

# 1 Introduction

As German organisations expand their businesses into China, the potential risks associated with a lack of fit in management styles among International Joint Venture (IJV) partner-firms have become increasingly obvious to academic researchers, human resource professionals and partner-firm managers themselves.

The general consensus among researchers and practitioners is that cultural differences in management styles are a major deterrent to the success of IJVs. Limited research has been undertaken to specifically examine and identify how partner-firm managers can overcome this barrier in Sino-German IJVs.

This chapter demonstrates the relevance of this topic in the field of cross-cultural management, and highlights a number of measures that facilitate a fit in key management styles between partner-firm managers. Further, it is argued that very few research initiatives have been conducted to obtain specific insights into the challenges that partner-firm managers encounter in Sino-German IJVs, or to determine how these challenges can be met.

The examination of IJV management styles, undertaken by this study, is confined to the Lufthansa Group's IJVs in China. The results of the research are expected to help Lufthansa's IJV partner-firm managers in China, and a generalisation applicable

to all IJVs is not intended. However, some of the results may be useful for (German-Chinese) IJVs in the broader spectrum.

A brief introduction to, and presentation of participating Lufthansa IJVs is followed by a statement of the key objectives of this study, and an introduction and explanation of the overall structure and organisation of this thesis.

## **1.1 The Dynamics of International Joint Ventures in China**

Several researchers have observed the trend that IJVs dominate the business environment in lesser developed countries like China and India (Beamish, 1993; Beamish and Inkpen 1995; Demirbag, Mirza & Weir, 1993). This development in emerging markets has encouraged Chinese authorities to favour IJVs as the preferred form of foreign investment, as they provide the opportunity for the transfer of advanced technology and management skills to the Chinese economy.

Foreign companies have a particular interest in China as it gives them access to the large Chinese market and to potentially low production costs (Davies, 1994). Consequently, almost all the Fortune 500 companies have businesses in China, while many other organisations have either invested, or are in the process of doing so. IJVs are critical to both the Chinese economy and foreign investors, and it follows that the study of management styles across cultures, in the Chinese context, is worthy of

investigation by management researchers. Despite their apparent advantages, IJVs in China are not always successful, and parent companies are often dissatisfied with their performance (Beamish, 1993). It is also interesting to note that poor financial performance is often attributed to issues relating to fit in management styles (Hans and Xu, 1995).

Previous research has investigated various aspects of IJVs in China - their role, the relevant legislation, their strategic planning, their financial planning and their organisation (Fey, 1994; Chi and McGuire, 1996; Mitchell and Singh, 1996; Harrigan, 1986; Janger, 1980; Killing, 1983). However, an area largely ignored by researchers is the one dealing with issues relating to a fit in management styles faced by IJV partner-firm managers in China.

A progressive increase in the flow of direct foreign investment between nations and economic regions (Kann and Heidrich, 1999; Doerrenbaecher and Wortmann, 2000; Kann and Heidrich, 2000), throws up the challenge of ensuring the long-term success of IJVs through an appropriate fit of management styles between partner-firm managers.

Edstroem and Galbraith (1977a), commenting on the prevailing reasons for sending expatriate home-office managers on international assignments, identify three distinct objectives: (a) to compensate for the lack of skilled managers in the host country, (b) to give prospective candidates for senior positions an opportunity to

demonstrate cross-cultural management potential, and (c) to develop and strengthen social networks within a corporation or group of companies.

Two recent studies (Scullion, 1991; Harzing, 2001a) on the staffing practices of multinational firms and organisations, have revealed that expatriates are frequently assigned to IJVs for the following reasons: (a) to provide a corporate perspective to local business units, (b) to control key activities, and (c) to handle important business transactions in a proficient and loyal manner.

The demand for competent IJV partner-firm managers has made the selection of candidates with effective management style across cultures a vital consideration, both interesting and important, to international human resource professionals (Macharzina and Engelhard, 1987; Tung and Miller, 1990; Kealey, 1996; Schneider and Tung, 2001).

Human resource professionals have, for a number of decades, sought to formulate suitable methodology to address the challenges associated with developing an effective management style across cultures, as this would facilitate a fit in management styles for individuals willing to relocate to other countries.

In the search for appropriate candidates, human resource managers are increasingly aware that candidates selected for IJV assignments need to demonstrate the ability to balance world-wide business integration with local market needs and

cross-cultural requirements. In particular, partner-firm managers, in order to be successful, need to adjust to the new work environment in IJVs. Kealey (1996) stresses the importance of establishing and maintaining an appropriate level of comfort when working in a foreign multi-cultural environment. He makes the point that managers in IJVs need to deal with the cultural transition, because “if one fails to become personally adjusted, it is virtually impossible to be professionally effective” (Kealey, 1996, p. 85).

Despite considerable interest in IJVs and management styles across cultures, specific research on the relevance of fit in the management styles of partner-firm managers, working for Sino-German IJVs in China, has largely not been undertaken.

Local parent firms may have various objectives for creating IJVs (see for example, Demirbag, 1994), but results obtained from a number of previous studies suggest that the inability of partner-firm managers to adjust to their new working environment has a significant impact on the overall success of the IJV (Lane and Beamish, 1990; Meschi and Roger, 1994; Geringer, 1991; Trompenaars, 1998, Robertson, 2000 and Hofstede, 2001). Little is known about the specific challenges arising from cultural influences on management styles that professionals in Sino-German IJVs have to deal with.

Given the fact that there has been limited research to specifically explore the relevance and facilitation of fit in management styles between IJV partner-firm managers in China, a more detailed investigation is clearly warranted.

The focus of this paper is threefold.

- To develop a theoretically sound framework to explore and illustrate the areas where differences between partner-firm managers exist in key management style dimensions.
- To empirically examine the relevance of fit in the various management style dimensions.
- To identify the measures that facilitate fit in management styles between partner-firm managers working for Sino-German IJVs in China.

The following section provides a brief overview of the five Lufthansa IJVs in China that participated in this study.

## **1.2 A Review of Lufthansa's IJVs in China**

The traditional industries of farming and fishing in China have given way to a high-technology production-based economy. This growth in the technology sector makes China an important market for Lufthansa and its services. In China, imports and exports volumes are almost equal, and this balance is reflected in the numbers of

in-bound and out-bound passengers. This naturally makes China an attractive market for the airline industry and in particular for the Lufthansa Group.

In order to capitalise on the upsurge in the Chinese economy, the Lufthansa Group entered into five strategic Sino-German IJVs. The section below offers a brief description of each.

### ***Aircraft Maintenance and Engineering Corp, (AMECO)***

Lufthansa's ongoing relationship with China dates back to 1926, when two Junker G24s landed in Beijing after a pioneering six-week air journey. In 1930, Eurasia, a European-Asian airmail company was set up. This was the first joint venture between China's air transport industry and Lufthansa. In 1989, Lufthansa acquired a stake in *Aircraft Maintenance and Engineering Corp, (AMECO)* in China, an IJV regarded as a model of German-Chinese partnership by both countries.

### ***Jade Cargo International Airline***

A more recent Lufthansa involvement in China was the setting-up of the all-cargo carrier *Jade Cargo International Airline*, the first carrier with foreign participation to operate in China. This IJV, founded in October 2004, is operated

jointly between Chinese carrier Shenzhen Airlines (51%) and Deutsche Investitions und Entwicklungsgesellschaft (24%). Lufthansa holds a 25% stake.

The headquarters of this new carrier is located in the southern metropolis of Shenzhen, which already boasts China's fourth biggest airport. In addition to destinations within China, the airline operates intra-Asian routings and is expanding its network to destinations beyond Asia.

### ***Jade Cargo***

In early 2005, Lufthansa considered it essential to launch a local freight forwarding company in order to leverage the Chinese and Asian freight forwarding industry. *Jade Cargo*, a comparatively smaller IJV, has the advantage of being more flexible, which is a fundamental asset in a dynamic market. This IJV's primary focus is on gaining an intimate knowledge of the marketplace and leveraging the expertise of its partner's local Chinese network.

### ***International Airport Cargo Terminal Co. Ltd. (PACTL)***

Shanghai's Pudong Airport is being positioned as the airport of the future. Not only is it a gateway for all direct connections and transfers to other destinations in

China, but flights to other Asian countries are also routed via Shanghai. This positive potential for growth impacts not only passenger transport but freight transport as well.

*Pudong International Airport Cargo Terminal Co. Ltd. (PACTL)*, a Sino-German IJV, was founded in 1999, successfully combining the knowledge of its three shareholders, the Shanghai Airport (Group) Co. Ltd. (51%), Lufthansa Cargo A.G. (29%), and, JHJ International Forwarding Co. Ltd. (20%).

This partnership plays a key role in establishing Pudong International Airport as one of China's major cargo hubs, and supports the development of infrastructure in Shanghai. PACTL opened its second warehouse facility in 2003 to meet the surging demand, as cargo tonnage volumes far exceeded the original plan.

***Shenzhen International Airport Cargo Terminal Co. Ltd. (SACTL)***

Currently, much of the international airfreight from Southern China is routed through Hong Kong. In the years to come, a greater share of that cargo will be shipped direct from the respective regions in China where the goods are produced. This development strengthens the role of Shenzhen as the emerging focal point of Lufthansa's investments in China.

Lufthansa Cargo and Shenzhen Airport Co. Ltd (SACL) formed a joint venture in May 2004 to operate an international airfreight terminal in Shenzhen, located in its fast developing Pearl River Delta region. Lufthansa's international expertise in ground handling ensures that the international cargo terminal operates to the highest technological quality and security standards. Both partners hold a 50% stake in the IJV and the terminal is a highly modern service provider for Chinese and international airlines operating to Shenzhen.

With each IJV, Lufthansa continues to reaffirm its role in the growing Chinese aviation industry, and each new IJV is a testament to the success of its co-operation with its selected partners in China. Lufthansa continues to focus on redefining the standards of efficiency and quality in the Chinese market through its professionalism, management skills and know-how. However, every new IJV adds to the growing concern on the apparent lack of fit in management styles between IJV partner-firm managers.

The subsequent section will review and discuss the research objectives pursued in this study. These objectives were developed on the basis of the gaps identified in the literature reviewed, and a preliminary analysis which indicated that a lack of fit in management styles negatively impact the performance of several Lufthansa IJVs in China.

### **1.3 Research Objectives**

The previous section validates the need to examine the relevance of fit in relation to management styles between partner-firm managers of existing Lufthansa IJVs in China. It has been further demonstrated that limited research has been undertaken to identify how fit in management styles can be facilitated between partner-firm managers.

Based on these observations, this section outlines the principle research objective of this investigation, and identifies and explains a number of related goals. In general terms, the aim of this study is to examine if fit in management styles is considered important by partner-firm managers, and whether fit can be achieved in some key management style dimensions.

Three specific steps have been identified to achieve this objective. They are: (a) the development of a theoretically sound framework to examine and illustrate the relevance of fit in management styles between partner-firm managers, (b) the development of an appropriate research design which permits the assessment of the suitability of the proposed framework, and (c) the implementation of an empirical investigation designed to examine the management style framework in Sino-German IJVs.

In order to guide the investigation, particular emphasis has been placed on *the development of a management style framework* in which the findings advanced by previous studies on management style dimensions are combined with preliminary analysis, to identify existing management style facets specific to participating Sino-German IJVs.

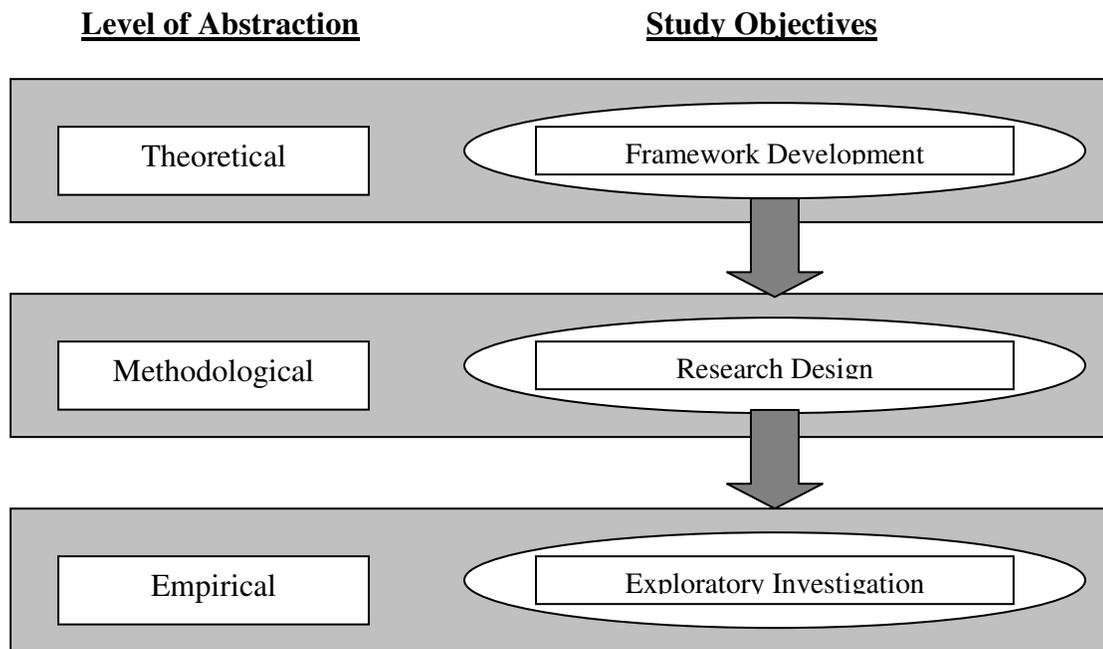
In the framework developed and presented in a subsequent chapter, various management style dimensions are examined and results are presented from two perspectives: (P1) to what degree do managers consider the various facets of management styles important for overall IJV performance, and (P2) do partner-firm managers think that Chinese and Germans have the same attitude towards these facets?

Clearly, the *development of a sound framework* will contribute towards satisfying the need for more theory-led research into the relevance and facilitation of fit in management styles between partner-firm managers.

The *development of an appropriate research design* is important in the examination of the proposed framework. Therefore, a suitable research strategy has been devised for an empirical investigation of Lufthansa's IJV partner-firm managers in China. In addition, emphasis has also been placed on the design and administration of a survey instrument and the presentation of an appropriate strategy for analysing the data collected in the field.

Finally, in order to obtain the data required, this research has focused on the *implementation of an empirical study* designed to permit the collection of data appropriate in examining the proposed management style dimensions framework. Therefore, in order to explore the proposed framework, a suitable research instrument has been developed, and a dedicated empirical investigation undertaken in the field.

During this investigation, the following research questions have been addressed and answered: (a) which management style dimensions are considered important by IJV managers, (b) do differences exist in management style dimensions, and (c) can fit in management styles be facilitated, and if so, how?



**Figure 1:** Theoretical, Methodological & Empirical Objectives

In summary, the identification and development of an appropriate framework to examine the relevance of fit in management styles between partner-firm managers is one of the key contributions of this research project (see Figure 1). Efforts have also been made to devise an appropriate research design, and to conduct an empirical investigation in the rather difficult cultural conditions that exist in China. Based on the findings, the recommendations that have been advanced can be of practical benefit in facilitating a fit in management styles, for Lufthansa's IJV partner-firm managers in China.

#### **1.4 Thesis Structure**

This thesis consists of seven chapters. *Chapter 1* is an introduction to the dynamics of international joint ventures in China, with emphasis on the relevance of the topic for partner-firm managers, business professionals and academic researchers. Recent investigations indicate a growth in the number of Sino-German IJVs, a trend that is expected to continue, yet specific studies on the relevance of fit in management styles between IJV partner-firm managers in China are not readily available. *Chapter 1* submits that while researchers largely agree that differences in management styles are key barriers to successful IJV performances, and despite much interest in the field, there is limited research examining the relevance of fit in management styles between IJV partner-firm managers in China. There is a clear need to address this gap in literature, by identifying and developing a management style dimensions

framework and conducting an exploratory investigation into the relevance of fit in management styles between German and Chinese managers working for Lufthansa's IJVs in China.

*Chapter 2* reviews relevant literature on management styles across cultures, and focuses on the general consensus from previous research that cultural differences in management styles are consistently rated as a major barrier to the success of an IJV. Limited research has been conducted to find out whether a fit in management styles among IJV partner-firm managers can be facilitated, and if so, how? This chapter explores the definition of management styles in greater detail and reviews and discusses the multiple dimensions and facets of management styles.

Having established the relevant background to Sino-German IJVs in China, and the differences in management styles between partner-firm managers, based on existing literature, *Chapter 3* presents a recommendation for a framework of management style dimensions. This model focuses on the clustering of 25 key management style facets identified in a series of open interviews conducted during a preliminary analysis.

*Chapter 4* presents a research design which incorporates instruments and procedures for an empirical investigation into the relevance of fit in management styles between Sino-German IJV partner-firm managers. Sampling considerations and data requirements are examined, and the procedures for collecting and analysing the

data, identified. Presented next is the survey instrument that was administered via email to Lufthansa's IJV partner-firm managers living and working in China. This is followed by an introduction to the analytical techniques used to assess the responses collected in order to establish the relevance of fit in relation to management styles.

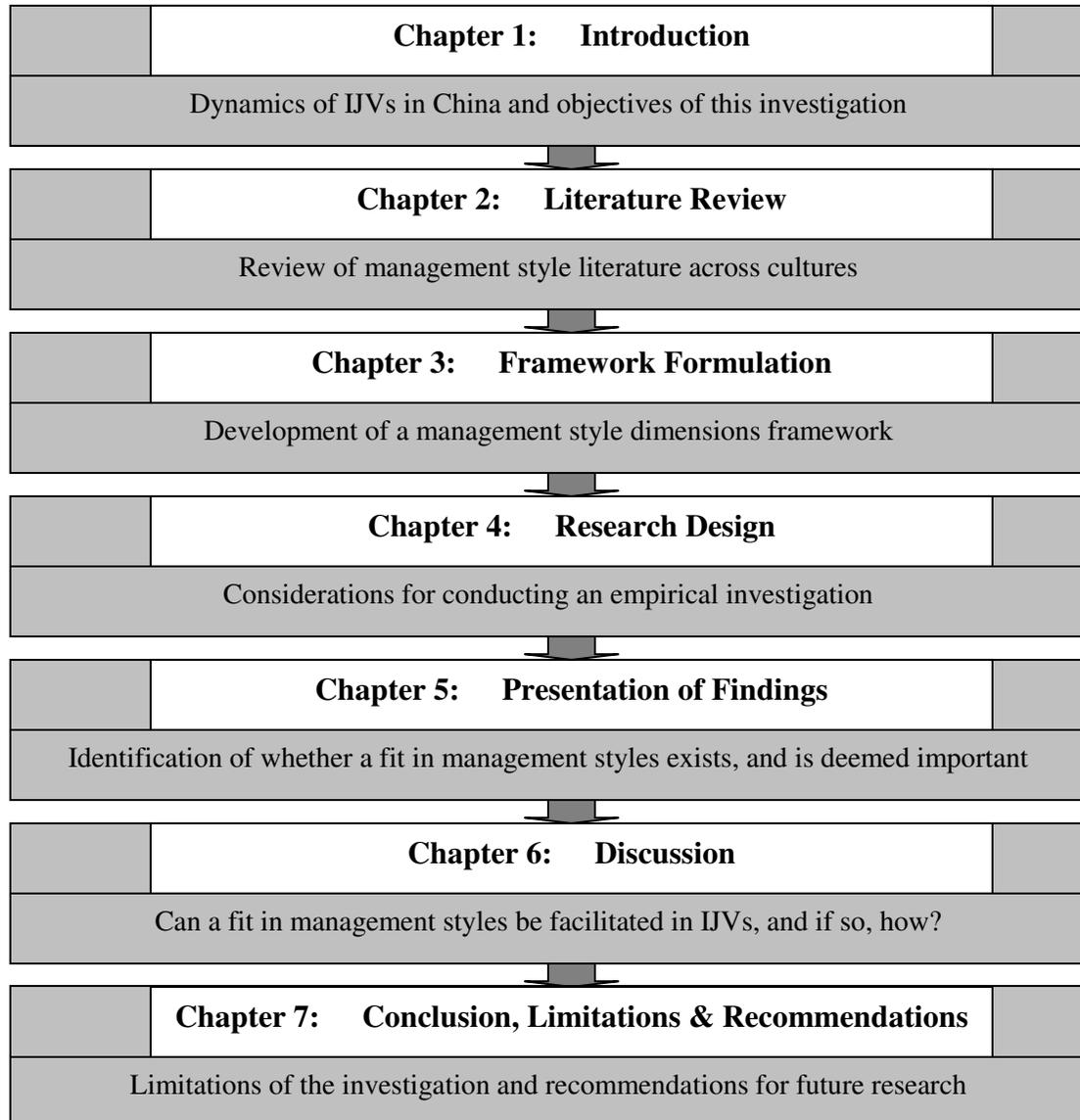
Following an analysis of the data obtained from the various IJV partner-firm managers, *Chapter 5* presents the findings obtained during the empirical investigation. A review of the various management style dimensions is provided, with a focus on (a) identifying dimensions where fit does not exist, and (b) where a fit in management styles is deemed important by partner-firm managers in IJVs. Therefore, the descriptive analysis focuses on highlighting the dimensions where a fit in management styles does not exist, but is considered important by the participating managers.

*Chapter 6* discusses the various management style dimensions highlighted in Chapter 5 in order to achieve a better understanding of why a fit in management styles does not exist, and to provide researchers and practitioners with a better understanding of how this can be facilitated between IJV partner-firm managers. In particular, the measures formulated can directly assist IJV managers in facilitating the process of achieving a fit in their management styles.

*Chapter 7* presents the limitations of the research, recommendations for further investigation, and suggestions to researchers in the field on further areas of study for

gaining additional insights on how to achieve a fit in management style dimensions between Sino-German partner-firm managers in China.

Figure 2 illustrates the structure of this thesis.



**Figure 2:** Thesis Structure

While *Chapters 1* and *2* provide background to the relevant aspects of international joint ventures and management styles across cultures, the development of the research framework is explained and discussed in *Chapter 3*. Following a review of the research design and the approaches developed to collect and analyse data in *Chapter 4*, the results obtained in an exploratory investigation to establish the relevance of a fit between partner-firm managers in IJVs are presented in *Chapter 5*. In *Chapter 6*, the findings of the investigation are examined and discussed, and finally in *Chapter 7*, the limitations as well as the recommendations for future research are reviewed.

## 2 Literature Review

As the world of international business ebbs, flows and changes direction, the role of management styles across cultures assumes increasing importance (Selmer, 2001b).

Developments in communication, travel, and trade between countries have not brought national cultures closer. Improved physical accessibility has not been accompanied by a corresponding improvement in cross-cultural understanding, a natural consequence of IJV partner-firm managers being regularly assigned to various parts of the world without any cross-cultural preparation (Black *et al*; 1991; Black and Mendenhall, 1990; Selmer, 2001b).

These research findings help in developing an understanding of management styles across cultures as well as in ascertaining if existing theories facilitate a fit in management styles between Sino-German IJV partner-firm managers.

This chapter reviews the effects of culture on management styles, the leadership differences across cultures and management styles in IJV organisations. Finally, based on the review undertaken in this chapter, the limitations of existing theories have been discussed.

## **2.1 The Effect of Culture on Management Styles**

Research initiatives addressing international business and management styles acknowledge that cultural differences need to be taken into consideration when examining management styles in different countries (Adler, 1983; Laurent, 1991; Duelfer, 1992; Steers, Bischoff and Higgins, 1992; Hickson, 1993; Miller, 1993; Morden, 1995) but they do not specifically address the cross-cultural context or German and Chinese cultural backgrounds.

Results obtained by Child (1994) from an investigation into cross-cultural similarities and differences in IJV organisations demonstrate that convergence or 'fit' is achieved in a limited number of dimensions; specifically, in the design of corporate structures and organisational hierarchies, the choice of technology and the means of production. In other areas, particularly those linked to the behaviour of members of an organisation, cultural differences between managers from different cultural backgrounds and differences in management styles have been found to be largely maintained.

Overall, researchers generally agree that IJV partner-firm managers cannot avoid being exposed to cultural differences, and these manifestations of cultural differences frequently make it difficult for them to cope with their new surroundings. Hickson and Pugh (1995) emphasise that business practices are equally linked to cultural differences as "every manager is a person in a society, who has been formed by a

society or societies, and so the processes of managing and leading are ultimately not separable from societies and their cultures” (p.9).

Though it is beyond the scope of this thesis to produce a detailed review of the body of cross-cultural management research, and the impact of cultural differences on firms and individuals, a number of notable contributions relevant to this study are introduced and discussed in the following sections. A brief review of the relevant literature highlights the impact of culture on work-related behaviour and management styles, and draws attention to the fact that IJV partner-firm managers have to adjust to their new surroundings and business environments.

For decades, there has been an ongoing search for management style frameworks and models that are able to capture the variations in styles and attitudes of individuals from different cultures. However, as Geier (2000) points out, researchers are faced with the challenge of acknowledging the inherent complexities within cultures, and recognising at the same time, the need to produce practical findings that can be of assistance to partner-firm managers in facilitating a fit in management styles.

The research findings and the models presented by Hall (1973; 1989; 1990), Hofstede (1980), Hampden-Turner and Trompenaars (2000), Schwartz (1992; 1994; 1999), and House *et al.* (1999) have received particular attention in the literature on cross-cultural management styles. These will be introduced in subsequent parts of this discussion to illustrate some of the approaches taken in the field.

Hall (1973; 1989; 1990) was particularly concerned with the concepts of time, space and context in different countries, while Hofstede (1980) and Hampden-Turner and Trompenaars (2000) conducted large scale empirical investigations to identify and establish differences in the work-related values and beliefs held by members from different cultures.

Schwartz (1992; 1994; 1999) introduced a model of cross-cultural differences that distinguished between the values held at the individual level and the prevailing values identified at the cultural level.

Lastly, the GLOBE study directed by House *et al.* (1999) developed an empirically-based theory to describe, understand and predict the impact of specific cultural variables on leadership and organisational processes.

In the following sections, each approach is examined and discussed in greater detail and linked to management styles in international IJVs.

### **2.1.1 Hall: Time, Space and Context**

Hall, trained as an anthropologist during the 1930's and the 1940's, devoted much of his career to the study of culture as a foundation for human communication. He drew upon his research findings, as well as his time spent abroad as a member of the U.S. Army, to examine the particular attributes of diverse cultures and provide a framework for recognising the differences that he perceived in the behaviour of members from various cultures.

While Hall (1973) generally agreed that culture stood “for the way of life of a people, for the sum of their learned behaviour patterns, attitudes and material things” (p. 20), he was mainly interested in studying specific approaches developed in various cultures, and in identifying the origins of collective human behaviour in various parts of the world. Recognising the need to provide assistance to individuals moving between cultures, he argued that “understanding the reality of covert culture and accepting it on a gut level comes neither quickly nor easily, and it must be lived rather than reasoned” (Hall, 1989, p.58).

As Hasenstab (1999) points out, Hall's contributions significantly influenced subsequent research on the impact of culture on IJV partner-firm managers' business values and practices, because they represented a first attempt to provide a framework that delineated and classified cultures on the basis of dominant attributes and characteristics.

Three concepts which emerged from Hall's writing are introduced and discussed in the subsequent sections. These are (a) the cultural differences in the perception and use of time, (b) space and its cultural significance, and (c) the importance of context in communication in different cultures.

Gaining an understanding of Hall's concepts may be useful in interpreting possible cultural differences in management styles between Chinese and German managers.

***(a) Time***

Based on the observation that significant differences exist in the interpretation and use of *time* across tribes and societies, Hall examined the causes of these particular differences, identifying their implications on the interaction between individuals from different cultural backgrounds.

Considerable variations were found in the technical and formal approaches developed to measure and divide time in different regions and countries (Hall, 1973; Hall and Reed Hall, 1987). Substantial differences were noted in the informal perceptions and understanding of time.

Hall (1973) contends that much of the conflict between individuals and groups from different cultures engaging in exchanges at personal and professional levels stem from a failure to adjust to different perceptions of time. He argues that the valuation of time needs to be understood as a social construct rather than a universal concept.

For example, Chinese managers believe time is endless, with no beginning or end, and is beyond the control of human beings. On the other hand, German managers believe time is a valuable resource to be controlled and used effectively.

***(b) Space***

Similar to his perception of cultural differences in the interpretation of time, Hall (1973; 1990) argues that *space* is organised and handled differently in various cultures.

According to Hall (1973), adjustment problems reported by IJV partner-firm managers can frequently be traced to “a removal or distortion of many of the familiar cues one encounters at home and a substitution for them of other cues which are strange” (p.174).

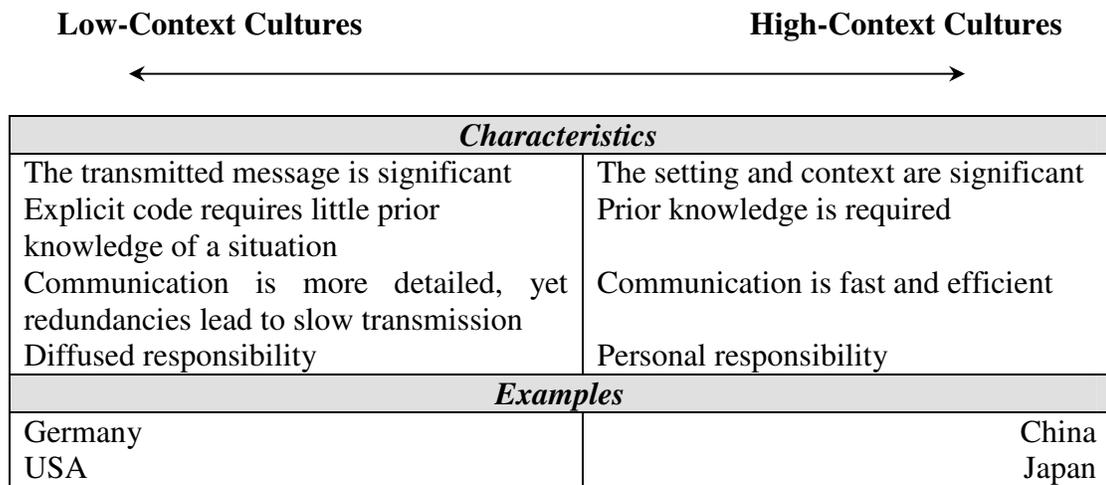
At the subconscious level, individuals not only scan their environment for spatial cues such as the location and movement of objects and people, but they develop a sense of space based on “a synthesis of many sensory inputs: visual, auditory, kinaesthetic, olfactory and thermal” (Hall, 1990, p.181). When visiting unfamiliar areas and places, IJV partner-firm managers will sense the changed setting while trying to maintain their learned response patterns.

Differences in the allocation and use of space carry cultural significances. Hall (1973) suggests that new IJV partner-firm managers need to watch for spatial cues in foreign cultures, being aware at the same time, of the signals conveyed through their own actions and movements. Hall (1973) strongly emphasises the importance of recognising that an individual’s perception of space is based on culture-bound social constructs as “culture can condition behaviour” (p. 180).

### ***(c) Context***

Having identified substantial differences in the way that communication is initiated and maintained in different cultures, Hall (1989) developed a framework to classify cultures by examining the extent to which the situation and the *context* of an event provides meaning to the message being conveyed.

In accordance with this framework, *high-context* cultures are those in which incidents are significantly defined by the situation, history and the role of participants, whereas *low-context* cultures are those where cultural events are accompanied and supported by detailed and explicit information.



**Figure 3:** Low-Context vs. High-Context Cultures  
*Hall (1989)*

In Figure 3, the characteristics of low-context and high-context cultures have been summarised, and a selection of countries and regions examined by Hall (1989) listed according to the proposed classification system.

While communication between members of the same cultural background proceeds on the basis of a common understanding of content and context, the interaction between individuals and groups from different cultures requires both sides to pay particular attention to cultural differences. In order to establish cross-cultural

communication, it is not sufficient to just send a message according to the communication pattern established in the sender's native culture. It is as important to ensure that the desired message has been properly received by the other party.

In comparing high-context and low-context cultures, Hall (1989) suggests that each approach has specific benefits, as well as a number of limitations. Members of a high-context environment require a lower amount of explicit information to be transmitted in order to grasp the meaning of an event, and so the speed of conveying a particular message is generally expected to be faster than that required in a low-context system where detailed and elaborate coding is needed to ensure that the message can be deciphered by the recipient.

However, Hall (1989) points out that high-context cultures require substantial programming to acquire the ability to understand the meaning of a situation, without relying on more extensive explanations. Consequently, IJV partner-firm managers who are unfamiliar with the hidden cues embedded in a high-context culture, cannot easily gain the insights needed to communicate effectively.

In summary, the proposition and framework developed by Hall (1973; 1989; 1990) mark an attempt to structure some of the noted differences in the behaviour of individuals from different cultures. His findings facilitate cross-cultural exchanges by providing an understanding of the largely hidden impact of culture on management styles. Throughout his work, Hall (1989) stresses that "meaning and context are

inextricably bound to each other” (p.90) and that an appreciation for the cultural setting in which interaction takes place needs to be developed in order to facilitate convergence of management styles.

