introducing the system of distributors franchises (case E2); and four decisions that were classified as administrative decisions, budgets, and rationalizations of expenditures (cases E1, E8, E11, and E19).

6.3.2 Data collection in Brazil: trying to match samples

Data collection in Brazil was done during eight weeks of May and June 1991. Because of the limited time available in Brazil, it was decided that all organizations should be contacted by letter from Bradford and, if possible, the meetings should be arranged in advance. A copy of the Portuguese version of the first letter is in Appendix C.

The organizations were selected from the pre-sample list to match as far as possible the organizations included in the English sample. Since there would be no time available to cope "incrementally" with problems of access, letters were sent to twenty organizations, as nearly as possible on matched on activity, size and ownership with those in the English sample.

The response to this first letter was much higher than in England. Only two companies refused to participate in the study. Most sent letters confirming interest or asked for more details. Because of the necessity to arrange a more or less definitive agenda in Brazil, the researcher did some follow-up telephone calls to Brazil trying to arrange a date for the interviews. Unlike the (impersonal) English managers who always asked to
make the appointments weeks or even months in advance, the (immediatist and personalist) Brazilian managers contacted were surprised to know that the researcher was trying to make appointments as far ahead as three to four weeks beforehand. According to them, meetings are arranged a few days, not weeks before. Their suggestion was that they should be contacted the week before the intended meeting and then arrange the date. To avoid any delays, a secretary in Brazil who knew the researcher was responsible for helping by calling those managers who did not reply by mail.

Table 6.3 Brazilian sample of organizations and decisions

<table>
<thead>
<tr>
<th>Code</th>
<th>Decision</th>
<th>Activity</th>
<th>Size(a)</th>
<th>Ownership</th>
<th>Number of informants</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1</td>
<td>Modify existing structure</td>
<td>Retailing(b)</td>
<td>1,700</td>
<td>Private</td>
<td>2</td>
</tr>
<tr>
<td>B2</td>
<td>New branch in Brasilia</td>
<td>Retailing(b)</td>
<td>1,700</td>
<td>Private</td>
<td>2</td>
</tr>
<tr>
<td>B3</td>
<td>New Presses</td>
<td>Daily Newspapers</td>
<td>1,110</td>
<td>Private</td>
<td>2</td>
</tr>
<tr>
<td>B4</td>
<td>Merger</td>
<td>Transporter</td>
<td>1,650</td>
<td>Private</td>
<td>2</td>
</tr>
<tr>
<td>B5</td>
<td>Modify and rationalize structure</td>
<td>Steel Industry(b)</td>
<td>13,400</td>
<td>Public</td>
<td>4</td>
</tr>
<tr>
<td>B6</td>
<td>Divisionalization/professionalization</td>
<td>Retailing</td>
<td>2,100</td>
<td>Private</td>
<td>3</td>
</tr>
<tr>
<td>B7</td>
<td>Computerization</td>
<td>Daily Newspapers</td>
<td>900</td>
<td>Private</td>
<td>3</td>
</tr>
<tr>
<td>B8</td>
<td>Budget</td>
<td>University(b)</td>
<td>2,880</td>
<td>Public</td>
<td>1</td>
</tr>
<tr>
<td>B9</td>
<td>Increase in the number of staff</td>
<td>University(b)</td>
<td>2,880</td>
<td>Public</td>
<td>2</td>
</tr>
<tr>
<td>B10</td>
<td>New Division</td>
<td>Retailing(b)</td>
<td>1,700</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>B11</td>
<td>Closure of Division</td>
<td>Retailing(b)</td>
<td>1,700</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>B12</td>
<td>Divisionalization</td>
<td>Construction</td>
<td>24,300</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>B13</td>
<td>New furnace technology</td>
<td>Steel Industry</td>
<td>1,300</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>B14</td>
<td>Introduction of information technology</td>
<td>University</td>
<td>4,600</td>
<td>Public</td>
<td>1</td>
</tr>
<tr>
<td>B15</td>
<td>Merger</td>
<td>Construction</td>
<td>2,200</td>
<td>Private</td>
<td>2</td>
</tr>
<tr>
<td>B16</td>
<td>New line of products</td>
<td>Steel Industry(b)</td>
<td>13,400</td>
<td>Public</td>
<td>2</td>
</tr>
<tr>
<td>B17</td>
<td>Re-equip</td>
<td>Textile</td>
<td>1,800</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>B18</td>
<td>New Image</td>
<td>Banking</td>
<td>2,700</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>B19</td>
<td>Takeover bid</td>
<td>Textile</td>
<td>4,600</td>
<td>Private</td>
<td>1</td>
</tr>
<tr>
<td>B20</td>
<td>Takeover a Portuguese firm</td>
<td>Construction</td>
<td>21,900</td>
<td>Private</td>
<td>2</td>
</tr>
</tbody>
</table>

Notes: (a) Number of employees in round figures (to the nearest ten)
(b) Organizations with two decisions studied

General Statistics: Total number of decisions: 20
Total number of organizations: 16
Total number of informants: 35
Decisions in Manufacturing organizations: 10
Decisions in Service organizations: 10
Decisions in Private organizations: 15
Decisions in Cooperatives: 0
Decisions in Public organizations: 5
Average Size: 5,426 employees
Fourteen organizations arranged a date for the interview. In two others, although the managers expressed their interest in taking part in the study, they could not arrange a date that was suitable for the researcher.

After arrival in Brazil, letters were sent to three other organizations, and so managers from seventeen organizations were interviewed. Unfortunately, data from one organization was not appropriate (wrong informant, wrong level of decision) and had to be abandoned.

Table 6.3 lists the final twenty decisions studied in Brazil and the sixteen organizations, twelve of them providing one case each and four providing two cases. It shows the main characteristics of each organization and the number of informants per decision.

As in the English sample, most informants were top managers who had been involved in the process. Most informants were presidents (11) who, in Brazilian firms, usually combine the functions of chairman and chief executive, two were rectors who are the Brazilian equivalent of vice-chancellors, four were managing directors, one a non-executive director who represented in the firm the family who controlled most of the shares, fourteen were function directors (in firms), and three chief officers in universities. Function directors and chief officers were in all cases assigned by the organizations' president, rector or managing director as someone who had a good knowledge of the process. Among them there were representants from planning (8), production (5), technical (2), marketing (1), and finance (1) departments.

In terms of organizational size, the occurrence of three organizations of very large size pushed the average size up to 5,426 employees. The average size excluding these three was 2,220 employees, very similar to the English average (2,264). The distribution of size is also similar to that in England: 1 decision from an organization with less than 1,000 employees, 8 from organizations between 1,000 and 2,000 employees; 5 from organizations between 2,000 and 3,000; and 6 from organizations with more than 3,000 employees.
In terms of type of output there is an equivalent number of decisions made in service and manufacturing organizations (ten in each). In terms of ownership, decisions at a Brazilian cooperative to be excluded from the sample because they were non-pertinent to the research purpose (too routine). Consequently, the majority of cases are from private organizations.

Because of the large number of private organizations in both samples, it was decided to adopt a more accurate classification of ownership. The organizations were classified into four categories of ownership and control: private owner-managed, private professional-managed, cooperative societies, and public sector organizations. The examination of the Brazilian organizations' charts and annual reports (information about the organizations' structure was obtained from documentary sources as described in section 6.3.3) had showed that thirteen of the fifteen private organizations were owned and managed by members of one or two families, including the two very large construction companies. The main characteristics of these family-owned organizations were the appointment of several representatives of the family in key executive positions, with most senior executives being related to the family or families who owned the companies.

In the English sample also, seven out of the twenty decisions were made in organizations managed by the main shareholders or their family members. Four of these were from organizations where the senior executives were also main shareholders, but not members of the same family. Two other organizations were very similar to the Brazilian family-owned ones, with representatives of the family holding most senior positions.

In short, 13 Brazilian and 7 English decisions were from private owner-managed organizations (management controlled by the family, or family shareholders), 2 Brazilian and 7 English decisions from private professional-managed organizations, 3
English decisions from cooperatives, and 5 Brazilian and 3 English ones from public sector organizations (see Table 6.4 below).

<table>
<thead>
<tr>
<th>Topic of Decision</th>
<th>Brazil</th>
<th>England</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reorganizations</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Boundaries</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Technologies</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Products/Services</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Domains</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Location</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Administratives</td>
<td>2</td>
<td>4</td>
</tr>
</tbody>
</table>

Chi-Square=2.85 ns

<table>
<thead>
<tr>
<th>Organization Type of Output</th>
<th>Brazil</th>
<th>England</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>10</td>
<td>13</td>
</tr>
<tr>
<td>Service</td>
<td>10</td>
<td>7</td>
</tr>
</tbody>
</table>

Chi-Square=.41 ns

<table>
<thead>
<tr>
<th>Organization Ownership</th>
<th>Brazil</th>
<th>England</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private: Owner-Managed</td>
<td>13</td>
<td>7</td>
</tr>
<tr>
<td>Professional-Managed</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Cooperatives</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Public Sector</td>
<td>5</td>
<td>3</td>
</tr>
</tbody>
</table>

Chi-Square= 7.63 p<.05

<table>
<thead>
<tr>
<th>Size (number of employees)</th>
<th>Brazil</th>
<th>England</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small (&lt;1,000)</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Medium (1,050-3,500)</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>Large (&gt; 3,500)</td>
<td>6</td>
<td>3</td>
</tr>
</tbody>
</table>

Chi-Square=2.34 ns

In terms of the characteristics of the decisions studied in Brazil, they can be classified as: boundaries, six cases (B4, B10, B11, B15, B19 and B20); technologies, five cases (B3, B7, B13, and B14, B17); reorganizations, four cases (B1, B5, B6, and B12); domains, or decisions related to marketing aspects, two cases (B2, and B18); new product decision, one case (B16); and administrative type decisions, two cases: a budget and a personnel decision (cases B8 and B9). In general, the distribution of the sample of decisions is similar to the English one, but ideal of fully matched pairs could not be achieved, for practical reasons, specially availability, and limited time, which forced the researcher to
select what was conveniently available. So within the general equivalence, only three pairs can be considered fairly exactly matched, two newspapers, two universities, and two of the textile companies, and these are examined in detail in Chapter 10.

Table 6.4 summarizes the main characteristics of the Brazilian and English samples and presents the results of Chi-Square tests of independence for each contextual aspect. As indicated, all contextual aspects, except ownership, are independent of the country where the decision was made. The small significance level for ownership statistically confirms the observed tendency of Brazilian organizations towards family ownership, so comparisons may be biassed by this only and are unlikely to be affected by the mixes of topics, activity and size.

6.3.3 Supplementary data

The most criticised aspect of decision making studies is their emphasis on decisions as units of analysis that occur independently of their inner and outer contexts (Pettigrew 1990, Pennings 1992). In this study too, decisions are the unit of analysis and most information given by the informants tends to describe the process as an episode on its own, independent of its context, especially the outer context. To help an understanding of contextual circumstances that might have influenced the decision, in addition to the information given by the informants, the researcher did an extensive documentary research into different sorts of private and published material. These include: a) internal documents from the organizations: reports, memoranda, manuals of procedures, programmes, minutes of committees and executive meetings, internal circulars, house journals, and all sorts of material that could be related to the decision and which was made available to the researcher; b) documents used to pass information to shareholders and to the public in general: reports to shareholders, press communications, newspapers notes about the organization, and any articles or interviews that were published in newspapers or the specialized trade or financial press about the decision or the organization; c) general information about the industry or
relevant facts that might have influenced or affected the decision: this was an extensive survey in books, magazines, journals, newspapers, and any publication (e.g., specialized market reports) that was available to the informants before or about the time the decision was being made. This material was critical in providing a general picture of the climate at the moment when the decision was made. For example, the understanding of the Fleet Street crisis and "The People" newspaper’s affairs explained the reasons why decision-makers involved in computerizing a regional newspaper were so concerned about the possibilities of strong reaction by the unions (English decision E7). In Brazil, the understanding of the economic pressures introduced by the Collor government into nationalized companies explains the urgency for the reorganization decision in the publicly-owned steel company (Brazilian decision B5).

6.4 Preparing the data for analysis

Having collected all data, the notes and records from the interviews were written up in two ways: a) as answers to specific questions, b) as a narrative of the decision episode (Appendices D and E). The answers to specific questions were in most cases based on ratings and the informants’ explanation of their ratings; the narrative-stories were written by the researcher where all the information given by each informant about each decision-case was put together. Any inconsistent information (in the cases where two or more informants gave different answers) was adjusted by follow-up telephone conversations with the informants, with the exception of a few Brazilian cases that could not be easily confirmed from England. In those cases, the data were taken from those informants who were believed to have been more involved in the decision making process and so best informed.

As some authors have put it (Strauss and Corbin 1990), preparation of the data for analysis in more qualitative research is a process by which data are broken down, conceptualized, and put back together in new ways. "It is the central process by which theories are built from data" (1990:57). In this study some scales had to be reviewed
during data analysis and the cases had to be arranged in a way that made sense for a cross-cultural analysis.

This involved the bringing together and comparison of all notes on the interviews and supplementary data. To try to identify categories that could be reduced into scales, all mentions were organized in a certain order of intensity. For example, the data about the occurrence of disruptions during the process were both a rating on a five-point scale (from 1-never to 5-very often) and also the description of the sort of disruption that happened (Question 13). The informants' scores on the five-point ratings seemed to be inconclusive and lacked discrimination (88% of the informants rated the decisions as 2-occasionally). On the other hand the explanations of the disruptions tended to give a more clear differentiation between decisions. To reach a final scale, all the answers were put into a sequence of degree and then grouped into categories. First, six categories were identified and later, after lengthy discussions between researcher and supervisor a decision on the categories was arrived at. A similar procedure was followed for the checking and confirmation of all initial scales and for all new scales.

The initial provisional scales for disruption, radicality of consequences, propitiousness and disturbance were all thereby replaced by revised scales in a similar way. In radicality of consequences the alternative "not at all" was added to the scale. The variables of propitiousness and disturbance that indicate the occurrence of unforeseen advantages and disadvantages, were at first to be represented by scores on a five-point scale (Question 39), but the diversity of unforeseen events was found to be more fully described by the counting of the number of unexpected advantages and disadvantages mentioned by the informants.

The final ratings and scales used for each variable are listed in Table 6.5, showing those revised and constructed during data analysis as compared to the provisional list in Table 5.1.
Table 6.5 Final operationalization of variables

**Politicality**

*Number of active interests*, the count of the number of individuals, or groups of individuals (e.g. departments, committees, other organizations) who have influence on the process, not including any participant who although involved had not directly influenced the course of the decision.

*Average influence in favour*, the mean of influence ratings of those who were favourable to the decision, minimum score: 1, maximum 5.

*Top manager participation*, a rating of the chief executive's involvement, from little (1) to a very great deal (5).

*Average influence against*, the mean of influence ratings of those who were against the decision, minimum score: 1, maximum 5.

*Negotiation scope*, how much negotiation and compromise there was during the process, from little (1) to a very great deal (5).

**Complexity**

*Rarity*, how often decisions of a similar nature arise, measured on a constructed scale: (1) recurrently, (2) quite often, (3) occasionally, (4) seldom, (5) never at this scale, (6) never.

*Radicality of consequences*, how great a change the decision was intended to make, measured on a revised scale: from not at all (1) to a very great deal (6).

*Endurance of consequences*, how far ahead people looked when making the decision, measured on a constructed scale: (1) short term (up to one year), (2) medium-short term (up to 3 years), (3) medium-long term (up to 5 years), (4) long term (up to 10 years), (5) very long term (more than 10 years)

*Seriousness*, how serious would it have been if things had gone badly wrong, scale: not very serious (1), quite serious (2), very serious (3) extremely serious (4), and catastrophic (5).

**Social Dimension**

*Overall informal interaction*, how much discussion and toing and froing took place, in addition to pre-arranged meetings, from little (1) to a very great deal (5).

*Informal interaction in breaks*, how far people continued chatting about the decision during breaks in the working day, from never (1) to very often (5).

*Informal interaction off job*, how far people continued chatting about the decision after normal working hours, from never (1) to very often (5).

*Meetings' completion*, how far meetings followed and finished the agenda, from never (1) to very often (5).

*Meandering during meetings*, how far meetings meandered before becoming decisive, from never (1) to very often (5).

*Interpersonal facilitation*, how far the right people knowing each other personally beforehand helped in coming to a decision, from not at all (1) to a great deal (5).

continued
Table 6.5 Final operationalization of variables (continuation)

Temporal Dimension

*Duration*, the length of time from the first identifiable action which began movement towards a decision, to the moment when implementation was authorized or, in some cases, when the implementation began.

*Occurrence of gestation*, a dichotomy, 'Yes = 1', 'No = 0', assessed by the researcher, based on the informants' description of the processes.

*Disruption*, how far the process was interrupted by delays or periods of inactivity, measured on a revised scale: (1) 'no delays', (2) 'briefly, for a relatively short time', (3) 'materially longer, but not stopping the process', and (4) 'drastically, for a relatively long time and postponing the whole process'.

*Perceived pace*, how rushed was the decision, from not at all (1) to a great deal (5).

Informational Dimension

*Information effort*, how far steps were taken to obtain information, measured on a constructed scale: (1) information available from personal knowledge, (2) information obtained from internal records, (3) information researched, (4) information synthesized

*Information diversity*, the count of the variety of sources of information used (e.g., plans, internal documents, personal knowledge).

*Information sufficiency*, what further information would have been desirable within the limits of what it would have been possible to know at the time.

The Authorized Decision

*Decision innovation*, how novel was the decision, from little (1) to a very great deal (5).

*Organizational innovativeness*, the extent to which decisions, in general, in the organization are highly novel, from not at all (1) to a great deal (5).

*Risk*, how risky was the decision, from not at all (1) to a very great deal (5).

The Final Outcomes

*Goal achievement*, how far the final outcome succeeded in achieving what had been intended, from little (1) to a very great deal (5).

*Propitiousness*, how far there were unexpected advantages in consequence of the decision, measured as the count of the number of unforeseen advantages mentioned by the informants during the interview.

*Disturbance*, how far there were unexpected disadvantages, measured as the number of unforeseen problems mentioned by the informants during the interview.

*Successfulness*, how far the decision was perceived as an overall success, from not at all (1) to a great deal (5).

Notes: (*) revised or constructed scales
Brazilian & English decision making compared: Politicality and Complexity

Societal culture has so far been the basis for theoretical predictions of different aspects of Brazilian and English decisions, predictions which were inferred from the general literature on decision making and from each society's culture. The next three chapters now turn to the empirical evidence from the twenty Brazilian and twenty English decisions described previously. They examine primarily the various aspects of decision making process related to the predictions in one way or another, analysing scores on variables and relationships between them.

This chapter will deal in sequence with the Politicality and Complexity variables, Chapter 8 with the variables on the characteristics of the Process, and Chapter 9 with the Authorized Decision and its Outcomes. In each chapter, firstly, the main hypothesized relationships between the dependent (decision) variables and independent (cultural) variables will be briefly restated for each country. Secondly, the empirical similarities and differences found between Brazil and England will be reported using both qualitative and quantitative data. Finally, the interrelationships among the variables in each set will be examined.

7.1 Politicality

The first group of decision variables is those presumed to be affected by the cultural aspects of power and authority (power distance) and the associated emphases towards individual versus group-centred interests (individualism-collectivism). It takes in the political side of decision making, including the actions by which managers enhance their power to influence the process (Eisenhardt and Bourgeois 1988). It comprises the influence in favour of and against the decision, negotiation and compromise, the critical role of the organization top manager, and the actual number of interests involved.
7.1.1 Predictions Restated

High power distance Brazilian managers were predicted to make centralized decisions with just a small number of participants being actively involved in the process. Decisions were predicted to be made and authorized by managers from the highest ranking with little involvement of lower level managers and employees. Respect for those in authority, despite group intimacy (personalism), would tend to result in middle and senior managers showing little opposition to decisions made by top members of the organization. Opposition, when it happened, was predicted to be related to the interests of those they knew personally. This centralization and the small number of participants would tend to result in processes with little or no room for negotiation (see Chapter 5 for detailed discussion of those predictions). In short:

*Brazilian managers were predicted to show a tendency to adopt a more authoritarian decision making style, with less opposition and negotiation during the process.*

Lower power distance but class-deferent English managers were predicted to make decisions through processes relatively decentralized within management, characterised by large committees. Committees were predicted to have the participation of managers from different functions, but not from different levels. However, similar to Brazilians, English decisions were predicted to be authorized by managers from the highest ranking. Managers were predicted to be more concerned with furthering the sectional interests of the (impersonal) organizational subunits that they represent. The process as a whole was predicted to be more political, with more influence being exerted against the decision. Lower power distance and greater concern with individual or sectional interests was predicted to result in processes with greater negotiation. In short:

*English managers were predicted to show a tendency to adopt a more participative decision making style with greater opposition and negotiation during the process.*
7.1.2 Empirical Results: politicality scores

Table 7.1 summarizes the predicted and observed characteristics of the politicality variables included in this study. The first two columns give the predicted level of each variable in each country, the following four columns give the mean and standard deviation for each sample on each variable, the final two columns give the F Ratio (from a one-way analysis of variance) and its observed significance level.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Predicted Characteristics</th>
<th>Observed characteristics</th>
<th>One-way F.</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Brazil</td>
<td>England</td>
<td>Mean</td>
<td>Std. Dev</td>
</tr>
<tr>
<td>No. active interests</td>
<td>---</td>
<td>Higher</td>
<td>5.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Average-influence in favour</td>
<td>Higher</td>
<td>---</td>
<td>3.3</td>
<td>0.6</td>
</tr>
<tr>
<td>Top Manager participation</td>
<td>Greater</td>
<td>---</td>
<td>4.4</td>
<td>1.2</td>
</tr>
<tr>
<td>Average-influence against</td>
<td>---</td>
<td>Higher</td>
<td>1.2</td>
<td>1.7</td>
</tr>
<tr>
<td>Negotiation scope</td>
<td>---</td>
<td>Higher</td>
<td>2.8</td>
<td>1.4</td>
</tr>
</tbody>
</table>

The results shown in Table 7.1 indicate that there was a statistically significant difference between the two samples in respect of only one of the five politicality variables, namely the number of active interests involved. On the remaining variables differences between the samples were small and non-significant. Yet some of the results appear to be consistent with the culture related predictions: Brazilian decisions appear to have not just a relatively smaller number of interests actively involved, but also the chief executive (top manager) somewhat more involved in the process; whilst English decisions seem to have relatively greater numbers involved, and somewhat less involvement of those from the top.

Other results, however, do not at first sight support some of the culture-related predictions: in the Brazilian sample, the mean of the variable negotiation scope is higher than first predicted, the average influence in favour not much higher than the English, and influence against almost the same, indicating some dispersion of influence. In the
English sample, there is indication of less negotiation and less influence being used against the decision than expected in a low power distance culture.

However, further analysis using histograms, the decision-stories narrated in the Appendices D and E, and the informants' remarks during the interviews, shows that there is more to be said.

**Number of active interests:** The greater diversity of involvement in English decisions is revealed not just in the one-way analysis of variance (Table 7.1), but is visually apparent in the differences in the distributions.

Most strikingly, and in a way that presages patterns at the extremes on other variables, Figure 7.1 clarifies and confirms the statistical result by revealing that some Brazilian decisions involve only two or three interests, fewer than in any of the English cases. This tendency to an extremely small number of interests involved may reflect the high power distance of those Brazilian managers who allow only those at the highest levels, close to them, to influence the decision outcome (Bertero 1968).

![Figure 7.1 Variation in the number of active interests involved](image)

Even so, Brazilian decisions are spread right across Figure 7.1, so that some can have as many participants as most English decisions. In fact, almost half of Brazilian decisions have more individuals or groups influencing the decision than the average English
process (6-7 participants). This accords with Farris and Butterfield’s (1972:578) observation that decisions in some Brazilian organizations are as decentralized as they are in most American companies, possibly indicating contemporary tendencies in the less traditional organizations (1972:582). Another possible explanation is the Brazilian combination of high power distance and personalism. Whilst high power distance may increase centralization, personalism may bring greater interaction and group involvement in the course of an ultimately centralized process.

Among English cases the higher number of participants and smaller standard deviation is shown visually in Figure 7.1, suggesting greater consistency, with very few cases having as few as four individuals or groups influencing the process, and none less than that. The average and distribution is almost exactly the same as that observed by Hickson and colleagues (1986), who, even though counting slightly differently, found exactly the same average of 6.8 interest units being involved in 150 decisions. This is reassuring as to the validity of both studies.

**Average influence in favour:** Looking to more subtle features beyond in the variables which lack statistically significant differences first the patterns of influence of all of the interests favourable to each decision process were plotted from highest influence to lowest. For example, in case B10, the decision to open a new division in a Brazilian super market company, there were four individuals in favour who had distinct levels of influence: the president was rated by the informants as exerting a very great deal of influence (5); the planning director, quite a lot (3), the commercial director, quite a lot (3), and the vice-president, little (1). Plotting their influences produces the pattern shown in the second graph in Figure 7.2a.

In another example, case E2, an English decision to introduce a franchising operation for the distribution of door-step milk had the involvement of ten interests with different levels of influence: the division managing director, the operational director and the production director rated as having a great deal (4) of influence; the sales director,
quite a lot (3); the marketing director, the sales director, the marketing department, and
the financial department, some (2); and the chairman of the holding company and the
board of directors of the holding company, little (1). This pattern appears in the fourth
graph in Figure 7.2a.

The forty separate graphs were independently grouped by the researcher and by his
supervisor by their visual similarity, ignoring whether they were Brazilian or English.
There was immediate agreement, only six cases requiring any discussion of their
classification.

![Figure 7.2a Examples of plotted favourable influence](image)

<table>
<thead>
<tr>
<th>Influence Pattern</th>
<th>Brazilian</th>
<th>English</th>
</tr>
</thead>
<tbody>
<tr>
<td>Even Slope</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Broken Slope</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Bottom Semi-Zed</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Top Semi-Zed</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Full Zed</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Double-Zed</td>
<td>5</td>
<td>9</td>
</tr>
</tbody>
</table>

![Figure 7.2b Numbers of cases of each favourable influence pattern](image)

Highly centralized decisions with one participant having high influence and one or two
others having little were classified as *Even Slope* pattern. For example, case B2, a
decision to invest in a new branch in Brasilia had only three participants: the president,
scoring 5, a bank manager, scoring 3, and an external adviser, scoring 1 (Figure 7.2a).
Five other patterns were identified: Broken Slope, Semi-Zed (either Bottom or Top), Full Zed, and Double Zed, as depicted in Figure 7.2b. Broken Slope and Bottom Semi-Zed are decision-patterns where the high level of influence of one participant in comparison to the others is still the main characteristic. These patterns are distinct from each other and from the Even Slope pattern because of the increasing number of participants involved, yet their levels of influence are not as high as that of the main participant (e.g. case B10, Figure 7.2a).

Top Semi-Zed, Full-Zed and Double-Zed are patterns that represent decisions with more decentralized participation and influence. All have more than one highly influential participant. In Full-Zed, there are more of lesser influence, which produces the letter zed pattern. For example in the Brazilian case B13, a decision to develop a new converter for steelmaking had nine participants: the chief executive and a technical expert each scoring 5; the technical director scoring 4; a German shareholder scoring 3; and the financial director, commercial director, a technical commission, and the board of directors each scoring 1 (Figure 7.2a). Double-Zed represents the stereotype of a participative decision process with a large number of participants with several distinct levels of influence (e.g., case E2, Figure 7.2a). Such a decision often involved committees.

The complete 40 graphs are given in Appendix F. As can be seen there, and is clearly evident in the numbers of Brazilian and English patterns of each kind totalled in Figure 7.2b, English decisions tend to be towards the Zed end with greater numbers of participants involved and greater variation in their levels of influence. Only a small number of English decisions, four out of twenty (cases E4, E9, E10 and E20), show characteristics of a centralized process with the decision being dominated by one participant. Further, the numbers of participants were never small enough and the influence gradient smooth enough for any English decision to be classified as an Even Slope process.
By comparison, fewer Brazilian decisions (cases B1, B6, B9, B16 and B19) were characterized as Double-Zed processes, and many more (ten decisions) had centralized characteristics with influence concentrated at the top (Even Slope, Broken Slope and Bottom Semi-Zed). Six of the twenty Brazilian cases had an Even Slope process-pattern with the decision being dominated by one participant and few other interests.

So the summary statistics, means and standard deviations, in Table 7.1 do not reveal what are quite clear Brazilian and English differences in the predicted direction. Closer inspection of the distributions does show the Brazilians as more hierarchical and the English less so in their patterns of influence.

Top manager participation: Most of the comparatively centralized Brazilian decisions were decisions made by the chief executives who were also the company main shareholder, with power to make the decision without consulting or depending on the organizations' board of directors. For example case B4, the decision to merge the holding company of a Brazilian firm with a similar Argentine organization, was first approved by the chief executive and main shareholder and then submitted at the board of directors to be rubber stamped. Similar practices were also mentioned in the Brazilian cases B2, and B15. These examples reinforce the Brazilian stereotype of powerful 'presidentes' who, even when they were not making decisions alone, were described as having a vital part in the process.

Hence when asked to describe how far the chief executive had been involved in the decision (Question 16 Appendices B and C) many Brazilian informants suggested that the decision was "the president's decision". A remark that explains the high scores given to the involvement of the chief executives in the process, here an average of 4.4 (Table 7.1) on the five-point scale, with a total of fifteen chief executives being scored 5 (a very great deal). Indeed, even this high score appears to underplay the part played by Brazilian chief executives compared to the English.
The role played by these Brazilian heads of organizations resembles that historically played by Portuguese farm owners in colonial Brazil (Freyre 1963). They control resources, they bring innovation to their organizations (e.g., case B10), they intervene to avoid disagreements (e.g., case B5) and they can be charismatic and paternalist (e.g., cases B1, B14, B15) (Rodrigues 1987, Hardy 1990).

In the English sample, in contrast to the Brazilian, it was not so easy to identify one main leader. In a few decisions (e.g., cases E12, E14, E18) those responsible for the process were indeed the chairmen who had many similarities to the Brazilian presidents (main shareholder in all cases). But in other cases (e.g., E3, E9, E10, E13) those responsible for the decision were professional managers, such as managing directors who had some autonomy to initiate the process, but were not able alone to authorize the decision and its implementation. In some other cases (E1, E8, E10, E16, and E20) the decisions were described as joint decisions made by the members of the organizational elite (chairmen, managing directors, chief executives). These 'dominant coalition' type of decisions often included other participants and even committees who were involved mostly during the development phase (Mintzberg et al. 1976) of the process. For example, in case E8 the decision to change the resource allocation formula in an English university could be divided in two stages. In a first stage, the formal oligarchy (the Chancellor, Vice-Chancellor and the Chairman of the council), in a series of private and exclusive meetings, evaluated the University's financial position and decided the principles of a new formula. Because of the different interests involved, they also decided who should participate, and how, in the development of the new formula. In a second stage, this oligarchy presented the problem and the sketches of the new formula to the University's senior members and administrators. These were asked to form a special 'Planning Committee' which should, under the chairmanship of the Vice-Chancellor, develop and operationalize the formula proposed by the dominant elite.
The occurrence of five 'dominant coalition' decisions in the English sample, suggests that in contrast to the Brazilians, English strategic decisions may have different levels of participation throughout the process. In Brazil, centralized decisions tend to be centralized from initiation to authorization, as in case B4 where the chief executive was responsible for the initiation, development, evaluation and authorization of the decision. Centralization in the Brazilian organizations tends to mean total and constant centralization, while in England centralization may occur at the initial stages of the process, but it is followed by more participative development and authorization phases. Here again, the statistics in Table 7.1 reveal less that the whole picture.

Influence against the decision: What of opposition to the decision, or at least, of doubt about it? Table 7.1 shows this to be very weak in influence, and this is confirmed by Tables 7.2a and 7.2b which show in detail in Brazil and England respectively everyone who was described as unfavourable to a decision, the reasons for their opposition, their influence, and the consequences of their opposition to the process.

Table 7.2a shows that in Brazil, middle managers and lower level employees, despite showing some opposition to the decision, barely influenced the processes (for example, cases B4, B5, B11, B13, B14, B15). This confirms what Bertero (1968) suggests, that in Brazilian organizations middle managers and employees have no power to influence strategic process. Resistance from this level, as well as from unions, if any, will have effects only when the decision becomes action. For example, in case B11 the resistance of middle managers, employees and unions to the proposed closure of a division had no effect on the decision making process, and the division was closed despite them, but their opposition resulted in longer and more costly implementation.
Table 7.2a Active influence against the decision, and consequences: Brazilian sample

<table>
<thead>
<tr>
<th>Unfavourable Participant</th>
<th>Influence on DM process</th>
<th>Consequences</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Case (main reason for disagreement)</strong></td>
<td><strong>Unfavourable Participant</strong></td>
<td><strong>Influence on DM process</strong></td>
</tr>
<tr>
<td>B1 Commercial Director</td>
<td>A very great deal</td>
<td>Process interrupted/lost job</td>
</tr>
<tr>
<td>(direct effect on his job)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B2 Some board members</td>
<td>None</td>
<td>More discussion at board level</td>
</tr>
<tr>
<td>(difference of objectives)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B4 Marketing middle managers</td>
<td>None</td>
<td>Lost jobs</td>
</tr>
<tr>
<td>(direct effect on their jobs)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B5 Union/employees</td>
<td>None</td>
<td>No real effect</td>
</tr>
<tr>
<td>(risk of job lost)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B6 Some shareholders</td>
<td>A very great deal</td>
<td>More negotiation/longer implementation</td>
</tr>
<tr>
<td>(direct effect on their positions)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B7 Chief-Editor</td>
<td>None</td>
<td>Greater informal interaction</td>
</tr>
<tr>
<td>(introduction of new technology)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B8 Council members</td>
<td>Some</td>
<td>Modified decision</td>
</tr>
<tr>
<td>(difference of objectives)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B10 Middle managers</td>
<td>Little</td>
<td>Delayed implementation</td>
</tr>
<tr>
<td>Union/Employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(prospect of losing jobs)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B12 Production Director</td>
<td>A very great deal</td>
<td>More negotiation</td>
</tr>
<tr>
<td>(direct effect on his job)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Director</td>
<td>Little</td>
<td>More negotiation/lost job</td>
</tr>
<tr>
<td>(difference of objectives)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B13 Holding's Technical Staff</td>
<td>Little</td>
<td>Greater informal interaction</td>
</tr>
<tr>
<td>(technical disagreement)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative manager</td>
<td>None</td>
<td>More negotiation at board level</td>
</tr>
<tr>
<td>(no clear reason)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B14 Finance Staff</td>
<td>None</td>
<td>Greater involvement of the chief executive</td>
</tr>
<tr>
<td>(direct effects on their jobs)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B15 Several managers</td>
<td>None</td>
<td>No effect</td>
</tr>
<tr>
<td>(direct effects on their jobs)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B16 Technical Director</td>
<td>A very great deal</td>
<td>More negotiation/more information assessment (technical disagreement)</td>
</tr>
<tr>
<td>(differences of objectives)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B19 Some board members</td>
<td>Little</td>
<td>Need for compromise/limited decision</td>
</tr>
<tr>
<td>(differences of objectives)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B20 Some senior managers</td>
<td>Little</td>
<td>Limited decision</td>
</tr>
<tr>
<td>(differences of objectives)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In England, with the exception of only two cases (E12 and E17) those opposing the process are exclusively from the highest levels of the organization mostly board members and senior managers. However, they too exert surprisingly little influence. Only in five cases did they wield any influence against the decision (cases E3, E4, E8, E14, E17). For example, in case E3 the commercial director actively opposed the
decision to reorganize and rationalize production, because it would have an immediate impact on the performance of his division.

Table 7.2b Active influence against the decision, and consequences: English sample

<table>
<thead>
<tr>
<th>Unfavourable Participant</th>
<th>Influence on DM process</th>
<th>Consequences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case (main reason for disagreement)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E1  Sales Director</td>
<td>Little</td>
<td>No real effect</td>
</tr>
<tr>
<td>(direct effect on his department)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E3  Commercial Director</td>
<td>A great deal</td>
<td>More negotiation/more committees</td>
</tr>
<tr>
<td>(direct effect on his job and department)</td>
<td></td>
<td>/limited decision</td>
</tr>
<tr>
<td>E4  Some board members</td>
<td>Somewhat</td>
<td>Delayed authorization/limited decision</td>
</tr>
<tr>
<td>(differences of objectives)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E6  Division MD</td>
<td>None</td>
<td>No real effect</td>
</tr>
<tr>
<td>(technical disagreement)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E8  Some senior administrators</td>
<td>A very great deal</td>
<td>More negotiation/more committees/modified decision</td>
</tr>
<tr>
<td>(direct effect on their departments)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E9</td>
<td>Little</td>
<td>More informal interaction/delayed decision</td>
</tr>
<tr>
<td>Some board members</td>
<td></td>
<td>(differences of objectives)</td>
</tr>
<tr>
<td>E10  Managing Director</td>
<td>None</td>
<td>Lost job/process secret and informal</td>
</tr>
<tr>
<td>(perspective of job lost)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E12  Senior and middle managers</td>
<td>Little</td>
<td>No real effect</td>
</tr>
<tr>
<td>(differences of objectives)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E13  Some board members</td>
<td>Little</td>
<td>More negotiation at board level/more information assessment</td>
</tr>
<tr>
<td>(differences of objectives)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E14  Some shareholders</td>
<td>Somewhat</td>
<td>More negotiation/more information assessment</td>
</tr>
<tr>
<td>(differences of objectives)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E16  Some board members</td>
<td>Little</td>
<td>More negotiation/compromise</td>
</tr>
<tr>
<td>(differences of objectives)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E17  Middle managers</td>
<td>Somewhat</td>
<td>More negotiation/slower implementation</td>
</tr>
<tr>
<td>(prospect of losing job)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E18</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E20  Senior managers</td>
<td>Little</td>
<td>No real effect</td>
</tr>
<tr>
<td>(differences of objectives)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Similarly, in case E1, despite opposing the decision to reduce expenditure on non-food products, the Sales Director had very little influence in the process. His participation was limited to the moment when the decision was presented at the executive board for evaluation and authorization. Opposition without influence was mentioned in nine out of the twenty English decisions studied (E1, E6, E7, E9, E10, E12, E13, E16, E20). This
contrasts with the Bradford studies in which about half the cases were classified as highly contentious, i.e., opposition with influence (Hickson at al. 1986).

These detailed results are puzzling. For the Brazilians, it could be argued that whilst Brazilian subordinates see their superiors as members of their 'group' (personalism) and this might make it easy for them to express doubt, comparatively high power distance makes it hard for them to transpose doubt into actual influence against a superior's decision.

But this cannot be said about English managers. Individualism presupposes greater pursuit of individual interests, and consequently the use of power to fulfil those interests. So why do the results fail to show that?

One possible explanation is that this study includes only decisions that went to the implementation stage. Perhaps there were, in the same organizations, other decisions that were never authorized because of the influence of those opposing them. To confirm this it would be necessary to have a different sample, one that included all decisions, authorized and not authorized, that were considered during a certain period of time.

Another possible explanation may be related to the effects of 'dominant coalitions' or oligarchies. The decision stories suggest that because they expected some resistance to the decision the dominant coalition pushed it ahead without giving room for a great deal of negative influence. The opposition, when influential, only tend to hold up the process for some time, but in most cases this is not enough to stop the decision from being authorized. Quite often they are eventually pushed out of the organization (e.g., cases B1, B12, E10) unless they comply with the others (e.g., cases B6, B13, E4). Only in a few cases are they able to win some adjustments to the proposed solution to accommodate their interests (e.g., cases B11, E3, E8).

Because these effects are common to Brazilian and English decisions, it may be suggested that the hierarchical structure of organizations facilitates the imposition of
decisions by those at the top. It seems that strategic decisions are, in many cases, foregone conclusions that are approved by the dominant coalition before the actual process is completed. In these circumstances the process itself seems to be just a mechanism to validate what was already decided and, in some cases, to adjust it to other interests involved. There are indications that decisions tend to be made despite opposition, and if later it is shown that the decision was a wrong one (perhaps those opposing it were right?) then further decisions are made to reverse their effects. For example, decisions B11, and E9 were both decisions made to reverse previous decisions. In both cases they resulted in closure of divisions that were the outcomes of decisions made a few years before. The influence of those who had been dominant may not survive such a reversal, and they may be blamed for the negative effects of the wrong decision and perhaps lose their jobs. May be this occurs more frequently in low power distance England than in high power distance Brazil where those responsible are too powerful to be challenged? Certainly in this sample, decision E10 was made to counteract the problems caused by a merger, and those who were seen as responsible for these problems lost their jobs.

In short, there seems to be little difference here between Brazilian and English decisions. In both countries, those with interests contrary to what was to be decided tended to be marginalized in the process, with little or no room to exert any influence against it. Whilst Brazilians are more "one-man authoritarian", with the English dissent is equally ineffectual.

**Negotiation scope:** As shown in Tables 7.2a and 7.2b, the most common consequence of a participant’s opposition to the decision was an increase in the amount of negotiation during the process. Six decisions in each country showed this, even when those unfavourable to the decision had little or no influence.
Given that opposition tends to increase the negotiation during the making of a decision, which is logical, are there any detectable differences over and above this common effect which might be attributable to societal culture? It does not appear so.

Despite the prediction that the English decisions would show a great deal more negotiation than the Brazilians, there is no real difference between the English mean of 2.6 and the Brazilian mean of 2.8 (Table 7.1), and the English stories report no more negotiation than the Brazilians do. This leaves unresolved questions of what could be influencing the levels of negotiation in each sample.

Perhaps the data are inadequate; or perhaps this is a further aspect of the general exclusivity of top management which may be very similar in different societies in keeping major issues to itself, because of its position at the apex of a pyramidal organizational form.

7.1.3 Empirical Results: interrelationships among politicality variables

This examination of the scores on the politicality variables has indicated that there does seem to be some cultural influence upon strategic decision processes. Confirming the predictions, high power distance Brazilian managers tend to make decisions at the highest levels of the organization sometimes by a single dominant individual with only a small number of interest units exerting influence on the process, and little or no [active] opposition.

Among English decisions the predicted cultural influences were less definite, but the larger number of interest units participating clearly supported the presumed low power distance, and it could be thought that class deference was shown in the domination of decisions by the organizations’ elite managers with little resistance by middle and lower level employees. However, neither the predicted high levels of opposition nor great negotiation have been found.
The further question must now be asked as to whether there are any concordant patterns be seen in correlations between variables?

