

# **STRATEGIC INVESTMENT DECISION CONSIDERATIONS: CONVERGENCE AND DIVERSITY WITHIN THE GLOBAL VEHICLE COMPONENTS INDUSTRY**

## 3.3 Managing Diversity within European firms

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### **ABSTRACT**

This article explores the stakeholders considered by executives, the aims they pursue, and the broad strategic paradigms they hold, as they directly affect strategic investment decisions in two European countries, Britain and Germany, and two other industrial powers, the USA and Japan. This was done by first developing researchable hypotheses as to how SID stakeholders, aims and paradigms might be expected to be influenced by national values characteristics associated by previous research to these countries, and then examining these hypotheses against some empirical realities. Four single strategic investment decision cases from four matched businesses within a single highly mature and globalized industry, vehicle components, were used to explore any underlying influence of different cultural values. Protocol analysis was undertaken on the transcripts of discussions with relevant executives of the case companies that focused on important investment decisions made by the firms.

Profound differences were identified, in most cases broadly in line with the expectations from literature on national values, though differences were identified in the utility of the different values research studies in terms of their predictive ability. The differences between the two European firms were at least as great as the differences between the European and non-European firms.

The clearest differences were in the stakeholders recognized within the SID appraisal, and in the aims the SIDS pursued. In the strategic paradigms pursued, there were clear differences that were well predicted by the values research, but there was also signs of increasing commonality in respect to the strategic paradigms in use in the four firms. Competitive pressure appeared to be driving executives in all the countries both to adopt more holistic and multifaceted ways of thinking, and to adopt the core competence perspective. The resource-based view held little relevance in any of the firms within such mature sector. These point to a way in which industrial globalization may be driving some managerial globalization within mature and highly internationalized industrial sectors.

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# **STRATEGIC INVESTMENT DECISION CONSIDERATIONS: CONVERGENCE AND DIVERSITY WITHIN THE GLOBAL VEHICLE COMPONENTS INDUSTRY**

## **Introduction**

Much comparison has been made of management styles in different countries – particularly between companies in the United States and Japan, and to a lesser extent in the United Kingdom and Germany. Typically, the outcomes of these analyses are generalized statements concerning managerial approaches, sometimes becoming conventional wisdoms in the form of caricatures (e.g., Pascale & Athos, 1981; Hickson, 1993; Hickson & Pugh, 1995; Lawrence, 1996; Lewis, 1996; Lawrence & Edwards, 2000). For example, Germany and Japan supposedly make ‘longer-term’ decisions in comparison with the UK and US (Jacobs, 1991). Germany and Japan is supposedly far more concerned with product attributes and quality in comparison to the UK and US, where focus is more on marketing aspects (Hayes & Abernathy, 1980; Hayes & Limprecht, 1982; Hayes & Garvin, 1982). Some attempts have also been made to characterize a ‘European’ model of management, distinguished from the ‘North American’ model that predominates in management textbooks (Brewster, 1993). Whilst Japan and Germany industrially outperformed the UK and US, these caricatures were even used as explanations (e.g. Eltis et al., 1992) Now that relative industrial performance has changed, perhaps even reversed, such explanations have become less widespread.

While differences between countries in many aspects of management practice have often been noted, they have rarely been penetrated in depth in order to explore reasons *why* the differences exist. One of the few explanatory variables that is available is the notion of national values. While national values are a well-researched field, the causal linkages between such values and different management practices have received considerably less attention, except in the area of human resource management (Laurent, 1986; Schneider, 1988). In the field of strategic management, early attempts to link values with strategies (Schneider, 1989; Schnieder & De Meyer, 1991) were not successful, though later work linking values with strategic thinking (Harris & Ghauri, 2000) has proven more promising.

This study explores these issues within the considerations that executives bring to bear on actual strategic investment decisions (SIDs) by their businesses in four important industrial countries within and beyond Europe. First, a meta-analysis of substantive previous empirical work on national values in different countries is presented. This analysis is then used to make detailed and specific propositions about the considerations lying behind SIDs that could

be expected in the four countries. It then sees if these predictions match up to the empirical realities of single case studies of SIDs by four broadly matched vehicle component manufacturers in the four countries. Conclusions are drawn for management practice and for future research in the area.

### **National Values and Strategic Investment Decisions**

‘Artifacts and norms’ have been distinguished from more fundamental shared ‘values and basic assumptions’ in societies (Hofstede, 1980; Lundberg, 1985; Schein, 1985). Artifacts and norms include behaviours (such as rituals) and observable tangible manifestations such as business practices (Lundberg, 1985; Hofstede, 1991). These may respond to new environmental and organisational contexts, strategies and interventions, and may be learned at the workplace (Schein, 1985; Isabella, 1990; Pascale, 1985). Business practices may therefore be influenced by dominant ways of thinking in individuals’ environments, such as industry norms and ‘recipes’ (Spender, 1989), professional practices (Daniels et al., 1994), and organisational traditions (Hodgkinson & Johnson, 1994). By contrast, values and basic assumptions, normally unconsciously, govern how realities are perceived and how behaviour is assessed. They lie at the core of behaviour:

‘The core of culture... is formed by values, in the sense of broad, non-specific feelings of good and evil, beautiful and ugly, normal and abnormal, rational and irrational – feelings that are often unconscious and rarely discussible, that can’t be observed as such but are manifested in alternatives of behaviour.’ (Hofstede et al., 1990, p.291)

These values originate from individuals’ learning during their earliest years, and the physical, social, and emotional environment within which it takes place (Lundberg, 1985). Unlike norms and artifacts, these underlying beliefs and values, the ‘software of their minds’ are resistant to change (Schein, 1985). They have been found to differ between nations, and to be stable within nations (Hofstede, 1980, 1991). Business leaders of different national backgrounds can be expected to hold different underpinning values, different assumptions regarding the environment, and different expectations about relationships among people (Schein, 1985). Different values about what is of worth in life and what is not, and different assumptions regarding the environment, can be expected to result in differences in all the aspects of strategic investment decision processes.