Hall (1973; 1989; 1990) was mainly interested in studying the specific approaches developed in various cultures, and in identifying the origins of collective human behaviour in various parts of the world. His study recognised the need to provide assistance to managers working between cultures, and his work provided a comprehensive understanding of the reality of covert culture, and the fact that it must be lived rather than reasoned.

Although his work did not specifically address the potential impact of culture in facilitating a fit in management styles between partner-firm managers, his analysis may be useful in interpreting possible cultural differences in management styles between Chinese and German managers.

### **2.1.2 Hofstede: Dimensions of National Culture**

While Hall’s contributions are based on observations of cultural differences between the 1940’s and 1970’s, and must be regarded as an early attempt to explain variation in the behaviour and management styles of people from different cultures, the work of Hofstede (1980) is based on an extensive empirical research initiative in

which more than 116,000 completed questionnaires were collected and analysed during the late 1960's and the early 1970's.

Though Hofstede's quantitative and pragmatic approach has frequently been met with criticism (Geier, 2000), his analysis of "the differences in thinking and social action that exist between members of 40 different modern nations" (Hofstede, 1980, p.11) has created a widespread awareness in the international business community that cross-cultural differences need to be acknowledged when conducting international business.

According to Hofstede (1980), culture can be defined "as collective programming of the mind" (p. 13) that shapes and guides the beliefs and values of the members of a society. Hofstede (1997a) identified a combination of three elements required for mental programming: (a) human nature, representing the 'operating system', (b) culture, representing 'mental software', and (c) personality, reflecting a unique combination of individual features and traits.

Though Hofstede (1980) recognised that culture has a profound impact on management styles, he repeatedly stressed that any comparison between cultures needs to be conducted at a country or national level, rather than at an individual or group level. He further maintained that adjustment was critical when managers from diverse cultural backgrounds tried to achieve a fit in their management styles, and for sustaining rapport in the workplace.

Based on the review of the data collected, Hofstede (1980) developed a framework to describe and analyse four dimensions of national culture: (a) power distance, (b) uncertainty avoidance, (c) individualism, and (d) masculinity. He further combined the results from each separate dimension to generate eight country clusters, in which respondents of each cluster share similar characteristics.

The following sections review the four principle dimensions and present a more recent extension to the framework.

***(a) The First Dimension: Power Distance***

Hofstede (1980) defines *power distance* as the degree to which an unequal distribution of power is tolerated or accepted by the members of a society or the subordinate employee of an organisation. Based on an assessment of three issues included in the survey, Hofstede (1980) examined the extent to which individuals from various countries were prepared to accept power inequality.

High power distance is associated with hierarchies, devotion and respect for superiors, and a general acceptance of the presence of inequalities on the part of the subordinate. In contrast, low power distance reflects an egalitarian perspective where social class and status are of little significance, and participation in decision-making is not restricted by an employee's position or rank in the organisation.

The concept of power distance has far reaching implications for the workplace and interactions between managers and their subordinates in different countries. Hofstede (1997a) notes that in societies where power inequalities are largely accepted by all members of society, organisations can be expected to display signs of centralised power and a reliance on authority in the decision-making process. A paternalistic, autocratic approach may be favoured over more participatory management styles, and contacts and exchanges between superiors and employees “are supposed to be initiated by the superiors only” (Hofstede, 1997a, p.35).

On the other hand, in societies characterised by low power distance, status symbols and privileges associated with managerial positions are avoided. Both superiors and subordinates can initiate communication and contribute suggestions and/or recommendations.

Hofstede (1997a) stresses that these two positions reflect extremes rarely encountered in the workplace. In a majority of societies, power inequality falls between the two positions presented, and these societies have developed methods to cope. For example, in China, meetings must take place between managers of appropriate stature, and therefore it is essential to ensure an assembly of equals in order to stimulate the right level of cooperation.

***(b) The Second Dimension: Uncertainty Avoidance***

From an analysis of the data, Hofstede (1980) derived a second dimension of national culture to determine the levels of uncertainty tolerated by members of a particular society.

The label *uncertainty avoidance* suggests that this dimension is closely associated with risk-taking and risk-avoidance. Hofstede (1980; 1997a) however stresses that the term more appropriately relates to the marked differences to be found in data on the need to manage uncertainty in different national cultures. Some countries prefer structure, rules and orderly procedures, while flexibility and discretionary policies are favoured by others.

Attitudes towards uncertainty avoidance not only influence an individual's behaviour in the personal domain, but also affect his actions in the workplace. Hofstede (1997a) argues that members from cultures characterised by low uncertainty avoidance will also display lower levels of anxiety.

Hofstede (1980) also argues that a talent for precision, an adherence to norms and rules and the capacity to develop innovative ideas and solutions is culture bound; the presence of such behaviour demonstrating that cultural programming has been performed in a particular society. German managers, for example, consider verbal commitments made on the basis of personal relationships to be risky. Chinese

managers, however, place extreme importance on relationships and *guanxi*, and consider verbal commitments more binding than written agreements.

***(c) The Third Dimension: Individualism***

*Individualism* is defined as “the relationship between the individual and the collectivity which prevails in a given society” (Hofstede, 1980, p. 213). The analysis of data collected by Hofstede (1980) revealed that members from different national cultures demonstrated significant variations in their attitude towards the need for individual interests and benefits. In some societies, an individual’s rights and preferences are of particular importance, whereas in other cultures, priority is given to the overall benefit of the group.

Based on this observation, Hofstede (1980) distinguished two basic approaches: (a) an individualistic one, where people pursue their own objectives and strive for personal achievement, and (b) a collectivist approach, characterised by an interest in group objectives and shared benefits.

In the original research conducted by Hofstede (1980), as well as in a number of other contributions to the field (Earley, 1989; Smith, Dugan, Peterson and Leung, 1998), substantial differences in the behaviour of members from individualistic and

collectivist cultures were identified with respect to workplace conduct and management styles.

In a work environment where individualistic values dominate, employees take action generally in agreement with their personal needs. Management's primary objective is to ensure that work is organised in such a way that an employee's "self interest and the employer's interest coincide" (Hofstede, 1997a, p.63).

In a collectivist society, individual members may surrender personal goals and interests to corporate objectives, and it is recognised that "an employer never hires just an individual, but a person who belongs to an in-group" (Hofstede, 1997a, p.63). Managers from the largely collectivist Chinese society, for instance, prefer to maintain status quo even if it compromises their future advancement, because maintaining status quo helps avoid confrontational situations and preserves in-group harmony.

***(d) The Fourth Dimension: Masculinity***

The fourth dimension identified in the course of the initial research results from the perceived gender differences that influence and shape the collective behaviour in a given society. Traits such as assertiveness, power and ambition are labelled as

masculine, whereas support, facilitation and harmony are considered to reflect predominantly feminine characteristics.

Hofstede (1980) argues that gender perceptions are transferred to individual members throughout various phases of socialisation. While the family setting and school systems reinforce these, gender differences are further strengthened by social surroundings and the work environment.

According to Hofstede (1980; 1997a), roles assumed by managers in various countries vary according to the differences in the dominant value systems. A decisive, aggressive management style tends to prevail in masculine cultures, while great emphasis is placed on an intuitive, consensus-building approach by managers working in feminine cultures.

Hofstede (1997a) remarks on significant differences between the two systems in the manner conflicts are handled and resolved. Exchanges between management and union delegates in the labour relations of masculine societies, he notes, are often marked by hostility, frequently resulting in fierce, extended fights. On the other hand, in societies dominated by feminine values, the management style demonstrates “a preference for resolving conflicts by compromise and negotiation” (Hofstede, 1997a, p.92). The German management style, for example, is characterised by masculine traits such as assertiveness, power and ambition, whereas the Chinese management

style is characterised by predominantly feminine traits such as support, facilitation and harmony.

### ***An Additional Dimension: Confucian Dynamism***

Hofstede's (1980) efforts to extend the findings of the original research to countries in the Asia-Pacific region found support for the general multi-dimensional framework, but analysis of the data from this particular region yielded additional results, leading to the development of an alternative dimension of national culture (Hofstede and Bond, 1988).

Hofstede and Bond (1988) suggest that the teachings of Confucius, which substantially impact Asian culture, are largely responsible for the noted differences in the short and long-term orientation of managers from Western and Eastern countries. Hofstede (1997a) points out that this particular dimension of national culture, referred to as 'Confucian dynamism', did not emerge from the original data, because the original survey's responses demonstrated a general bias towards Western values.

High scores on 'Confucian dynamism' are associated with thrift, a sparing allocation of resources and an adaptation of traditional approaches in a new modern context, while low scores across Europe and North America indicate greater emphasis on a drive for quick results, pressure to overspend and respect for history and

tradition, without seeking applications to current situations or business challenges (Hofstede, 1997a).

Hofstede (1997a) points out significant differences in the short and long-term orientation of various societies, with the observation that this new dimension “clearly covers issues extremely relevant for economic development and not found in the relationship with the other dimensions” (p.173).

In summary, Hofstede (1980) concludes that there are “basic problems of humanity with which every society has to cope; and the variation of country scores along these dimensions shows that different societies do cope with these problems in different ways” (p. 313). The findings further indicate that national culture has a significant impact on management styles in different cultures to the extent that (a) work-related values differ significantly between national cultures, and (b) national culture continues to have a strong impact on an individual’s conduct and behaviour in the workplace.

Hofstede’s (1980) quantitative and pragmatic analysis of the differences in thinking and social action that exist between members of 40 different modern nations has created widespread awareness in the international business arena, highlighting the fact that cross-cultural differences need to be acknowledged when conducting international business.

Hofstede's research did not specifically explore how these cross-cultural differences should be dealt with in facilitating a fit in management styles between IJV partner-firm managers, but his analysis will be useful in the interpretation of the results of this research.

### **2.1.3 Hampden-Turner and Trompenaars: Cultural Dilemmas**

Like Hofstede (1980), Trompenaars (1998) and Hampden-Turner and Trompenaars (2000) relied on an extensive database to conduct their research into differences in national culture. Based on data gathered from questionnaires administered to approximately 30,000 managers working for multinational companies in 55 countries (Wooliams, 1998; Trompenaars 1998) studied the differences in national culture by analysing the "way in which a group of people solve problems and reconcile dilemmas" (p.6).

He concluded that there were notable differences in the solutions that different cultures developed in response to a range of universal challenges and dilemmas. The failure to recognise different problem-solving approaches among members of host-country organisations could result in misunderstandings for an expatriate IJV partner-firm manager, and may negatively impact IJV performance.

Hampden-Turner and Trompenaars (2000) developed a model of cultural diversity identifying six dimensions: (a) universalism versus particularism, (b) individualism versus communitarianism, (c) specificity versus diffuseness, (d) achieved status versus ascribed status, (e) inner direction versus outer direction, and (f) sequential time versus synchronous time. The following discussion briefly introduces each dimension and examines the implications for management styles in different cultures.

***(a) The First Dimension: Universalism versus Particularism***

According to Hampden-Turner and Trompenaars (2000), *universalism* is of significance in cultures where rules and regulations are enforced and obeyed, and all members of a given society are held equally liable for their actions.

*Particularism* is characterised by a high regard for the unique circumstances associated with an event or a situation, and an understanding that rules can be suspended in particular cases or for certain people.

Hampden-Turner and Trompenaars (2000) point out that distinct management styles evolve in line with prevailing value systems. Strong personal ties are favoured in particularist societies, while firms operating in universalist cultures excel in exploration and scientific management.

***(b) The Second Dimension: Individualism versus Communitarianism***

A second dilemma identified by Hampden-Turner and Trompenaars (2000) pitted the needs and rights of individuals against the well-being of the larger group or community. Societies developed alternative approaches in dealing with individual rights, emphasising “the welfare, development, personal fulfilment, self-expression, affluence, satisfaction, and freedom of each individual person, or the shared resources, endowments and heritage enjoyed by the group or society” (Hampden-Turner and Trompenaars, 2000, p. 68). These choices impact an individual’s lifestyle and freedom, and affect the approaches adopted towards business and management styles by the members of a particular society.

Individualism is characterised by a strong sense of self-reliance and self-interest. It supports individual talent, generating strong competition among people as well as organisations. On the other hand, in a communitarian society, greater emphasis is placed on collective effort and general concern for the group. It is suggested that this approach creates stronger co-operation in business and in long-term partnerships between companies and their various stakeholders.

*(c) The Third Dimension: Specificity versus Diffuseness*

In cultures with a strong preference for specificity, detailed and continuous analysis of objects, jobs, time and space are conducted to identify patterns and reduce uncertainty. While this approach has had a strong influence on a number of Western nations, Hampden-Turner and Trompenaars (2000) argue that an alternative strategy which acknowledges complexities and accepts irregularities in relationships, value systems and organisations can also be identified.

In examining the effect of specificity on business preferences, Hampden-Turner and Trompenaars (2000) noted that “while specificity focuses on the product, diffuseness considers the entire process by which the product is conceived, designed, developed, manufactured, distributed and maintained” (p. 137). Though firms operating under both systems strive for revenues and profits, they develop different strategies to achieve their objectives.

Firms with businesses in specific cultures are primarily concerned with product quality and cost control, whereas management styles in diffuse societies are characterised by an emphasis on criteria such as rapport, goodwill and loyalty.

***(d) The Fourth Dimension: Achieved Status versus Ascribed Status***

Hampden-Turner and Trompenaars (2000) point out marked differences in the manner status is assigned and treated in different cultures. *Achieved status* is understood as the level of recognition attained by members of a given society in light of their success, earnings and accomplishments. In contrast, *ascribed status* cannot be realised by the efforts of an individual. It is defined by a person's affiliation with various societal categories.

In cultures where ascribed status is valued, an individual's family background, skin colour or religious beliefs may take precedence over personal achievement. Therefore, recruitment and promotion policies of firms operating in these two 'status' systems differ considerably. Companies favouring achievement "will have a management style of up or out", while firms in which status is ascribed rather than earned "may see it as their duty to nurture home-grown talent for the long term" (Hampden-Turner and Trompenaars, 2000, p. 202).

***(e) The Fifth Dimension: Inner Direction versus Outer Direction***

According to Hampden-Turner and Trompenaars (2000), the beliefs of different cultures concerning an individual's ability and power to control nature and influence the environment constitute another significant dimension of national culture.

Members of inner-directed cultures are driven by convictions and principles, and seek to tame and control the environment. Societies, where outer-directed perspectives prevail, encourage people “to use fate, chance, and contingency with more skill than their opponents and by expecting fortune to play a part and make use of its capriciousness” (Hampden-Turner and Trompenaars, 2000, p.239).

At the senior level of management, Hampden-Turner and Trompenaars (2000) suggest that an inner-directed perspective results in executives dictating corporate strategies and imposing decisions on their subordinates. In contrast, political leaders and senior managers of outer-directed societies “become chief listeners to the petitions, requests and initiatives of their subordinates” (Hampden-Turner and Trompenaars, 2000, p. 255).

***(f) The Sixth Dimension: Sequential Time versus Synchronous Time***

Based on the initial research by Trompenaars (1998), significant differences in the perception and management time in different national cultures have been identified, and these emphasise the significance of the perception of time with regard to management, as it is “interwoven with how we plan, strategise and coordinate our activities with others” (p. 124).

In line with the concepts advanced by Hall (1973), Hampden-Turner and Trompenaars (2000) distinguish between *sequential* time and *synchronous* time. Sequential time consists of regular intervals that can be scheduled, postponed, saved and wasted. Synchronous time relates to reoccurring opportunities and possibilities that ought to be considered and seized when they arise.

To a large extent, the management styles of individuals in a particular society are influenced by the prevailing perception of time and “while sequential people like to do one thing at a time and are distressed if thrown off schedule by sudden happenings, synchronous people do many things at a time” (Hampden-Turner and Trompenaars, 2000, p. 307).

### ***Managing Diversity and Reconciling Differences***

Hampden-Turner and Trompenaars (2000) highlight the variation in the choices made in different societies, producing diverging approaches and strategies across national cultures. In studying the gamut of responses to a series of problems and dilemmas from members of various national cultures, the authors uncover cultural differences as well as the impact of cultural diversity on prevailing business practices and management styles.

Unlike Hofstede (1980), who calculated and presented specific country scores for each of the four indices identified in his original research, Trompenaars (1998) and Hampden-Turner and Trompenaars (2000) analysed selected survey items, illustrating the different solutions and strategies developed by various national cultures, in response to a broad range of problems and dilemmas.

While this approach encountered substantial criticism (Hofstede, 1996; Hofstede, 1997b), Hampden-Turner and Trompenaars (1997) point out that research into cultural differences needs to acknowledge the complexities and context of cultural phenomena, rather than relying on mutually exclusive categories and linear models. They argue that “since cultures consist of interdependent, self-organising values by definition, no truly independent variable exists” (Hampden-Turner and Trompenaars, 1997, p. 151).

Based on their research, Hampden-Turner and Trompenaars (2000) suggest that conflicting values, attitudes and management styles generally surface when people from different cultural backgrounds interact. The approaches developed by various national cultures can be regarded as mirror image reversals of each other. Rather than differentiating between superior and inferior strategies, efforts to reconcile the different propositions should be made, in order to benefit from the existing, conflicting values.

In this context, Trompenaars (1998) emphasises the role of IJV partner-firm managers as these individuals need to cope with the challenges that “arise from their culture of origin, the culture in which they are working and the culture of the organisation which employs them” (p3).

To summarise, Trompenaars (1998) concludes that there are notable differences in the solutions developed by different cultures in response to a range of universal challenges and dilemmas. Rather than differentiating between superior and inferior strategies, an effort should be made to reconcile the different propositions and benefit from the conflicting values that exist. However Trompenaars does not address the development of an approach reconciling the different propositions arising from different cultural backgrounds, which could potentially facilitate a fit in management styles between IJV partner-firm managers.

#### **2.1.4 Schwartz: Cultural Values**

The findings of Schwartz (1992; 1994; 1999) provide additional support, confirming differences in values and management styles of members of different national cultures.

While Hofstede (1980), Trompenaars (1998) and Hampden-Turner and Trompenaars (2000) focused on the effects of culture on decisions made by people

from different countries, Schwartz (1992; 1994) adopted an approach where respondents were asked to identify the values and guiding principles that were of particular importance in their lives.

Based on the analysis of data collected from more than 60,000 individuals from over 60 countries, Schwartz (1992; 1994) identified ten values at the individual level, and seven orientations at the cultural level.

Individual Value	Goal
Power	Domination, and the achievement of control
Achievement	Personal success
Hedonism	Satisfaction of physical needs and achievement of pleasure
Stimulation	Excitement, and the mastery of challenges in life
Self-direction	Being able to think and act independently
Universalism	Caring for the welfare of nature and society
Benevolence	Caring for the welfare of friends and family
Tradition	Respect and acceptance of customs and religious preferences
Conformity	Acting in accordance with social expectations and norms
Security	Achievement of stability and harmony

**Table 1:** Cultural Values at the Individual Level  
*Schwartz (1992; 1994)*

Table 1 presents the ten values identified from the data. Schwartz (1992; 1994) argues that people in different countries pursue a variety of goals in life, and that the preference expressed by an individual is partially shaped by the prevailing norms of a particular culture.

While the value of power can be associated with a person's desire to attain prestige and status through the domination of others, high achievement scores are an indication that the respondent seeks to demonstrate competence in order to meet the expectations of the prevailing social system or within an organisation.

Other goals identified by Schwartz (1992; 1994) can be associated with satisfying physical needs (stimulation), developing and executing ideas independently (self-direction), caring for the welfare of others (universalism and benevolence), accepting imposed customs and religious preferences (tradition), refraining from deviant behaviour and acting in accordance with social expectations (conformity) and the achievement of stability, safety and harmony (security).

When combined, four higher-order value types are obtained: (a) openness to change, (b) self-transcendence, (c) self-enhancement, and (d) conservatism.

Group Value	Goal
Hierarchy Mastery Affective Autonomy Intellectual Autonomy Egalitarianism Harmony Embeddedness	Allocation of fixed roles and distribution of resources Gaining control over the social and natural environment Protection of an individual's affective rights Protection of an individual's intellectual rights Negotiating interests between an individual and the group Pursuit of a harmonious fit between groups and individuals Sharing collective goals

**Table 2:** Cultural Values at the Group Level  
*Schwartz (1992;1994) and Schwartz and Sagiv (1995)*

In addition to an assessment of the values prevailing at the individual level, Schwartz (1992; 1994) and Schwartz and Sagiv (1995) examined cultural, or group level values. Table 2 illustrates the seven group value types extracted from the data.

In groups exhibiting a strong preference for hierarchy, roles are assigned to individual members, interdependencies are regulated by guidelines and rules, and attempts to take control over the social and natural environment are linked to a desire for mastery.

Further differences were identified with respect to the rights of the individual versus the rights of the group (affective autonomy versus intellectual autonomy), the alignment of individual interests with the requirements of the social system (egalitarianism), the emphasis placed on achieving a harmonious fit between individuals, groups and the environment (harmony) and the promotion and acceptance of collective goals (embeddedness).

Rather than collecting data on an individual's preferred outcome in a particular situation, Schwartz (1992; 1994) conducted a survey where participants were asked to indicate their preferences for a range of principles and values. While such an approach could reduce the possibility for situational variables impacting the choices made by respondents, there was also an increased chance that individuals would select those values which they perceived as socially desirable (Schwartz, Verkasala, Antonovski and Sagiv, 1997). Despite these limitations, the findings from the

research conducted by Schwartz (1992; 1994) generally confirm that there are significant differences between national cultures concerning prevailing values and preferences at the individual level, as well as the group level.

To summarise, the findings by Schwartz (1992; 1994; 1999) provide additional support, confirming the differences in values and management styles between members of differing national cultures. Schwartz's research, however, does not address how the differences in values and management styles can be overcome to facilitate a fit in management styles between IJV partner-firm managers.

## **2.2 Leadership Differences Across Cultures**

The phenomenon of leadership styles has been around for a long time (Bass, 1990), but a systematic, social scientific study of leadership behaviour did not begin in earnest until the early 1930's.

The review in the subsequent section addresses the body of knowledge available on the leadership styles of IJV managers, and acknowledges that there still remain several unanswered questions.

Literature reviews offer several, varied interpretations of 'leadership'. We are obviously not at the definitive stage of theoretical development in the area, as we see

deficiencies in the present knowledge in most theories on leadership. For example, the majority of the more than 3,000 studies listed by Bass (1990), the most complete survey prior to House, Wright and Aditya (1997), are primarily concerned with the relationship between leaders and their immediate teams, largely ignoring external constituencies, peers and the organisation and culture in which leaders function.

The studies are fragmented and in many cases, additional studies have not been systematically conducted, indicating a lack of urgency in the need to specifically identify the characteristics of a good leader across cultures.

This section introduces findings made in previous research, in order to develop an understanding of existing leadership styles across cultures and determine whether a universally effective leadership style exists.

A major study initiative, the qualitative Global Research and Effectiveness Research Program (GLOBE), directed by Robert J. House at the University of Pennsylvania (House *et al.* 1999) was supported by approximately 170 researchers from around 60 cultures.

The major constructs investigated in the GLOBE research programme are nine attributes of cultures, perceived as quantitative dimensions: (a) uncertainty avoidance, (b) power distance, (c) collectivism 1: societal emphasis on collectivism, (d) collectivism 2: family collectivistic practices, (e) gender egalitarianism, (f)

assertiveness, (g) future orientation, (h) performance orientation, and (i) humane orientation. These attributes were selected from a review of the literature relevant to the measurement of culture in previous large-sample studies, on the basis of existing cross-culture theories.

A key objective of GLOBE was to develop an empirically-based theory describing, understanding and predicting the impact of specific cultural variables on leadership and organisational processes, and the effectiveness of these processes.

Specific objectives included responses to the following fundamental questions:

- (1) Are there behaviours, attributes and organisational practices that are universally accepted and effective across cultures?
- (2) Are there behaviours, attributes and organisational practices that are accepted and effective in only some cultures?
- (3) How do attributes of societal and organisational cultures affect the kind of behaviours and organisational practices that are accepted, and effective?
- (4) What is the effect of violating cultural norms relevant to management styles and organisational practices?
- (5) What is the relative standing of each of the cultures' studies on each of the nine core dimensions of culture?

- (6) Can the universal and culture-specific aspects of leader behaviours, attributes and organisational practices be explained in terms of an underlying theory that accounts for systematic differences across cultures?

A review of the GLOBE study revealed that the research's primary focus was on managers' leadership preferences. However as the focus of this research is to examine fit in management styles, the findings of the GLOBE study are not directly relevant.

Some other studies that explored the universal effect of leadership behaviour are briefly discussed below.

Given the general, common definitions of leaders; emergent, positional / appointive, hereditary and elective, studies of the leadership traits of individuals in these positions reveal that managers who are not particularly competent leaders are often selected to these posts. In post-Communist China, for example, all managers and supervisors are referred to as 'leaders'.

Den Hartog *et al.* (1999) notes that perceptions of leadership in the workplace, and in social and family environments are derived from intellectual and emotional processes in which leaders are categorised as such by followers and observers, who are easily and intuitively able to place an individual on a continuum from definitely-a-leader to definitely-not-a-leader. Leadership ability is a continuum, and attempts to

define categories when investigating leadership can lead to confusing, unexpected and misleading results.

Most researchers studying leadership seek reasons to substantiate the belief that some generic leadership functions are universally acceptable and effective, regardless of the disposition and norms of diverse groups, although expressed in different ways, depending on the situation or culture.

First, there are undoubtedly several problems universally associated with the management of large complex organisations and groups. For example, the need to (a) ensure task orientation and to (b) develop and maintain cohesiveness and collaboration among members are likely to be present in all complex organisations, and in all organisational sub-units (task-orientation and group-nurturance).

Second, as House and Baetz (1979) and Nicholson (1998) noted, effective leadership requires a personality that can influence people, as leaders have a desire to lead. This disposition may well result in some universal influence-oriented behaviour.

Third, many of the strategic contingencies facing organisations may well be universal, or near universal. For example, all organisations functioning in competitive environments must necessarily conduct negotiations and transactions with external constituencies in order to access resources and achieve legitimacy.

A twelve-country study by Bass *et al.* (1979) revealed that managers from all the countries shared a desire to get work done with less authority; that is, to successfully 'empower' employees. Smith and Peterson (1994) found that managers from 25 countries, representing a wide variety of cultures, reported themselves satisfied when placed in charge of events where they were given substantial discretion. In other words, they desired 'empowerment' themselves.

Interpretive interview and focus group research in the 38 countries participating in the GLOBE study suggests that behaviours specified in the 'neo-charismatic' leadership paradigm might well be universally accepted and preferred. In all 38 countries, managers were asked, in focus groups, to describe the attributes and behaviour that enhance outstanding leader performance. In all countries, managers described behaviour similar to that of the neo-charismatic leader behaviour syndrome.

Bass (1990) reports that studies using the transformational leadership scales in China, the USA, the Netherlands, Singapore, the UK and Japan demonstrated the positive relationship between transformational leadership, leader effectiveness and subordinate satisfaction. Research in Egypt by Messallam and House (1997), in Canada by Javidan and Carl (1997) and in Germany by Geyer and Steyrer (1994) yield similar findings.

Specific behaviour and mannerisms (styles) of generic leadership functions may vary substantially among leaders, and among diverse cultural groups. For example,

charismatic leader behaviour may be expressed aggressively, as typified by General George Patton, Fidel Castro and Theodore Roosevelt, or quietly, unemotionally and non-aggressively as exemplified by Mahatma Gandhi, Nelson Mandela and Mother Theresa.

In summary, the logic suggesting universality of leader behaviours is compelling, however, the empirical evidence, briefly reviewed in the section above, is sparse. The studies reveal significant differences in the behaviour of Western managers compared to that of Chinese managers.

Secondly, it appears that the meaning of leadership behaviour and its manifestations are culture-bound. This connects to the controversy in cross-cultural psychology over 'emic' versus 'etic' perspectives, where the former refers to cultural relativism, arguing for a culture-specific approach and the latter implies a universal approach (Jahoda, 1983).

In the case of leadership styles and behaviour, it has been pointed out that the same expressions, concern and consideration for example, are demonstrated in different ways in different cultures. A Chinese manager showing consideration to his subordinates behaves very differently from an equally considerate German manager in Germany (Bond, 1991, p.79). It is, therefore, likely that subordinates apply the norm of Chinese cultural codes of behaviour to interpret not only the behaviour of their local manager but also that of their expatriate IJV partner-firm managers.

Third, it has long been pointed out that international adjustment takes time (Black and Mendenhall, 1991; Stening, 1979; Walton, 1990). All intelligent and competent partner-firm managers try to adjust their behaviour. Black and Mendenhall (1991) indicate that the final stage of the adjustment process, during which no further substantive adjustment will take place, is entered sometime between the first and third year in a foreign location. For the purpose of this study, since all the participating expatriate managers have lived in China for two years or more it is assumed that they should be in the final stage of the adjustment process.

The literature review undertaken in this section continues to demonstrate the impact of culture on leadership and management styles. The findings, however, do not reveal existing theories that facilitate a fit in management styles between Sino-German partner-firm managers.

### **2.3 A Review of Fit in IJV Management Styles**

The results of several studies (Lane and Beamish, 1990; Meschi and Rogers, 1994; Shane, 1992; Walton, 1990; Greinger, 1991) indicate that culture directly or indirectly affects fit in management styles in IJVs. Some examples are briefly discussed in this section as they appear to indicate of a lack of fit in relation to management styles in IJVs.

The role of fit in management styles affecting the success and failure of joint ventures is still not well researched, despite the seminal efforts of Lane and Beamish (1990) who recognized that "many Western corporations seek co-operative ventures as a 'quick fix' to global competitiveness without understanding the relationships being established and the behavioural and cultural issues involved" (Lane and Beamish, 1990, p. 88). Not developing this understanding is fundamental to poor performance and the eventual failure of the joint venture. Failure stems from the influences management styles have on behaviour and management systems, which can create unresolved conflicts. Compatibility between partner-firm managers is the most important factor in the survival of an IJV. Differences in cultures and management styles, if not understood, can lead to poor communication, mutual distrust and the end of the venture (Lane and Beamish, 1990, p. 88). Any partnership involves interaction between at least two different management styles and cultures. The future development of the organisation depends on how successfully the cultures blend.

The results of a study conducted by Meschi and Roger (1994) indicate that the full potency of management styles come to the fore in the implementation of an international joint venture when two disparate cultures are forced to become one. As a matter of fact, the establishment of an international joint venture always results in the intermingling of parental cultures. When cultures and management styles clash, the resulting shock is often accompanied by negative effects on organisational involvement and the work climate (Meschi and Roger, 1994, p. 199).

This clash of management styles is captured in the cultural distance involved between the partners. The less the distance, the more compatible are the partners and the more successful the international joint venture (Bowditch and Buono, 1989). Cultural distance can be measured by the categories developed by Hofstede; power distance, individualism, uncertainty avoidance, masculinity and long term orientation.

As trust is a major dimension of effective partnership, management styles which emphasise trust minimise the impact of cultural distance. In high trust ventures, organisational controls are often based on shared values such as duty or obligation to others (Shane, 1992, p. 300).

Cultural distance is most evident in the area of communication, with problems arising when the partners do not share a common working language. The local values, beliefs and norms that get the jobs done are generally constrained by the international partner's approach to managing the joint venture (Walters *et al.*, 1994, p. 8).

Studies typically cite the need for selecting the right partner, one who is 'complementary'. It has been argued that the lack of a suitable partner is the most important factor undermining the effectiveness of the international joint venture process (Geringer, 1991, p. 42). Partnership selections distinguish between the criteria necessary for the operational skills and resources a venture requires in order to be operationally successful and criteria associated with efficiency and effectiveness of partner related co-operation (Geringer, 1991, p. 45).

Geringer (1991, p. 46) lists partner-related criteria: (a) a partner's culture, and related management style, (b) favourable past association, (c) compatibility and (d) trust. However, Geringer (1991) only concentrates on task-related criteria, which is understandable, but neglects the relationship aspects. This is a significant gap as the relationship aspect of a partnership appears to be the most relevant for its success. Partnerships are based on mutual interests, trust and the management of ongoing relationships. International joint ventures favour management behaviour that focuses on working collaboratively, communicating and gaining consensus (Lane and Beamish, 1990, p. 88).

Commitment, a willingness to work with the local partner and management and problem-solving skills are necessary for long-term results. However, IJV managers have not acquired these essential skills (Lane and Beamish, 1990, p. 99). A review of successful IJVs has identified the following important criteria: (a) an IJV is effective when the driving forces are complementary, (b) it should also have strategic synergy or complementary strengths, (c) partner-firm managers should share a co-operative spirit and understand the importance of 'chemistry', (d) partners should be willing to take risks together, and should be flexible, (e) partners should have compatible corporate cultures, and (f) partners and managers should be able to interact well with their counterparts (Lynch, 1994, p. 40).

The above criteria demonstrate that the relevance of fit in management styles between partner-firm managers in IJVs is important. Existing research, however, has not addressed how this fit can be achieved.

