

# **Culture and the Adoption of Practices: An Assessment of the U.S. Automotive Manufacturing Sector**

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## **Abstract**

Sustained competitive advantage is a function of the practices a company's management adopts in implementing its strategy. However very little research has been undertaken to show how culture affect the adoption of practices in the U.S. automotive manufacturing sector. Based on a review of the literature and telephone interviews of former and current executives of the big 3 automotive manufacturers, this study focuses analysis on this direction by providing a theoretical and conceptual discourse of the relationship between culture – national and organizational - and the successful adoption of organizational practices in this key sector.

**Keywords:** National culture, Corporate Culture, U.S. Automotive Manufacturing Sector, Adoption of Organizational Practices



## INTRODUCTION

A core issue in the management literature is the relationship between organizational practices and the proficient execution of strategy. The ability to successfully adopt strategy-supportive practices often separates market leaders from followers in competitive markets (Galbraith and Kazanjian, 1986, Balkin and Gomez-Meija, 1990, Rajagopalan, 1977). This effect is clearly demonstrated in the strategic and knowledge transfer literatures where strategy researchers have shown that companies seeking to proficiently execute a low cost provider strategy have to implement a specific set of best practices and likewise for firms pinning their competitive approach on a differentiation strategy (Porter, 1980, Porter, 1996). Similarly, proponents of the institutional theory approach in knowledge transfer research have found a positive correlation between host-country culture and successful adoption of practices (e.g. Kostova and Roth, 2002) as well as a negative one (e.g. Chen, 1995).

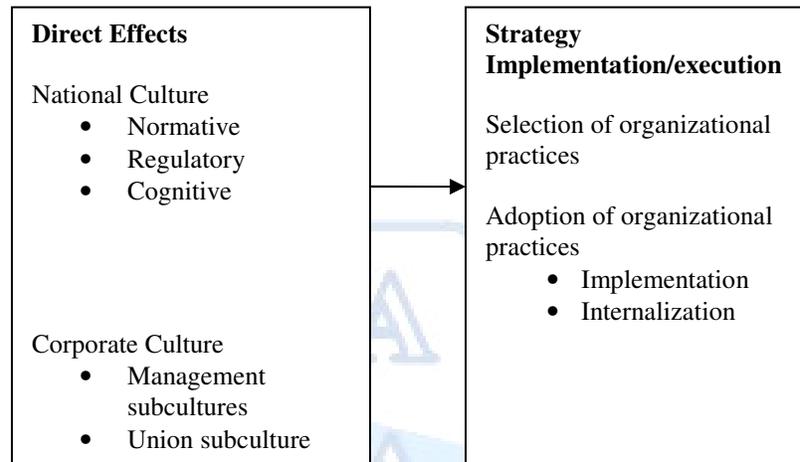
In the 1990's, there was an explosion of theoretical and empirical work focused on the relationship between the organizational practices of the big three domestic U.S. automotive manufacturers and improvements in the productivity of their workers and the quality of their vehicles. Specifically, the works examined the effect of adopting Japanese industrial relations and human resource management practices (such as fewer job classifications, flexible procedures for allocating work, team based production work, incentive-based compensation, and increased worker participation in decision making) on competitiveness (Katz, Kochan and Keefe, 1987; MacDuffie, 1995; Lansbury, Katz, and Park, 1997). However, there is no systemic evidence that previous works vigorously considered the effect of national and organizational culture on successful adoption, creating a vacuum in our understanding of how practices are adopted in the important U.S. automotive sector.

This study addresses a cultural model of adoption in the face of the intensified international competition in the U.S. automotive market (Rothstein, 2006). It examines the literature for theoretical and empirical evidence on the role of national and corporate culture and contends that the successful adoption of organizational practices is mediated by a country's dominant cultural dimensions as well as the fundamental characteristics of a company's corporate culture. It proposes that national culture and corporate culture have a direct impact on a company's dominant values and behavioral norms, and ultimately on the execution of organizational practices. It notes that culture can either be strong, weak, unhealthy, high performing or adaptive and posits that an adaptive corporate culture is required for the successful adoption of practices (Chatam and Cha, 2003). Furthermore, the study contends that company subcultures may affect adoption in ways that aid or abet the theoretical impact of national and corporate culture.