They affect the underlying expectations or purposes of stakeholders, for whom an organization is deemed to exist. Furthermore, different managers may hold different views as to who these key stakeholders are, so the contexts to the decisions they make and the aims

they choose to pursue will also differ (Thomsen & Petersen 2000; Whitley, 1992; 1999; Albert 1994; Lowe, 1992). Owners are the stakeholders given greatest attention in management research: from micro-economic theory to the shareholder value approaches of Rappaport (1986) and McTaggart et al. (1994). Alternative, wider notions of stakeholders may include employees, local communities, 'the national good' or the environment.

More specific business aims and objectives may be short term or long term, concerning only financial outcomes or under strategic outcomes (Albert, 1994; Whitley, 1999). In this study, two contrasting notions of aims will be explored. One is the notion of financial returns with a short-term focus, the caricature often associated with Anglo-Saxon cultures. The other is a notion of wider types of aims, over a longer-term time frame, which has often been associated with some Eastern cultures (e.g., Hickson & Pugh, 1995).

National values differences may also be reflected in different 'theories in use' (Arygris, 1985) or personal paradigms of strategic management thought which managers use to make sense of the complexity they face (Calori et al. 1994; 2000; Harris and Chapman, 2000). As May (1972) notes

'For the most part men do not act in the world as it is, but as they perceive it. It is in the subjective environment that all real possibilities for action are to be found' (May 1972:34-35).

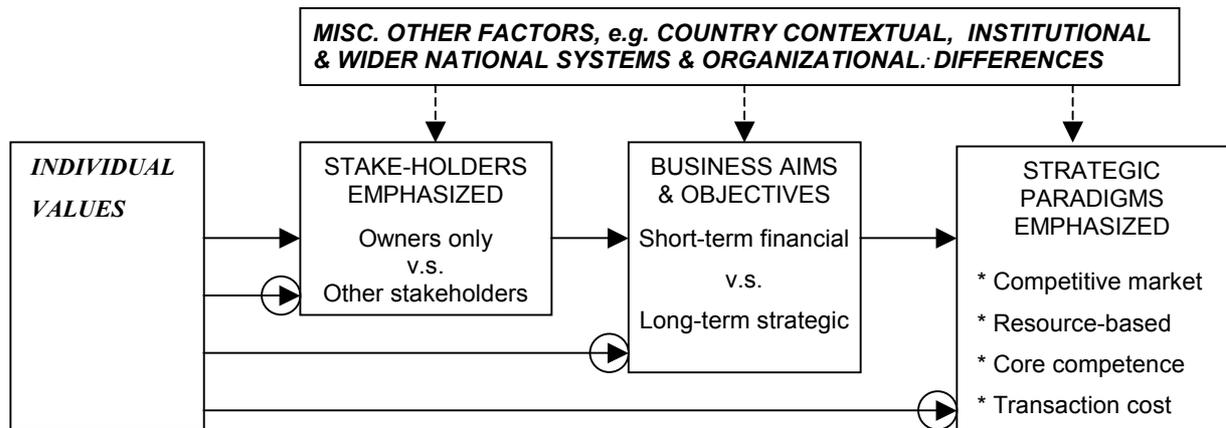
By effectively 'enacting' their environments, managers shape the dynamics of their industries (Smircich and Stubbart, 1985). Their cognitive models may be partly industry specific (Spender, 1989; Johnson, 1987), but are also likely to reflect national background. After controlling for industry differences within the cars, brewing, retail banking and book publishing industries, both Calori and Lawrence (1991:139, 190) and Calori et al., 1992 found cognitive differences *between* European countries that proved unexpectedly great:

'This research did not set out avowedly as a study in comparative management from a cultural point of view [...] It is therefore the more interesting to note that, even given the individual manager as the unit of analysis, systematic differences between French and British managers are found: and these differences bear out many of the observations of researchers in comparative management....' (Calori et al, 1992, p.72)

Figure 1 draws these ideas together, proposing a broad model that details the direct and indirect influences of national values as well as other factors bearing upon strategic decisions.

Four alternative strategic management paradigms, based on the evolving literature in strategic management are now elaborated before more detailed, specific research propositions are developed. The competitive market perspective (Andrews, 1980; Porter, 1985) has been called the 'outside-in' approach: its concern is the outside environment of the firm, pressures and profitability within industries, and the positioning of businesses to exploit the available profitability.

**Figure 1: Broad Analytical Model of Factors Underlying Strategic Investment Decisions**



The resource-based and core-competence-based views have been called ‘inside-out’ approaches. The former’s concern is the internal organization of the firm’s unique tangible and intangible resources (Wemerfelt, 1984; Collis, 1991; Grant, 1991). Prahalad and Hamel (1990), recognizing the ‘outside’ also to be important, distinguish ‘core-competencies’ from these resources, which provide access to markets, contribute significantly to customer benefit, and are difficult for competitors to imitate. The fourth paradigm is the transaction-cost view (Coase, 1937, 1993; Williamson, 1975, 1985). Its concern is how activities are undertaken, internally within or externally to the firm, and within each of these, the organizational and institutional arrangements that enable specific activities to be undertaken at lowest ‘transactional’ cost. It has had massive influence in areas of management study outwith but not within strategic management.

### Research Approach and Methodology

The research aim was to explore and investigate the broad explanatory model shown in Figure 1, focusing particularly on the circled arrows. To do this rigorously, specific and detailed national values-based propositions were developed from empirical research undertaken by Hofstede (1991), Hampden-Turner and Trompenaars (1994), Trompenaars and Hampden-Turner (1997), Laurent (1983), House et al (1998), Sparrow and Budhwar (1997), Alder et al (1989), and Harpaz (1990). These studies have employed structured, quantitative questionnaire techniques to identify similarities and differences between individuals in different countries, in terms of their *average* orientations and predispositions within pre-determined categories of valued and attitudes. A meta-analysis of the values of that they

have found associated with individuals in the four countries in this study, in these researchers' own category labels, are displayed in Table 1.