Existing research reviewing management styles in IJVs (Adler and Bartholomew, 1993; Stening and Hammer, 1992; Gilkey, 1991; Husted *et al.* 1996; and Robertson, 2000) have been limited in scope and have not specifically addressed management styles in Sino-German IJVs with a focus on how fit can be facilitated.

In their research, Adler and Bartholomew (1993) state that IJV managers need a broader range of management skills compared to other managers. IJV managers cannot focus on a single country and culture, and they cannot be limited to managing relationships between headquarters and a single subsidiary. They will have to learn about many foreign cultures' perspectives, tastes, trends, technologies and approaches to conducting business. They need to be skilful at working with people of many cultures and perspectives (Adler and Bartholomew, 1993, p. 44). IJV managers employ cross-cultural skills on a daily basis. These are not just a new set of values or a more prepared orientation to new cultural situations. Skilful management across cultures represents a more effective form of international management. Such managers will be able to combine many beliefs and backgrounds into a creative organisational management style rather than simply integrating into the dominant management style of the headquarters' nationality (Adler and Bartholomew, 1993, p. 44).

A study assessing the effective cross-cultural management styles of MBA graduates in International Business from 1977-1992 suggests that several dimensions are important: flexibility, empathy, tolerance for ambiguity, problem-solving, self-reliance and responsiveness to challenges (Feldman and Thomas, 1992, p. 291).

Management style problems between joint venture partners lead to failure (Stening and Hammer, 1992, p. 78). To be effective, the appropriate joint venture should emphasise relationships, satisfy interpersonal needs, understand feelings, empathise with employees, work with local partners effectively and develop cross-cultural teams (Haley, 1997; Stening and Hammer, 1992, p. 82). The more important dimensions of effective IJV management styles tend to be the actions partner-firm managers take to facilitate cross-cultural understanding and relationship-building. In general, most partner-firm managers are not well prepared to oversee IJVs despite their understanding of the requisite characteristics and skills.

Previous research confirms that the most frequently asked question about IJVs is why such a high percentage fail to meet expectations. Estimates range from 60% to 70% (Magnet, 1984; Gilkey, 1991). Literature appears to confirm that a study of the human factor in IJV processes promises a far better understanding of their likely success or failure. Among others, Gilkey argues that the high percentage of failure is mainly due to the fact that IJVs are designed with business and financial fits as primary conditions, treating psychological and cultural issues as secondary concerns.

A close examination of these issues can bring about a learning process focused on the successful management of IJVs (Gilkey, 1991, p. 331).

The rapid globalisation of the world economy has generated considerable interest in whether managers from different cultures and nations vary in their attitudes, behaviour, values and management styles (Adler, 1983; Hofstede, 2001; Husted *et al.*, 1996; Trompenaars, 1998; Robertson, 2000; Tse *et al.*, 1988). An in-depth awareness of cross-cultural differences is of practical importance to IJV managers of partner organisations, helping them understand and address major differences and their consequences in a productive manner.

Several studies show that incompatibility of management styles is consistently rated the greatest barrier to successful IJV performance in China. A 1992 Coopers and Lybrand study reported that 85 % of executives polled from 100 failed IJVs identified differences in management styles as the major problem. A 1996 British Institute of Management survey also reported that underestimating the difficulties involved in integrating two cultures is a major factor in failure. The issue of incompatibility of management styles in IJVs was identified more than 10 years ago, yet no specific investigations have been undertaken to address this problem. Today, this issue continues to be relevant to IJVs and Sino-German IJVs in particular.

## **2.4 Limitations of Existing Theories**

This chapter demonstrates the marked differences that several researchers and studies have found to exist between the beliefs, values, attitudes and management styles of members from different national cultures. Contributions of various researchers are presented to illustrate how individuals, like IJV partner-firm managers, who move to a foreign environment are confronted with new cultural cues and symbols as well as unfamiliar social rules and behavioural norms.

While every IJV partner-firm manager faces the challenge of coping with varying interpretations of time, space and context as they pertain to the host-country setting (Hall, 1973; 1989; 1990), it is particularly important that expatriate IJV partner-firm managers recognise and understand existing differences in work-related beliefs and the attitudes of members from the host-country organisation and the local business community (Hofstede, 1980; Hampden-Turner and Trompenaars, 2000).

The results of a number of investigations demonstrate that an IJV partner-firm manager's ability to succeed can be facilitated by his ability to interact with members of the host-country, and his capacity to develop relationships with local nationals. However, the bulk of existing literature on management style and leadership is based on a self-limiting set of assumptions, mostly reflecting Western industrialised culture. The prevailing theories on management styles and almost all the empirical evidence are distinctly Western in character. The theories (a) are individualistic rather than

collectivist, (b) stress follower responsibilities rather than rights, (c) assume hedonism rather than commitment to duty or altruistic motivation, (d) assume centrality of work and democratic value orientation, and (e) emphasise assumptions of rationality rather than asceticism, religion, or superstition (House *et al.*, 1999). This emphasis is not particularly Asian in nature, and certainly not typical of China.

As in the GLOBE study, Hofstede's (1980) seminal study (discussed in the previous section) was supported and used for the most part, by subjects from a large US multinational corporation with a strong US corporate culture. A frequently noted limitation of these theories, and one rarely addressed in research, is whether they can be generalised and applied to other cultures. Most of these theories are very likely culture-bound, reflecting US assumptions, values and beliefs. For example, both the Leader-Member Exchange (LMX) and the original Path-Goal theories are based on the presumption that leadership and management styles consist basically of impersonal relationships between leaders and followers. This assumption is clearly a reflection of the individualistic orientation of dominant mainstream US culture. In high power distance cultures, there may be no personal relationships between managers and their people.

The transformational theory asserts that effective management involves the exercise of individualised considerations towards subordinates (Bass, 1990). This management behaviour may violate the cultural norms of highly collectivist societies. Group-oriented consideration is likely to be more readily accepted and effective in

collectivist societies. The transformational theory also asserts that effective management styles include the exercise of intellectual stimulation, which involves encouraging subordinates to be independent and to approach problems in new ways. This management behaviour reflects the achievement and entrepreneurial orientation of the US culture and may violate norms of dependency and conformity that characterise many other cultures, especially the Chinese.

There is also a need to identify emic manifestations of generic manager behaviour in all cultures to which theories of management styles may be applied. It is doubtful that generic management functions adequately describe the exercise of management styles in all cultures. For example, in cultures as diverse as the Asian one, the expression of individuality is considered socially undesirable. In Asian cultures, singling out individuals with public praise is likely to result in embarrassment, rather than gratification. Similarly, the GLOBE research suggests that in these cultures, highly assertive behaviour is considered socially undesirable, whereas in Europe and the US, such behaviour appears to be not only accepted, but also expected. The GLOBE project has published six global leadership dimensions: charismatic/value-based leadership, team-oriented leadership (highly correlated to charismatic/value-based), humane leadership, participative leadership, self-protective and autonomous leadership. The latter two, self-protective and autonomous leadership, are said to vary by culture.

In conclusion, the literature review detailed in this section demonstrates the considerable impact of culture on management styles and the lack of fit in management style as a problem for IJVs. However, reviews of previous studies did not reveal existing theories that facilitate a fit in management styles for Sino-German IJV partner-firm managers. This area does, therefore, represent a potential gap in existing literature and this research attempts to redress the inequity which it has identified.

In the subsequent chapter, a framework of management style dimensions is developed incorporating the various facets identified by IJV partner-firm managers during a preliminary analysis. These have been clustered so as to be able to empirically explore the relevance of fit in management styles for IJV partner-firm managers in China and how this can be facilitated.

### **3 Management Style Framework Development**

In this chapter, management style is defined and a management style framework is developed, clustering the management style facets, identified by Lufthansa IJV partner-firm managers during the preliminary interviews, using the dimensions advanced in the framework conceptualised by Albaum and Herche (1999) to examine management styles across cultures.

#### **3.1 Defining Management Style**

Management style is defined as “a recurring set of characteristics that are associated with the decisional process of the firm or individual managers” (Tull and Album, 1971; Album *et al*, 1995). Several studies indicate that five cultural dimensions (Hofstede, 2001) significantly impact management styles. These are individualism, uncertainty avoidance, masculinity, power distance and long-term orientation (Birnbaum-More *et al*, 1995; Hofstede, 2001; Robertson, 2000; Westwood and Posner, 1997).

Previous research identifies high individualism, medium uncertainty avoidance, high masculinity, low to medium power distance and medium long-term orientation as the dimensions describing German characteristics, while low individualism, low

uncertainty avoidance, high masculinity, high power distance and high long-term orientation describe the Chinese (Hofstede, 2001; Westwood and Posner, 1997). Therefore, Germans display greater levels of individualism and uncertainty avoidance compared to the Chinese, while the latter exhibit greater levels in masculinity, power distance and long-term orientation.

Tse *et al.* (1988) compared managers from China, Hong Kong and Canada on decisiveness, choice and risk adjustment in simulated international business situations to determine how significantly their home culture affected their decision-making in risky circumstances. Differences in decision-making styles were most pronounced between Canadian managers with their western orientation (individual initiative and utilitarian values) and the group from China and their Confucian perspective of societal well-being and committee submission to leaders. Decision-making styles of managers from Hong Kong were found to be in between those of the Canadian and the Chinese. Once again, these results were attributed to the cultural impact of Eastern and Western ideas, as will be supported by some key findings of this study.

Literature offers evidence that managers from high individualistic countries such as the United States, Australia, Canada, the United Kingdom and Germany usually favour a democratic or participative style of management. Managers from low individualistic countries like the PRC, Hong Kong and Taiwan prefer an autocratic style of management (Birnbaum-More *et al.*, 1995; Westwood and Posner, 1997).

This is further confirmed by an analysis of the responses of the partner-firm managers who participated in this study, when asked to identify facets of management styles.

Culture, therefore, has everything to do with the manner in which people exchange information, and how they learn and develop. When partner-firm managers share a similar culture, they are in a better position to facilitate a fit in management styles. An effective management style across cultures differs from an effective management style in a single culture, because of the differences in assumptions made by people from different cultures. To help facilitate a fit in management styles between cultures, managers must be aware of, and understand, these different assumptions, and their cultural impact on management styles.

For the purpose of this study, the acknowledged definition of management style is the pattern of behaviour associated with the decision-making process of an organisation, acquired and transmitted over time, both shared within a group and communicated to new members in order to serve as a cognitive guide or blueprint for future decision-making (Littrell, 2002).

Cultural values and norms are the building blocks of management style. While values embody abstract ideas of what a culture believes to be good, right and desirable, norms refer to the social rules and guidelines prescribing appropriate behaviour in a specific culture.

It is customary for German IJV managers to believe that Chinese managers deviate from the corporate cultural norm, while overlooking or ignoring, the fact that they themselves are the ones deviating from the norms of the host country. Ethnocentrism, the belief that one's own ethnic culture is superior, is as damaging to the German managers of partner-firms, as is a total disregard or contempt for the Chinese culture. Cultural sensitivity and empathy are important concepts in management styles across cultures. These concepts are difficult to teach, but IJV partner-firm managers, through increased awareness and the use of cross-cultural training, can learn how to effectively bridge the cultural differences encountered in Sino-German IJVs.

Literature suggests that it is important for German managers to understand how their personal management style is influenced by their own culture, in order to understand how the Chinese culture influences the management styles of their Chinese counterparts. Most managers, particularly if they have limited or no experience of another culture, do not realise that their beliefs, values and management styles are not universal. Should German partner-firm managers be unaware of their own cultural bias, and the fact that their management style, in the context of the IJV, is a potential liability, they run the risk of facing major challenges in relation with facilitating a fit in management styles with their Chinese counterparts.

While previous research offers a number of concepts and frameworks (Hall, 1990; Hampden-Turner and Trompenaars, 2000; Schwartz, 1999; House *et al.*, 1999;

Birnbaum-More *et al.*, 1995; Westwood and Posner, 1997; Hofstede, 2001), they do not take into account the cross-cultural context of the German and Chinese cultural backgrounds. Therefore, this study, through a series of preliminary explorative interviews, focuses on identifying facets of management styles specific to Sino-German IJVs. These preliminary interviews were conducted with the partner-firm managers of the five participating Lufthansa IJVs in China. During the interviews, the managers provided valuable information on the different management style facets prevalent in their organisations.

The subsequent sections present a framework for management style dimensions, clustering the management style facets identified during the preliminary interviews. These use the dimension categories advanced in the framework conceptualised by Albaum and Herche (1999) for their study of management styles across cultures

### **3.2 Identification of Management Style Facets in Sino-German IJVs**

Preliminary explorative interviews were undertaken prior to this study, to identify the predominant cause of the perceived the lack of fit in management styles. Open interviews were conducted with several senior partner-firm managers, and an analysis of the results demonstrated an apparent lack of fit due to cultural differences in the management styles of IJV partner-firm managers. During these preliminary

interviews, IJV managers highlighted 25 management style facets they considered important, and where they perceived a lack of fit existed.

These facets are presented in the table below:

1. Insider information is shared with counterparts
2. Information in connection with non-performance is not openly communicated
3. Dealing with multiple issues at the same time is efficient
4. Repeated questioning is necessary to obtain information
5. Indirect communication is effective
6. Relationships are more important than business success
7. Time, trust and tolerance are essential factors for business dealings
8. Flexible deadlines are practical
9. Guanxi connections are ethical and important
10. Signing of a deal should finalise a negotiation process
11. Intermediaries play an important role in decision-making
12. Decision-making should be a senior management responsibility
13. Decision-making should be facilitated by lengthy discussions
14. Decisions should be consensus-oriented
15. Desired decisions should be achieved through manipulation
16. Rules and regulations should be strictly adhered to
17. Agreements should be re-negotiable
18. Verbal commitments are not risky
19. Business propositions should be based on the future, not past potential
20. Maintaining status quo should be preferred to making changes
21. Face-to-face meetings are more effective than phone or video conferencing
22. Communication should take place between managers of appropriate stature
23. Breaks should be effective for negotiations
24. IT development should be prioritised based on business importance
25. Information systems are a key success factor

**Table 3:** Management Style Facets Identified by IJV Managers  
*(Results of the preliminary analysis)*

Table 3 details the 25 management style facets identified by Sino-German IJV partner-firm managers during preliminary interviews. An analysis of the interview data demonstrates there is a perceived lack of fit in these areas.

The following section explains each facet and discusses its importance as perceived by partner-firm managers working for Lufthansa's IJVs in China.

***(1) Insider information is shared with counterparts***

*Guanxi* or relationship-building is a key element for success in China (Bond, 1996). Essentially influenced by the teachings of Confucius, it is a pervasive network based on trust and mutual benefit which places great significance on relationships. *Guanxi* is about connections and affinity. It offers access to privileged insider information and it allows favours to be granted. A partner-firm manager's success is directly dependent on how well he is able to make *guanxi* work for him.

***(2) Information in connection with non-performance is not openly communicated***

The Confucian principle of social harmony extends not only to the concept of proper relationships but also to the concept of 'saving face' or *mianzi* which allows an individual dignity, self-respect and prestige (Bond and Hwang, 1986; Hu and Grove,

1991). If Chinese partner-firm managers encounter trouble in connection with business performance, and the signs of trouble are not obvious, they will do everything possible to cover up the issue, to give the impression that all is well. This is primarily because unlike German managers, Chinese managers, in most situations, spend more time thinking about the relevance of possible 'loss of face' and so are more inclined to cover up deficiencies.

### ***(3) Dealing with multiple issues at the same time is efficient***

Some Chinese IJV partner-firm managers who were interviewed, singled out a typical facet of Chinese management style, *zhengti guannian* or a holistic approach to issues (Kirkbride, Tang and Westwood, 1991). Single, isolated issues are related not only to the entire situation, but also to the circumstances in which they occur. Chinese managers do not think sequentially or individualistically, and tend to break up issues into smaller issues and discuss and deal with all of them together. In comparison, German managers demonstrate a very linear thought process, preferring to deal with one issue at a time in a systematic manner.

***(4) Repeated questioning is necessary to obtain information***

For Chinese managers, the virtues of patience and calmness represent sincerity, earnestness, proficiency and self-discipline (Pang, Roberts and Sutton, 1998). The asking of questions, over and over again, indicates *chiku nailao* or endurance, an honourable characteristic. Therefore, Chinese managers usually provide information only after they are questioned repeatedly.

***(5) Indirect communication is effective***

Sun Tzu (1982) supported the theory that victory does not necessarily involve confrontation. For Chinese managers, an effective strategy is one that avoids competition and conflict. The idea of avoiding conflict is also evident in their style of communication. Chinese managers often use an indirect approach where hidden meanings are left to the interpretation of the receiver. They prefer indirect communication, not because they are dishonest and are trying to hide the truth, but because to them, this is a non-aggressive, courteous and respectful way of conveying a message.

***(6) Relationships are more important than business success***

In China, relationships are an important dimension of *guanxi* or relationship-building. Chinese managers work towards cultivating strategic friendships which may be useful in the future (Seligman, 1999). In the Chinese context, this is not considered a negative motive as Chinese managers believe in using connections and relationships to obtain desired outcomes. Good *guanxi* is eternal, and if *guanxi* exists between two people, even if they reunite after a decade, the *guanxi* between them will still exist. Therefore, relationship-building is considered more important than achieving business success in China.

***(7) Time, trust and tolerance are essential factors for business dealings***

People in China will engage in business dealings only with those they trust, making personal relationships the critical factor in all business dealings (Pearce and Robinson, 2000). As opposed to the German approach, Chinese focus on long-term relationships, believing that investments in time and resources will reap long-term benefits. German managers could consider this long, time-consuming process as inefficient. However, a German manager's impatience could be interpreted by the Chinese as impersonal involvement, and hamper the fruition of effective *guanxi*.

***(8) Flexible deadlines are practical***

Chinese managers are heavily influenced by the military strategist Sun Tzu (1982), who strongly advocated flexible deadlines. Chinese managers believe stringent deadlines cannot, and must not, be applied to all situations. As deadlines are dependent on various unpredictable variables, it is important to continuously monitor the plans and check the suitability of the assigned deadlines (Rarick, 1996).

***(9) Guanxi connections are ethical and important***

The majority of German partner-firm managers interviewed perceived *guanxi* as exploitation of others and therefore, unethical. For the Chinese however, *guanxi* serves a necessary social function and has a moral code attached to it (Pearce and Robinson, 2000). Accepting a favour creates a commitment to reciprocate the favour at a later stage. As long as managers realise this subtext, it is considered ethical. *Guanxi* is relation-focused and has an ethical dimension to it, implying that it cannot be bought. At times, *guanxi* is perceived as corrupt, under-the-table behaviour. The rationale behind this is that as many Chinese managers and bureaucrats are not well paid, they enhance their income by using their power to help people in return for monetary gains. While this system of trading a favour for a favour is common practice among the Chinese, it is fundamentally illegal and unethical to the Germans.

***(10) Signing a deal should finalise a negotiation process***

*Jiejian* or thrift is the practice of saving money. This characteristic, for all intents and purposes, stems from China's long history of economic and political instability which taught people to be frugal (Graham and Lam, 2003). The Chinese focus on saving often results in bargaining over price in business negotiations. Chinese managers bargain until the other party runs out of patience. This technique is basically used to extract as much benefit as possible, and not necessarily just in pricing. Bargaining can continue even after the deal has been signed and the business has commenced operation. Chinese managers assume that once a relationship has been formed, the negotiating parties become 'friends' and so matters can be brought up and discussed again, at any time. In stark comparison, German managers firmly believe once a deal is signed, the negotiation process is complete, and the decisions taken should not be re-visited at a later stage with the intention of making changes to the signed deal.

***(11) Intermediaries play an important role in decision-making***

The *zhongjian ren* or intermediary, plays an indispensable role in business meetings in China (Graham and Lam, 2003). Unfamiliar parties are viewed with distrust and suspicion, making it difficult to initiate new business relations. Trust has to be earned through *guanxi* and this introduces the function of the intermediary.

Existing trusted business associates introduce strangers to their network of trusted business associates, and the role of the intermediary continues much beyond an introductory meeting. The *zhongjian ren* is more an interpreter of culture, rather than of language. He or she can interpret subtle nuances and translate the moods and expressions of Chinese negotiators. Therefore, in China, it is understood that trust can only be earned through a *zhongjian ren* who facilitates the interaction between the Chinese and German managers. The importance of relationship-building or *guanxi* also strengthens the need for an intermediary or *zhongjian ren*.

***(12) Decision-making should be a senior management responsibility***

The strong Confucian values of respect and compliance highlight the formal set-up of the Chinese business culture (Pang, Roberts and Sutton, 1998). This formality affects the importance of an individual's social standing or *shehui dengji*. The Chinese respect for hierarchy and authority has direct implications on management styles (Birnbaum-More *et al.*, 1995; Tse *et al.*, 1988; Westwood and Posner, 1997). For example, during a negotiation between German and Chinese managers, it is important for the Chinese to ascertain the authority and status of the participating German managers as this demonstrates the intentions of the German organisation, and also indicates the level of respect being shown towards participating Chinese managers. In Germany, most of the preliminary, preparatory work is the responsibility of junior executives. Senior managers get involved at a much later

stage, when it is time to wrap-up negotiations. In China, just the opposite is practiced. Senior managers initiate talks, and the details are fleshed out later by junior executives.

***(13) Decision- making should be facilitated by lengthy discussions***

German managers, used to quick responses and decisions, find it very difficult to participate in and deal with long meetings that appear to drag on for no apparent reason. However, if Chinese managers increasingly talk among themselves, ask for more time or take breaks between discussions, it should be considered a positive sign (Graham and Lam, 2003). As they arrive at decisions only after lengthy discussion, such behaviour indicates that the Chinese managers are more inclined towards making a positive decision.

***(14) Decisions should be consensus- oriented***

German managers favour a participative style of decision-making based on consent (Birnbaum-More *et al.*, 1995; Tse *et al.*, 1988; Westwood and Posner, 1997; Glunk, Wilderom and Ogilvie, 1996). People take responsibility for work done, and are held accountable for the quality of work. On the other hand, managers of low individualistic countries like China tend to favour an autocratic style of management.

***(15) Desired decisions should be achieved through manipulation***

Chinese managers are known to employ various negotiating tactics to get the other party to respond in the manner they desire. According to the Sun Tzu (1982) strategies, deceptive manoeuvres are very effective on the military battlefield. Therefore, Chinese partner-firm managers believe it appropriate to apply this concept to the business world in order to gain competitive advantages.

***(16) Rules and regulations should be strictly adhered to***

German managers are described as highly organised, systematic and rule-abiding perfectionists (Hofstede, 1997a; 1980; Machl, 2003). This concept emphasizes the need to minimise risks. Thus, it is important to structure everything and have transparent rules and regulations that must be followed.

***(17) Agreements should be re-negotiable***

Chinese managers believe a relationship between the two parties essentially begins once the negotiation phase is over, and an agreement has been reached. From a Chinese perspective, an agreement is simply an indication of a commitment to a long-term relationship (Hofstede, 1997a; 1980; Graham and Lam, 2003). The agreement,

therefore, serves just as a working framework, subject to further negotiation. Chinese managers often believe it is crucial to re-negotiate issues and continually re-assess and re-confirm the validity of the agreement.

***(18) Verbally commitments are not risky***

German managers appreciate written commitments that have been well documented, where all tasks and goals are clearly written down, leaving no space for ambiguity and misunderstandings at a later stage (Hofstede, 1997a; 1980; Machl, 2003). Therefore, they consider verbal commitments made on the basis of personal relationships risky. However, as the Chinese managers place extreme importance on relationships and *guanxi*, they do not perceive verbal commitments in the same light as the Germans do.

***(19) Business propositions should be based on the future, not past potential***

German managers are considered very clear and practical, and this is often interpreted by Chinese managers as being insensitive to the long-standing relationships that may have contributed to successful businesses in the past. The 'objective' German style does not place any importance on the success of past

business proposals, rather, it is concerned with the potential for success of future business proposals Machl, 2003).

***(20) Maintaining status quo should preferred to making changes***

Confucianism stresses the importance of harmony in society through moral conduct in all kinds of relationships. Therefore, Chinese managers prefer to maintain harmony and ‘preserve face’ even if it means compromising future progress, because maintaining the status quo means avoiding confrontational situations and disturbing the harmony of existing relationships (Hofstede, 1997a; 1980; Chew and Lim, 1995).

***(21) Face-to-face meetings are more effective than phone or video conferencing***

The concept of *guanxi* or relationship-building, though intricate and complex, is considered a very important phenomenon in the Chinese business world. Developing and expanding *guanxi* is a social investment that can substantially enrich a manager’s resources and future potential. However, as *guanxi* can only be successfully developed during face-to-face encounters, from the Chinese perspective, direct contact is more important than video or telephone conferencing, which is considered inefficient and a waste of time.

***(22) Communication should take place between managers of appropriate stature***

The Chinese managers who were interviewed pointed out that communicating with a manager of inappropriate stature could lead to a loss of *mianzi* or face for a Chinese. Meetings in China, to be effective and achieve the right levels of cooperation, need to be an assembly of equals. The focus of high-level meetings in China is mainly to assess relationships, as senior Chinese managers rarely indulge in detailed discussions (Hofstede, 1997a; Graham and Lam, 2003).

***(23) Breaks should be effective for negotiations***

*Chiku nailao* or endurance is considered an honourable characteristic by the Chinese. In the context of negotiations, Chinese managers prepare harder for meetings and look forward to longer bargaining sessions. This can be an exhausting experience for a German manager. Chinese do not make concessions immediately, even to requests from senior management, until they have had a number of discussions on the side, amongst themselves. Therefore, they tend to take several breaks during negotiations, to consider new propositions or revert with a new set of questions (Graham and Lam, 2003).

***(24) IT development should be prioritised based on business importance***

The Chinese orientation towards time and scheduling is ‘non-linear’ and is usually associated with events. They believe time is endless and is beyond the control of human beings (Kirkbride, Tang and Westwood, 1991). The future cannot be planned, so schedules of any nature are considered largely unimportant as the completion of tasks in connection with IT development could involve major changes in scheduled activities, right up to the very last minute.

***(25) Information systems are a key success factor***

Chinese partner-firm managers consider system-based controls an integral part of doing business and an effective mechanism for realising business success. German managers also consider information systems to be a formal and stringent platform for gathering and analysing detailed data from all levels of the organisation, however, they do not give it the same level of importance as the Chinese do (Glunk, Wilderom and Ogilvie, 1996).

The 25 facets briefly discussed in this section, identified in a preliminary analysis on the basis of interviews with partner-firm managers in Sino-German IJVs, will be combined into groups to provide a more structured framework to examine the relevance of fit in management styles, and how it can be facilitated.

### **3.3 Proposed Management Style Framework**

Literature offers several models and frameworks on management styles (Birnbaum-More *et al.*, 1995; Hofstede, 2001; Robertson, 2000; Westwood and Posner, 1997; Trompenaars, 1998; Tse *et al.*, 1988). However, the existing theories are either too general, or largely self-limiting. Further, the process of developing an optimal framework for this research was based on identifying a model that enabled a successful clustering of the 25 management style facets identified by IJV partner-firm managers during the preliminary analysis. The Albaum and Herche (1999) management style framework came closest to this requirement, as the five dimensions it contained allowed the clustering of all 25 of the earlier identified management style facets.

Albaum and Herche (1999) compared management styles on the basis of the following five dimensions: (1) information utilisation, (2) complexity, (3) group decision-making, (4) risk acceptance, and (5) technology orientation and conduct.

#### **3.3.1 Information Utilisation**

Information utilisation refers to the degree to which managers use information, either quantitative or qualitative, in their decision-making. As indicated by Hall and Hall (1990), there are two different temporal styles, monochronic and polychronic.

Monochronic or abstractive cultures focus on one thing at a time, separating their activities in both time and space. Importance is placed on schedules, tasks and procedures. They use rationale in their decision-making process and take time schedules seriously, thus reducing the time spent on developing relationships.

In contrast, polychronic or associative cultures focus on several things at a time. Importance is placed on people and relationships and the completion of transactions, instead of a rigid adherence to present schedules (Vinton, 1992). Managers are deeply involved with their employees and customers, and feel that they need to know them well in order to serve them well. Information exchange, as a result, occurs in a high context environment where participants implicitly understand the communication.

In polychronic cultures, people utilise associations among events that may not have much logical basis, whereas in monochronic cultures, cause-effect relationship is dominant. A strong commitment to time schedules supports the pre-disposition towards deliberate planning over improvisation (Michael, 1997). The emphasis on cause-effect relationships and abstractive thinking go hand-in-hand with rationale, rather than intuitive empiricism. North American and German cultures are considered monochronic in nature, while Chinese and other Asian cultures are considered polychronic (Hall and Hall, 1990).

Further, Nakata and Sivakumar (2001) demonstrate that collectivism may promote information sharing. Previous research also indicates that greater levels of

inter-departmental harmony, which is positively associated with collectivism, have been linked with the increase in the utilisation of information (Maltz and Kohli, 1996). Based on the Hofstede's study (2001), Chinese managers score low, and German managers score high, in individualism. Since Chinese managers live in a collectivistic and high context culture, their degree of information utilisation will be higher than that of German managers, who live in an individualistic and low context culture.

In summary, the facets of management style dimensions discussed in the previous section of this chapter indicate that managers of Chinese partner-firms show a higher degree of information utilisation than their German counterparts. Given the nature of this dimension, it would include the following facets identified by partner-firm managers during the preliminary analysis: (1) insider information is shared with counterparts, (2) information in connection with non-performance is not openly communicated, (3) dealing with multiple issues at the same time is efficient, (4) repeated questioning is necessary to obtain information, and (5) indirect communication is effective.

### **3.3.2 Complexity**

Some managers tend to incorporate many variables (complex) into their decision-making, while other managers tend to consider only a few (simple). Decision makers

employing fewer variables in their analysis must develop skills to identify key dimensions of a problem, in order to simplify the task. Those comfortable with more complex tasks will typically seek additional variables to add to their conceptual models. This management style is also attributed to the two temporal styles (monochronic and polychronic) as described by Hall and Hall (1990).

On the rationale that China has a higher context culture than Germany, this study assumes that the degree of complexity in decision-making is greater for Chinese partner-firm managers than German partner-firm managers. Considering the nature of this dimension, it would include the following facets identified by partner-firm managers during the preliminary analysis: (6) relationships are more important than business success, (7) time, trust and tolerance are essential factors for business dealings, (8) flexible deadlines are practical, (9) *guanxi* connections are ethical and important, and (10) signing a deal should finalise a negotiation process.

### **3.3.3 Group Decision-making**

This dimension refers to whether a manager tends to make decisions unilaterally or seeks the views and opinions of others. It has direct bearing on how risk is shared in a given decision. As responsibility for decision-making is spread out among a number of managers, the individual risk assumed by any one particular person is reduced, a phenomenon known as 'risky shift'. A centralised management style or

group decision-making is preferable in potentially risky business environments, where estimates and predictions are difficult. Obviously, this style of decision-making is influenced by the cultural dimensions of individualism-collectivism. In decision-making, individualistic cultures tend to have a certain independence of thought and action and a reduced propensity to share information, compared to more collectivist cultures (Earley, 1989). Accordingly, German managers (high individualistic) will be expected to practice relatively less group decision-making compared to Chinese managers (low individualistic).

Another cultural dimension that affects the extent of group decision-making is power distance. Power distance is defined as the degree of inequality among people, considered normal or acceptable by the population of a country. This can range from relatively equal (small) power distances to extremely unequal (large) power distances. Although all societies are to some extent unequal, some are more so than others. In low power distance countries, superiors and subordinates regard each other as equal in terms of rights and representation. In contrast, in high power distance countries, inequality and managerial hierarchies within the organisation are accepted. In these cultures, the laws and rules for superiors are different from those for subordinates, making it difficult to implement policies such as participative management. In these societies, superiors are expected to make decisions autocratically and subordinates are generally afraid and unwilling to disagree with their superiors (Hofstede, 2001). China has a high power distance score (80) while Germany has a low power distance score (36), according to Hofstede (2001). However, the Chinese are largely

influenced by Maoist values emphasising collectivism and group work, championed by their former leader Mao Tse-tung (Birnbaum-More *et al.*, 1995). Although Chinese managers are expected to be autocratic, the prevailing culture still favours group work and group decision-making.

Therefore, group decision-making appears to be practiced more often by Chinese partner-firm managers than German partner-firm managers. Given the nature of this dimension, it would include the following facets identified by partner-firm managers during the preliminary analysis: (11) intermediaries play an important role in decision-making, (12) decision-making should be a senior management responsibility, (13) decision-making should be facilitated by lengthy discussions, (14) decisions should be consensus-oriented, and (15) desired decisions should be achieved through manipulation.

#### **3.3.4 Risk Acceptance**

This dimension refers to the extent to which management is willing to accept risk when choosing among alternative courses of action. The risk-averse manager will tend to protect against the worst happening, whereas the risk-accepting manager will look at the positive aspects of a decision. This decision style intuitively relates to the cultural dimension of uncertainty avoidance. Uncertainty avoidance is defined as the degree to which people in a country prefer structured situations, over unstructured

situations, where there are clear rules as to how one should behave (Hofstede, 1991). In countries which score low on uncertainty avoidance, people tend to be more relaxed and easy going whereas in countries with high uncertainty avoidance, people tend to be more nervous and anxious. The former tend to be more flexible and are curious about differences while the latter tend to be more rigid and are wary about differences. In countries that score high in uncertainty avoidance, people are threatened by uncertainty. They try to avoid risk or employ strategies to reduce risk. One approach for reducing risk in decision-making is to gather and use more information in evaluating alternative courses of action.