Table 7.3 presents an intercorrelation matrix showing correlation coefficients among the five politicality variables in each sample separately. As it indicates, the major differences are those related to the variable influence against the decision. Despite it being a very crude measure, the average influence of those against the decision is shown to be basic to the understanding of the differences between decision making in a high power distance country and in a low power distance one. In low power distance England the greater participation of the organization's top manager seems to coincide with greater influence of interest units against the decision ($p = .53$). The open question is whether the chief executive arouses opposition, or whether opposition arouses the chief executive?

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. No. active interests</td>
<td>Br. ---</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Eng. ---</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Average-influence in favour</td>
<td>Br. -.13</td>
<td>----</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Eng. -.30</td>
<td>----</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Top Manager participation</td>
<td>Br. -.25</td>
<td>-.01</td>
<td>----</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Eng. -.01</td>
<td>.03</td>
<td>----</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Average-influence against</td>
<td>Br. .45*</td>
<td>.17</td>
<td>-.05</td>
<td>----</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Eng. .10</td>
<td>.07</td>
<td>.53*</td>
<td>----</td>
<td></td>
</tr>
<tr>
<td>5. Negotiation scope</td>
<td>Br. .55*</td>
<td>.32</td>
<td>-.18</td>
<td>.44*</td>
<td>----</td>
</tr>
<tr>
<td></td>
<td>Eng. .50*</td>
<td>.25</td>
<td>.07</td>
<td>.27</td>
<td>----</td>
</tr>
</tbody>
</table>

Notes: Technically, it is inappropriate to rely on significance tests on such a small sample size. However, for reference on the magnitude of the relationships the significance levels are indicated.

N = 20

*p < .05

**p < .01

In high power distance Brazil, the fact that there is no correlation ($p = -.05$) suggests that although greater participation of the organization's top manager may result in greater opposition, it need not do so and often does not do so. After all in this high power distance society direct opposition to an authoritarian president could put at risk...
someone's job. In case B4 the president of the company trying to explain why he fired the marketing manager who opposed 'his' decision, told us: "I am the boss and they are only employees, if they don't agree with 'my' decisions I fire them".

In contrast to the English sample, opposition in Brazil appears to be more tied in with increases in the number of interests influencing the process \((p = .45)\), and both are correlated with negotiation. Probably, therefore, more interests engender more negotiation and more opposition, bringing conflicting demands to the surface even in a high power distance society.

In English decision making too, more negotiation appears to occur when there is more diversity of involvement and more opposition to the decision, a 'common sense' conclusion.

Summarizing: The analysis of politicality variables indicates that the Brazilians and the English do have distinct and opposite tendencies. The Brazilians are inclined to greater concentration of power, the English to greater dispersion of involvement and influence. Though this difference is not absolute and does not occur in all cases. For in circumstances where the decisions allow it and, probably, where there has been American influence on management, Brazilians can be participative, and conversely the English can be authoritarian, usually on topics for decisions which are seen as more contentious, and potentially more political.

7.2 Perceived Complexity

Paraphrasing Axelsson and colleagues, the differences in the extent and nature of managerial participation and politicality are intriguing in themselves, but they are only part of the overall contrasts in the characteristics of a decision between two countries (1991:73). For making strategic decisions also involves making choices without clear knowledge on the matter of decision and its consequences. This uncertainty is believed to be, at least partly, derived in differing degrees from cultural influences on cognitive
processes. According to Schneider and Meyer (1991:310), individuals from societies with high tolerance for uncertainty tend to perceive strategic decision issues as less threatening than others might do.

7.2.1 Predictions Restated

With these assumptions, Brazilian managers, with higher uncertainty avoidance, are expected to perceive decisions as deeply uncertain, and to interpret strategic issues as threats. Whilst English managers, with lower uncertainty avoidance, are predicted to take the uncertainties of a strategic decision more casually. This is complemented by the cultural differences regarding conservatism, and so it is predicted that relatively to the English Brazilian decision issues are more likely to be rare or totally novel topics. In resume:

In Brazil, strategic decision issues are expected to be perceived as unique and highly consequential, while in England, strategic issues will tend to be seen as part of the normal managerial activity and less consequential to the organizations (see Chapter 5 for detailed discussion on those predictions).

7.2.2 Empirical Results: complexity scores

Table 7.4 lists the four complexity variables, the predicted level of each variable in each country, the mean and standard deviation for each sample on each variable, the value of the F Ratio, and its significance.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Predicted characteristics</th>
<th>Observed characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Brazil</td>
<td>England</td>
</tr>
<tr>
<td>Rarity</td>
<td>Higher</td>
<td>----</td>
</tr>
<tr>
<td>Radicalsity of consequences</td>
<td>Higher</td>
<td>----</td>
</tr>
<tr>
<td>Endurance of consequences</td>
<td>----</td>
<td>Longer</td>
</tr>
<tr>
<td>Seriousness</td>
<td>Higher</td>
<td>----</td>
</tr>
</tbody>
</table>
The results in Table 7.4 show no statistically significant differences. However, both radicality and seriousness are higher in the Brazilian decisions, as predicted, and taken together with decision-stories narrated in Appendices B and C, it is possible that there are cultural influences in these two variables.

Examining each variable separately:

**Rarity**: The distribution on this variable, the frequency with which similar matters recur, shows that, contrary to the predictions, there was no meaningful difference between the two societies, or, if any, then more English decisions than Brazilian were novel and unfamiliar for those involved in the process. A total of eight English decisions, against three Brazilians, were described being as on totally new topics which had never occurred before. On this evidence there seems to be little detectable cultural influence derived from uncertainty avoidance upon the perception of the rarity of a strategic decision issue.

**Radicality of consequences**: This variable does show some consistency with the predictions. Though most informants in both countries tended to rate decisions as intended to result in substantial changes to the organization, there was a slight tendency for Brazilians to see them as more radical which produced the higher mean in Table 7.4. For example, in case B6 the decision to reorganize a food retailer company was forecast to change dramatically the organization design, in Mintzberg's (1979) terms moving from an 'entrepreneurial structure' to a 'machine organization', with all existing routines (finance, personnel, planning, purchasing) and operational procedures (opening hours, layout of shops, number of check-outs) changing in line with it. Radical changes of this sort were also foreseen (by the informants) in ten other Brazilian decisions, rather more often than among the English.

**Endurance of consequences**: the results on this variable which indicates how far ahead managers looked when making the decision, do not show strong differences between Brazilian and English decisions. Nor do they support the hypothesis that English
managers have a longer time horizon, for if anything it is shorter. However, there is an alternative explanation which does fit English culture. The lower English *endurance* in Table 7.4 (England, mean = 3.3 sd. 1.4; Brazil, mean = 3.9 sd. 1.5) may be an indication that English informants tend to be more cautious (or pessimistic?) in their evaluation of how long the effects of a decision are likely to last. Brazilians, on the other hand, appear to be more optimistic (unrealistically?). Brazilian optimism has been described by many (Chapter 4) as a persistent attribute, whilst English managers were regarded as being more critical in their appraisals (Chapter 4).

**Seriousness:** Seriousness shows some cultural influence, with a higher Brazilian mean score. But this results largely from five Brazilian as against only one English decision being described as having potential catastrophic effects, at the extreme of the scale, and the numbers of cases lower on the scale are so similar, that too much cannot be made of this. The most that can be said, therefore, is that there may well be a difference in the predicted direction which is detectable only at the extreme where Brazilians foresee more catastrophe lurking.

Although there are these tendencies in radicality and perhaps in seriousness in the predicted direction, the results fail to firmly support the predictions that differences in culture on uncertainty avoidance and immediatism would result in clear differences in the perceived complexity of decision issue. Why might this be?

One possible reason could be the different emphases in the ways that the organizations were approached. As described in Chapter 6, to induce English managers to participate in this study it was suggested that the interest was to talk about a strategic decision that had been especially crucial for their organizations. Whereas in Brazil, since managers were more interested in participating, decisions were selected without any explicit reference to their uniqueness. So this suggestion, the key for access into several organizations, could have biased the English results towards greater rarity and put them on a level with the Brazilians.
A second reason, one in line with the results from the Bradford studies (Hickson et al., 1986, Cray et al., 1991), could be that the complexity of a decision is related to what the decision is about, the topic of decision, much more than to societal culture.

So following Hickson and colleagues (1986) the forty decisions in this study were ranked according to the means of each complexity variable for seven topics categories (the definition of each topic is presented at section 6.4, Chapter 6, and the topic of each decision is shown in Appendices D and E).

Table 7.5 shows the topic categories, the number of cases in each, the means and rank order on each variable and on an overall complexity variable (calculated as the mean of the scores on the variables: rarity, radicality of consequences and seriousness), and the significance level given by the Kruskal-Wallis [rank] test of independence adjusted for the presence of ties.

The rank orders of topics on rarity, radicality, and seriousness can be seen to be very similar. This suggests that these variables are strongly affected by topic, and the effect is pronounced when their means are averaged to produce the overall complexity index. Endurance is not so related, and could have a cultural link as suggested above.

<table>
<thead>
<tr>
<th>Topic category</th>
<th>N=40</th>
<th>Overall Complexity</th>
<th>Rarity</th>
<th>Radicality of consequences</th>
<th>Seriousness</th>
<th>Endurance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean Rank</td>
<td>Mean Rank</td>
<td>Mean Rank</td>
<td>Mean Rank</td>
<td>Mean Rank</td>
<td>Mean Rank</td>
</tr>
<tr>
<td>Reorganizations</td>
<td>6</td>
<td>4.7 1</td>
<td>5.0 1</td>
<td>5.7 1</td>
<td>3.5 1</td>
<td>3.8 4</td>
</tr>
<tr>
<td>Boundaries</td>
<td>13</td>
<td>4.1 2</td>
<td>4.7 2</td>
<td>4.8 2</td>
<td>2.8 3</td>
<td>3.7 5</td>
</tr>
<tr>
<td>Technologies</td>
<td>9</td>
<td>3.8 3</td>
<td>3.3 5</td>
<td>4.7 3</td>
<td>3.3 2</td>
<td>4.2 2</td>
</tr>
<tr>
<td>Domains</td>
<td>3</td>
<td>3.7 4</td>
<td>4.3 4</td>
<td>4.0 5</td>
<td>2.3 4</td>
<td>3.5 6</td>
</tr>
<tr>
<td>Products/Services</td>
<td>2</td>
<td>3.6 5</td>
<td>4.5 3</td>
<td>4.5 4</td>
<td>2.0 5</td>
<td>4.0 3</td>
</tr>
<tr>
<td>Locations</td>
<td>1</td>
<td>2.3 6</td>
<td>3.0 6</td>
<td>3.0 6</td>
<td>2.0 6</td>
<td>5.0 1</td>
</tr>
<tr>
<td>Administrative</td>
<td>6</td>
<td>2.0 7</td>
<td>2.3 7</td>
<td>2.0 7</td>
<td>1.8 7</td>
<td>1.6 7</td>
</tr>
</tbody>
</table>

Kruskall-Wallis' p    .028   .034   .019   .08   ns

Table 7.5 Complexity variables and the topic of decision

Similar to the results of the Bradford studies, reorganizations tend to be the most complex of the decisions. And the evidence from the decision-stories shows that in both
countries, the cases of reorganization tended not just to be the organizations’ first experience of this topic, but also the most consequential or serious. Examining the decision-stories one can understand this. Four of the six reorganization decisions (three in the Brazilian sample and one in the English sample) were decisions made to solve a crisis, and the effects of a wrong decision at that moment would be crucial.

Irrespective of country, decisions related to recurrent administrative activities (budgets, financial controls, personnel), tended to be least complex.

A similar effect was obtained when these variables were analysed by topic for each country separately. (See section 10.2, Chapter 10, for an analysis by topic of all other variables included in this study.)

Therefore the inherent complexity of the matter on hand appears to transcend any effects of society. To both Brazilian and English managers, reorganizations and boundaries decisions, and investments in new technologies, present themselves as more complex than relocation or budget decisions, being at the top and bottom of Table 7.5 respectively, and their Brazilianess or Englishness does not further increase or diminish this degree of complexity. To put this another way, the complexity of the topic has the same overriding effect whatever the society.

7.2.3 Empirical Results: interrelationships among variables of complexity

So, the results on complexity scores suggest that there seems to be very little room for cultural influences upon the complexity of strategic decision issues. Variations within and between samples tend to be related to the topic of decision rather than to societal culture.

This is reaffirmed by the intercorrelation matrix in Table 7.6 showing correlations among the complexity variables in each sample separately. The most striking feature of this table is the similarity of the two sets of correlations. Which gives further support to
the position taken above, that differences in the perceived complexity of strategic issues are due less to cultural differences than to variation in the topic of decision. The only difference is in the correlation between rarity and seriousness. These are positively correlated in the English sample ($p = .49 \ p < .01$) but uncorrelated in the Brazilian one ($p = .06$), suggesting that in England, but not in Brazil, the more rare a decision issue the more concerned are decision makers with the possibilities of a wrong decision. This difference appears to challenge even more the prediction that managers from higher uncertainty avoidance cultures would perceive the uncertainty of a [new] strategic issue as more threatening.

Table 7.6 Interrelationships among the complexity variables for the Brazilian and English samples (Spearman Rank Order Correlation Coefficients)

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Rarity</td>
<td>Br</td>
<td>-----</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Eng</td>
<td>-----</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Radicality of consequences</td>
<td>Br</td>
<td>.44*</td>
<td>-----</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Eng</td>
<td>.67**</td>
<td>-----</td>
<td></td>
</tr>
<tr>
<td>3. Endurance of consequences</td>
<td>Br</td>
<td>.33</td>
<td>.54</td>
<td>-----</td>
</tr>
<tr>
<td></td>
<td>Eng</td>
<td>.26</td>
<td>.39</td>
<td>-----</td>
</tr>
<tr>
<td>4. Seriousness</td>
<td>Br</td>
<td>.06</td>
<td>.66**</td>
<td>.22</td>
</tr>
<tr>
<td></td>
<td>Eng</td>
<td>.49*</td>
<td>.49*</td>
<td>.12</td>
</tr>
</tbody>
</table>

Notes: $N = 20$
* $p < .05$
** $p < .01$

Summarizing: The findings presented in this section suggest that despite cultural differences regarding the level of uncertainty avoidance and conservatism, the perceived complexity of decision issues appears to differ more within Brazil and within England by topic than between these two countries. The topics of decision might be a better explanation for variations in complexity than cultural differences.

7.3 Summary and some preliminary conclusions

It was predicted that strategic decision making in high power distance Brazil would tend to be centralized with the individual who occupied the highest position in the
organization hierarchy. Decisions in Brazilian organizations were expected to be more often a "one man" decision with little influence being exerted by the other interests involved, and little room for negotiation and opposition to the decision. It was predicted that in strategic decision making in low power distance England, decisions would tend to be less concentrated on one solo individual, with more interests being directly involved in a more political process (more opposition and negotiation).

The results in this chapter have, in fact, revealed some characteristics which bear this out but others which do not and may more appropriately be regarded as a common managerialism. The Brazilian tendency towards the Even Slope influence pattern seems to be culture related, with decisions being centralized by an autocratic chief executive who is responsible for most stages of the process. Similarly, the contrasting English tendency towards the Double Zed influence pattern seems to indicate some effect of the low power distance quality of this society, with more participating interests being involved and influencing the decision at different stages of the process.

But in political terms the cultural effects seem to stop there, for in both countries decisions are concentrated within the managerial elite with little or no direct involvement of the lower levels. Strategic decisions are restricted to top managers who keep them to themselves, giving very little room for anyone who thinks differently to do anything effective. The evidence from this chapter suggests that independently of cultural differences, senior managers (whether an autocratic individual in high power distance cultures, or an oligarchy in low power distance ones) will use the mechanisms of decision making just to validate and sometimes improve (possibly with more information and some adjustments) the decisions that they themselves have already taken. It seems that they are not actually making decisions, but rather realising decisions which accord with their own values.

There is less difference between the two countries in complexity than in politicality. It was predicted that because of their differences in uncertainty avoidance, Brazilian
decision makers would tend to perceive strategic issues as more complex, whilst English
decision makers would tend to take them more casually. However, both scores on the
complexity variables and the decision-stories have suggested that the complexity of a
decision is better explained by the differences in the characteristics of the topic of
decision under consideration. Organizations and decision makers, independently of
their cultural background, are better prepared to make administrative decisions (on
financial adjustments, budgets, personnel), and decisions that are related to their main
operational objectives (production, and marketing), rather than more ill defined
decisions that are less clearly related to their formal goals (e.g., reorganizations,
boundaries).

Finally, it is possible to suggest from the results so far, more specifically those from the
politicality variables, that in both Brazilian and English decisions where top managers’
and cultural values are in line the processes tend to follow what could be called a typical
stereotype of their cultures. For example, case B4, the decision to merge a Brazilian
company with an Argentine one is, in terms of politicality, a typical Brazilian decision.
There was high concentration of authority in one individual (an Even Slope kind of
decision) with no room for opposition or negotiation, and with those who attempted to
oppose the decision being simply expelled from the company. A typical high power
distance type of decision.

On the other extreme, English decision E4, the decision to rationalize production and to
reorganize the structure of a biscuit manufacturer, seemed to follow a pattern that could
be described as a low power distance type in a class deferent society. The decision was
made at the top with little involvement of those from lower ranks in the hierarchy, but
involving those in the top echelons through committees and negotiations which allowed
them to influence it in a typical English Double Zed pattern.

In general, however, it has to be recognized that Brazilian and English differences occur
within similar prevailing organizational frameworks that lead to a strong common
managerialism. In the organizations of both societies, and perhaps this might extend to all societies, there is a centralization of major decisions in the hands of an elite which limits negotiation and squeezes out opposition.
Chapter 8

Brazilian & English decision processes compared

In this chapter three distinct dimensions that characterize a strategic decision process will be examined: social, temporal and informational.

8.1 Social Dimension

This first section includes variables that describe features of the social interactions that occur during a strategic decision process. The previous chapter has shown what many authors (e.g., Child 1972, Butler 1981, and Milliken and Vollrath 1991) have pointed out, that a strategic decision is in fact the action of a small dominant coalition involved in a strategic choice. Its process moves via the internal dynamics of a small group, with varying degrees of cohesiveness, communication, and interpersonal facilitation (e.g., Shaw 1971, Janis 1972, Hackman 1975).

8.1.1 Predictions Restated

In accord with this view, it is predicted that "personalist" Brazilian managers with greater emphasis on personal face-to-face relationships, and group-centred concerns, will act, within a decision making group, with greater mutual positive attitudes, informal communication and interpersonal facilitation.

By contrast, more individualist English managers are predicted to be more concerned to fulfil their tasks and, possibly, to get rewarded for their performance. English decision making elites are, therefore, expected to be less oriented towards interpersonal relations with less informal interaction and interpersonal facilitation. During meetings decision makers are expected to follow standardised procedures that are oriented towards task achievement. (See Chapter 5 for extensive discussion of those predictions.)

In short, the predictions are that:
Personalist Brazilian managers make decisions through very informal processes that are characterized by a great deal of interpersonal interaction and interpersonal facilitation both in and out of the organization. While individualist English managers make decisions with less informal interaction, and interpersonal facilitation. English decision processes are more likely to follow standardized communication channels and to observe formal procedures, including during pre-arranged meetings.

8.1.2 Empirical Results: scores on social aspects variables

Table 8.1 summarizes the predicted and observed characteristics of six variables on the social aspects of process. These variables are divided in three groups: informal interaction variables, meeting’s variables, and one interpersonal facilitation variable.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Predicted Characteristics</th>
<th>Brazil</th>
<th>England</th>
<th>Observed characteristics</th>
<th>Brazil</th>
<th>England</th>
<th>One-way</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Mean</td>
<td>Std. Dev</td>
<td>Mean</td>
<td>Std. Dev</td>
<td>F</td>
<td>Sig.</td>
</tr>
<tr>
<td>Overall informal interaction</td>
<td>Higher</td>
<td>3.95</td>
<td>1.60</td>
<td>3.70</td>
<td>1.62</td>
<td>0.24</td>
<td>ns</td>
</tr>
<tr>
<td>Informal interaction in-breaks</td>
<td>Higher</td>
<td>4.50</td>
<td>1.27</td>
<td>3.80</td>
<td>1.64</td>
<td>2.26</td>
<td>ns</td>
</tr>
<tr>
<td>Informal interaction off-job</td>
<td>Higher</td>
<td>3.65</td>
<td>1.72</td>
<td>2.50</td>
<td>1.57</td>
<td>4.85</td>
<td>.034</td>
</tr>
<tr>
<td>Meetings’ completion</td>
<td>-----</td>
<td>3.64</td>
<td>1.15</td>
<td>4.21</td>
<td>.53</td>
<td>3.59</td>
<td>.067</td>
</tr>
<tr>
<td>Meandering</td>
<td>Higher</td>
<td>4.42</td>
<td>.93</td>
<td>3.15</td>
<td>1.11</td>
<td>11.82</td>
<td>.002</td>
</tr>
<tr>
<td>Interpersonal facilitation</td>
<td>Higher</td>
<td>3.75</td>
<td>1.68</td>
<td>2.70</td>
<td>1.62</td>
<td>4.03</td>
<td>.052</td>
</tr>
</tbody>
</table>

In terms of their social characteristics, Brazilian and English managers differ on all six variables in the predicted directions, even if not always with statistical significance. Brazilian decisions score higher on all features of informal interaction and the use of interpersonal relationships, a strong confirmation of Brazilians’ "personalist" character, while English meetings did meander less and did more often complete the intended business. At the same time, it is clear that there is a higher level of overall informal interaction in English decision making than might have been expected, though less than the Brazilian level.

The differences between means and standard deviations, and the significance of the one-way analyses of variance on four of these six variables, show that the most prominent differences between Brazilian and English decision making are in its
processual features. It seems that personalist Brazilians do make decisions in a very informal way, interacting frequently through informal conversations outside pre-arranged meetings and even outside normal working hours; while more individualist English managers, though involved in a great deal of informal interaction, tend to keep to the book, avoiding getting together out of business-hours, making less use of their relationships to facilitate the decision, and observing more closely the set procedures during pre-arranged meetings.

These differences are even more obvious when examples from the decision-stories narrated in Appendices C and D are now brought into the analysis of each group of variables.

**Informal interaction:** As indicated in the table and in several decision-stories, in Brazil high [culturally related] interpersonal interaction tends to result in very informal processes. In many cases this is in such a way that the 'real' process happens "behind the scenes", with managers exchanging information, developing solutions, and even authorizing implementation in casual meetings outside normal working hours. Formal pre-arranged meetings in those cases are either the moment when decisions already made are presented to those not directly involved in the process, or a ritual that are followed by decision makers to exhibit the proper behaviour and attitudes expected for modern Western managers.

Case B2 illustrated this. The decision to open a new branch in Brasilia was made by the chief executive after a day of personal evaluation and informal conversations with his external adviser. After the decision was made he called for an executive meeting to 'discuss' the decision and to have all senior managers involved. During interview the president explained that this meeting was crucial to facilitate the implementation phase.

Another common practice mentioned by many Brazilian informants was the custom of weekend meetings. Weekend barbecues were described by several managers as a setting where all the impersonal and formal relationships of the organization were left behind
in a friendly and family-like environment which eases interactions and connivances. In case B19 most of the discussion that preceded the board's authorization of a take over investment happened at friendly weekend barbecues which were frequented not just by board members but also by senior managers with positive interests in the decision.

In England, although overall informal interaction was not much different from the Brazilian level (and not to a statistically significant degree), there was less away from the actual work situation and more during working hours and in the normal working environment. As predicted, English managers tended to avoid casual meetings outside working circumstances. When these happened they tended to have a highly 'political' character, with the formation of behind the scenes coalitions, secretive meetings and the withholding of information. Case E10 is a good example. Following the merger with a public company (Case E12) the Chairman of a previously private chemical company discovered that both the chief executive and the financial director had been making mistaken decisions and keeping critical problems (accounting, production, etc) secret from the board. Following the dismissal of the financial director and difficult moments with the chief executive he, the Chairman, privately asked the managing director to prepare a reorganization plan and to be ready to assume the control of the company. Following a series of secret meetings at the chairman's house they produced a radical reorganization and rationalisation plan which was approved by the board of directors just after the chief executive was fired by the chairman. Similar events were also observed on cases E8, E9, E12, and E16.

Those cases, however, are the exception rather than the norm. Informants from seven different organizations affirmed that in no circumstances did those involved in the process need to have informal conversations or casual meetings outside working hours. Casual meetings took place during the working day in most decisions (only four exceptions) and were useful for the exchange of information, specially between managers responsible for the preparation of decision proposals. Top executives involved in the evaluation and authorization phases were described as having informal
conversations to prepare for formal meetings so that they should be aware of opinions and of what was going on. For example, the commercial director in case E3, talking about his opposition to the proposed reorganization, stated: "I didn’t want to surprise anyone, so I just walked into everybody’s offices and discussed what I was going to say during the meeting." This practice of pre-meetings discussion was mentioned by informants from twelve organizations who emphasised its importance in reducing the volume of discussion during meetings, specially board meetings. One non-executive director talking about the board’s meeting which approved a large investment (case E4) said that "...there were several pre-meeting lobbies, and 50% of the discussions happened the day before the meeting." The impression given was that more prior discussions led to more effective meetings.

Meetings' Procedures: Brazilian informality also extended to more formal situations, such as pre-arranged meetings. Confirming predictions, in Brazil even board meetings, whilst having the usual ritual form (with time-schedule, agenda, specified participants, etc), tended to be conducted in a very informal way, and in practice did not stick to these procedures. Brazilians are inclined to have very loose meetings. Agendas are forgotten and the meetings tend to meander with many finishing without being conclusive. Meetings, at least at this level of management, were described as beginning on time with all participants present, but they are open-ended meetings which may be extend far beyond any intended finishing time.

For some informants these are persistent negative characteristics of Brazilian organizations which should decline as managers become better trained. For some others, meandering during meetings is a very positive practice that allows managers to be free to express themselves without the constraints of formal procedures. In general, most managers agreed that Brazilian meetings have already improved in terms of beginning on time and having members arriving before the business has begun, but there is still a great deal of parallel conversation and not time to finish.
Another very common practice, mentioned by several Brazilian managers, was the habit of extending meetings by having a meal or going to either restaurants or bars. One executive (Case B1) said: "We have time to start meetings, but no time to finish. If the meeting is on Friday, and usually they are, after the meeting we have a drink or two together. The secretaries arrange to have food available and someone [a waiter] to help with the drinks and food. This usually goes on till late in the evening". Another executive (Case B6) felt that it is during these 'after-meetings' that decisions are really made, "because there is no hierarchy and everyone is free to express their opinion, and interests".

English managers, when asked to categorize the characteristics of the meetings in which they had participated (Questions 9a,b,c,d Appendix B), tended to describe them as: a) beginning on time (eighteen out of twenty); b) with the participants arriving promptly before the meeting began (fourteen); c) following and finishing the agenda (eighteen); and d) with just an occasional meander before a decision is made (ten). Though more meandering was reported than was expected, this confirmed the predictions of meetings following and finishing agendas. In contrast to Brazilian managers who described meandering as a normal practice, most English informants tried to justify it by attributing it to the chairman's style. One manager said: "The former chairman was very rigid about that, he never lost control of the meetings, but the present chairman is very liberal and believes that all opinions should be heard before a decision is made". Insofar as the Brazilian way allows managers the chance to express themselves, it must be supposed that the more private and reserved English are comparatively suppressed in management meetings.

**Interpersonal facilitation**: Informality and intensive interaction in a personalist society can be a very useful tool. As predicted, Brazilian managers would more frequently make use of people they knew well personally. The mean of 3.75 for *interpersonal facilitation* and the full distribution shown in Figure 8.1 tend to confirm this prediction.
Figure 8.1 shows that no less than twelve Brazilian decisions were rated as having a great deal of interpersonal facilitation, whilst only four were not influenced by mutual familiarity. The ways in which this worked were diverse. Bringing support to the process was a critical one. For example, in case B12, the reorganization decision in a large building contractor, the planning director affirmed that the fact that he and the others, who were interested in furthering the decision, had easy personal access to most board members was crucial in bringing pressure to bear in favour of the decision.

Interpersonal facilitation was also crucial in easing access to resources and information. In case B3, personal relationships between the chief executive and some senior managers from a regional investment bank were critical in getting facilitating loans in foreign currency, despite governmental currency restrictions. Likewise, access to information in cases B3, B7, B17, B19, was said to be possible because of the presence of acquaintances working in key organizations (competitors and suppliers).

If mutual familiarity tends to facilitate the process, in some cases its absence was the reason for discontinuity and disruption. In case B4, the decision was delayed for several months because the chief executive of the Brazilian company did not know "quite well" the president of the Argentine firm with which they were going to start a joint-venture.
"It was necessary", said the head of the Brazilian company, "that we spent sometime 'eating salt from the same bag' before we were able to make any decision."

In addition, many Brazilian informants (from cases B1, B2, B3, B5, B6, B7, B10, B15, B19, B20) indicated that the most common effect of the participants' intimacy was a mutual respect and the belief that their relationships should be preserved despite any disagreements. Case B6 is a good example. As described in Appendix D, the decision to reorganize a supermarket chain faced a great deal of resistance from several shareholders because it included an extensive professionalization with functions being transferred to professional managers and this would result in many shareholders losing their positions in the company. As one non-executive director said: "since the idea came from the president we felt betrayed, but as we had a good family-like relationship everyone tried carefully not to lose the confidence of the others". The president, who stayed as the only shareholder in an executive position said: "I do not think that the agreement would be possible if we did not know and care for each other so much".

In England, individualism and greater emphasis on autonomy and self-development was predicted to result in managers making little or no use of personal friendship. The mean of 2.7 in Table 8.1 is indeed lower than the Brazilian, but Figure 8.1 reveals that the distribution is bipolar. It can be seen that as many as twelve English decisions, the majority, had little or no influence from such interpersonal facilitation. The mean is raised by the five cases at the other extreme (rated as "a great deal"). But when the informants were asked to describe the effects of this mutual familiarity most of them mentioned only that it facilitated communication rather than shaped the decision. The fact that they knew each other well was important to speed the process. Talking about the resistance of some board members to a proposal for an investment in new production-technology, the technical director of case E4 said: "...mutual familiarity was good to make the decision fast and to facilitate open discussions, but unfortunately it did not change people’s minds and my proposal, despite the pressure, was deferred for almost one year."
In summary, English managers, confirming the predictions for a reserved individualistic culture, tend to make much less use of personal relationships, and keep their own 'off-the-job' lives out of the process. They make a clear distinction between life in and out of the organization, as some of them said. This may well be, as some authors have suggested (Gorer 1955, Terry 1979, Hofstede 1980), a way to maintain a more calculative and less emotional relationship with the organization.

Brazilian managers, on the other hand, tend to make much less distinction between their work and out-of-work lives. Several examples show that they prefer to have crucial conversations in informal situations where people are more free to act with less restraint. And this preference, in many cases, mixes work with families’ weekend activities.

Indeed, informality is the key to the understanding of decision making in Brazil, for managers are inclined to convert formal circumstances into informal ones as their conduct of meetings shows. They use personal relationships to facilitate access to information and resources, and to break down resistance to the decision.

<table>
<thead>
<tr>
<th>Table 8.2 Interrelationships among the social dimension variables (Spearman Rank Order Correlation Coefficients)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variables</td>
</tr>
<tr>
<td>-----------</td>
</tr>
<tr>
<td>1. Overall informal interaction</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>2. Informal interaction in-breaks</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>3. Informal interaction off-job</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>4. Meeting's completion</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>5. Meandering</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>6. Interpersonal facilitation</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Notes: 1 N = 20  
2 N = 14 in Brazil and N = 19 in England  
* p < .05  
** p < .01
8.1.3 Empirical Results: patterns of relationships between social aspects variables

Are these differences in any way reflected by correlations between the variables?

Table 8.2 presents an intercorrelation matrix showing correlations among the social dimension variables in each sample separately. In general, the pattern of relationships supports interpretations that give the same kind of picture.

In Brazil, informal interaction in-breaks, that is the lunchroom and over coffee interactions, and the interactions off-job after hours, rise and fall together (.74). This is where Brazilian social facilitation is concentrated, rather than directly within strict working hours (interpersonal facilitation correlates .45 and .67 respectively with both forms of interaction). Whereas in England, informal interaction rises and falls very much in breaks in the working day (overall interaction and in-breaks interaction correlate .53) but not much outside it.

As might be expected, in Brazil the kind of interpersonal network where the business of meetings is not completed is also the kind where in-breaks and off-job interaction is highest (these correlate negatively -.55 and -.71 with meeting completion). As also would be expected, meandering meetings do not complete the business agenda (-.57).

By comparison, English decision making does not show this mutually consistent pattern of socially derived links. Indeed, meandering, if it occurs, does not imply personal relationships being exploited (meandering correlates -.55 with interpersonal facilitation) but rather the opposite, though this is a curious and unexplained negative correlation.

In resume, the intercorrelations among the variables for the Brazilian sample suggest, as the levels of scores do, a very dynamic relationship between decision makers with greater interaction outside formal work situations, making greater use of interpersonal relationships to facilitate the process, and less observance of procedure during meetings. In short, the greater the communication through informal channels outside the working environment, the greater the interpersonal facilitation and the less the
observance of formalities during work itself. Whereas the English lack this social basis to decision making.

These differences seem to be consistent with the social-psychology literature on small group processes (Back 1951, Shaw 1971, Zaccaro and Lowe 1988). According to these authors, in groups with greater interpersonal attraction, members tend to have more informal interaction and greater self-support. As the data indicate, among Brazilian managers, who are culturally oriented towards greater interpersonal cohesiveness, decisions tend to be made very informally showing no concern about using their mutual familiarity to facilitate access to resources or political support. While in England, managers who are culturally more reserved and place greater value on autonomy and self-development, will be less likely to have a great deal of interpersonal cohesion. Therefore, in making decisions they will tend to have much lower informal interaction and much greater observance of procedures or rituals that purport to improve efficacy.

8.2 Temporal Dimension

Any analysis of cultural influences upon decision making processes cannot overlook aspects of time. Time is often described as a scarce and critical resource, decision makers have competing activities (Mintzberg 1973), and the speed and pace of a process can be a determinant of organizational performance (Eisenhardt 1989). Besides, recent studies have observed that the effective use of time in a decision process can be an important source of competitive advantage to modern business organizations (Stalk 1988). But, as Mintzberg and colleagues (1976) have argued, decision making is not a steady and undisturbed progression that goes from one routine to another, it is, rather, a dynamic process subject to interferences, feedback and loops. Moreover, time can be perceived differently in different cultures (Webber 1972).
8.2.1 Predictions Restated

In this study, factors related to time (i.e. speed, disruptions and pace) are predicted to have room for a great deal of cultural influences. On the one hand, Brazilian managers, characteristically oriented towards the time-present, are predicted to make decisions by comparatively short processes which have little or no gestation-period, and little or no interruption. Yet they themselves are predicted to impatiently perceive the process as slow and taking too long to conclude.

On the other hand, in England, where traditional values and past experience are of great concern, the predictions are that managers would take longer to arrive at a decision. English processes would last longer, marked by delays and interruptions, and managers would perceive them as too hasty.

In resume, the predictions are that:

*In Brazil decisions are more likely to be made very quickly and continuously, with speed-ups and few disruptions. Managers are expected to adopt a 'hasty style', pushing decisions to their conclusion.*

*In England decisions are more likely to take longer, having more disruptions and delays, with managers tending to adopt a 'slow' or procrastinating decision style.*

8.2.2 Empirical Results: time dimension scores

<table>
<thead>
<tr>
<th>Variables</th>
<th>Predicted characteristics</th>
<th>Observed characteristics</th>
<th>One-way</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Brazil</td>
<td>England</td>
<td>Mean</td>
</tr>
<tr>
<td>Duration (months)</td>
<td>Longer</td>
<td></td>
<td>8.17</td>
</tr>
<tr>
<td>Occurrence of gestation</td>
<td>No</td>
<td>Yes</td>
<td>4</td>
</tr>
<tr>
<td>(number of occurrences)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disruption</td>
<td>Higher</td>
<td></td>
<td>1.75</td>
</tr>
<tr>
<td>Perceived pace</td>
<td>Higher</td>
<td></td>
<td>2.20</td>
</tr>
</tbody>
</table>

The results given in Table 8.3 on duration, gestation, disruption and pace show that although in terms of statistical significance there is less cultural influence upon aspects
of time than expected, there are very obvious differences in the predicted directions on all four variables. It can be seen that a) managers in Brazil take an average of 8 months to make decisions, compared to 12 months for the English (the surprisingly small F ratio is caused by the large variability of durations in both samples); b) more English than Brazilian decisions are preceded by a gestation period; c) slightly more delays and interruptions did happen among English than among Brazilian processes (disruption); d) English managers do perceive their processes as a little more rushed than Brazilians do. The most obvious characteristics are English procrastination (gestation) in getting into a decision, versus Brazilian speed; and English dilatoriness in making it (longer duration) versus Brazilian haste. As before, a more qualitative approach to the data, examining the cases, brings out these characteristics more strongly in a way that a statistical generality cannot, on a sample that for statistical purposes is a small one.

![Figure 8.2 The duration of strategic decision making of 20 Brazilian and 20 English decisions](image)

**Duration:** In Brazil, most decisions take a relatively short time. As shown in Figure 8.2, both Brazilian and English distributions are skewed towards shorter processes, but the Brazilians more so (Skewness: Brazil 1.75; England 1.24). In the Brazilian sample, only four decisions took more than twelve months, five took between seven and twelve months, and the majority (twelve decisions) took less than six months to be concluded. Among those, five took no more than one month between initiation and authorization.
Of these five, the shortest decision in this study, case B2, was a decision to open a new branch in the city of Brasilia made in just 24 hours. The chief executive responsible for this decision described the speed of the process as a consequence of his own style and of the pressure put on by the investment bank who initiated it. "The bank manager," he said, "gave me just 24 hours, it was a matter of take it or leave it." The other speedy processes were: case B4, the decision already described to merge the holding companies of a Brazilian and an Argentine firm, a decision which, following a long gestation period, was made in only one week; case B10 the decision to invest in a new division made by the chief executive during a visit to a Canadian company, made in 18 days; case B8, a university budget, made in three weeks; and case B15 a merger between a Brazilian and an Argentine company, in this case with no gestation, made in only three weeks. In these decisions the reasons why they were quick were diverse. As already said, in case B2 it was related to the chief executive's style and external pressure; in case B4, after a relatively long gestation period, the decision process was seen as a 'foregone conclusion', said one informant. In case B8, "it was a consequence of governmental inefficiency and 'bad' habit of leaving things to the last moment" said the planning Pro-Rector; and in cases B10 and B15 "speed was critical because the decision was an opportunity that we could not miss" said the informants.

'Opportunities that could not be missed' were also mentioned by most Brazilian informants involved in the other short (one to six months) processes. Case B15 is the extreme example. In this decision, the chief executive of a Brazilian medium sized engineering firm was contacted by an Argentine company to discuss the possibility of a joint-venture in Brazil. During their first meeting in Buenos Aires, the head of the Argentine group (a powerful local engineering company with investments in several South American countries) disclosed their plans to expand their investments in Brazil and that they were looking for a partner. Suddenly, the Brazilian manager, who had never thought of selling part of his business, realised that this could be a good opportunity, or a 'golden opportunity' as he described it, to find a stable partner for his
financially weak company. At this very meeting, without any further thought, he proposed a merger between them. His proposal involved the transference of 50% of his shares to the holding company of the Argentine group. "If they were interested in having a joint-venture with us," he said, "they could also be interested in acquiring a majority shareholding in our company; I couldn’t miss this opportunity!" The decision was formally approved three weeks later. (The full story is described in Appendix D.)

The occurrence of five decisions taking less than one month, and of seven others taking no more than six months, is consistent with the prediction that an immediatist culture would produce quick decisions. In Brazil fast decisions tend to happen much more commonly than would be expected for this level of decision. But since managers felt that they had to give justifications for their speed, it seemed clear that Brazilian managers are uneasy with this behaviour. Suggesting that worried by an unknown uncertain future, Brazilian managers prefer to act quickly and make decisions based on the information and opportunities that are readily available, even if uneasy when doing so, rather than delaying them and taking the risk of losing the opportunity or the right moment. The risk of missing the moment is worse than the risk of acting quickly.

In case B15 the fact that the chief executive did not have a great deal of information about the Argentine company, or of the Argentine executive’s intentions, was not taken into consideration. That would be another problem to be dealt with in the future. At the moment of the decision what was important was that an opportunity to solve a critical financial problem was at hand and this could not be lost. This case and the evidence from others suggest that the philosophy of some Brazilian managers is that it is better to have any decision rather than no decision. The consequences of a bad decision are another problem that will be considered when, and if, they happen!

The four lengthy Brazilian processes (more than one year, Figure 8.2) are puzzling. Influences are at work here which overcome culturally induced tendencies. It seems that irrespective of culture, decisions with greater diversity of interests and complexity result
in more incremental processes which take more time to reach a decision. Case B13, for example, the decision to develop a new furnace involved diverse interests (senior managers, Brazilian shareholders, German shareholders, technical advisers, etc) making a decision in which technical uncertainties had to be examined by laboratory and pilot tests, resulting in a process that took 36 months between initiation and authorization. Similar effects of diversity of interests and complexity can be observed in the decisions B1, B6 and B16 with durations of 19, 24 and 16 months respectively.

In England, as shown in Table 8.3, decisions took on average 12.15 months from the first action towards a decision till authorization for implementation. The first noteworthy fact is the extraordinary consistency of this average with equivalent results obtained by the Bradford studies (Hickson at al., 1986 and Mallory 1987). Those researchers respectively studying 150 and 56 English decisions obtained means of 12.4 months and 12.5 months, respectively. Not less consistent are the distribution, and the duration of the shortest and longest decisions. As shown in Figure 8.2, in this study twelve decisions (60%) took between 4 to 12 months, three (15%) took between one and three months, and only five (25%) took more than 12 months. The shortest decision took three months and the longest forty-two months. These are very similar results to those obtained by the previous Bradford studies (54% between 4 and 12 months, 10% less than 3 months, and 36% more than 12 months; shortest decision = 1 month, longest = 48 months, Hickson at al., 1986:100-106), and by Mallory (1987:150) shortest decision = 2 months, longest = 48 months). This remarkable corroboration is another reassuring validation of this study as a whole.