This study offers an integrative conceptual framework that adds to the existing knowledge of the adoption of organizational practices in the auto manufacturing sector and its implications for proficient strategy execution and sustained competitive advantage by integrating arguments developed in the national culture and corporate culture arenas. Drawing also on core arguments developed in the industrial relations and knowledge transfer fields, it contends that culture plays a significant role in shaping employee and management behavior and proposes that cultures effect operates primarily through three channels: national culture, corporate culture and corporate subcultures. By broadening the

findings from the industrial relations literature, the conceptual framework developed in this study adds to our understanding of the forces that facilitate the successful adoption of organizational practices in the key U.S. auto manufacturing sector.

**Figure 1 - Overall conceptual framework**



## THEORETICAL BACKGROUND

### Organizational Practices

The term organizational practice is one that is generally understood by researchers and practitioners. It is commonly used to refer to the process and/or procedures with which an organizational function operates or the process and/or procedures by which a task is accomplished (Kostova, 1996). Three major perspectives exist on the nature and role of organizational practices in organizations. The old institutional perspective (Selznick, 1957), contends that over time, organizational practices become institutionalized and acquire a value that is symbolic and normative in nature to organizational members and are thus more than a collection of rules and procedures. Based on the premise that organizational actions tend to be symbolic in nature, the new institutional perspective (Powell & DiMaggio, 1991) suggests that organizations adopt practices for legitimacy as opposed to efficiency reasons. As such, an organization may adopt six-sigma quality practices simply because it has been accepted as standard practice by a wider legitimating competitive environment. A third conceptualization, the sociological perspectives of social constructionism (Berger & Luckman, 1967) and symbolic interactionism (Stryker & Statham, 1985), infers that organizational practices are a function of social interactions within organizations and that practices that are adopted and their symbolic meaning will differ across societies and organizations. Thus teamwork, for example, will have a different meaning in individualistic societies, relative to more collectivist ones. In collectivist societies, teamwork would be taken for granted, while in individualistic ones, teamwork would be perceived as a management tool designed to foster organizational commitment and cooperation.

## **A Picture of the U.S. Automotive Manufacturing Sector**

Historically the big three domestic manufacturers have had the largest share of the U.S. auto market (Rothstein, 2006). Reasons for their dominance include an ability to remain competitive in the face of changing driving forces such as increasing competition from foreign manufacturers, changing customer needs and preferences and evolving government regulation, while simultaneously executing a broad differentiation strategy predicated on a complete line-up of automobiles.

This winning strategy ensured a competitive ability to service the needs of each segment of the automotive market and conferred sustained competitive advantage. However by the eighties, it became clear that to protect their domestic market shares from foreign competition, the reliance on Fordist organizational practices such as bureaucracy, tall organizational structures, command and control management systems, and seniority based compensation had to be modified (Pulignano and Stewart, 2006; Katz, Kochan and Keefe, 1987). Thus began an industry wide move to benchmark and adopt Japanese practices like team work, few job classifications, an active continuous improvement culture (Kaizen), outsourcing, just-in-time inventory management, quality circles, and lean manufacturing (MacDuffie, 1994; MacDuffie, 1995).

The move to adopt Japanese practices notwithstanding, by the late nineties, the dominance of U.S. automobile manufacturers was threatened by Japanese, German and Korean manufacturers who had built manufacturing capacity in the U.S. Competitive advantage became a function of the ability to quickly bring products customers wanted to the market, to increase productivity and the quality of products, to control costs by leveraging globalization to capture economy of scale effects, to increase manufacturing flexibility while capturing learning curve effects, and to efficiently managing supply chains. While some researchers have posited that the diminishing market share of the domestic manufacturers was a reflection of poor execution of the shift from a mass production model to flexible work practices (Lansbury, Katz and Park, 1997), the extent to which culture has affected successful adoption of enabling organizational practices is unclear.