Based on Hofstede's study (2001), the relative scores of uncertainty avoidance for Germany and China are medium and low respectively. A lower score of uncertainty avoidance refers to a higher level of risk-acceptance by managers. Therefore, Chinese partner-firm managers appear to display a higher degree of risk-acceptance than German partner-firm managers.

Taking into account the nature of this dimension, it would include the following facets identified by partner-firm managers during the preliminary analysis: (16) rules and regulations should be strictly adhered to, (17) agreements should be re-negotiable, (18) verbal commitments are not risky, (19) business propositions should be based on the future, not past potential, and (20) maintaining status quo should be preferred to making changes.

### **3.3.5 Technology Orientation and Conduct**

A manager's orientation influences the setting of priorities on types of decisions to be made. Managers with a behavioural focus are primarily concerned with market-oriented factors in decision-making, while managers with a technology orientation focus on the use of sophisticated technologies in the development of new products and the use of technical knowledge to meet the needs of users or customers.

Countries with high uncertainty avoidance will follow the “what is different is dangerous” path of thought (Hofstede, 1991, p. 119), and therefore people in these countries resist changes in established systems of technology and focus on avoiding or reducing risk. On the contrary, people in low uncertainty avoidance countries favour the “what is different is curious” (and worth exploring) school of thought, even though new technologies present greater risk and more ambiguity compared to existing technologies. Managers in countries characterised by low-levels of uncertainty avoidance tend to be more technologically oriented in their decision-making than managers in countries characterised by high-levels of uncertainty avoidance.

Since Chinese partner-firm managers have a lower score in uncertainty avoidance than German partner-firm managers, Chinese managers appear to have a higher degree of technology orientation than German managers.

In summary, previous studies demonstrate that partner-firm managers of high individualistic countries, such as Germany, usually favour a democratic or participative style of management. Partner-firm managers of low individualistic countries, like China, favour an autocratic style of management (Birnbaum-More *et al.*, 1995; Westwood and Posner, 1997). Instead of focusing on autocratic and participative management styles, this study is based on the management style framework conceptualised by Albaum and Herche (1999) which compares the management styles of managers who evaluate and use information frequently in their decision-making.

Given the nature of this dimension, it would include the following facets identified by partner-firm managers during the preliminary analysis: (21) face-to-face meetings are more effective than telephone and video conferencing, (22) communication should take place between managers of appropriate stature, (23) breaks should be effective for negotiation, (24) IT development should be prioritised based on business importance, and, (25) information systems are a key success factor.

Therefore, for the purpose of this study, management style comprises the 25 facets identified during the preliminary explorative interviews discussed in the previous section, clustered under the five dimension categories offered in Albaum and Herche's (1999) management style framework. Table 4 presents the management style dimensions framework developed for the purpose of this research.

<b><i>1. Information Utilisation</i></b>
<ul style="list-style-type: none"> <li>• Insider information is shared with counterparts</li> <li>• Information in connection with non-performance is not openly communicated</li> <li>• Dealing with multiple issues at the same time is efficient</li> <li>• Repeated questioning is necessary to obtain information</li> <li>• Indirect communication is effective</li> </ul>
<b><i>2. Complexity</i></b>
<ul style="list-style-type: none"> <li>• Relationships are more important than business success</li> <li>• Time, trust and tolerance are essential factors for business dealings</li> <li>• Flexible deadlines are practical</li> <li>• <i>Guanxi</i> connections are ethical and important</li> <li>• Signing a deal should finalise a negotiation process</li> </ul>
<b><i>3. Group Decision-making</i></b>
<ul style="list-style-type: none"> <li>• Intermediaries play an important role in decision-making</li> <li>• Decision-making should be a senior management responsibility</li> <li>• Decision-making should be facilitated by lengthy discussions</li> <li>• Decisions should be consensus-oriented</li> <li>• Desired decisions should be achieved through manipulation</li> </ul>
<b><i>4. Risk Acceptance</i></b>
<ul style="list-style-type: none"> <li>• Rules and regulations should be strictly adhered to</li> <li>• Agreements should be re-negotiable</li> <li>• Verbal commitments are not risky</li> <li>• Business propositions should be based on the future, not past potential</li> <li>• Maintaining status quo should be preferred to making changes</li> </ul>
<b><i>5. Technology Orientation and Conduct</i></b>
<ul style="list-style-type: none"> <li>• Face-to-face meetings are more effective than telephone or video conferencing</li> <li>• Communication should take place between managers of appropriate stature</li> <li>• Breaks should be effective for negotiations</li> <li>• IT development should be prioritised based on business importance</li> <li>• Information systems are a key success factor</li> </ul>

**Table 4:** Management Style Dimensions Framework  
*Based on Albaum and Herche (1999)*

Table 4 presents the management style dimensions framework developed using the key facets highlighted by IJV partner-firm managers during preliminary interviews. These facets have been clustered under the five dimensions offered by the Albaum and Herche (1999) framework. The proposed framework will be used as the basis for examining the relevance of fit in management styles between partner-firm managers. The following chapter presents a research design that can be used to conduct an investigation among Sino-German IJV partner-firm managers to explore the proposed framework of management style dimensions.

## **4 Research Design**

Lee (1991) remarks that researchers, whose investigations are focused on organisations, can choose from a growing range of methods and approaches. Consequently, in order to carry out a particular research project, it is important to be aware of the characteristics and assumptions of the prevailing paradigms in the field, and to develop a research design that matches the principal objectives of the study.

The following sections present the main concepts associated with qualitative and quantitative research paradigms, and identifies the main differences in the assumptions on social phenomena. The principal objectives of this investigation focus on developing a suitable research strategy to investigate the relevance of fit in management styles of IJV partner-firm managers in China. In addition to this, a survey instrument has been developed to obtain appropriate data from partner-firm managers working in Sino-German IJVs. The benefits and limitations of questionnaire surveys are presented and finally, the data evaluation process is discussed.

### **4.1 Epistemological and Methodological Considerations**

When conducting research, it is not sufficient to merely choose between various research designs and to ensure that the investigation is being properly executed. The

purpose of the research is of particular importance, as is the determination and selection of the methods and techniques most suited to achieve the specific objectives of the study. As Bochner (1986) remarks, “different research purposes may require different strategies, so it is important first to pinpoint goals” (p. 172). In this context, epistemological and methodological considerations need to be assessed to justify the subsequent analysis of both, the objectives and the methods. Therefore, an appropriate methodology consists not only of a sound implementation of methods and techniques, but is also offers a logical argument for the choice of methods being used to answer the research question and address the research problem.

The debate in recent years about suitable research designs for social and managerial sciences has yielded two broad sets of research paradigms: the qualitative and the quantitative. Tsoukas (1989) notes that the term qualitative research should be entirely avoided as it “is not a type of design, but a type of evidence” (p. 551), while Eisenhardt (1989) clarifies the use of these terms, and points out that in a particular research endeavour, “the evidence may be qualitative (e.g. words), quantitative (e.g. numbers), or both” (pp. 534-535). In addition to the distinct types of data gathered in the field, the use of qualitative data versus quantitative data in managerial research has been largely linked to fundamental differences in the assumptions made about the social world, a scientist’s relationship with his research and the way knowledge is constructed and obtained.

The following discussion examines the differences between the two approaches.

Creswell (1994) notes that the quantitative paradigm has frequently been associated with a positivist perspective of the world, and it implies a search for principles and patterns through experimentation or traditional empirical research. In contrast, the qualitative paradigm is regarded as “a countermovement to the positivist tradition” (Creswell, 1994, p. 4) and is generally based on a constructivist approach and an interpretative perspective. In order to identify the principal differences between the quantitative and qualitative paradigms, Firestone (1987) proposes an assessment of four distinct areas: (a) the nature of reality, (b) the purpose of research, (c) the research design, and (d) the role of the researcher.

While the quantitative paradigm is based on the notion that “there are social facts with an objective reality apart from the beliefs of individuals” (Firestone, 1987, p.16), the pursuit of qualitative approaches is generally associated with the assumption that individuals or groups construct reality by providing various definitions and perspectives when encountering a particular situation or phenomenon.

Researchers who rely on quantitative approaches commonly seek to identify and explain variations and changes in the social world. In contrast, those researchers who collect and analyse qualitative data are generally more concerned with the meaning of the social conditions and phenomena under investigation and the multiple perspectives developed by those who form part of the social setting.

A third difference between the two paradigms relates to the prevailing types of research designs which can be associated with each approach. Experiments and correlation designs have commonly been linked to quantitative approaches; while ethnographic studies and case study research has frequently been associated with a qualitative paradigm.

Finally, it has been noted that the researcher's assumed role during data collection and analysis differs between the two philosophical perspectives. While an independent and detached position is adopted by researchers who subscribe to the quantitative paradigm, "the qualitative researcher becomes 'immersed' in the phenomenon of interest" (Firestone, 1987, p. 17).

The following table both illustrates and summarises the principal differences between the quantitative and qualitative paradigms.

	<b>Quantitative Paradigm</b>	<b>Qualitative Paradigm</b>
Nature of Reality	Reality consists of social facts which can be studied; associated with positivist philosophy or post-positivist critical realism	Reality is subjective and independently constructed by individuals; associated with subjectivism and a phenomenological perspective
Purpose of Research	Identify and explain variations and changes in the social world	Understand a social phenomenon through the multiple perspectives of participants
Research Design	Experimental or correlation designs	Ethnography or case study
Role of the Researcher	Independent and detached	Interactive and immersed

**Table 5:** Comparison of Quantitative and Qualitative Paradigms  
*Firestone (1987)*

In order to develop a suitable research design, a range of issues need to be considered. In addition to the researcher's ontological, epistemological and methodological perspectives, the nature of the problem under investigation, the financial resources and the amount of time available to conduct the study have to be identified. Firestone (1987) recognises the various aspects which have an impact on the choice of methods and techniques. He points out that there are, in fact, a number of reasons for selecting a methodological approach, but an individual's decision often expresses values about his world, his understanding of it, and the most important threats to that understanding. The method selected encourages the individual to adopt

standards of presentation that advance certain kinds of arguments for the credibility of his conclusions. These non-logical, methodological tendencies match individual, stylistic predictions as well as philosophical underpinnings of the positivist and phenomenological paradigms of research (p. 20).

Creswell (1994), concurring with Firestone (1987), suggests that researchers should develop a research design based on the nature of the problem under investigation and the time and resources available to complete the project or research programme.

The following table identifies the main criteria for selecting a particular paradigm.

	<b>Quantitative Paradigm</b>	<b>Qualitative Paradigm</b>
Researcher's Perspective	Affirmation of an objective reality and a detached approach to research	Exploration of a subjective reality and an immersion-based approach to research
Nature of the Problem	Previous research has been undertaken, variables and mechanisms are known or have been suggested, theories have been advanced, models can be derived or formulated	Limited research findings available, variables unknown, theories are not available, models are undesirable or cannot be developed
Scope of the Study	Short time span	Time for an extended study

**Table 6:** Reasons for Choosing a Paradigm  
*Adopted from Creswell (1994)*

While researchers who rely on a quantitative paradigm generally take a detached position from the area under investigation, and acknowledge the existence of an objective reality, a qualitative paradigm is commonly selected by researchers who consider reality to be subjective and who believe that an immersion-based approach should be pursued.

The second consideration is Creswell's (1994) strong emphasis that the nature of the problem under investigation has to be critically examined. If a researcher can build on previous research findings, quantitative approaches are suitable as "variables are known, and theories may exist that need to be tested and verified" (Creswell, 1994, p.10).

If limited research has been conducted in the field and the researcher seeks "to focus on the context that may shape the understanding of the phenomenon being studied" (Creswell, 1994, p.10), a qualitative paradigm is more appropriate.

Lastly, it is noted that the collection and analysis of qualitative data frequently requires considerable resources and extensive fieldwork, whereas survey data can be obtained and assessed at lower costs, and in a shorter period of time.

In order to select a suitable research paradigm to explore the management style framework, to determine whether fit in management styles can be facilitated between

partner-firm managers in Sino-German IJVs, the diverse criteria presented in previous sections need to be examined.

First, the researcher's perspective is determined. For the purpose of this particular study, it is held that reality can be studied independently, from an individual's perceptions about the subject. As to the second criterion, it is acknowledged that the extensive amount of research published in the field, and the range of theories, models and frameworks developed to examine the various management style facets provide a sound basis for developing a quantitative research design. Lastly, limited resources and timing constraints have also been taken into consideration during the design stages of this investigation. These considerations validate a quantitative approach for this study.

## **4.2 Sampling Approach**

Nasif *et al.* (1991) stress that samples need to be drawn on the basis of the theoretical considerations closely tied to the objective of a particular study. Further, they warn that the 'opportunistic availability' of participants does not represent a viable strategy to explore a proposed management style framework or to assess the existence of the perceived fit in management styles between Sino-German partner-firm managers. Therefore, in order to obtain appropriate data in relation to fit in management styles between partner-firm managers in China, it is necessary to pursue

a random sampling strategy, which provides every member of the population with an equal chance to be included in the sampling frame.

In order to draw a random sample from the population of Sino-German partner-firm managers in China, the database would necessarily need to be large, with records of partner-firm managers properly stored and maintained. However, as the specific nature of this study confines itself to Lufthansa's IJVs in China, managers from five Sino-German IJVs were considered appropriate. The findings are specifically intended to increase the understanding of why a fit in management styles does not exist among Lufthansa's partner-firm managers in China, and how a fit in management style dimensions can be facilitated.

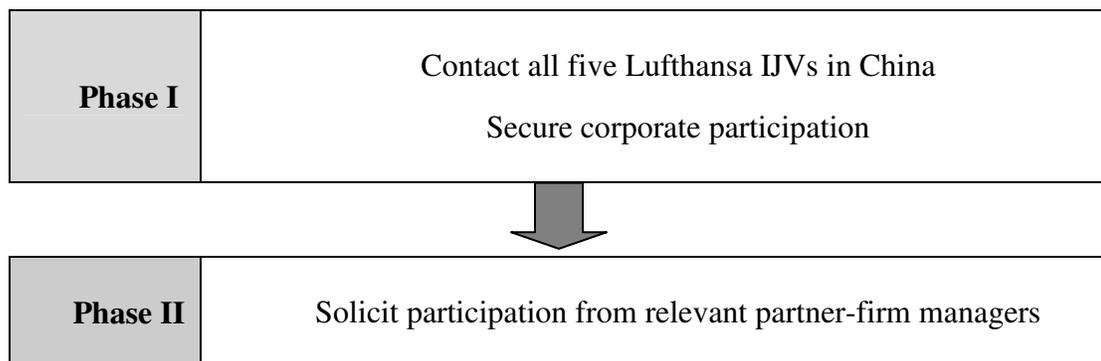
In previous research on management styles of IJV partner-firm managers, researchers gained access to the managers' records through a variety of approaches. Wirth (1992) received support from the German Association of Human Resource Professionals; Selmer (2001a) relied on the contact details of managers provided by the chambers of commerce in various foreign countries; and Brewster and Pickard (1994) gathered data from individuals who attended preparatory courses at an intercultural training facility.

While these sampling strategies are highly useful in collecting data on the conditions of particular groups of managers, the inherent imperfections of non-random sampling techniques ultimately limit the opportunity, and the conclusions

from the results obtained are likely to be more general and less specific. However, the overall objective of this study is not to formulate conclusions that can be generalised, but to arrive at conclusions that are of specific value to Lufthansa's IJV partner-firm managers.

While some findings reported on partner-firm managers have often been based on data collected from personnel directors and human resources professionals working for IJV organisations (for examples, see Tung, 1982; and Wirth, 1992), it is the objective of this study to explore a management style framework model with data directly collected from Sino-German IJV partner-firm managers who live and work in China.

In order to establish contact with sufficient numbers of senior partner-firm managers, in the context of this study, a two phased sampling approach was adopted (see figure 4 below).



**Figure 4:** Two-Phased Sampling Approach

During the first phase, all five Lufthansa IJVs in China were contacted. Bulmer (1988) notes that in projects where organisational support is required, the researcher is faced with “bounded institutions to which one must seek, negotiate and gain access” (p. 151). Therefore, each IJV organisation was formally contacted by email, and an official request was made for the organisation to participate in the study. Fortunately, all five Lufthansa IJVs in China agreed to participate. They were each requested to nominate ten partner-firm managers from their senior management teams, representing equal numbers of Chinese and Germans. The selected participants were provided with the information and the instructions necessary to complete the questionnaire.

In order to determine if the five participating Lufthansa IJVs in China had similar characteristics as other Sino-German IJVs in China, the industry split and company size determined from employee headcount figures were examined. Two of the participating firms were airport ground handling companies. Both organisations provided cargo ground handling services at major international airports in China. The third company conducted business in the field of aircraft maintenance and engineering. The fourth participating firm represented the logistics service sector and the fifth company was China’s first cargo airline, operating only freighter aircraft.

A summary of the five IJVs participating in this study is presented in Figure 7.

Cargo Airport Ground Handling	X 2	PACTL SACTL
Aircraft Maintenance & Engineering	X 1	AMECO
Logistics	X 1	Jade Cargo
Cargo Airline	X 1	Jade Cargo International Airline

**Table 7:** Participating IJVs ( n = 5)

The companies were compared on the basis of size, size being determined by the total employee headcount of each organisation. Among the five participating firms, three firms reported a headcount of less than 1,800 employees and two firms had between 2,500 and 3,000 employees. In comparison to the total headcount distribution observed among the participating firms, all five organisations were categorised as small to medium-sized firms.

From the senior management teams of each of the five participating organisations, a sample of 10 partner-firm managers was selected from each IJV, and subsequently contacted. A total of 50 Sino-German IJV partner-firm managers in China were requested to participate in the research.

As the study purely focuses on Lufthansa's IJVs in China, it is specifically intended to provide existing and future Lufthansa IJV managers with an approach on how to facilitate a fit in management styles in order to enhance the overall success of IJVs.

A total of 60 managers formed a representative sample of the senior management teams of the five participating IJVs. From the 60 managers, 50 were chosen to participate in the research, and 37 partner-firm managers duly returned the questionnaire. 33 questionnaires were fully completed and found suitable for analysis. As they accounted for more than 50% of the target population, the 33 questionnaires analysed were considered a sufficient representation of the total sample group. As Bartlett *et al.* (2001) note, "an adequate sample, along with high quality data collection efforts, will result in reliable and valid results" (p. 50).

In order to encourage a high response rate among the partner-firm managers who were requested to participate in this study, five measures were taken: (a) an email invitation to participate in the research was distributed through the respective human resource managers, (b) the academic nature as well as the practical business relevance of the investigation was emphasised, (c) strict anonymity was assured, (d) a copy of the findings was offered as an incentive to the participants, and (e) a reminder email was sent out approximately two weeks after initial contact was made.

As Ranchod and Zhou (2001) point out, managers are often contacted by marketing agencies and research firms with requests to participate in various types of investigations. They frequently lack the time and/or the interest to participate. A more personal approach was achieved by having the human resource managers of the five participating Sino-German IJVs distribute the email invitations to potential research participants. Further, by stressing the academic and practical business relevance of the investigation, and assuring anonymity to participants, concerns regarding the confidential treatment of sensitive data were appropriately addressed.

While Harzing (1999) found that study respondents rarely request copies of the findings offered as an incentive to participate, in this particular investigation, 67% of the IJV partner-firm managers who completed the survey also made a separate request to receive a copy of the results. Lastly, a review of the data collected during this investigation revealed that approximately 30% of the responses were received after a reminder email was sent out by human resource managers. A summary of the speed of response achieved in this study is presented in Figure 5.

100%		10 (27%)	Following reminder
90%			
80%			
70%			
60%		14 (38%)	3 days to reminder
50%			
40%			
30%			
20%		13 (35%)	Within the first 2 days
10%			
0%			

**Figure 5:** Speed of Response (n = 37)

Yet, while a relatively high-level of participation was achieved in this investigation, Brennan and Hoek (1992) stress that it is important to attempt to determine the thoughts and opinions held by non-respondents. In order to achieve this objective, the human resource managers of the five Sino-German IJVs volunteered to approach all of their partner-firm managers contacted during the course of the study in an effort to identify the reasons stated by non-respondents for not wanting to participate in this investigation.

The four partner-firm managers who declined to fill in the survey indicated that they either had no time to complete the questionnaire, or that they were not inclined to participate in the research. However, overall, there is no indication that the responses of the 37 individuals who participated in the survey differ from the attitudes and perceptions of 13 non-respondents.

### **4.3 The Survey Instrument: Questionnaire**

A self-administered questionnaire was designed to capture the subjective relevance of fit in management styles between partner-firm managers in IJVs.

Management style facets that have been incorporated in the survey instrument were obtained from a preliminary investigation conducted among partner-firm managers working in existing Sino-German IJVs. As all the managers selected to

participate in the survey were comfortable with the English language, only an English language version of the questionnaire was developed.

The following discussion presents the structure of the instrument and identifies the items incorporated in each section of the questionnaire. The instrument consists of three separate sections requesting information from participating partner-firm managers, including: (a) whether they *agree* or *strongly disagree* - on a five point Likert-type scale - that the various management style facets highlighted during the preliminary interviews, (and clustered under the Albaum and Herche management style framework) are important for overall company performance, and whether Chinese and German managers have the same attitude towards these facets, (b) demographic information, and (c) a section for additional remarks.

#### **4.3.1 Management Style Dimensions**

The first section of the instrument consists of five parts, each with five management style facets, clustered according to the five dimension categories conceptualised by Albaum and Herche (1999).

Under the first dimension - *information utilisation* - the following five management style facets were explored: (1) insider information is shared with counterparts, (2) information in connection with non-performance is not openly

communicated, (3) dealing with multiple issues at the same time is efficient, (4) repeated questioning is necessary to obtain information, and (5) indirect communication is effective.

Under the second dimension - *complexity* - the following five management style facets were explored: (6) relationships are more important than business success, (7) time, trust and tolerance are essential factors for business dealings, (8) flexible deadlines are practical, (9) *guanxi* connections are ethical and important, and (10) signing a deal should finalise a negotiation process.

Under the third dimension - *group decision-making* - the following five management style facets were explored: (11) intermediaries play an important role in decision-making, (12) decision-making should be a senior management responsibility, (13) decision-making should be facilitated by lengthy discussions, (14) decision-making should be consensus-oriented, and (15) desired decisions should be achieved through manipulation.

Under the fourth dimension - *risk acceptance* - the following five management style facets were explored: (16) rules and regulations should be strictly adhered to, (17) agreements should be re-negotiable, (18) verbal commitments are not risky, (19) business propositions should be based on the future, not past potential, and (20) maintaining status quo should be preferred to making changes.

Under the fifth and last dimension - *technology orientation and conduct* - the following five management style facets were explored: (21) face-to-face meetings are more effective than telephone or video conferencing, (22) communication should take place between managers of appropriate stature, (23) breaks should be effective for negotiations, (24) IT development should be prioritised based on business importance, and (25) information systems are a key success factor.

In this section, partner-firm managers were asked to indicate if each dimension was important for the overall company performance, and if participants agreed that Chinese and German managers exhibited the same attitude towards each dimension. Responses to each of the five dimensions within each cluster were measured on five-point Likert-type response scales, allowing participants to choose a position between (1) 'strongly disagree', and (5) 'strongly agree'.

#### **4.3.2 Demographic Information**

The second section of the survey instrument consists of a series of 8 questions, and has been designed to capture the demographic characteristics of the participating managers. The questions focused on a partner-firm manager's personal and professional background, as well as certain aspects of his current IJV assignment.

While the link between personal characteristics and work success in IJVs is a subject of some debate (Parker and McEnvoy, 1993, p. 359), it has been the view of Nachmias and Nachmias (1987) that empirical investigations, in which relationships between independent and dependent variables are examined, need to be constructed in such a way that the effects of other relevant variables can be controlled. However, for the purpose of this investigation, control variables were not introduced at the data analysis stage. This section intends only to provide some background information to demonstrate that the samples in the cultures being studied are equivalent in terms of basic socio-economic, organisational and other salient characteristics that may affect the findings.

### **4.3.3 Additional Remarks**

The third and last section of the questionnaire is a blank space intended to provide participants with an opportunity to include miscellaneous data, such as information in areas not included in the questionnaire, or insights / explanations regarding some of the responses provided.

#### 4.3.4 Questionnaire Design

The questionnaire or research instrument was adapted to the specific cultural environment, and attempts were made to ensure it was not biased in terms of any one culture. Careful attention was paid to each stage in the process of designing the questionnaire. It was important to take into account differences in underlying management behaviour, decision-making processes, psychographics, lifestyles and demographic variables. In the context of demographic characteristics, information solicited on status, education and income, for example, had to be specified differently for different countries, as these variables were not directly comparable across cultures.

The set of guidelines proposed by Brislin *et al.* (1973) for writing questionnaires in English have been taken into consideration for this study. These include: (a) use short and simple sentences, (b) use the active voice, (c) repeat nouns rather than using pronouns, (d) avoid metaphors, (e) avoid adverbs and prepositions related to place and time, (f) avoid possessive forms, (g) use specific rather than general terms, (h) avoid vague words, and (i) avoid sentences with two different verbs if the verbs suggest different actions.

#### **4.4 Instrument Validity and Reliability**

In the previous sections, the survey instrument introduced was considered appropriate for gathering data on the perceptions of IJV partner-firm managers to identify key areas where a fit in management styles does not exist, and where a fit was deemed important. However, in order to ensure that the instrument was suitable for conducting this particular investigation, its validity and reliability needed to be critically examined and reviewed. The subsequent discussion deals with the steps taken to ensure the instruments validity and reliability.

In order to establish if an instrument is suitable for a particular investigation, researchers can test for construct validity (to what extent do the theorised relationships correlate based on the data obtained), criterion validity (does the measurement relate to an external criterion) and multiple method agreement (does the data obtained through various methods support the same conclusions). Yet, as Chadwick and colleagues (1984) point out, “validity is extremely difficult to assess” (p.47) and so researchers frequently rely on panels, peer groups or judges to determine the face validity of a specific instrument. If a group of specialists concur that a questionnaire contains appropriate items to measure the concepts of interest, face validity is achieved.

The validity of the survey instrument used for this research was tested on fellow researchers during a ‘peer-review’ session. As the test sample came from various

cultural backgrounds, valuable feedback was received in relation to the format of the questionnaire, content and ease of understanding. The feedback was used to enhance the questionnaire, to ensure that the data collected from the participants met the research objectives of this study.

In developing the survey instrument, great care was taken to address the following issues: (a) a respondent's possible lack of motivation, (b) difficulties in understanding the questions, and (c) intentional distortion that could introduce measurement error during the data collection phase of the investigation. In order to enhance the reliability of the instrument and obtain suitable data, an independent assessment of the outcome (i.e. list of management style dimensions where fit does not exist and is deemed important by IJV partner-firm managers) was undertaken by external observers (i.e. superiors in the firm, other colleagues etc.) to avoid possible common method variance (Black and Stephens, 1989). Problems of common method variance can potentially emerge if data on antecedents, as well as outcome variables, are collected only through self-reports. However, since it is the aim of this study to identify the IJV partner-firm manager's perception of where a fit in management style dimensions does not exist, and where fit is deemed important, it was considered appropriate to rely on a self-administered survey as a suitable research design.

The subsequent section discusses the email approach used for administering the survey instrument, and presents the steps taken to assure that the questionnaire was sufficiently user-friendly.

## **4.5 Survey Administration: An Email Approach**

Chadwick and colleagues (1984) note that a self-administered survey can be considered “the most effective procedure for obtaining data”. They also point out that a carefully designed questionnaire study enhances the chances that the researcher could “generalise from the data to the larger population” (p. 102). While the particular strengths and weaknesses of a traditional mail survey have been addressed to some extent in the literature (Chadwick, Bahr and Albrecht, 1984; Nachmias and Nachmias, 1987; Babbie, 1990; Bernard, 2000), it has been noted that the administration of an email-based survey necessitates a sound understanding of the unique capabilities and requirements of this particular method of data collection (Couper, 2000b; Couper, Traugott and Lamias, 2001).

In the subsequent discussion, first sub-section addresses the specific limitations and benefits of email-based surveys. The next sub-section focuses on how to use heuristic evaluation procedures to improve the survey instrument, and make it more user-friendly. The last sub-section discusses the steps taken to administer the email-based survey.

#### **4.5.1 Limitations and Strengths of Email-based Surveys**

In recent years, the increased availability of personal computers and the rise in email communication has generated a growing interest among researchers in the use of email-based surveys, for the purpose of academic research. The different technologies currently being used in the field, such as disk-by-mail, electronic surveys and internet-based surveys extend the range of instruments available to researchers. It has been recognised that the particular implications of these new technologies need to be well understood and managed carefully.

A number of recent studies have critically assessed the strengths and weaknesses of electronic surveys (Crawford, Couper and Lamias, 2001; Klassen and Jacobs, 2001; Ranchhod and Zhou, 2001; Boyer, Olson, Calantone and Jackson, 2002). It has been noted that a comparison of the data collected through paper-and-pencil questionnaires and the responses obtained through email-based surveys suggest that on a macro or aggregate level, both methods have statistically similar response rates, scale/construct means, and inter-item reliability. This suggests that the two methods are largely interchangeable. Yet, despite the similarities between the results obtained through email-based surveys and traditional questionnaire studies, Tse (1998) notes that the relative advantages and disadvantages of electronic approaches need to be identified and understood, in order to avoid measurement error and systematic bias.

To ensure that the limitations of email-based surveys have been taken into consideration for this study, the subsequent section reviews the particular limitations of email-based survey methods and identifies the specific opportunities for using such instruments.

### *Limitations of Email-based Surveys*

When a survey is administered via email, various limitations need to be recognised. It is important to ensure that the use of an email-based survey instrument reflects an appropriate design choice, with reference to the specific characteristics of the target population and the technical capabilities of those individuals who are asked to participate in the investigation.

The following sections review three prominent concerns raised in previous research regarding email and internet-based surveys, and identifies recommendations to address these concerns. More specifically, the following three areas are covered: (a) coverage error, (b) technical and computing skill requirements and (c) response rate issues.

*Coverage error* can be linked to an unequal probability that a member of the group under investigation is asked to participate in a study due to variations in the availability of computers, internet access or email services. Couper (2000b) notes that

coverage error occurs if some members of the population are missing from the frame because they do not have access to the necessary technology. Commenting on the conditions that need to be fulfilled to permit the administration of an email-based survey, Tse (1998) points out that an instrument should only be administered electronically if “the group under study consists of elements with universal or nearly universal email account ownership” (p. 354). As the sample population identified for the purpose of this study reported no issues in connection with the availability of personal computers, or access to internet and email services, this did not represent an area of concern for the study.

In addition to the demand for access to technology, researchers as well as study participants have to make use of a range of *technical and computing skills* in order to ensure that the instrument can be used effectively. While a researcher needs to invest time and resources to develop the instrument and has “to learn the software package and to carefully pre-test the survey to make it simple and transparent to the respondent” (Boyer, Olson, Calantone and Jackson, 2002, p. 370), there is also a need for study participants to exhibit the technical skills necessary to complete the email-based survey. Couper (2000b) warns that technical difficulties experienced by study participants could “discourage some from completing (or even starting) the survey” (p. 474). Consequently, the distribution of questionnaires via email does not present a viable research strategy, if some or all members of the group under investigation are unable to cope with the technical requirements associated with accessing and completing the email-based instrument. The sample population identified for the

purpose of this study consisted of senior IJV partner-firm managers who were technically savvy, and possessed advanced technical skills. Therefore this issue did not represent an area of concern for the study.

Lastly, based on the findings obtained from research on the acceptance of email-based surveys, it has been noted that *response rate issues* need to be addressed. More specifically, it has been demonstrated that email surveys sent to random samples are likely to be ignored and Klassen and Jacobs (2001) remark that in comparison, “email response rates tend to be lower than a mailed, paper-and-pencil survey” (p. 717). In comparative investigations of mail versus email response rates, electronic administration procedures have consistently yielded significantly lower response rates (Tse, 1998; Ranchhod and Zhou, 2001). In order to assess if more general conclusions can be drawn from the data collected through a self-administered survey, it is important to determine if an adequate number of participants have responded to the questions posed. As Babbie (1990) points out “the overall response rate is one guide to the representatives of the sample respondents” (p. 182). If the number of responses obtained is low, uncertainty will enter into the analysis due to the difficulties encountered in determining the thoughts and opinions held by non-respondents and those who declined to participate (Brennan and Hoek, 1992). Though it has been noted that the quality of the responses is approximately equal for mail surveys and email-based surveys, Tse (1998) cautions researchers that an electronic administration procedure generally provides “faster but lower response rates” (p. 358). In order to enhance the response rate when relying to an email-based survey instrument,

Crawford, Couper and Lamias (2001) suggest that particular attention needs to be paid to the email invitation letter. The initial decision to participate in an email-based survey is generally “based on the relatively limited information conveyed in the advance letter” (Crawford, Couper and Lamias, 2001, p. 159).