The English decision stories indicate that all their longer processes (two years or more) were consequences of managerial procrastination, specially cautious information gathering. The clearest example is case E14, the decision already described to make investments in the United States, which took forty-two months. In this decision the new chairman foresaw difficulties in expanding the company in the British market and so proposed the investment of reserve funds in competitor American companies. The great
difficulty and, as one informant emphasised, "the main reason for such a long process", was the resistance of several board members (non-executives) to the idea. "For them," said the financial director, "those investments were unnecessary and risky." To satisfy these board members, the chairman and the managers and advisers directly involved had to prepare a long series of proposals, reports, and scenarios about the expectations for the British market, the American market, the nature of the investment, and other aspects asked for by some board members. At the end the proposal was approved, under specific conditions, by a small majority of directors, despite the fact that some of those who did not agree with the decision threatened to sell their shares in the company.

Summarizing: the evidence from the Brazilian cases is consistent with the prediction that immediatist Brazilians, trying not to lose opportunities, make faster decisions. Whereas the English take their time over reaching a conclusion as befits a more traditionalistic cautious people.

Gestation: This second variable in Table 8.3 was defined as any prior activity (i.e. notes, casual meetings, discussions, etc) that preceded the actual onset of the decision making process. The occurrence of gestation implies putting off that process for some time. The predictions are that immediatist Brazilians would be less likely to have any gestation period, with the recognition of a problem or opportunity being immediately followed by deliberate actions towards a decision. In comparison, because of their conservatism, English managers were predicted to postpone any specific moves towards a decision as long as possible, i.e having long gestation periods before an identifiable process began.

Unfortunately, there is a major snag with this simple idea. Gestation, for most informants, is not a clearly identifiable phase. In fact, most informants had no memories of whether or not there were such prior happenings. Even those who remembered being involved in talks or speculations preceding specific moves towards a decision could not always be clear as to their nature and length. Managers’ recall of anything before they
got down to making a decision tends to be confused by other decisions at the time, and other managerial activities.

Despite this, gestation was recalled by informants involved in four Brazilian and eight English decisions, a difference in the predicted direction. Moreover, gestation differs in its function in the two societies. Among Brazilians, gestation seems to be either a period of consolidation of personal relationships, as happened in case B4 described before (section 8.1 in this chapter), or a period when managers without enough power to push the decision ahead try to persuade those with authority of its importance. Cases B3, B12 and B16 corroborate this. In case B16 the desirability of increasing the product range was mentioned in several planning documents and executives’ meetings, but those in favour of it had not sufficient power to move the Brazilian government which controlled the company, and which had already given signs that they would not allow any investment in new products. It was not until a new Minister of Trade and Industry took office, and he took over the idea, that it was accepted by the government, which was when the decision making process began.

Among English cases gestation seems to be either a period of indecision when the already recognized issue is postponed because of technical difficulties or managerial inabilities to carry on with the process, or a period when because of managers’ or board members’ cautious beliefs that it is too early to make the decision, particularly in the cases of disposal of assets or closure of divisions. In six cases out of eight they thought the time was not right or that they did not have enough information.

Case E3 illustrates a typical situation of indecision. In this case the problem that later became the reason for a decision process had been recognized by the participants more than 10 years before. The product range was excessively elaborate and costly. "It was believed", affirmed the commercial director, "that it was a problem inherent to our activity," and nothing could be done. This view changed when a manager with
experience of taking action in another organization assumed the position of chief executive in the company.

The story of case E2 was similar. The executive board of a dairy company for many years had been intermittently talking about the necessity to change its system of door step distribution. It was believed that milk rounds could be made to be more profitable and efficient, but since there was no immediate solution the decision was always left for the future. When the company had an offer to buy a small competitor, the financial director who was responsible for evaluating the offered company, noticed that they had very small employee costs because of the use of a franchise system for milk rounds. There was the solution for the old problem. The decision to change all milk rounds into franchise contracts was authorized nine months later.

In conclusion, although it is not possible to be at all confident about the frequency of gestation periods because they were mentioned in so few cases, more English gestation periods were mentioned. In advance of setting out towards a decision, Brazilians may cultivate relationships, or they may be held back by an authoritarian chief executive, whereas among English cases, hesitant conservatism is clear.

<table>
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<th>Number of Decisions</th>
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<tbody>
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<td>12</td>
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<table>
<thead>
<tr>
<th>Brazil</th>
<th>England</th>
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<td>10</td>
<td>8</td>
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Figure 8.3 Distribution of delays and interruptions during the process

Disruption: This variable, defined as the frequency of interruptions and delays that happened during the process, was predicted to show Brazilians moving steadily through
the process, while English managers were involved in greater numbers of delays and
interruptions. Statistically, as shown in Table 8.3, English processes have, on average,
slightly more disruptions that Brazilians. This difference, however, is so small that it
shows no significance in the one-way analysis of variance (F = 1.77 p > .1). Even so, as
shown in Figure 8.3, though both distributions are skewed, the Brazilian is more so, as it
was with duration (Skewness: Brazil 1.13, England .63). At the extreme, the immediatist
Brazilians do push ahead without delay, there being a total of ten cases which had no
noticeable interruption at all during the whole process.

On the other hand, there were ten cases which did have some sort of disruption. The
main reasons for it were: case B1, awaiting the outcome of internal opposition; case B9,
awaiting a scheduled time; cases B15 and B11, giving time for the idea of the decision to
mature; B14 and B18, awaiting information; and finally, cases B3, B7, B8 and B16,
awaiting external action, mainly from partners (i.e. banks, suppliers) or from the
government.

The influence of the state in managerial decision making is unique to Brazilian cases,
and this alone often delays decision making. The Brazilian government is an active
regulator (Trebat 1983). It sets a large number of rules that must be followed, specially
by decisions which involve international agreements, use of new technologies, industrial
relations, and foreign investments, and it prescribes many other legal and fiscal matters.
The government is also a direct participant in the economy, for it controls a large
number of organizations both in the industrial and service sectors.

In this study, four decisions (B5, B8, B9, B16) were made in state-controlled
organizations and several others (e.g., B3, B7, B11, B20) were affected, one way or
another, by the activity of the Brazilian government as regulator. State-controlled
organizations had to wait for officers to supply information about resources (as in case
B8) or to evaluate their decision proposals (as in case B16). Private organizations had
also to wait for governmental approval to borrow money in foreign currency (as in case
B3), or to inspect the scope of contracts which involved the acquisition or transference of new technologies (as in case B7). As one manager stated: "we could do better and quicker if we were free to make our own decisions without the need to wait for them [the various governmental offices] to approve specific clauses of our contracts."

Overall, then, Brazilian processes can indeed be not just comparatively fast but also comparatively smooth, though specific circumstances such as governmental regulation do get in the way.

Among English decisions, disruptions were mentioned in 18 out of the 20 cases. Most were a series of small delays at different times, contrasting with the Brazilian cases which if interrupted tended to have one or two very long delays (Figure 8.3).

Disruptions in English processes were mostly awaiting more information (cases E3, E7, E8, E11, E14, E16, E17, E18 and E19). For most informants these disruptions were critical but controllable. Describing the sequence of events, several English informants argued that this information was important for the successful outcome of the decision. Here English caution is plain to see, unwilling to move far without the assurance of feeling well informed.

In conclusion, the stories and the distribution of cases confirm the culture-related predictions of more delays to English decision making than to Brazilian. It seems that the more immediatist, less patient Brazilians override or ignore possible hindrances wherever they can, whereas the cautious, more patient English are more easily deflected by the possibility of more information or a more propitious future time, and are willing to wait. Essentially, Brazilians do not anticipate interruptions. Optimistically, they do not think that way. For managers from six out of the ten interrupted Brazilian cases, no one at the time had expected the process to be delayed for any reason, whereas unexpected delays were mentioned in only three of the eighteen English cases (decisions E1, E16 and E18), all of them concerning external participants. So in
hastening towards decisions, Brazilians are more often taken by surprise, as compared to the more pessimistic English.

Pace: Moving from descriptions to perceptions, how differently did Brazilian and English managers perceive the pace of their decision making? Table 8.3 shows a very small tendency for immediatist Brazilian managers to perceive their processes as too slow, and conservative English managers to perceive their processes as too rushed.

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<thead>
<tr>
<th>Number of Decisions</th>
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<tbody>
<tr>
<td>Brazil</td>
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<td>14</td>
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<td>8</td>
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<td>6</td>
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<td>4</td>
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<td>2</td>
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<td>Not at all</td>
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![Figure 8.4 Distribution of scores on perceived pace](image)

Once again, the skewed distributions are more revealing (Skewness: Brazil .87, England .47).

Among English managers, sixteen processes were rated as at least a little bit rushed (Figure 8.4). Those include most managers involved in the processes which took less than three months (cases E1, E18 and E20), and even some of those involved in longer processes, (e.g. the Chairman in E12, and the Managing Director in E10). For example, one manager said that although the process took quite a long time, in some periods there was a great deal of pressure and rush.

When asked "Why it was a rushed decision?", most English managers argued that it was either a consequence of the degree of pressure, specially from external participants (partners as in case E20, competitors as in case E15, shareholders as in case E5,
government as in case E11, customers as in case E3 and E18), or it was related to pressure from the top executives responsible (as in cases E1, E3 and E12). In these latter cases the ratings given by different informants tended to be contradictory, but understandably so. For example in case E1 the chief executive, who pushed the decision ahead by pressuring managers to agree with his proposal, rated the decision as not rushed. On the other hand, the commercial director and the marketing manager, who were not so favourable to the decision, rated it as quite a lot rushed, in consequence of the pressure put on them by the chief executive. Hence those who are pressured feel decisions to be rushed, whereas those who put on the pressure naturally do not feel it.

Among Brazilians, thirteen out of the twenty decisions were rated as not rushed, with several informants saying that their processes took much longer than intended. Among the seven decisions rated as rushed, four were justified by the quick taking of an opportunity. As one manager affirmed: "we had to move quickly because it was an opportunity that we could not lose."

In short, conservative English managers are more likely to see their processes as rushed, while immediatist Brazilians tend to see their decisions as taking too long, or much longer than first intended. In general Brazilians are more concerned with time and deadlines, with managers perceiving their decisions as late and behind schedule. In contrast, English managers tend to describe their decisions as moving too fast, mainly because of pressure and deadlines imposed by external participants.

Thus those who take longest to make decisions, the English, felt rushed despite the greater time taken, whereas those who take least time to make decisions, the Brazilians feel that they did not rush enough and took too long.

Essentially, the immediatist Brazilians are always pushing things to move faster, "chafing at the bit", whereas the conservative English are uneasy about too great haste, "pulling on the reins"!
<table>
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<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
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<tbody>
<tr>
<td>1. Duration</td>
<td>Br.</td>
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<td></td>
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<td></td>
<td>Eng.</td>
<td>----</td>
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<tr>
<td>2. Disruption</td>
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<td>.18</td>
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<td></td>
<td>Eng.</td>
<td>.06</td>
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<tr>
<td>3. Perceived pace</td>
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<td></td>
<td>Eng.</td>
<td>-.14</td>
<td>-.13</td>
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Turning to intercorrelations (Table 8.4) here these do not add anything to the findings. It is perhaps just worth noticing that in both societies duration and disruption are virtually unrelated. That is, encountering more delays does not inevitably lengthen the process. Perhaps decision making accelerates before or after delays and catches up lost time. Further, there is a hint in the negative coefficients of disruption and duration with perceived pace that the less the delays and the shorter the duration, the faster the pace experienced (and vice versa), a common sense assumption that cuts across the previously described cultural differences.

To summarize: the evidence demonstrates that there are significant cultural influences upon the aspects of time in a strategic decision process. In general, Brazilian managers are more likely to make fast decisions with no prior gestation period and little disruption during the process, and to wish they were even faster. English managers, on the other hand, are likely to take relatively longer to make decisions, to have more often periods of gestation before the actual process starts, and to have more disruptions during the process, but to wish there was even more time. These differences are entirely consistent with the cultures of the two societies.

As Hofstede (1980) would argue, fast Brazilian action is probably related to this society's level of *uncertainty avoidance*. Rather than hesitating uncertainly, as English managers appear to do, Brazilian managers jump into opportunities as they happen, despite the risk of a hasty decision. But Brazilians are risk-takers, and they tend to see more risk in losing opportunities than in making wrong decisions. As the marketing...
director in case B18 said: "wrong decisions can be made right, lost opportunities may never recur!"

Of course, cultural features do not take effect singly, one by one, but act together, interwoven all the time. Sometimes the effects of some are more pronounced, sometimes the effects of others. Among Brazilians, gestation, when it happens, appears to be a consequence of other cultural attributes rather than immediatism or conservatism. The case stories suggest clearly that Brazilian managers will pause if they do not know the other participants well enough, and processes will not start without a green light given from those with authority to authorize a decision. Here collectivism and power distance outweigh immediatism.

8.3 Informational Dimension

A common explanation for variations in the speed of strategic decisions is the search for information, and a number of informants mentioned this. Several authors have argued that obtaining inputs from fewer sources of expertise (Mintzberg et al. 1976, Nutt 1984, Axelsson et al. 1991), or using real-time information (Eisenhardt 1989) shortens the process. Whilst time pressures may cause the search for information to be limited with decision makers favouring lower quality information to that of higher quality but more difficult to access (Mintzberg 1973, O'Reilly 1983).

8.3.1 Predictions Restated

As discussed earlier, (and in line with results so far) immediatist Brazilians are predicted to push decision making along as fast as possible. Therefore it is expected that Brazilian decision makers will cut short the information search by obtaining inputs from the fewest and most available sources, and they will be satisfied with the amount and nature of the information so obtained.
In England, relatively cautious managers are expected to put less [time] pressure on the process and to be more careful as they move towards a decision, reassuring themselves that it is safe to move. It is predicted that English decision makers will put greater effort into searching for higher quality information both by obtaining inputs from a greater variety of sources and by using more elaborate search mechanisms, such as special working groups and committees. In spite of this, they will be comparatively sceptical about the adequacy of the information obtained.

8.3.2 Empirical Results: use of information in Brazilian and English decisions

The use of information by Brazilian and English decision makers was categorized in three ways: effort to obtain it, diversity of sources, and sufficiency.

<table>
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<tr>
<th>Table 8.5 Predicted and observed characteristics of the information used in Brazilian and English decisions</th>
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<tr>
<td>Variables</td>
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<tr>
<td>Information effort</td>
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<td>Information diversity</td>
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<td>Information sufficiency</td>
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The results shown in Table 8.5 are broadly in line with predictions, especially on the second and third variables. English decision makers do tend to use more diverse information, and to be less satisfied with it. This is confirmed when scores on all three variables are now examined in greater detail.

Information effort: On this variable, closer inspection finds very little detectable difference between the Brazilians and the English. Though Figure 8.5 does show Brazilians a little more inclined just to use information that is already available, the tendency is slight. Both follow what could be described as "good managerial practice" for this level of decision, thirteen English and ten Brazilian decisions using information
obtained by the integration of diverse data from difference sources. Often this came
from studies or plans by specialists and/or committees.

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![Figure 8.5 Variation in the "effort" to obtain the information used](image)

In both societies, information from existing records was usual for decisions that required
financial analysis (budgets, closure of loss-makers divisions, rationalization of
expenditures), while researched information was more usual for market or technical
types of decisions.

**Information diversity:** Here the results do more clearly support the culture-related
predictions. Brazilians used information from fewer sources (59) with an average of 2.9
sources of information per decision. In contrast, English decisions used almost double
the number of sources (98) with an average of 4.6 sources per decision.

As shown in Figure 8.6 (below) both distributions are skewed on this variable but in
opposite directions, the Brazilian distribution to the left (skewness: .181) and the
English to the right (skewness: -.112). A vivid confirmation of the predictions.

Among the Brazilians, for example, decision B10 was based exclusively on the chief
executive’s impressions of the operation, marketing, structure and strategies of a
successful Canadian company. In case B15, the decision to merge a Brazilian firm with
an Argentine company was, at least on the Brazilian’s side, based only on the chief
executive's knowledge of the company and his experience of a previous merger. In case B11, the decision to close a division was based on the financial data routinely processed by the accounting department. In decisions B2, B11 and B18 information from two different sources was used, but again this was mainly information that was readily available or from internal documents.

![Figure 8.6 Variation in the diversity of the information used](image)

On the other hand, English decisions used information that was comparatively sophisticated and varied in its sources. For example, decision E13, to acquire a Dutch firm controlled by an American corporation, used seven different types of information. These included a special study carried out by a board committee, another by a working team from the production department, and others by the organization's solicitors and an independent auditing firm, and the board of directors also used documentary information supplied by the merchant bank and by the Dutch organization, as well as information from a senior director who had lived in the Netherlands.

In short, the data indicate that immediatist Brazilians are likely to use fewer sources of information, whilst more cautious and patient English managers use a greater variety of information.

Moreover, Brazilians are rather inclined to an "all or nothing" approach to information, for in the Brazilian cases there is a correlation between information effort and
information diversity (Spearman Rank Order coefficient 0.39, beyond 95% confidence).
It seems that if they do set out to become better informed, they do so in both ways. They
both go beyond the easily available information to commission special research etc, and
they go to numerous sources. Or, of course, they do neither. Whereas the English are
more discriminating (there is no correlation in the English cases). Comparatively, they
are more likely to vary the means of obtaining the information that they are more prone
to want.

But are either of them satisfied with what they get? In their eyes, is it enough?

**Information sufficiency:** The predictions are that though immediatist Brazilians would
use less information, they would be satisfied with it, while conservative English
managers, despite using more information, would have the feeling that even more
information was necessary.

To test these predictions, all informants were asked to indicate what further information
would have been desirable, within the limits of what it would have been possible to
know at the time of the decision (Question 19 Appendices B and C). Informants on
seventeen Brazilian decisions said that no further information would have been
desirable, but on only twelve English decisions felt that what they had was adequate.
The numbers are small, and the difference is not great, but nevertheless more Brazilians
than English did believe that the information was enough. (It may be recalled that in
Chapter 4 the need for more information was seen by Brazilian managers as a negative
characteristic of English managers.)

**Summarizing:** The analysis of the information used indicates that, in line with what was
suggested by the cultural differences in immediatism and conservatism, immediatist
Brazilian managers are likely to use information from fewer sources which, in most
cases, is enough to satisfy their needs. Conservative English managers, on the other
hand, tend to use more information from more diverse sophisticated sources, and even
that does not always satisfy their needs. It remains open to speculation just how insatiable the English appetite for information is and when, if ever, it is fully satisfied.

8.4 Summary and some preliminary conclusions

The three dimensions of process included in this chapter do appear to support the culture-related argument that managers will tend to act in accordance with systems of values in their societies. It is probable that these and perhaps other processual features are more susceptible to cultural influence than are the politicality and, and certainly, the complexity examined in the previous chapters.

It has been found that the actions of small groups of Brazilian managerial decision makers tend to be dominated by the intensive social interactions between participants, seen here as the product of the Brazilian cultural system. Personalist Brazilians when making strategic decisions show an interpersonal cohesiveness that results in intensive informal communication, specially outside the formal environment of their organizations where it involves their 'off-the-job' lives. As described by many informants, Brazilian decisions sustain a level of informality even in more formal situations such as management meetings where it transcends the standard symbolic procedures. Meetings meander and agendas are often left unfinished, perhaps, as many informants suggested, so that the subject can be discussed informally and without the restrictions of the formal situation.

This notable Brazilian interpersonal quality can bring advantages to the decision making process. Interpersonal facilitation appears to play an important role in Brazilian decisions. Acquaintanceship is important to ease access to resources and information. As would be predicted by Da Matta (1978) the "jeitinho brasileiro" is not just a way to make thing happen but a way to make things happen more easily. People known personally are commonly brought into the process, even when they have no direct interest, to help in the achievement of what is intended.
Among the reserved individualist English decision makers, their 'off-the-job' lives are kept out of the process. Informal interactions about decisions do happen more intensively outside meetings than predicted, but these are kept inside working hours, if not on the job then during conversations in breaks. Although personal relationships were described by many English informants as important for the process, they speeded its progress rather than changed its direction.

But it is not just in the informality of the process that the differences between Brazilian and English cultures are expressed. Immediatist Brazilians tend to make fast decisions with little procrastination, delays and information. While more cautious English managers seem to wait longer to make the first movements towards a decision, and then take longer to decide and use information from more sources in their deliberations.

Brazilians appear to act faster to take advantage of what they see as opportunities, probably using personal links to acquire as much information as quickly as they can. Whereas the English take time to search more widely.

Of course, not all decisions conform to the stereotypes. Some Brazilian decisions are slower and halting, some English are quicker and smoother with "just enough" information being used. There is a possibility that English managers, either because of the influence of what could be called the American style, or because of pressure from stock market interests, are at present being pushed towards making faster decisions. Even though the speed and pace of English decisions have not changed in the last ten to twenty years on the evidence from this study and from those by Hickson and colleagues (1986) and Mallory (1987) which went back into the 1970s, according to some informants there is very recently a trend towards faster decisions because of pressure from investors more concerned with short term results.
In this chapter, the comparison between Brazilian and English decision making moves from process to decisions and their outcomes, "the terminal point of a process to which the organization has committed itself" (Pennings 1985), a commitment to action, as Mintzberg and colleagues (1976) have suggested. Although a decision could result in a commitment to non-action (Hickson et al., 1986), most strategic decision processes are ultimately consequential, in that they result not just in a statement of intent, but also in implemented changes, and widespread outcomes (Pennings 1985).

This chapter examines the influences of cultural differences both upon some characteristics of the authorized decision, and of the subsequent outcomes. Firstly the innovation and risk of decisions are related to the societies’ differences regarding attitude toward change and group support (personalism), and then the success and outcomes of the decisions are examined to test predicted cultural effects.

9.1 The Authorized Decision

The making of strategic decisions is often described as a solution centred process in which cautious decision makers will tend either to take existing solutions 'off-the-shelf' (Nutt 1984) or adapt previous decisions to specific circumstances (Mintzberg et al., 1976). They are believed to search for a solution about which a lot is known, and which will not disturb the status quo (Hickson 1987, Cyert and March 1963). Yet this view notwithstanding, decision makers do make decisions that introduce novelty, and sometimes, risk of losses and failures to organizations and those involved.

The literature on organizational innovation has identified several potential determinants of innovation. Among others, the managerial attitude toward change has been described as of primary importance since it leads to an internal climate conducive to innovation (Hage and Dewar 1973, Hage 1980, Sturdivant at al., 1985, Howell and
Higgins 1990). Further, there is Douglas' (1985) argument that decision makers will show greater propensity to risk-taking when they feel protected from criticism and scapegoating.

This section will focus on the effects of conservatism, immediatism, and personalism as predictors for the adoption of innovative decisions, and also the chances of losses and failures.

9.1.1 Predictions Restated

Based on the synopses of Brazilian and English cultures, it was predicted that: conservative English managers would tend to show a greater disposition towards being moderate and cautious, their decisions being less novel and introducing fewer new ideas. Immediatist and impulsive Brazilians, on the other hand, were predicted to be biased towards new things, change and innovation, their decisions being expected to introduce more new ideas.

In terms of the risk involved, it is predicted that because of the greater cultural group support (personalism) in Brazil, decisions will be more risky, involving greater chances of loss or failure, than those made by English managers. (See Chapter 5 for further discussion.)

In resume the predictions are:

*Brazilian authorized decisions are more likely to be new and radical and involving risks, while English decisions are more likely to be moderate and incremental with less risk.*

9.1.2 Empirical Results: innovation and risk in Brazilian and English decisions

Consistent with previous studies (Aiken and Hage 1971, Hage and Dewar 1973) innovation here is defined as the adoption of a solution that was new for the
organization. It did not have to be new for other organizations, nor an invention. It had only to be new for the organization where the decision was being made.

In addition to the innovativeness of the particular decision, to place it in the context of the history of innovation in each organization the informants were asked to give a score (on a five-point scale, from 'not at all', to 'a very great deal') on how innovative had their organization been in general, namely organizational innovativeness.

The risks involved in the decision are indicated by the highest score on the same five-point scale.

Table 9.1 Predicted and observed characteristics of Brazilian and English authorized decisions

<table>
<thead>
<tr>
<th>Variables</th>
<th>Predicted Characteristics</th>
<th>Observed characteristics</th>
<th>One-way F.</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Brazil</td>
<td>England</td>
<td>Mean</td>
<td>Std. Dev</td>
</tr>
<tr>
<td>Decision innovation</td>
<td>Higher</td>
<td>-----</td>
<td>3.25</td>
<td>1.48</td>
</tr>
<tr>
<td>Organizational innovativeness</td>
<td>Higher</td>
<td>-----</td>
<td>3.94</td>
<td>1.38</td>
</tr>
<tr>
<td>Risk</td>
<td>Higher</td>
<td>-----</td>
<td>2.80</td>
<td>1.43</td>
</tr>
</tbody>
</table>

Table 9.1 lists the three variables investigated, the predicted direction of difference, and the empirical results on each variable. It shows that in general Brazilian organizations are said to make more innovative decisions (organizational innovativeness), yet there seems to be no difference in the innovation of the specific decisions studied. On risk, too, the difference was small and non-significant, though it is in line with the culture-related prediction.

Once again, histograms and decision-stories tend to say more, unravelling some of the complexities that lie behind these [crude] statistics.

Innovation: Although the degree of innovation seems to be surprisingly similar, as confirmed by Figure 9.1, the reasons for it are revealingly different. In Brazil novel decisions are in several cases related to the chief executive’s intention to introduce new and radical ideas that represented clear departures from existing practices. There are
several examples, among the most obvious ones are: case B10, the so frequently quoted decision to invest in a new division that was initiated by the chief executive after his visit to a successful Canadian company, and case B7, the decision to computerize the composition of a regional newspaper which was initiated by the chief executive who described himself as an innovator who always tried to keep his company ahead in terms of the latest technology available. In other decisions, even when the chief executives had not initiated the process, their tendency was to give full support if it involved innovation. In general, this positive attitude towards change, associated with centralized processes tended, in Brazil, to result in decisions that introduced new ideas which produced fundamental changes to the organization.

![Figure 9.1 Variation in decision innovation](image)

Whereas in England, according to the decision-stories, the reasons for innovation seemed to be less related to attitudes towards change than to operational, or managerial, circumstances. One reason revealed by some decision-stories and consistent with other aspects of English culture and with the literature on innovation (Thompson 1965, Hage 1980, Damanpour 1991) is that organizations with greater functional differentiation (possibly related to individualism) and decentralization (related to low power distance) did tend to make more novel decisions. Some decision-stories suggest that the participation in the decision making process of managers from differentiated units who had elaborated and introduced changes in those units, influenced the
introduction of similar changes into the wider organization. For example, in case E6 the
decision to invest in a new press was pushed ahead by the production director who had
been involved in renewing the production routines of his department and of other
production departments in the group. During the decision making process this manager
acted as the chairman of the working group responsible for the preparation of an
investment proposal which, despite the opposition of the division's managing director,
was later authorized by the board of the holding company.

It has been claimed that organizations under the pressure of declining performance or
decreasing demand tend to make more innovative decisions in an attempt to catch up
(Hage 1980: 194), and this too could be seen. In case E14, for example, the decision to
expand geographically was proposed by the chairman who was said to be concerned
about the prospect of limited demand in the British market. Similar reactions can be
observed in some other cases: E2 a decision to introduce a franchise system in a dairy
company, began because of serious financial problems caused by declining demand and
high personnel costs; E5, a decision to diversify was made during a period of low
performance and downturn in shares' price; E8, a decision to assess staff and cut
overhead costs was made by a university during a period of financial crisis; E10, a
reorganization decision was made during an administrative and financial crisis; and case
E18, a decision to invest in new technology was made during a period of declining
demand and increasing market pressure.

This suggests that English managers do react to declining demand, financial crises, and
poor performance by making innovative decisions. But they have to be jolted into
innovative responses by changing circumstances, and are not culturally disposed towards
innovation.

In resume, in Brazil, as predicted, managers' favourable attitudes towards change leads
to a preference for decisions that are novel not just for the organization, but also for
those involved in the process. Moreover, the centralization of Brazilian decision
processes seems to facilitate radical innovations, perhaps because more concentrated power may overcome or forestall opposition as suggested in Chapter 7.

In England, contrary to predictions, decision makers do make as many novel decisions as the Brazilians do. But the reasons why are usually different. The Brazilians are open to innovation, the English innovate in response to a problem or crisis. The English innovate when they must, rather than innovate by choice as the Brazilians do.

Organizational innovativeness: Brazilian organizations scored considerably higher on this dimension than did their English counterparts. This again emphasizes the Brazilian predisposition to innovate, as do the correlations between organizational innovativeness and decision innovation. Spearman correlations (England: a negative -.36, beyond 90% confidence; Brazil: a positive .61 beyond 95% confidence) confirm that among Brazilians the more innovative cases of decisions do tend to occur in the more innovatively disposed organizations, whereas among the English there is no such link, perhaps even the opposite. They are more responsive to situations, the Brazilians inclined to innovate irrespective of circumstances.

![Figure 9.2 Variation in the degree of risk involved in Brazilian and English decisions](image)

Risk: The results shown in Table 9.1 and Figure 9.2 are in line with the predictions, with Brazilian decisions scoring higher than the English ones. Although the difference is not
statistically significant, the difference in standard deviations (the English is smaller) is picked up in Figure 9.2. More than half the English cases were rated as involving "little" risk, and only one (E12) incurred "a very great deal" (and none "a great deal"). Here again is the greater caution of English management.

Further, the English who are reluctant to innovate are inclined to see it as risky, whereas the Brazilians to whom innovation comes more readily do not see it that way (English correlation between decision innovation and risk taken .58 beyond 95% confidence level, but for Brazilians a mere .11). Analysis of the informants' remarks about the risks involved indicates that for Brazilians risk is related to the uncertainty caused by the lack of information rather than to the novelty of a decision. An exploratory correlation test between the variables risk and information diversity lends some support to this assumption, with the coefficients indicating a moderate correlation in the Brazilian sample (-.30, beyond 90% confidence) while in the English one the correlation is negligible (-.08 ns).

In short, Brazilians are easily open to innovative decisions, probably looking for the opportunity. They are willing to take what they see as the risk of acting with inadequate information. This fits well with their image as fast driving, fast deciding, proactive decision makers. Whereas if the English are compelled by events to innovate, they see themselves as taking a risk in so doing, but as Chapter 8 has shown, they protect themselves as far as possible by procrastinating and obtaining as much information as they can.

9.2 The Decisions' Outcomes

Finally, does societal culture influence the outcomes, effectiveness, and success of a strategic decision? Are decisions made by immediatist, high power distance, personalist, (etc, etc) Brazilians more or less effective than those made by conservative, low power
distance, class conscious, individualist (etc, etc) English managers? Those are some of
the questions that will be examined in this section.

But first, what is the final outcome of a decision process? It is an implementation which
either did or did not achieve what was intended, and which made the situation better or
worse.

9.2.1 Predictions Restated

Following Rodrigues (1980) the outcomes of a decision were here divided into intended
outcomes, unexpected outcomes, and overall outcomes. The outcomes of a decision are
seen as subject to numerous influences of different kinds, including cultural,
organizational, and environmental, and even of the characteristics of the decision
making process and the authorized decision. However, societal culture was predicted to
have primary importance both directly for aspects of overall outcomes, and indirectly
for aspects of intended and unexpected outcomes.

In resume the predictions are that:

Brazilian decisions are less likely to succeed in achieving what was first intended,
and will give rise to more unexpected outcomes. When evaluating their decisions,
Brazilian decision makers are predicted to be more positive, seeing their decision as
a success even when the goals are not totally achieved.

In England, decisions are likely to be relatively more efficacious, giving rise to less
unexpected outcomes. Decision makers are predicted to give greater attention to goal
achievement and to be less positive and more critical in their evaluations.

9.2.2 Empirical Results: final outcomes scores

Table 9.2 lists the four outcomes variables, the predicted direction of difference and
presents the outcomes scores of the two samples and the significance of their
differences.
Table 9.2 Predicted and observed characteristics of the final outcomes in Brazilian and English decisions

<table>
<thead>
<tr>
<th>Variables</th>
<th>Predicted Characteristics</th>
<th>Observed characteristics</th>
<th>One-way F. Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Brazil</td>
<td>England</td>
<td>Mean</td>
</tr>
<tr>
<td>Intended Outcomes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal Achievement</td>
<td>----</td>
<td>Higher</td>
<td>4.11</td>
</tr>
<tr>
<td>Unexpected Outcomes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Propitiousness</td>
<td>Higher</td>
<td>----</td>
<td>1.61</td>
</tr>
<tr>
<td>Disturbance</td>
<td>Higher</td>
<td>----</td>
<td>1.05</td>
</tr>
<tr>
<td>Overall outcome</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Successfulness</td>
<td>Higher</td>
<td>----</td>
<td>4.28</td>
</tr>
</tbody>
</table>

The differences between the Brazilian and English decisions on the four variables are small and non-significant. A simple comparison of the means and standard deviations appears to indicate that on average decisions in both countries tend to achieve their intended goals, to have few unexpected outcomes, and to be perceived as successful by those involved. But, as before, a closer examination of the distribution of scores and of the decision-stories shows that there is more to be said.

The full scores on the variable goal achievement (Figure 9.3) show that most decisions did attain their initial goals. A rate of 88% among the English and 72% among the Brazilians, i.e., fifteen out of the seventeen English decisions and thirteen out of the eighteen Brazilians which had implementation completed (three English and two Brazilians had their implementation still in progress and were excluded.
from this analysis). Two English cases and two Brazilians were described as attaining merely some but not all predicted goals.

However, it is distinctive that three Brazilians are described as decisions that failed to achieve what was intended (being rated "not at all" or "little"). One decision (case B8), a university budget, failed to be completely implemented because of changes in governmental legislation, and the others (cases B10 and B20) having completed implementation failed to fulfil most of the targets. In case B10, implementation occurred without major problems and within the predicted time and costs, but, nevertheless, the new division failed to take off and had to be closed. According to all informants, the company and the managers were not prepared to solve the several problems, specially those related to tax legislation, transport of goods, and pressure from suppliers, which arose immediately after inauguration. In addition to that, according to the informants, the executives were not prepared to compete with stronger competitors in a very aggressive market. In consequence of all the problems and after three consecutive years of losses it was decided to close the division (decision B11) only four years after the decision was made.

Talking about the reasons for this failure, all informants attributed it to the overall lack of knowledge, not just of the tax legislation, which was very specific for this activity, but also of the market and competitors.

Similar effects were also mentioned by all informants who talked about decision B20. The decision to expand to Europe was initiated because of the belief that with a European subsidiary it would be easier to have access to financial resources from the EEC (European Economic Community). After a costly implementation (takeover of a Portuguese company) the company realised that access to EEC funds was much more difficult than first expected, because of the number of companies competing for them. To make things worse, after implementation the Brazilian executives realized that the local managers were not well prepared for their job, and they had to be replaced by two
Brazilian senior managers. Moreover, the Portuguese company because of internal problems with machinery and personnel was in no position to win good contracts outside Portugal. By the time of the interviews, three years after the decision was made, the Brazilian Chief Executive was proposing a disposal of the subsidiary with the prospect of heavy losses of the money invested.

All three failures were Brazilian. None were English. Three out of eighteen scored on this variable is a fairly high proportion and it suggests strongly that culture could have some influence. The typical Brazilian haste, lack of information, and willingness to take risks could lead to more failures.

Apart from any cultural differences, an examination of the observations made by some informants suggests that some of the more successful decisions were modified after the decision was made in order to achieve the intended goals. In other words, as Nord and Tucker (1987) suggested, there seems to be enough flexibility in managerial practices to allow adjustments in the process of making and implementing decisions to compensate for wrong decisions or unfavourable situations. Decision makers may do that in a Brazilian or in an English way, but to achieve their goals they will do it. For example, in case B5 the decision to reorganize the company had to be modified during implementation because of strong resistance from employees of the commercial department. The managers responsible for implementation called the executives who had made the decision and informed them of this, arguing that if nothing was done this marginal resistance could spread throughout the company. The chief executive, who was worried about this immediately decided to modify the reorganization plan to meet most of the objections. With these adjustments the implementation went ahead successfully.

Similar events can also be observed among English decisions. In case E3 for example, the decision to reduce the diversity of products in a biscuit manufacturer had to be modified during implementation to adjust to stocks and to pressures from customers. After the decision was made and authorized, the division responsible for the packaging
of the final products realized that there was enough packaging to last for several months for some of the products to be dropped, and that this could not be used for any other products. So the decision was then modified to allow production to continue while packaging lasted. According to the marketing director this represented about 20% of all products that were going to be eliminated, a significant modification that reduced costs of implementation and made the whole process more incremental. A second adjustment to the same decision was caused by the pressure of some foreign customers who did not accept changes in their contracts. This again resulted in some products being re-included in the production line for more than one year. As the commercial director stated: "after the decision was approved we noticed that some details had been overlooked. We [the executive board] then decided that the main objective was to increase turnover and profitability by rationalization of production, not the exclusion of products. If a specific product that was in the list (about 160 products were scheduled for elimination) had to be re-introduced, we would discuss the reasons at the weekly meeting and adjustments would be made straight away." By the time of the interview, 80% of the products in the 'list' had already been eliminated and according to the company’s annual report, sales increased by 25% and profit growth accelerated during the first six months that followed the decision.

In summary, Brazilian managers do seem to have greater difficulty in achieving their objectives. They do fail more often. As the data suggest, immediatist Brazilians making decisions without enough knowledge of what is being decided and of its consequences will confront greater difficulties than expected.

Further, the fact that in case B8 the decision was not even fully implemented, indicates that not just cultural factors but also the instability of the Brazilian economy and the Brazilian government may be regarded as responsible for failures of decisions, specially in the public sector.
In both nations, the cases confirm that sub-decisions during implementation are often possible and necessary to ensure success.

Unexpected outcomes: The scores on the variables of unexpected outcomes (propitiousness and disturbance) indicate that in both countries most decisions tend to have some unexpected outcomes, either positive, negative, or both. Among the eighteen Brazilian decisions scored, only two had no unexpected outcome, six had only positive benefits and three had only negative ones. In the English sample, among seventeen decisions fourteen had unexpected outcomes, four of these having only positive ones and one only negative.

| Table 9.3 Correlations between goal achievement and unexpected outcomes |
|---------------------------|---------------------------|---------------------------|
| Variables                 | Goal Achievement         |                           |
|                           | Brazil                    | England                   |
| Propitiousness            | .33\(p<.1\)               | -.37\(p<.05\)             |
| Disturbance               | -.41\(p<.05\)             | -.15                      |

Notes: Brazil N=18, England N=17

However, differences can be observed when one examines the relationships between the variable goal achievement and the variables of unexpected outcomes (Table 9.3).

The correlation coefficients indicate that in Brazil the greater the occurrence of unforeseen advantages and the less the disturbances, the greater the effectiveness of the decision (.33, and -.41). That makes immediate sense. But in England, the relationship between goal achievement and propitiousness is negative. It is as if unexpected benefits do not contribute to success. Can it be that given greater English deliberation, success is more assured by foresight and less dependent on the unexpected?

Because the indications are that in Brazil effective results are greatly dependent on unexpected events. If it is a good surprise, the decision will achieve its goals, if it is a bad
surprise, the decision will be likely to fail to attain what was intended. This interpretation is in line with the comments of some of the English managers interviewed early in this study (Chapter 4) and with the remarks of some authors (Da Matta 1983, Fachin 1988, Amado and Brasil 1990) who suggest that Brazilian improvisation, with its "jeitinho" (Da Matta 1983) and "gambiarras" (cheap mending) (Amado and Brasil 1991) will pay the price of results being dependent not on predictions and planning, but rather on the unexpected. As one English executive said: "Brazilians leave too many things to chance, or perhaps to God".

As for the English themselves, it would be consistent with the organization learning literature (Hedberg 1981, Levitt and March 1988) that English managers tend to learn more carefully from their errors. For example, in case E8, the decision to rationalize the distribution of resources in a university in closer accord with departmental performance resulted in a not very successful decision (scored 'three' in the goal achievement scale), but, nevertheless, according to most informants, it gave rise to two important and lasting unexpected outcomes: first, "it showed us how to make better use of what we've got", said the planning officer, second, "we were able to gain a great deal of knowledge about each department, their strengths and weakness" said the Vice-Chancellor.

In resume, it seems that immediatist Brazilians, making fast decisions without full use of information, have to depend more on unexpected events to attain their intended outcomes. While cautious English managers making conservative decisions and avoiding the unexpected by extensive use of information encounter unexpected outcomes mostly when the decision fails to achieve its intended goals.

**Overall successfulness of outcomes:** Most decisions, from both countries, were evaluated as successful (figure 9.4). But, Brazilians, more emphatically, tend to describe their decisions as very successful or, as many informants preferred, 100% successful (twelve out of eighteen decisions were seen as 100% success). While some English informants tended to be less positive in their evaluation, with many arguing that 100%
success was an impossible target to be achieved and so rating the decisions as successful rather than very successful.

![Bar chart showing distribution of scores on successfulness.](image)

**Figure 9.4 Distribution of scores on successfulness**

Some differences are also indicated in the patterns of relationships between *successfulness* and the other outcomes variables. In Brazil *successfulness* is positively related to *goal achievement* (.72) and to *propitiousness* (.43), and negatively related to *disturbance* (-.38). This suggests that Brazilian managers will tend to describe as more successful those decisions that achieve their goals and result in both unexpected benefits and in few negative features.

Whereas in England, the correlation coefficients are less significant, with *successfulness* being moderately related only to *disturbance* (-.37). Suggesting that English managers, when evaluating the overall success of their decisions, tend to consider mostly how far the decision was trouble free, giving greater weight to nasty surprises than to pleasant ones.

To summarize: there do seem to be cultural influences upon the final outcomes of Brazilian and English decisions. In England, confirming predictions, decisions tend to be more efficacious in achieving their intended goals, with the degree of success of the decisions being more related to foreseeable consequences than to unexpected surprises.
In evaluating their decisions English managers are not as critical as first predicted, but even so they are not as positive and optimistic as the Brazilians are.

Some Brazilian decisions tended to confirm the negative stereotypes of improvisation and non-professionalism (mentioned by both Brazilian and English managers in Chapter 4). Because of decisions made with not enough information and no clear knowledge of the consequences of what was being decided, more things are left to chance with more decisions being vulnerable to unexpected outcomes. They succeed by luck as much as by judgment. It seems that Brazilian decision makers do make decisions with an over optimistic view that is also reflected in their subjective evaluation of the results.

9.3 Summary and some preliminary conclusions

As a reminder of the total findings so far, in the previous two chapters the twenty Brazilian and twenty English decisions studied were found to show (marginally, at least) a wide range of very consistent cultural effects. Higher power distance Brazilians tend to make more centralized decisions with lower diversity of participation while lower power distance English are more likely to make decisions with the direct involvement of a greater diversity of interests. During the actual process of making a decision, personalist Brazilians tend to socialize more. Brazilian decisions tend to result from intensive interactions, specially outside working hours, and interpersonal facilitation. Standardized procedures, specially during meetings, are distorted to give room for greater informal interaction between participants. Among immediatist Brazilians decisions tend to be made faster and with fewer disruptions, with the information used more being often limited and requiring less effort. Among individualist and cautious English decision makers, the process is less characterized by its social dimension. Decisions tend to take longer and to involve more extensive use of information.