The veracity or otherwise of these approaches has been widely discussed and criticized (Tayeb, 1988, 1994; Whitley, 1992), but the debated ability of the a-priori quantitative work to measure the social anthropological phenomena that they claim to is not a concern here. The results of repeated (and sometimes competitive) quantitative analysis are remarkably consistent, and much has received substantive corroboration (e.g. Sondegaard, 1994). It is, however, necessary to determine detailed and specific measures that can be rigorously subjected to empirical study from these broad propositions. So that the specific findings can be compared with the specific propositions, this will be done section by section.

**Table 1: Values linked to individuals of relevance to SID Considerations**

<b>Values Areas &amp; Criteria:</b>	<b>Germany</b>	<b>Japan</b>	<b>UK</b>	<b>US</b>
<b>INDIVIDUALISM/COLLECTIVISM:</b>				
Individualist/Collectivist (1)	Individual	- / -	Individual	Individual
Individualism/Collectivism (2)	Collectivism	Collectivism	Individual	Individual
Social Collectivism (3)	- / -	Low	- / -	- / -
Importance of Authority (5)	- / -	High	Low	- / -
<b>HIERARCHY RELATIONSHIPS:</b>				
Power Distance (1)	Low	- / -	Low	Low
Egalitarianism/Hierarchy (2)	Egalitarian	Hierarchy	Egalitarian	Egalitarian
Assertiveness (3)	- / -	Low	- / -	- / -
Manager Knowledge Expectations (4)	- / -	High	Low	Low
<b>TIME SCALES:</b>				
Long/Short Term Orientation (1)	- / -	Long	Short	Short
Long/Short Time Horizon (2)	- / -	Long	Short	Short
Long/Short Future Horizon (2)	- / -	Long	Short	Short
HRM Long/Short Term Horizon (6)	Long	Long	Short	Short
<b>WORK FOCUS:</b>				
Masculinity/Femininity (1)	Masculine	Masculine	Masculine	Masculine
Relationship/Performance Orient'n (2)	- / -	- / -	- / -	Performance
Task/Person Orientation (2)	Task	Task	Task	Task
Femininity (3)	- / -	Low	High	- / -
Employee Welfare Emphasis (3)	Low	High	Low	High
HRM Efficiency Emphasis (3)	Low	High	Low	High
Humane Orientation (3)	Low	Low	- / -	- / -
<b>SOURCE OF STATUS:</b>				
Achieved/Ascribed Status (1)	Achieved	Ascribed	Achieved	Achieved
Societal Role (6)	Low	- / -	Low	Performance
<b>VIEW OF UNCERTAINTY:</b>				
Uncertainty Avoiding/Neutral (1)	- / -	Avoiding	Neutral	Neutral
Uncertainty Avoidance (2)	Low	- / -	Low	- / -
<b>WAYS OF THINKING:</b>				
Universalism/Particularism (2)	Universalist	Particularist	Universalist	Universalist
Analytical/Integrational Thinking (2)	Integrational	Integrational	Analytical	Analytical
<i>Authors: (1) Hofstede, 1991 (2) Hampden Turner &amp; Trompenaars, 1993 (3) House et al., 1998 (4) Alder et al., 1989 (5) Harpaz, 1990 (6) Laurent, 1983.</i>				
<i>- / - Values data indicates a position at neither end of the worldwide range on this criteria.</i>				

### *Case Method and Data Analysis*

To keep as many factors as constant as possible, and to avoid the effects of specific industry-based paradigms, this paper focuses on a single industry, vehicle components, an industry facing industrial maturity and consolidation on a global scale. With its firms being orientated to the same internationally based customers, some commonality is afforded concerning the extraneous factors influencing decisions.

The study further focuses on strategic investment decisions, a central senior management function and arguably the point at which strategy decisions become 'embedded' in terms of financial, human and intangible resources, and organisationally (Ghemawat 1991). Such decisions are seen as important both by the managers involved and by other stakeholders, because of the scale of investment and long term ramifications. While SIDs are singular event-focused encapsulations of an economically important management process, they contain within them the massive richness and complexity of the strategic management task (Barwise et al., 1986; Rajagopulan et al., 1993). They are thus amenable and relevant to the comparison of considerations behind strategic decisions between countries (Carr et al., 1994).

As a study exploring conceptual linkages between complex phenomena, case examination and analysis of strategic investment decisions in comparable businesses in different countries was considered to be the best research approach (Eisenhardt, 1990; Yin, 1993). Indicative in-depth case study research provides 'a means of generalising about processes managers get involved in' (Watson, 1994, p7), where generalization comes from the theoretical developments enabled by the study (Yin, 1994). It also can enable access to what Pettigrew (1987) has called the 'back stage of decision making' within which the 'theories in use' reside. Four matched cases were chosen, one from each country being studied. Within Europe, Britain was chosen at the extreme closest to the US shareholder value driven model. Germany was chosen at the other extreme representing more distinctive stakeholder approaches within Continental Europe (Albert 1994) and, again, as the most competitive country in Europe in this industry (Womack et al. 1990 and 1996). While there are also vehicle component manufacturers in France and Italy, these predominantly supply domestic customers, and are less amenable to discussions in the English language. To distinguish any European perspective, other distinctive world-wide models are needed for comparison. The USA and Japan were chosen, the most competitive countries in the industry and with many businesses in it (Womack et al., 1990, 1996).

Data was gathered by means of semi-structured interviews of executives charged with the coordination of SIDs. Interviews were conducted in English at the interviewees' own business premises, and were tape recorded and transcribed. Each interview focused on the processes and techniques involved in making SIDs, and lasted approximately two hours. Each interviewee was given an assurance of full confidentiality. The German executive will therefore here be named Deutchcom, the Japanese, Japcom, the UK, Britcom and the US, Americom. The businesses and the SIDs examined are detailed in Table 2.