For this research, a standard email was prepared and used to contact the IJV partner-firm managers selected from participating Lufthansa IJV organisations. The email contained a brief introduction to the specific field of research, an assurance of confidentiality and anonymity, and a link to an attachment that contained the survey instrument. The overall objective of this study is not to arrive at conclusions that can be generalised, but to identify those that are of specific value to Lufthansa’s IJV partner-firm managers. Therefore, the issue of response rate was not an area of concern for this study.

### ***Strengths of Email-based Surveys***

Having recognised that a number of limitations need to be taken into consideration when administering electronic surveys, the subsequent discussion emphasises the strengths and benefits of such approaches. More specifically, it reviews three issues which have generated an increased interest in electronic administration procedures among researchers: (a) cost and timing considerations, (b)

opportunities for customisation and guidance of participants, and (c) item and instrument completion and data handling.

Klassen and Jacobs (2001) note that email-based surveys which are completed online offer particularly low *distribution costs* and, as a result, are especially suitable for investigating geographically disbursed groups or samples. Moreover, when conducting a survey in multiple places, an email-based questionnaire reduces the risk of having questionnaires returning undelivered or being misplaced during the mailing process, and eliminates the need to provide participants with a return envelope and adequate postage (Harzing, 1997). Further, Tse (1998) concludes that the speed of response is considerably higher when relying on an email-based approach, and Ranchhod and Zhou (2001) point out that “as many as 20 percent of email questionnaire recipients responded immediately on receipt of the email” (p. 260).

In addition to cost and timing considerations, researchers have also come to recognise that an electronic survey provides an enhanced opportunity for *customisation*, where the instrument can be modified to cater to the needs of each particular study participant. In comparison to printed questionnaires sent through the post, email surveys offer researchers greater flexibility in incorporating visual elements such as colour coding and graphics (Couper, Traugott and Lamias, 2001).

A third set of issues to be considered during the administration of an email-based survey relates to the level of *instrument completion* achieved, and the procedures

required to handle the data collected. When relying on a self-administered questionnaire, the interaction between the researcher and the participant is reduced to a standardised set of questions. Therefore, both traditional mail surveys and email surveys can be classified as self-contained research instruments, requiring all definitions and instructions to be provided to the respondent in a comprehensive format and style.

If appropriate steps are taken during the design stages of an email-based survey, Boyer *et al.* (2002) conclude that considerably fewer missing responses can be anticipated. Moreover, Couper *et al.* (2001) indicate that a well designed email survey can motivate participants to complete all items of the instrument. In addition to the increased completion rate, Boyer *et al.* (2002) point out that an email-based survey provides researchers with an opportunity to implement automated data entry procedures, “which results in greater efficiency and greater data accuracy due to the automatic entry of data without the need for a human to transcribe data” (p. 371). Since email-based surveys yield data files that “can be immediately formatted and tabulated for statistical analysis, eliminating data entry error” (Klassen and Jacobs, 2001, p. 716), data analysis can commence immediately after the data collection phase of an investigation has been completed.

#### **4.5.2 Usability Inspection and Heuristic Evaluation**

In the previous section, a number of benefits and limitations of email-based survey methods have been discussed. In order to avoid problems during the data collection phase and to assure that respondents were able to cope with the technical demands of the survey instrument, considerable care was taken in designing and administering the email-based survey instrument.

While extensive end-user testing provides researchers with an opportunity to identify a broad range of instrumentation and administration problems, it has to be recognised that such an approach is frequently unfeasible due to timing considerations and limited resources (Mack and Nielsen, 1994; Levi and Conrad, 1996; Couper, 2000a).

Based on the findings made in human-computer interaction research, various methods have been developed to identify usability problems of email-based surveys and to enhance the design of such instruments prior to the commencement of the data collection phase. The subsequent sections discuss the heuristic evaluation procedure implemented to test the survey instrument that examines the perceptions of IJV partner-firm managers who identified key areas where they believed a fit in management styles did not exist, and where a fit was deemed important. This is followed with a discussion of the results of the inspection.

Mack and Nielsen (1994) note that “usability inspection is the generic name for a set of methods based on having evaluators inspect or examine usability-related aspects of a user interface” (p. 1). In view of the growing concern that “the design of a computer-assisted survey instrument can affect the data collection process” (Cooper 2000a, p. 387), usability inspection is encouraged in order to identify deficiencies in functionality and performance, and assist in enhancing usability and design characteristics. In order to assess electronic survey instruments, Cooper (2000a) proposes that researchers should rely on heuristic inspection methods which involve between three and five evaluators, who independently examine the instrument, using a specific list of usability principles.

Following these recommendations, five evaluators were asked to conduct a review of the email-based survey that was developed to investigate key dimensions where a fit in management styles does not exist, and where a fit is considered important by IJV partner-firm managers.

In order to assure that an extended range of usability issues were addressed during the evaluation phase, a series of usability principles were reviewed (Nielsen, 1994; Levi and Conrad, 1996) and an inspection form was developed to assist evaluators to complete the investigation process (see Appendix 1: Heuristic Evaluation Questionnaire). Table 8 lists the four principal categories. In addition to the layout and aesthetic design of the instrument, the inspectors were requested to comment on the data entry procedures and the general flow and consistency of the survey.

Categories	Sample Questions
Aesthetics	<p>Is the design appealing?</p> <p>Does the ‘look’ motivate people to participate?</p>
Navigation and Organisation	<p>How easy / difficult is it for participants to complete the survey?</p> <p>Is the organisation of the sections and questions appropriate?</p>
Data Entry	<p>How easy / difficult is it for participants to select responses or enter data?</p> <p>Are the response choices clear?</p>
Consistency	<p>Are the questions within each section consistent (i.e. do they flow)?</p> <p>Is there consistency between sections?</p>

**Table 8:** Sample Questions for the Heuristic Evaluation

Overall, evaluators considered the layout and design of the instrument suitable with which to approach a professional group of IJV partner-firm managers. One evaluator observed that the design “suggests seriousness”. It was also noted that motivation to participate in the survey was enhanced by the professional and academic impressions created by the instrument. Evaluators identified no critical gaps relating to the flow of questions within each cluster of items, and the inspectors’ comments confirmed the sections of the survey were consistent in terms of flow and logic.

The usability inspection did, however, reveal a number of issues which led to the modification of the instrument's prototype. For example, commenting on the response scale offered, two evaluators suggested that, on a scale of 1 to 5, 'strongly agree' is better associated with 5 rather than with 1, and 'strongly disagree' is better associated with 1 rather than 5 (see Figure 6 below).

A second area of concern identified by two evaluators, during the test of the prototype, was the fact that considerable care needed to be taken in the description of the various management style dimensions in order to ensure that they were understood easily by the participants. The evaluators also suggested that the descriptions of management style facets be kept as brief as possible.

## Draft

Cluster 1	Do you agree this issue is important for overall company performance?					Do you agree that Chinese and German managers have the same attitude towards this issue?				
	strongly agree			strongly disagree		strongly agree			strongly disagree	
Insider know-how and expertise is provided to counterparts to build a strong relationship	1	2	3	4	5	1	2	3	4	5
Lack of obvious signs of trouble does not indicate everything is running well	1	2	3	4	5	1	2	3	4	5
Multiple issues can be communicated, discussed and dealt with simultaneously	1	2	3	4	5	1	2	3	4	5
The same question needs to be asked several times until the required information is provided	1	2	3	4	5	1	2	3	4	5
Indirect communication is a sign of respect, not dishonesty	1	2	3	4	5	1	2	3	4	5

## Final Version

Dimension 1 <i>Information utilisation</i>	Do you agree this facet is important for overall company performance?					Do you agree partner-firm managers have the same attitude towards this facet?				
	strongly agree		strongly disagree			strongly agree		strongly disagree		
Insider information is shared with counterparts	5	4	3	2	1	5	4	3	2	1
Information in connection with non-performance is not openly communicated	5	4	3	2	1	5	4	3	2	1
Dealing with multiple issues at the same time is efficient	5	4	3	2	1	5	4	3	2	1
Repeated questioning is necessary to obtain information	5	4	3	2	1	5	4	3	2	1
Indirect communication is effective	5	4	3	2	1	5	4	3	2	1

**Figure 6:** Final Questionnaire

One evaluator additionally pointed out that the management style dimension related to each cluster should be clearly stated in the respective cluster.

To address the concerns raised by evaluators, the response scale offered was reversed, with 5 equating ‘strongly agree’ and 1 equating ‘strongly disagree’. The dimension descriptions were further streamlined, and the management style dimension relating to each cluster was specified in that respective cluster.

In summary, it can be noted that a usability inspection offers researchers an opportunity to modify email-based questionnaires, based on the problems identified by independent evaluators, who conduct a structured review of the instrument based

on a range of usability principles. Since this approach is highly suited to identify prominent usability problems “with reasonable expenditure of effort” (Levi and Conrad, 1996. p. 61), Couper (2000a) concludes that “in the same way that questionnaire pre-testing methods have become part of the standard suite of survey development, so too will usability testing and evaluation become de rigour for computer assisted survey instruments” (p. 395).

#### **4.5.3 Survey Administration Procedures**

Having made all necessary modifications to enhance the usability of the email-based survey instrument, a standardised email was prepared and subsequently used to contact the groups of IJV partner-firm managers selected from the participating IJV organisations. The email contained a brief introduction to the specific field of research, an assurance of confidentiality and anonymity, and a link to the attachment containing the survey instrument. Since the disclosure of the names and email addresses of the IJV managers is universally regarded as a problem, all the initial contact emails were sent to the participants via the human resource managers of the participating IJV organisations.

Approximately two weeks after the first email was sent out, the human resource managers sent a reminder email to all the partner-firm managers who were initially contacted. The second email thanked those individuals who had completed the survey

and, more importantly, reminded the managers who had not yet responded, to return their completed questionnaires. As an incentive to complete the survey, a free printed copy of the full report was offered to those individuals who had volunteered to participate in the research.

## **4.6 Data Preparation and Analysis**

The main objective in cross-cultural research is to identify and measure differences and/or similarities from various data samples. The internal validity of international management research improves as fewer rival explanations for the results of a study remain. Several data analysis issues are pertinent, including data preparation, standardisation and sample comparability.

### **4.6.1 Data Preparation**

In preparing the data for analysis, unusually influential responses in the sample set should be identified, as they can present a potential problem. ‘Outliers’, or observations with values that are distant from the bulk of the data can distort results. Outliers are not necessarily a problem, but could indicate a problem in sampling (Mullen *et al.*, 1995). Four situations could produce outliers (Tabachnick and Fidell, 1989): (a) a data entry error could have occurred, (b) a missing value indicator may

not have been specified, resulting in the computer program reading the value as a real one, (c) the outlier is not a member of the intended population; for example, a French expatriate may be included in a sample from a German culture solely because he or she lives in the cultural community of interest in Germany, and (d) though the outlier is from the intended population, he or she is an unusual member of the population (e.g. an affluent, British-educated citizen of a developing country).

While preparing the data for this study, the impact of outliers and the purpose of the research project were carefully considered. A decision to retain or delete outliers from the analysis is often difficult, however for this research, cases were deleted as a last resort with accurate descriptions included in the report.

### ***Data Standardisation***

Some researchers prefer to standardise the variables within each culture, based on arguments of interpretability, common metric, or emic comparison (Singh, 1995). They argue that statistics based on standardised coefficients are easier to interpret. Further, standardisation converts the variables measured on scales to a common metric. This permits comparative analysis of the effects of different independent variables. As the data for each culture is standardised separately, analysis based on such data reflect an emic comparison standard. Standardised estimates tend to eliminate cross-culture differences on account of differences in variances.

In contrast, statistics based on unstandardised data are preferred on the basis of comparability across cultures, structural invariance, and an etic comparison standard. Valid comparisons of statistics across cultures can be conducted only if these statistics are based on unstandardised data. Structural invariance means that statistics represent structural parameters that are invariant across different samples obtained from the same culture. Structural invariance is much more likely to hold for statistics based on unstandardised data than for statistics based on standardized data (Bollen, 1989; Singh, 1995). Statistics based on unstandardised data reflect an etic comparison standard because they are unadjusted for within-sample variability. However, it should be noted that etic comparisons across cultures, based on unstandardised data, assume construct equivalence.

Thus, it is recommended that general etic comparisons across cultures be made on the basis of unstandardised data, assuming that construct equivalence has been achieved. However, emic comparisons within a culture should be made on the basis of standardised data. As opposed to standardising the variables across the sample within each culture, sometimes to achieve scalar equivalence, it may be desirable to standardise the data by respondent. Such a procedure results in relative statistics (e.g. relative mean) for variables for each culture. These standardised statistics can be used for relative, rather than absolute, comparisons of the variables. See Kotabe *et al.* (1991) for an application of this approach.

The various issues discussed in this section were carefully considered in deciding whether the data should be standardised. As this study undertakes an etic comparison of management styles across cultures, an analysis of the empirical results was undertaken on the basis of unstandardised data.

#### **4.6.2 Data Analysis**

In order to explore the proposed framework of management style dimensions, it was considered appropriate to collect suitable data in the field and to statistically analyse the findings. As Krathwohl (1985) remarks, theories and anticipated relationships need to be explored and explained, because “it is the confirmation or non-confirmation of speculations empirically that provide the basis for scientific consensus building about their truth and falsity” (p. 25).

An exploratory design was considered appropriate to analyse the German and Chinese partner-firm managers’ management styles. Given that “it is difficult to construct strict experiments in business, no matter how desirable they may be” (Arbnor and Bjerke, 1997, p. 228), non-experimental research designs, such as exploratory designs, are frequently used to conduct research in firms and organisations.

In the subsequent sections, two issues associated with the analysis of the data collected are examined: (a) unit of analysis, and (b) analysis technique.

### *Unit of Analysis*

Nachmias and Nachmias (1987) point out that “the specification of units of analysis is important for methodological reasons” (p. 57). In order to avoid ecological fallacy, it is critical that findings are extrapolated to the same level of analysis adopted to study a particular condition or behaviour. If, for example, firms or organisations are being examined, subsequent findings cannot be used to make inferences about employees or individuals within a particular organisation. Likewise, it is not possible to extrapolate the results obtained from individuals to account for specific phenomena at the group or organisational level. Since the research design and the approaches taken to collect and analyse the data are linked to the level of analysis selected by the researcher, it is important to identify the units of analysis prior to the commencement of an investigation.

In order to conduct the research, Sino-German IJV partner-firm managers living and working in China were the principal units of analysis for this particular study.

### ***Analysis Technique***

In view of the sample size necessary for this specific research, and the proposed management style framework, sophisticated analysis and modelling tools were not the appropriate choice. For the purpose of this study, Microsoft Excel was adequate to examine the proposed framework and analyse the results.

#### **4.6.3 Report Preparation and Presentation**

The interpretation and reporting of data pose special problems for management research across cultures. If researchers from one culture interpret the data gathered from two or more cultures, the researcher's own biases may affect the inferences arrived at. Values found in one culture may not be universally understood. The ethnocentrism of researchers poses another problem. They report data based on their own frames of reference, in journals from their country. To overcome such problems, it has been suggested that researchers from each country interpret the data independently, so that estimates of inter-interpreter reliability can be made (Brislin *et al.*, 1973). To overcome the researcher's own bias in the context of this study, participating IJV partner-firm managers were specifically requested to check the interpretation of the data before the analysis was finalised.

Interpretation should take into account the limitations of the study, particularly those of data collection. Even if diverse cultures have been examined, projecting the results onto other cultures and organisations not included in the study may not be justified. This study has examined management styles existing in Lufthansa's IJVs in China, and the results will exclusively apply to, and be used by, partner-firm managers working in Lufthansa's IJVs.

#### **4.7 Research Design: A Summary**

Fox (1992) points out that the methodological choices made when studying partner-firm managers in IJVs can have a significant impact on the results obtained. A quantitative approach was chosen to gather data from a geographically disbursed sample of local and transferred partner-firm managers through a self-administered, email-based survey in order to identify key dimensions where a fit in management styles did not exist, and where a fit was considered important by various partner-firm managers in Sino-German IJVs. Emphasising the need to expose models to empirical exploration, Chadwick *et al.* (1984) point out that a high return rate obtained during a questionnaire study increases the “ability of the researcher to generalise from the data to the larger population” (p. 102).

Therefore, in this chapter, particular emphasis has been placed on the development and administration of a suitable survey instrument, and on presenting appropriate statistical procedures for exploring the outcome.

When designing the survey, great care was taken to ensure the validity and reliability of the instrument. It was possible to compile a balanced and robust questionnaire by adopting and incorporating the Albaum and Herche (1999) management style framework which compares management styles using five categories: (1) information utilisation, (2) complexity, (3) group decision-making, (4) risk acceptance, and (5) technology orientation and conduct. Rather than distributing a paper-and-pencil based instrument to potential participants, it was decided to administer the survey via email, giving participants the opportunity to self-administer this survey.

While a number of weaknesses and threats can inhibit the use of email-based surveys, email-based administration procedures are particularly suited to cases where technically literate participants are geographically disbursed, and timing and budget constraints call for swift and cost-effective data collection procedures.

Table 9 below summarises the benefits and limitations of email-based survey administration procedures.

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>- Low cost per response</li> <li>- Extended geographical reach</li> <li>- High speed of response</li> <li>- Fewer missing responses</li> <li>- Response data electronically available for processing and analysis</li> </ul>	<ul style="list-style-type: none"> <li>- Possible low response rate</li> <li>- Initial contact could be perceived as unsolicited junk email</li> <li>- Requires a technically literate sample with access to personal computers</li> </ul>

**Table 9:** Strengths and Weaknesses of Administrating Email-based Surveys

A heuristic evaluation of the instrument was conducted prior to the start of the investigation, to ensure that participants could complete the survey without difficulties or technical problems. In order to identify possible areas requiring further attention and/or improvement at an early stage during the design process, Nielsen (1994) recommends a structured testing of email-based survey instruments. When conducting a heuristic evaluation, between three and five evaluators review the performance of the instrument, based on a series of pre-defined rules (i.e. heuristics) or a set of specific usability questions. The comments and recommendations obtained during the evaluation process are subsequently used to eliminate the potential for initial miscommunication and to strengthen the overall design of the instrument.

A review of the issues associated with the collection of responses from study participants is followed by a presentation of the approaches taken during data processing and analysis.

In summary, this chapter presents a research design to be used to conduct an empirical investigation of the proposed management style framework. Following the review of a feasible sampling approach, issues pertaining to the design of an appropriate questionnaire and the benefits and limitations of email administration procedures have been discussed. Lastly, statistical analysis has been introduced as an appropriate analytical approach to explore where a fit in management styles does not exist and where a fit is deemed important by partner-firm managers.

## **5 Presentation of Findings**

Following the research design presented in the previous chapter, an empirical investigation was conducted, among Lufthansa's IJV partner-firm managers in China, between September and November of 2006. 50 partner-firm managers from the five participating Sino-German IJVs were contacted by their respective human resource managers, in the course of this investigation. 37 responses were obtained by the end of the data collection phase. Four responses were eliminated as participants had not completed all the relevant sections of the survey. The remaining 33 responses were analysed for the purpose of this study.

This study focuses solely on Lufthansa's IJVs in China. The intent is to help Lufthansa partner-firm managers, existing and future, enhance the overall success of the IJV by providing them with an approach to facilitate a fit in management styles. With over 50% of the total sample population having completed and returned the questionnaire, the 33 questionnaires analysed were considered a representative sample.

The subsequent sections of this chapter present an analysis of the data collected from the 33 Sino-German IJV partner-firm managers. Each of the five dimensions identified by the Albaum and Herche management style framework (1999) are scrutinised to explore if fit does not exist, and if that is the case, whether a fit is considered important by the participating managers. The statistical analysis offers an

understanding of the dimensions where fit does not exist, but is considered important. Lastly, and relevant to the main objective of this investigation, the findings obtained from the examination of the management style framework are presented, in order to determine whether a fit in management style dimensions can be facilitated between partner-firm managers.

## **5.1 Review of Sample Demographics**

Results obtained from previous investigations into international work assignments indicate that a majority of the managers are males in their 30's or 40's (Naumann, 1993a; Horsch, 1995; Stahl, 1998; Shaffer and Harrison, 2001). A review of the data obtained in this investigation broadly confirms the results of these previous studies. This section presents a summary of the demographic characteristics of this particular sample of 33 Sino-German partner-firm managers, analysing five areas of interest: (a) nationality, (b) age and gender, (c) overseas work experience, (d) overall work experience, and (e) managerial level.

### ***Nationality***

Almost equal numbers of German and Chinese partner-firm managers completed the 33 surveys that were examined in this study. Figure 7 details the exact tally.

Nationality	Total surveys distributed	Total surveys completed
Chinese managers	25	16
German managers	25	17

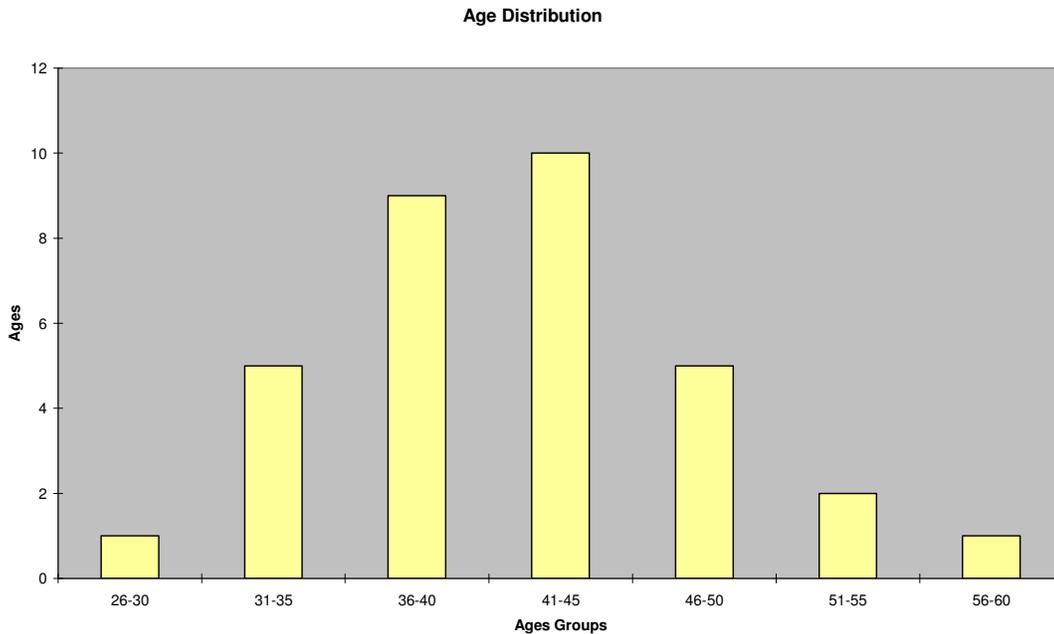
**Figure 7:** Nationality of Participants (n = 33)

As an almost equal number of surveys were analysed from both the participating nationalities, it was assumed that each nationality had been equally represented in the results.

#### *Age and Gender Distribution of Participants*

Out of the 33 surveys examined during the data analysis, the vast majority of questionnaires were completed by male partner-firm managers. The two surveys submitted by female managers formed 6% of the total number of responses, and the 31 completed responses from male partner-firm managers reflected a male participation of 94%.

A review of age distribution among participants revealed that the average age of the Sino-German partner-firm manager, in the sample, was 42 years; the youngest recorded age being 29 years, and the oldest being 61 years. Figure 8 illustrates the age distribution.



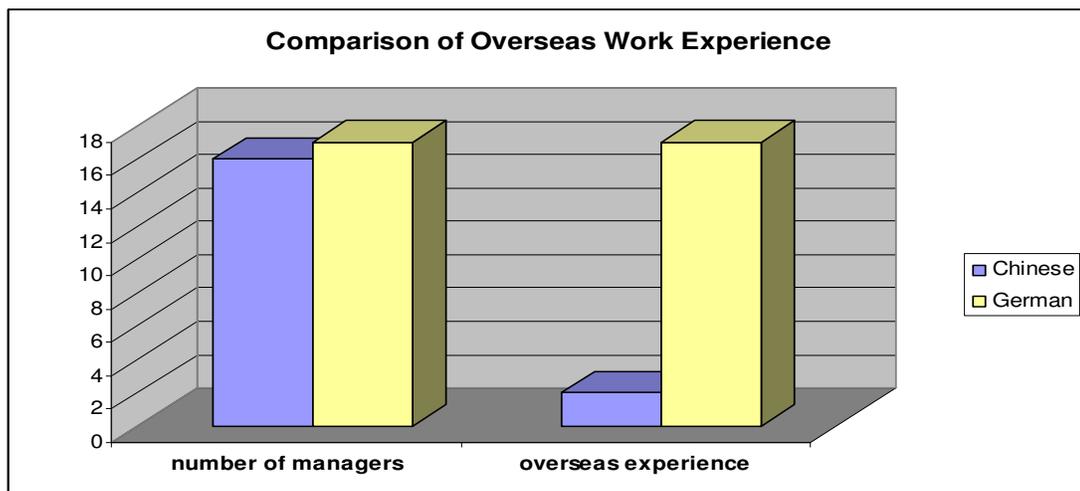
**Figure 8:** Age Distribution (n = 33)

A comparison of the normal distribution curve with the actual distribution revealed a moderate skew towards the older participants in the actual age distribution. At the time the study was conducted, 6 participants were between 26 and 35 years, 19 managers belonged to the 36 to 45 age segment, and only 8 participants were in the 46 to 60 year group. These results also provide some support for the view that younger managers are generally more inclined to participate in email surveys; however, this variable did not impact differences in management styles.

### *Overseas Work Experience*

Regarding the international work experience gained prior to the current IJV assignment, only two out of the 16 Chinese partner-firm managers indicated that they had previously spent time overseas, either on their current assignment, or while working for a former employer. However, all the 17 German partner-firm managers participating in the study had previously worked overseas. The extent of their overseas work experience ranged from 1 to 16 years. Management styles of partner-firm managers were found to vary based on the extent of their overseas work experience. When interpreting the results obtained in this study, management style differences based on the extent of overseas experience was taken into account, and the results show that this variable did not impact the findings.

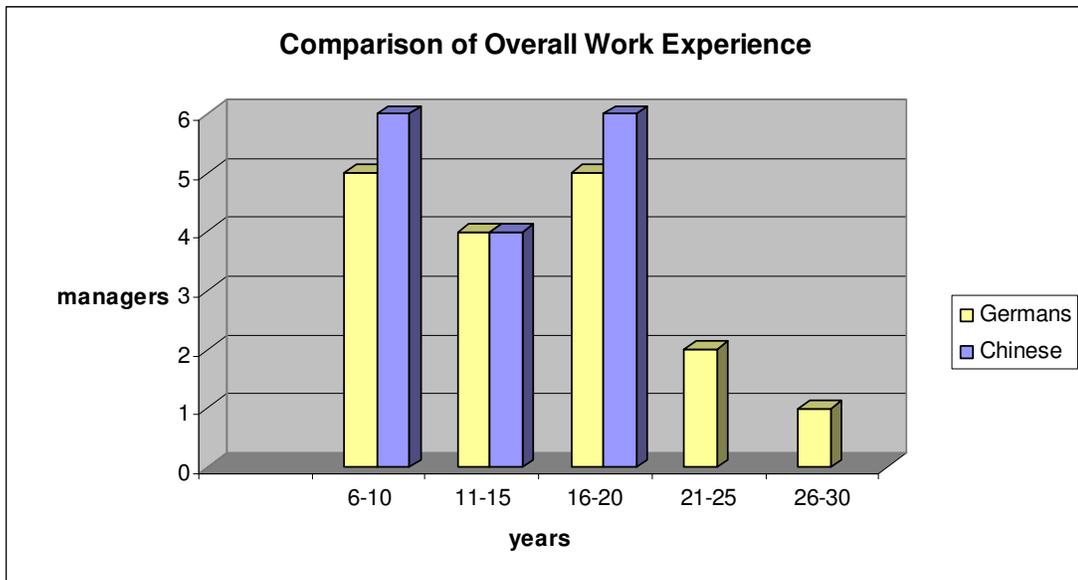
Figure 9 presents a summary of the overseas work experience of partner-firm managers who participated in this study.



**Figure 9:** Comparison of Overseas Work Experience (n = 33)

### *Overall Work Experience*

In addition to their overseas work experience, participants were asked to indicate their overall work experience. Figure 10 is a comparison of the overall work experience of the respondents. On average, Chinese and German partner-firm managers appear to average the same number of years of work experience.

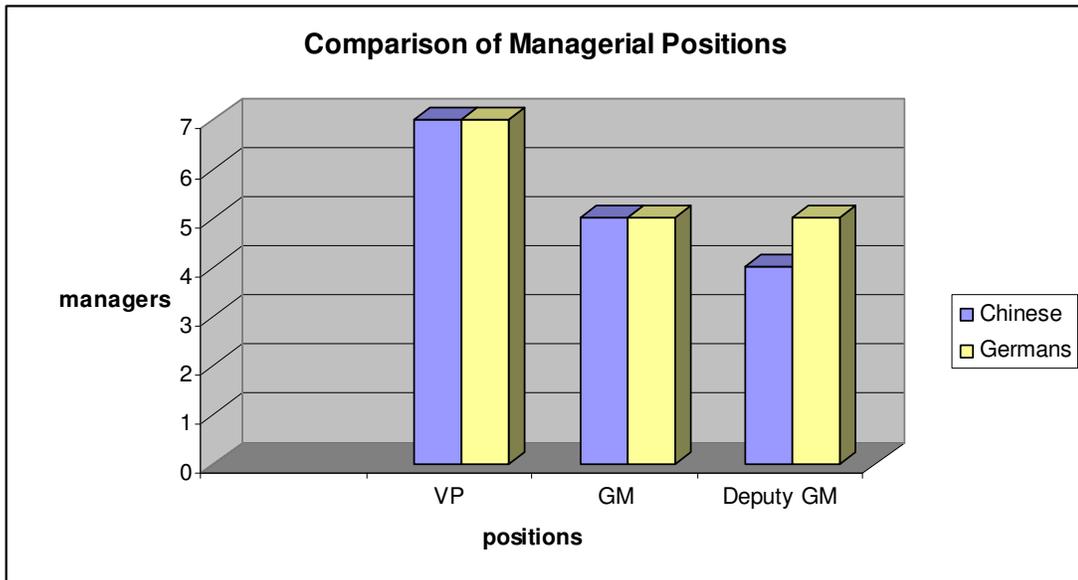


**Figure 10:** Comparison of Overall Work Experience (n = 33)

### *Managerial Positions*

Finally, when asked to identify the types of positions the participating partner-firm managers held in the Sino-German IJVs, 14 of the 33 participants indicated that they were Managing Directors in their organisations. 10 respondents were General

Managers, and the remaining 9 were Deputy General Managers. Figure 11 presents an overview of the findings obtained.



**Figure 11:** Comparison of Managerial Positions (n = 33)

To summarise, it is of interest to note that none of the variables examined in this section were found to impact the results of the study.

## 5.2 Descriptive Analysis

The following sections provide an overview of the major findings obtained from the sample of IJV partner-firm managers participating in this investigation. The various management style dimensions were explored from two perspectives: (P1) to what degree did partner-firm managers consider the facets important, and (P2) did

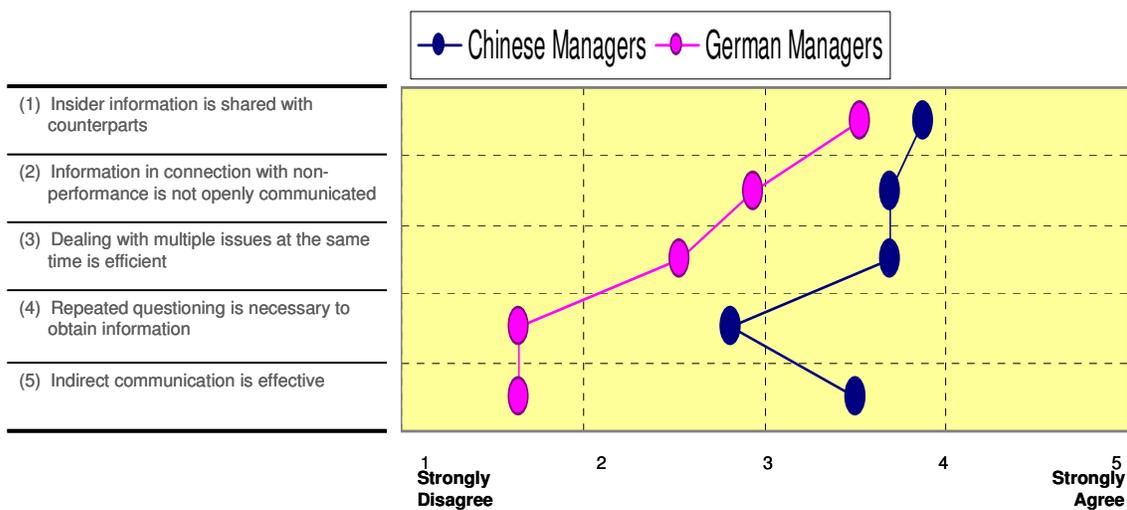
partner-firm managers think that Chinese and German managers shared the same attitude towards the dimension?