In this chapter it was seen that culture can also influence some characteristics of the final authorized decision and of its outcomes. Here the degree of innovation of a
decision and the risks involved seem to be influenced by cultural differences in conservativeness and group support. Although the numbers of innovative solutions are very similar in both Brazilian and English samples, the circumstances and the reasons for innovation tend to be in line with each society’s cultural characteristics. Brazilian managers with more favourable attitudes towards change tend to welcome decisions that are novel. Among English managers, novel decisions are mostly made when they are necessary, a must rather than an option. To state this another way, when confronted with a situation where good management requires innovation, English managers are able to overcome their cultural conservatism.

Brazilian and English authorized decisions seem also to reflect each society’s willingness to take risks. Brazilians if making innovative decisions in very short processes and without the protection of adequate information are subject to greater risk. But, nevertheless, decisions are made and risks are taken. Perhaps because of immediatism, Brazilians think in the present, the risks of a decision for the future of their organizations and for themselves not being taken too seriously. Or perhaps because of their collectivism/personalism they know they may rely on the support of their peers in the case of mistakes. Or probably both. Among the English, risks are taken, but their caution and individualism lead them to protect themselves by procrastinating and obtaining as much information as they can.

The second section of this chapter has dealt with what is perhaps the most difficult and ambiguous aspect of a decision process, the evaluation of its outcomes. There three aspects of the outcomes of those decisions that had been fully implemented were examined: the fulfilment of the intended goals, the occurrence of unexpected outcomes, and the overall success of the decision as perceived by those directly involved in the process. Because of the way that Brazilian decisions are made, with centralization, low information diversity and optimistic fast processes, managers do seem to have greater difficulty in achieving their objectives, and consequently fail more often. To make things worse, this tends to result in greater (unexpected) difficulties during and after
implementation. With the instability of the Brazilian economy and the Brazilian government (who are also making fast decisions without enough information) adding to this propensity towards failure.

Among the English, caution and less haste tend to pay off with more decisions achieving their intended goals and fewer outcomes being subject to unexpected problems.

In both societies sub-decisions are made to ensure success, with managers searching for efficiency in a Brazilian or an English way, but both doing so by adjusting what had been decided. Most Brazilian and English informants tended to be positive in the evaluation of their decisions. Even among some cases that failed to fulfil all intended goals, decisions were perceived as reasonably successful, often because of other benefits that they brought to the organizations.

Until now in this thesis decisions have been compared varying societal culture i.e., the fact that they were decisions made by Brazilian or English managers, but not attending to or controlling for other conditions. In the next chapter other contingencies are taken into consideration by firstly controlling for the organizations’ differences in size, main product, and ownership, secondly for the topic of decision, and finally for all possible controllable aspects by comparing three almost perfectly matched pairs of cases.
Chapter 10

Brazilian & English decision making compared: possible moderators between culture and decision making

The primary purpose of this study has been to demonstrate the influences of specific aspects of Brazilian and English cultures on specific aspects of strategic decision making. It was designed to identify cultural differences in forty decisions that, if the ideal could have been fulfilled, would have been matched in pairs between the two countries on topic of decision and contextual characteristics of the organizations. However, much less than this ideal was attained (Table 6.3) and the possibility of differences in decision making due to differences in the topics and in contextual aspects cannot be excluded. This chapter tackles that problem.

The chapter is divided into three sections: first, to control for the effects of contextual variations, the samples are divided into sub-samples according to three contextual characteristics (size, ownership and output type). Secondly, following the beginning made in Chapter 7 (7.2), the analysis moves to an examination of differences due to the topic of decision. Finally, the three most perfectly matched pairs of decisions (similar topic and similar contextual characteristics) in both societies are examined as a stronger test of culturally derived differences.

10.1 Context and decision making

The contextual aspects included here are: (a) organization size, measured as the number of full time equivalent employees; (b) type of output, a manufacturing-service dichotomy; and (c) ownership, private owner-managed or public. Other aspects would desirably have been included in this analysis, but because of the limited time and resources available it was not possible to go beyond these three simple factors as well as obtaining data on decision making.
10.1.1 Size

From the review of the literature on decision making it was expected that decisions made in larger organizations may present some differences from those made in smaller ones, but those variations should be similar in both societies.

To control for size (i.e., diminish variations in size as far as possible) Brazilian and English decisions were grouped in sub-samples according to their similarities on the numbers of full time (equivalent) employees. The Brazilian sample shows greater dispersion of sizes, with decisions being made in organizations ranging from about 900 to more than 24,300 employees, and greater size (mean: 5,426, standard deviation: 7,022.87, median: 2,150). The dispersion of sizes in the English sample is less, ranging from 430 to 5,500, and the organizations are smaller (mean: 2,264, standard deviation: 1,451, median: 1,740). In both samples the largest number of decisions was made in medium to large organizations with sizes ranging from 1,050 to 3,500. In total thirteen Brazilian and fourteen English decisions were made in organizations within this range. Another four decisions (one Brazilian and three English) were made in smaller organizations, with no more than 900 employees, while a total of nine decisions (six Brazilian and three English) was made in much larger organizations with more than 4,000 employees.

Therefore the analysis will concentrate on those thirteen Brazilian and fourteen English decisions within a limited size range, excluding those in the very small and very large organizations. As an even better control for size, these twenty seven decisions were divided into two sub-samples, one including eight Brazilian and eight English decisions made in organizations with sizes ranging from 1,050 to 1,800, and the other including five Brazilian and six English decisions made in organizations with sizes ranging between 2,000 and 3,500. The means of the scores of each variable on Brazilian and English decisions are shown in Table 10.1 (excluding the variables occurrence of gestation and information sufficiency since those are dichotomies). The table indicates,
with a star, the variables where the differences between countries are similar to those previously found. The variables in which the differences between countries do not fit the previous results are indicated with a hyphen.

Table 10.1 Comparison of Brazilian and English decisions controlling for organization size

<table>
<thead>
<tr>
<th>Variables</th>
<th>Sizes from 1,050 to 1,800 N=8</th>
<th>Sizes from 2,000 to 3,500 N=5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Brazil</td>
<td>England</td>
</tr>
<tr>
<td></td>
<td>England</td>
<td>Brazil</td>
</tr>
<tr>
<td>Average Size</td>
<td>1,582</td>
<td>1,416</td>
</tr>
<tr>
<td>Politicality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No. Active interests</td>
<td>6.37</td>
<td>9.12</td>
</tr>
<tr>
<td>Average-influence in favour</td>
<td>3.45</td>
<td>3.31</td>
</tr>
<tr>
<td>Top manager participation</td>
<td>4.75</td>
<td>3.50</td>
</tr>
<tr>
<td>Average-influence against</td>
<td>1.62</td>
<td>.62</td>
</tr>
<tr>
<td>Negotiation scope</td>
<td>2.50</td>
<td>2.37</td>
</tr>
<tr>
<td>Complexity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rarity</td>
<td>4.00</td>
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</tr>
<tr>
<td>Radicality of consequences</td>
<td>5.12</td>
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</table>

Note: The star (*) indicates the variables in which the differences on the means between countries are similar to those previously observed, and the hyphen (-) indicates the variables in which the differences are different to those previously observed.
Although they are small, the differences found between the two societies still appear consistently, overwhelmingly so, even when organization size is (crudely) controlled. Brazilian decision making is again shown to be frequently more top man dominated, with fewer interests involved, more radical and serious, with more interaction off the job and more meandering meetings on the job and greater who-knows-who facilitation. Fewer information sources are tapped. The risks are greater and the achievement less, except sometimes in reaping unforeseen benefits. Likewise, the more participative, less radical, less sociable, slower, but better informed English pattern again appears.

Although the differences on every variable fit the earlier results, on six variables this is only partially so. In other words, the results fit on larger organizations but not on smaller ones, or vice versa. The break down of size into two bands begins to reveal subtle variations.

In the larger organizations, it seems that the Brazilian chief executives are more restrained by a greater range of colleagues, (top manager participation is less than the English) which holds back their inclination for innovative decisions, thereby limiting their chances of lucky breaks (it is less than the English), and allowing unexpected problems to occur (higher disturbance). In the smaller organizations, English chief executives seem to avoid opposition (less influence against) despite greater interaction (higher overall interaction).

10.1.2 Service-Manufacturing

When comparisons are made within service organizations only and then within manufacturing, so controlling for outputs, there is the further advantage that there is some degree of simultaneous control for size. This is because in both Brazil and England the service organizations are smaller (averaging 2,361 and 1,922 respectively) than the manufacturers (8,491 and 2,448).
Table 10.2 Comparison of Brazilian and English decisions controlling for organization's outputs

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</table>

Note: The star (*) indicates the variables in which the differences on the means between countries are similar to those previously observed, and the hyphen (-) indicates the variables in which the differences are different to those previously observed.

With this double control, shown in Table 10.2, the pattern of culture-related differences is again sustained, but with one distinct new variation. It breaks down in the politicality of the larger manufacturing firms. Whilst the greater direct involvement of the chief executive or chairman in Brazilian decision making is sustained, reaffirming the strong difference between Brazilians and English in how ultimate authority is handled, the
involvement and influence of interests is affected by much more than societal culture. Most noticeably, the number of interests involved in Brazilian manufacturing organizations reaches English levels, the influence against their decisions exceeds English levels, and the decision makers' perception of success (successfulness) improves. Suggesting a greater conformity to common international modes of management in the bigger industrial firms. Since Hickson et al., (1986) found that in such firms an undue proportion of more politically imbued "sporadic" processes occurred, it is probable that in large scale manufacturing the interests and specialist competences generated by the clearer functional division of work overwhelm culture induced patterns unless they are extremely strong, as with the use of authority.

10.1.3 Ownership

In terms of ownership the organizations fell into three categories: private, cooperatives (including a building society), and public sector organizations. In the Brazilian sample fifteen decisions were made in private organizations, and five in public sector organizations. In the English sample fourteen organizations were privately owned, and there were three cooperatives and three in the public sector.

Since there were only three cooperatives, and none of them were in Brazil, they were excluded. Among private firms, only two of the Brazilian were professionally managed, the majority being owner managed. Therefore comparison was focussed on owner managed firms, those that were professionally managed (more in England) being excluded. Though there were only very small numbers of state owned organizations, they were felt to be of sufficient interest to also attempt a comparison.

When comparisons are made within owner-managed organizations only, the patterns of differences between the countries are again confirmed. Probably, in most societies these are the organizations that most reflect the characteristics of their culture. It seems that
owner-managers personally typify their society by the way they manage in a personal style that, in this case, is very Brazilian and very English.

Table 10.3 Comparison of Brazilian and English decisions controlling for ownership

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Note: The star (*) indicates the variables in which the differences on the means between countries are similar to those previously observed, and the hyphen (-) indicates the variables in which the differences are different to those previously observed.

Among public organizations, the three English decisions in two universities show clear characteristics of that form of organization, and of classic public sector incrementalism. First, interaction is at least as high as in the Brazilians (where direct work pressure is
even greater as will be seen later in this chapter) reflecting widespread consultation and
greater diversity of those involved in the "professional" form of organization. Second,
there is extreme incrementalism (low radicality, low innovation, and less effort to obtain
information) just as Lindblom (1959) found in the USA public sector. Yet decisions are
for the first time faster than in Brazil, perhaps an effect of the nature of the decisions
studied in those organizations, or perhaps an indication that the committee system
works smoothly to expedite the process as argued by Hickson et al (1986).

Summarizing: In general the control of possible "third factors" which might affect the
relationships between societal culture and decision making resulted in an overwhelming
confirmation of the previous findings. The fact that this control of organizational
characteristics did not result in any significant contradiction of the previous
interpretations suggests that cultural influences are strong enough to resist the lack of
exact equivalence in most organizations and decisions in this study. It seems that size is
the contextual aspect with least effect, whereas main output (service-manufacturing)
and ownership do seem to override culture in a few but significant ways. In
manufacturing organizations, it seems that in Brazil the greater numbers of function
specialists produced decision making nearer to the English form, though still distinctly
Brazilian in patterns of interaction, implying a relatively international mode in large
manufacturing units.

Among English decisions those made in universities showed a strong resemblance to
Lindblom's (1959) public sector incrementality stereotype. In both countries, decisions
made in universities tended to involve more committees and to follow standardized
procedures. But among English universities with more committees and committee
meetings, and more widespread consultation and interaction between participants, there
was little novelty or change in decisions, which therefore sped quickly through the
system.
Table 10.4 Comparison of Brazilian and English decisions controlling for topic

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<td>5.00</td>
<td>4.00</td>
<td>*</td>
</tr>
</tbody>
</table>

Notes: (a) The star (*) indicates the variables in which the differences between countries are similar to those previously observed, and the hyphen (-) indicates the variables in which the differences are different to those previously observed.

10.2 Controlling for topic of decision

In this study it was initially intended to select decisions on the same topics in each country in an attempt to compare like with like as closely as possible. However, practical limits to data collection prevented the full achievement of this aim. Nevertheless, there are sufficient decisions in each country on reorganization,
technology, and boundaries topics for a comparison of these categories of topics to be possible. This controls to some extent for the matter under decision. It will be recalled that reorganizations are decisions to modify the organization's internal structure, technologies are decisions in new machineries, and boundaries are decisions about mergers, takeovers and disposal of divisions.

The scores on the variables on these three topics of decision (Table 10.4) show that in general the patterns of culture-related differences are sustained yet there are variations in specific aspects which confirm the significance of the topic of decision for the decision making process. It is when making reorganization decisions that managers from both countries tend to show patterns of behaviour most different from previous results.

Among Brazilians, reorganization decisions tend to involve greater diversity of interests resulting in more opposition and negotiation. Perhaps because of the political nature of these decisions, Brazilian decision makers are unusually cautious with more information being used and decisions taking much longer than normally, though they remain more optimistic about success. Among the English the politicality of the subject seems to result in greater socialization, with examples of behind the scenes (off-the-job) manoeuvres (case E10) and intensive meander during the meetings (case E4).

The less political and less consequential technologies and boundaries decisions more nearly confirm the patterns of culture-related differences already observed.

The fact that reorganization decisions resulted in processes that are different from the normal patterns for both the Brazilians and the English suggests that decision-makers may react to unusual circumstances by changing their normal behaviour pattern, and that reorganizations are especially abnormal for them. The Brazilians reacted to the greater politicality and consequentiality of a reorganization by acting more cautiously, while the English tried to adopt a more social process that involved greater interaction and even unusual off-the-job meetings.
10.3 Matched Pairs of Organizations and Topics

So far, cultural effects have survived a series of tests controlling for features of organization and decision topic. They may be weak, in manufacturing there are peculiarities in politicality, and there are other occasional variations, but they persist. They can always still be seen whatever the circumstances.

Another possible test is to control for both organization and topic simultaneously by comparing matched pairs in both societies. Fortunately, this proved possible since both samples included budget decisions in universities, and reequipment decisions in textile manufacturers and newspapers.

Given the numerous influences upon decision making processes, the effects of societal culture cannot be expected to show with uniform clarity in every aspect of each case. As a general methodological principle, no single case necessarily fits in every way the general tendencies detectable across the larger numbers of which it is one. Further, for the effects of societal culture to show consistently they would have to be so strong as to always show over and above other effects. It has already been found that they are persistent and widespread but not overwhelmingly strong. Therefore the reasonable question to ask of these three matched pairs is once again how many effects show, and how often, as it was asked in the other controlled tests. This of course, controls the widest range of third factors, both organizational and decisional.

10.3.1 Budgets in universities

Two of the three budgets included in this study are decisions made in organizations with have very similar contextual characteristics. Both are public universities with similar numbers of full-time equivalent staff, numbers of students and diversity of courses. The Brazilian decision (Case B8) was made in one of the largest state controlled Brazilian universities, with roughly 2,000 full-time equivalent academic staff, 16,000 undergraduate and 1,500 post-graduate students. The English equivalent is also one of
the largest British universities with about 1,100 academic staff, 12,000 undergraduate and 1,700 post-graduate students (exact numbers are not indicated to avoid identification). Both are general universities with a large diversity of departments that teach arts, science, medicine, dentistry and diverse multidisciplinary courses.

Budgets are recurrent decisions for both universities, since they are funded through resources given by the central government of each country, but the context of making budget decisions in a Brazilian university is somewhat different from that in England.

In Brazil, by the time of this research, there were 50 central government higher education institutions, including universities, single faculties, and colleges (Gaetani and Schwartzman 1991). These institutions are funded, almost exclusively, by resources from the central government. Undergraduate studies are funded by the Ministry of Education which covers all existing programmes' expenditures (including wages) and, in addition to those, distributes additional resources on the grounds of the prestige of the institutions and current central governmental policies. These extra resources are, therefore, subject to the influence of the universities' rectors and their most prestigious academics (Souza 1991). Except for this extra funding, which corresponds to something between 1% and 5% of the resources allocated, the system is not competitive and there is very little incentive to increase efficiency and to improve the quality of education (Schwartzman 1988). The costs of post-graduate studies, and other recurrent and capital expenditures, are subject to special authorizations and are submitted by the university as extra to the undergraduate costs. In addition, the government funds research through its various agencies (CNPq, FINEP and CAPES) on a more competitive basis since the resources from these agencies are available for both public and private institutions. Their allocation is at the discretion of the agencies' officials and peer committees.

As Souza reminds us, the availability of real resources, which come from general taxes, depends on the performance of the economy, the rate of inflation and the central government budgeting process (1991:226). This was, at the time of this study, the most
critical problem for the Brazilian administrators. The Collor government, despite the constitutional requirement that ensured a minimum budgetary percentage for higher education, had committed more than half of its expenditure to the elimination of illiteracy and the universalization of elementary education. The government, by the time of the decision, was also short of resources in consequence of the recession combined with inflation and consequent reduction in revenue from taxes that followed the Collor economic plan. Universities were free to apply for more resources, but there were no guarantees that they would receive what was applied for, except for staff wages that were constitutionally guaranteed.

In Britain, there were 45 universities funded through the University Funding Council (UFC) with resources supplied by the central government. Since 1981, changes in governmental policies had resulted in a reduction of almost 2% per year in real terms (Cairns 1989). In response to these circumstances, British universities were urged to increase their income from research grants and contracts for other services rendered (Cairns 1989) and on the other hand, to reduce costs and increase their effectiveness (Elton 1987). To increase incomes, most British universities were adopting similar strategies, which included:

a) an increase in outputs. Since British universities were funded for a fixed quota of students independent of the actual number enrolled, (the budget decision studied here was made before the bid system was introduced in 1991), they were adopting the strategy of increasing fee income through taking additional students;

b) an increase in the number of overseas students. By the time of this study this was the most common way of immediately increasing income. As Cairns says, overseas students are an attractive source of full fee income and if the numbers could be increased from 12.4% (in early 1988) to about 15% this would produce an increase in income of 36 million (about 1.3%) (1989:2)

c) increasing other teaching activities. Continuing education had become an important source of income, with the government encouraging some sectors of industry and
commerce to send staff to short term courses in universities. According to Cairns, incomes from continuing education were in 1987/8 responsible for an increase of about 2.1% of the total income in British universities (1989:2)
d) undertaking more research contracts and services. British government's policies since the early 1980s have been clearly urging universities to be profit oriented, with more income being provided by the private sector, specially through industrially and commercially funded research contracts and services. Universities were required to sign contracts that covered not just marginal costs but all expenses at full commercial rates (Cairns 1989). By the time of this study, the specialized press (Times High Education Supplement) was indicating that private contracts were responsible for an increase of incomes of between 2% and 5% in the major universities.

But by far the most controversial strategies to cope with reductions in governmental grants were those that aimed at reduction of costs and improvement of effectiveness. In March 1985, in response to a proposal from the Education Secretary, the Committee of Vice-Chancellors and Principals published the report of the Steering Committee for Efficiency Studies in Universities, the "Jarratt Report". It recommended that all universities should examine their structures to establish strong management and planning. It also proposed that universities should develop reliable and consistent performance indicators, to make them aware of costs and cost charging (Jarratt Report 1985:35). This report was followed by a series of reports and policy proposals that emanated from central government and its funding agencies (Cave et al., 1988). In short the central government intentions were: "universities should make contractual undertakings about their academic outcomes in return for grants. General objectives should be clearly perceived and both the allocation of resources to the universities and their subsequent utilisation should be effectively and efficiently managed" (Cave et al., 1988:15).

In response to the similar financial pressures in both Brazil and England, the two universities' decisions tended to follow very similar paths. They were both tightly limited
by the high proportion of costs related to wages and salaries, between 75% and 80% in the Brazilian university, and between 70% and 75% in the English one. With both budgets being based on historical costs which also guided the allocation of resources between departments. In both institutions the budget was mostly based on the previous year’s income and expenditure accounts, with minor adjustments due to inflation, and some specific proposals during the year, but essentially it was a straightforward operation of reviewing previous year’s costs and adjusting them for the following year. It was largely conducted by finance officers in central administration or their equivalents.

The budget decisions in both countries are characterized by their centralization. In both universities, budgets were described as recurrent decisions that are made by the central bodies with little involvement of the faculty or even of heads of departments. From a distance, the processes appear to follow similar procedures: 1) the department responsible for the university finances initiates the decision as soon as they are informed by the responsible state agency of the resources allocated; 2) they prepare a first draft based on historical expenditures, the general expectation of inflation, increases in salaries, particular departmental proposals, and any other special expenditures authorized by the senate, or equivalent; 3) a special budget committee discusses the proposal and requests adjustments; 4) the final version of the budget is approved by the supreme body (council); 5) the authorized budget is sent to the government agency (see decision-stories B8, and E19).

A closer analysis, however, reveals differences consistent with the predictions and previous results of this study. First, the Brazilian decision had fewer interests involved, only eight different units having influenced the process, against thirteen in the English university. According to the administrator responsible for the budget decision in Brazil, this was due to the pressure of time, another very Brazilian feature. Because of deadlines imposed by the government the university had only a few weeks to complete the process, while the English administrators had almost five months between initiation and authorization.
In both countries, budget decisions were the ones that had least involvement of the organization's top administrator (Vice-Chancellor and Rector respectively), but, nevertheless, only in high power distance Brazil was the Rector responsible for informal personal approval before the proposal went to the council for authorization. In the English university the Vice-Chancellor also had an opportunity to discuss and to influence the budget before it was finally authorized, but the prior approval was given by a special resource and planning committee. In both countries final authorization was in fact a rubber stamp.

On the other hand, it is surprising to find no confirmation here of the consistent finding of greater Brazilian interpersonal, sociable, interaction. There was more informal interaction at all levels, and a more crucial contribution of who-knows-who, in the decision making of the English university. Yet earlier published research affirms the political nature of Brazilian universities, with behind-the-scenes coalition and co-option attempts (Rodrigues 1986). Was it that this was not disclosed to the researcher in this instance? Or is it that a more technical decision with extreme time pressure and crisis milieu were familiar, and centralization usual, so that the decision is kept to a top few in a way that had become customary?

A comparison of the two decisions on the other variables shows very little difference. Both used similar numbers of types of information and budgets were perceived as less complex and consequential than other major decisions, both less innovative and less risky.

However, differences in national economic and political environments led to sharp differences in final outcomes. The budget of the English university conformed to state policy and was funded. Whereas the Brazilian budget proved abortive. After it had been approved, the national congress, in opposition to the President’s educational policies, demanded an increase of 80% in all universities' grants. The government, alleging that there were no resources available to pay for this hugely increased expenditure, decided
to cancel all allocation of resources and to allow just what was necessary month by month. This resulted in a total dependence of the universities on the Ministry of Economics to pay all costs each month. As the university was forced to submit monthly accounts of expenditure, the authorized budget was abandoned.

In short, although Brazilian and English budget decisions in universities have similar, even common, objectives, and employ to some extent comparable means to achieve these objectives, variations related to cultural as well as political differences can be identified. In accordance with previous results, the English decision is marked by committee meetings with the decision process following pre-defined guide-lines, and an accepted outcome, while the Brazilian decision is characterized by centralization, haste, and deviation from formal settings, and an abortive outcome. Unlike previous findings, there is greater informal interaction and interpersonal facilitation in the budget decision of the English university which is marked by informal conversations in casual meetings and tea-break conversations, especially between committee members and between the senior administrators involved. Among the Brazilians the informal interaction was much more restricted and limited to the senior administrators involved (the Rector and the Planning Pro-Rector). This is most likely due to the short-term, last minute crisis, nature of the Brazilian case which though a recurrent circumstance, allows no time for wider interactions. In itself, the immediacy is typically Brazilian.

10.3.2 Reequipment in textile manufacturers

The second matched pair of decisions and organizations is the making of major capital investments in owner-managed textile firms. The Brazilian case is a decision to expand the weaving capacity of a traditional textile firm located in the industrial city of Belo Horizonte. The English case is a decision to introduce the most modern technology in the warping and finishing production lines of a firm in the Bradford area. Both companies were, at the time of the decision, highly profitable, and the decisions were initiated with the intention of expanding production and of supplying customers with
better quality products. The organizations were about the same size (Brazilian, 1,700 employees; English, 2,000), and had similar capital structure, i.e., both had a minority of shares in the stock market (Brazilian, about 7%; English, about 45%) but a controlling proportion held by the chief executives and their families (the Brazilian chief executive and his family owned about 71% of the shares; the English chief executive and his family owned about 35%).

As described in Appendix D (case B17), the Brazilian decision to invest in 20 jacto-weaving machines was initiated by the Marketing Division with the intention to expand the production of a product that was unique in a market that appeared to be growing. The strategy was to expand production and satisfy the demand before any competitor was able to move into this specific niche.

The reason for the English decision was much the same. The company, a centenarian Yorkshire textile firm, had been dominating the market in a specific product for several decades. By the middle 1980s the executive board reported their concern over the risk of losing this near monopoly because of the pressure from customers for better quality. But the board of directors, dominated by the chairman and chief executive (and main shareholder) decided that before any major investment the company’s capital would have to be increased through the creation of an additional 90% of new shares. This postponed reequipment for almost two years. (See Appendix E case E18).

Informants from both organizations described the process as following a clearly defined route. The Brazilian organization had a pre-defined sequence of events that, unusually for a Brazilian decision, included an investment committee that was responsible for evaluating the proposal and finding a solution for presentation to the board of directors. The standard procedure for an investment decision was defined by a company rule that the board of directors should not authorize any investment until it had been evaluated by the investment committee. The committee should include all senior executives and two or three middle managers. In this case, the committee included five executives
(including the company's president who is also the chairman of the board of directors) and two middle managers, one from marketing and one from production. The committee had no formal power to authorize implementation, but de facto its proposals were merely rubber stamped by the board of directors.

The English decision was also highly structured by internal procedures. Under these, investment decisions should be first put by the chairman to the board. This first step should include a preliminary evaluation by the finance director. Except in extreme cases, the board should approve the proposal in principle and request the formation of two committees: a steering committee composed of the chairman and a non-executive director, and an implementation committee composed of the finance director, who chaired the committee, and all executive managers, including the chairman/chief executive. The role of the steering committee was to make sure that the process went steadily through all its phases. The implementation committee should examine the decision, develop a solution, and write a report that should be submitted to the steering committee which had the power of preliminary authorization. Decisions approved by the steering committee should be sent to the board of directors for final authorization.

In the case studied, however, the process did not fully comply with the rules covering the steering committee. The chief executive under pressure from the production and marketing directors, despite no formal approval from the board, asked the executives to form an implementation committee chaired by the production director. Because of the urgent need for a decision, the chairman decided that he alone would act in the capacity of the steering committee, though with the advice of an external consultant. After a relatively short process, according to the informants, everyone clearly knew that machines should be bought and where the most urgent investments were necessary. The proposal was written by the implementation committee in accordance with the procedure laid down, but the chairman alone approved it. The board of directors later rubber stamped it.
Again the analysis of individual cases gives support to previous findings with the Brazilian process being typically social with participants adjusting their differences of interests in what one informant called "an extremely friendly process". Negotiations and compromises happened most commonly outside pre-arranged meetings, with participants reinforcing their close relationship by freely discussing their differences. These meetings, with the participation of both senior and junior managers, happened most commonly (according to the informants), outside the organization and working hours. In the English case interactions tended to be restricted to committee meetings with conversations being usually controlled by agenda and minutes. Toing and froing happened, but according to some informants, without the involvement of the chief executive or the finance director. With members of the implementation committee suggesting that they informally discussed the agenda before all meetings and without the knowledge of their chief executive.

In other aspects, however, this English case shows more similarity to a Brazilian than to an English decision. The scores given to the chief executive's involvement are on the same level as those given to most Brazilian presidents with the decision being more centralized in his hands than in most other English cases. The English chief executive determined its pace and approval, and the fact that he held the largest shareholding indicates that in any society a controlling owner may act alone even when the organization has standardized procedures to avoid excessive centralization of command.

It is also surprising to find that this decision took no longer than three months to be authorized. But in this case the duration may be misleading because the decision was preceded by a very long gestation period and initiated just when the company's best customer gave signs that they were looking for another supplier. Notes from the interviews indicate that some informants were not sure of the moment when the decision began. For some it could either have been initiated two years before when the marketing director talked about the need for an investment of this sort at the executive board, or when the chairman set up the implementation committee after learning from
the production and marketing directors of their customer's intentions. If the beginning of a process was determined by its first mention, then this decision would have taken about two and a half years, with a long interruption of more than two years. But because the beginning of a decision in this study is determined by a first movement towards action, the two years of procrastination are treated as a gestation period. It was a gestation that was critical, for according to the informants during this time those who were concerned with the need for a future investment in equipment (especially the executives from marketing and production departments) were preparing themselves for this decision. When the implementation committee was composed they already knew what equipment was available. This also explains the apparent unusually limited information search process, even normally cautious English managers accepting this when they are under time pressure and when they believe that they are clear what they want.

In short, most of the characteristics of these decision processes are in line with previous results. The Brazilian decision is more social, faster and used less information, and the English decision is marked by preliminary procrastination, delays and committees. This English case, however, can be also described as the exception that confirms the norm, because of the role played by a strong chief executive who controlled the whole process in a Brazilian like style.

10.3.3 New presses in daily newspapers

The final matched pair is a comparison between two decisions to invest in new presses made in regional daily newspapers that are divisions of larger organizations.

The Brazilian firm is a traditional medium sized daily newspaper. It was founded at the beginning of the century by local entrepreneurs and supported by local politicians who were worried about the political influence of newspapers from the distant state of Sao Paulo. A few years later, due to financial difficulties the newspaper was bought by a
progressive entrepreneur from Sao Paulo, who by this time owned several newspapers in four of the biggest state capitals. The same group controls the newspaper today, but it is now under the administration of professional managers who try to follow the progressive style of the founder. By the time of the interview, the local chief executive who was also a relatively important shareholder, and was campaigning to be elected chairman of the holding company.

The English firm is also a traditional regional newspaper. Till the early seventies it was part of a local group that included other small local newspapers, after that it was incorporated into one of the largest British newspaper publishing groups and was transformed into a local division with an executive board subordinated to a regional newspapers department.

Both organizations had some autonomy to make operational decisions, but all investment decisions had to be submitted to the boards of directors of their holding companies. The fact that the Brazilian chief executive was an important shareholder and a board member gave him more autonomy to discuss his needs at board level than the English chief executive who had no seat on the board. This was a primary determinant of differences between the two processes.

The decisions were both investments in new presses, a decision that is made by most newspapers about every two or three decades. In the Brazilian company the previous investment in new presses was made in early 1954 with the acquisition of machines that increased the production from 18,000 units per hour to 60,000 units per hour. These machines were now proposed to be replaced by more modern technology (offset) with a better colour system. The emphasis here was more on speed of production than on quality. According to the industrial director, greater speed would allow a reduction of the printing time, which would represent a significant reduction in the time between reporters writing articles and publication.
The decision made in the English organization was to replace offset machines acquired in the early 1970s by faster presses that allowed more variety of colours and better quality. According to the production director, the emphasis was less on increasing speed, rather on increasing the quality of the paper. The most immediate benefit would be the ability to print more expensive advertisements.

According to the informants, the Brazilian decision did not follow any pre-defined sequence of events, the only standardized procedure was how the proposal should be presented to the board of the holding company.

As described in Appendix D (case B3), the decision began under the pressure of possible competition from the national newspapers in Rio and Sao Paulo. The local chief executive had heard that one or two of the leading newspapers were studying the possibility of investing in the area so as to introduce simultaneous publication in cities outside Rio and Sao Paulo. The confirmation of this came with the launching of a modern newspaper in the city of Porto Alegre by a large publishing group from Sao Paulo. In consequence, a traditional local newspaper had to reduce its price and made substantial losses.

When the chief executive heard about this, he immediately decided to prepare his company for similar problems. "It was a question of life or death" said the administrative director. The chief executive called the industrial director to prepare a proposal for new presses and to do it fast, Brazilian style. In brief, the industrial director acting under the guidance of the chief executive prepared an investment proposal that after some opposition from board members was approved by the chief executive who personally made the financial arrangements with a local investment bank (see case B3 Appendix D).

Characteristically, the English decision was made under much less pressure. According to the production director, either the old presses had to be replaced or a large amount of money had to be spent renewing parts and upgrading them. The division chief
executive saw it differently. He stated that the argument for upgrading and repairs was just a rationalization to justify getting capital from the board of directors. According to him, "there was a faction in the industry that was buying those presses, and the production people did not want to be behind their peers in other companies in the group."

The decision followed what was said to be the 'normal' sequence of events for this type of investment (not formally defined, but customary). The board of executives (the highest decision making body at the division) discussed the proposal presented by the operations director to replace all presses by the latest state of the art printers. Despite some opposition from the division chief executive, there was a common belief that even if it was not totally necessary at that time, the division should go ahead with the proposal since the holding company had recently authorized similar acquisitions for other regional newspapers in the group. Following the usual procedure, the board of executives proposed the formation of a committee to prepare an investment proposal to be submitted to the head of the regional newspapers' division. He had a seat on the holding company’s board and was responsible for evaluating all proposals from regional newspaper subsidiaries before they were submitted to it. The division’s board of executives appointed the operations director as chairman of the committee, and the division chief executive and finance director as members.

As intended, the operations director, with the support of managers from his department, prepared a technical and financial proposal that was agreed by the two members of his committee, and later submitted to the division chief. As described in Appendix E, the decision was authorized by the board of directors with no great difficulty.

Both decisions are good representatives of their cultures. In line with previous findings the Brazilian decision had fewer interests actively involved and greater involvement (centralization) by the chief executive. While the English case is again characterized by
the role played by a committee responsible for the development and proposal of a solution.

Due to the circumstances that initiated the process, the Brazilian decision was rated as more consequential (high scores on radicality of consequences, endurance and seriousness), while the English decision was seen as with persistent effects, but not introducing many radical consequences for the company.

Also in terms of the interactions between participants, both decisions tended to follow very typical patterns. In the English decision, toing and froing was restricted to committee members, and usually before and after arranged meetings. In the Brazilian case the process which did not follow any standardized sequence routine and was regarded as secret, was characterized more by private talks after normal working hours and outside the organization, even when these involved some of the external participants.

Further, the Brazilians made their decision under crisis pressure and much faster (the Brazilian process took nine months while the English took twenty four) with fewer disruptions and using much less information. The English process not only took much longer, mostly due to several interruptions caused by the need to wait for information, but also resulted in a decision described as less risky and less innovative.

10.3.4 Summarizing

It would have been ideal from the point of view of the culturalist approach to find that each case in the three matched pairs showed full stereotypical Brazilian and English features. To that extent the fact that they do not is disappointing. But such an expectation would have been unrealistic because no one case fits a pattern in all respects, as explained earlier, and whilst it was a hope it was certainly not an expectation.
Table 10.5 synthesizes the main differences between these three pairs of decisions indicating where they confirm or not the differences previously observed.

<table>
<thead>
<tr>
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<th>Brazil</th>
<th>England</th>
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<tbody>
<tr>
<td><strong>Universities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Confirm:</td>
<td>Fewer interests</td>
<td>More interests</td>
</tr>
<tr>
<td></td>
<td>Chief Executive personal approval</td>
<td>Committee approval</td>
</tr>
<tr>
<td></td>
<td>Faster</td>
<td>Fast, but not so fast</td>
</tr>
<tr>
<td></td>
<td>Abortive outcome</td>
<td>Accepted outcome</td>
</tr>
<tr>
<td>Do not confirm:</td>
<td>Less interaction</td>
<td>More interaction</td>
</tr>
<tr>
<td><strong>Textiles</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Confirm:</td>
<td>More interaction</td>
<td>Less interaction</td>
</tr>
<tr>
<td></td>
<td>No procrastination</td>
<td>Procrastination</td>
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<tr>
<td></td>
<td>Offensive decision</td>
<td>Defensive decision</td>
</tr>
<tr>
<td>Do not confirm:</td>
<td>More interests</td>
<td>Fewer interests</td>
</tr>
<tr>
<td></td>
<td>Top manager less involved</td>
<td>Top manager more involved</td>
</tr>
<tr>
<td><strong>Newspapers</strong></td>
<td></td>
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</tr>
<tr>
<td>Confirm:</td>
<td>Fewer interests</td>
<td>More interests</td>
</tr>
<tr>
<td></td>
<td>Top manager more involved</td>
<td>Top manager less involved</td>
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<tr>
<td></td>
<td>More radical &amp; serious</td>
<td>Less radical &amp; serious</td>
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<tr>
<td></td>
<td>More interaction in breaks, and off the job</td>
<td>Less interaction in breaks, and off the job</td>
</tr>
<tr>
<td></td>
<td>Meetings incomplete, meander</td>
<td>Meetings complete</td>
</tr>
<tr>
<td></td>
<td>Faster</td>
<td>Slower</td>
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<tr>
<td></td>
<td>Less information</td>
<td>More information</td>
</tr>
<tr>
<td>Do not confirm:</td>
<td>Less overall interaction</td>
<td>More overall interaction</td>
</tr>
</tbody>
</table>

In answer to the more reasonable question asked in the opening to this section, how many effects show and how often, it is possible to say quite a lot, most in the newspapers and least in the textile manufacturers. Broadly speaking, even in this strongly controlled test, Brazilians are again seen to make the more risky, serious, proactive decisions in urgent or crisis situations, in a smaller clique around the chief executive, with incomplete agendas and more interactions off the job. The English are again more cautiously defensive, involving more participants yet keeping decision making within working hours. Decisions are made with more extensive use of information that results in longer and less risky processes.
10.4 Conclusions

A cross-cultural analysis would be simpler, and perhaps cultural effects would be clearer if other things were equal, but they are not. This chapter has tested some third variable effects, but obviously, even so, many things are not equal. What emerges are persistent and widespread cultural effects on decision making, but not so strong that they are not sometimes overwhelmed by other influences.

Most features of decision making are certainly systematically affected by the culture of each country. The results after controlling some decisional and organizational characteristics continue to show that Brazilian decision making is typically (but not invariably) under the control of strong chief executives who, through intensive unscheduled communication make radical decisions in a very short time. They also continue to show that more cautious English decision makers will typically (but not invariably) make decisions more slowly and within formal settings. In addition, the variations of Brazilian decision making across sub-samples suggest a greater degree of "ad-hoc" behaviour, responsive to immediate situations, compared to the conservative English whose behaviour is rather more stable and typical in all situations. By far the most pronounced and persistent Brazilian characteristic is intensive informal interaction, whatever the decision and organization may be.
Chapter 11

Conclusion

This thesis reported a cross-national study of decision making extending over three years in two countries and thirty-three organizations. Using societal cultures as the bases for predictions this study tried to touch some of the aspects that have been left untouched by more than forty years of studies on managerial decision making, i.e. the possible effects of societal culture on the way that managers from different nations make decisions.

The first stage of the research (Chapters 2, 3 and 4) involved an extensive review of the historical and sociological literature on both Brazilian and English cultures. This, together with the views of a small number of Brazilian managers working in England and English managers who had worked in Brazil, helped to draw a work-related portrayal of each culture. Those portrayals do not exhaust the qualities of each, but insofar as they catch the outstanding features they show clear contrasts between the two cultures.

The English society is typically low power distance, so authority is not imbued with domination or submission, either by those above or by those below, though conservatism perpetuates tacit acceptance of social stratification. In high power distance Brazil, however, power is seen either as an important instrument of domination or as an important instrument of submission.

The two societies were also found to deal differently with the future. English society, although uneasy with strange and uncertain situations, does not avoid them. The unexpected is confronted rather than avoided. This society sees the future merely as a consequence of the past, and change as continuous. Brazilians, on the other hand, are more concerned with the present moment. Immediatism, noted by many, is perhaps the most criticised character of this society since it tends to overwhelm careful and realistic consideration of future consequences. It is possible that this relative emphasis on the
here and now, rather than on what may come later, is a form of uncertainty avoidance. Certainly it is accompanied by a propensity for specifying rules and decrees which create an apparent certainty.

Individualism can be seen as the most representative trait of English society, in the same way as collectivism is for Brazilian culture. English individualism is manifest as highly reserved behaviour, personal autonomy, high self development, and liberalism, requiring each individual both to guard his own rights and obligations and to respect those of other people, whether or not they are known personally. Hence rules may be bent but, in general, are to be observed.

In Brazil, where collectivism overwhelms individualism, reserved behaviour is replaced by an open cordiality, a conspicuous peculiarity of these people; autonomy and self-development are replaced by strong networks that start in the family and spread to friends and affinals; liberalism is replaced by political (and also economic) dependence, not just in the government but also in powerful groups. However, Brazilian collectivism is a personal collectivism. Brazilian society sees each member not as an impersonal individual but as a particular person. Hence the value of a particular known person can be considered greater than the rights of individuals generally. Obligations depend upon whom (the person) and when (the situation).

The last two features that distinguish the two cultures are their degree of aggressiveness and the way that each society sees its own country. English society puts much more emphasis on "ego factors" and in a general sense is relatively aggressive. This links with its relative arrogance and xenophobia (Terry 1979). In a way, the Brazilian counterpart, but of an opposite kind, is the incipient "inferiority complex". Despite Brazil's size geographically and numerically, which makes it by far the largest nation of South America, Brazilians feel that the good things in life do not come from Brazil, a feeling at odds with the simultaneous belief that Brazil is the nation of the future.
Of course, both nations are western, capitalist societies, where material consumption and property, and individual enrichment, are highly valued. Managers from both countries are under the influence of what could be called the American ethos, and under the pressure of relative national economic decline.