Protocol analysis was used to analyze the transcribed interviews and notes. Specific propositions, or protocols, detailed below, were developed from the previous research on values, concerning how Deutchcom, Japcom, Britcom and Americom might be expected to process strategic investment decisions. These propositions were then compared with interview transcripts and notes, in order to analyze the notions of national values in the context of the discussions about strategic investment decisions (Ericsson & Simon, 1995). The examination of *actual* SIDs within the managers' own business contexts precluded the protocol analysis approach adopted in some psychological and organizational studies in which executives are observed in action, allowing minute by minute analysis of thought processes (e.g. McAuley et al. 1998). Within the aims and context of this study, the method used was as rigorous as possible. Coding of the data followed Harris (2000), and benefited from being both multiple and explicit.

**Table 2: Companies examined and strategic investments undertaken**

	<b>Deutchcom</b>	<b>Japcom</b>	<b>Britcom</b>	<b>Americom</b>
<b><i>Ownership</i></b>	Family	Public	Public	Public
<b><i>Company details</i></b>	Large focused automotive parts manufacturer	Large focused automotive parts manufacturer	Industrial conglomerate, automotive substantial	Large focused automotive parts manufacturer
<b><i>International position</i></b>	30% European market share, one of world's largest players	60% Japan market share, one of world's largest players	World no. 1 in some parts sectors, but not in one examined	World no. 1
<b><i>Investment size</i></b>	£12m	Initial £0.5m plant, £40m 10 years later	£20m	£130m
<b><i>Decision Date</i></b>	1989	Early 1980s	1989	1990
<b><i>SID purpose</i></b>	Automated ware-house for JIT & greater responsiveness	US market entry, supported by major new plant	Domestic joint venture for niche opportunity; plant & equip, mainly in U.K.	Domestic JV for new product & US plant for dom. & internat. markets
<b><i>Interviewees</i></b>	CEO; Head of Investment appraisal & strategic planning	Strategic planning director	Business development director of parent; Subsidiary Finance director	Finance exec. (SID coordinator); Strat. plan. exec.; manag. accountant
<b><i>Transcript Length</i></b>	25,000 words	13,000 words	91,000 words	27,000 words

## Detailed Research Propositions and Findings

From Table 1 it is possible to generate detailed propositions concerning each of the aspects of SID considerations shown in Figure 1. In instances where the research evidence from the a-priori research on findings appears to be inconsistent, no firm propositions are generated, and this is noted. In most areas, however, from the array of a-priori research it is possible to argue reasonable propositions as to how SID process behaviour could be expected to vary between the four countries, and these are presented next.

### *Detailed Propositions and Findings: Stakeholders*

Table 3 presents proportions generated from Table 1's meta-analysis, from each values area relevant to the perception of stakeholders. Japan's higher collectivist values, its greater long-termism, and its higher employee welfare emphasis, its ascribed status and its integrational way of thinking all point towards SID managers holding the needs of a range of stakeholders in mind – including employees within the firm and groups outside. A particularistic way of thinking, however, would indicate no general rules: managers will determine for themselves the stakeholders that they believe the firm exists for.

The values data for Germany gives mixed propositions, which themselves are not strong. Only weak propositions are possible for the United States, but its strong individualism, universalism and analytical way of thinking point towards owners being the stakeholders that will be the main concern of managers. For the United Kingdom, the propositions are unequivocal: owners emerge as the dominant stakeholders, and this will be generally accepted in the country.

Neither Deutchcom nor Japcom barely mentioned the needs of their shareholders, and the attention of both was the future viability of the company as a whole – implying a diversity of important stakeholders. Probed on this Japcom's executive responded:

'I think stakeholders (if you mean shareholders, I think they are just the only stakeholders) these days know they are customers, employees and I think the corporation has to give lots of obligations to these stakeholders'.

**Table 3: Propositions and Findings concerning Stakeholders in SIDs**

<b>Values Areas:</b>	<b>Germany</b>	<b>Japan</b>	<b>UK</b>	<b>US</b>
Individualism/Collectivism	No Proposition	Various	Owners	Owners
Work Focus	No Proposition	Various, Employees	Owners	No Proposition
Source of Status	Owners	Various	Owners	Owners
Ways of Thinking	Various	Individual to firm	Owners	Owners
FINDINGS FROM CASE DATA:	<i>Deutchcom:</i> 'The company'. Owners not specifically mentioned, but finance receiving more attention.	<i>Japcom:</i> 'The company as a whole'. Employees, particularly the LF employees a major concern	<i>Britcom:</i> Owners predominate, but managers subvert the short-termism that they are perceived to hold	<i>Americom:</i> Owners predominate; a perceived need to fulfill a LT strategic development

Both, however, were having to pay greater attention to financial results, though in both cases, these were still relatively unimportant. Germany's high achievement orientation and low 'societal role' for business did not appear, in Deutchcom, to generate an ownership focus. Unlike for Deutchcom (where the propositions were mixed), the findings for Japcom closely corresponded with the quite definitive propositions: the stakeholders appeared to be various, and LF employees were specifically mentioned as an important stakeholder group which was given special attention. There was also an indication that, to a large extent, this depended on the type of firm, and the character of the CEO: Japanese particularism appearing to come to the fore on this issue.

For Britcom and Americom, owners appeared to be more important in line with the propositions. They were, however, perceived in different ways. Britcom's managers were attempting to achieve strategic success in the face of very short-term profit requirements that they thought their shareholders ('the city') demanded. Britcom managers therefore appeared to be attempting, to a small degree, to usurp what they believed to be their shareholders interests, in the longer-term interest of the business as a whole. Since British directors are under a fiduciary obligation only to take their shareholder's interests into account, they were here perhaps confirming a high egalitarian orientation within a legal and institutional structure that focused on individual rights and duties. Americom's managers perceived their owners to need both two-year performance *and* strategic development within a fifteen year time horizon.

#### *Detailed Propositions and Findings: Aims*

Table 4 presents propositions concerning business aims that may lie behind SIDs. Those for Japan are again clear: long-term strategic aims can be expected. By contrast, short-term financial aims would generally be expected in the UK and US, with the US achievement orientation generating particular focus on financial performance. For Germany, the propositions are mixed, but medium-term profit and other performance might be expected.