### **The role of national culture**

Despite the large amount of social science and business administration research on culture, there is no generally accepted definition of the word. The GLOBE research program (House, Javidan, Hanges and Dorfman, 2002) for instance defined culture as “shared motives, values, beliefs, identities and interpretations or meanings of significant events that result from common experiences of members of collectives that are transmitted across age generations”, while Nath (1988) suggested that culture comprises the beliefs, value systems, norms, mores and structural elements of a given organization, tribe or society.

In the management field, there has been concerted empirical and theoretical effort to establish a link between culture and organizations. Starting with a culture-free thesis of industrial convergence (Kerr et. al., 1960; Hickson et. al. 1974), recent studies (Hofstede, 2001; House, Hanges, Javidian, Dorrman and Gupta 2004) have found an interplay

between culture, values, human nature and human behavior and have identified national culture as a major reason for variability in management practices. Hofstede (1991) for instance argued that countries with low power distance (defined as the degree to which members of a society, expect and agree that power should be unequally shared), create organizations with tall hierarchies and a command and control organizational structure and that cultures high on individualism (societies in which the ties between individuals are loose) as opposed to collectivist societies (societies in which people from birth onwards are integrated into strong cohesive in-groups, which throughout people's lifetime continue to protect them in exchange for unquestioning loyalty) are more likely to favor individual reward structures. Building on another Hofstede cultural attribute, uncertainty avoidance (defined as the extent to which members of a society strive to avoid uncertainty by relying on social norms and rituals practices to alleviate the unpredictability of future events), House et. al. (2002) contended that organizations in such cultures would rely on Fordist (bureaucratic) organizational practices to reduce uncertainty.

The dominant American cultural dimension of individualism and masculinity has been conceptualized as important factors in the creation of the traditional Fordist/bureaucratic organizational structure that has been implemented in the U.S. automotive manufacturing sector for most of its history (Pulignano and Stewart, 2006). Given the dominance and success of Fordism practices, researchers and practitioners assumed that it would be difficult to successfully introduce Japanese industrial relations practices that are based on a collective group orientation in the U.S. However, the success of Japanese transplants and the NUMMI joint venture established in Fremont, California in 1984 between General Motors (GM) and Toyota, suggest that American workers are able to successfully adopt Japanese teamwork based work practices (Wassink and Carbaugh, 1986; Krafcik 1986).

Initial studies hypothesized that decisions to locate transplants in right-to-work southern states and to rely on a homogenous and relatively well educated work force were significant factors in explaining their success. These studies were soon challenged by evidence of the success of the Honda transplant in unionized Ohio and the unionized NUMMI joint venture (MacDuffie and Pil, 1994). Similarly, previous studies identified three factors, "globalization of automotive markets, the move towards more flexible, programmable forms of automation, and the diffusion of lean production ideas and innovations" (MacDuffie, 1995) as the significant drivers of the convergence of work practices in the sector.

Despite their significant contributions to the organizational practice literature, the extant approaches were largely developed without reference to national culture. Twenty five years of research suggests a convergence of practices, as workers gradually adopted team based work practices, fewer classifications, increased labor-management cooperation and other elements Japanese work practices as core to improving productivity, quality and competitiveness. While the extant approach may help explain the forces that led to the diffusion of Japanese practices, they are likely to limit our knowledge of the factors that facilitate their successful adoption. Thus, in line with the institutional theory tradition in the knowledge transfer literature, this study contends that external environmental factors may have a significant influence.

Past literature on the adoption of practices in the U.S. auto manufacturing sector has likewise paid insufficient attention to how the national environmental context is related to individual and group behavior at the firm-level in the adoption process. The institutional theory tradition in knowledge transfer research posits that successful transfer is either aided or constrained by a country's institutional profile as characterized by its normative, cognitive, and regulatory environments (DiMaggio and Powell, 1983; Kostova and Roth, 2002). Extending the empirical findings from this literature, an inference can be made that cognitive stimuli from the media, the direct experience of mass layoffs and multiple plant closings, and better understanding of the cost-benefit relationship of Fordist bureaucratic practices to strategic and market outcomes, partly explains the willingness of workers to over time, gradually adopt team based and other Japanese industrial relations and human resource management practices. Similarly better societal understanding of the cost-benefit implications of increasingly stringent Corporate Average Fuel Economy and emissions standards to the environment may have helped spur successful adoption.