Using work-related cultural portrayals as bases for predictions, seventy-one managers (36 English and 35 Brazilians) were asked to talk about specific decision making processes that took place at top managerial levels. Each interview began with a historical narrative of the sequence of events as it happened. This was followed by a series of questions about particular aspects of the process and of the decision’s outcomes. Those aspects which were predicted to be influenced by culture, were rated on scales and their differences between countries were examined both qualitatively and quantitatively.

Both differences and similarities emerged between the two samples. Differences were in most cases closely related to the most significant differences between the two cultures, while similarities were related to a diversity of factors, some of which will be discussed later in this chapter. In support of the culture-related argument, Brazilian decisions tended to be dominated by intensive social interaction between participants and by active involvement of autocratic chief executives who are, in most cases, responsible for most stages of the process. Impelled by this hierarchical authority and intensive after-the-job and off-the-job unscheduled communication, decisions in Brazil tended to be relatively quicker and smoother. With decision makers taking advantage of what they see as opportunities but relying on comparatively limited and poorer information.

In line with the broadly conservative English views of time and change decisions in this society tended to be more cautious with processes taking longer to reach a conclusion, showing not only a tendency to procrastination, but also more interruptions and especially pauses to obtain more information. Meetings are more controlled by agendas and procedures and more personally reserved. Whilst innovative decisions are made,
they seem to be faced only when compelled by financial or market pressures. In general, English decision making tends to be less hierarchical than the Brazilian, with more participants being involved and influencing the decision at different stages of the process. More reserved English decision makers tend to keep their off-the-job lives distinct from their work, interpersonal interaction being more task-oriented and with less emphasis on unscheduled communication, both individual and group.

There seems also to be some cultural influence on the outcomes of the decision making processes. Brazilians who make faster and riskier decisions with less participation and less information tend to have greater difficulty in achieving their objectives, while more cautious English processes seem to pay off with more decisions achieving their intended goals.

But, despite culture-related predictions, the two samples were similar with respect to the complexity of the topic of decision. As in the Bradford Studies, the rarity and consequentiality of what was under decision seems to have a strong effect, stronger than any effects of cultural differences in uncertainty-avoidance. There was also less difference in the managers’ overall evaluation of decision outcomes, with English managers being less critical and more positive in the evaluation than predicted, though Brazilians were still the more optimistic of the two.

In general, most of the differences associated with cultural factors survived successive controls of organizational characteristics and decision topics. The differences between countries in specific sub-samples (e.g., medium size organizations, manufacturing companies, private owner-managed firms) are mainly in line with the overall results.

However, some features are also influenced by non-cultural factors. For example, in both countries there is a tendency for more unscheduled communication in owner-managed organizations than in public sector ones, the form of ownership increasing the scope for personalized informal interaction. Further, decisions in large manufacturing companies tend to take longer and are more innovative, although here again Brazilian
decisions are consistently faster relatively to the English. In both countries (despite the
differences in power distance) interests opposing the decision are kept away from the
process with decisions being pushed ahead by dominant interests. In general,
organizations "manage" conflicts affecting decision making by political mechanisms and
giving priority to the dominant interests.

11.1 Strengths and weaknesses of Brazilian and English decision making

It is now opportune for the researcher to break with the formalism of a pseudo
"scientific-independence" and offer his own opinion on the data and results obtained.
According to Morgan (1983:398), these interpretations given by the researcher are
much more likely to be of an evocative rather than comprehensive kind, to be sustained,
rejected, or refined through future studies.

In this case the researcher, using his own culture as background, now moves from
analysis to opinion and takes the risk of giving a personal evaluation of the strengths
and weaknesses of Brazilian and English decision styles. Of course these strengths and
weaknesses are comments on the prevailing stereotypes of the two societies, but it has
been found that most Brazilian and English decision making does indeed carry
something of "Brazilianess" and "Englishness".

Considering the Brazilians first, it seems that the intensive social aspect of their decision
making processes (related to the personalist/collectivist character of that society) is not
only their main characteristic, but also the main source of their strengths and
weaknesses. In terms of group processes, their interpersonal cohesiveness increases
both interaction frequency and uniformity. As suggested in the literature on group
processes (e.g., Lott and Lott 1961, Shaw 1971, Butler 1981) high cohesive group
members communicate with each other to a greater extent and the pattern of
interaction is more friendly, cooperative and positively oriented. This has the advantage
of decisions being made under less strain and with greater harmony. Everyone is in agreement and the group can move towards its goals more quickly and smoothly.

On the other hand, there are disadvantages, specially related to possible group uniformity. In Brazilian decision making, this is accentuated by powerful chief executives and the Brazilians’ view of authority (high power distance). As stressed by the literature on power in organizations (e.g., Pfeffer 1981, Mintzberg 1983) those individuals who hold positions of power or who are viewed as higher in status are powerful sources of influence, and agreement is often achieved by adopting the positions they propose. Indeed, the combination of high group-cohesiveness and strong leadership (especially in a situation of ambiguity and uncertainty) seems to result in the assumption that consensus is a necessary element for the survival of the organization. In consequence, as Nemeth and Staw (1988) would predict, Brazilian managers tend to be relatively unreflective in their adoption of a proposed viewpoint, regardless of whether they are correct or not. As if they were actually writing about some of the Brazilian decisions included in this study, Nemeth and Staw (1988:190) say that the net effect is that decision making groups do not completely survey the alternatives, examine the risks of their preferred courses of action, or search the information well; they exhibit bias, and on balance, they make in poor decisions. With the pressure for uniformity causing a rush to judgment and an inability to make careful, deliberate and divergent decisions, "group-think" as Janis (1972) called it.

To identify innovation and risk as a strength suggests that the researcher has some culturally-biased perspective in favour of Brazilian management. Nonetheless, in today’s world, organizational innovation is almost ubiquitous, with much of the current vogue in management theory being the identification of organizations where successful change resulted in high-performance organizations (e.g., Peters and Waterman 1982, Kanter 1983). So sooner or later, the Brazilians’ openness to innovation may stand to their advantage!
Looking at the other side of this, organizational conservatism, or the resistance to innovation, has been negatively associated with financial performance. According to some (e.g., Sturdivant et al., 1985), conservatism, manifested as resistance to change and preference for tradition and cautious behaviour, may be the main reason why some organizations declined or lost their competitive position. This conservatism appears particularly intrinsic in English decision making, and it is perhaps its main weakness. The English preference for tradition and caution has the benefit of increasing the rationality of their decision making, which taking place within comparatively more controlled formal settings and makes extensive use of information. But it also tends to result in longer processes and decisions being heavily based on quantitative decision rules. Problems and alternatives are more likely to be excessively examined as decision makers try to avoid risks (perhaps also an effect of greater individualism), which according to the literature on innovation and change is a style that is effective in the short term but inefficient in the long one.

Overall, neither nation can be thought to do it the best way. Certainly neither can be held up as an example for others to follow. Rather, each must await situations when their particular style happens to fit, and they can then do well.

11.2 Assessment of the study: limitations, strengths, and implications for future research

Not only are decisions marked by strengths and weaknesses but so too are research projects, and certainly this one. Even though it had prior projects from the Bradford Studies series as a basis, the attempt to move forward into a cross cultural perspective proved to be immensely more complex than anticipated.

Conceptually the researcher had a clear set of alternatives to select. From the decision making point of view, it was clear that decision making should be examined as a set of dimensions along which the process varied (the other alternative was to see decisions as
a series of stages, as in Mintzberg et al., 1976). In the cross-cultural perspective it was also clear that culture should not be treated as a "residual factor" with the research being, as far as possible, set out to emulate Child (1981) and Tayeb (1988) by defining and describing societal culture separately from and prior to the investigation of organizational characteristics.

It was much more difficult to find material on Brazilian culture than on the English, and so its description is less broadly based. Chapter 2, on English culture, has the benefit of greater diversity of sources and a better combination of theoretical and empirical work. Chapter 3, on Brazilian culture, had to be based on fewer sources with less diversity of information and greater concentration on American authors. Very few sources were specifically about Brazilian culture and only a few of those were recent publications by Brazilian writers. In addition, the researcher had no results of empirical surveys of Brazilian culture to draw on, equivalent to Gorer’s, Terry’s, and Tayeb’s investigations of the English. The only source of empirical evidence available was Hofstede’s limited information on the Brazilians, and other less extensive studies where Brazilians were studied as part of a general Latin-American investigation. Fortunately, the limited information available on Brazilian culture was very consistent and was, to a remarkable degree, confirmed by the Brazilian and English managers interviewed during the first stage of the research (Chapter 4).

It can be assumed that much research, comparative or otherwise, is limited by the resources’ available both in terms of time and of money, and this one was no different. If the ideal were possible, this study should have been preceded by a cultural survey among a representative sample of Brazilian society and by a pre-test of the interview schedule in Portuguese with Brazilian managers. It should also have included a better selection of matched decisions and organizations with the researcher replacing non-matched cases with more appropriate ones. Unfortunately the financial and temporal limitations of travelling to and from Brazil, and of staying in that country for merely eight weeks, resulted not only in a limit to the analysis of Brazilian culture, but also in a
sample of decisions that is not what might be desired. The matching of decision-cases and organizations is much less than perfect, with only six cases, three in each society (see Chapter 10) being sufficiently similar in contextual characteristics and decision issues to be considered as matched pairs. A larger number of matched cases would have allowed interpretation to be more confident and cultural effects to be more clearly identified.

Any cross-cultural research using interviews in different languages is subject to the risk of misunderstandings and distortion. The advantages of working in the languages of the societies studied are considerable, especially when aiming at the identification of cultural effects. The researcher is able not only to obtain descriptive data on specific issues but he or she will also have greater personal contact with those who were involved in the process and with the whole organization where it all happened. The possibility of understanding is far better. Nonetheless, it requires of the researcher a considerable control of the language and of the various jargons and terminologies used by different social and professional groups. The difficulty for this researcher of fully comprehending what had been said by different English-speaking informants is, to some extent, reflected in the description of the stories presented in Appendices D and E, where the English cases have a feel of less depth, despite being bolstered by documentary information supplied by the informants. It is clear that the researcher had a fuller understanding of the Brazilian than of the English decisions. At first, this did not look so important since questions on the most critical variables were complemented by follow-up telephone conversations and letters. However, since the ultimate analyses required more inputs from the decision-stories than at first expected, and by then the informants could not be re-interviewed, a greater awareness of all the sequences of events would have allowed a better understanding of the motives for specific ratings and why certain situations had arisen.

All these difficulties, which according to some (e.g., Oyen 1990) are inherent in most cross-cultural studies, are part of the "exciting challenge" of trying to distinguish
culturally specific aspects of the organizing processes from those that are common managerialisms (Child 1981). In this case, following the lead given by Child (1981) and developed by Tayeb (1984), with culture being treated not as a residual factor and "ex post facto" explanation but rather as an independent set of variables described prior to the main empirical investigation and from independent sources, gave two vital advantages. First, it framed the data collection which therefore avoided "trawling" for data and focussed on culturally relevant variables. Second, it enabled findings to be confidently interpreted as culturally induced, or not so, rather than resorting to unsupported assumptions about cultural effects. There is no doubt that cultural differences are only one of the many explanations for cross-national differences. Other factors, such as the country's economic, political, and educational structures, and organizational and decisional "contingencies" are also relevant to managerial and organizational phenomena. To sweepingly attribute to cultural differences the effects on decision making from these factors would be a mistake.

The study was also benefited by the combination of numerical ratings plus notes and stories developed from the interviews and documentary data. On one hand, the use of notes and stories allowed an insight into the decision event in a way that a simple comparison of ratings would not. On the other, the ratings enabled the easier operationalization of the variables and a more immediate identification of contrasts in Brazilian and English decision making. The combination of both, despite being time consuming and complicating the analysis, proved to be an effective technique in giving a good appreciation of what had happened in each decision case. There are several examples in Chapters 7, 8 and 9 where despite the numerical similarity in statistical terms, the deeper stories and distribution of cases revealed characteristics that confirmed the culture-related predictions.

This experience should be used by future researchers as a source of reference for what should be avoided and how things should be done.
There is also what was "left out", what could not be done. The research reported in this thesis, having concentrated on strategic decision making dimensions and "only" in two countries, was not able to predict and compare the effects of culture on other aspects of managerial decision making, and in this thesis was unable to assess the effects of a third culture on the same dimensions even though preliminary data were available.

In terms of decision making, it is especially regrettable that the diagnosis of situations (deciding to decide) was almost untouched by this study (as well as by most studies on decision making). As Beyer (1981:181) suggests, cultural values can affect problem definition by focussing participants' attention on specific aspects of performance and gaps, and by providing different interpretations for these gaps. Future research should certainly include the questions of where and how does diagnosis take place (Mintzberg 1989), and how do differences in culture affect this diagnosis?

Then this study was barely able to touch the potential for exposing the effects of culture when managers from different societies are working in organizations originating from third cultures. Do Brazilians maintain the same level of social interaction when making decisions in a German owned or perhaps British owned organization? How conservative are English managers when making decisions in an American or Brazilian organization? Future research should address these questions more fully than the work on multinational corporations has so far done. Thus one prior study (Mallory et al., 1983) has suggested that British decision makers arriving at a decision under American ownership tend to make it faster and more informally than their counterparts in British organizations. All that this present study could do was to undertake preliminary investigations of German owned companies in Brazil and in England. It has not been practicable to properly analyse the data from interviews in Sao Paulo, London, and Frankfurt and to find space for that in this thesis. But at first sight it does suggest that English managers tend to adapt more easily to the German decision making style than the Brazilians do, for these tend to distort formal settings by introducing some "jeitinho brasileiro" and interpersonal facilitation around the Germanic structure. That is,
cultural characteristics persist under "third" ownership but take effect in different ways and in differing degrees.

11.3 Implications for the major published research on decision making

An investigation of decision making that takes cultural values and cross-cultural differences as its bases is an opportunity to examine some of the theoretical and empirical evidences from the main prior studies, not one of which took societal culture into consideration.

**The Bradford Studies** (e.g., Butler et al., 1979/1980, Astley et al., 1982, Wilson 1982, Hickson et al., 1986, Cray et al., 1991) Since this study has found that the degree of politicality and the dimensions of processes are affected by culture and cross-cultural differences, it is unlikely that the forms of decision making identified by these researchers entirely in British organizations may be transferable to other cultures, especially to Brazilian culture. The three types of strategic decision making proposed (sporadic, fluid and constricted) are differentiated along two dimensions. The one designated *discontinuity* by the researchers (Cray et al., 1988) is dominated by the variables related to the diversity of sources of information and to more serious disruptions during the process. The other, known as, *dispersion*, reflects the distribution of decision making activity through managerial and administrative levels and the degree of negotiation, the gathering of information, and the use of committees. According to the researchers "the greater effort used to collect information and the more frequent use of committees which bring together parties from different parts of the organization in a formal setting, also indicates wider dispersion" (1988:26). In short, these two dimensions are sensitive to variations in the use of information and disruptions during the process and to the dispersion of participation. But in Brazilian decision making, these aspects are not the most relevant. Decisions in that country would be better categorized according to their degrees of social interaction and pace. Going beyond the formal analyses and this present study's basic intentions, a speculative three-fold
typology of strategic decision making among the Brazilians could be hazarded. One type, which would probably include most decisions, might be that of informal-fast processes in which decisions would be characterized by more informal interaction, less scheduled meetings, and very short processes with lower disruption and greater consensus. Into this category could be included decisions like cases B2, B15, and B18, which are decisions made very informally in very short time and with little or no time spent on negotiations, information gathering, etc.

Less frequently there might be less informal-longer processes with more formal interaction, less consensus and a longer duration with more disruptions and delays (perhaps related to decisions with greater politicality). Into this category would be included decisions like cases B1 and B16 in which the diversity of interests resulted in more formal and longer processes with more interruptions and repetitions. Finally, there might be formal-fast processes, for example the budget decisions made in Brazilian universities, with the process being characterized by more formal interaction (committees, working groups) and short duration with little or no delays and impediments.

As the three types of decision proposed by Hickson and colleagues are not transferable to the more socially oriented Brazilian culture, the above three (hypothetical) types conversely are not well-suited to transference to an Anglo culture where conservatism and individualism have to be taken into account.

**Mintzberg and colleagues' study** (Mintzberg et al., 1976). There are again no references by these researchers to any relationship between their seven types of decisions and the country where they were made. Although these seven types, as well as Hickson and colleagues’ three modes, are critical elements in today’s understanding of strategic decision making, to generalize from them to other cultures and perhaps to other organizational situations seems inappropriate. Although the specific types of decisions are not directly related to any of the forty cases included in this study, Mintzberg and
colleagues’ set of dynamic factors can be seen in most or perhaps all cases. Both Brazilian and English decisions are often stopped by interruptions, delayed and speeded up by timing responses. What is different between countries is not the existence of dynamic factors but rather their frequency and the decision makers’ reaction to them. As already said on many occasions in this study, more cautious English decision making shows more delays, interruptions and loops in the sequence of events, whereas the more precipitate Brazilian processes are not so susceptible to interruption. How far, therefore, were Mintzberg and colleagues describing specifically Canadian "Anglo" patterns of process?

The American approach to decision making (e.g., March and Simon 1958, Lindblom 1959, Cyert and March 1963). The insightful American tradition has also not gone as far as to pay attention to societal differences. Although once more the differences due to culture are not shown in the occurrence of specific facts or events, but rather in their degree and significance to the process. Both Brazilian and English decision makers and organizations do tend to build up mechanisms to reduce uncertainty and control ambiguities. The difference lies in the tendency to adopt one way of doing so rather than another. For example, more conservative English decision makers are more likely to adopt a more incremental approach, with decisions being made through careful small steps rather than radical jumps. Brazilians, on the other hand, are more likely to adopt a model of a quickly attained satisficing consensus, with decision makers coping with bounded rationality and ambiguity by intensive informal communication. This consensus is more likely to be imposed via conformity to the views of the "group" and of powerful chief executives.

In short, at the conclusion of this thesis it is obvious that although general aspects of the literature on decision making are universal, for example in all countries strategic decisions are probably characterized by bounded rationality and political divergences, the way that managers from different cultures cope with these intrinsic aspects differ in manner and degree. The view of decision making built up predominantly from the
Anglo societies is only in its general aspects transferable to other cultures, but not in its specific attributes. This study has shown plainly that decision making cannot be adequately understood unless its societal context is taken into account, whereas the main research to date has been wholly culture-bound.

11.4 Theoretical implications

As said above, the research reported in this thesis set out to emulate Child's (1981) requirements for a culturalist perspective as much as possible. The identification of Brazilian and English cultural characteristics and the prediction of cultural effects in advance of the comparison of decision making were critical elements in the determination of boundaries for the study and for the analysis. The fact that the researcher could predict specific aspects of Brazilian and English decisions from the cultural portraits resulted in a more controllable interview schedule which focused on them. In other words, because the researcher knew in advance that the field-work was to look for cultural differences, he could see them more clearly. Would this study have obtained similar findings if it had taken a less guided view of decision making? The probable answer is "No". The findings would in all likelihood have differed and, vitally, the big difference would have been in the ability to interpret them. In other words, to suggest what is due to what. As already pointed out, there would have been an unintelligible cascade of differences and similarities, lacking any basis from which to distinguish with any degree of confidence those more culturally imbued from those less so and due more to contextual organizational contingencies.

Having identified cultural attributes in advance, and having limited the analysis to those aspects of decision making that were most related to Brazilian and English cultural values and cultural differences, led to the identification of certain "complexities" in the relationships between cultural and managerial processes that were not initially predicted.
The first "complexity" is related to inconsistency in the effects of culture on different variables. It seems that because culture is one bunch of factors in a multi-causal situation, where there are many contingencies, cases will be distributed along any given organizational variable due to multiple reasons, more than but also including culture. Cultural effects will be detectable primarily in those variables specially sensitive to a particular culture, in the form of a bunching of cases from that particular society on those variables. That is, in any one society only some variables, probably a minority, will show detectable culture effects; and in each society these will be a different set of variables. Therefore, there are not culture-sensitive variables and non-culture sensitive ones. All variables can be culture sensitive, but the ones that reveal culture, differ between different societies. In this study, the effects of conservatism are, perhaps, the most detectable of English attributes, so that decision making processes not only take longer, but are also more affected by procrastination and delays and the authorized decision is more likely to result in small, perhaps incremental, changes. Among Brazilians, personalism and collectivism are the attributes which most affect the process, greater interpersonal cohesion due to personalism therefore enabling decision makers to communicate more intensively, and make more use of interpersonal influence.

A second and related complexity is the variation in cultural effects across different cases, when cases are treated holistically. Given multi-causality, no one organizational case is likely to show uniformly the effects of culture on all aspects of decision making. On some it will, on others, where other causal factors are stronger, it will not. It is a constant see-saw between common managerialism and differentiated culturalism. Hence there are few completely "typical-Brazilian" or completely "typical-English" cases, though most Brazilian cases show some Brazilian features and English cases shown some English features. Moreover, some English cases will have features occasioned by non-cultural factors that, if the cases were Brazilian, could be attributed to Brazilian culture; so cases in the two nations overlap. In both samples there are no more than one
or two very typical cases and even these are not typically Brazilian or typical English in all dimensions. The great majority are hybrid cases, although with the Brazilian being predominantly Brazilian and the English predominantly English. Even so, it is vital to the interpretation of the findings that no Brazilian case has predominantly English features, nor does any English case have predominantly Brazilian features. Hence no case from one society will appear wholly as a stereotypical case from another society.

To face up to this "cultural complexity" is, as Mintzberg (1989:255) suggests, to play "cultural Lego" instead of "jigsaw puzzles". It sends this research back to its initial definition of culture (Chapter 1) where because of the differentiation between social and cultural systems, it was recognized that action and social relationships might also be conditioned by other non-cultural factors (Child 1981). But it does not detract from what this research has demonstrated again and again. Despite the multi-casual complexity, and the problems of weighing organizational contingency interpretations against societal cultural explanations, managerial decision making - and, by implication, much or all of organizational behaviour - is culturally saturated. To attempt to understand it without a knowledge of the societal cultures of which it is itself part is a "bounded irrationality".
Dear Mr

I am writing to ask if I can come and talk with you about your own experience, or that of your firm, of the approach to management characteristic of Brazil and Brazilians.

My colleagues and I in International Management at Bradford Management Centre wish to learn from the practical experience of managers who have to deal with their equivalents abroad, and in my own case I am focussing on the difficulties and opportunities of business links with Brazil. This focus is also not a little to do with the fact that I am myself Brazilian.

Meeting you on just one occasion will be sufficient, and I will telephone on 10th of the current month, to see if a mutually convenient date can be arranged. Alternatively, I could meet one of your colleagues who is senior enough and has enough appropriate experience.

Yours sincerely,

Carlos Oliveira
International Management Research Associate
Interview Schedule

1. What do you consider to be the main characteristics of Brazilian [English] management and managers?

2. What are the good qualities of Brazilian [English] management and managers? Can you give examples?

3. What are the bad qualities of Brazilian [English] management and managers? Can you give examples?

4. How do these qualities compare with those of the English [Brazilian] management and managers?

5. What key words, or phrases, would you use to sum up the Brazilian [English] way of managing?

6. Below are 14 scales showing some possible cultural traits. Would you mark where you think Brazilian [English] managers are on these scales?

   | 1 | 2 | 3 | 4 | 5 |
---|---|---|---|---|---|
6.1 Reserved. | - - - - - | Outgoing. |
6.2 Aggressive. | - - - - - | Peaceable. |
6.3 Arrogant. | - - - - - | Subservient. |
6.4 Strong respectful relationship with those in authority. | - - - - - | Easy relationship with those in authority. |
6.5 Autocratic decisions. | - - - - - | Democratic decisions. |
6.6 Risk-taking. | - - - - - | Risk-avoiding. |
6.7 Readily compromises. | - - - - - | Find it difficult to compromise. |
6.8 Believe in radical changes. | - - - - - | Believe that change is a gradual process. |
6.9 Needing to control the unknown. | - - - - - | Able to cope with uncertainty. |
6.10 Believe in the right of individuals to do as they please within a framework of rules. | - - - - - | Believe that law and rules should direct what the individual can and cannot do. |
6.11 See their own country as superior. | - - - - - | See their own country as inferior. |
7.12 Concerned with past  Concerned with present.
7.13 Concerned with future  Concerned with present.
7.14 At ease in formal At ease in informal
  impersonal relations.  personal relations.

7. Now, would you mark where you think English [Brazilian] managers are on the same scales?

<table>
<thead>
<tr>
<th>7.1 Reserved.</th>
<th>7.2 Aggressive.</th>
<th>7.3 Arrogant.</th>
<th>7.4 Strong respectful relationship with those in authority.</th>
<th>7.5 Autocratic decisions.</th>
<th>7.6 Risk-taking.</th>
<th>7.7 Readily compromises.</th>
<th>7.8 Believe in radical changes.</th>
<th>7.9 Needing to control the unknown.</th>
<th>7.10 Believe in the right of individuals to do as they please within a framework of rules.</th>
<th>7.11 See their own country as superior.</th>
<th>7.12 Concerned with past</th>
<th>7.13 Concerned with future</th>
<th>7.14 At ease in formal impersonal relations.</th>
</tr>
</thead>
</table>
Dear Mr

We are comparing how managerial decisions are made in this country with practice abroad. Having investigated already 150 decisions made in the 1980s, this is the next step. Is there anything to be learned from what is done in organizations in other nations? Or are differences in attitudes and outlook so great as to prevent the transfer of "best practice" from management in one nation to management in another? Even if that should turn out to be so, we need to know those differences in order to work with and do business with firms overseas.

Your firm matches an equivalent firm in Brazil, and so we are writing to invite you to participate within this comparison. We are commencing with Britain and Brazil, partly because of an existing link between this Management Centre and its counterpart in the industrial city of Belo Horizonte and partly because the contrasts between the two nations are so great that if this investigation "works", then we should have no great problem in moving on to Canada, Germany, France, and the United States. We would like to talk to you, and if necessary some of your senior colleagues subsequently, about one or more decisions that have been made and put into effect. Nothing sensitive or confidential is involved, and certainly nothing financial, but what was decided and how it was done (though anything said will be treated in complete confidence, in any case). We also would like to stress that this is serious research aimed at advancing understanding and has been supported by grants from international corporations.

I will telephone in a few days time to see if a mutually convenient date can be arranged.

Yours sincerely,

Carlos A Oliveira
Research Associate
The decision topic was: ____________________________

General information about the interview

Interviewer: ____________________________ Interv no.:

Duration of the interview: ____________________________

Informant: ____________________________

Job: ____________________________

Organization: ____________________________ Org code: __________

Address: __________________________________________ Telephone nr: __________

About the informant:

a) age group: 20/30/40/50/60s

b) sex: m/f

Comments about the organization and about the interview:

________________________________________________________________________

________________________________________________________________________

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Decision Process (Schedule B3)

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<tr>
<th>Org. Code:</th>
<th>Date: / /</th>
</tr>
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</table>

1. What were the reasons for the decision?

2. How often do decisions of this nature arise?

3. What was the main sequence of events, beginning with the first recalled time the matter was mentioned?

<table>
<thead>
<tr>
<th>Date</th>
<th>What happened</th>
</tr>
</thead>
</table>

4. Who finally took the decision (i.e., authorized implementation) and when?

5. Who was involved directly or indirectly and what part did they play?
   a) Position/department
   b) What they did
   c) How favourable were they to the final decision
   d) Their influence to the final decision

| Internal: | | |
|-----------|-------------|-------------|-------------|
|           |            | 1 2 3 4 5   | 1 2 3 4 5   |
|           |            | 1 2 3 4 5   | 1 2 3 4 5   |
|           |            | 1 2 3 4 5   | 1 2 3 4 5   |
| External: | | |
|           |            | 1 2 3 4 5   | 1 2 3 4 5   |
|           |            | 1 2 3 4 5   | 1 2 3 4 5   |
| Notes: 5c) 1=unfavourable 2=indifferent 3=slightly favourable 4=favourable 5=very favourable (A)
5d) 1=little 2=some 3=quite a lot 4=a great deal 5=a very great deal (B)

6. How much negotiation and compromise was there during the process?
   1-little 2-some 3-quite a lot 4-a great deal 5-a very great deal (B)
   Of what kind?

7. How many of those involved felt that the decision was already a foregone conclusion?
   1-none 2-a few 3-some 4-many 5-most (C)
   In what way?
8-List the kinds of pre-arranged meetings (eg. boards, committees, project teams, working groups) that occurred:

<table>
<thead>
<tr>
<th>a) kind of meeting</th>
<th>b) total number attending</th>
<th>c) level attending</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>CE - S - MM - LM - Y</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CE - S - MM - LM - Y</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CE - S - MM - LM - Y</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CE - S - MM - LM - Y</td>
</tr>
</tbody>
</table>

Notes: CE=Chief Executive
S=Senior Management
MM=Middle Management
LM=Lower Management
Y=Yourself

9-How far did those meetings which you attended:

a) begin on time?

1-never  2-occasionally  3-sometimes  4-often  5-very often (D)

If not, typically when?

b) have members arriving after the meeting had begun?

1-never  2-occasionally  3-sometimes  4-often  5-very often (D)

c) follow and finish the agenda?

1-never  2-occasionally  3-sometimes  4-often  5-very often (D)

d) meander before becoming decisive?

1-never  2-occasionally  3-sometimes  4-often  5-very often (D)

10-How much discussion and toing and froing took place, in addition to pre-arranged meetings?

1-little  2-some  3-quite a lot  4-a great deal  5-a very great deal (B)

How and when?

11-How far did the right people knowing each other personally beforehand help in coming to a decision?

1-not at all  2-little  3-somewhat  4-quite a lot  5-a great deal (E)

In what way?
12-How far did people continue chatting about the decision:
   a) during breaks in the working day  b) after normal working hours?
   1-never                     2-never
   2-occasionally              2-occasionally
   3-sometimes                 3-sometimes
   4-often                     4-often
   5-very often                5-very often (D)

13-How far was the process interrupted by delays or periods of inactivity?
   1-never  2-occasionally  3-sometimes  4-often  5-very often (D)

   What were they?

14-How rushed was the decision?
   1-not at all  2-little  3-somewhat  4-quite a lot  5-a great deal (E)

   If so why?

15-How far ahead did people look when making this decision?

16-How much was the Chief Executive involved?
   1-little  2-some  3-quite a lot  4-a great deal  5-a very great deal (B)

   In what way?

17-Did people's loyalties to those they knew personally outweigh their departmental loyalties?
   1-never  2-occasionally  3-sometimes  4-often  5-very often (D)

   In what situation?

18-About 1
   a) What kinds were used  b) Where from?  c) How much use was made of it  d) Confidence which was placed in the information (internal and external sources)

<table>
<thead>
<tr>
<th>Kind</th>
<th>Source</th>
<th>Made of it</th>
<th>Confidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal</td>
<td></td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>External</td>
<td></td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>Internal</td>
<td></td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>External</td>
<td></td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
</tbody>
</table>

   Note: 1-little 2-some 3-quite a lot 4-a great deal 5-a very great deal (B)

19-What further information would have been desirable, within the limits of what it would have been possible to know at the time?
Decision

20-How great a change was the decision intended to make?
1-little 2-some 3-quite a lot 4-a great deal 5-a very great deal (B)

What?

21-How novel was the authorized decision for your organization?
1-little 2-some 3-quite a lot 4-a great deal 5-a very great deal (B)

22-To what extent are decisions here highly novel?
1-not at all 2-little 3-somewhat 4-quite a lot 5-a great deal (E)

Could you give some examples?

23-After the decision was made, was it modified before implementation began?
1-not at all 2-little 3-somewhat 4-quite a lot 5-a great deal (E)

What was changed?

24-How risky was the decision?
1-not at all 2-little 3-somewhat 4-a great deal 5-a very great deal (B)

What were the risks?

25-Did the decision come up against any internal or external rules or regulations?

26-How much of what had to be done to put the decision into effect was laid down beforehand?
1-little 2-some 3-quite a lot 4-a great deal 5-a very great deal (B)

How was it laid down?
Implementation process (Schedule C3)

---------------------------------------------------------------------------
| Org.Code: | Date: / / |
---------------------------------------------------------------------------

27-What was the main sequence of events during implementation, beginning with the first recalled actions even if these preceded the decision?
Date            What happened

28-Who was involved directly or indirectly and what part did they play?
   a)Position/department  b)What they did  c)How favourable were they  d)Their influence to the final decision

    Internal:               |                          |                          |
                      12345 | 12345                | 12345 | 12345                |
                      12345 | 12345                | 12345 | 12345                |

    External:               |                          |                          |
                      12345 | 12345                | 12345 | 12345                |
                      12345 | 12345                | 12345 | 12345                |

Notes:  5c) 1=unfavourable  2=indifferent  3=slightly favourable  4=favourable  5=very favourable (A)
        5d) 1=Little  2=some  3=quite a lot  4=a great deal  5=a very great deal (B)

29-How many of those involved had previous experience of a similar implementation process?
   1-none  2=a few  3=some  4=many  5=most
   In what way?

30-What sub-decisions were made during implementation?

31-How much discussion and toing and froing took place, in addition to pre-arranged meetings?
   1-little  2-some  3=quite a lot  4=a great deal  5=a very great deal (B)
   How and when?

32-How rushed was the implementation?
   1-not at all  2-little  3=somewhat  4=quite a lot  5=a great deal (E)
   If so why?

33-How far was the process interrupted by delays or periods of inactivity?
   1-not at all  2-little  3=somewhat  4=quite a lot  5=a great deal (E)
   What were the reasons?
Final Outcome (Schedule D2)

Org.Code: .......................................................... Date: / /

34-How much did the final outcome actually change things?
1-not at all  2-little  3-somewhat  4-quite a lot  5-a great deal (E)

What?

35-Did the decision give rise to unexpected advantages, or disadvantages?

36-How completely was the decision implemented? Roughly estimate as a percentage of what was intended.

37-If anything was not implemented, why not?

38-Did the final outcome satisfy the different interests involved? Why or why not?

39-How far did the final outcome succeed in achieving what had been intended?
1-not at all  2-little  3-somewhat  4-a great deal  5-entirely

Why or why not?

40-How serious would it have been if things had gone badly wrong?
   1-not very serious
   2-quite serious
   3-very serious
   4-extremely serious
   5-catastrophic (F)

41-Taking everything into account, how far was the decision an overall success?
1-not at all  2-little  3-somewhat  4-quite a lot  5-a great deal (E)
APPENDIX C
FIRST ACCESS LETTER AND INTERVIEW SCHEDULE IN PORTUGUESE LANGUAGE

Prezado Sr

Nós do Management Centre da Universidade de Bradford estamos comparando como que decisões gerenciais são tomadas em diversos países. Tendo já investigado 150 decisões tomadas por empresas inglesas, estamos partindo agora para investigar igual número de decisões no Brasil. Será que gerentes europeus não teriam nada a aprender com gerentes brasileiros? Ou será que diferenças em atitudes são tão grandes que se torna impossível a transferência das "melhores práticas gerenciais" de uma sociedade para outra? Mesmo que isto seja verdade, nós precisamos saber destas diferenças para melhor podermos trabalhar ou negociar com empresas estrangeiras.

Sua empresa é equivalente a uma das empresas inglesas já estudadas, e por isto estamos escrevendo para convidá-los a participar desta comparação. Estamos começando com empresas brasileiras e inglesas, em parte porque os pesquisadores envolvidos neste projeto são brasileiros e ingleses, e porque os contrastes entre estas duas nações são tão grandes que se esta investigação "funcionar" não teremos nenhuma dificuldade em estendê-la para outros países como Alemanha, Japão, Canadá e Estados Unidos. Nós gostaríamos de conversar com V. Sa., e se possível com outros diretores desta empresa a respeito de uma ou mais decisões que foram tomadas e colocadas em prática. Nada confidencial ou privado será tratado e certamente nada financeiro, mas apenas o que, e como foi decidido. Contudo, asseguramos que tudo que for falado será tratado com total sigilo. Gostaríamos também de enfatizar que esta pesquisa esta buscando melhor compreender práticas gerenciais, e que tem sido financiada por instituições de diversos países.

Estarei em Belo Horizonte entre os dias 3 de abril e 15 de maio, e devido ao grande número de organizações envolvidas estamos tentando estabelecer uma agenda de encontros com certa antecedência. Nossa secretaria no Brasil entrará em contacto com V. Sa. para saber de sua disponibilidade e interesse, assim como das prováveis datas que poderia visitá-los para uma entrevista.

Colocando-nos à sua disposição para maiores esclarecimentos,

Atenciosamente

Carlos Oliveira
Research Associate
** Página de Capa **

Tópico da decisão: ____________________________

Informações gerais a respeito da entrevista

Entrevistador: ____________________________

Duração da entrevista: ____________________________

Entrevistado: ____________________________

Trabalho: ____________________________

Organização: ____________________________ Código Org: ______

Endereço: ____________________________

Informações a respeito do entrevistado:

a) faixa etária: 20/30/40/50/60

b) sexo: m/f

Comentários sobre a organização e entrevista:

__________________________________________

__________________________________________

__________________________________________

__________________________________________

__________________________________________

__________________________________________

__________________________________________

__________________________________________
1- Quais foram os principais motivos para esta decisão?

2- Com que frequência surgem decisões desta natureza?

3- Qual foi a sequência dos acontecimentos, começando com a primeira ocasião em que assunto foi mencionado? (inclusive fatores internos e/ou externos que precederam ao processo)

Data | O que aconteceu?

4- Ao final, quem tomou a decisão (isto é autorizou a implementação) e quando?

5- Quem esteve envolvido, quer direta e indiretamente, e qual foi a atuação deles?

<table>
<thead>
<tr>
<th>Cargo/departamento</th>
<th>o que fizeram</th>
<th>Até que ponto foram favoráveis à decisão final</th>
<th>Que influências exerceram?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internos:</td>
<td></td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
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<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
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<tr>
<td>Externos:</td>
<td></td>
<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
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<td>1 2 3 4 5</td>
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<td>1 2 3 4 5</td>
<td>1 2 3 4 5</td>
</tr>
</tbody>
</table>

Notas: 5c) 1=desfavoráveis 2=indiferentes 3=parcialmente favoráveis 4=favoráveis 5=muito favoráveis 5d) 1=pouca 2=alguma 3=o suficiente 4=muita 5=bastante

6- Qual foi o nível de discussão e de compromisso no decorrer do processo?

<table>
<thead>
<tr>
<th>De que tipo?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-pouco 2-algum 3-mais ou menos 4-muito 5-bastante</td>
</tr>
</tbody>
</table>

7- Quantas das pessoas envolvidas sentiram que a decisão já estava tomada mesmo antes do seu início?

<table>
<thead>
<tr>
<th>De que maneira?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-ninguém 2-poucos 3-alguns 4-muitos 5-a maioria</td>
</tr>
</tbody>
</table>
8-Que tipo de reuniões (por exemplo diretoria, comissões, grupos de trabalho) ocorreram durante o processo?

<table>
<thead>
<tr>
<th>a) Tipo de reunião</th>
<th>b) número total de participantes</th>
<th>c) nível dos participantes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>P - AE - NI - EI - V</td>
</tr>
<tr>
<td></td>
<td></td>
<td>P - AE - NI - EI - V</td>
</tr>
<tr>
<td></td>
<td></td>
<td>P - AE - NI - EI - V</td>
</tr>
<tr>
<td></td>
<td></td>
<td>P - AE - NI - EI - V</td>
</tr>
<tr>
<td></td>
<td></td>
<td>P - AE - NI - EI - V</td>
</tr>
</tbody>
</table>

Notas: Presidente
AE=Alto escalão
NI=Níveis intermediários
EI=Escalões inferiores
V=Você

9-Até que ponto as reuniões que você participou:

a) Começaram na hora?

1-nunca  2-raramente  3-às vezes  4-quase sempre  5-sempre

Qual o atraso normal?

b) Tiveram membros chegando depois da reunião ter começado?

1-nunca  2-raramente  3-às vezes  4-quase sempre  5-sempre

c) Acompanharam e concluíram a pauta de reunião?

1-nunca  2-raramente  3-às vezes  4-quase sempre  5-sempre

d) Divagaram antes de chegar a uma conclusão?

1-nunca  2-raramente  3-às vezes  4-quase sempre  5-sempre

10-Além das reuniões programadas, até que ponto ocorreram discussões e bate-papos a respeito da decisão?

1-pouco  2-algum  3-mais ou menos  4-muito  5-bastante

Quando e como?

11-Até que ponto o relacionamento pessoal contribuiu para se chegar a uma decisão?

1-em nada  2-pouco  3-alguma coisa  4-bastante  5-totalmente

De que maneira?
12-Até que ponto as pessoas envolvidas continuaram a falar sobre a decisão:
a)durante o horário de trabalho?  
   1-nunca  
   2-raramente  
   3-às vezes  
   4-quase sempre  
   5-sempre  
b)depois do horário normal de trabalho?  
   1-nunca  
   2-raramente  
   3-às vezes  
   4-quase sempre  
   5-sempre

13-Até que ponto o processo foi interrompido por atrasos ou por períodos de inatividade?

   1-nunca  2-raramente  3-às vezes  4-quase sempre  5-sempre

Quais os motivos?

14-A decisão foi de alguma maneira precipitada?

   1-em nada  2-pouco  3-alguma coisa  4-bastante  5-totalmente

Por que?

15-Qual era a expectativa de validade, em termos de tempo, para esta decisão?

16-Até que ponto o Presidente da organização esteve envolvido no processo?

   1-pouco  2-raramente  3-algumas vezes  4-muito  5-bastante

De que maneira?

17-Durante o processo teria ocorrido algum caso de relacionamentos pessoais prevalecendo sobre lealdades aos departamentos?

   1-nunca  2-raramente  3-às vezes  4-quase sempre  5-sempre

Em que situações?

18-Com respeito às informações coletadas:

   a)De que tipo foram  
      (internas/externas)  
   b)Quais as fontes?  
   c)Até que ponto foi utilizada  
      1 2 3 4 5  
   d)Com que grau de confiança  
      1 2 3 4 5

Notas: 18c)1-pouco 2-raramente 3-algumas vezes 4-muito 5-bastante
       18d)1-pouca 2-alguma 3-o suficiente 4-muita 5-bastante

19-Que outras informações teriam sido desejáveis, dentro dos limites do que teria sido possível saber na ocasião?
**Decisão**

20- Até que ponto a decisão propunha mudanças na organização?
1-pouco  2-algum  3-mais ou menos  4-muito  5-bastante

De que tipo?

21- Qual o grau de inovação da decisão para sua organização?
1-pouco  2-algum  3-mais ou menos  4-muito  5-bastante

22- Até que ponto as decisões tomadas nesta organização podem ser consideradas altamente inovadoras?
1-nunca  2-raramente  3-às vezes  4-quase sempre  5-sempre

Poderia dar alguns exemplos?