Deutchcom and Japcom strongly confirmed the hypotheses concerning broader stakeholder interests and longer term, strategic objectives. The aim of both appeared to be long-term strategic viability, growth, and success. Neither expressed their aims in a direct, clear or quantifiable way: they were multifaceted. Both companies were feeling a need to pay increasing attention to financial performance, but this remained unimportant in comparison to longer-term and more nebulous strategic success.

**Table 4: Propositions and Findings concerning Aims of SIDs**

<b>Values Areas:</b>	<b>Germany</b>	<b>Japan</b>	<b>UK</b>	<b>US</b>
Individualism/Collectivism	Diverse, growth	Diverse, growth	Profit	Profit
Time Scales	Medium term	Long term	Short term	Short term
Work Focus	<i>No proposition</i>	Employment & Employee welfare	<i>No proposition</i>	Profit
Source of Status	Profit	Diverse	Profit	Profit
View of Uncertainty	<i>No proposition</i>	Long term	Short term	Short term
Ways of Thinking	Diverse	Individual to each firm	Generally adopt financial focus	Generally adopt financial focus
FINDINGS FROM CASE DATA:	<i>Deutchcom:</i> Future strategic viability and growth of the firm	<i>Japcom:</i> A strong strategic position; LF employment and management	<i>Britcom:</i> Profits and profits growth over 1 to 5 years	<i>Americom:</i> Pofits over 1 to 2 years and growth over 15 years

For Deutchcom, the critical trigger for the strategic investment was the customer and the gains were regarded as being mainly non-quantifiable. Though they were not quantified, they were considered sufficiently important to justify the investment.

‘Our standing will be much better. This is more important than the cost gain. Our customers know they can order small orders and that we can produce them’ [...] ‘The time gain which is quite a lot could not be evaluated.’

Japcom’s executive argued that his company, like most in Japan, had to take their wider stakeholder interests into account:

‘Generally speaking, I think Japanese management are restrained by their stakeholders on the immediate return on investment. It has been said many times that American chief executives have to worry about their bottom line every quarter. In Japanese enterprise automobile manufacturers, they have been in Europe for maybe a quarter of a century, losing money. I think it is only recently they started to consider that as an investment. Most recently, and it’s only in the last five years, they started to make some profit. And their stakeholders didn’t object to anything like that’.

For Japcom, achieving a good ‘position in the industry’ and with particular OEM customers predominated, in order to achieve long-term aspirations:

‘Again, it’s not just the return on capital that is our only criteria. Another good consideration has to be keeping up with this evolution in the automotive industry. To be a successful automotive component supplier you have to be a global corporation. You have to be a partner. I mean automotive companies like Nissan, Toyota, Volkswagen and Mercedes etc. And what they are looking for as a reliable component supplier is someone who can supply and can meet the requirement everywhere in the global arena...The bigger issue is are we going to be keeping up with the business, and surviving in the long term?’

Strong, though less unequivocal concurrence was found in Britcom and Americom. Britcom was the shortest-term and the most profit focused of all the firms, with stringent return on assets criteria for all investment decisions that were rarely reduced for longer-term strategic considerations.

‘On top of this we have a growth target of 10-15% a year on earnings per share. This is a permanent thing. We always want growth’.

The managers, however, also adopted longer-term strategic criteria behind their decisions – in effect, they were pursuing strategic development subject to minimum financial profits and

growth targets on a one to five year horizon. Americom's executive was even clearer on the need to integrate strategic and financial targets:

'We had those issues with [our Japanese partner], so I think we better be real clear on the strategic objectives and make sure they are compatible. In the financials of the business, your financials need to follow the form of the business. I mean if you get financials that are unbalanced with the business objectives, we are putting in all the money but you are taking all the product, or vice versa, you want to be sensitive to that...In practice, we don't want to alter the leverage of the company too much, we don't want to give money away or whatever; but at the end of the day there is an internal market and we reckon we can get a lot more than 15% and that justifies us going up on the internal rate of return...We tend to force ourselves to make strategic decisions on direction, but we are not using the 15% as a cut-off...We have certain decisions that we make using the red, yellow, green analysis where the hurdle rate is much higher...They are 50% for non-strategic investments'.

Compared with Britcom, a more mixed pattern emerged in Americom. Like Britcom, the managers aimed to achieve high return on assets (adjusted for risk), over a one to two year horizon. They were also, however, continually refining their strategic vision for the company, and in this, were flexible about achieving short-term profit targets in order to achieve long term (15 year) strategic ones. Short-term financial performance could be compromised if it was agreed that 'objective' analysis of the quantified long-term gains exceeded the short-term benefits foregone.

#### *Detailed Propositions and Findings: The paradigms of SID consideration*

Detailed propositions concerning the likely focus of SID discussion according to association with the four different strategic management paradigms outlined earlier, again generated from the meta-analysis, are shown in Table 5. The table presents expectations as to the kinds of frameworks of understanding that could be closest to those represented by the executives in the different countries, on the basis of the a-priori values research.

A strong and consistent contrast emerges in these propositions between Japan and the Anglo-Saxon cultures. Japan's greater collectivism, larger time-scales, uncertainty avoidance and particularistic way of thinking erring towards greater emphasis on the essential skills and abilities within the firm, rather than the latter's emphasis on market success and transactions that deliver immediate gain. Once again, the predicted picture for Germany is more confused, except in that an integrated way of thinking may lead to more holistic and varied approaches, involving diverse paradigms.

The detailed evidence for these findings, summarized as scores in Table 5, is provided in Appendices A through E. These present, the strongest first and then the more neutral, all evidence and quotations interpreted to confirm presence of a particular paradigm. Following a minus symbol '—', disconfirmatory evidence is then presented, the strongest last.