The following sections present an overview of the findings for each management style dimension. A comprehensive discussion of the major findings is undertaken in Chapter 6.

### 5.2.1 Information Utilisation

#### *Review of P1:*

*Extent of agreement that the following facets are important for IJV performance*



**Figure 12:** Degree to which Dimension 1 Facets are Important (n = 33)

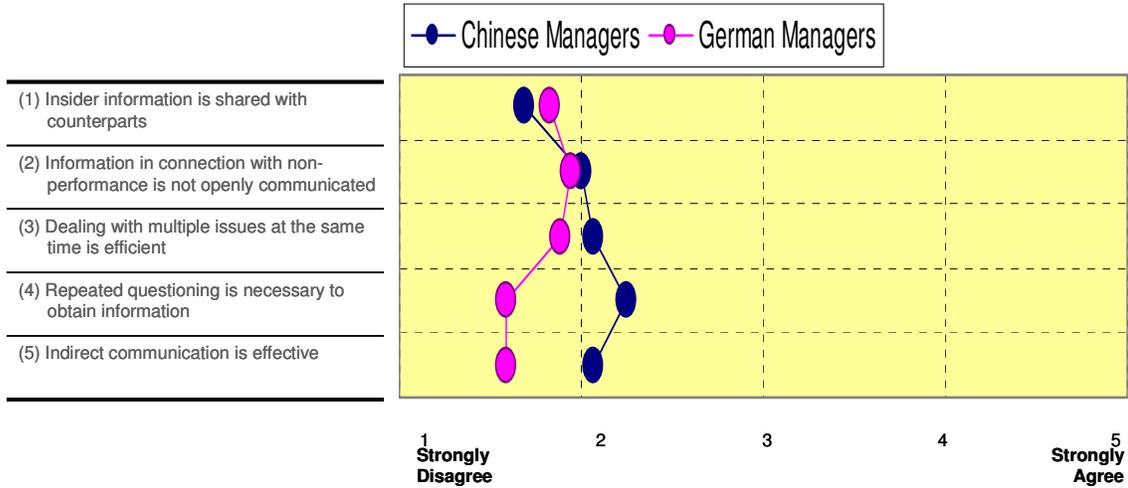
A review of Figure 12 reveals that Chinese partner-firm managers agreed that facet (1) *insider information is shared with counterparts* was important for overall company performance. Also important to Chinese partner-firm managers were: facets (2) *information in connection with non-performance is not openly communicated* and (3) *dealing with multiple issues at the same time is efficient*. Approximately 36% of the Chinese managers did not consider important facet (4) *repeated questioning is necessary to obtain information*. However, the majority of Chinese managers agreed that facet (5) *indirect communication is effective* was important for the companies overall performance.

Like their Chinese counterparts, German partner-firm managers agreed that facet (1) *insider information is shared with counterparts* was important for the overall company performance. However, they did not consider important facets (2) *information in connection with non-performance is not openly communicated*, and (3) *dealing with multiple issues at the same time is efficient*; and clearly did not feel that facets (4) *repeated questioning is necessary to obtain information* and (5) *indirect communication is effective* were important for overall company performance.

To summarise, the facets examined under the first dimension - *information utilisation* - were found to be more important to the Chinese managers than to the German managers.

*A Review of P2:*

*Extent of agreement that partners have the same attitude to the following facets*



**Figure 13:** Degree that Attitudes to Dimension 1 Facets are the same (n = 33)

When comparing the attitudes of Chinese and German partner-firm managers towards the facets being explored under *information utilisation*, it is of interest to note that both did not consider they shared the same attitude towards these facets.

The t-test results appended in Table 10 show that the differences in dimension 1 facets are statistically significant, with the exception of facet (1).

<b>Dimension 1: Information Utilisation P1</b>	<b>Chinese</b>	<b>German</b>	<b>Difference (Δ)</b>
(1) Insider information is shared with counterparts	3.88	3.53	0.35 (n.s.)
(2) Information in connection with non-performance is not openly communicated	3.69	2.94	0.75 *
(3) Dealing with multiple issues at the same time is efficient	3.69	2.53	1.16 **
(4) Repeated questioning is necessary to obtain information	2.81	1.65	1.16 **
(5) Indirect communication is effective	3.51	1.65	1.86**

p≤.05, \*\* p≤.01

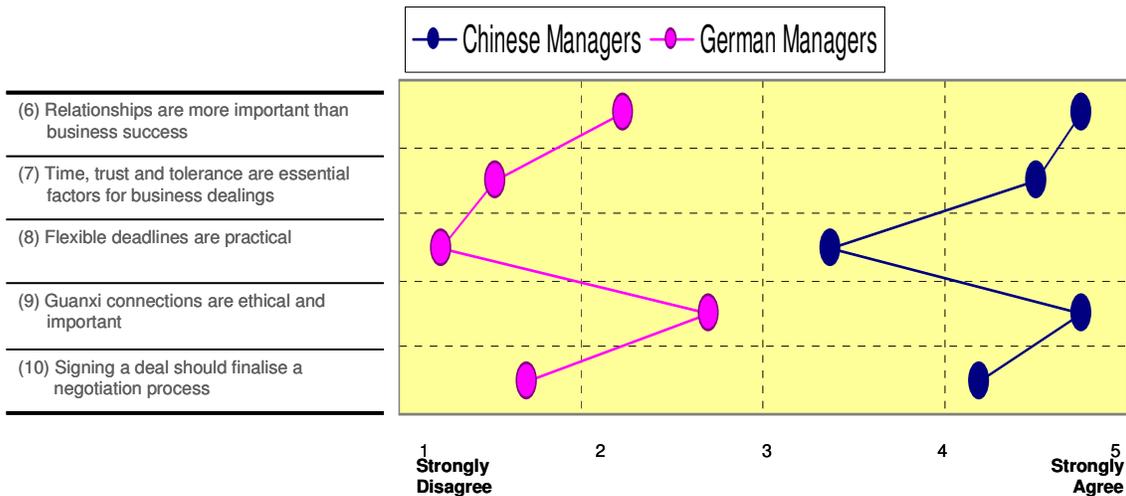
**Table 10:** Differences in Dimension 1 Facets (n = 33)

With regard to the first dimension, the importance attributed by German and Chinese managers to facets (3), (4), and, (5) revealed significant differences. There was a difference in the importance attributed to facet (2) as well. However, the difference in the importance attributed to facet (1) was not statistically significant.

### 5.2.2 Complexity

#### *Review of P1:*

*Extent of agreement that the following facets are important for IJV performance*



**Figure 14:** Degree to which Dimension 2 Facets are Important (n = 33)

Very important to overall company performance, as far as the Chinese managers were concerned, as shown in Figure 14, were facets (6) *relationships are more important than business success* and (7) *time, trust and tolerance are essential factors*

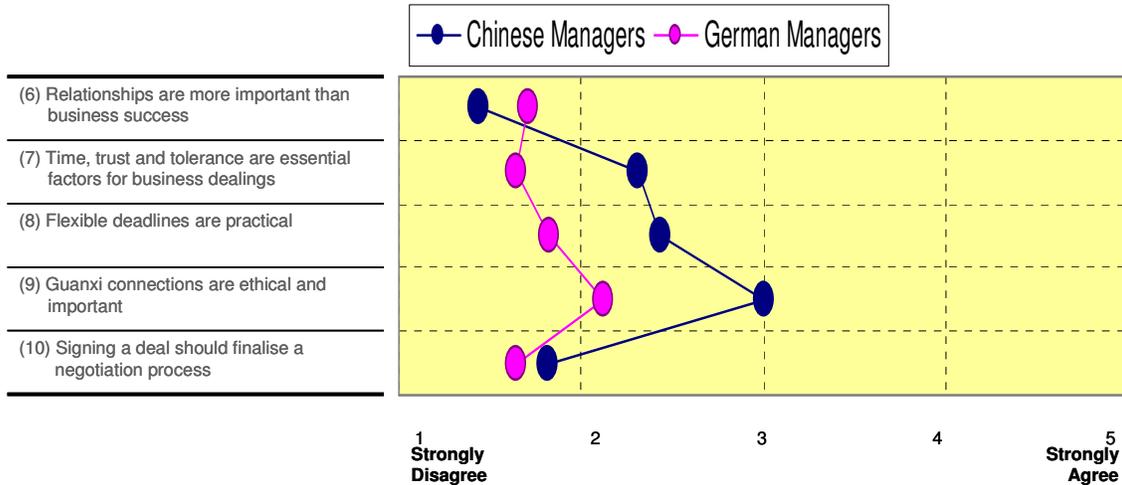
*for business dealings*. They also considered important facets (8) *flexible deadlines are practical* and (9) *guanxi connections are ethical and important*. Facet (10) *signing a deal should finalise a negotiation process* was rated very important for overall company performance.

By comparison, German managers considered facet (6) *relationships are more important than business success* not important to overall company performance. They clearly did not consider important facets (7) *time, trust and tolerance are essential factors for business dealings*, (8) *flexible deadlines are practical* and (9) *guanxi connections are ethical and important*. Facet (10) *signing a deal should finalise a negotiation process* was considered not at all important for overall company performance.

In summary, Chinese managers basically considered all the facets explored under the second dimension - *complexity* - important to overall company performance. In direct contrast, German managers did not consider the facets explored under this dimension important for overall company performance.

**A Review of P2:**

**Extent of agreement that partners had the same attitude to the following facets**



**Figure 15:** Degree that Attitude towards Dimension 2 Facets are the same (n = 33)

When comparing whether Chinese and German partner-firm managers shared the same attitude towards the facets explored under the second dimension - *complexity* - it is once again interesting to note that both Chinese and German managers felt they did not share the same attitude towards these facets.

The t-test results appended in Table 11 show that the differences in dimension 2 facets are statistically significant.

<b>Dimension 2: Complexity P1</b>	<b>Chinese</b>	<b>German</b>	<b>Difference (Δ)</b>
(6) Relationships are more important than business success	4.75	2.24	2.51 **
(7) Time, trust and tolerance are essential factors for business dealings	4.51	1.53	2.98 **
(8) Flexible deadlines are practical	3.38	1.24	2.14 **
(9) Guanxi connections are ethical and important	4.75	2.71	2.04 **
(10) Signing a deal should finalise a negotiation process	4.19	1.71	2.48 **

\* p≤.05, \*\* p≤.01

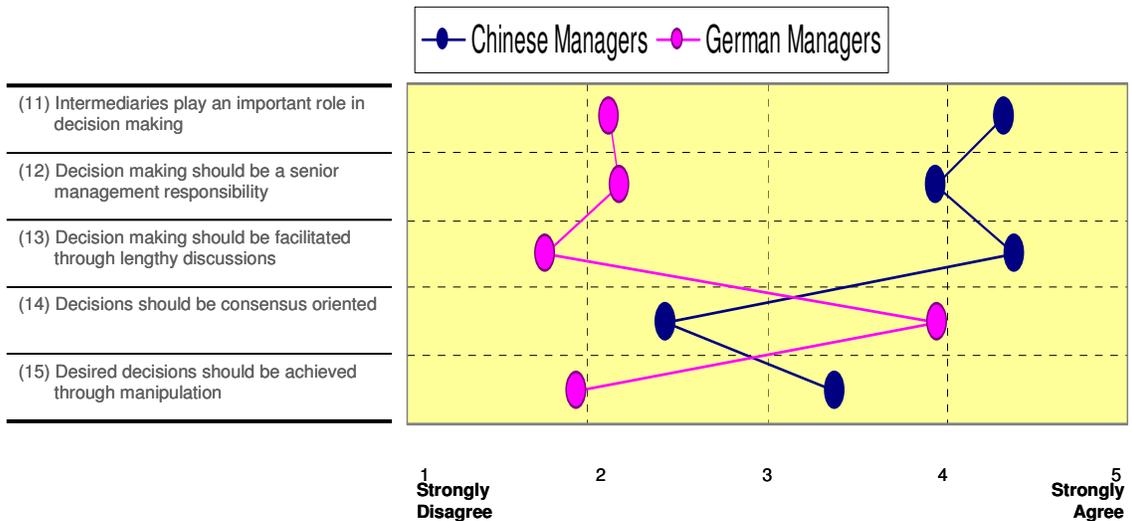
**Table 11:** Differences in Dimension 2 Facets (n = 33)

Under the second dimension, there was a significant difference in the importance attributed to all five facets (6), (7), (8), (9) and (10) between German and Chinese managers.

### 5.2.3 Group Decision-making

#### *A Review of P1:*

*Extent of agreement that the following facets are important for IJV performance*



**Figure 16:** Degree to which Dimension 3 Facets are Important (n = 33)

A review of Figure 16 demonstrates that the Chinese managers considered facets (11) *intermediaries play an important role in decision-making*, (12) *decision-making should be a senior management responsibility*, (13) *decision-making should be facilitated through lengthy discussions*, (14) *decisions should be consensus-oriented*,

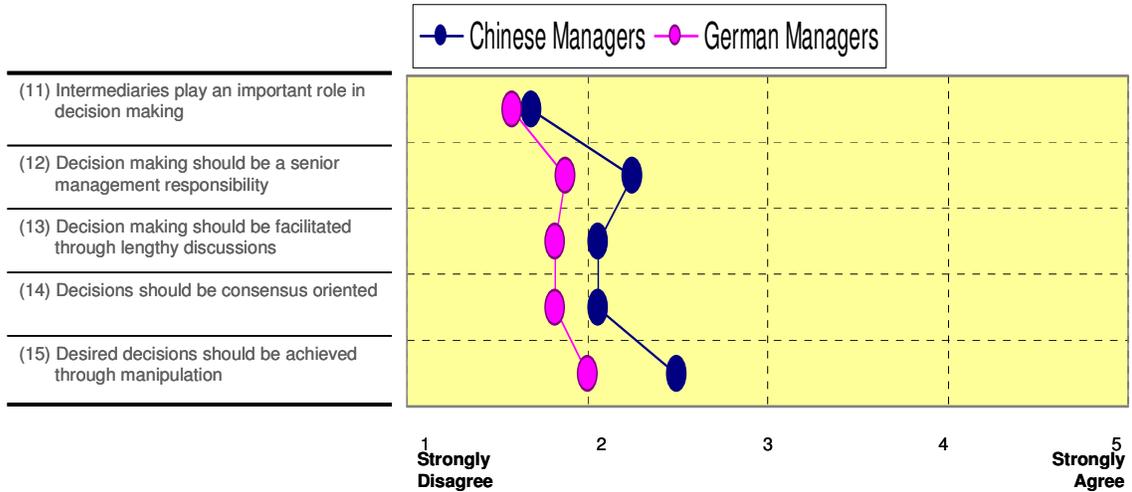
and (15) *desired decisions should be achieved through manipulation* important for the overall company performance.

In stark contrast, the German managers considered facets (11) *intermediaries play an important role in decision-making*, (12) *decision-making should be a senior management responsibility*, (13) *decision-making should be facilitated through lengthy discussions*, (14) *decisions should be consensus-oriented*, and (15) *desired decisions should be achieved through manipulation* not important for the overall company performance.

In summary, once again the Chinese managers basically considered all the facets explored under the third dimension - *group decision making* - important to the overall company performance. However, in direct contrast, the German managers did not consider any of the facets explored under this dimension important for overall company performance.

***A Review of P2:***

***Extent of agreement that partners have the same attitude to the following facets***



**Figure 17:** Degree that Attitude towards Dimension 3 Facets are the same (n = 33)

When comparing whether the Chinese and German partner-firm managers had the same attitude towards the facets of the third dimension - *group decision-making* - both groups of managers felt they did not share the same attitude towards these facets.

The t-test results appended in Table 12 show that the differences in dimension 3 facets are statistically significant.

<b>Dimension 3: Group Decision-making P1</b>	<b>Chinese</b>	<b>German</b>	<b>Difference (Δ)</b>
(11) Intermediaries play an important role in decision-making	4.31	2.12	2.19 **
(12) Decision-making should be a senior management responsibility	3.94	2.18	1.76 **
(13) Decision-making should be facilitated through lengthy discussions	4.38	1.76	2.62 **
(14) Decisions should be consensus-oriented	2.41	3.94	1.53 **
(15) Desired decisions should be achieved through manipulation	3.38	1.94	1.44 **

\* p≤.05, \*\* p≤.01

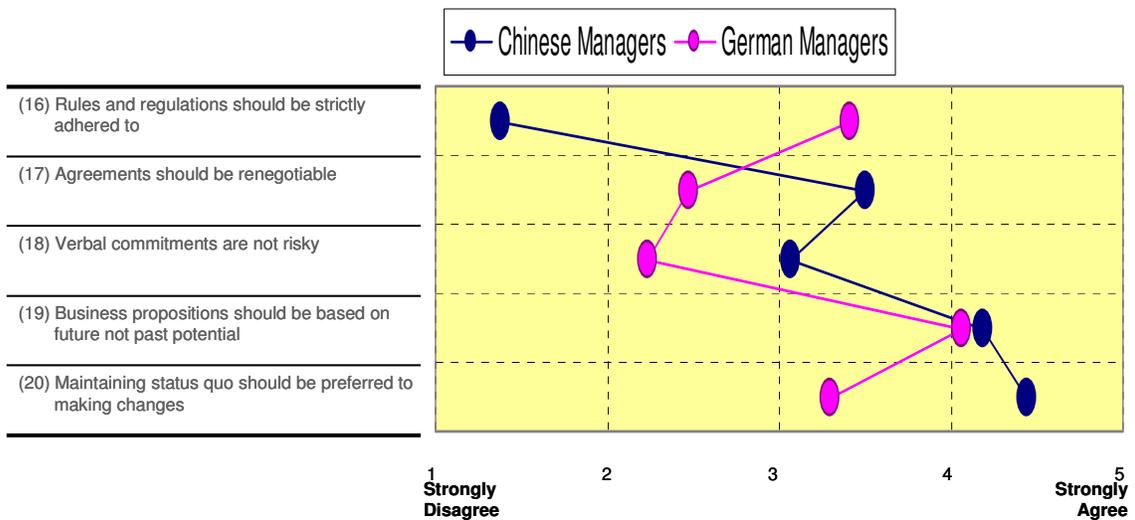
**Table 12:** Differences in Dimension 3 Facets (n = 33)

Once again, there was a significant difference between German and Chinese managers with regard to the importance attributed to all five facets (11), (12), (13), (14) and (15) in the third dimension.

### 5.2.4 Risk Acceptance

#### *A Review of P1:*

*Extent of agreement that the following facets are important for IJV performance*



**Figure 18:** Degree to which Dimension 4 Facets are Important (n = 33)

Figure 18 shows that Chinese managers considered facet (16) *rules and regulations should be strictly adhered to* not important for overall company performance. Those deemed important were facets (17) *agreements should be renegotiable*, (18) *verbal commitments are not risky*, (19) *business propositions should*

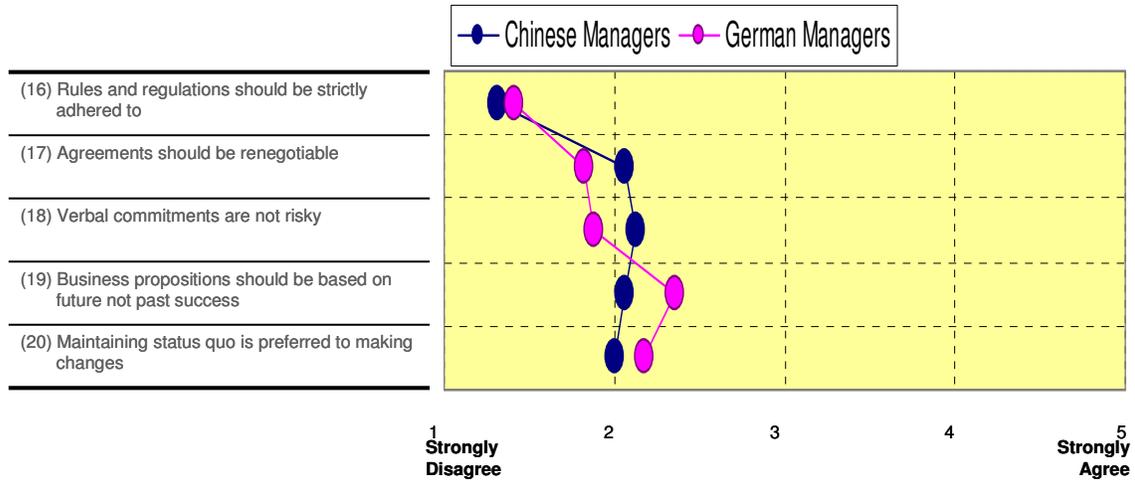
*be based on the future, and not on past potential, and (20) maintaining status quo should be preferred to making changes.*

On the other hand the German managers considered facet (16) *rules and regulations should be strictly adhered to* important, while facets (17) *decisions are re-negotiable*, (18) *verbal commitments are not risky* and (20) *maintaining the status quo should be preferred to making changes* were considered not important for overall company performance. Like their Chinese counterparts, they considered important facet (19) *business propositions should be based on the future, not past potential*.

In summary, the Chinese managers basically considered all the facets of the fourth dimension - *risk acceptance* - important for the overall company performance, with the exception of facet (16) *rules and regulations should be strictly adhered to*. However, in direct contrast, to the Chinese managers, the German managers considered facet (16) *rules and regulations should be strictly adhered to* as the most important facet in this dimension.

***A Review of P2:***

***Extent of agreement that partners had the same attitude to the following facets***



**Figure 19:** Degree that Attitude towards Dimension 4 Facets are the same (n = 33)

When comparing whether the Chinese and German partner-firm managers shared the same attitude towards the issues being explored in the fourth dimension - *risk acceptance* - it is again interesting to note that both groups of managers felt they did not share the same attitude towards these facets.

The t-test results appended in Table 13 show that the differences in dimension 4 facets are statistically significant, with the exception of facet (19).

<b>Dimension 4: Risk Acceptance</b> <b>P1</b>	<b>Chinese</b>	<b>German</b>	<b>Difference</b> <b>(Δ)</b>
(16) Rules and regulations should be strictly adhered to	1.38	3.41	2.03 **
(17) Agreements should be re-negotiable	3.51	2.47	1.04 **
(18) Verbal commitments are not risky	3.06	2.24	0.82 **
(19) Business propositions should be based on the future, not past potential	4.19	4.06	0.13 (n.s.)
(20) Maintaining the status quo should be preferred to making changes	4.44	3.29	1.15 **

\* p≤.05, \*\* p≤.01

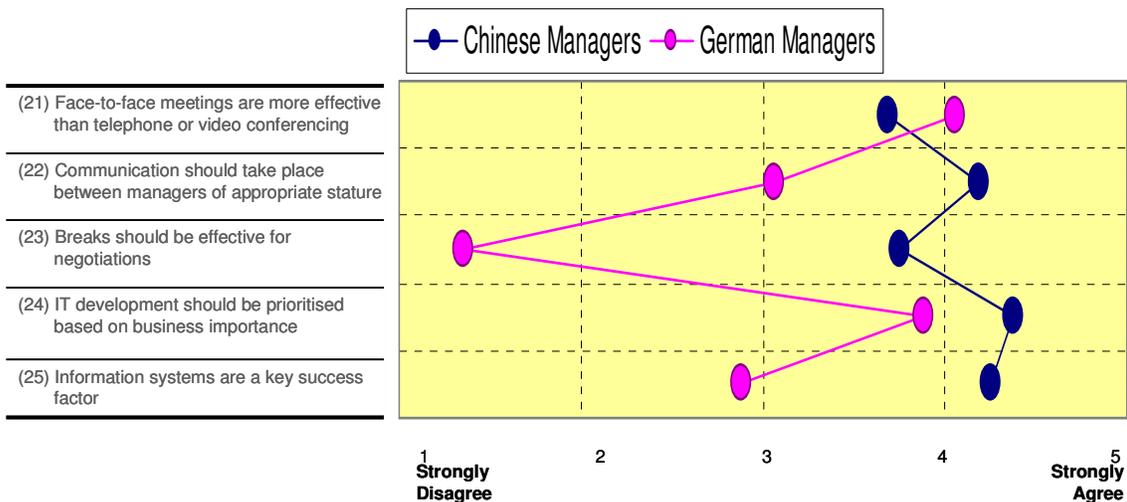
**Table 13:** Differences in Dimension 4 Facets (n = 33)

In the fourth dimension, there was a significant difference in the importance attributed to facets (16), (17), (18) and (20) by German and Chinese managers. However, the difference in the importance attributed to facet (19) by the two sets of managers was not significant.

### 5.2.5 Technology Orientation and Conduct

#### *A Review of P1:*

*Extent of agreement that the following facets are important for IJV performance*



**Figure 20:** Degree to which Dimension 5 Facets are Important (n = 33)

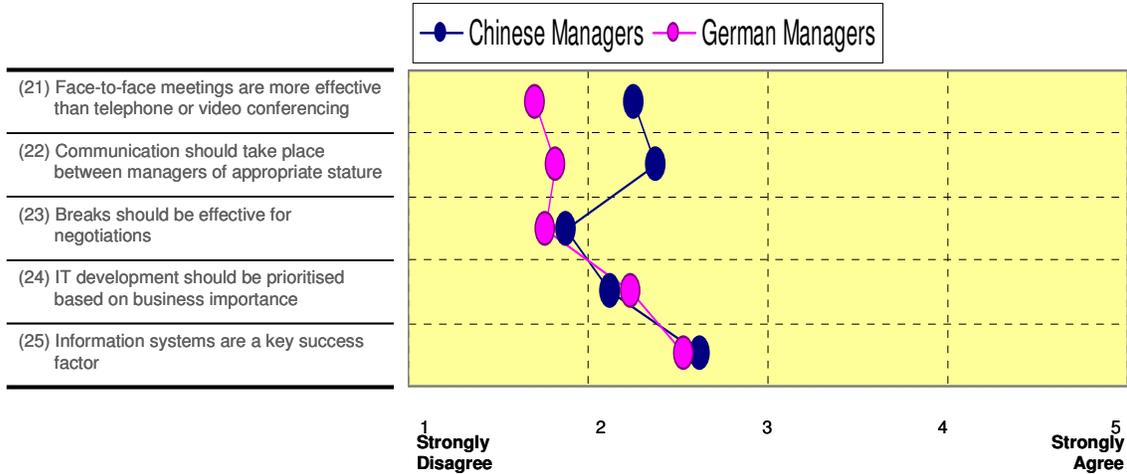
Figure 20 shows that Chinese managers considered all the facets in this dimension important for overall company performance: (21) *face-to-face meetings are more effective than telephone or video conferencing*, (22) *communication should take place between managers of appropriate stature*, (23) *breaks should be effective for negotiations*, (24) *IT development should be prioritised based on business importance*, and (25) *information systems are a key success factor*.

The German managers also considered facets (21) *face-to-face meetings are more effective than telephone or video conferencing* and (22) *communication should take place between managers of appropriate stature* important to overall company performance. In stark contrast to the Chinese, the German managers considered facet (23) *breaks should be effective for negotiations* not all important and facets (24) *IT development should be prioritised based on business importance* and (25) *information systems are a key success factor* basically important for the overall company performance.

In summary, the facets of the fifth dimension - *technology orientation and conduct* - were considered more important for overall company performance by the Chinese managers, than by their German counterparts.

***A Review of P2:***

***Extent of agreement that partners had the same attitude to the following facets***



**Figure 21:** Degree that Attitude towards Dimension 5 Facets are the same (n = 33)

When comparing whether the Chinese and German partner-firm managers held the same attitude towards the facets explored in the fifth dimension - *technology orientation and conduct* - it is once again interesting to note that the Chinese and German managers did not consider themselves as having the same attitude towards these issues.

The t-test results appended in Table 14 show that the differences in dimension 5 facets are statistically significant, except facets (21) and (24).

<b>Dimension 5: Technology Orientation &amp; Conduct P1</b>	<b>Chinese</b>	<b>German</b>	<b>Difference (Δ)</b>
(21) Face-to-face meetings are more effective than phone or video conferencing	3.69	4.06	0.37 (n.s.)
(22) Communication should take place between managers of appropriate stature	4.19	3.06	1.13 **
(23) Breaks should be effective for negotiations	3.75	1.35	2.40 **
(24) IT development should be prioritised based on business importance	4.38	3.89	0.49 (n.s.)
(25) Information systems are a key success factor	4.25	2.88	1.37 **

\* p≤.05, \*\* p≤.01

**Table 14:** Differences in Dimension 5 Facets (n = 33)

In the fifth dimension, there was a significant difference in the importance attributed to facets (22), (23) and (25) by German and Chinese managers. However, the difference between German and Chinese managers, with regard to the importance of facets (21) and (24), were not significant.

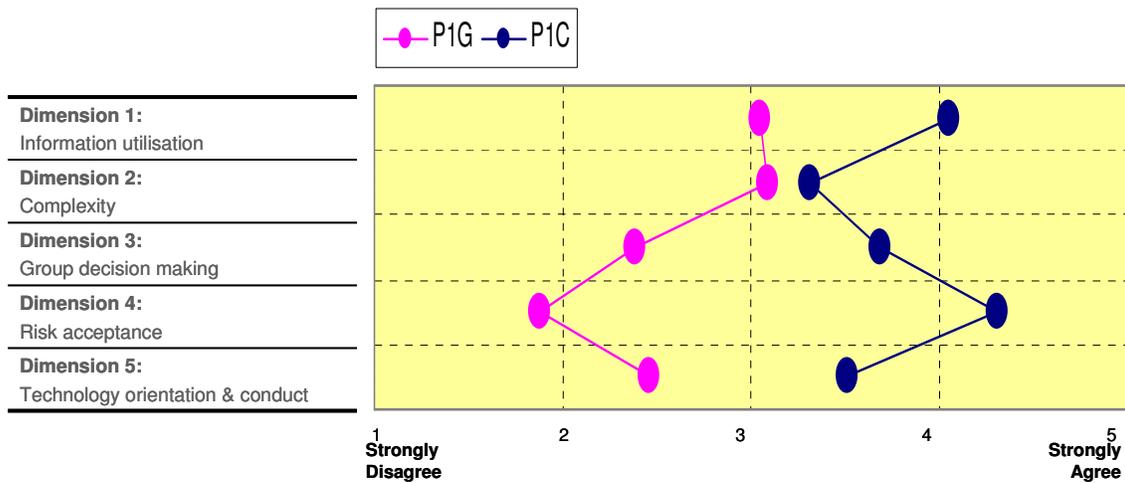
### 5.3 Presentation of Findings: A Summary

This chapter presents a review and analysis of the data collected from 33 Sino-German IJV partner-firm managers in China. Particular emphasis has been placed on examining each management style dimension from two perspectives: (P1) is it considered important for overall company performance, and (P2) do the partner-firm managers share the same attitude towards the dimensions. A summary of the results obtained is presented in the following discussion.

From the (P1) perspective, data collected and analysed under each of the 25 facets, and clustered according to the five dimensions, revealed that, with regard to

the importance attributed to 20 of the 25 facets, there was a statistically significant ( $p \leq .01$ ) difference between German and Chinese managers. There was a significant ( $p \leq .05$ ) difference with regard to one of the 25 facets examined. Finally, the only statistically insignificant results were the differences attributed to the importance of four facets by the German and Chinese managers.

From the (P2) perspective, when comparing whether the Chinese and German partner-firm managers had the same attitude towards the 25 facets being explored in the five dimensions, it is remarkably interesting to note that the managers felt they did not have the same attitude towards the facets in almost all cases.



**Figure 22:** Degree that all Facets under Dimension 1 to 5 are Important (n = 33)

Figure 22, which focuses on perspective 1, provides a comparison of the responses of German managers (P1: G) and Chinese managers (P1: C). This figure presents a summary of the central tendencies identified in this study.

In summary, it can be noted that the anticipated lack of fit in management styles between Sino-German IJV partner-firm managers can be confirmed by this investigation. The following chapter presents and discusses in greater detail, the implications of these findings.

## 6 Discussion

Empirical findings have been presented in the previous chapter, and the subsequent sections will discuss the results derived from the statistical analysis. Also discussed are the implications of the results obtained from the empirical investigation among 33 Sino-German partner-firm managers. Lastly, based on the results, a number of recommendations are presented that can offer practical guidance to Lufthansa's German partner-firm managers in their efforts to achieve a fit in management styles with their Chinese counterparts.

### 6.1 Discussion of Principal Findings

#### 6.1.1 Information Utilisation

##### *(1) Insider information is shared with counterparts*

<b>Information Utilisation</b>	<b>Chinese</b>	<b>German</b>	<b>Difference (<math>\Delta</math>)</b>
<b>P1</b>			
(1) Insider information is shared with counterparts	3.88	3.53	0.35 (n.s.)

\*  $p \leq .05$ , \*\*  $p \leq .01$

The difference between German and Chinese partner-firm managers regarding the importance of facet (1) *insider information is shared with counterparts* was not significant.