23- Uma vez aprovada, foi a decisão alterada antes de iniciada a implementação?
1-em nada  2-pouco  3-alguma coisa  4-bastante  5-totalmente

O que foi mudado?

24- Quais eram os riscos envolvidos nesta decisão?
1-nenhum  2-pouco  3-algum  4-bastante  5-muito

25- A decisão foi de encontro a quaisquer regulamentos internos ou externos?

26- Quanto do que deveria ser feito para por a decisão em prática foi determinado previamente?
1-pouco  2-algum  3-mais ou menos  4-muito  5-bastante

Como?
Processo de Implementação (Roteiro de Entrevista C3)

Org. Code: Date: / / 

27- Qual foi a principal sequência de acontecimentos durante a implementação, a partir das primeiras ações lembradas, mesmo que estas tenham precedido à decisão? Data O que aconteceu?

28- Quem esteve envolvido, direta ou indiretamente, e qual foi sua participação?

a) Cargo/departamento b) o que fizeram c) Até que ponto foram favoráveis à decisão final d) Que influências exerceram?

| Internos: | | | | | |
|-----------|-----------|-----|-----|-----|
| 1 2 3 4 5 | 1 2 3 4 5 |

| Externos: | | | | | |
|-----------|-----------|-----|-----|-----|
| 1 2 3 4 5 | 1 2 3 4 5 |

Notas: 5c) 1=desfavoráveis 2=indiferentes 3=parcialmente favoráveis 4=favoráveis 5=muito favoráveis 5d) 1=pouca 2=alguma 3=ó suficiente 4=muíta 5=bastante

29- Alguns dos envolvidos tinha experiência em semelhante processo de implementação?

1-ninguém 2-poucos 3-alguns 4-muitos 5-a maioria

De que maneira?

30- Que sub-decisões ocorreram durante a implementação?

31- Além das reuniões programadas, até que ponto ocorreram discussões e bate-papos a respeito da implementação?

1-pouco 2-algum 3-mais ou menos 4-muito 5-bastante

Quando e como?

32- A implementação foi de alguma maneira precipitada?

1-em nada 2-pouco 3-alguma coisa 4-bastante 5-totalmente

Por que?

33- Até que ponto o processo foi interrompido por atrasos ou períodos de inatividade?

1-nunca 2-raramente 3-às vezes 4-quase sempre 5-sempre

Quais os motivos?
Resultado Final (Roteiro de Entrevista D2)

| Org.Code: | Date: // |
|-----------------------------------------------|

34-Ao final, que mudanças de fato ocorreram devido à decisão?
1-nenhuma 2-pouca 3-mais ou menos 4-muita 5-bastante

Em que

35-A decisão foi afetada por vantagens ou desvantagens inesperadas?

36-A decisão foi totalmente implementada? Dé uma ligeira estimativa da percentagem em relação ao que se pretendia?

37-Se alguma coisa deixou de ser implementada, explique quais foram os motivos?

38-O resultado final satisfez os vários interesses envolvidos? Por que sim ou por que não?

39-Até que ponto o resultado final logrou êxito em alcançar o que se pretendia?
1-em nada 2-pouco 3-mais ou menos 4-muito 5-totalmente

Por que sim ou por que não?

40-Até que ponto seria sério para esta organização se a decisão e/ou sua implementação tivessem saído totalmente erradas?
1-não muito sério 2-um pouco sério 3-sério 4-extremamente sério 5-catastrófico

41-Considerando todos os aspectos, até que ponto a decisão foi um sucesso geral?
1-em nada 2-pouco 3-alguma coisa 4-bastante 5-totalmente
APPENDIX D

SHORT NARRATIVES OF BRAZILIAN DECISION CASE STORIES

Brazilian Case B1

Decision: Reorganization

Organization main characteristics:
Main Activity: Retailer
Size: 1,700 employees
Turnover: US$ 24 million
Capital Ownership: Public with family control
Status: Independent

Sequence of events:
1984/1985: Following a legal transformation from Ltd to Plc the board of directors decided that the company should be a structurally reorganized to prepare it for the next generation of shareholders. The president (CEO and chairman of the board) with the planning and Control (P&C), and the Organization and Methods (O&M) managers were responsible for the development of a reorganization plan. After a first meeting, they decided that they should contract a consultancy firm to propose a plan. According to the bases defined by the committee, this should include an extensive modification of the role of the presidency as well as to encourage a general decentralization of decisions in all departments. A well known [American] consultancy from São Paulo was contacted and a contract was signed shortly afterwards.

After seven months and several meetings with the president, the P&C, and the O&M managers, the consultancy firm presented a proposal that included key modifications in most divisions. The most crucial points were the decentralization of the presidency and of the Financial and of the commercial departments. The activities of the president would be reduced to the coordination of the board of directors, and of a new executive board, that would be responsible for the most strategic decisions. The finance department would be divided into two divisions: a planning and control division under the direct control of the financial director, and an accountancy division under the control of the company's senior accountant. The commercial department would also be divided into two divisions: sales and purchasing. They should have independent managers with autonomy to make operational decisions, but under the supervision of the commercial director.

This proposal was approved by the president, who took it to the following board meeting for evaluation, even though implementation had already begun. All board members already knew about the proposal and favoured its implementation, except the commercial director, who was also a small shareholder. He saw this plan as an attempt to interfere in his department by taking control out of his hands. (After the chief executive, the commercial director was seen as the most powerful executive). He was against the idea every time it was informally discussed, and at this meeting he strongly opposed the proposal. The president, who is also chairman of the board, at a very difficult point during the meeting, proposed an intermediate solution with a partial implementation of the plan excluding all proposed modifications to the commercial department.

1985/1986: The implementation was carried out in the presidency, finance department and all related divisions (e.g., personnel, O&M, etc). According to the informants, these changes have improved the company's flexibility and reduced the pressure on senior executives. The plan, its implementation and outcomes, were always included on the agenda of the weekly executive board meetings, and was for some time the main topic of informal conversations between managers. During all this time, the commercial director maintained his position against the idea of introducing modifications in his department. But, by this time, all senior managers, including the president, were very upset with what was seen by most as the negative attitude of the commercial director. "The climate on the fourth floor (where all senior managers work) was terrible", said the president, "I knew that he had to go, but taking in consideration our long term relationship, he was like a member of my family, we believed that we could wait till he made the decision by himself".

October 1986: After several difficult moments, with the weekly executive meetings being transformed into a constant battle between the participants and the commercial director, he made the decision to leave the company. In a very emotional meeting, with the participation of most senior executives and shareholders, he
described what he saw as a plot against him. Asking for financial compensation, he proposed to leave the company and to sell his participation immediately. The amount of money involved was substantial, but at this meeting the president made an offer to pay about 60% of what he was asking. Following a series of informal meetings between them, they agreed on 80%, with the president agreeing to buy his shares at market price.

On the following day the president took the subject to an extraordinary board meeting, where all participants supported his decision, and expressed a certain satisfaction at seeing the commercial director leaving the company. At this meeting they agreed that the Vice-director, one of the president's sons, should take over the job and should shortly execute the proposed reorganization in the department. November 1986: The reorganization began as soon as the new director took over. He discussed the process with the P&C and O&M managers and had the support of the president to make some adjustments to the plan. The managers responsible for the sales and purchases assumed the new functions of division managers with autonomy to make operational decisions. The reorganization was concluded three months later.

Brazilian Case B2

Decision: To open a new branch in Brasilia

Organization main characteristics:
Main Activity: Retailer
Size: 1,700 employees
Turnover: US$ 24 million
Capital Ownership: Public with family control
Status: Independent

Sequence of events:
1978: A Brazilian private bank opened the first shopping centre in Belo Horizonte. Among many retailers that rent shops in the new market area is a local medium-size shoe retailer. They started with a medium-size shop, but shortly afterwards expanded to what became the biggest footwear shop in the city.
1982: The same bank invested in a new shopping centre in Brasilia. Following the same policy, they offered a shop to a local shoe-retailing company, which rented the biggest shop in the new shopping centre.
1985: The company went bankrupt closing down all their shops and failing to pay large debts with the bank. In a private agreement they offered to leave the installations and stocks in the shopping centre as part of their payment. The bank had only a few days, before legal action was taken, to decide if they would accept it or not. Someone in the bank, who knew about the company from Belo Horizonte, decided to contact them and offer the shop with all installations and goods for a fair price. The bank proposed a transference of the debt and a rent contract under similar conditions to those in the shopping centre in Belo Horizonte. The president of the company was contacted by the local bank manager and given 24 hours to decide.

The company, which had previously had a negative experience with shops located far from Belo Horizonte, had a policy of not investing outside the state of Minas Gerais. Nonetheless, when the company's president received the offer from the bank manager, he saw it as a very good deal that would require, in the short term, just a small investment. He had some general information about the market in Brasilia and had never heard about any strong competitor in the area.

Following the meeting with the bank manager he called his financial adviser and discussed the proposal with him. Both agreed that it was such a good opportunity that they could not lose it. During this conversation they went even further, planning to invest in the new shop to make it the first of a series of branches in this market. The president thought "very carefully" about it and the following morning telephoned the bank and agreed to their proposal. It was also agreed that they would make a visit to the shop the next day and a contract would be sent shortly afterwards.

On the same day, in a special executive meeting, the president told the senior executives about his decision and asked the commercial director to be responsible for the operational aspects of implementation. About four months later the shop was opened to the public, but because sales and profits were lower than first expected the board of directors decided not to expand the company in this market.
Brazilian Case B3

Decision: New Presses

Organization main characteristics:
Main Activity: Regional Newspapers
Turnover: US$ 38 million
Size: 1,110 employees
Capital Ownership: Public
Status: Subsidiary

Sequence of events:
From 1975 till 1977: Two of the main Brazilian newspapers from Rio de Janeiro were showing increasing interest in expanding their activities to the state of Minas Gerais. The only barrier to this expansion was the ability of the local newspapers to guarantee their market. The company producing the leading regional newspapers was under pressure to increase the number of pages to include more national and international, information as well as the space available for local news and advertisement (a key source of resource and public for Brazilian local newspapers). This constant need to increase the number of pages and sections was the subject of daily disputes between the editors and the production managers. The newspaper used Linotype technology with a 'graphic park' built during the late 1950s, requiring not just more preparation time, but also a relatively longer time to print a larger number of sections and pages for the Sunday newspaper.

Although the pressure existed, and the executive board had already evaluated the possibility of moving to more modern technology. The president, who was a shareholder and member of the holding company's board, did not support the idea and it was shelved.

Mid 1977: A regional newspaper from Porto Alegre (capital of the state of Rio Grande do Sul) working in a similar market and operating similar presses, went bankrupt. They collapsed under the pressure of a stronger competitor from Sao Paulo, who launched a new newspaper in the region. The new publication used the latest printing technology and was able to publish more pages with better quality and lower prices.

Immediately after the news about this collapse reached the president of B3, he called the Industrial director and they agreed that it was time to invest in new presses. It was also agreed that the Industrial director should contact key suppliers, but that it should be done without the involvement of anyone else, and that it should be based on his knowledge of the requirements of the newspaper and should not be concerned with the costs of the investment, only about its technological efficiency. The president made it clear that it should be an investment that would put the newspaper among the big ones.

The Industrial Director who had been in contact with several suppliers and had visited several technical fairs, had a good idea of which technology and which equipment he should propose. In less than 2 months he contacted two potential suppliers, asking for all the necessary technical information as well as prices. At the same time he arranged for a series of visits to two of the biggest newspapers in Brazil, to see similar presses working. Based on those visits and on the technical information received he wrote an investment proposal for an American automatic press similar to one used by Brazil's second biggest newspapers.

In a private meeting with the president, he formally presented his proposal, which was immediately accepted. However, the costs of the proposed investment were beyond the company's resources, and it would require them to borrow. The president used his personal contacts with the chief executive of a local state investment bank and arranged with him a loan in foreign currency to pay not just for the equipment but also for all the necessary installations.

October 1977: With all the arrangements made with the supplier and the investment bank, the president took the decision to the holding board. His intention was just to have the board's rubber stamp on his decision. However, at the meeting one director, who was the president of a large subsidiary and also an important shareholder, did not agree with the size of the investment and of the machines. He and some other directors suggested that the company could use similar (smaller and cheaper) machines to the ones they were using in their companies, which would require just half the investment proposed. The president, in a very emotional discourse, argued that it would not only be a half investment, but also a half production, and most likely, in the near future, would mean half market and half company.

After two meetings without coming to any agreement, the board reached an impasse. It was when the chairman, and representant of the main shareholders proposed a solution. The company would,
independently of the holding company, assume the investment; it would be their responsibility (and the president's) to pay for the debts. The other board members despite not agreeing, accepted this proposal. November 1977: The president took the risk and signed the contracts with the suppliers and with the investment bank.

Following the signature of the contract the president, in a special executive meeting, informed all senior managers and editors about the investment. It was agreed that the Industrial director should be responsible for the implementation, which included among other responsibilities, the acquisition or construction of a new building to receive the new presses.

October 1978: The first machines were installed and tested.

December 1978: All machines were installed and began printing some sections of the Sunday newspaper.

March 1979: The whole newspaper with more sections and about 15% increase in size was printed on the new presses. The old machines were sold to a sister company.

Brazilian Case B4

Decision: Joint Venture

Organization main characteristics:
Main Activity: Transport
Size: 1,650 employees
Turnover: US$ 8.3 million
Capital Ownership: Family Private
Status: Independent

Sequence of events:
Late 1970s: An Argentine security company contracted the Brazilian company (referred to as B4) to give them support at Brazilian airports. A great deal of money and gold coming or going to Argentina, by plane, stopped in Rio de Janeiro or São Paulo and needed guarding during this short period in Brazil.

Early 1980: Company B4 was expanding in São Paulo (it opened a subsidiary in the city). The company which already controlled the business of the transport of valuables in Minas Gerais was gaining markets in Rio and São Paulo at the expense of the subsidiaries of two large American companies. By the same time, the Argentine security company bought a small business in Porto Alegre, and was also planning an expansion in São Paulo, in what was seen by those in the market as a collision course with B4. Planning to join forces to fight the American competitors, the president of the Argentine company, who already controlled several companies in other South American countries, invited the president of B4 to participate in a meeting in Lima (Peru). The meeting was, in fact, a board meeting with the participation of all the South American partners of the Argentine company, and the president of the Brazilian company was formally invited as a guest to see how they operated. According to the invitation letter, the objective of the meeting was to discuss together the scenarios of the activity in South America for future years. This was followed by two other meetings during 1980, both at which were to examine the perspectives of the South American market for transport and security of valuable goods (money, gold, and similar).

December 1980: During the meeting in Porto Alegre, the president of the Argentine company, without including the topic as an item on the agenda, came with a proposal for a joint-venture. He had identified a market without strong competitors in the United States. It was the transport of valuables arriving at some key airports from South American countries, especially at New York airports. He suggested that they, the South American businessmen, should gain this market by opening a joint-venture in America. The reaction was of total silence, none of the presents ever thought of going to the USA, especially to New York which was seen as the back yard of the two biggest transporters in the world (Brink's and Wells Fargo). The Brazilian executive then realized that this was the reason for his presence in all those meetings. He asked to talk and said that he would be glad to be involved in this new venture. This sudden decision was gladly accepted by the Argentine executive and followed by the other participants.

1981: The joint-venture in America began operations in June under the control of the Argentine partner. The Argentines were responsible for the whole implementation and for all managerial activities in the USA. Despite this partnership in the United States, the two companies were still running towards a collision in Brazil. Both presidents, by the time of the decision on their American partnership, had expressed interest in also joining their companies in South America. But, as the Brazilian president
affirmed, they shared the philosophy that they needed to know each other really well before any further step was taken. "We had to eat salt together from the same bag", and this salt was the American venture.  

1984: The relationship between both presidents and their companies had come closer and closer. The American joint-venture had succeed in gaining a small fraction of the American market, and was giving good results for all participants. The salt was eaten! In an informal meeting in Buenos Aires, the subject of a merger came up in a conversation. Both presidents felt that this was the right time for this decision. Their intention was to gain a good part of the São Paulo market, the biggest in South America. The argument in this conversation was that, separated, neither of them had enough power to win a battle against the competitors (Brick’s in particular), and that they should join forces again. A few days later, in a meeting in Belo Horizonte, the details of the merger were agreed and the decision was formally made. Both companies would continue to be managed by Brazilian and Argentine managers, under each president’s control, but they would be related to a common parent company which would have it’s headquarters in São Paulo. The shareholders of each company would have their shares transformed and would own the new [merged] holding company. The chair of the new board would rotate between the two presidents in periods of no longer than two years.  

In a second meeting in Belo Horizonte both presidents decided that an executive from the Argentine company should assume responsibility for all marketing and commercial activities of both companies. They also decided to contract an independent audit company to review the finance of both businesses, and a lawyer with experience in international agreements to prepare a contract and to formalize the deal. Finally they decided that the Brazilian president’s son would be an intermediary between the companies, acting as an ambassador for both sides to help in the adjustment of activities and cultures.  

November 1984: All formal procedures were finalized by the lawyers and audit company. In an ordinary board meeting, the president formally presented the decision to all directors, who already knew about it. All of them, except the commercial director welcomed the decision without further discussions. The commercial director, who was going to be affected by the deal, did not agree with the proposed changes to his department and was immediately fired.  

March 1985: The legal aspects were completed and the new holding company began operations, with the Brazilian executive assuming the first two years as chairman.  

Brazillian Case B5  

Decision: Reorganization  

Organization main characteristics:  
Main Activity: Steel Industry  
Size: 13,400 employees  
Turnover: US$ 1,363 million  
Capital Ownership: State Owned  
Status: Subsidiary  

Sequence of events:  
From March 1990: The Collor plan imposed restrictive financial controls to all public (state owned) organizations. This governmental interference intended to impose restrictions on public expenditure demanding better use of the resources available.  

At the same time, the new Minister for Infrastructure demanded that all public steel companies should rationalize their structure by reducing the number of departments, especially those related to administrative and financial controls. This governmental exigency caused a certain chaos in the company, with a non-planned change in the company’s formal charter without actual reorganization of it’s activities and responsibilities. For several months (from April 1990 till June 1991) the new imposed structure was established just at directors’ level. All superintendents and chiefs of divisions and sections were maintained as before, with several of them doing similar and parallel activities.  

November 1990: In a meeting with his planning advisers the company’s president affirmed his intention to promote an extensive reorganization, not just in the company’s structure but also in the company’s channels of communication and information, as well as a review of all activities in all departments, except in the production department. At this meeting it was decided that his reorganization should be completed before the beginning of the next financial year, i.e., June 1991.
December 1990: A few weeks after this meeting, the president invited the Superintendent of Organization Development (a function formally responsible for all reorganizations) to discuss the future reorganization. He asked for a reorganization plan within the next 45 days. It was agreed that they would follow similar reorganization-techniques to those used by the American consultants who designed the company's previous two major reorganizations.

During the following 10 days the Superintendent and ten other (senior and middle) managers prepared a working plan for the reorganization process. It defined how the information should be collected, how each department, section and job should be examined, and how the reorganization should be evaluated and approved. It also proposed a time schedule of 90 days for the conclusion of the whole process, and not the 45 days first agreed with the president. This proposal was presented by the Superintendent at a special meeting with the president and some senior managers. At this meeting it was agreed that before the data collection began it should have the agreement of all directors, superintendents and chiefs of divisions and sections. The president agreed with this proposal and decided that he should personally present the reorganization plan to all senior and middle managers. A series of meetings with all managers followed, with the president explaining the reasons for the reorganization and asking for their support. At these meetings the president also tried to make it clear that the reorganization would not result in large scale dismissals. "Each case will be carefully studied, and I will be directed involved in all individual analyses" stated the president. During those meetings the response was positive, despite some concerns about the extension of the reorganization and the unions' reaction to it.

Just after these meetings, one small union tried to make some movement against the reorganization, with demonstrations outside the company's headquarters. These demonstrations did not last long (less than a week) with few employees showing interest in the union's protest. The president's statement giving guarantee of no mass dismissal and explaining the reorganization, was officially circulated throughout the company, not just in the company's headquarters but also in all factories and offices.

January 1991: The reorganization committee was divided into three "reorganization teams," each one responsible for the gathering of information and assessment of specific departments. The heads of divisions and sections were asked to obtain, with their subordinates, a description of their day-to-day activities. These activities were later evaluated by one reorganization team together with the head of each division or section. After evaluation they listed proposals for adjustments and cuts wherever necessary. In what was described as an incremental process, middle managers evaluated the activities of their subordinates and were evaluated by their superiors. In the last stage, the heads of each department received the whole evaluation and proposed modifications, and cuts, wherever necessary. The final product was then evaluated by the head of each department together with all members of the reorganization committee.

In all cases only minor corrections were made, with these adjustments resulting in more talks and evaluations with managers lower in the structure. After these final adjustments the heads of each department formally approved the reorganization proposed for his department signing a 'reorganization document' where all the modifications were specified.

In one case (the new administrative/financial department), during this last evaluation the director proposed a much deeper reorganization, with the removal of one superintendence. The chairman of the reorganization committee did not agree with this proposal which could result in greater centralization in this department. It was agreed by both parts that the president should be involved in this debate. After listening to both proposals the president decided to avoid conflicts with the director, who had been appointed by the government after the imposed merger of the administrative and finance departments and delegated the final decision to him. A few days later the 'reorganization document' was signed with the inclusion of the proposed modifications.

March 1991: After all heads of departments had approved and signed their respective 'reorganization document', the chairman of the reorganization committee and some members had a meeting with the president who received a detailed report about the reorganization of each department and signed an 'instruction' (legal document signed by the presidency to approve all strategic decisions). This document described in detail all changes in jobs, activities, flow of information and documents, and was later signed by all directors.

March till July 1991: After the 'instruction' had received the endorsement of all directors, a summary was sent to each employee. According to the proposal, the head of the Human Resources Division became responsible for dealing with all cases that involved retirement, replacement, transference and dismissal. With no more than 50 employees losing their jobs, and about the same number going for retirement.

During the review of the activities the managers from a small division of the commercial department reacted against what was being implemented and began a movement against the reorganization. To avoid further consequences the former chairman of the reorganization committee was asked to review
the plan for this department and to discuss the proposal with the president. Because of the fear that this small problem could result in further repercussions in the unions, the president immediately accepted what was being proposed and the plan for this specific division was adjusted. This resulted in a new 'instruction' again signed by the president and all directors.

By the time of the interviews: The implementation had been fully completed with some adjustments, mainly in the administrative/financial department, caused by modifications of jobs related to the need to prepare the company for privatisation.

Brazilian Case B6

Decision: Reorganization

Organization main characteristics:
Main Activity: Food Retailing
Size: 2,100 employees
Turnover: US$ 67 million
Capital Ownership: Family Private
Status: Independent

Sequence of events:
1984: The Supermarket group although, having some financial difficulties related to the market crisis, bought the third biggest supermarket company in Minas Gerais. With this acquisition, the company became the first in the state in number of shops and in sales, but it was also responsible for bringing the company to a serious administrative and financial crisis related to the large number of small profitable shops and the difficulties of coping with an inflation rate reaching 1,000 per cent.

By July 1984 the president decided, after discussing with the director and shareholders, to contact an expert to help them with the merger and to review the company's structure and managerial practices. The president's intention was to use the opportunity to promote an extensive reorganization and the professionalisation of the company.

The consultant began by surveying the company's performance in the previous five years. He defined several performance indexes based on data already assessed by the accounts department (e.g., sales per employee, sales per check-out). The simple statistics of these indexes had shown that the company performance had was declining since 1982. Based on this information, he tried to identify the strengths and weaknesses of the company during two periods: the best 2 years of positive results, and the worst 3 years of negative ones. Among the strengths, he identified the popular image of the company specially during the 1970s and early 1980s. This image had been modified with the acquisition of a hypermarket in 1981 and the change in their television advertisements since then. A short term plan was then prepared which proposed the return to the more popular image, with the use of popular ads on radios and televisions.

In addition to the changes in their image, the consultant also elaborated a more extensive reorganization proposal, which included closure of fifteen of the small shops, most of them part of the merged company, and the professionalization of the company. By this time all key jobs were controlled by the shareholders, none with managerial experience outside their company. This proposal was discussed, but left for future consideration after some stability was achieved. The subject has frequently been discussed since then.

1985: Although the proposed changes to the company image, and the closure of shops were being implemented the financial results did not show a great deal of improvement. The consultant argued that they needed to bring in professional managers to take care of the operational aspects. In a meeting with all directors he put his name forward to became chief executive responsible for implementation of the proposed changes. All directors immediately accepted this proposal. The external consultant then became chief executive of the group with responsibility over all financial and administrative aspects. The biggest problem was the liquidity of the company caused by high interest rates and inflation. His strategy was to do as the big supermarket chains were doing in Rio de Janeiro and São Paulo; buying products large quantities from fewer suppliers. Because he was buying in large quantities he could ask for at least 30 to 60 days to pay the invoices. Meanwhile the shops were selling this merchandise, using intensive publicity in popular radio and television programmes, for prices lower than cost. But because they were selling them for cash, they were able to invest the money in the financial market gaining in the market, instead of gaining in the purchase-sale process.
For the shareholders, who started their business as small shops in Belo Horizonte central market, this was a big change in approach, but it was effective and put the company back in profit. During 1985-1986 the company jumped in terms of profitability and increase in sales.

1986: The subject of professionalization was back on the agenda. Recent results had shown that the chief executive was right, they needed to have the support of professional managers. After several meetings, with the participation of the chief executive and all main shareholders, the board agreed on a new structure. The chief executive would become Vice-president in direct contact with the president, with all shareholders continuing as directors, but new executives being brought in as superintendents. It was a similar structure to the one previously proposed by the consultant. He accepted his new position and continued with his successful policy of making money at the financial market.

During the year the government came up with two economic plans to control inflation (Cruzado, and Cruzado II). In these two plans both interest rates and food prices were restricted and controlled by the government. This imposed restrictions on the company's adopted strategy. At the same time the company's external auditor prepared and presented a financial report with several criticism of the strategies adopted by the Vice president. This resulted in a conflict between the Vice-president and the auditor, with the shareholders being divided in their support to each one.

1987-1988: Period of consolidation. The idea of moving the shareholders to a holding company, leaving the operational activities to professional managers gained popularity. The crucial point was to separate the families from the business. To help in this process the shareholders accepted participation in group dynamics, with their wives participating on some occasions. They also went to a series of conferences given by an expert on family business. A new strategic plan was elaborated by the Vice-president with the support of this expert and the participation of the auditor.

1988: The strategy for the next three years was concluded with a proposal to create a holding company, transferring all shareholders to its board, leaving the operational activities to professional managers. The only exception would be the president, who would combine the jobs of chairman of the board and president of the company. All estates of all companies in the group would be transferred to this new holding company, which would rent them to the supermarket division. The plan also proposed a series of modifications to the company’s operations. The most critical ones related to the control of stocks, the review of financial and accountancy routines, and the creation of a training centre. This plan took several months to be approved, and was the subject of several modifications, but it was finally approved by all shareholders in September 1988.

1988-1990: The Vice-president carried on with implementation of the plan, first contracting professional executives as heads of all departments, then implementing all new routines. All modifications were completed in about two years. The Holding company was created in November 1990 with the transference of all shareholders to the board. At the same time, the Vice-president, who was not happy with the decisions made by the new finance director, the former external auditor, decided to step down and go back to his consultancy business. He was replaced, against his will, by the finance director.

By the time of the interview: The company was highly profitable. The former Vice-president, now non-executive director, was campaigning against the new Vice-president with the shareholders being divided between them.

Brazilian Case B7

Decision: Computerization

Organization main characteristics:
Main Activity: Regional Newspaper
Size: 900 employees
Capital Ownership: Family Private
Status: Independent

Sequence of events:
1983-1984: The company moved to a new site where all activities (editorial, presses, administration) were concentrated in one building. According to the president’s statement at the time of the inauguration of the new building, the move to the new site should also represent a move from a medium size company to a more professional one, as well as a move from a dated technology to the most advanced available to the newspaper industry. (The company had a long tradition of always being at the edge of the technology.)
1985: To investigate the most modern technology, the president and the Industrial director went to the AMPAR, the "American Printer Association Fair". At this fair they saw, what they already knew from technical journals, that their industrial park was at a very modern stage with little need for improvements, but their editorial technology was archaic. The use of graphic computer technology in the editorial room was shown at the fair as the latest technical advance in the sector.

Back in Brazil, they discussed the new technology with the Editorial director who, for start, did not agree with the idea of bringing activities which till then were processed at the industrial level. However, even though he was against the idea, this director agreed that there was a need to improve the transference of texts from the editorial floor to the industrial machines. The process of journalists typing their text, followed by someone else re-typing the same text again was seen as a waste of time.

These first meetings were followed by several informal conversations, not just within the company but also outside working hours, during weekend meetings at the president’s home. This resulted in the Editorial director accepting the idea, but asking to be involved in the process before its authorization, and that the new technology should not cause a rupture in existing routines.

Free of any potential resistance, the Industrial Director went on to contact the companies he had met in the United States to gather more information about their products, spending about six months collecting and assessing information from various sources. From his own analysis, with the acquaintance of the president, he came to the conclusion that there was only one manufacturer able to supply them with a system that would not break the existing routines of journalists and editors. Because of this and other "advantages" the selected system was seen as the only potential alternative.

To verify the use of the selected computer and its correspondent softwares working in other companies, the Industrial director made a series of visits to American newspapers where the system was installed, also visiting the manufacturer where he discussed technical and financial aspects of the potential acquisition.

Back in Brazil the industrial director, who already had the approval of the president, presented the solution to the editorial director, and to the administration director responsible for the company's finance. They gave him all the necessary support, and they adjusted the final details for the acquisition of the new system. (This would later be modified because of governmental restrictions to the number of terminals that the company could import.)

June 1986: The contract with the manufacturer was signed and a timetable scheduled. Because of the construction of the new head-office the installation of the new computer and system was programmed to be concluded at the same time as the opening of the new building in January 1988.

November 1987: The industrial and editorial directors went on a month's course with the manufacturer. It included a deep analysis of all routines, and a series of visits to newspapers around the United States to evaluate specific aspects of the system.

Within the company the expectations about the new system were high, though several journalists were worried about the possibility of dismissal following implementation. To keep them informed of what was going on, and to avoid negative toing and froing, the president and all directors had a general meeting with all journalists, editors, compositors, typewriters, and others from related activities. At this meeting they gave a general presentation of the system and how it would change their work. The key point at this meeting was the president and the directors' promise that no one would be dismissed because of the new system. Their intention with the new head-office and computerization was to increase the company's size.

This informal promise was satisfactorily received by the employees, most of whom had been employed for several years in the company and knew that the president always fulfilled his promises.

December 1987-January 1988: The supplier installed the computer and trained the engineers. Some selected members of the industrial department, with previous experience with computers, were trained to operate the system. The idea was to start the operation in parallel with existing processes. Meanwhile, those from the editorial floor who were interested were invited to operate the terminals and to take some courses. Both the industrial and editorial directors decided that, with the exception of the industrial people, no one else would be pushed to operate the terminals. Those who were curious could have some free time to learn the operation and to practice with it.

After two months, because of the good results, and the motivation of those who first started using the computer, almost all journalists and editors were using the system. This was the when the editorial director together with the industrial director decided to make it official. All routines were then transferred to the computer and further training with the support of the manufacturer went on.

June 1988: The implementation was concluded, four months before schedule. The training of the journalists, expected to take about six months, finished in less than three months, and many stages planned to be concluded in months were processed in weeks.
By the time of the interview: Further increments had happened with the acquisition of new editorial systems, and scan machines. The industrial director was studying the possibility of investing in laser printers.

Brazilian Case B8

Decision: Budget

Organization main characteristics:
Main Activity: University
Size: 2,880 full time equivalent academic staff
Status: State Controlled

Sequence of events:
As established in the university norms, the budget should follow the following sequence: a) each faculty should prepare a budget proposal; b) the planning Pro-Rector should integrate those proposals and adjust them to the limits specified by the Ministry of Education; c) this integrated budget should be submitted to the University Council for approval; d) the council should extensively discuss the budget, propose modifications and later approve it; e) it should be sent to the Ministry of Education where, after some adjustments it should be integrated in the overall government budget which should latter be submitted for the National Congress’ approval.

How it happened in the 1990/1991 budget: January 1990: The Ministry of Education and other offices sent norms and rules that should be followed for the preparation of the annual budget. The planning Pro-Rector and his staff began the financial preparation for the budget. The previous year’s expenditure was reviewed and expenditures for capital investments for the following year had their values adjusted. This was done by employees from the financial Office as a routine activity.

May 1990: The Ministry of Education informed each university of the proposed amount of resources to be allocated to them. The university then had three weeks to prepare the budget and return it to the Ministry. Most items are prepared on a historical bases, with the proposed capital investments being discussed with the heads of the faculties involved. The Pro-Rector consulted the Rector about some changes in specific items, deciding to have 30% more resources in capital investment even if they were not yet approved by the council (a decision that transgresses internal norms). Meanwhile the staff from the financial office prepared the budget of the foundations controlled by the university. The Pro-Rector estimated the total incomes from those foundations, the total income from financial investments and the expected rates of inflation. He used his personal abilities as an economist and former president of the "Minas Gerais Economic Research Unit" (an institution that calculates the rates of inflation in the state) to prepare these estimates. The head of the faculties, knowing that the budget process was going on, tried to lobby the Pro-Rector and the Rector to allocate more resources to their departments. "Those who push more are able to gain more".

After the completion of the whole budget, the Rector and the Pro-Rector had a series of meetings over two days to evaluate all key aspects of the budget, and the risks involved. In these meetings, because of pressure from the heads of some key departments, they made some adjustments to the final budget.

August 1990: After the budget was completed and sent to Brasília a Budget committee met to evaluate the proposed budget in advance of the Council Meeting. This committee of four members approved it without further comments.

At the annual Council Meeting scheduled to evaluate the budget, the Pro-Rector made the presentation highlighting the key aspects and the most important modifications. He called attention to the fact that although the salaries were included in the budget its variation would not affect it, since the government guarantees all salaries. Subject to discussion, the budget in reality represented only 8% of the total resources allocated by the Ministry of Education, but it represented from 20 to 25% of the predicted expenditure of the university. During this meeting some council members suggested some minor modifications that need to be added to the budget already at the Ministry of Education. This received some further modification to adjust to governmental requests mostly related to expenditures not directly related to teaching activities.

November 1990: Some members of the National Congress formed a national budget committee responsible for evaluating the governmental budget as a whole, and each specific budget from public organizations and companies. This committee was responsible for the preparation of a document that guides the discussions at the parliamentary sessions that evaluate governmental proposals. After lengthy discussions, the deputies
decided to increase the government's budget (including the universities) by 30% because of what they saw as an over optimistic expectation for the next year's rate of inflation. Disagreeing with this increase, the president decided that all allocations should be suspended till the government had enough resources.

At the university the approval of the budget was usually followed by the allocation of each faculty's resources, based mostly on historical information, including approved capital expenditure and special costs. According to the planning Pro-Rector, the whole process had been carried out but no money came. All expenditures (except salaries) were frozen and a new rule was defined, where the government would impose a monthly budget, with the university sending to the Ministry of Education each month an estimate of the resources necessary for the following month.

Brazilian Case B9

Decision: New positions for academic staff

Organization main characteristics:
Main Activity: University
Size: 2,880 full time equivalent academic staff
Capital Ownership: State Controlled
Status: Under supervision of the Ministry of Education

Sequence of events:
Before 1985: The Faculty of Administration had the authorization to add two academic positions, but had filled just one place. Although the faculty needed someone they did not find anyone suitable for the job.
Late 1985: Two members of staff died and another one was going for retirement shortly.
January 1986: A new professor became head of the department, and among her first objectives she intended to contract someone to the posts available and to request two more places. Then increase in the number of staff was always discussed at the departmental committee, especially meetings by lectures who were filling the gaps and suffering most from the shortage of people. At her first meeting as head of the department, the new director extensively discussed the matter and had the approval of the committee to initiate a process to request two new places. She became responsible for the preparation of the application as defined by the university's internal rules.

According to the procedures, the head of the department has to make an application and submit it to a special committee responsible for increases in the number of staff. One member of this committee (the relator) would be responsible for a preliminary evaluation of the application and submit it to the committee if he or she thought it was relevant. In this case the relator was someone with a very good relationship with the head of the department. As soon as she knew who was the relator she started to make contacts with him and informally explained her department's needs.

Meanwhile the co-ordinator of the Masters degree, who did not participate in the departmental meeting when the decision was approved, suggested to the head of the department a change in the specification of the new post. Ms intention was to have someone qualified enough to do not just undergraduate teaching but also to participate in the research and projects that were going on in the department. In fact, he already had someone working as a visiting researcher and it was his intention to modify one of the job specifications to fit this potential candidate. The head of department discussed this with the relator who agreed with the idea.

August 1986: The departmental committee met to discuss the proposal. They argued that because they needed more than one lecturer to teach at the undergraduate level, and someone else to participate in research, they should request at least three new posts in addition to the three vacancies already existing.

The head of the department immediately communicated this decision to the 'relator' who did not agree with it. Nevertheless she suggested in her final report, that although the department had applied for three new places they already had previous approval of one, and because of the increase in the number of undergraduate students and the recent death of two staff members, her opinion was that the CCPD should approve the admission of two new places, one at the level of adjunct (with PhD) and one at the level of auxiliary.

As soon as the department was informed about the decision, a committee was formed following existing routines for this admission of new academics. The head of the department chaired the committee. The selection of external examiners and the preparation of exams followed shortly.
Following the timetable defined by the committee five new academics were contracted shortly afterwards.

**Brazilian Case B10**

**Decision:** Open new division

**Organization main characteristics:**
- Main Activity: Food Retailing
- Size: 1,700 employees
- Turnover: US$ 346 million
- Capital Ownership: Family Private
- Status: Independent

**Sequence of events:**
Before 1986: The president was very critical about wholesale companies in Belo Horizonte. He saw them as quite amateurish and not able to respond to their customers needs, frequently making comments about this in and outside his company.

June 1986: The president participated in a series of visits to Canadian and American supermarkets and wholesale companies visited a well known Canadian wholesalers where they adopted a very efficient sales and information system. Compared to the wholesalers that he knew in Brazil the Canadian company was years ahead, and working in a way he considered appropriate for good wholesaler. That is, selling with low prices, distributing the goods on time, supplying the customers with the information they needed, and being profitable.

From Canada he telephoned the executives of his company and asked them to come to visit the Canadian company because he was thinking of proposing an investment in a similar business. Making all necessary arrangements with the Canadian managers he got as much information as he could about the process and its results.

Back in Brazil: The president put the idea forward to the Board of directors of the holding company. At this meeting his proposal was the implementation of discussed at length. The president, as chairman of both boards and major shareholder, had the power to decide alone, and he had already done so.

September-October 1986: Following the president’s instructions, the Vice-president, the planning director and the commercial director visited the Canadian Wholesale Company as well as other major wholesalers in the USA and Canada. They studied the company’s routines and systems and contacted the software firm which had developed the computer system to gather as much information as possible.

Late October 1987 early 1988: Back in Brazil the commercial and planning directors, using the Canadian Company as a model contracted a local software company to develop their own system and all necessary routines for the new company. Meanwhile, the president, who was not directly involved with the development of routines, was looking for a place to locate the new division. He firstly decided to construct a building similar to the one in which the Canadian company operated, but because the construction would take at least 18 months he decided to rent a provisional building to start the company’s operation. These decisions were only communicated to the board after they were made.

March-June 1987: The planning director began the selection of executives for the new company. Those contracted participated in the preparation of routines and computer systems and, together with the group’s commercial director, on the process of contacting suppliers and potential customers.

June 1987: The company began its activities

May 1988: The company was transferred to the new building.

1990: The division was closed (see Brazilian Case B11).
Brazilian Case B11

Decision: Closure of division

Organization main characteristics:
Main Activity: Food Retailing
Size: 1,700 employees
Turnover: US$ 346 million
Capital Ownership: Family Private
Status: Independent

Sequence of events:
1989: At all meetings (monthly executive board meetings and review meetings with managers) accounts and financial results of the wholesale business were discussed with certain concern. The company was going backwards, after a relatively good start. According to the figures (from the accounts and financial department) there was a severe taxation problem. The company had to pay the ICM (roughly equivalent to V.A.T) but was not able to discount the proportion paid when the merchandise was purchased. This in the long term was reducing the profitability of the business. Other financial difficulties were related to problems with the liquidity of smaller customers. Because of high inflation and recession several middle to small size retailers were having serious cash problems. The governmental plans were also causing a great deal of difficulty to the business. The government’s intention to cut inflation by pressuring retailers to reduce their prices resulted in retailers cutting down their purchases and selecting suppliers (wholesalers and manufactures) were able to guarantee low price and long term payment. To make things worse the price of petrol was going up, with the consequent increase in the cost of transport.

November 1989: The board had a lengthy meeting to evaluate what to do with the division. The planning director suggested that they should close the division before it could put the whole group at risk. Based on a financial analysis by his department the division was shown to be absorbing 30% of the whole group’s financial capacity resulting in a loss over the year, and the perspective for the following year were even worse.

The president and the commercial director agreed with this analysis but defended the idea that they could wait a little longer. They saw part of the problems as being related to recent government plans and to the division’s managers incapacity to deal with the new situation, specially related to their customers’ debts. The board agreed that before deciding to close the division they should change the managers and improve the controls. They division’s performance would be controlled on a monthly basis giving some time to the new manager to act. The company’s former accountant was appointed as the new division managing director.

Late 1989 till October 1990: The new manager took over, improving controls, pressuring customers to pay their debts and trying to increase the sales to larger and more reliable retailers. The planning director tightened his control and the numbers were evaluated monthly by the directors, with the participation of the Division’s MD. Although there were some moments of relief in the following eleven months, the results were even worse than before. After the annual balance in September 1990 the planning director asked for a special board meeting to present the results and to put forward a proposal to close the division which, again, was seen as responsible for the whole group’s financial difficulties. According to the participants, this meeting was very traumatic with everyone realizing that there was no other solution apart from the closure of the wholesale company with the dismissal of about 400 employees. No decision was taken at the meeting; the president was going to consider the situation.

October 1990: In the week following that meeting, the president informed his directors and vice-president that he had agreed with the proposal to close the wholesale division. He asked the planning director to assume the responsibility of dismissing or transferring the employees and to close the division as soon as possible. He called the division’s MD and informed him of the decision. He would be transferred to a new post and should help the planning director with the implementation. The planning devised elaborated a "Working Plan" that was going to guide the closure process and the transference of the company’s assets to other companies in the group. In this plan he specified the sequence of events to achieve the total closure.