**Table 5: Propositions and Findings concerning Paradigms of SID consideration**

<b>Values Areas:</b>	<b>Germany</b>	<b>Japan</b>	<b>UK</b>	<b>US</b>
Individualism/Collectivism	Comp; TC	Comp; Mkt	TC	TC
Hierarchy Relationships	TC	Comp	TC	TC
Time Scales	Comp; Res	Comp; Res	Mkt; TC	Mkt; TC
Work Focus	<i>No clear propositions generateable</i>			
Source of Status	Mkt; TC	Res	TC; Mkt	TC; Mkt
View of Uncertainty	Comp; Res	Comp; Res	TC; Mkt	TC; Mkt
Ways of Thinking	Mult	Res; Mult	Mkt; TC	Mkt; TC
FINDINGS FROM CASE DATA:	<i>Deutchcom:</i>	<i>Japcom:</i>	<i>Britcom:</i>	<i>Americom:</i>
N <sup>o</sup> . stars indicates prominence of paradigm in thinking	Mkt ** Res ** Comp *** TC *	Mkt ** Res ** Comp *** TC	Mkt *** Res Comp ** TC ****	Mkt *** Res Comp ** TC ***
Mkt – Competitive Market View Res – Resource Based View	Comp – Core Competence perspective TC – Transaction Cost perspective			

All the four companies displayed and extolled (to some extent at least) multiple ways of thinking about their strategic investment decisions. This was contrary to our expectations for Americom and Britcom, though both were considerably more financially-orientated, in line with our analysis of stakeholders and aims. The relative emphasis of the ways of thinking, however, varied greatly, largely in the ways predicted from the values research.

The thinking of Britcom and Americom, in concurrence with the propositions, was dominated by the competitive market perspective. Their business portfolios, expressed in terms of market positions as much as of internal investments, was their starting point for strategic analysis. Both reviewed market positions, seeking market shares and volumes that yielded some sort of market power or competitive defensive. Both displayed strong traces of the transactions analysis viewpoint, as they reviewed their positions in terms of vertical integration whether in respect to customer or supplier relationships. Any of Britcom's businesses or factories were 'for sale' at the right price, and Americom has an 'internal market' for investment funds. Fully in line with the predictions, transaction cost perspectives raised fewer issues in Japcom and Deutchcom, where corporate relationships were considered less open to negotiation.

Contrary to expectations, there were few and limited traces of resource-based perspectives in any of the companies. It had been predicted that Japan's long-terminism, ascription status, uncertainty avoidance and particularistic way of thinking may have all pointed to its predominance in the country, but there was no evidence of it at all in Japcom. In Germany, some had been predicted, reflecting its uncertainty avoidance, but little was seen.

Contrary to expectations also, Americom and Britcom had, in recent years, been responding to competitive pressures with rationalisation and enhancement programmes in a

manner more congruent with the core competence view. In Britcom this process was limited, - a compromise in disposition dictated by necessary pragmatism, as opposed to a complete up-rooting of their corporate heritage. Americom had gone further, but now appeared to have achieved a remarkable degree of synthesis with other approaches. Its approach began with the competitive market perspective, is deepened by core competence analysis, quantified as much as possible through financial analysis to reveal even small trade-offs in terms of shareholder value objectives. Whilst executives at Americom and Britcom all felt responsible for setting objectives, the threat of share-price reduction, and consequently of being taken over remained at the forefront of their minds within the strategic debate.

The core-competence thinking at Deutchcom and Japcom had been predicted, and here it was intrinsic and explicit. In both cases, there was clear linkage between their far closer customer relationships and their close attention to competencies that they regarded as essential. The enhancement of key customer relationships were critical triggers for SIDs. These findings are in line with expectations from the values research. Though not dogmatically wedded to the idea of market share, these companies were acquiring customers such that they were acquiring that share, on a global scale.

## **Discussion**

An overview of the match between the propositions and the observations in the case companies is shown in Table 7.

The observations concerning stakeholders and aims were very close to the expectations from the values literature. Even though all these companies were supplying customers and facing competitors from each other's countries, the managers underlying beliefs about who the business was for and for what the enterprise exists appears to be relatively un-affected by globalization in their industry. This is to be expected: both Schein (1986) and Lundberg (1986) recognize the tenacity of values in the context of external pressures. This is significant. If fundamental beliefs about what business is for and who business is for remain unaffected by the advanced globalization that has already taken place in the industry, and its extreme maturity, then limits to the extent of globalized management become very evident. To the extent that these businesses are now interacting very closely, and bitterly fighting each other for contracts, the conflicts between the cultures begin to have some tangible manifestations.

**Table 7: Congruence between propositions and observations**

	STAKEHOLDERS		AIMS		Comp. Market	PARADIGMS		
	Owners only	Other/ various	ST Financial	LT Strategic		Res. Base	Core Comp.	Trans. Cost
Germany - Proposition	+	+	+	++	-	+	++	+
Deutchcom - Observation	-	++	-	++	+	+	++	+
Congruence	✘	✓	✘	✓✓	✘	✓✓	✓✓	✓✓
Japan - Proposition	-	++	-	++	+	++	++	-
Japcom - Observation	-	++	-	++	+	-	++	-
Congruence	✓✓	✓✓	✓✓	✓✓	✓	✘✘	✓✓	✓✓
UK - Proposition	++	-	++	-	++	-	-	+
Britcom - Observation	++	+	++	-	++	-	+	+
Congruence	✓✓	✘	✓✓	✓✓	✓✓	✓	✘	✓✓
US - Proposition	++	-	++	-	++	-	-	+
Americom - Observation	++	-	+	+	++	+	++	+
Congruence	✓✓	✓✓	✓	✘	✓✓	✘	✘✘	✓✓
- No proposition/observation    + Proposition/observation    ++ Strong proposition/observation ✓Some congruence between proposition & observation    ✘ No congruence between proposition & observation ✓✓ Strong congruence between proposition & observation    ✘✘ Observation opposite to proposition								

This was clearest in the slow response to the globalization of the capital and auto markets. The British managers expressed a need to absorb longer-term objectives for their organization as a survival response in the face of severe price and quality competition from German and UK-based Japanese competitors with less apparent need to achieve high short-term profits. Deutchcom’s and Japcom’s were, very gradually, adopting a greater concern over financial issues. In a globalizing capital market, German and Japanese shareholders are starting to demand more than minimal returns from their investments, and British shareholders to demand less. The values of managers on these issues, as an underlying influence, can be expected to change only very slowly, and are changing only very slowly, with a great some measure of continuity even in the face of globalization.