### **The organizational dimension of culture**

Organizational culture scholars have long been interested in the nexus between corporate culture and organizational practices (Deal and Kennedy, 1982; Pascale and Athos, 1991; Peters and Waterman, 1982). Although there is no one single definition, past works have established four distinct but interrelated components of organizational culture: behavioral norms, such a company's approach to people management and industrial relations and the strength of peer pressure to conform to expected company norms; shared values, business principles and ethical standards that are preached and actually practiced; different types of artifacts such as often repeated stories and revered traditions; and behaviors such as how managers and employees interact with each other and how a company deals with external stakeholders (Thompson, Strickland and Gamble, 2008).

Past research has also established that an organization's culture is layered and that distinctions exist in the complex impact of the layers on organizational practices. As an example, Trice and Beyer (1993) found a relationship between the substance (e.g. values and norms) and concrete manifestation (practice) of organizational culture while Schein (1992) found a separate relationship between artifacts (the artifactual component) and practices. In addition this study contends that recognizing the existence of organizational subcultures (such as executive management and unionized production worker) adds an important layer that allows the development of more realistic theoretical concepts and more robust control of interaction effects.

A major tenet of strategic management is that a company's work climate can be an ally or obstacle to the adoption of practices that facilitate first-rate strategy execution (e.g. Chatam and Cha 2003; Kotter and Heskett, 1992; Jassawalla and Sashittal, 2002). Corporate culture facilitates adoption by providing clear guidance and by encouraging supportive action and behavior in ways that impel employee identification and commitment to the use of the practice(s). Extending this perspective to any of the big three auto manufacturers is problematic as their corporate culture can differ by division,

geographical location and organizational level. This study submits that a company's culture can generally be examined by studying the extent to which decisions are centered at the top, the extent to which divisions work together, the extent to which there are hardened silos across operational regions, the extent to which outsiders to top positions are welcomed, the extent to which new ideas are spurned, the extent to which mission critical information is filtered downwards, the extent to which staffers below the top echelon wait for leaders to tell them what to do, the extent to which staffers are involved in decision making, the frequency with which executives are recycled into new jobs, the prevalence of a meeting culture designed to hide problems from managers and executives, the extent to which a consistent strategy is implemented, the extent to which outside stakeholders, such as dealers and suppliers are integrated into strategy making, the nature of the relationship between the company and its unions, and the rate at which improved new products move into the market.

Though past studies document a concerted effort over the last 30 years by the big three to implement practices that reduce job classifications and uses broad bands for rewarding and recognizing performance, emphasizes the use of teams, leads to the involvement of more people in the strategic planning process, empowers and involves more employees in decision making, facilitates more transparency in decision making and accountability for work results, seeks to implement a consistent strategy, and pushes to be more accepting of outsiders and new ideas, this study contends that the success of these efforts is a function of implicit and explicit support provided by two key subcultures: executives and production workers.

## **THEORETICAL PROPOSITIONS**

### **National Culture**

The U.S. auto manufacturing sector is the world's largest, most valuable and most competitive and is a major symbol of American ingenuity and manufacturing prowess. However, having consistently lost market share to foreign manufacturers over the last thirty year, the competitiveness of the big three domestic manufacturers (GM, Ford and Chrysler) has become a subject of intense scrutiny (Rothstein, 2006; Katz, MacDuffie and Frits, 2002). By studying the organizational practices of the big three, management researchers have sought to identify the forces that have aided or deterred the successful adoption of industrial relations and human resource management practices deemed critical to improved operational efficiency and quality management and competitiveness. However, little attention has not been accorded to the role of the broader U.S. cultural environment and the corporate culture of individual companies in previous studies.

Important general patterns that have emerged from previous studies include a sustained move by the big three domestic manufacturers to adopt Japanese practices that promise increased flexibility in how work is organized and how labor is utilized. These include more intense use of operational work teams, the adoption of fewer job classifications, greater decentralization of decision making, efforts to create a more participative labor-management climate, and greater use of performance based compensation (Katz, Kochan and Keefe, 1987; MacDuffie and Pil, 1994). Researchers

have in turn examined the extent to which these practices have been successfully adopted and their impact on key operational and market outcomes.