This could have been primarily due to the fact that Lufthansa's German partner-firm managers had realised how critical it was to master the art of relationship-building in order to be personally and professionally successful in China, and therefore had actively been working on improving fit in management styles in relation to this facet.

Recent years also bear witness to the acceptance and acknowledgement of the Chinese term *guanxi* by Western management scholars. The term even appears in English and German academic papers without translation. The concept of *guanxi*, though intricate and complex, is a very important phenomenon in the Chinese business world (Bond, 1996). Essentially influenced by the teachings of Confucius, it places significance on relationships. *Guanxi* gives partner-firm managers access to insider information, and the ability to make things happen by giving and receiving favours. A *guanxi* network exists on a foundation of friendship and affection, demanding a commitment to respond to appeals for support. The unwritten code implies that not meeting such expectations can lead to serious consequences such as damage to an individual's social reputation and prestige (Pearce and Robinson, 2000). Enterprises in China are bound by social and business webs, and are characterised by long-standing connections with important people who are empowered to make decisions. Developing and expanding *guanxi* is a social investment that can enrich a manager's resources and future potential (Pierce and Robinson, 2000). In contrast to the social patterns in Western societies, especially Germany, these relationships persist long after the groups are dissolved.

Lufthansa’s senior IJV partner-firm managers are clearly aware that a key element to success in China is relationship-building. They pursue *guanxi* networking in a focused manner, realising that sharing insider or privileged information with their counterparts is necessary in order to establish strong *guanxi* connections. As both the German and Chinese managers considered this facet important for overall success of IJVs, the difference between German and Chinese managers with regard to this facet was negligible indicating that fit in management styles basically did exist.

***(2) Information in connection with non-performance is not openly communicated***

<b>Information Utilisation P1</b>	<b>Chinese</b>	<b>German</b>	<b>Difference (Δ)</b>
(2) Information in connection with non-performance is not openly commu	3.69	2.94	0.75*

\* p≤.05, \*\* p≤.01

There was a significant difference between German and Chinese managers with regard to the importance attributed to facet (2) *information in connection with non-performance is not openly communicated*.

The Chinese partner-firm managers who participated in this study believed that social harmony was achieved not only by maintaining proper relationships, but also by ‘saving face’, a concept which revealed a manager’s dignity, self respect and prestige. Therefore, when things went wrong and performance did not meet expectations, they believed it was best to implement corrective measures and keep the

information to themselves, rather than proactively inform their superiors. This enabled them to maintain face with their peers, subordinates and superiors.

This facet of the Chinese management style is particularly frustrating for German partner-firm managers, as Germans believe that external appearances and communication must be factual, and accurately reflect internal reality. For example, when a Chinese manager encounters trouble in connection with business performance, and if the signs of trouble are not that obvious, he will do everything possible to cover up the issue, giving the impression that all is well. This, primarily, is because Chinese managers spend more time thinking about possible 'loss of face' and its relevance to most situations than German managers, and so are more inclined to cover up deficiencies. To the participating German partner-firm managers, it appeared that the Chinese could not be trusted. German partner-firm managers need to understand that frustration, leading to aggression and confrontation in such instances can cause loss of face for both parties involved, resulting in a long-term negative effect on the organisation (Jacobs, Guopei and Herbig, 1995).

Hu and Grove (1991) published the pioneering investigation of 'face', identifying two basic categories of face in Chinese culture: *lian* and *mianzi*. A person's *lian* face can be preserved by faithful compliance to ritual and social norms. Managers gain *lian* by demonstrating moral character. If they lose *lian*, they cannot function properly in the community. *Mianzi* represents a more Western conception of 'face', a reputation achieved through success in life, and frequently through ostentatious

display of wealth (for e.g. automobile brands, conspicuous consumption etc.) or other traits considered desirable such as education or position (Bond and Hwang, 1986). The concept of face is not unique to China, and has universal applicability though it is acknowledged as more a Chinese value because of the collective nature of the society. The Western individualistic society may not appreciate the level or degree of relevance of this concept, though it exists (Wand, Zhang and Goodfellow; 1998, p. 23).

In order to achieve a closer fit in relation to this facet of management style, German partner-firm managers need to accept that not all business problems will be proactively flagged by their Chinese counterparts. They need to work together with their Chinese counterparts to build sufficient *guanxi* to ensure that major problems will be discussed openly, in an atmosphere of trust.

***(3) Dealing with multiple issues at the same time is efficient***

<b>Information Utilisation P1</b>	<b>Chinese</b>	<b>German</b>	<b>Difference (Δ)</b>
(3) Dealing with multiple issues at the same time is efficient	3.69	2.53	1.16**

\* p≤.05, \*\* p≤.01

The difference between German and Chinese partner-firm managers with regard to the importance attributed to facet (3) *dealing with multiple issues at the same time is efficient*, was found to be significant.

Participating Chinese partner-firm managers indicated that when discussing a particular issue, they always requested long and detailed explanations pertaining to its background, and tended to ask several questions. Only after all the related and non-related matters had been discussed, would they begin to address the issue under discussion.

This approach frustrates German managers who are efficient and very target oriented in their exchanges of ideas. It is important for German partner-firm managers to remain calm and address all related issues simultaneously. This will generate productive discussions, as it enables Chinese managers to focus on specific issues in the context of all the related issues.

A typical facet of the Chinese management style is *zhengti guannian*, a holistic approach to issues (Kirkbride, Tang and Westwood, 1991), where harmony is achieved by addressing issues as elements of a cohesive whole. German partner-firm managers can find it difficult to deal with Chinese managers on specific topics in isolation, without context to a wider perspective. Chinese managers belong to a culture that believes that individual components contribute to a strong, interacting whole, and subtle links need to be identified to gain wisdom. Therefore, Chinese managers consider it impossible to appreciate and discuss a single issue in isolation, however high its significance, unless its relevance to the whole is measurable. In comparison, German managers have a very linear thought process, and prefer to deal with one issue at a time using a systematic approach.

In times of conflict, Chinese managers are inclined to disseminate inconsistencies and review all the related non-compliances with a view to achieving harmony (Kirkbride, Tang and Westwood, 1991).

In order to achieve a fit in this facet, it is important for German partner-firm managers to understand that the ideals of a conflict-free group and long-term relationships, in China need to take into account the importance of compromising a manager's personal targets, and its relation to efficiency, effectiveness and the betterment of all involved.

***(4) Repeated questioning is necessary to obtain information***

<b>Information Utilisation P1</b>	<b>Chinese</b>	<b>German</b>	<b>Difference (Δ)</b>
(4) Repeated questioning is necessary to obtain information	2.81	1.65	1.16 **

\* p≤.05, \*\* p≤.01

The difference between German and Chinese partner-firm managers with regard to the importance attributed to facet (4) *repeated questioning is necessary to obtain information*, was found to be significant.

In keeping with general Chinese orientation towards time, the responses of the participating Chinese partner-firm managers reflected their belief that time is endless, with no beginning or end, and beyond the control of human beings. Additionally, in

line with the much publicised virtues of patience and endurance, Chinese managers seemed inclined to divulge important information only after they were questioned repeatedly.

Chinese managers need to ascertain that the seeker of information is genuinely interested in the information, and the level of patience and endurance displayed by the person seeking information indicates the substance of his intent. On the contrary, German managers appreciate receiving immediate feedback to their queries. Unable to view time as an eternal resource, they have great difficulty in coming to terms with the fact that Chinese managers do not consider it a complete waste of valuable time to engage in the process of repeated questioning.

For Chinese managers, the virtues of patience and calmness represent sincerity, earnestness, proficiency and self-discipline (Pang, Roberts and Sutton, 1998). The Chinese orientation towards time has been described as “non-linear, repetitive and associated with events” (Kirkbride, Tang, Westwood, 1991).

The virtues of patience and endurance are highly desirable characteristics to the Chinese, so German managers working for IJVs in China need to understand the importance of developing the ability to display these virtues in relation to this facet, to facilitate a fit in management styles with their Chinese counterparts.

**(5) Indirect communication is effective**

<b>Information Utilisation P1</b>	<b>Chinese</b>	<b>German</b>	<b>Difference (Δ)</b>
(5) Indirect communication is effective	3.51	1.65	1.86 **

\*  $p \leq .05$ , \*\*  $p \leq .01$

The difference between German and Chinese partner-firm managers with regard to the importance attributed to facet (5) *indirect communication is effective*, was found to be significant.

Participating Chinese partner-firm managers considered this facet important as they believed it was possible to communicate effectively by using silence as a tactic.

This communication strategy made their German partners highly impatient, with the result that German managers either gave in too soon, or ended the discussions without negotiating a conclusion. Instead of delivering a straightforward ‘no’ for an answer, it is common for Chinese to resort to indirect communication by remaining silent, changing the subject or simply asking an unrelated question. Chinese managers prefer to communicate in an indirect manner as they believe this is non-aggressive, courteous and respectful, not because they desire to conceal the truth or be dishonest.

According to the Sun Tzu (1982) strategies, deceptive manoeuvres and indirect communication can be very effective on the military battlefield, and this concept has been used to gain competitive advantage in the corporate arena as well (Rarick,

1996). The Chinese consider information a valuable resource that needs to be used tactically. German managers often interpret this concept as deception and exploitation of information.

It is important for German managers to understand that the level of trust between individuals often dictates the type of communication employed by the Chinese, and the quality and quantity of information shared. If the Chinese consider their German partners reliable and trustworthy, they will communicate with them in a relatively unrestrained manner. On the other hand, if trust and reliability has not been established, Chinese managers will communicate in a very controlled manner, using the tactics of silence and indirect communication wherever possible.

German partner-firm managers seeking to establish a fit in management styles in relation to this facet need to build strong relationships, and establish a successful *guanxi* network to prove their trustworthiness and reliability. Once they gain the trust of their Chinese counterparts, they automatically become party to privileged and classified information and will encounter far less indirect communication.

## 6.1.2 Complexity

### (6) Relationships are more important than business success

Complexity P1	Chinese	German	Difference ( $\Delta$ )
(6) Relationships are more important than business success	4.75	2.24	2.51 **

\*  $p \leq .05$ , \*\*  $p \leq .01$

The difference between German and Chinese partner-firm managers with regard to the importance attributed to facet (6) *relationships are more important than business success*, was found to be significant.

Chinese partner-firm managers who participated in the study indicated that, from their perspective, cultivating business relationships was far more important than business success. They found it difficult to understand why German partner-firm managers did not pay much attention to building relationships and focused only on creating business success stories.

*Renqing* plays a vital role in the art of relationship-building. In fact, it is an important dimension of *guanxi*. *Renqing*, defined as “humanised obligation” (Chen, 2004, p. 46), can be interpreted as the norm of reciprocity or the extent and type of resource used for social exchange, and the process for paying back the debt of gratitude (Wang *et al.*, 1998).

Though *guanxi* may prevail at an organisational level, it is intrinsic to the individual and so, it is a relationship between people, and not the organisations themselves (Seligman, 1999). This is naturally of concern to German organisations that prefer strengthening ties between organisations rather than individuals. Therefore, it is not in the interest of German organisations to deploy managers in China on short-term assignments, as relationships between organisations have to be developed from scratch every time people are replaced.

The results of the study indicate that a fit in management styles in relation to this facet needs to be facilitated. German partner-firm managers need to understand the symbolic importance of relationship-building and its ability to reduce the time needed to develop and establish the level of mutual understanding and trust required for business success in China.

***(7) Time, trust and tolerance are essential factors for business dealings***

<b>Complexity P1</b>	<b>Chinese</b>	<b>German</b>	<b>Difference (Δ)</b>
(7) Time, trust and tolerance are essential factors for business dealings	4.51	1.53	2.98 **

\* p≤.05, \*\* p≤.01

The difference between German and Chinese partner-firm managers with regard to the importance attributed to facet (7) *time, trust and tolerance are essential factors for business dealings*, was found to be significant.

Participating Chinese partner-firm managers believed that corporate networking was a valuable strategy that provided the IJV with an advantage critical to business success.

*Guanxi* plays a major role in corporate networking, as Chinese partner-firm managers only network with those they trust. This results in long-term personal relationships, the most essential factor for all business dealings (Pearce and Robinson, 2000). However, long-term personal relationships can only be established by investing a tremendous amount of time, trust and tolerance in the relationship, over a long period of time.

For example, in China, personal friends do approach managers in influential positions for professional favours, and vice versa. The Chinese do not tend to distinguish between the personal and professional worlds (Seligman, 1999). Chinese managers, when approached for favours, are eager to assist if it is in their power to do so. This is the norm in China. In direct contrast, German managers tend to become uncomfortable and anxious, especially when confronted with requests to grant personal favours (Seligman, 1999). German managers clearly separate their professional and personal worlds, and find it very difficult to combine the two. German IJV partner-firm managers working in China can join the *guanxi* network only if they understand the system, and play by the rules of the game.

To facilitate fit in this facet of management style dimension, it is important for German partner-firm managers to develop a corporate network based on long-term personal relationships, where individuals safeguard members' interests and emphasise collectivism and group harmony by a continuing exchange of accepting and returning favours.

***(8) Flexible deadlines are practical***

<b>Complexity P1</b>	<b>Chinese</b>	<b>German</b>	<b>Difference (<math>\Delta</math>)</b>
(8) Flexible deadlines are practical	3.38	1.24	2.14 **

\*  $p \leq .05$ , \*\*  $p \leq .01$

The difference between German and Chinese partner-firm managers with regard to the importance attributed to facet (8) *flexible deadlines are practical*, was found to be significant.

This is primarily due to the fact that the participating Chinese partner-firm managers believed time was endless, without beginning or end. Most importantly, they firmly believed that time was beyond the control of human beings.

As Chinese believe time cannot be controlled or managed, they assign very little importance to deadlines. In addition, Chinese managers are heavily influenced by the military strategist Sun Tzu (1982) and a particular facet of his strategy, flexible

deadlines. Chinese managers believe that the completion of a particular task could involve major changes in planned activities until the very last minute; hence assigning time-bound deadlines is impractical. German managers, on the other hand, believe that flexible deadlines are meaningless, with no value.

Participating German partner-firm managers believed deadlines should not be flexible, and timelines should be strictly adhered to, as their purpose is to establish the level of control and discipline necessary for the overall success of the organisation.

To be able to achieve a fit in management styles in relation to this facet, German managers need to build time-related buffers before mutually agreeing to deadlines, to avoid frustration each time a deadline is not met. This will suggest to the Chinese that the Germans have begun to appreciate the art of tolerance and are beginning to accepting that time is endless. This will positively impact the German partner-firm managers' *guanxi* network.

***(9) Guanxi connections are ethical and important***

<b>Complexity P1</b>	<b>Chinese</b>	<b>German</b>	<b>Difference (Δ)</b>
(9) Guanxi connections are ethical and important	4.75	2.71	2.04 **

\* p≤.05, \*\* p≤.01

The difference between German and Chinese partner-firm managers with regard to the importance attributed to facet (9) *guanxi connections are ethical and important*, was found to be significant.

As is evident in most of the facets examined in this study, the participating Chinese managers believed *guanxi* was the most important personal and professional asset in China. The system of trading favours for favours is a common practice among the Chinese, while the Germans find it fundamentally illegal and unethical. For the Chinese, the acceptance of a favour implies a commitment to reciprocate the favour at a later stage. As long as a manager realises this obligation, he is considered ethical. In addition, strong *guanxi* connections are essential for the circumvention of the bureaucratic channels in the government, and to hasten decision-making in government offices in China (Pearce and Robinson, 2000).

For example, a Lufthansa IJV failed to submit on time, the paperwork for the annual renewal of the registration of its representative office. The State Administration for Industry and Commerce (SAIC) required the company to either pay a confiscatory fine, or lose their registration and the ability to operate legally in China. When the senior managers of the concerned IJV discussed this information with the employees, a junior clerk came forward with a connection she had to an influential SAIC director. She had attended high school with the SAIC director's daughter, and they were good friends. After several phone calls, not only was the

registration renewed and all related paperwork put in order, but all related fines waived.

However, in spite of this positive *guanxi* experience, the difference in the importance attributed to this facet between German and Chinese partner-firm managers was found to be statistically significant, implying that German partner-firm managers still do not fully understand and believe in *guanxi*.

To effectively facilitate a fit in this important facet, it is critical that German managers working in China come to terms with the fact, that in order to be successful personally and professionally, *guanxi* networks have to be developed, ethical or not.

***(10) Signing a deal should finalise a negotiation process***

<b>Complexity P1</b>	<b>Chinese</b>	<b>German</b>	<b>Difference (Δ)</b>
(10) Signing a deal should finalise a negotiation process	4.19	1.71	2.48 **

\* p≤.05, \*\* p≤.01

The difference between German and Chinese partner-firm managers on the importance attributed to facet (10) *signing a deal should finalise a negotiation process*, was found to be significant.

Participating Chinese partner-firm managers believed that once the negotiating phase was over, and a deal signed, the business and personal relationships between the negotiating parties essentially began at this point. Therefore, by signing a deal, the Chinese merely indicated their commitment to a long-term relationship.

Chinese managers often bargain until the opposite party runs out of patience. This technique is basically used to extract as much benefit as they can, and not necessarily just in pricing. Often, bargaining and negotiations continue beyond the signing of the deal and the commencement of business operations. Chinese managers assume that once a relationship has been formalised, the negotiating parties become 'friends' and matters can be brought up and discussed again, anytime.

In stark comparison, the participating German managers firmly believed that once a deal was signed, the negotiation process was complete, and further discussions, at a later stage, with the intent of making changes to the signed deal, was not acceptable.

Therefore, it is important for German managers to be prepared to re-negotiate deals, even though the negotiation process has been finalised and the deal has been signed. Should the Germans take a rigid stance and not be willing to re-negotiate, their *guanxi* in the long-term will be affected, and achieving a fit in this facet of management style will continue to be a major challenge.

### 6.1.3 Group Decision-making

#### *(11) Intermediaries play an important role in decision-making*

Group Decision-making P1	Chinese	German	Difference ( $\Delta$ )
(11) Intermediaries play an important role in decision-making	4.31	2.12	2.19 **

\*  $p \leq .05$ , \*\*  $p \leq .01$

The difference between German and Chinese partner-firm managers with regard to the importance attributed to facet (11) *intermediaries play an important role in decision-making*, was found to be significant.

Participating Chinese managers considered the role of intermediaries important for the overall success of the organisation. This was primarily because intermediaries not only brought out-group individuals into new relationships, but continued to be effective long after the initial introductory meeting.

*Zhongjian ren* or the intermediary is very important to the development of *guanxi* networks. Graham and Lam (2003) interviewed the Chinese to investigate the institution of *guanxi* relationships through intermediaries. They found it involved the expected methods of using trusted business associates, family and non-family connections, and a complex social interaction process using social skills such as the ability to play the *requing* or favours game (Hwang, 1990).

In order to establish fit in relation to this facet of management style, German managers relatively new to the IJV are best advised to communicate via intermediaries instead of trying to communicate directly with their Chinese counterparts. Trust can only be imparted by established intermediaries who facilitate the interaction between Chinese and German managers. This will result in a faster decision-making process and directly impact the overall success of the IJV.

***(12) Decision-making should be a senior management responsibility***

<b>Group Decision-making P1</b>	<b>Chinese</b>	<b>German</b>	<b>Difference (Δ)</b>
(12) Decision-making should be a senior management responsibility	3.94	2.18	1.76 **

\* p≤.05, \*\* p≤.01

The difference between German and Chinese partner-firm managers on the importance attributed to facet (12) *decision-making should be a senior management responsibility*, was found to be significant.

Chinese partner-firm managers who participated in this study believed that title and seniority denoted significance and accomplishment, and that it was essential to acknowledge them.

Clearly, the Chinese respect for hierarchy and authority has direct implications on their management styles. It is very important for Chinese managers to ascertain the

authority and status of their German counterparts, as it would demonstrate the intentions of the German company and indicate the level of respect being accorded to them (Kirkbride, Tang and Westwood, 1991). Therefore, to create a productive business environment, German organisations are well advised to deploy managers of the same level of seniority as the Chinese managers in the IJV. In addition, German managers prefer to get into details and often view the Chinese macro-management style as being too high-level and ineffective. Chinese managers, on the other hand, prefer to leave the detailed planning and lower-level decision-making to their juniors.

In order to achieve fit in this facet, senior German managers need to limit themselves to making high-level decisions together with their Chinese counterparts on the same level, and not get involved in micro-management. Therefore, German partner-firm managers are best advised to leave the detailed working to their subordinates, as if they do not, their Chinese counterparts might assume that they are not being trusted by their German colleagues.

***(13) Decision-making should be facilitated through lengthy discussions***

<b>Group Decision-making P1</b>	<b>Chinese</b>	<b>German</b>	<b>Difference (<math>\Delta</math>)</b>
(13) Decision-making should be facilitated through lengthy discussions	4.38	1.76	2.62 **

\*  $p \leq .05$ , \*\*  $p \leq .01$

The difference between German and Chinese partner-firm managers with regard to the importance attributed to facet (13) *decision-making should be facilitated through lengthy discussions*, was found to be significant.

The participating Chinese partner-firm managers considered this facet extremely important as they did not believe it was efficient to make quick decisions. They preferred to take their time and engage in lengthy discussions before coming to a conclusion. German managers, used to quick responses and decision-making, found it very difficult to participate in long meetings that seemed to drag on without any apparent reason.

*Chiku nailao* or endurance is considered an honourable characteristic by the Chinese. In the context of meetings and negotiations, the Chinese spend more time in preparation, and look forward to longer bargaining sessions (Graham and Lam, 2003). This can be an exhausting experience for German managers, and the Chinese know exactly how to take advantage of their fatigue.

In order to facilitate a fit in this facet of management style, German managers working in Sino-German IJVs need to demonstrate that they welcome long discussions, as long as they are productive. German partner-firm managers also have to work on not showing signs of impatience and exhaustion, as this is viewed as disrespect by the Chinese. As endurance is considered a highly desirable virtue in

China, German managers need to be able to demonstrate staying power, in order to successfully reduce the gap in management styles that exists in respect to this facet.

***(14) Decisions should be consensus-oriented***

<b>Group Decision-making P1</b>	<b>Chinese</b>	<b>German</b>	<b>Difference (<math>\Delta</math>)</b>
(14) Decisions should be consensus-oriented	2.41	3.94	1.53 **

\*  $p \leq .05$ , \*\*  $p \leq .01$

The difference between German and Chinese partner-firm managers with regard to the importance attributed to facet (14) *decisions should be consensus-oriented*, was found to be significant.

This is primarily because Chinese partner-firm managers are used to making decisions on their own, and subordinates are expected to follow-up and ensure all decisions are implemented, whether or not they agree with them.

However, German managers favour a participative style of decision-making, based on consent (Glunk, Wilderom and Ogilvie, 1996), as was evident in the IJVs that participated in this study. Managers took responsibility for work done, and expected to be held accountable for the quality of work. German organisations have fewer levels of hierarchy since managers are well-educated and work in a productive

and organised structure. Managers are relatively autonomous with respect to their work and responsibilities, and thus require less management.

In order to facilitate a fit in this facet of management style, German partner-firm managers need to engage less people in the decision-making process to make it appear that major decisions are not consensus-oriented and are only being made by senior management. In addition, German managers from the middle management segment of the organisation have to get used to not being directly involved in the decision-making process.

***(15) Desired decisions should be achieved through manipulation***

<b>Group Decision-making P1</b>	<b>Chinese</b>	<b>German</b>	<b>Difference (<math>\Delta</math>)</b>
(15) Desired decisions should be achieved through manipulation	3.38	1.94	1.44 **

\*  $p \leq .05$ , \*\*  $p \leq .01$

The difference between German and Chinese partner-firm managers with regard to the importance attributed to facet (15) *desired decisions should be achieved through manipulation*, was found to be significant.

Chinese partner-firm managers who participated in this study considered this facet very important for overall IJV success, as bargaining and manipulation are key dynamics in a decision-making process, from the Chinese perspective.

Discussions and negotiations with Chinese managers can be a very intimidating experience. They are known to manipulate various discussions, to persuade the other party to respond in a particular manner. Chinese managers are heavily influenced by the military strategist Sun Tzu (1982) when developing corporate strategies to deal with different types of situations, and gain psychological and material advantage over an opponent. The strategic management implications of this ideology are extensively apparent in the Chinese management style. A Chinese manager can therefore be compared to a Sun Tzu strategist, one not keen on engaging in a physical business war but who concentrates on manipulating his counterpart in order to get his way (Rarick, 1996).

Since bargaining and manipulation are key dynamics in decision-making from a Chinese perspective, German managers need to acquire more knowledge about these practices for a better insight into the Chinese mindset and management style. This, in turn, will strengthen their business relations, improving fit in relation to this management style facet.

#### 6.1.4 Risk Acceptance

##### *(16) Rules and regulations should be strictly adhered to*

<b>Risk Acceptance P1</b>	<b>Chinese</b>	<b>German</b>	<b>Difference (<math>\Delta</math>)</b>
(16) Rules and regulations should be strictly adhered to	1.38	3.41	2.03 **

\*  $p \leq .05$ , \*\*  $p \leq .01$

The difference between German and Chinese partner-firm managers with regard to the importance attributed to facet (16) *rules and regulations should be strictly adhered to*, was found to be significant.

German managers, who are highly objective and rule-oriented, considered this facet very important. Professional at work and focused in approach, they bring fact-based information to discussions (Machl, 2003). Germans focus on minimising risk by structuring important issues, and developing rules and regulations which they strictly observe.

Chinese managers did not consider this facet important as the Chinese are more agreeable to taking risks, even if they are not considered calculated risks. This is primarily due to the fact that Chinese managers are less inclined to deal with objective business facts, favouring instead, business information acquired from *guanxi* networks and relationships.

German managers need to focus more on relationships and less on rules and regulations, which are relatively meaningless to Chinese managers, while adapting their management styles to those of their Chinese counterparts.

***(17) Agreements should be re-negotiable***

<b>Risk Acceptance P1</b>	<b>Chinese</b>	<b>German</b>	<b>Difference (Δ)</b>
(17) Agreements should be re-negotiable	3.51	2.47	1.04 **

\* p≤.05, \*\* p≤.01

The difference between German and Chinese partner-firm managers with regard to the importance attributed to facet (17) *agreements should be re-negotiable*, was found to be significant.

Chinese partner-firm managers who participated in this study considered this facet important for overall IJV performance, because amongst the Chinese, an agreement does not imply the same obligation that it does to the Germans, especially between parties who acknowledge the concept of *renqing* or give-and-take. Chinese managers believe that the intent of an agreement is necessarily vague, as it leaves room for adjustment in case things do not work out. They are also aware that this deliberate ambiguity is not understood or accepted by their German counterparts, so they do attempt to be more specific and detailed. Nonetheless, when problems arise in agreements that have been finalised, Chinese managers expect their German

counterparts to hash it out face-to-face, as one human being to another, instead of scrutinising the agreements and related paper work. Therefore, it is important for German managers to understand that, from a Chinese perspective, a decision is simply an indication to commit to a long-term relationship (Graham and Lam, 2003).

The necessity to be flexible in re-negotiating agreements frequently arises when Chinese managers request their German counterparts to consent to changes in decisions already taken, and agreements that have been concluded.

There is a significant difference between German and Chinese partner-firm managers with regard to the importance they attribute to this facet, and in order to reduce this difference, German partner-firm managers need to accept that all agreements from a Chinese standpoint can be re-negotiated. Therefore, German partner-firm managers are best advised to be prepared to re-open discussions on all agreements, should the need arise, in order to facilitate a fit in this facet of management style.

***(18) Verbal commitments are not risky***

<b>Risk Acceptance P1</b>	<b>Chinese</b>	<b>German</b>	<b>Difference (Δ)</b>
(18) Verbal commitments are not risky	3.06	2.24	0.82 **

\* p≤.05, \*\* p≤.01

The difference between German and Chinese partner-firm managers with regard to the importance attributed to facet (18) *verbal commitments are not risky*, was found to be significant.

Participating Chinese partner-firm managers consider this facet significant for overall IJV success, as they believe that documenting commitments is unimportant as commitments are made only when trust has been established between two parties. As Chinese managers place extreme importance on relationships and *guanxi*, they do not perceive verbal commitments as being risky. In fact, verbal commitments are the basis of doing business in China.

German partner-firm managers, on the other hand, are very straightforward and direct, especially in a business context. They are well-informed at meetings, primed with documented facts and figures, and expect the same from their Chinese counterparts. Even at initial meetings, the focus of German managers is not on getting acquainted, but on addressing all relevant issues and making the necessary commitments. In addition, German managers appreciate written commitments that have been well documented, and where all tasks and goals have been clearly stated, with no room for ambiguity and misunderstandings that could surface at a later stage (Schroll-Machl, 2003). German managers tend to have little confidence in verbal agreements made on the basis of personal relationships.

In order to facilitate a fit in this facet, and for German managers to succeed in a Chinese business environment, they need to overcome their fundamental desire to document all commitments and focus instead on establishing trust and *guanxi*. Once trust has been established between two parties, it is considered better than any legitimacy a written document could possibly provide.

***(19) Business propositions should be based on the future, not past potential***

<b>Risk Acceptance P1</b>	<b>Chinese</b>	<b>German</b>	<b>Difference (<math>\Delta</math>)</b>
(19) Business propositions should be based on the future, not past potential	4.19	4.06	0.13 (n.s.)

\*  $p \leq .05$ , \*\*  $p \leq .01$

The difference between German and Chinese partner-firm managers with regard to the importance attributed to facet (19) *business propositions should be based on the future, not past potential*, was found to be not significant.

Both German and Chinese partner-firm managers considered this facet important for overall IJV success, so the difference in the degree of importance is negligible.

While German partner-firm managers tend to take a hard stand when discussing weak and inaccurate business propositions projected on the basis of relationships and past successes instead of future potential, they acknowledge the fact that their Chinese counterparts place immense importance on long-term relationships that span

several generations. Therefore, they have managed to adjust their management styles to leverage the fact that relationships in China will always remain a major factor in business success, and have acquired a sensitivity towards the fact that long-term relationships may have contributed to past business successes.

***(20) Maintaining status quo should be preferred to making changes***

<b>Risk Acceptance P1</b>	<b>Chinese</b>	<b>German</b>	<b>Difference (Δ)</b>
(20) Maintaining the status quo should be preferred to making changes	4.44	3.29	1.15 **

\*  $p \leq .05$ , \*\*  $p \leq .01$

The difference between German and Chinese partner-firm managers with regard to the importance attributed to facet (20) *maintaining the status quo should be preferred to making changes*, was found to be significant.

Chinese managers considered this facet important to overall IJV success because they prefer to maintain harmony and preserve face even if it means compromising the enhancement of their performance, because maintaining status quo circumvents confrontational situations and conflict affecting the harmony of existing relationships. German managers, being extremely performance and target-oriented, did not consider this facet important. Germans constantly review status quo to identify areas where changes can be made in order to further enhance performance.

*Renji hexie* or interpersonal harmony is considered an important facet of Chinese management style. To achieve this, Chinese managers strive to develop positive relationships not only between themselves and their peers, but also between themselves and their individual, personal responsibilities (Pang, Roberts and Sutton, 1998).

In order to achieve a fit in this management style facet, German managers need to be mindful of the manner in which they effect changes, so that inter-personal harmony within the group does not suffer considerably. Should German managers choose not to adjust their management styles in relation to this facet, no matter how effective the proposed changes are, in China, they will not be able to successfully implement these changes.

### 6.1.5 Technology Orientation and Conduct

*(21) Face-to-face meetings are more effective than telephone or video conferencing*

Information Technology and Conduct P1	Chinese	German	Difference ( $\Delta$ )
(21) Face-to-face meetings are more effective than phone / video conferencing	3.69	4.06	0.37 (n.s.)

p $\leq$ .05, \*\* p $\leq$ .01

The difference between German and Chinese partner-firm managers with regard to the importance attributed to facet (21) *face-to-face meetings are more effective than telephone or video conferencing*, was found to be not significant.

Both the German and Chinese partner-firm managers considered this facet important for overall IJV success, hence the difference in importance attributed to this facet was negligible.

While German managers still do not place enough importance on face and *guanxi*, they are aware that the development and expansion of *guanxi* is a social investment that can enrich their resources and future potential in a substantial manner. As *guanxi* can only be successfully developed in face-to-face encounters, German managers have understood that investing time in travel and face-to-face meetings yields long-term dividends, that can be priceless in China.

***(22) Communication should take place between managers of appropriate stature***

<b>Information Technology and Conduct</b>	<b>Chinese</b>	<b>German</b>	<b>Difference (Δ)</b>
<b>P1</b>			
(22) Communication should take place between managers of appropriate sta	4.19	3.06	1.13 **

\* p≤.05, \*\* p≤.01

The difference between German and Chinese partner-firm managers with regard to the importance attributed to facet (22) *communication should take place between managers of appropriate stature*, was found to be significant.

German partner-firm managers did not feel the need to communicate exclusively with managers of equal stature, for a productive and cooperative exchange of ideas and information. The German managers were more concerned that their counterpart had the appropriate level of knowledge required to advance the discussion positively. However, this facet was important to Chinese partner-firm managers, as they needed to communicate with managers of equal stature in order to stimulate the desired level of cooperation.