The greatest clash will be faced when managers from the different countries start working together, as is already happening in this globally concentrating industry. It is here that managers will find that they hold different underpinning values and will have to start ‘negotiating’ as to which ones will prevail in a SID decision. Managers insensitive to differences in cultural values and, more particularly, to the effect of such influences on strategic decision making approaches, risk dashed expectations or rude awakenings.

Some of our observations regarding the paradigms were also remarkably close to the predictions from the values data. Americom and Britcom showed a strong transactions – cost type paradigm: or them everything was bargainable, or for sale, and any types of new arrangements would be considered if they made money. Japcom and Deutchcom displayed little of this orientation – as predicted by the values research. This is interesting, in so far that

it demonstrates the extent to which the transactions cost perspective so beloved of UK and American international business researchers is so heavily Anglo-Saxon value laden. It also appears to be equally alive in the Anglo-Saxon preference, for the competitive market perspective, both suggested in the values research and borne out in the case companies.

Other observations of paradigms in use were not close to the predictions at all. The competitive market paradigm was not predicted for Germany, but was found in Deutchcom. Similarly, there was little evidence that the Resource Based View held much resonance in any of the companies, even though it had been predicted for Deutchcom and Japcom. Here, the pressures within this globally mature industry appear to be overriding the paradigm pressures that were predicted from national values data alone. The competitive market perspective has been associated mainly with mature industry segments (Mintzberg 1994; Harrigan 1980), where it is felt to be of particular relevance. It is possible that the extreme industry maturity faced in the automotive components industry has generated a way of industrial thinking that might otherwise be alien to people in Germany. This might have explained Deutchcom's use of consultants on this aspect, and their Chief Executive's relative discomfort on worldwide competitive positioning issues, as compared with more immediate customer and technological requirements. Similarly, the resource based view, as a paradigm largely associated with creative, technological and innovative industries, has little resonance to executives anywhere facing the competitive challenges of the motor components industry.

The core-competence view, however, which marries many aspects of the resource based view with a strong customer orientation, had deep resonance in three of the companies, with Britcom showing a more limited and reluctant conversion. The core competence paradigm can be hypothesized to be a resource perspective that is appropriate in mature and aggressively competitive industries. A gradual adoption worldwide of multiple and holistic perspectives also seemed to be emerging. While only Americom appeared to have so far achieved a genuine synthesis, marrying up a strong core competence orientation in an integrative way with competitive market and transaction cost perspectives, all had adopted the core competence view and were showing signs of adopting a multiplicity of approach.

It is here, in the strategic management paradigms in use, that there appears to be the greatest convergence from original positions of divergence. The increasingly common global customer base, and of the technology employed, means that executives in the industry worldwide face the same commercial and technical pressures, and this is drawing the

strategic paradigms closer. Yet it would be as naïve to assume that strategic paradigms are the same in the context of different cultural traditions, which clearly have not changed quickly, as it would be to assume that these cultural influences will continue undiminished. Signs of strategic paradigms knitting together are apparent, as pragmatic executives everywhere search for synthesis, in response to global competitive pressures.

## **Conclusions**

In such a case study approach – four examples, one from each country in a single industry – confident empirical generalization is not a goal: the findings are indicative. In the process of exploration, aspects of the research approach were inevitably imperfect. Complete matching of the businesses was impossible, interview interactions can never be value-free, and different interpretations are always possible within the coding process (Harris, 2000).

With these qualifications, grounds for validation have been provided, not by the limited data triangulation, but by the strong triangulation between the case data and the a-priori theory and research (Bryman & Burgess, 1994; Silverman, 1993; Yin, 1994). In this, the exploration was fruitful: Appendix F records the congruence between the behaviour predicted from the studies included in the meta-analysis. Of the 132 propositions generated from the values research concerning the considerations managers of the case companies in different countries would take into account when making strategic investment decisions, 96 matched observations. 93 of the 109 propositions generated from the older studies of Hofstede, Hampden-Turner and Trompenaars and Laurent, matched observations. With only 3 of the 20 propositions from the newer studies matching observations, the enduring popularity of this work, despite its age and the criticisms made of it, becomes a little more understandable. A number of hypotheses emerge from these findings.

First, national values appear to have concrete, tangible consequences in terms of manifested business behaviour, particularly in terms of strategic decision orientations and exhibited paradigms. This is of real consequence both to researchers and managers. To researchers, it gives the opportunity to use values criteria variables in studies that may help gain more confident, generalizable associations between values and behaviour. Such behavioural consequences, however, are not apparent in overt or public data: they are subtle and revealed as personal priorities and ways of thinking, that require appropriate in-depth methods of data gathering. Empirical generalization will require the analysis of data from larger numbers of appropriate and matched businesses (Harris, 2000), and this exploration

will now be extended to larger numbers, though at the inevitable consequence of some loss of business matching. For managers, it reveals that the individual values that they are familiar to dealing with in their everyday business dealings have national dimensions that will place different assumptions on those with whom they may engage when making strategic investment decisions.

Second, this exploration tentatively raises some interesting hypotheses about the effects of *industrial* globalization on the nature, extent and process of *managerial* globalization. The vehicle components industry was selected for study because it is at an advanced stage of globalization. The case companies faced each other and other firms from each others' countries as direct rivals. All four were highly successful survivors of worldwide consolidation within the industry. 'Globalized management' could be expected amongst these companies more than most. What was surprising is that, in spite of such globalization, manager's perceived stakeholders and their aims remained nationally focused and appeared to reflect underlying national values.

In the paradigms of management thought, these national orientations likewise remained, but here there was evidence of some dilution towards a global norm. In particular, globalization in the motor car industry, within which there has been massive global product standardization, technological convergence, and manufacturing process harmonization, all in response to considerable industrial maturity, appeared to have resulted in the recognition of 'core competencies' that these supplier businesses in the four nations all recognized. The managers in all four countries placed value in the concept itself, perhaps because it brought together the relevance of the competitive markets paradigm within mature markets, with the notion of intangible resources.