National culture attributes tend not only to be ingrained but also to influence individual and group behavior as workers interpret and implement foreign practices from the familiar context of societally accepted values and norms. According to Hofstede (1980), the U.S. culture is high on individualism, has a power structure that is male dominated, is fairly short-term oriented, is characterized by equality between societal roles, and is tolerant of new ideas, practices and customs. The suggestion that the high level of individuality would deter adoption of Japanese style, highly intense team-work practices, is supported by earlier research findings (Katz, Kochan and Keefe, 1987). However in line with the findings of knowledge transfer scholars (e.g. Kostova and Roth, 2002), it is expected that as cognitive adjustments occur as credible information emerges on the positive utility of a practice in the media and as the regulatory institutional profile supports adoption, workers will more readily adopt team based work practices. On the other hand, the cultural dimensions suggest that big three workers would be comfortable with management's empowerment, participative and performance oriented compensation moves.

Proposition 1a: Time is a critical dimension in the successful adoption of Japanese style team-work practices as workers are less likely to resist adopting such practices with its passage

Proposition 1b: The greater the incidence of the enactment and enforcement of supportive regulatory policies, the more likely big three workers are to adopt Japanese style industrial relations/human resource management practices

Proposition 1c: The greater the voice given to the positive utility of Japanese style industrial relations/human resource management practices by the media and in regulatory practices, the greater the likelihood of adoption by big three workers.

## **Corporate Culture**

The nexus between bureaucracy the traditional tool of management control of worker behavior and operational efficiency and effectiveness has been demonstrated in the control literature (March and Simon, 1958; Lawrence and Lorsch, 1967; Drucker, 1964; Crozier, 1964). However, the significant increase in the competitiveness of Japanese companies in the 1980's, led to efforts to adopt elements of Japanese industrial relations and human resource management practices, and a myriad of studies and critical commentaries on the success of these efforts. This study contends that the failure of mainstream management approaches (industrial relations, human resource management, and strategic management) to fully integrate corporate culture as a primary factor in successful adoption has created a vacuum in our understanding. It contends that the rise of globalization as a driving force in the race for worldwide market leadership has enhanced the strategic value of organizational flexibility and agility, reduced the importance of Fordist based rules control as the primary means for shaping worker behavior and increased reliance on culture based organizational control (Hofstede, 1985; Lebas and Weigenstein, 1986).

Corporate culture refers to the core values, beliefs and basic assumptions that management expects employees to share (Pettigrew, 1979; Deal and Kennedy, 1982;

Pfeffer, 1981). It results in a set of behavioral patterns that facilitates the adoption of practices and aids the proficient delivery of strategy. Thus the building block of an enabling corporate culture helps leverage a firm's competitive advantage in its product market. Challenges arise when a company's culture is not shared by all employees or key groups of employees, when a company is unable to quickly change its culture in response to a new strategy, or when a company's culture is not supportive of the adoption of strategy enabling organizational practices. The existence of subcultures further complicate efforts by management to create strategy supportive work climates.

The big-three companies have efficient access to an abundance of competitive data and knowledge of the organizational practices of their competitors. Accordingly, they have found it beneficial to adopt those practices deemed as critical to their continued competitiveness. Because successful adoption rests on worker acceptance and worker behavior, any value, belief or assumption they hold outside of that expected by management can frustrate or aid successful adoption. Big three production workers are unionized members of the United Auto Workers trade union. This means that they can be assumed to share the values, beliefs and assumptions pertinent to the union even as employees. Traditionally, unions and management have had an adversarial relationship that sometimes results in strikes during collective bargaining on economic issues and in contract administration (Ashenfelter and Johnson, 1969). However, there is considerable evidence in the industrial relations literature that the traditional adversarial relationship is being gradually replaced by a more cooperative relationship in response to globalization, the enforcement of government regulations, capital mobility and the increasing difficulty union's face in organizing new members (Frost, 2000).