November 1990: In a meeting with all employees and representatives from the union, the president informed them about the closure and explained their motives. It was agreed that the union would represent the employees in a negotiation process to find the best way for the dismissals. About 50% of the employees would be dismissed immediately (mainly salesman) and the other 50% over the period up to the following March. The negotiation process with the union went smoothly with the company agreeing with most of the
unions' requests. The transference of assets started immediately under the supervision of the former MD. The planning director cancelled the contracts with the software firm selling the rights to sell the developed computer systems.

March 1991: The implementation was completed, with heavy losses for the whole group.

Brazilian Case B12

Decision: Reorganization

Organization main characteristics:
Main Activity: Building contractors
Size: 24,300 employees
Turnover: US$ 722 million
Capital Ownership: Public with family control
Status: Independent

Sequence of events:
1978: Following an extensive review of the company’s financial and accountancy practices an American auditing firm suggested that the company should change its top structure with decentralization of operational activities (financial, accountancy, operational, marketing, etc) and centralization of controls by a holding company. This idea was shelved by the president who saw no need to change the company's structure. His justification to the board was that their structure had worked well since the fifties, when his father started the business, and that it would work well for a long time. Nevertheless, he agreed to open a holding company to control the small business not related to their core activity.

First half of 1980: The group made its biggest ever diversification. Following an opportunity opened by the government and by a local council they made a huge investment, opening a steel company in partnership with the government and with a local council. Due to this investment, and the heavy loans made on foreign currencies to finance it, the company closed its financial year with huge debts and liquidity problems. To make thing worse, the government who was the company's main customer, was having difficulties in paying its debts and had cancelled all new contracts. In a process of supporting Brazilian construction companies in gaining foreign markets the government made a series of agreements with the Iraq government which resulted in the company being contracted to do several highly profitable railway and road constructions. With these contracts the company was able to pay most of its short terms debts avoiding, at least in the short term, greater financial problems.

First half of 1980: Camargo Correia and Oderbrecht two of the biggest heavy construction companies of Brazil went through a major reorganization process in an attempt to have a more decentralized and dynamic structure.

1985: Andrade Gutierrez the biggest company in the industry had announced that they were preparing radically to change their structure.

1986: In a series of private meetings initiated by the son of the second major shareholder (he himself a trainee at the planning department and candidate for a senior position at the company) the new generation of shareholders (heirs of the company’s founder) began a process of evaluation of the existing structure. These meetings resulted in a list of what they saw as critical problems that should be discussed by those at the board. This included the need to modernize the company’s structure and to take more seriously the imminent financial problems.

Trying to persuade their relatives and the senior managers they talked informally with all board members trying to call their attention to the imminent crisis. During this process, the idea of a holding company separating the construction and steel activities into subsidiaries surfaced again.

Middle 1986: In a weekend seminar proposed by the planning director, all board members and senior managers went to a hotel to evaluate the company’s future and to try to come up with ideas. This meeting was dominated by the idea of an active holding company similar to the one proposed by the American auditing firm in 1978. The president once again rejected the idea, but under pressure from most shareholders and senior executives agreed with an incremental process with the formation of a committee (chaired by the planning director and with the participation of some of the young shareholders) responsible for the elaboration of a reorganization plan that would propose the creation of a holding company with consequent reorganization of the two main companies in the group.
During the period of elaboration of this plan, the interpersonal influences were complex because the plan would necessarily affect the existing balance of power. The president began by resisting any radical ideas, along with other older colleagues, if only because weakening top management at a time of market and financial crisis seemed mistaken. Some resistance came also from the finance director, who was very much opposed to any decentralization of financial control, and from the managing director of Steel (both leaving when the reorganization was approved by the shareholders).

However, there was strong ground support from senior management below who saw the changes as a necessary modernization of the group. Also the MD of Construction, gave full support to the idea being a key participant during the whole process.

Late 1986: At another weekend meeting, all shareholders and senior executives sat down to evaluate the decision. According to some participants, it was a foregone conclusion the president was outweighed in his opposition, with most shareholders supporting the decision.

By the time of the interview: The reorganization was still being worked through. The Holding company was set up in 1988, at the same time as the group was divided into four profit centres. The conflicts were not solved and were simply transferred up to the new holding company. The finance director did not let go of the control of the finance to the subsidiaries and profit centres, continuing to directly intervene. The president having become persuaded and having made the decision, did not tolerate obstruction of its implementation, and the finance director and the administration director were both fired. The MD of construction, though he stated he knew only construction engineering and not general management, became managing director of the Holding Company.

Brazilian Case B13

Decision: Development of new technology

Organization main characteristics:
Main Activity: Steel Industry
Size: 1,300 employees
Turnover: US$ 127 million
Capital Ownership: Public
Status: Subsidiary

Sequence of events:
1976: A German company acquired 33% of the shares of a Brazilian steel company with serious financial problems. According to an auditor's report, high costs, mostly related to oil consumption, and low productivity were the main reasons for the company's low profitability. The positive aspects of the company, according to the same report, were its line of products, and its valuable brand.

Following internal disputes between the shareholders, the Brazilian group who controlled most of the company's shares decided to attract a foreign investor with capital and technology to develop the company. The new shareholder would be responsible for the technical and administrative operation of the company. A German engineer, who had lived in Brazil for several years, was appointed as technical director. His "mission" was to improve the company's technology as soon as possible.

1986-1988: Because replacement of the furnaces in the short term was out of the question (it would require investments beyond the company's capacity) the new executive decided that his first and crucial target was to improve efficiency. He and the company's new deputy technical director, a Brazilian engineer who had been working for the German company in Germany, looked for technical alternatives that were being used in other small steel companies around the world. What was found to be available was too big in size, requiring huge investments. At the same time the technical division began to try some improvements in their furnace using a technology invented by an Anglo-Canadian engineer but never used on an industrial scale. The technical department at the German company tried this technology on a pilot basis but according to their technical reports there were serious difficulties in operating it in larger plants.

The new technology, an improvement on the existing Siemens-Martin furnace, was intended to reduce oil consumption by increasing combustion by blowing oxygen and coal from inside the iron bath. Although technically simple the tests in Germany failed to succeed because of the need of a cooling system at the blowing area.

1988: The technical director met the Anglo Canadian engineer by chance in a conference in Venezuela, after lengthy discussion about the process this engineer agreed to work as an external consultant and to try...
the development of a cooling system in cooperation with the Brazilian company. The idea was to use one of their furnaces as a pilot for his techniques.

The first attempts, similar to the ones tried in Germany, included a cooling system with the use of propane gas, but because in Brazil the use of this gas was controlled by governmental legislation, they had to find a substitute that had similar qualities and low price. After trying different products, they obtained good results using alcohol. The technical people from the German company, who were kept informed about the experiments, warned them against it. In their tests with alcohol it has shown to be of low cooling capacity and highly flammable. The tests in the Brazilian company continued with a mixture of alcohol and water which has shown to be more efficient. All furnaces were then modified to the new system, and the company patented the technology world-wide.

1979: Despite the second oil crisis, the company was back in profit. This first technological improvement generated a reduction of $15 American dollars per ton of steel, and because of his success the technical director was appointed the company’s chief executive with his deputy becoming technical director.

1979-1981: The rise in productivity enabled one furnace to be disposed of which freed floor space. The chief executive decided that this furnace should be used to try new technological improvements. The technical director, with the support of the chief executive and the Anglo American engineer, started to test developments on the furnace design with the use of different raw materials, especially scrap and hot metal. In a step by step process they modified the furnace and arrived at a new furnace design which was good for use with a mix of raw material. The company patented the new design calling it EOF (Energy Optimizing Furnace). At the pilot level the new technology proved very successful, but their intention was to build a large furnace able to produce as much as 220,000 t/a (in 1981 the whole production of the company was 187 t/a), but that would require an investment of about 30 million American dollars.

The chief executive and the technical director prepared an investment proposal to be presented to the board. Because it was highly technical it was also sent to the German company to be evaluated by three experts. These experts’ final report was highly sceptical about the feasibility of the project, but they could not suggest alternatives.

In Brazil, the board had decided to postpone the investment because they could not afford the investment. But they would be ready to launch new shares to finance it. Meanwhile the chief executive went to Germany for a private meeting with the president of the German company without the knowledge of his superiors in Brazil. As a consequence of this meeting the German company decided to finance the investment by increasing their participation in the company. This decision was received with surprise by the board members, who nevertheless agreed with the German proposal and promoted a change in the capital with the German company becoming the main shareholder controlling about 50.5% of the capital.

1981: With the increase in productivity the company began a whole process of rationalization of the workforce during this year about 1,800 employees were dismissed.

1981-1982: The transformation of the furnaces was carried out by the technical director who was responsible for all installation and constructions. The new furnaces became the first EOF furnaces to be used, with operation beginning in December 1982.

1988: The second EOF furnace start operation in March 1988

1989: The last open hearth Siemens-Martin furnace was transformed in December

By the time of the interview: The EOF technology had proved successful with the company exporting its technology to several third world countries (e.g., India, Argentina).

Brazilian Case B14

Decision: Introduction of Information Technology

Organization main characteristics:
Main Activity: University
Size: 4,600 full time equivalent academic staff
Status: Financial matters: local government control
Academic matters: state control

Sequence of events:
Before 1985: A well known nuclear energy professor, a former president of the Brazilian Nuclear Energy Association with national and international reputation, was the strongest candidate to be the rector of the university. Among his proposals there was the intention to raise the university to the highest international
standards. Despite their tradition of high performance, the university had suffered serious financial problems during the early 1980s which resulted in a significant reduction in the number of publications and research. These financial problems were mostly related to the government funding policies. He was also proposing an administrative reorganization of the university, especially a reduction in 'bureaucracy' and in the "inertia" of the central office.

1985 This professor was successful in his campaign and was elected rector with full support from all internal groups (staff, administration and students). To help him to fulfil his promises about administrative reorganization he called a professor from the Physics department (with whom he had already worked not just in the university but also in the Atomic Energy Association and in the Nuclear Research Centre in the United States). She would be responsible for the general administration, an advisory function responsible for the improvement of all administrative procedures. In fact, the rector's intention was to adopt in their university the IT systems used at the Nuclear Research Centre and at most American universities.

Based on this intention the new adviser prepared a very general proposal, where she defined the use of modern computer systems to replace manual routines and to generate a data bank to allow the Rector and the administration to have quick access to all necessary administrative and academic information. In a series of private meetings the Rector approved this plan giving her total liberty to do as much as she proposed, but consulting him before major decisions were made.

The Rector presented this plan to the university general committee as part of his proposals for the following academic year. The plan was too general to generate any serious discussion, but some members showed some concern about the extent of what was intended.

Late 1985, early 1986: The adviser and her team began the preparations for the new systems. They spent about eight months studying all crucial problems and inefficiency in the university administration. This lengthy evaluation was followed by a more specific plan to develop several semi-independent IT systems that, once integrated, would fulfil all the routines and needs of the administration. According to the plan, all existing batch systems would be replaced by an integrated system able to exchange information and to allow access on line to all data, not just by the central administration but also by the departments and faculties. The plan proposed a step-by-step process which at a first stage would develop a computer system to replace the manual activity of protocol. This first system would be a pilot for the others that would require some investment in hardware (computer, terminals, buildings, etc) and software (support programs).

The Rector carefully evaluated the PSI (Information Technology Plan) and after lengthy discussion with the adviser gave her authorization to go ahead with the development of the system. He presented the plan to the University Administration and Academic Committees with the intention of informing them of what was going on, and to involve the senior administrators in the process. According to the plan, Pro-Rectors and heads of departments would sooner or later be affected by the system.

In addition to the plan, the rector also presented at the University Council a proposal to invest in a large computer that would be used both for academic and administrative purposes. The necessities generated by the PSI were integrated in this proposal which was later approved by the council and financed by the Inter-American Development Bank (BID).

December 1986: The protocol system was successfully installed at the central office
January 1987: The first programmes for an Academic Control System were installed and some data was input. Among these data was a list of members of staff who had not published any scientific work in the last two years. This list included several heads of department and even the Rector himself. This list was sent to all Pro-Rectors for evaluation, but was also obtained by a local newspaper who published it without the university's authorization, causing a moment of great difficulty for those involved with the system, especially the Rector and the adviser. Most members of staff included in the list reacted by opposing the system and to the kind of information they were processing.

Early 1987: The finance Officer presented some resistance to the development of the system in his area. The Rector was called to solve the impasse. After a meeting between the Rector and three senior officers it was agreed that the implementation of the system would go ahead as predicted with the officers monitoring the progress and discussing their requests with the IT.

June 1987 till September 1990: Installation of all predicted systems.

Early 1991: New Rector took over and decided to stop the utilization of parts of the systems, especially those related to administrative procedures.
Brazilian Case B15

Decision: Merger

Organization main characteristics:
Main Activity: Railway Engineering
Size: 2,200 employees
Turnover: US$ 7.3 million
Capital Ownership: Family Private
Status: Independent

Sequence of events:
1957: A former engineer of the National Railway Network opens an engineering company. A few years later (early 1960s) the company had already about 3,000 employees and turnover of about US$ 20m
1981: The company acquired a competitor with high technical capacity but unable to gain contracts. This acquisition put the company in a very good technical situation with great ability to do all kinds of railway construction.
1982: In a dubious process, the national government gave the full contract to build the lines for the Metropolitan Train of Belo Horizonte to an Argentine company. All railway engineering and construction companies in the state were against this contract, boycotting the Argentine company. The president of company B15 decided to act differently. They collaborated with the Argentine company to do some of the improvements on the existing railway line. This partnership was quite successful, with the Brazilian company being responsible for all technical aspects, while the Argentine one supplied personnel and material. The contract was concluded on time with good profitability for both partners.
August 1987: Under the pressure to pay short term debts, the president decided to organize a loan at a public investment bank. The bank, after evaluating the proposal, decided that they would agree with the loan only if it was fully guaranteed by the shareholders' personal assets. According to the president this would put his family's assets under risk. In an emotional meeting, the president proposed that the board declare themselves bankrupt. According to Brazilian law, a company can declare their own bankruptcy to show that they cannot pay their debts until their debtors pay them. A court of law usually decides for the transference of all responsibilities to the debtors but in many cases also for the temporary suspension of all activities and the appointment of a curator. In this case, by declaring bankruptcy (or "concordata") the board would force the National Railway Company to solve their debts, but would inevitably put at risk all executive jobs. The board's decision was to try a negotiation with both the railway company, to pay their debts, and with the banks to extend the repayments of their debts.
September 1987: Without officially knowing about the Brazilian company's difficulties, the president of the Argentine company invited the president of the Brazilian one for a meeting in Buenos Aires. At this meeting the Argentine executive proposed a joint venture between the two companies. Their intention was to invest in a joint company to improve their participation in a more specialized market in Brazil, Argentina and in the whole of South America. The idea was that the Brazilian company would bring their technical experience while the Argentine company would bring most of the financial resources needed. The Brazilian executive, surprised by the unexpected offer, decided to tell them all that was going on in his company, their financial problems, the investment bank's requests and the board's idea of declaring bankruptcy. He also decided to make a different proposal; if the Argentine company was intending to invest in a railway engineering company, and if they believed in their technical capacity, why not invest in their company. He, as main shareholder, would be ready to sell part of his own shares to them. Going further, the president said that he would be very happy to sell 51% of his company if they were interested. According to the informants, this proposal came as a shock to the Argentine executives present at this meeting, "they had never seen someone who controlled almost 80% of a "successful" company proposing a sale in a such hasty way". The Brazilian executive then revealed his personal worries, adding that he had already considered this idea, although he had never thought of anyone with interest and money to buy it.

After lengthy and emotional conversation the Argentine president asked for a period to evaluate this proposal together with his executives and board members. He made it clear that the idea was not impossible and the board had already authorized an investment in a railway engineering company. He also suggested that the Brazilian executive think seriously about his proposal, and to seek agreement with his family and partners.
October 1987: During the following three weeks the Brazilian manager had several talks (always outside the company) with the other shareholders (mostly members of his family) and senior managers. Although his
elder son did not agree with the merger he supported his father's decision. Among the senior managers only the technical director did not agree with the idea, but he had little power to do anything against it.

During this time the main conditions for the merger were also discussed. The price would be based on the evaluation of the company's assets and not on market price. It was also agreed (with the other shareholders) that any new investment or increase in capital would be under the responsibility of the Argentine company, in an incremental process which would, in the long term, result in total control of the business by the Argentine partner.

At a meeting in Brazil, the president and other representatives from the Argentine company presented their conditions for the agreement. The Brazilian president should stay in the company as chief executive, the technical aspects would be his responsibility but the Argentine group would be responsible for all managerial and financial aspects. A board with five members (three from the Argentine group and two from the Brazilian) would be responsible for the company's strategic decisions, also for controlling their results and operation. An Argentine director would be appointed to chair this board.

After several meetings to adjust details, an agreement was signed and an audit company was appointed to evaluate the company's assets and determine the value of the investment.

From November 1987 till January 1988: The financial director of the Argentine group was appointed chairman of the new board responsible for the consolidation of the agreement. The price and conditions of payment were agreed without difficulty.

January to July 1988: Because of several problems between the old Brazilian managers and the new Argentine executives the board decided to divide the company's headquarters. The technical division, under the direct control of the former president would stay in Belo Horizonte while all the administrative divisions, under the control of a newly appointed Argentine vice-president would be moved to São Paulo where the Argentine group had their Brazilian office.

By the time of the interview: The name of the company was changed to become the railway division of the Argentine group. The Brazilian shareholders were selling their participation in the company and the chief executive was discussing his retirement.

Brazilian Case B16

Decision: New line of products

Organization main characteristics:
Main Activity: Steel Industry
Size: 13,400 employees
Turnover: US$ 1,363 million
Capital Ownership: State Owned
Status: Subsidiary

Sequence of events:
Before 1987: On several occasions the company tried to gain governmental agreement to make an investment in a line of galvanized products, but Siderbras (holding company of all state Controlled steel companies) always came back with the argument that other state controlled steel companies already had a line of galvanized products large enough to supply the demand.

1987: A former president of the company, who was responsible for several large investments in the past, became president of Siderbras. His policy at this holding company was to improve the efficiency and competition between the public companies. At a meeting with representatives from all public steel companies he gave signs that they would motivate the companies to compete among each other, affirming that they were free to present proposals for a new line of products that could replace importation or be exported.

The commercial director, who had been for a long time been trying to expand their mix of products, together with the head of the industrial department used this opportunity to revive the idea of a line of galvanizated products. During an executive meeting it was agreed that they should carry on with a study of the potentialities of the Brazilian market, as well as the international market. They should also try to evaluate the expectations of the large international steel companies for this product.

The marketing survey showed that there was an extensive potential market, mostly abroad, with an increased demand by American and Japanese car manufacturers (several projects were going on to expand the use of thin galvanized plates replacing the uncoated ones). The industry as a whole was also expecting
an increase in demand especially in the USA and Europe, and some companies had already made major investments in their electrolytic galvanization lines.

These studies were followed by an analysis of financial viability. Some members of the executive board were worried about the stability of the price of the product which could result in a long pay-back, limiting the investment.

The executive board also authorized the industrial department to begin contacts with their Japanese associated companies to obtain technical information about modern galvanization lines. There were several agreements between the Brazilian and two of the major Japanese steel companies, to exchange technical information and, if necessary, to help in the identification of appropriate technologies and equipment. From those contacts, as well as from visits to European and American steel companies, the industrial department selected three types of technologies that could be used by them. These technologies were controlled by two Japanese and one Austrian manufacturers.

July 1988: The investment proposal with all technical, marketing and financial information was sent to the governmental office responsible for the financial control of state owned companies (Sest - National Secretary for State Enterprises). After about eight months of evaluation and contacts with the commercial and industrial departments, and some pressure made by the company's president, Sest approved the investment, which represents a formal suggestion to the government to approve the proposal. After adjusting to governmental routines and specifications the president of Brazil gave his authorization for the investment in March 1989.

Meanwhile, the company had already informed the three potential suppliers about their investment proposal and, according to Brazilian legislation for importation of equipment that uses modern technology, they were asked to associate with a Brazilian company and be prepared to send a proposal. Following the company's standardized procedures for acquisition of equipment, the purchasing department, with the technical support of the industrial department prepared a specification document and asked the potential suppliers to send their proposals. Following Sest's suggestion the company's board had decided that the suppliers should guarantee an external loan equivalent to 25% of the investment.

July 1989: The purchasing division in a public meeting opened the proposals from all three competitors and their Brazilian partners. Because of the financial and legal aspects related to loans in foreign currencies, the offers went through a very long evaluation process. The industrial department first assessed all technical specifications. Then the finance department evaluated the proposals for the best financial options. After they completed their analyses the proposals were discussed at a special executive meeting, where the financial, commercial, and industrial directors made presentations about each proposal and their evaluation, with the discussion being concentrated mostly on the financial aspects. After lengthy discussion the directors accepted the proposal selected by the financial department. Before this proposal was sent to the board of directors with suggestions for investment, the legal department, together with the company's president, reviewed all legal aspects not just related to the contract but also to the international loan, with all aspects of the proposed loan being sent to the Brazilian Central Bank, to verify the conditions. After about six weeks the bank sent their approval with the condition that the Banco do Brasil should be involved in the transference of currencies.

November 1989: After evaluating the final report on every proposal, the board of directors accepted the indication from the executive board authorizing the acquisition to be made from the Austrian company, associated with a private firm from São Paulo. They would supply the technology and equipment for a total cost of about US$ 133 million, with a loan of (roughly) US$ 27 million guaranteed by the Austrian Creditanstalt.

By the time of the interview: The industrial department was responsible for monitoring the installation of the equipment and preparation of the site. According to the implementation schedule the supplier would begin installation by September 1991 and run first tests by late 1992.
Brazilian Case B17

Decision: Re-equip

Organization main characteristics:
Main Activity: Textile
Size: 1,800 employees
Turnover: US$ 32 million
Capital Ownership: Public with family control
Status: Independent

Sequence of events:
Late 1990: Crisis of liquidity and sales in the market. The government tried to keep prices down to contain inflation and reduce the importation taxes for textile products. Several companies were closed. Those who were able to keep in the market were in a very good condition with some products showing a very good performance.
February 1991: Market is back to normal. The marketing division did a survey to evaluate the prospective demand for certain products. The results of this survey showed that one specific textile product supplied by the company had a very good and stable market because of its unique width. The survey had indicated that this demand would tend to grow with several competitors planning a change in their line of production to offer products with similar width. Using this survey as reference, the commercial director put forward a proposal for investment in new weaving machines to increase, as fast as possible, their production, allowing the company to supply the market and to be ready for its growth. He justified this affirming that it would be much cheaper and faster for them to make this investment than for their competitors to introduce a new line of products or adapt their production to the demanded width. The board decided that the Investment Committee should study and evaluate the matter and to prepare a proposal for investment.
March and April 1991: The Investment Committee, following standardized procedures, had several meetings to discuss the investment and its technical aspects. The industrial director and the industrial superintendent were in charge of contacting potential suppliers and to prepare all technical documentation. All Brazilian potential suppliers (Brazilian legislation does not allow the importation of machines of this kind) were contacted and some members of the Investment Committee visited some companies where similar equipment was being used. Parallel to the technical aspects, the planning director (also a member of the committee) prepared an analysis of scenarios and the financial implications of the investment. The committee met several times to evaluate the analyses and to prepare the investment proposal. At the same time, several informal meetings occurred during and out of working hours. This toing and froing became even more intensive when the industrial director suggested that it would be better to improve the productivity of the existing machines rather than to invest in new ones. In his opinion the machines they were going to buy were quite similar to the ones they already had, with some small improvements, and that they could obtain the same results, by changing their work-flow and routines.
March and April 1991: In an executive meeting the directors were asked to decide between the investment proposal and the idea of improving productivity of existing equipment. The company's president and the commercial director defended the investment idea, justifying it as being able to increase production in a very short time. Defending the improvement of existing equipment, the industrial director argued that increasing productivity would be less costly and more effective in the long term. After several discussions in and out of the meetings the board decided for the investment. Later in the month the president signed a contract to buy twenty machines from the most competitive supplier.
May 1991: After the machines were already bought the board was formally informed about the decisions (most board members had already agreed with the decision informally) and rubber stamped it.
Brazilian Case B18

Decision: Change in market approach

Organization main characteristics:
Main Activity: Banking
Size: 2,700 employees
Capital Ownership: Family Private
Status: Independent

Sequence of events:
1988: The executive board, as part of the annual planning review, evaluated through several meetings the prospects for the near future. Among other proposals discussed, was the need to create a marketing division to improve the bank’s marketing approach to compensate for the declining profitability, due to the various governmental economic plans. The head of the new division would have a seat at the board and would promote the bank’s image attracting more customers. The board agreed with the need to change the market approach and the president supported the idea.

It was decided that the structure and characteristics of the new division would be decided after a marketing director was appointed. The president suggested that the personnel manager should search for candidates in São Paulo, which he did by publishing an advertisement in the biggest financial newspaper. In response to the advertisement several candidates applied for the position. One of them had a very outstanding CV and long experience at the American Citybank. He was invited to visit the bank to talk with the president. During this meeting he was asked to prepare a marketing plan as a condition for the job. The candidate also participated in a weekend meeting at the president’s house.

A few weeks later the candidate presented a general plan with indications of what he intended to do if he was appointed to the position. The plan was evaluated by the president who agreed to appoint this candidate as marketing director (no other candidate was interviewed).

After formal procedures, the new director took over and brought from the Citybank four other marketing managers. After a series of surveys with customers and employees the new division prepared a plan for reviewing the company’s image keeping the same products but changing the marketing strategies, not just with new brochures but also by training the employees and branch managers in how to approach clients and of how to attract new clients for each specific product. The plan was approved by the president and later rubber-stamped by the board.

Brazilian Case B19

Decision: Takeover a competitor

Organization main characteristics:
Main Activity: Textile
Size: 4,600 employees
Turnover: US$ 120 million
Capital Ownership: Public with family control
Status: Independent

Sequence of events:
1976: A new president with extensive technical experience in the textile industry took over the company. He defined as his main objective the modernization of the company with the integration of the four existing production sites, and the increase in their productivity.

1977: The president, took the initiative of contacting some shareholders of a (smaller) competitor to discuss the possibility of a takeover. They agreed to discuss the idea at their board and, if approved, they would negotiate the condition. Meanwhile the president called for a board meeting and presented the deal to his board. A meeting was held with representatives from the different families who own the company. Despite having shares in the stock market the company is controlled by 15 families, with the president’s family controlling the company with 24% of the shares. At this meeting the board was divided between those who supported the president’s proposal and those who did not. After lengthy discussions the board voted, by a small majority, to support the deal if it happened.
But the deal came to a dead end with the other company's board rejecting the idea.

Early 1978: The president presented to the board an analysis of the company's prospects proposing an increase in production. He also proposed an investment in a new factory with the use of the most modern technology available, with the intention of increasing their participation in both the internal and the external markets.

The proposal was extensively discussed at two board meetings, this time the board voted against the proposal, with those who voted against it arguing that it would require a large commitment of the company's reserves, taking too long to begin operation and to pay back. Moreover, the government's restrictions on importation of technologically advanced machines could result in complex transactions and costly investments. Those board members also believed that they needed first to modernize the existing sites especially at the finishing unities.

Other options were then evaluated at the executive level. First to increase the size of all sites that presented technical problems in the flow of production; second, to invest in spinning machines, enlarging the company vertically.

March 1978: These analyses were going on when the president of a large competitor contacted the president offering his company for a takeover. Because of disagreement between the members of the family who owned the company they were suffering from serious financial problems and were looking for a strong partner. Their board had already decided to sell most of the company's shares and the condition were already defined. These were sent to the president. A total price of about Cr$ 205 million, Cr$ 65 million would be paid on the signature of the contract, Cr$ 100 million to be paid without interest in one year and Cr$ 40 million corresponding to the transference of a debt with a local investment bank. With this proposal in hand the president had a private meeting with some board members to discuss its viability. These directors, who represented the majority of the board, gave their agreement to the takeover. Together with the president, they decided to go ahead with the negotiations preparing a report on the company before submitting the proposal to the board. The president, the technical director and some middle managers from the technical department visited the company and prepared an evaluation document. In this document they analysed the viability of the investment based on the turnover of the company and pay-back of the costs of takeover.

April 1978: The president took this document to the board where, despite disagreements, the takeover was approved by a large majority of votes. There was a common fear that if they did not buy the company it could be sold to a Japanese group who had shown interest in investing in the region (this argument was raised on different occasions by the president and those interested on the investment). It was decided that the president should consult independent lawyers and accountants before the signature of the contract.

Late April 1978: Independent lawyers and an audit firm were contracted to examine the agreement and the company's documents. The negotiation became official with a meeting between the members of the two boards. At this meeting they agreed the basic condition for the negotiation and the appointment of representatives who, together with an independent lawyer, would be responsible for the preparation of the contracts.

After the evaluation of the company by the auditors and the analysis of the company's contracts and documents, they suggested that instead of taking over the company they should only buy their tangible assets. This proposal was the subject of several meetings with the participation of lawyers and representatives from both companies. The most critical point in the agreement was related to frozen assets put in guarantee to loans. To negotiate with the investment bank involved, the chairman of the board, together with the president, had a series of meetings with the president of the investment bank who saw the deal as positive to his bank agreeing with the transference of the loans to the other company and even with a change in the condition of the contract (favourable to the company).

May 1978: The two boards met to finalize the agreement. The proposal to buy the company's assets with some increase in the price was agreed as well as the general aspects of the final contract which would be elaborated by the lawyers and approved by both sides before signature. Late in the month the contract based on the agreement was signed and the first payment was made. The company finished their operations in the following October.
Brazilian Case B20

Decision: Moving to European market

Organization main characteristics:
Main Activity: Heavy Construction
Size: 21,900 employees
Turnover: US$ 986 million
Capital Ownership: Family Private
Status: Independent

Sequence of events:
1983: With the reduction in the demand in Brazil for new contracts the company, in a rather unplanned way, made a first step, towards internationalisation. This step which had the resistance of most shareholders, was the opportunity to build a road in Congo (Africa) with the support of the Brazilian government who would finance 85% of the costs (the local government would finance the other 15% and would assume the debt with the Brazilian government). This practice had already been used by the government with some other building contractors who had a strong influence on government decisions. This first work in the Congo was followed by other contracts in Congo and Ecuador, and as the previous ones, they were mostly financed by the Brazilian government.

In the company these international contracts were treated similarly to the national ones with no special international department or equivalent being created.

1987: Parallel to the international contracts and to a significant reduction in the margins of new contracts in Brazil, the company was going through a major reorganization process. The highly centralized structure with a large number of vertical levels was being replaced by a more horizontal one with the maintenance of the two existing divisions and the creation of four departments controlled by four general directors. The whole company would now be controlled by a high executive board (HE) responsible for all strategic decisions, policies and norms. The departments would have autonomy to make all operational decisions (except those which affected the whole company) but they had to follow the rules defined by the HE. (According to informants, this structure was based on the concept of decentralized federation used in the American General Motors.)

The reorganization was part of a long term plan elaborated in 1985 which reviewed the company's main objectives and expectations for the near future. Among these objectives, the HE and the shareholders (the company is owned by two families who divided the most senior positions) decided that the company should improve its international participation with the gains from international contracts being planned to correspond to 30% of the company’s turnover. According to the new structure an international department would be created which would be responsible for the expansion of the company to other countries.

1988: The international division (UAI) was created and their first general director was the engineer responsible for most contracts in Congo, Ecuador and Bolivia. The first step towards the 30% of turnover, representing about US$ 180 million was the design of a strategic plan for the unity. This plan elaborated internally with the help of external advisers was approved by the HE without any interference. They basically proposed the creation of operational bases to help the identification of opportunities in specific regions. Shortly afterwards the company opened offices (most of them with local lawyers) in Miami, Cayman Islands, Lisbon and London. These offices were used mainly as local addresses to receive offers for contracts.

During the elaboration of the strategic plan it was suggested that the company should have a more active office in Europe, to obtain some advantages from a united Europe from 1992, and also to facilitate the company’s access to European resources offered to the development of third world countries, especially those in Africa. Previous experience in the Congo has shown that better contracts are offered to those companies able to offer European resources from the European Economic Community.

The UAI general director appointed a special projects adviser to identify a location for their European base. Britain, Portugal and Spain were among the first suggestions with the subject being extensively discussed at the departmental monthly executive meetings. The adviser made contacts with local lawyers and international consultancy firms who suggested concentrating on Spain or Portugal. An international consultancy firm was contracted to prepare reports on the sector and companies from both countries. According to these reports Spain had very powerful cartel of companies who tended to resist foreign investments in the country. At department level it was then decided to concentrate the analysis on Portugal. From the consultant’s point of view Portugal did not have a well organized sector and Brazilian
companies had the advantage of the language and of a similar legislation. The superintendent director (chairman of the board) and the HE were informed about the decision to have the European base located in Portugal. At the HE it was discussed and approved that the company’s office in Lisbon should be transformed to become a Portuguese subsidiary.

The representative of the company in Portugal carried on with all paperwork necessary to register the company. However, an unexpected problem stopped the process. According to Portuguese legislation they could not give a licence to a foreign company to operate in Portugal as if it was a Portuguese firm, and because of that they could not compete for public contracts.

February 1988: UAI’s general director took the problem to be discussed at the HE with a proposal for a takeover of a medium size Portuguese company. Many members of the HE expressed certain resistance to this idea but the superintendent director argued in favour saying that they should, at least, try. Based on this argument the HE approved the search for a Portuguese company which, among other characteristics, should have some financial stability, should be working in a similar area, and with access to governmental offices.

The international division adviser was again appointed responsible for the identification of a company. The department decided on the contraction of an independent audit firm to prepare a portfolio of all Portuguese building contractors within the defined condition. A local consultant was also contracted to supply more information. From a list of several companies, the UAI’s board selected three companies that had more or less the size and the characteristics they were looking for, suggesting one specific company as the best potential buy. A report was taken to the HE that evaluated the alternatives and the information available, and the board agreed with the department’s selection and authorized a takeover bid. At this time, the main shareholder of the Portuguese firm, who had contacts with the Brazilian company, did not know about their intentions. Although being public, the company was controlled (95%) by this manager and his family, who were at the same time looking for a stronger partner.

The HE decision suggested that the audit firm should make an extensive report about the selected Portuguese company and that UAI should investigate the company’s technical ability and market performance.

September 1988: After four months in Portugal, the representative from UAI informed his general director that all information about the company had been collected and that they should contact the main shareholders. The superintendent director, together with a non-executive director and UAI’s general director, went to Portugal to discuss the details with their Portuguese representative, the audit firm and their Portuguese lawyer. This was done in a series of two day meetings in Lisbon. After reviewing all the information the superintendent director went to another room, evaluated the alternatives and after a few hours and some consultation with the non-executive director decided to make the bid. He also decided on how to approach the Portuguese company and how to propose the takeover.

From September to December 1988: The contacts and negotiations were successful, the Portuguese main shareholder agreed to sell most of his shares and for them to make a takeover bid on all shares that were on the market. According to the informants, the takeover was done in a certain "not very legal" way. The company expended a total of US$ 4.5 million on the acquisition.

By the time of the interview: The Portuguese company had serious technical and administrative problems resulting in further investment and transference of senior managers from Brazil to Portugal. The access to EEC’s funds was much more difficult than first expected with the company, despite being located in Portugal, being treated as a non-European by EEC’s officials. The HE was discussing what to do with their Portuguese subsidiary, with some directors asking for the closure of the division.
APPENDIX E

SHORT NARRATIVES OF ENGLISH DECISION CASE STORIES

English Case E1

Decision: Rationalization of overhead costs

Organization characteristics:
Main Activity: Retailer
Size: 3,000 employees
Capital Ownership: Cooperative
Status: Independent

Sequence of events:
Before 1989: After 1985 the society began to improve managerial training and to diversify from its core business of food retailer. This was done through an intensive process of acquisition and of absorption of other co-operatives in the region. Since 1987, because of this policy of acquisitions, the society has been presenting a continuous financial deficit, despite profits in the annual balances.
December 1989: The senior accountant and the financial adviser presented, during a private meeting with the chief executive and his deputy, an analysis of the society’s liabilities and the prospects for the next year. They called attention to the fact that the society would end the year with a debt of about 10m in bank loans, and were predicting an increase in the interest rates for the next year. Following this first meeting these managers met three more times during the month to evaluate the prospects for the following year and to discuss alternative action. During these meetings the financial adviser called attention to the fact that there was a general feeling that the British economy was heading towards a recession. The chief executive confirmed this with information obtained from the press (Financial Times) and reports from the Bank of England.

In a series of informal conversations with his deputy, the chief executive decided that they should cease the existing policy of acquisitions, and should introduce a rationalization of expenditure programme, especially by cutting stocks of non-food products.

(According to the informants, even those not directly involved in the process (senior and middle managers) had a general feeling that something had to be done quickly.)

Early January 1990: The chief executive called the senior managers for an extraordinary executive meeting to "discuss" his rationalization programme. The meeting began with a presentation of the actual financial situation by the senior accountant and prospects for the British economy by the chief executive (using the information obtained in the press and supplied by the financial adviser). According to the informants, this meeting was not to evaluate the proposed rationalization programme, but rather to ratify what was already decided by the chief executive.

Late January 1990: In a board meeting the chief executive presented the rationalization programme as the society’s policy for the year, and possibly for the following year. The topic was not subject to a vote, and the board members just accepted it.

At the same time, the chief executive began conversations with the non-food director giving more specific determinations of how the rationalization programme should be implemented. It was decided that the Non-food Director should be responsible for the implementation of the programme. According to the chief executive’s instructions he should appoint someone from his department to act as buying controller of non-food products to guarantee that all non-food purchases and stocks were controlled according to the new rules (to reduce stock to a minimum, and to buy just the necessary quantity).

By the time of the interviews: The rationalization programme was fully implemented with the Buying Controller keeping restrictive control on stocks, and on the sales department requisitions.
English Case E2

Decision: Introduction of franchise in distribution

Organization characteristics:
Main Activity: Dairy Industry
Size: 5,000 employees
Capital Ownership: Public
Status: Subsidiary

Sequence of events:
Late 1984: In all the operational (weekly) meetings the difficulties with the personnel working on milk-rounds, and falling sales were on the agenda. Despite several studies and common agreement that it was necessary to do something, no solution was found and no decision was made.

Early 1985 Based on the information about successful franchises in other companies of the group, the managing director suggested, at an operational meeting, that the transference of milk-rounds to franchisees could be the solution for their long standing problems. It was decided, following the MD's suggestion that a senior operational manager should be responsible for the elaboration of a study on franchise and on its operation. This manager, with the help of some middle managers from sales and financial areas, did an extensive study of what was franchise, and how it worked in different sectors and organizations. He also asked the financial director to evaluate the possible returns for several levels of investment to transfer all milk-rounds to franchisees. This study took about eight months, being on the agenda of all operational meetings during this period. It was the subject of most conversations, not just by those directly involved, but also by all middle and senior managers. During this time, the manager responsible for the study kept in close contact with the MD, in a constant exchange of ideas and opinions. There was certain expectation in the air, and a lot of toing and froing both horizontally and vertically. Because of the fact that the company was in the same building as its parent company, the chairman and board members were kept informed (informally) about the idea and its development.

July 1985 At the end of the study a very positive proposal was prepared by the MD and the operational manager. According to the informants, it was for the operational manager a good opportunity to gain the confidence of his superiors and perhaps to gain some higher position in the company; he was a relatively young manager and had the full support of the MD. The proposal was presented in an operational meeting with the suggestion for an investment of 12m to gradually convert all milk-rounds into a franchise system. All employees involved in the existing process would be dismissed and invited to join the company as franchisees. All managers who participated at this meeting gave their full support to the proposal.

August 1985 All board members and some senior managers of the parent company were invited to participate in a debate where the proposal was presented by the MD and by the operational manager. It was presented as a new idea with many advantages in financial terms, in spite of the risk involved (risk of strikes and effects on sales). The levels of investment and the returns as well as the experiences of several other companies was also presented. The levels of investment and the returns as well as the experiences of several other companies was also presented.

September 1985: The board of the parent company approved the proposal without modification.

October 1985 Implementation began with a successful trial in a small branch for several months.
Middle 1986 The operational board decided that before the system was extended to other organizations, all employees and unions should be formally informed. During the summer the operational manager coordinated a series of presentations of the new system to all managers and to representatives from all trade unions involved. There was some reaction from some trade unions and from the press. The MD was invited to explain the decision to several trade unions and in a special television programme. The personnel department became responsible for the operationalization of the decision with the intention of contracting all milkmen and milkwomen as franchisees. Early 1988 About 95% of the milk rounds (80% in volume) were under the responsibility of franchisees, most of them former employees. The company announced positive results, despite a small fall in sales.
English Case E3

Decision: Rationalization of production

Organization characteristics:
Main Activity: Food Industry
Size: 2,500 employees
Capital Ownership: Public
Status: Subsidiary

Sequence of events:
Before January 1989: The parent company, although not making any direct pressure, was giving signs that the board of directors was expecting the company to present better profits. It was known that a non-executive director had said during a meeting that the inefficiency of the company was affecting the holding’s share price. Nothing was done.

December 1988/January 1989: After the retirement of the company’s MD, the parent company saw an opportunity to find someone able to make the company more profitable. After a very short process it was decided to employ a former marketing director from a large competitor. His proposal to the holding company was to reorganize the company in the same way as they had done many times in his previous job, improving the organization’s efficiency.

January till March 1989: In an executive meeting, the new MD began to show to the directors that a crucial change was needed. Instead of being just a traditional producer he wanted them to become a "makerter". Their existing strategy of producing what was requested by the customers would have to change. They should decide what to produce and not the customers. Their list of almost 320 products included many varieties with little difference between them. After a series of executive meetings where this subject was discussed it was decided to divide the executives into working groups who would analyse the existing situation and propose different strategies for the company. These working groups were divided according to different aspects of the organization (e.g., sales, quality, style, structure, products).

May to June 1989: The working party responsible for the rationalization of production (coordinated by the marketing director) made a presentation of the proposed modifications in a special board meeting. It was proposed to cut hundreds of products based on a list of all products, their financial, production and sales characteristics.

Even before this presentation there was some resistance from the commercial people, who did not agree with exclusion of products related to some very important customers. After several meetings and long discussions the proposal was approved with all cuts, but some flexibility was agreed with one and a half years to complete the implementation.

July-Dec 1989: Some cuts began immediately, especially on products with weak sales, and lower margins. Managers from the Commercial Department contacted their customers explaining the reasons for the changes and trying to convince them to accept alternative products. There were some difficulties with some customers because of existing contracts as well as tradition. Some products were excluded from the original list because of large packaging stocks.