Communication between managers of inappropriate stature can lead to a 'loss of face' for Chinese managers (Kirkbride, Tang and Westwood, 1991). Therefore, in China, it is important to ensure all meetings and other communication platforms involve managers of equal stature.

In order for German partner-firm managers to achieve a fit in this facet of management style, they need to ensure Chinese managers do not suffer a potential 'loss of face' when they choose to communicate with managers who may not be equal in stature, but possess the desired levels of knowledge.

***(23) Breaks should be effective for negotiations***

<b>Information Technology and Conduct P1</b>	<b>Chinese</b>	<b>German</b>	<b>Difference (<math>\Delta</math>)</b>
(23) Breaks should be effective for negotiations	3.75	1.35	2.40 **

\*  $p \leq .05$ , \*\*  $p \leq .01$

The difference between German and Chinese partner-firm managers with regard to the importance attributed to facet *(23) breaks should be effective for negotiations*, was found to be significant.

Chinese partner-firm managers considered this facet important for IJV performance because they preferred long meetings, and unscheduled breaks served to extend the duration of the meeting. German partner-firm managers, on the other hand, considered this facet unimportant for IJV performance as they found short and sharp meetings to be more effective and productive.

German managers usually find it difficult to come to terms with having to participate in an endless meeting that appears to serve no real purpose.

As endurance or *chiku nailao* is considered an honourable characteristic by the Chinese, they favour longer discussions and bargaining sessions. As part of their strategy to prolong meetings, they tend to take several breaks to think about new propositions or even generate additional questions (Graham and Lam, 2003). Chinese

managers do not like brief meetings, as they do not provide a favourable environment to strengthen relationships and *guanxi*.

In order to achieve a fit in this facet of management style, German managers need to exercise patience, and prevail during meetings. They need to take advantage of the opportunities presented by long meetings to strengthen relationships and *guanxi*, instead of viewing them negatively as a waste of time.

***(24) IT development should be prioritised based on business importance***

<b>Information Technology and Conduct P1</b>	<b>Chinese</b>	<b>German</b>	<b>Difference (Δ)</b>
(24) IT development should be prioritised based on business importance	4.38	3.89	0.49 (n.s.)

\* p≤.05, \*\* p≤.01

The difference between German and Chinese partner-firm managers with regard to the importance attributed to facet (24) *IT development should be prioritised based on business importance*, was found to be not significant.

Both the German and Chinese partner-firm managers considered this facet important for overall IJV success, hence the difference in importance attributed to this facet is negligible.

German and Chinese managers consider IT development important to drive success. Therefore, a lot of time is invested to ensure IT development is tightly scheduled and prioritised, on the basis of business importance. IT development plans and schedules are regularly monitored and high emphasis is placed on the on-time realisation of these schedules. In order to devise feasible and practical IT development schedules, German managers have learned to build in extra time as buffers into their planning, to avoid glitches if delivery does not match mutually agreed schedules.

***(25) Information systems are a key success factor***

<b>Information Technology and Conduct P1</b>	<b>Chinese</b>	<b>German</b>	<b>Difference (Δ)</b>
(25) Information systems are a key success factor	4.25	2.88	1.37 **

\* p≤.05, \*\* p≤.01

The difference between German and Chinese partner-firm managers with regard to the importance of facet *(25) information systems are a key success factor*, was found to be significant.

Chinese partner-firm managers considered this facet important for overall IJV success. Given the scarcity of long-term planning and controlling mechanisms, information systems assumed a very high-level of importance as an effective mechanism for realising business success.

German managers on the other hand, did not consider this facet important for overall IJV success. Given their personality traits of being highly-organised, systematic perfectionists, they are able to ensure that everything is planned and under control, without having to rely overtly on IT systems. They have an inherent focus on discipline, where control form an integral part of the process.

While German managers, like their Chinese counterparts, consider information systems a formal and rigorous platform for gathering and analysing detailed data from all levels of the organisation, they do not give it the same level of importance as the Chinese managers do (Glunk, Wilderom and Ogilvie, 1996). This is may stem from the fact that their focus on discipline and structure is independent of information systems.

However, Chinese managers view information systems as an ideal platform to create the desired levels of structure and discipline, and therefore, as key factor for business success. German managers need to demonstrate to their Chinese counterparts that discipline and structure are largely independent of information systems, in order to facilitate a fit in this facet of management style.

## 6.2 Implications of the Findings

### 6.2.1 Information Utilisation

From the results in Table 10 (see also Figure 12), we find that the five facets explored under the first management style dimension were considered important for IJV performance by Chinese partner-firm managers. With the exception of facet (1), the German managers did not consider the other facets important.

In summary, the findings imply that Lufthansa's senior IJV partner-firm managers are aware that relationship-building is a key element for success in China. They pursue *guanxi* networking in a focused fashion and regularly share privileged information with their counterparts in order to establish strong *guanxi* connections.

German partner-firm managers need to understand that not all business problems will be proactively flagged by their Chinese counterparts. They need to work with them to build sufficient *guanxi* to ensure that major problems will be openly discussed in an atmosphere of trust.

It is also important for German partner-firm managers to accept that the ideals of a conflict-free group and long-term relationships in China could be compromising a manager's personal targets in favour of the collective advancement of the group or organisation.

The findings also imply that the virtues of patience and endurance are consistently regarded as highly desirable characteristics by the Chinese managers, so German managers working for IJVs in China need to understand its importance and develop the ability to display these virtues.

Finally, German partner-firm managers need to build strong relationships and establish a successful *guanxi* network in order to establish their trustworthiness and reliability. Once they are regarded as reliable individuals by their Chinese counterparts, they will automatically receive insider information, be able to engage in open and effective communication, and encounter much less indirect communication.

### **6.2.2 Complexity**

From the results in Table 11 (see also Figure 14), we find that the five facets explored under the second management style dimension were considered important for IJV performance by Chinese partner-firm managers. In direct contrast, the German managers did not consider any of the facets important.

In summary, the findings once again suggest that German partner-firm managers need to better understand the symbolic importance of relationship-building. An in-depth knowledge of this phenomenon will give them an advantage in reducing the

time necessary to develop and establish the level of mutual understanding and trust required to be successful in China.

It is important for German partner-firm managers to develop a social network based on long-term personal relationships, where individuals embrace the concept of returning favours and by doing so, safeguard members' interests while emphasising collectivism and group harmony.

Another significant implication that emerged was that German managers need to factor in time-related buffers while determining schedules, to avoid the frustration that accompanies missed deadlines. German equanimity in the face of delay indicates they have accepted flexible deadlines, and will suggest to the Chinese that Germans are indeed acquiring the art of patience and tolerance.

The results also revealed that it is important that German managers be prepared to re-negotiate deals even though a negotiation process has been finalised and the deal signed.

Should German partner-firm managers not be able to deal with these complexities, their *guanxi* will be affected in the long-term, and *guanxi* networks are both important and necessary, whether considered ethical or not.

### 6.2.3 Group Decision-making

From the results in Table 12 (see also Figure 16), we find that the Chinese partner-firm managers considered the five facets explored under the third management style dimension were important for IJV performance, while the German managers, in direct contrast, did not consider any of them important.

In summary, the findings imply that intermediaries are important for decision-making and developing *guanxi*. German managers who are relatively new to the IJV should communicate via intermediaries, instead of trying to communicate directly with their Chinese counterparts. Trust, established only by intermediaries who facilitate the interaction between Chinese and German managers, results in a faster decision-making process, which in turn, directly impacts the overall success of the IJV.

German managers need to limit themselves to making high-level decisions together with their Chinese counterparts, and not get involved in micro-management. German partner-firm managers should leave the detailed workings to their subordinates, to avoid their Chinese counterparts assuming that the Germans are not trustworthy.

German managers working in Sino-German IJVs need to demonstrate they have no issues with long discussions, as long as they result in efficient decisions. German

partner-firm managers also have to work on not showing signs of impatience and exhaustion, since these are interpreted as signs of disrespect by the Chinese. As endurance is considered a highly desirable virtue in China, German managers need to develop endurance in their management styles in order to successfully reduce the gap which exists in relation to this dimension.

Another implication pertinent to German partner-firm managers was that they needed to engage less people in the decision-making process so that it appeared that the major decisions were being taken by senior management. The results clearly showed that the Chinese managers who participated in this study had a more authoritarian management style and did not believe in consensus-oriented decision-making.

Finally, since bargaining and manipulation are key dynamics in decision-making from a Chinese perspective, German managers need to acquire more knowledge about these practices to attain deeper insights into the Chinese management style and mindset. This, in turn, will improve relations between the Chinese and German partner-firm managers and lead to an improved fit in this management style dimension.

#### 6.2.4 Risk Acceptance

From the results in Table 13 (see also Figure 18), we can conclude that, with the exception of facet (19), a fit in management styles between Chinese and German partner-firm managers did not exist in the facets explored under the fourth management style dimension.

In summary, the findings imply that in order to establish a fit in this management style dimension, German partner-firm managers need to focus more on relationship-building and less on rules and regulations, as these are relatively meaningless to Chinese managers.

German partner-firm managers need to accept that all agreements from a Chinese standpoint can be re-negotiated and they should be prepared to do so, should the need arise. For German managers to succeed in a Chinese business environment, they need to overcome their fundamental desire to document all commitments, and focus on establishing trust and *guanxi* instead. Once trust has been established between two parties, it is considered better than any legitimacy a written document could possibly provide.

While German partner-firm managers tend to take a hard stand when discussing weak and inaccurate business propositions offered on the basis of relationships and past successes, instead of future potential, they do understand the importance that

their Chinese counterparts place on these long-term relationships that often span several generations. They have been able to adjust their management styles and develop sensitivity towards these long-term relationships, as relationships in China will always remain a major success factor in business.

Finally, to facilitate an overall fit in this management style dimension, German partner-firm managers need to be mindful of the manner in which they effect changes so that the inter-personal harmony within the group does not suffer considerably. Should German managers choose not to adjust their management styles in relation to this dimension, no matter how effective the proposed changes are, in China, they will not be able to successfully implement these changes.

### **6.2.5 Technology Orientation and Conduct**

From the results in Table 14 (see also Figure 20), we can conclude that, with the exception of facets (21) and (24), a fit in management styles between Chinese and German partner-firm managers did not exist in the facets explored under the fifth management style dimension.

In summary, the findings imply that in order to facilitate a fit in this management style dimension, German partner-firm managers need to place enough importance on face and *guanxi*, since expanding *guanxi* is a social investment that can enrich their

resources and future potential in a substantial manner. As *guanxi* can only be successfully developed during face-to-face encounters, German managers must invest the time to facilitate face-to-face meetings. They also need to develop patience and endurance during meetings, and take advantage of the opportunities presented by long meetings to build on relationships and *guanxi*, instead of viewing them negatively as a waste of time.

German partner-firm managers should ensure Chinese managers do not suffer potential 'loss of face' when they choose to communicate with managers who may not be equal in stature, but possess the desired levels of knowledge.

The findings imply that both the German and Chinese managers consider IT development as important in terms of driving success. They invested much time in ensuring IT development was tightly scheduled, and prioritised on the basis of business importance. IT development plans and schedules were regularly monitored and high emphasis was placed on the on-time realisation of these schedules.

Chinese managers view information systems as an ideal platform to create desired levels of structure and discipline, and therefore they are a key success factor. In order to facilitate a fit in this management style dimension, German managers need to demonstrate to their Chinese counterparts that establishing discipline and structure is largely independent of information systems.

### 6.3 Conclusion

Perhaps the most significant event that affected the management style of contemporary Chinese IJV partner-firm managers was the Cultural Revolution, a ten-year period of chaos from the mid-1960's to the mid-1970's, in which all institutions of higher learning were closed. This was a period that destroyed any semblance of trust in China. People received often fatal denunciations from co-workers, friends, casual acquaintances and even family, so any openness, initiative, and expressions of talent or uniqueness were effectively programmed out of the public personality of Chinese managers. Today, these individuals are employed in most middle and senior management positions in China.

However, the generation now entering their 20's and 30's, employed in positions of junior and middle management, display a dramatic change in management styles, with much closer links to the Western style of management. Most of these individuals have had the opportunity to travel outside China and are able to witness and absorb facets of Western management style dimensions.

Indigenous management styles and work values in China are considerably different from German concepts (Hofstede, 1980; Selmer and de Leon, 1993). Contemporary societies in Beijing, Shanghai and Guangzhou are assuming modern, deceptively Western airs, however German managers should not be deceived by buildings and architecture. Western values are superficially embraced and are more

cosmetic rather than a fundamental basis for thought and conduct (Kirkbride and Westwood, 1993). It can be argued that the Chinese cognitively and emotionally separate modernisation from westernisation. Remaining largely Sino-centric, they are able to adopt some modern Western practices, and regard themselves as modern without actually losing their Chinese-ness (Bond and King, 1985). Consequently, most German partner-firm managers will encounter a cultural divide in China with regard to management styles.

Hwang (1990; 1991) studied Chinese managers and came to the conclusion that they become more effective only when they move away from structures reliant on traditional Confucian values towards structures based on more overt rationality. However, as this transition is not like to be achieved over the next couple of decades, it is in the interest of German partner-firm managers to show respect and consideration towards traditional Confucian values. This approach will help build a platform of trust between German and Chinese partner-firm managers that will help Chinese managers to move beyond the deeply embedded Confucian values that still continue to dominate management styles in China.

#### **6.4 Additional Implications for Human Resource Managers**

For human resource managers who are confronted with the challenges of assuring the success of German managers assigned to Sino-German IJVs in China, the results

obtained during this investigation have a number of practical implications. The confirmation that a fit does not exist in the various facets of management styles explored in the proposed framework of management style dimensions gives them the opportunity to pay particular attention to those facets critical in ensuring that the IJV partner-firm manager achieves and maintains an appropriate level of fit during his IJV assignment. In this section, several areas of interest to international human resource managers are presented.

Previous research on IJV assignments and international employee transfers has demonstrated that unrealistic expectations on the part of the manager being assigned to an IJV can have a negative effect on his ability to adjust to the new situation encountered in the host-country (Gomez-Mejia and Balkin, 1987; Caligiuri, Phillips, Lazarova, Tarique *et al.*, 2001; Boies and Rothstein, 2002). In order to help selected candidates develop a realistic perspective of their future job, human resource managers can manage employee expectations by drawing on the findings made in this study. More specifically, personnel managers can help future IJV managers better understand the requirements of cross-cultural adaptability. Moreover, based on the analysis of data obtained from the study respondents, human resource managers need to make the selected candidates aware that conducting business in China requires them to adapt to the value system and norms of China, and that respect for Chinese culture, customs and etiquette, apart from being good manners, facilitates a fit in management styles between partner-firm managers.

## **7 Limitations, Recommendations and Conclusion**

The steady increase in the numbers of Sino-German IJVs in China, in particular within the Lufthansa Group, and the potential risks associated with overall performance of IJVs due to a lack of fit in management styles between partner-firm managers has been the stimulus of this research.

The previous chapter demonstrated that this study's findings provide general support for the proposed management style framework. The implications of the findings for Sino-German IJV partner-firm managers have been presented and discussed. However, though the data collected from study participants has been critical in exploring the management style dimensions and related facets specified in the proposed model, it must be recognised that the inherent design of the model, as well as the approaches adopted to gather data in the field, create notable limitations and restrictions.

This chapter reviews the overall aims and objectives of this investigation and discusses four specific areas of concern in connection with the possible limitations of this study. Finally, some recommendations for further research are presented.

## 7.1 Aims and Objectives: A Review

The results obtained in a number of previous investigations demonstrate that an IJV partner-firm manager's ability to succeed can be facilitated by his ability to interact with members of the host-country, and his capacity to develop relationships with local nationals. However, the bulk of existing literature on management style is based on a self-limiting set of assumptions, mostly reflecting the Western industrialised culture. Almost all of the prevailing theories on management style and almost all of the empirical evidence are distinctly Western in character. The theories are characterised by: (a) being individualistic rather than collectivist, (b) stressing follower responsibilities rather than rights, (c) assuming hedonism rather than commitment to duty or altruistic motivation, (d) assuming centrality of work and democratic value orientation, and (e) emphasising assumptions of rationality rather than asceticism, religion or superstition. The above emphasis is not particularly Asian in nature, and certainly not typical of China.

Taking into consideration that limited research has been undertaken to specifically explore the relevance and facilitation of fit in management styles between IJV partner-firm managers in China, more detailed investigations are clearly warranted. Consequently, the principal objective of this research has been to (a) develop a theoretically sound framework to illustrate where differences between partner-firm managers exist in key management style dimensions, (b) empirically examine the relevance of fit in the various management style dimensions identified, and (c)

identify the measures that facilitate a fit in management styles between partner-firm managers working for Sino-German IJVs in China.

This study purely focuses on Lufthansa's IJVs in China, as it is intended to provide existing and future Lufthansa IJV managers with an approach on how to facilitate a fit in management styles in order to enhance the overall success of the IJV.

In this research, the Albaum and Herche (1999) management style framework has been extended to include the 25 management style facets that were highlighted by IJV partner-firm managers during the preliminary analysis. In order to empirically examine the proposed management style framework, a questionnaire study was conducted to gather data on the multiple facets of management styles.

The total population of managers representing the senior management teams of the five participating IJVs was 60, including the CEO's and Presidents of each IJV organisation. 50 of the 60 managers were selected to participate in the research. 37 partner-firm managers returned the questionnaire and 33 questionnaires were found suitable for analysis. By achieving a participation of over 50% from the total population, the 33 questionnaires analysed are considered a representative sample of the total population relevant to the purposes of this study..

## 7.2 Limitations

Four specific areas of concern are addressed in the subsequent sections of this chapter: (a) restriction of the model to generic managerial jobs, (b) the static nature of the model, (c) sampling limitations created by selecting participants only from Lufthansa's IJVs in China, and (d) subjective assessment from partner-firm managers of their perception of fit in management style.

### 7.2.1 Restriction of the Model to Generic Managerial Positions

In order to study the fit in management styles between IJV partner-firm managers, it is critical to establish a sound understanding of a manager's work-related abilities in view of the unique requirements of the IJV job. In this study, efforts have been made to ensure the sample group consists of managers holding *generic managerial positions* at a senior level. However, it has to be recognised that differences in specific job content between various managerial jobs may require further attention in subsequent investigations, as this could affect fit in management styles. In her research, Tung (1982) has stressed that differences exist in the specific job content of various managers transferred to an IJV. In order to refine the research instrument that has been developed to explore the proposed management style framework, it will be necessary to identify the specific abilities and needs of various groups of partner-firm

managers, and to study the conditions encountered by these managers in their respective IJV work environments.

### **7.2.2 The Static Nature of the Framework**

Another limitation that needs to be critically examined relates to the *static nature of the framework* developed to explore fit in various management style dimensions. In this study, particular emphasis has been placed on determining the *state of fit* in management styles between partner-firm managers during their IJV assignments. Yet, it has to be acknowledged that “both individuals as well as the work environments are constantly changing” (Dawis and Lofquist, 1984, p.55). As a result, in order to study the *process of achieving fit* in management styles of partner-firm managers, in their respective IJV environments, the approach would need to continuously monitor the states of fit of partner-firm managers during various stages of their IJV assignments. Since no efforts have been made to collect data from study participants over an extended period of time, an individual’s prior and subsequent cultural and professional development within the wider organisation is not explicitly considered. Therefore, if an analysis of the individual’s management style (a) prior to commencing the IJV assignment, (b) at various times during the assignment, and (c) upon completion of the assignment, is to be performed, a series of assessments would be required to establish the process of achieving a fit in management style which the partner-firm manager has undertaken. In order to conduct such an extended

assessment, a longitudinal design may provide an appropriate solution to study in greater detail, the process of establishing a fit in management styles.

### **7.2.3 Sampling Limitations**

Empirical research on partner-firm managers has frequently been conducted among members of one or two countries-of-origin who have been assigned to IJVs in one location. In this study, a similar approach has been adopted, where Chinese and German partner-firm managers who have been assigned to Lufthansa's IJVs in China were requested to provide information concerning their perception of fit in relation to management styles in these Sino-German IJVs. Since the results obtained in previous studies suggest that the ability to achieve fit is influenced by a manager's cultural background, as well as the cultural distance between his home country and host-country environment (Ferner, Quintanilla and Varul, 2001; Selmer, 2001a), large scale studies involving partner-firm managers from a selection of countries, who have been assigned to IJVs in a wide range of different countries are necessary to determine if the findings can be generalised.

When resources permit the implementation of a large scale study, it has been suggested that "similar findings are most frequently interpreted as confirmation that the theory being explored is, in fact, universal" (Adler, 1983, p.34). In contrast, if only the state-of-fit of partner-firm managers from one or two countries-of-origin was

studied, it has been pointed out that there will be a need to re-examine the applicability of the proposed management style framework for members from other cultural origins (Doktor, Tung and Von Glinow, 1991a). Accordingly, since this investigation has been confined to the examination of fit in management styles among German and Chinese partner-firm managers working in IJV's in China, subsequent research will be required to establish if the proposed management style framework can be used to explain fit in management styles among partner-firm managers from other countries-of-origin.

#### **7.2.4 Subjective Assessment of Fit in Management Styles**

As a further limitation, it has to be pointed out that the survey instrument designed to collect data from senior partner-firm managers has been developed primarily from the perspectives of cultural differences and cultural distance. Consequently, less consideration has been given to an assessment of the capabilities of partner-firm managers in other areas.

During data collection, study participants were asked to state their age, gender, overall work experience, work experience in China and their current position. Though Caplan (1987) remarks that there is empirical evidence confirming that “subjective measures do reflect objective environments *reasonably well*” (p. 256), it has to be noted that the assessment of a fit in management styles as perceived solely by senior

managers in Sino-German IJVs limits the analysis of fit in relation to management styles to the perception of senior partner-firm managers. As Caplan (1987) points out, an individual's limited capacity to process all the information which is contained within an organisation, access to certain types of data and his possibly distorted view of abilities and needs, could cause a person to identify a level of fit which does not correspond to the perceptions of other individuals within, and from outside the organisation. However, when conducting subsequent research on the subject, suitable research designs should be developed to pursue empirical investigations based on data available from internal as well as various external sources.

### **7.3 Recommendations for Future Research**

Based on the results obtained during this study, and the limitations identified in the previous discussions, a number of recommendations are made in this section that can guide subsequent investigations of a fit in the management styles of IJV partner-firm managers. While considerable efforts have already been made to establish if fit in management style is deemed important by partner-firm managers for the overall success of IJVs, and how this fit can be achieved in Sino-German IJVs, further empirical support is needed to affirm the general applicability of previous findings, and to substantiate the results obtained in this study. More specifically, it appears appropriate to identify alternative methodological approaches and to aim for extended longitudinal research designs, to draw samples of partner-firm managers from a wider

range of countries and to apply multiple methods and techniques when collecting data in the field.

In previous sections of this thesis, it has been suggested that fit in management styles can be regarded as the level of comfort achieved by a partner-firm manager in a particular IJV, at a specific point in time, as well as a process in which the manager seeks to modify attitudes and behaviour to meet the cultural requirements of a particular IJV setting.

While the research design that has been adopted in this study is considered to be highly suitable to establish the degree of fit reported by a limited number of Sino-German partner-firm managers, this approach is not appropriate to study changes in the degree of fit of study participants, which occur over an extended period of time. Therefore, it is of particular interest to *conduct longitudinal investigations of degree of fit in management styles among partner-firm managers* and collect data from managers at various stages during the course of the IJV assignment. While it has been suggested that it is challenging to implement a longitudinal research design (Shaffer, Harrison and Gilley, 1999), such an approach provides researchers with an enhanced opportunity to study changing degrees of fit in management styles among partner-firm managers during the course of an IJV assignment.

A second recommendation generated by this investigation relates to the need for *extended sampling and the inclusion of partner-firm managers from other countries-*

*of-origin* as well as from IJVs in China, other than Lufthansa's Sino-German IJVs. Since it has been emphasised in previous studies that national culture has to be considered as an independent variable when conducting comparative cross-cultural research (England and Harpaz, 1983; Doktor, Tung and Von Glinow, 1991b), additional exploration is required to establish the generalisability of the proposed framework, for explaining the degree of fit in management styles between partner-firm managers in IJVs. Consequently, it is held that there is a need to study in greater detail, the degree of fit in management styles of partner-firm managers from multiple countries who have been assigned to various IJVs around the globe.

Lastly, it has been recognised during this study that the methods and techniques used in the field to collect data from sample respondents have an impact on the findings made. While an email-based questionnaire has been used to obtain responses from partner-firm managers, Luthans and Lockwood (1985) point out that observational approaches and diary-keeping methods are particularly useful to study managerial behaviour. Further, it has been emphasised that subjective as well as objective assessments need to be collected from partner-firm managers internally, as well as externally. By adopting multiple approaches and techniques, researchers can gain a more detailed understanding of the degree of fit in the management styles of participants while at the same time, eliminating or reducing problems associated with common method co-variation.

## 7.4 Conclusion

Due to the rise in foreign trade and the growing presence of IJV organisations, senior company executives have become aware of the need to have a pool of managers capable of responding to the cultural demands of international markets and foreign business requirements. For some time, human resource managers have relied on IJV organisations to develop effective partner-firm managers, transfer skills and know-how to the joint venture operation, and expose home-country managers to the demands of managerial jobs abroad. Yet, the findings made in a considerable number of studies conducted among diverse groups of partner-firm managers have consistently confirmed that there is a need for the individual to achieve a fit in relation to management style in the IJV, in order to successfully complete the tasks presented during his assignment.

While a range of individual factors and conditions have been examined in previous research on fit in relation to management styles among partner-firm managers, an attempt has been made in this study to extend the Albaum and Herche (1999) management style framework, and to develop and explore a framework in which emphasis is placed on the cultural fit in relation to management styles between partner-firm managers.

Based on the analysis of 33 Sino-German partner-firm managers who participated in this research, it has been possible to examine the degree of fit in the various

management style facets derived from the preliminary analysis conducted prior to this study. In addition to gaining an understanding of the various facets of management style dimensions considered important by partner-firm managers, and confirming that differences in management styles exist in all the five dimensions explored, general support has been found to conclude that the proposed management style framework can be of practical aid in predicting the degree of fit in management styles between IJV partner-firm managers. Moreover, it has been demonstrated that a significant positive correlation exists between the degree of fit in management styles and the cultural differences of IJV partner-firm managers.

Finally, the analysis of the data confirms that the degree of fit in management styles achieved by partner-firm managers has an impact on the individual's success in his job and on the overall performance of the IJV organisation.

In spite of the number of limitations identified, it is feasible to rely on the proposed management style framework to explore the fit in management styles between IJV partner-firm managers. Further, it is recommended that subsequent research be conducted on achieving a fit in management styles, in order to test the general applicability of the proposed framework, and to identify possible limitations and restrictions in this connection. Based on these findings, it may be viable to develop and deploy measures that can improve the selection and cultural training of future candidates selected to assume senior managerial positions in IJV's in China.

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## Appendix 1: Heuristic Evaluation Questionnaire

Categories	Questions	Feedback (Yes / No)
Aesthetics and Design	<p>Does the format look user friendly?</p> <p>Is the design appealing?</p> <p>Does the 'look' motivate you to participate?</p>	
Navigation and Organisation	<p>Is it easy for you to navigate the survey?</p> <p>Is the organisation of the sections/questions appropriate?</p>	
Data Entry	<p>Is it easy for you to select responses or enter data?</p> <p>Are the response choices clear?</p>	
Consistency	<p>Are the questions within each section consistent (i.e. do they flow)?</p> <p>Is there consistency between sections?</p>	
Additional Remarks:		
Name:		
Age:		
Nationality:		

## Appendix 2: Cover Letter

Dear Manager,

The human resources department of your organisation has agreed to support a study conducted by the University of Bradford (England) in which the management styles of IJV partner-firm managers are to be examined. The research is being undertaken by Ingrid Raj, who, in addition to being part of the Senior Management Team of Lufthansa in Asia, is also a graduate student at the Bradford School of Management. The study is being supervised by Dr. Alexander T. Mohr.

The attached questionnaire consists of three separate sections, where you are requested to provide information on: (1) whether you *agree* or *strongly disagree*, on a five point Likert-type scale, that the various management style facets highlighted during the preliminary interviews, clustered under five management style dimensions are important for overall IJV performance, and whether you believe the Chinese and German managers have the same attitude towards these facets, (2) demographic information, and (3) additional remarks.

Please note that this is not a test and there are no 'right' or 'wrong' answers. In addition, it is important that you select the answers based on your personal opinion and experience. Completing the questionnaire should take approximately 20 minutes.

The data will be collected anonymously and treated with strict confidentiality. Further it is assured that, in the presentation of findings, the responses of individual study participants cannot be identified. Under no circumstances will your responses be made available to your employer or other third parties.

A printed copy of the full report will become available in spring 2007. If you would like to receive a free copy of the full report you can send your postal address / email and/or fax details to the email address on the questionnaire.

Thank you for your participation!

Ingrid Raj

## Appendix 3: Survey Instrument

### Questionnaire German-Chinese IJV Management Styles in China

This questionnaire aims to identify key areas where fit does not exist and where fit in Management Style is deemed important by managers of existing Sino-German IJVs.

Please indicate to what extent you agree with the following and return the questionnaire to Ingrid Raj  
E-mail: [ingrid.raj@dlh.de](mailto:ingrid.raj@dlh.de)  
(Kindly mark your answer **bold**)

#### I. Statements:

Dimension 1 <i>Information utilisation</i>	Do you agree this facet is important for overall company performance?					Do you agree partner-firm managers have the same attitude towards this facet?				
	strongly agree		strongly disagree			strongly agree		strongly disagree		
Insider information is shared with counterparts	5	4	3	2	1	5	4	3	2	1
Information in connection with non-performance is not openly communicated	5	4	3	2	1	5	4	3	2	1
Dealing with multiple issues at the same time is efficient	5	4	3	2	1	5	4	3	2	1
Repeated questioning is necessary to obtain information	5	4	3	2	1	5	4	3	2	1
Indirect communication is effective	5	4	3	2	1	5	4	3	2	1
Dimension 2 <i>Complexity</i>	Do you agree this facet is important for overall company performance?					Do you agree partner-firm managers have the same attitude towards this facet?				
	strongly agree		strongly disagree			strongly agree		strongly disagree		
Relationships are more important than business success	5	4	3	2	1	5	4	3	2	1
Time, trust and tolerance are essential factors for business dealings	5	4	3	2	1	5	4	3	2	1
Flexible deadlines are practical	5	4	3	2	1	5	4	3	2	1
Guanxi connections are ethical and important	5	4	3	2	1	5	4	3	2	1
Signing a deal should finalise a negotiation process	5	4	3	2	1	5	4	3	2	1
Dimension 3 <i>Group Decision-making</i>	Do you agree this facet is important for overall company performance?					Do you agree partner-firm managers have the same attitude towards this facet?				
	strongly agree		strongly disagree			strongly agree		strongly disagree		
Intermediaries play an important role in decision-making	5	4	3	2	1	5	4	3	2	1
Decision-making should be a senior management responsibility	5	4	3	2	1	5	4	3	2	1
Decision-making should be facilitated through lengthy discussions	5	4	3	2	1	5	4	3	2	1
Decisions should be consensus-oriented	5	4	3	2	1	5	4	3	2	1
Desired decisions should be achieved through manipulation	5	4	3	2	1	5	4	3	2	1

Dimension 4 <i>Risk Acceptance</i>	Do you agree this facet is important for overall company performance?					Do you agree partner-firm managers have the same attitude towards this facet?				
	strongly agree		strongly disagree			strongly agree		strongly disagree		
Rules and regulations should be strictly adhered to	5	4	3	2	1	5	4	3	2	1
Agreements should be re-negotiable	5	4	3	2	1	5	4	3	2	1
Verbal commitments are not risky	5	4	3	2	1	5	4	3	2	1
Business propositions should be based on the future, not past potential	5	4	3	2	1	5	4	3	2	1
Maintaining status quo should be preferred to making changes	5	4	3	2	1	5	4	3	2	1
Dimension 5 <i>Technology Orientation and Conduct</i>	Do you agree this facet is important for overall company performance?					Do you agree that partner-firm managers have the same attitude towards this facet?				
	strongly agree		strongly disagree			strongly agree		strongly disagree		
Face-to-face meetings are more effective than phone or video conferencing	5	4	3	2	1	5	4	3	2	1
Communication should take place between managers of appropriate stature	5	4	3	2	1	5	4	3	2	1
Breaks should be effective for negotiations	5	4	3	2	1	5	4	3	2	1
IT development should be prioritised based on business importance	5	4	3	2	1	5	4	3	2	1
Information systems are a key success factor	5	4	3	2	1	5	4	3	2	1

## II. General Information:

1. What is your position?.....
2. Are you male or female?.....
3. What is your country of origin?.....
4. How old are you?.....
5. How many years have you worked in China?.....
6. How many years have you worked for the IJV?.....
7. How do you rate the quality of the relationship between IJV partners (rating scale: min 1 – max 5)?.....

## III. Space for Additional Remarks:

Thank you very much for your feedback!