Just as a production worker subculture may affect the institution of a strategy supportive culture, a company's management may also create a subculture that may be an ally or obstacle to the adoption of practice (Thompson and Wildavsky, 1986; Martin and Siehl, 1983). Politicized, insular and change resistant cultures that see outsiders as intruders and adopts a "not created in our organization" attitude to new practices will hinder successful adoption. Understanding corporate culture therefore goes beyond studying the overall culture or relying on prescriptions from management. It also entails an investigation of the existence of subcultures and a detailed analysis of the alignment between them and the espoused organizational culture.

Proposition 2a: Corporate culture can either be an ally or an obstacle to successful adoption of new organizational practices

Proposition 2b: In the U.S. auto manufacturing sector, trade unions and their members are more likely to develop a subculture that fosters adoption, as market competition provides supportive cognitive stimuli

Proposition 2c: Intensified market competition will be positively related to the willingness of management groups to emphasize development of subcultures that foster the adoption of new practices

**Figure 1: Propositions corresponding to each type of cultural factor**

| <b>Cultural Factor</b> | <b>Proposition</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| National Culture       | <p>Proposition 1a: Time is a critical dimension in the successful adoption of Japanese style team-work practices as workers are less likely to resist adopting such practices with its passage</p> <p>Proposition 1b: The greater the incidence of the enactment and enforcement of supportive regulatory policies, the more likely big three workers are to adopt Japanese style industrial relations/human resource management practices</p> <p>Proposition 1c: The greater the voice given to the positive utility of Japanese style industrial relations/human resource management practices by the media and in regulatory practices, the greater the likelihood of adoption by big three workers.</p> |
| Corporate Culture      | <p>Proposition 2a: Corporate culture can either be an ally or an obstacle to successful adoption of new organizational practices</p> <p>Proposition 2b: In the U.S. auto manufacturing sector, trade unions and their members are more likely to develop a subculture that fosters adoption, as market competition provides supportive cognitive stimuli</p> <p>Proposition 2c: Intensified market competition will be positively related to the willingness of management groups to</p>                                                                                                                                                                                                                    |

|  |                                                                                |
|--|--------------------------------------------------------------------------------|
|  | emphasize development of subcultures that foster the adoption of new practices |
|--|--------------------------------------------------------------------------------|

## IMPLICATIONS AND CONCLUSIONS

The relationship between organizations and various indicators of organizational practices has been the focus of considerable research (Bartlett and Ghoshal, 1989, Doz & Prahalad, 1995, Edstrom & Galbraith, 1977, Ghoshal & Bartlett, 1988, & Ghoshal & Bartlett, 1993). This study develops a framework linking national and organizational culture with the adoption of organizational practices. The proposed conceptual framework adopts a multidisciplinary focus by bringing in evidence from the strategic management, cross-cultural studies, knowledge transfer, industrial relations, human resource management and control literatures to examine the successful adoption of organizational practices in the U.S. automotive sector. The focus on national and organizational culture allows us to deepen our understanding of the factors that enable practice adoption in this key sector.

The study emphasizes the relationship between successful adoption of practices and the proficient implementation and execution of corporate strategy and the optimality relationship between proficient strategy delivery and strategic performance (as measured by indicators such as market share, design-to-market time, product quality, e-commerce capability, brand name awareness, technology/product innovation, and customer satisfaction) and financial performance (as measured by indicators such as growth in revenues, growth in earnings, economic value added performance and a rising stock price). It develops the argument that adopting a dynamic perspective that includes culture factors will greatly enhance future research. Unlike the industrial relations and human resource management approach, this study's theoretical argument is not based solely on a structural determination of practice adoption but proposes an important role for national culture and corporate culture. The addition of national and firm level cultural influences represents a promising avenue for extending the research framework for examining the forces that impede or facilitate the adoption of organizational practices, including those from other cultural environments.