Jan 1990: The production people began to reorganize the layout and flow of the production process concentrating on the products that would be the headlines (an adviser was contracted to help them).

August 1990: New packaging (seasonal products in small packaging under the same brand) started to be distributed to customer.

September 1990: About 90% of products that had to be cut were out of production, the remainders were either related to customers pressure or to packaging availability.
English Case E4

Decision: Equip a division

Organization characteristics:
Main Activity: Textile Industry
Size: 2,000 employees
Turnover: 56 million
Capital Ownership: Public with family control
Status: Independent

Sequence of events:
1984/1985: The market was pushing the company to offer products and services that they did not have enough technology to offer. The people involved (sales/marketing) took this situation to the board. In principle the board had arrived at the decision that in the near future, investment in new weaving equipment would be necessary, and a working team coordinated by the marketing director was made responsible for the preparation of an investment proposal.
Early 1986: More urgent investments were decided upon, to equip the dying finish and the yarn spinning plants. The decision to invest in new technology for the cloth manufacturing division was delayed, the board justifying that it did not offer a good return and there were other areas where the option of investment in new machines was more attractive.
1988: During the International Machine Exhibition several senior managers started to talk about and look for equipment with improved technology. The work team (marketing, sales and the Division production manager) was again asked to prepare a proposal for investment. The members of this group decided that the best way to see similar machines working was to visit similar manufacturers where machines using the latest technology were being used. After a series of visits and further contacts they decided to prepare an investment proposal which included equipment from three distinct suppliers.
Late 1988: The investment proposal was presented to the board. Although all members agreed about the need for the investment, some of them did not agree with the amount to be invested. The main resistance was from a non-executive director who argued that it would be cheaper to buy the raw material partially processed than to invest huge amounts in a less important service. After being on the agenda of two more board meetings the investment was fully approved, with the condition that the company could test the machines before a contract was signed.
1989: Machines from the three suppliers were tested, the production and technical people then decided on one supplier. The results of the tests were taken to the board, which gave its final approval for the signature of the contract.
Spring 1990: The chief executive signed the contracts involving a total investment of about 10m. After the contract was signed the main supplier became responsible for the co-ordination of the whole implementation. Internally the Division’s production director was responsible for the co-ordination of the construction and for the timetable.

English Case E5

Decision: Diversification

Organization characteristics:
Main Activity: Textile
Size: 1,500 employees
Turnover: 43.5 million
Capital Ownership: Public
Status: Independent

Sequence of events:
Till 1970: Three independent spinners merged under the name and control of E5 with the senior managers of this company assuming the control of the other two businesses.
Late 1970s: Working with a specialized product (mohair, and alpaca). The group was constantly subject to market fluctuation, with a long history of instability. During the good years there was great pressure on
production, with the necessity to increase the number of employees and to invest in new machines. During the bad years the process was inverted with low production and redundancies. During several bad periods in the late 1970s the representatives of institutional shareholders and the stockbrokers started to make pressure for a reduction of this instability. Through a series of contacts and letters they gave clear signs that the group would have interests outside the textile sector. The board had discussed this subject in several ordinary meetings, but little was done.

1970: The subject of diversification was on the agenda of a special board meeting. The directors were worried because of a deep fall in share prices, and unanimously agreed that it was critical for the company to avoid the fluctuation and that diversification into non-textile business would be the priority. The MD and the financial director were indicated as responsible (with consultation to stockbrokers) for the design of a "diversification policy", with the board specifying two basic criteria: first to invest only in non-textile business, and second to keep the tradition of investing only in specialised businesses.

Late 1970: The MD and the financial director presented to the board a full set of rules that the company would follow in case of investments in other business. There were about 20 criteria, including that the group would never go into unclear deals or actions; the acquired business must have a good history and the expectation of growing further; it should not require large investments; its geographical location should be close to the group's headquarters; the size should not be too small, nor too big to overcome the largest company in the group; there would openings for alternative investments, except in textile companies. The list, mostly based on the MD and the financial director's own knowledge (with some consultation of the stockbrokers and auditors) was fully approved by the board.

1971 onwards: The financial director became responsible for spreading the news that they were looking for companies to be bought. The first acquisition came in 1972 with the opportunity to buy a small family owned company specialising in acoustic engineering. This first investment was followed by two larger investments one in a small public controlled blade company and the other in a family owned sewing machine firm.

By the time of the interviews: The group was negotiating two more acquisitions, with the new companies being responsible for about 40% of the groups' turnover and 45% of its' profits.

**English Case E6**

Decision: New presses

Organization characteristics:
Main Activity: Regional Newspapers
Size: 1,200 employees
Capital Ownership: Public
Status: Subsidiary

Sequence of events:
Till 1986 There was a common consent that the Co should update its presses, but there was also a feeling that it could wait until their main competitors also started modernizing. The production manager, who was also the technical manager for the holding company, was already involved in the study of colour presses for some other papers on the group. He justified the need for the new press, not just because it would mean a big improvement in the use of colours in ads but also because the existing presses (bought in 1969) would shortly need some investment that would not modernize them but just keep them running.

1987: The executive committee had a special meeting to discuss this subject. During this meeting the MD argued that the investment in new presses was not an essential decision, but because other companies were already making this decision, and because the holding company was giving signs that they had resources available for new investments, they should prepare an investment proposal for new colour presses. At this meeting editors and senior managers discussed the potential advantages of colour presses and the production manager was requested to write a justification. Together with the MD and the financial director they would write a complete application for investment.

1987: These managers took about three months discussing and writing down the specifications. The production manager was able to use the information he had used for the holding company which made the search for a better machine shorter. He also visited some manufacturers and newspapers where potential suppliers had similar presses. His final "investment application" clearly specified the supplier, the prices, the conditions, the time and financial schedule and the predicted returns.
December 1987 The investment application was presented in detail to the director who would be responsible for the project at the main board.

February 1988 In an ordinary board meeting, the director responsible for the application made a presentation to the board, who approved it without further delays.

Two months after the board’s approval the contract was signed with the suggested supplier. The production manager appointed an “installation team” to be responsible for the preparation of the building and to control the time schedule. He was formally responsible for all contacts with the supplier who would supply not just the machines but also all electronic support and training of operators.

The first tests started in February 1990 and the old presses were fully replaced by December 1990.

**English Case E7**

**Decision:** Computerization

**Organization characteristics:**
Main Activity: Regional Newspapers
Size: 1,200 employees
Capital Ownership: Public
Status: Subsidiary

**Sequence of events:**
Spring 1985 The division’s managing director appointed three managers (himself, the computer manager, and the general manager) to prepare an investment proposal for computerization of the company. Three months later he presented this proposal to the holding company’s board, which considered it a small investment (1.2m) and accepted it without delays.

September 1985: An implementation committee was formed (The general manager, The computer manager, and two deputy editors) to decide the characteristics of the system to be used. After several meetings they wrote a specification describing the necessary number of terminals for operation. There were some disagreements about the number of terminals and the minimum number of journalists to be directly involved with the system. The approved system was a direct-input without page maker and without single key for the commercial department (they would use the same direct-input as the journalists).

Early 1986: Six companies were invited to present a proposal. One was not considered because it was too weak, and two others were later excluded from the process because the price of their systems was too high. To see the proposed systems of the remaining three companies, the committee decided to visit comparable sites where they had their systems working. After these visits they had several evaluation meetings where the characteristics of each system were assessed. In a final meeting with the participation of the Division’s managing director and of the group’s chief executive, one supplier was selected.

October 1986: The order was placed. The computer manager became responsible for the implementation, and the general manager responsible for giving full support to the installation. Because the selected system was already available the first equipment arrived a few weeks later.

December-January 1986 The support people (from the production division) made the arrangements, and the supplier began training twelve journalists in the use of the system. They would be responsible for training all other employees involved. Because the system excluded the activity of compositors they were dismissed or relocated to other functions.
English Case E8

Decision: Change in resource allocation policy

Organization characteristics:
Main Activity: University
Size: 430 full time equivalent academic staff
Status: Public University

Sequence of events:
1986-1987: External key events: -Sheffield University, running out of reserves, borrowed 6 million from banks and made an agreement with 120 academic staff to leave the university, going for early retirement.
-Southampton University introduced a research and teaching assessment scheme in some departments as guidance for resource allocation.
-The Secretary of Education announced that the new funding bodies, UFC (University Funding Council and PCFC (Polytechnic and College Funding Council) would require new approaches on funding, especially on the funding of research which should be based on assessment of quality.
Late 1987: The university's 1987-1988 balance presented a deficit of about half million pounds which was financed by the university's general reserves with a reduction on the reserves from about 1m to 400,000.
First half of 1988: The chairman of the University Council as well as the deputy Vice-Chancellor were informed, by the head of the financial office, that an increasing deficit during the second half of the previous year and first months of the year were putting at risk the existing reserves. Under this situation the University would spend all its reserves by Christmas and from there onwards it would be operating on borrowing money.
Early June 1988: The chairman of Council concerned with the financial situation proposed a series of meetings with the University Chancellor (a prominent businessman) and the deputy Vice-Chancellor, to evaluate the situation and to identify a solution. In these meetings the Chancellor made clear that the University should try all the necessary alternatives except borrowing from banks. His opinion, as a businessman, was that when a business in trouble borrows money their problems of recovery become progressively more difficult, because in addition to making enough money to build up some reserves they also have to make even more money to pay off the money accumulated debt.

He agreed to help the university to find a solution but under some conditions: no borrowing and heavy cuts in expenses. These meetings were totally controlled by the Chancellor who did not just define where the cuts should be, but also specified the main strategies for recovery. Among others, it was agreed that he, the Chancellor, would have a joint meeting with all Deans, head of Departments and Professors to present the critical situation and to discuss the strategies to be adopted. The recovery programme included the suppression of about forty academic posts, where possible making agreements for early retirement, and the immediate suspension of any extra expenses.

But the main proposal was the inclusion of changes in the university's resource allocation formula. The traditional historical-based formula should be replaced by a new formula based on the assessment of each department's research and teaching performance. A high committee formed by all Pro Vice-Chancellors and Deans should be responsible for the development of a formula that should be ready before the authorization of the next budget.

June 1988: The Chancellor had a meeting with all professors, heads of department, deans and Pro Vice-Chancellor giving a full picture of the financial crisis and of the proposed solutions.
From July 1988 till January 1989: The special committee began a series of meetings where an "assessment index" developed by the university's Research Committee was refined into a teaching and a research index.
January 1989: After extensive simulations prepared by the planning officer, the Special committee concluded, without full agreement, the indexes and the new resource allocation formula, assuming that they were at least good enough for the following financial year.
February 1989: The deputy Vice-Chancellor proposed at Senate the adoption of the Research and Teaching Indexes as a measure of departmental performance, and that Senate should suggest them as bases for resource allocation. At this meeting the Dean of Social Science, who as a member of the Special committee was the key figure against the way both indexes were calculated, expressed his opposition and proposed that the indexes should be used only as guidance, not as bases for resource allocation. His arguments were based on the fact that different sciences should have different criteria for performance assessment.
After long discussions the members of Senate decided to accept both indexes with small changes, but also to create a follow-up committee which should be responsible for improvements on the indexes based on the Dean of Social Science's arguments.  
1989: The recovery programme began immediately after the meeting with the Chancellor, with the university making several agreements for early retirement. All capital expenditure and some less critical reparation contracts were cancelled, and all residence, cleaning and security costs were reduced to a minimum. 

Based on information supplied by each department, the planning office calculated the indexes and in the first year it was used as reference for small adjustments on the resource allocation formula, which was mainly based on historical costs. The Review Committee met annually to evaluate the results of the indexes and to propose some adjustments. 

English Case E9

Decision: Disposal of assets

Organization characteristics:
Main Activity: Building Contractor
Size: 3,250 employees
Turnover: 136 million
Capital Ownership: Public with family control
Status: Independent

Sequence of events:
1986: After taking over as chief executive, the son of the chairman and main shareholder, influenced by the idea that "concentration in the core business is a strength" proposed the closure of a railway engineering subsidiary. Making a presentation to the board and using several justifications (problems with several contracts, need to concentrate on the core business, difficulties with British Rail, discontinuity of contracts, etc) he argued that it was necessary to sell the rail division before it put at risk the group's stability. Most board members, including his father, strongly disagreed, with the argument that with the Channel Tunnel this area of activity would be intensified.

This meeting was followed by two months of conversations about this subject in and outside meetings, especially in executive meetings and between the chief executive and the chairman. After several arguments the chief executive was able to convince the chairman and the financial director of the real necessity to sell this division.

The subject was on the agenda of all board meetings during the following six months, with most board members trying to delay a decision and asking for more information and more evaluations.

The chief executive and the financial director then decided to bring their merchant bank and broker to the discussion. The bank was asked to write a marketing report about the rail sector and to give a presentation of their opinion in this matter in a board meeting.

Middle 1987: After lengthy discussion and strong opposition, especially from the older directors (most of them part of the board who made the decision to open a rail division in the early 1970s) the board finally approved the intention to sell all rail engineering companies. It was decided that the chief executive together with the financial director and the bank would search for offers for the business and bring those offers to the board. It was also decided that the bank would write a prospect of the division, establishing its value and evaluating its assets.

Winter 1987: The bank wrote the sale prospect and it was sent to several potential buyers in the United Kingdom and France, the choice of which companies to send the prospect to was made by the chief executive and the bank. Some companies sent requests for more information, but no one had shown real interest.

After more than six months a large company in the sector sent a proposal to the bank saying that they were ready to buy the company's assets but not the business, and their price was slightly below the bank's initial request. Their offer was based on the general knowledge that the division was not profitable. This offer was taken to the board, which took quite a while to accept it (two full board meetings evaluating the offer). The reasons for this delay were related to the Channel Tunnel Project: some board members argued that it could be a good opportunity to expand the business rather than selling it. However the uncertainty about that was too high to be accepted.
About the same time British Steel’s managing director sent a letter to the chairman informing them that they were interested in buying the whole rail business under the conditions proposed by the bank, but they were in the middle of the privatisation process that would necessitate some delay in this kind of investment. The board was again called to discuss this matter, but at this time every member agreed that it could turn to nowhere because the new shareholders of British Steel could not agree with the MD’s plans. To put some pressure on the process the potential buyer informed them that they would not go to an auction over the price and that they needed an immediate decision. Under these circumstances the board finally decided on the disposal of the division’s assets. The Bank was then responsible for following up the formal procedures and to finalize the sale. The board also decided that an announcement should be sent to the city and main shareholders justifying the decision.

**English Case E10**

**Decision:** Reorganization

**Organization characteristics:**
- **Main Activity:** Paint Industry
- **Size:** 1,740 employees
- **Turnover:** 80 million
- **Capital Ownership:** Public with family control
- **Status:** Independent

**Sequence of events:**
Following a merger in 1985 (Case 12) the company was managed by the former managing director of the merged company and by its financial director. The chairman and main shareholder decided to stay away from the company for at least six months on a long holiday. When he returned at the beginning of 1986 he found that many wrong decisions had been made and that the company although still showing profits, was not in good financial health, with some rumours that the financial director had been manipulating the accounts.

Early 1987: The chairman asked an independent auditing firm, with the chief executive’s knowledge, to prepare a report on the company’s performance and to propose a corporate plan.

After one month they presented a report which highlighted the need for reorganization and a change in the top group. This report also suggested that there were some indication of mismanagement by the chief executive and the financial director, who should be fired.

By this time the financial problems had increased with the company borrowing from several banks committing their assets to guarantee these loans. Politically there was chaos, with no one making plans, just short term decisions. In a “difficult” board meeting the chairman presented some parts of the advisers’ report and proposed the dismissal of the financial director. Because he did not have anyone to replace the chief executive he kept him, but decided to contract a new managing director to assume part of the chief executive’s responsibilities, and a new financial director to take over shortly afterwards.

October 1987: The chairman and the managing director began private conversations about the problems of the company, and the managing director was asked to prepare a plan for a total reorganization of the group. The proposed reorganization plan was considered classical but radical, involving the rationalization of all units and total reorganization and concentration of the core activity. The plan was immediately approved by the chairman, who also decided to fire the chief executive.

"February twelfth was the day when I had blood on my carpet, I dismissed both the chief executive and the financial director", said the chairman. The managing director took over as group chief executive.

February 1988: The chairman made a presentation of the plan to the banks, who gave full support to the plan, accepting the reduction of some guarantees on assets and allowing the company to dispose of them.

March 1988: The chairman presented the plan to the shareholders, who received it with a certain level of non-confidence. The share value took a deep fall with the announcement, yet all their four brokers, in direct contact with the chairman, gave them full support.

The plan was implemented following a restricted timetable, beginning with the disposal of some factories. The new chief executive was in charge of the whole process, with the participation of the group’s senior accountant who became financial director. The prices of all divisions that were going to be disposed of were agreed with the chairman as well as the conditions for disposal. All decisions of what, how and for how much was made by the chief executive, with consultation to the chairman.
After 18 months of intensive negotiations, all proposed factories and businesses were sold or disposed of, all joint ventures were cancelled and the group was "reduced" to its core business. By the time of the interviews: The reorganization plan had been concluded with the company showing greater stability and the prices of the shares going up.

**English Case E11**

**Decision:** Budget

**Organization characteristics:**
Main Activity: University  
Size: 430 full time equivalent academic staff  
Status: Public University

**Sequence of events:**
The budget process begins every year after the conclusion and audit of the University Consolidate Account. The senior financial officer and an assistant prepare the budget through formal accounting procedures. The first steps (even before knowing the amount of grants that they will receive) are to prepare a budget based on historical costs. By March with the grants already defined, the process of formal consultation with the Vice Chancellor, PVCs and planning officers begins. For the 1990-1991 budget the deputy Vice-Chancellor coordinated this consultation process, justified by the fact that the Vice-Chancellor was new at the university. This consultation was done in an informal way with the deputy Vice-Chancellor trying to include in the budget all possible compromises or changes in staff or even changes in the number of students. During this time all minutes from senate and council are analysed to see if any relevant decision could affect the budget. Because the budget is 75% based on staff salaries, little change in terms of values can be made. At a second stage of the consultation process the financial officer consulted all heads of departments, but little was added to what was already outlined in the predictions of costs. According to the financial officer "although they spent some time telephoning and contacting people nothing significant was changed, all major changes came from the previous years senate’s decisions."

After consolidation (April) the financial officer added to the total costs a factor of correction for inflation. This factor corrected wages and salaries, and because of the level of inflation in the previous year the financial officer consulted some colleagues to know which factor they were using. To give a better picture the deputy Vice Chancellor decided on the calculation with two factors an optimist one, based on the indexes adopted by the UFC, and a pessimist one, based on the financial officer’s consultations.  

May 1990: The budget was presented by the financial officer to the committee responsible for its evaluation. At this meeting there were some discussions on certain specific aspects (especially income), slight modifications were introduced but the budget was approved. According to the participants, this committee has no power to authorize the budget, but their evaluation is seen as an informal approval.

June 1990: The budget that was already sent to the UFC was rubber-stamped by the Council.

**English Case E12**

**Decision:** Going Public

**Organization characteristics:**
Main Activity: Paint Industry  
Size: 1,740 employees  
Turnover: 80 million  
Capital Ownership: Public with family control  
Status: Independent

**Sequence of events:**
1983: The chief executive’s wife died, and with her death he became worried about his future and about his own life. He did not expect to live many more years, and thought about selling his company and to retire.  
1984: Because of problems of taxation over his personal assets (mostly related to his company), and because of financial problems in the company the idea of selling it or at least part of its shares came to light again.
Consulting an independent adviser the chief executive was informed about the possibility of going public, with the chief executive being able to keep some shares but making some money out of this transaction and being free of the operational activities. However, the financial market was in a depressed state and the adviser suggested that they should wait until better times to make the transaction.

Late 1985: An old established public company with serious liquidity problems was looking for a wealthy partner willing to inject liquid assets into the company. The company's brokers were contacting people who could be potentially interested in acquiring large amounts of new shares from the company.

The chief executive of company E12 was among those people contacted by the brokers. Knowing about his interest in going public, a broker related to his adviser telephoned him offering a deal. The chief executive, knowing about the company's financial problems, refused the offer arguing that he was not interested in buying a looser. But the broker argued that the looser was one division of the company which was already being sold to a German company. Reconsidering the chief executive said that he would be interest in receiving more information about the proposal. A meeting was arranged for the following week, but the chief executive had already made up his mind that this could be the opportunity he was waiting for.

The adviser and a merchant bank was contracted to help in the deal. An independent audit firm was asked to review the company's accounts, but because of its public nature the chief executive asked for an extensive study of its performance and assets: this process took about eight months. As the chief executive later affirmed, because he had made up his mind about the investment, he was naive to believe in the merchant bank and in the audit firm. The study they did was superficial and failed to identify the serious financial and operational problems of the company. A price was agreed with the merchant bank, but a fine adjustment was made during a meeting between the chief executive and the board members of the public company. It was agreed that his company would reverse into the established public company. He would become the company's chairman (and main shareholder) with the former chairman retiring from the company. It was also agreed that the public company's senior executives, including the chief executive, would be maintained in their positions, and that they should promote a reorganization of both companies after the merger. After eight months of negotiations and legal formalities they signed a contract. At the moment of the signature of the contract a senior executive from the Merchant Bank came and told the chief executive that he thought this was not a good deal, "but it was too late" regretted the chief executive. (Case E10 is a continuation of this decision.)

**English Case E13**

**Decision:** Take over a company in Continental Europe

**Organization characteristics:**
- **Main Activity:** Packaging and Toy Industry
- **Size:** 4,200 employees
- **Turnover:** 238 million
- **Capital Ownership:** Public
- **Status:** Independent

**Sequence of events:**
Before 1988: A large American company bought a Dutch multinational company, but after few years of operation in Belgium and the Netherlands they decided to sell the business. The European senior managers then decided to buy the company themselves, but because they did not have enough resources they decided to coordinate the selling. A merchant bank was contracted to find potential buyers. Their idea was to be connected to a strong European company with experience in the printing business.

July 1988: The bank contacted the organization's chief executive offering the Dutch company for a good price. The idea of having a European subsidiary had already been discussed in different meetings (executive and board meetings), although it had never been a topic of any agenda. The idea was that the company could expand in the European institutional market with their most successful products, or in the European consumers market with their plastic and paper packaging. The chief executive discussed the proposal with his senior colleagues (mainly financial director and operation director) who agreed that they should at least have more information about the company. Meanwhile the chief executive would include the idea of investing in continental Europe on the agenda of the next board meeting.

At the board meeting he talked in general about the proposal and the opportunity to acquire (for the first time) a European (non-British) company. The board agreed that they should at least evaluate the
proposal and it was decided to send some representatives to visit the company's headquarters in Rotterdam and Brussels. It was also decided that the financial director and the operation directors should prepare a report on the company's financial, operational and managerial performance, capabilities and potentialities. October 1988: The two executives, after examining the information supplied by the Dutch and Belgian managers and by the merchant bank, and after a long visit to the company's sites, prepared an enthusiastic report, but suggesting a price lower than the one asked by the bank. In their report the only potential problem was that the machines were old fashioned and an investment in new machinery should be taken into consideration. Everything else in the report was positive. The company was seen as a stable company with an experienced managerial team.

November 1988: This report was discussed in a board meeting, at this time one non-executive director, with experience of working in Belgium, discussed the potential problems with labour and legal aspects. The board decided that more information should be collected about this with the chief executive being asked to prepare another report on these matters.

January 1989: A well-known Belgian lawyer and an independent auditing firm were contracted to give advice about these aspects. They wrote a portfolio of legal aspects and labour structure in both countries.

May 1989: In a meeting the board accepted the chief executive’s reports and authorized the negotiation with the Dutch company and with their merchant bank. The value of the investment could be agreed between the chief executive and the Dutch managers.

June 1989: The chief executive and the financial director began negotiations with the company’s senior managers and their merchant bank. The major point of discussion was the price, since the value proposed by E13 was lower than the one asked by the company. The chief executive argued that because of the costs of equipping the Dutch factories his board would not accept a higher price and his proposal was the maximum that they were willing to pay. The merchant bank and the Dutch managers, without much room for negotiation, accepted the proposed price.

After the agreement the chief executive passed the formal procedures to their legal department and merchant bank, with the company’s operational director taking over the responsibility of implementing all necessary technical changes in the new subsidiary.

English Case E14

Decision: Move to American market

Organization characteristics:
Main Activity: Transport
Size: 1,600 employees
Turnover: 291 million
Capital Ownership: Public with family control
Status: Independent

Sequence of events:
1979: Change in chairmanship. The new chairman, former MD and brother of the retired chairman, was the eldest member of the family who controlled most of the company’s shares. For a long time he had been a champion of the idea that the only way to avoid the consequences of fluctuations in the British economy was to expand to other markets abroad.

In his first board meeting as chairman he proposed the idea of a study of several markets [countries] to identify one where they could invest. The first reaction of some board members was negative, especially representatives of a large institutional shareholder who had a seat on the board as non-executive director and who knew about the unsuccessful experiences of the organization he represented in some overseas’ countries. Their opinion was that the size and structure of the company was not big enough to sustain an overseas investment. However, the chairman’s arguments were strong; the company, which already controlled the majority of the British market, had just two options for growth: to diversify, or to move to a new market. Diversification was not seen in a good light since the company had a history of unsuccessful diversifications and had quite recently disposed of all non-core business. In favour of the idea of moving to an overseas market was the instability of the British economy with high inflation and a strong pound. The high inflation was putting at risk the company’s margins, and the strong pound was affecting the cost of imported raw material and products. On the other hand, a strong pound could represent an
economy in overseas investments. After lengthy discussions the board accepted the idea in principle and authorized an appraisal of different markets [countries].

First half 1980: The survey done by the financial director, under the guidance of the chairman, suggested that the company should invest in a country with the equivalent market structure, similar legislation and the same language and South Africa and the USA were indicated as the best options. The chairman added his own suggestions for an investment in America because of the potential size of the market and because most suppliers in the USA would be the same ones they had in Britain.

By this time, the chairman had joined an American chemical association and started to make contact with executives from similar companies and potential customers in this country.

Second half 1980: Again the representatives of the same institutional shareholder opposed the proposal. Their experience in America had not been very successful and his organization would, if necessary, sell their participation in the company if this investment went ahead. The board decided that they should have more information about the two markets and about the main competitor in each country.

An American audit firm was contracted to supply as much information as possible about the market and about each one of the main businesses in the sector.

First half 1981: The chairman, the financial director and a representative from the audit firm made a presentation to the board of the American market and the main companies in the sector. The representative from the institutional shareholder did not change his position, but the other board members had already made up their minds about the investment. The solution for this impasse came from the representatives of another (larger) institutional shareholder. They defined the conditions for the investment: for example all investments should have full agreement from the board; a second investment should only happen after the certainty of return of the first investment; possible acquisitions should be evaluated by independent auditors; etc. The board, apart from the representatives of one institutional shareholder, agreed with these conditions. The opposing institutional shareholder sold his participation in the company soon afterwards.

Second half 1981: An American consultant did an extensive survey on the American market suggesting the best location for the investment, and a preliminary list of eight potentially good companies was prepared. From this previous list, and based on the information from the audit firm, the chairman selected six potential companies. The financial director, together with a representative from the audit firm, began a process of contacting the chief executives of those companies inquiring about any interest of selling their businesses [all companies were privately owned firms]. From these first contacts three of the six companies had shown some interest. The audit firm was then asked to do a full assessment of each company's financial and marketing health. This assessment was presented to the board with a scale of fitness. The board approved the beginning of the negotiations for a takeover of the company listed as the best in the list.

1982: The negotiations under the responsibility of the chairman concluded in July with the acquisition of 80% of the capital of the American company with an agreement to acquire the outstanding 20% in four years. To give support to the new American subsidiary, the board suggested the creation of an overseas division under direct responsibility of the chairman.

By the time of the interviews: The group controlled seven companies in the USA which were responsible for more than 50% of the company's turnover and 40% of the company's profits.

English Case E15

Decision: New line of service

Organization characteristics:
Main Activity: Building Society
Size: 3,450 employees
Interest Receivable: 380 million
Capital Ownership: Cooperative
Status: Independent

Sequence of events
Before 1986: Building Societies were not allowed to have unsecured loans
First half 1986: Building Societies Act with total change in the way they were controlled and in what they could and could not do. After a failed attempt to merge the society with a larger society in the same region.
the managers saw themselves as late, in comparison to other societies, in the process of adapting to the new legislation.

August 1986 The marketing general manager, in contact with a local consultancy firm, agreed to use their services to evaluate which new services the society should introduce first. This idea went as a proposal to the board, which accepted the idea, and the need to contract a consultancy firm to accelerate the process. The consultants were contracted with the agreement that the study should be done in a maximum of three months and with the participation of representatives from the planning, product, and marketing departments.

November 1986: A final report was presented to the board with ten suggestions. Among them were three essential ones: unsecured loans included, the document did not specify how each product should be developed and launched, only their nature, margins, and costs. After long discussions the board approved the new products in principle, with the compromise of further discussions after the detailed development of the methods and identification of resources suppliers. It was also agreed that the society would not compromise its own resources on unsecured loans but they should use institutional suppliers.

November 1986: The marketing general manager appointed three marketing managers to coordinate the studies and preparation of the new products. A former employee of the consultancy firm was contracted as marketing manager and chairman of the committee responsible for the studies related to unsecured loans. The idea was to shop around to find the best supplier. All financial suppliers in the UK were contacted and the subject was discussed based on the individuals experience with similar processes. It was expected to find a supplier and to sign a contract before June or July to start selling the product before the next seasonal car-buying period (July-August).

April 1987: Three of the twelve suppliers first contacted were selected to present a proposal. The chairman of the committee, who had become the company’s marketing general manager (the former general manager was now the society’s new chief executive), presented the three proposals at the Policy Meeting (Executive Meeting) and at the Board. The Board once again discussed not just the proposals but also the product itself.

Late April 1987: Despite some disagreements, the Board selected one supplier and agreed the conditions for the contract.

May 1987: After the approval the marketing division and a legal adviser carried on with the formal procedures for the signature of the contract that was signed later in the same month.

June 1987: The representatives from the marketing division made a presentation of the product to all branch managers who would be trained by the supplier. Later in the month the product was launched on the market, followed by an advertising campaign in the local media.

English Case E16

Decision: Diversification

Organization characteristics:
Main Activity: Construction
Size: 1,300 employees
Turnover: 140 million
Capital Ownership: Public with family control
Status: Independent

Sequence of events:
1984: After going public the company went through a reorganization process with a new director (former auditor) taking over the financial department. Because of the injection of capital as a consequence of the new share issue, the top managers and board members started to discuss what to do with the group’s liquid assets and reserves. The financial director was appointed to prepare a proposal and he came up with the idea of strengthening the group’s core businesses and to open new options of businesses to avoid market instability.

During a period of about six months the top managers, the chief executive, who was also the group’s chairman and a major shareholder, the managing director, the chief executive’s brother, and the financial director, evaluated and expanded this proposal preparing a formal plan for what they called the group’s "organic growth".
This plan was approved by all top managers and later presented to the board where it was evaluated. At the board some members of the family and former executives expressed their concern at seeing the company moving away from the activity where it had for a long time, been very successful. These comments did not change the plan, and according to the group's MD "they rather they motivated the executives to make it right".

After some adjustments proposed by the same board members the plan was authorized, with the financial director being appointed responsible for the implementation, i.e., identification of companies to be acquired.

1985: The first acquisitions were arranged to be in the core business and distributed on a geographical basis. Because of some board members' concern, the three senior managers decided to look for a company in the same sector, but located in the south. They contacted merchant banks and executives whom they believed would be interested in selling their businesses. When their merchant bank appointed a private company in the area they had selected, the financial director contacted their chief executive and enquired about their interest in selling his company. This first attempt was successful, with the financial director collecting information about the company and proposing a price. After some negotiation the price was agreed and the business became their first subsidiary outside Yorkshire.

By the time of the interview: The group continued to search for companies. On several occasions they used Merchant Banks to identify and to negotiate the deals. In the space of four years (1987-1990) the group acquired 16 companies, spreading their businesses to four divisions and presenting a growth of about 500% in their turnover since 1986, with a correspondent growth of about 800% in their profits in the same period.

**English Case E17**

**Decision: To close a division**

**Organization characteristics:**
Main Activity: Textile  
Size: 4,800 employees  
Turnover: 231 million  
Capital Ownership: Public  
Status: Independent

**Sequence of events:**
From 1979 till 1983: Several years of continuous problems in the yarn division, especially in an Irish spinning subsidiary. These problems were caused by different reasons: one year they were related to foreign exchange, another to market restraints, another to an increase in internal productivity with consequent reduction in the market price. In 1981, following the group's managerial renovation, most of the division's senior managers were changed. In the first year, despite an increase of 55% in turnover, the profitability remained quite low. This was followed by a fall in the international price but an improvement in the market. In the company this was followed by some expectation of recovery. Meanwhile, the holding company, in an attempt to improve efficiency, decided to close three factories and invested in the division. New equipment would allow them to change their final product from ordinary yarn to more specific woollen carpet yarn (mainly to supply other companies in the group).

1983: The Irish subsidiary was adversely affected by a general lack of confidence in the economy and higher wool prices in the fourth quarter, whilst a shortage of engineering sales resulted in heavy losses. There was some positive expectation that these problems would be overcome in the following year.

1984: It was another difficult year, with all attempts to improve sales and profits being unsuccessful because of the difficult market environment (strong competition and low prices).

1985: Another year of some increase in sales but of low profitability. According to the chairman's report to the board, "the immediate prospects were clouded by threatened reduction in car production upon which the company depended for much of its turnover".

March 1986: At the annual board meeting, specifically held to evaluate financial performance overall concern was registered with the Irish subsidiary's 264,000 loss in the previous financial year.

Following this meeting the Group's MD (former Group's financial director) asked the subsidiary's managing director to prepare a detailed study of the market and of the possible scenarios for the current year.
May 1986: At a special meeting with the Group’s MD, the members of the subsidiary’s executive board (MD, financial director, sales manager and production director) presented the results of their study. One of their most important conclusions was that wool spinning was a weak and collapsing market. At this meeting it was decided that the subsidiary’s senior managers should include in their annual plan a clear strategy of how the company would cope with these circumstances. This plan was later sent to the holding company for evaluation.

From May to August 1986: The Group’s MD, the chairman and the deputy chairman had several meetings and toing and froing discussing what they should do with the subsidiary. Firstly, they asked the holding’s marketing department to prepare a market prospect for spinning products. Secondly, they carefully examined the financial information supplied by the Group’s Information System, and by the subsidiary. From these analyses they came to the conclusion that “it was not the local managers fault, spinning was ‘really’ a disappearing market”. Immediately after that they came to the decision that the solution was to close the company and dispose of its assets, although this would represent some immediate closure costs they could not postpone it any longer. This decision was formally presented to the board in August and it was rubber-stamped.

September 1986: After the decision was taken, the Group’s MD immediately informed the local MD and requested a meeting with all senior managers for the following week. During this meeting the Group’s MD explained why they came to this decision and tried to define some general aspects of how the closure should be implemented. It was agreed that the local MD should be responsible for implementation and that those who were interested could be transferred, wherever possible, to the other companies at the group.

August to December 1986: The senior managers informed all employees, suppliers and customers about the closure. The Group’s personnel manager defined and selected the employees and managers who could move to other companies. The process of transference was concluded in December when the factory was closed down.

January-February 1987: The machinery, sites and raw material were sold. With an overall closure loss of about 2m including compensation, this figure was reduced to less than 300,000 as a consequence of the extra gain on debts and assets negotiations.

English Case E18

Decision: Acquisition of new technology

Organization characteristics:
Main Activity: Textile
Size: 608 employees
Turnover: 29 million
Capital Ownership: Public with family control
Status: Independent

Sequence of events:
Till 1986: The company was in a technological routine with no major investment in equipment. The idea of investment in new technologies to be applied into the textile production process found the company with low cash available for investments. References were made during executive meetings that all divisions needed quick investment in new equipment, but everyone knew that the whole process had to be delayed to wait for the availability of funds.

1987-1988: The chairman (also chief executive and main shareholder) decided to enhance the group’s capital by issuing new shares. A negotiation was already in progress with a French wool supplier to sell them all the new shares.

Early 1988: The worsted production director stressed, during an executive meeting, the necessity of making at least a small investment in new machines for one specific product (Note: during the interviews the chairman and the production director said that it was a secret and they could not mention the product, they called it product X). The chairman refused to talk about this, arguing that he did not see any need for this investment, and it could wait till the agreement with the French company was concluded.

Early 1989: As the worsted production director had predicted, the company was monopolizing the market for product X, because of financial problems with the competitors. Together with the group’s marketing and sales manager he wrote a report about the seriousness of this fact, emphasising the immediate need for an investment to improvement the production allowing the company to respond to all customers’ needs.
With this report in hand, the chairman consulted some of his senior managers and advisers. He then decided to initiate an "IDR" or "Investment Decision Routine", as defined by the company's "book of procedures". This implied following a predetermined sequence of events, basically: a) the chairman and the Group's financial director prepare a decision proposal, in reality a financial evaluation of the proposed investment; b) this proposal is sent to the board for approval; c) two committees are appointed, a steering committee, composed of the chairman and other board members, with the objective of making sure that the process goes steadily through all its phases, and an implementation committee composed of senior managers technically able to prepare a study on the decision; and finally, d) the board evaluates, and if they agree with the proposal they authorize the investment.

In this case, because of the need to gain time, the financial proposal was part of the implementation committee's job, with the process moving direct to phase "c" with the appointment of the two committees. The chairman and one non-executive director would be the members of this committee, with the group's MD, the worsted production director, the financial director and one technical manager composing the implementation committee.

The implementation committee immediately contacted the companies which the production director knew would be able to supply the necessary technology and machinery. With this information the committee prepared an investment proposal, "a committee's report" suggesting not just the better potential supplier, but also presenting technical details and financial evaluations. This proposal was presented to the chairman by some members of the committee. He immediately agreed with what was proposed, by-passing the board, appointing the production director to proceed with the implementation as quickly as possible.

Two weeks after the decision was made the chairman presented to the board all documentation that he used to make the decision, which involved a considerable amount of resources (about 15% of the group's annual turnover, or about three times their last annual profit). The board accepted the decision.

By the time of the interview: The decision had been fully implemented and the company was in a process of renovation of most equipment in all divisions.

English Case E19

Decision: Budget

Organization characteristics:
Main Activity: University
Size: 1,050 full time equivalent academic staff
Status: Public University

Sequence of events:
February 1990: The bursar and his deputy start conversations about the possible levels of inflation and began consultation with the Academic planning officer about variations in the volume of staff. About the same time, the deputy bursar began the process of contacting senior colleagues from other universities (bursars, financial officers, chief accountants) to talk about their expectations for the increase in staff salaries during the next financial year. Meanwhile the senior accounts manager and his staff prepared the first draft of the budget based on historical costs and taking into consideration the adjustments on salaries forecasted by the bursar and his deputy.

Late February 1990: The university received the total income that would be allocated from the UFC. At this moment the bursar, deputy bursar and senior accountant realised that the budget would present a deficit. The bursar immediately went to talk about that with the Vice-Chancellor who after reviewing some figures agreed with the bursar that the deficit was real and should be covered by reserves.

March 1990: After a period of continuous operational (formal) work by the accounts staff, under the responsibility of the deputy bursar and the senior accounts manager with consultations to the bursar, the formal budget document, or annual financial proposal as it was sometimes called, was concluded.

Late March: The "Annual Financial Prospects" was presented by the bursar at the Resource and Planning Committee. The prospect of deficit caused some discussion at this committee, after some meetings the committee decided that the budget should be reviewed to make some expense cuts on building maintenance.

June: Back to the accounts staff, and under the responsibility of the deputy bursar and senior accounts manager, the budget was reviewed as decided. The final budget document was then evaluated and approved by the bursar.
Later June: The budget was presented by the bursar at the council meeting and "formally" approved (rubber stamp) with concern.
From August: The budget which was validated from August to the following July, was monitored by the senior accounts manager who sent a monthly report to the bursar about the occurrence of variations.

English Case E20

Decision: Acquisition of new headquarters

Organization characteristics:
Main Activity: Retailer
Size: 3,500 employees
Turnover: US$ 
Capital Ownership: Cooperative
Status: Independent

Sequence of events:
Before 1986: There were continuous problems at the cooperative central office, located in an old warehouse in the city centre. The society's chief executive and president had, on several occasions, talked about these problems, but nothing had really been done, except for some references made with some estate agents who had been involved in the acquisition of shops.
Early 1986: A representative of a small council, who was informed by an estate agent about the cooperative's interest in moving their central office contacted the chief executive. He was offering a new building owned by the council, which for internal reasons decided to sell it before the construction was completed. The council was offering the site at a very good price and was looking for a small to medium size company to buy it to be used as offices.

The chief executive, after consultation with the president, decided to contract an estate agent to evaluate the site, and for an architecture firm to propose a project for the building completion and some modifications to adjust to the cooperative's needs. He wanted to have a general idea of the level of investments necessary before presenting the idea to the board.

During the next board meeting (monthly meeting) he told some board members about the negotiation that was going on but did not include it as a topic on the agenda. Some executive directors did not agree with the idea; for them this would deviate important resources from the operational activity. But most non-executive members agreed that the cooperative should have better headquarters located in a better area and in better conditions.

Three months later: With all costs in hand the chief executive together with the president prepared an investment proposal, including the acquisition of the building, its completion and decoration. Because of its size the building would concentrate, in the same place, all administrative and even some of the operational departments, especially the garage for the funeral division and part of the food division warehouse. This would mean a significative reduction in the cost of rents paid by the cooperative.

The board approved the proposition by a majority, but limited the investment to less than 1.0m appointing the chief executive as responsible for negotiating a lower price with the council.

Following this authorization the chief executive and the president had a meeting with the representative from the council and making an offer with a lower price alleging, the need for more investments to complete the construction and to adapt the building for their needs. The representative from the council, after some negotiation, agreed with an intermediate proposal, but had to take the matter to be approved at the Council.

Two months later: After a long delay, waiting for a decision from the council, the chief executive was informed that the Council members had agreed with the proposal. He immediately contacted their bank and prepared the arrangement for a mortgage to pay for the acquisition and construction.

One month later: The contract was signed by the Council representative and by the cooperative's president and chief executive. The building contractors carried on with the construction under the supervision of the chief executive and a manager from the engineering division.
APPENDIX F

PATTERNS OF INFLUENCE IN FAVOUR OF THE DECISION

Even Slope

Broken Slope

Bottom Semi-Zed

Top Semi-Zed

continued
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