Though this study's main purpose is to construct a conceptual framework for including culture in practice adoption studies, it also suggests a model for further empirical work. Analytical procedures such as Cronbach's Alpha, exploratory and confirmatory factor analysis can be used for reliability analysis while propositions and hypothesis can be tested with various statistical techniques like correlation analysis, multiple regression, multivariate multiple regression and structural equation modeling. For instance, using multivariate multiple regressions as modeled below, archival data can be used to capture the effects of country level cultural dimensions as well as indices of firm performance while primary studies can be used to collect data on perceptions of corporate culture and actual levels of practice adoption.

$$Y = a + \beta X + \varepsilon$$

where:

$\chi$  - independent and control variables =

- Y1 – Percentage market share
- X1 – Power distance
- X2 – Uncertainty avoidance
- X3 – Individualism
- X4 – Sales growth
- X5 – Market growth rate
- X6 – Return on sales
- X7 – Return on investment
- X8 – Return on assets
- X9 – Profit margin
- X10 – Use of incentive based compensation
- X11 – Use of teams
- X12 – Extent of collaboration
- X13 – Number of classifications
- X14 – Product innovation
- X15 – Technical innovation
- X16 – Goal attainment perception

and:

$\alpha$  – vector of the overall mean of the dependent variable ( $j = 1$ )

$\beta$  – matrix (1x 15) of coefficients of the relationship between the independent (X) and the dependent (Y) variables, where X1, X2 and X3 represents measures of national culture, X4 – X9, measures of firm performance X10 - X12 measures of practice adoption and X13 – X15 measures of outcomes

$\varepsilon$  – vector of random errors

Taking as a whole the national culture and corporate culture propositions developed in this study may allow the examination of hypothesis such as:

1. Cultural influences lead to measurable differences in cognitive value systems that impact the values and orientations of managers (Kanungo and Wright, 1983). Since individuals join organizations at an age when their values have been determined by the influence of their society, managers and workers can be expected to bring different values to the workplace that will impact the selection of organizational practices as well as the rate of adoption.
2. Industry and competitive forces will moderate the effect of national and corporate culture on the selection of organizational practices and the rate of adoption even for long-term market leaders

The hypothesis suggests that management, organization and industrial relation researchers should pay more attention to the role of culture. The topic of the adoption of Japanese organizational practices by the big three U.S. automotive manufacturers and the Japanese transplants in the U.S. received a great deal of attention in the 1980s and 1990s. This study suggests that current research on the adoption of these practices and their impact of the strategic and financial performance of the big three manufacturers should model in culture factors.

In a similar vein, it suggests that corporate managers who do not take into account the role of their national culture and their corporate culture on the adoption of organizational practices may fail to develop the most appropriate firm capabilities and competencies and may find it increasingly challenging to execute their strategies. It suggests that managers will have to carefully consider cultural factors and will have to develop firm-specific methods for adapting and implementing outside practices. It suggests the inefficiency of a one-size-fits-all approach to practice adoption and posits that the key to successful adoption includes an examination and understanding of dominant national and corporate culture characteristics.

This study seeks to understand and simplify a web of factors and constructs that operate in an extremely complex and globalized world where, benchmarking of best practices and increasing cultural universalism seems to indicate a convergence of organizational practices and managerial behavior within and across countries. On the surface, the study's main limitation is therefore the concept that differences exist between national and organizational cultures and that these differences have an impact on which managerial practices are selected by companies operating in different countries and industries and on their rate of adoption.

A second limitation of the study pertains to the differences in the basic strategic themes of different types of organizations. Since strategy, has an impact on the organizational practices selected by companies, it very well could be that the differential core strategies of single businesses, as opposed to multinational companies, and as opposed to transnational companies, may also have a mediating impact on organizational practices. For instance, an American multinational company operating in a few country markets, may craft a unique strategy for each market, and may thus adopt different organizational practices, in each country market. Likewise a transnational corporation may be executing the same strategy in each country market it competes in and may use, much the same organizational practices therein. Similarly there may be industry differences, independent of organizational type, impacting the selection and adoption of organizational practices. Thus there is an organizational type and industry component to this analysis that is not addressed in the study.

This study however extends the existing work into new areas. It begins to question the possible impact of centuries of unique cultural developments in different countries on managerial practices even as driving forces such as Internet technologies and technological breakthroughs in telecommunication and transportation modes may have accelerated global convergence into a networked village. The framework will facilitate an examination of the role of culture on organizational and managerial practices based on different epochs such as post 2000, that as seen the emergence of China, India and Brazil as strong global competitors and the interesting 1970 to 1990 epoch, when the Japan and the European economic powers emerged from the doldrums of the second world war.

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