This study therefore begins to indicate areas of context specificity within the very paradigms of management, and also to an element of convergence. That context embraces not only industrial issues (such as its maturity and competitive rivalry), but also the national values of the managers that work with them. With the qualifications that inevitably apply to four case studies in a single industry, there is an indication here that paradigms of strategic thinking worldwide are moving towards some greater convergence in the most globalized industrial sectors, with managers appearing to be learning lessons from increasingly similar common experiences. This is an important finding which provides worthy agenda for more broadly based empirical research.

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## APPENDIX A: Comments/evidence indicative of Competitive Market view

Deutchcom	Japcom	Britcom	Americom
<p>Substantial interest in market share within Europe. Systematic reports, aided by consultants, preceded SID: ‘Competitors. That I do look for.</p> <p>---</p> <p>There had been no radical changes in customer profiles over the previous 10 years, other than some more overseas customers in France, Sweden, Spain &amp; Italy. Primary strategic objectives were to serve <u>existing</u> customers as well as possible – they had a strong position to maintain. ‘The development of our market base results primarily from solving technical problems that customers are interested in’. Market share objectives were <u>not</u> considered a key driver for this SID.</p> <p>Dislike of acquisitions having had bad experiences in the past. Of four categories of investments, acquisition expenditure rated lowest. Diversification rare, &amp; only when clearly related to a particular customer’s needs. But they have made international acquisitions, driven by customer requirements.</p>	<p>On this SID, ‘the CEO was aggressive enough to adopt that kind of [global] strategy...’</p> <p>Another [factor] was our major customer’. The SID was triggered by an opportunity with a particular customer &amp; desire to develop that relationship.</p> <p>---</p> <p>Market share is not always the crucial driver. ‘Market share does not really mean a lot. We tend to have 60% share in Japan on [one specific] product, but again it has problems. I mean with one product you cannot really dominate; it’s not really a high technology industry here’.</p> <p>There was no formal strategic review on this SID. In more recent years, have been carrying out strategic reviews, incorporating SWOT analyses. But these are pragmatic &amp; ‘case by case’. They do not use Porter/BCG type portfolio techniques.</p>	<p>‘Market share &amp; scale of operations were both important influences on our decisions...some companies were too small or too niched for us to do anything with, but we sold them off at a good profit’.</p> <p>‘My attitude usually is well everything’s up for sale...We’ve been unbundling ourselves for the last 10 years. If someone thinks they can do a better job than we then fair enough, but no I don’t think so. Portfolio analysis was done internally years ago... We are a conglomerate by chance... Our portfolio approach isn’t used in Germany’.</p> <p>‘Having decided what sector of the industry we wanted to be in, &amp; the relationship we wanted to have with customers – we started to look at product changes through the engineering people’.</p> <p>Key issues probed on SID besides finance?</p> <p>‘The other things to probe on are basically market-led more than anything else. What are the opportunities in the market... You were then saying what do we need to do to become a major player. What are the items that distinguish you from 40 other present companies in the U.K.’.</p>	<p>‘Here market share is very much the focus of strategy &amp; our aim is to be [world] number one’.</p> <p>This SID was triggered by a formal world-wide strategic review, which had pinpointed a market gap in their product portfolio. US, European &amp; Japanese competition was important &amp; formal competitive benchmarking was used. This review covered many strategic options &amp; locations.</p> <p>‘You can get very theoretical about ways of looking at strategy, but when you are all done it’s a matter of where you are going, what are your customer opportunities, &amp; how do you evaluate the trade-offs on these capital decisions like these plant decisions’.</p> <p>Financial quantification was detailed, including careful unit cost comparisons &amp; NPVs &amp; well integrated. ‘The Americom culture is, we want to make every analysis as accurate as possible’.</p> <p>Operational aspects were thoroughly incorporated: ‘The Vice President of Worldwide Operations was my boss &amp; he was driving the whole thing, so operations was driving the analysis to begin with, so we got a lot of inputs... Our central manufacturing engineering support group supplied two or three of their best people, so we had small numbers but very high powered folks’.</p> <p>Do they use Porter type competitive analysis?</p> <p>‘We read his stuff, but I don’t think we are a follower. We’ll think about it but we are not rigorous or able to say those are the only things we are going to think about. We are aware of theories. The 5 force model is very helpful’.</p>

## APPENDIX D: Comments/evidence indicative of Transaction Cost view

Deutchcom	Japcom	Britcom	Americom
<p>A lot of their equipment is highly specialized &amp; can’t be used for other market opportunities.</p> <p>---</p> <p>CEO expressed no interest in evaluating supplier chain from viewpoint of exerting power, or in cost position analysis. ‘German companies often feel that US customers are very financially orientated. They tend to screw suppliers down &amp; reduce profits &amp; so on’.</p>	<p>Close customer relationships are still critical but must now be forged with almost all major international customers.</p> <p>‘The most important thing was that we had one secured major (overseas) customer: “we’ll buy from you”, more or less, I’d say a guarantee. Otherwise it is pretty difficult to make your own decision’.</p> <p>---</p> <p>On this SID &amp; in general, the value of key customer relationships is considered so important &amp; so critical to survival, as to have virtually dominate other SID aspects. Profit targets were not even considered.</p>	<p>Substantial increase in outsourcing of own parts &amp; supplies over 10 years.</p> <p>‘Those risks [of this customer switching suppliers] are true. They are risks we recognize &amp; are just prepared to take’.</p> <p>‘A German company, faced with the same decision, might have opted for a larger press, doubling the outlay’ [but opening up market opportunities, though we run the risk of single customer dependence]</p>	<p>This SID was in a plant which was a 50:50 equity joint venture involving with a major customer, initiated 15 years earlier. The new product &amp; plant facilities likewise were heavily linked to three major customers but, even so, the initiative came mainly from Americom:</p> <p>‘When we told them [one of the three customers] of our plans &amp; what we wanted to do, they were not excited at all. They were pleased with the product they were getting &amp; where they were getting it from’. The other 2 customers provided critical mass &amp; further took equity stakes in Americom, amounting to around 10%. Customers are thus substituting strategic alliances for internal production, &amp; Americom is exploiting this opportunity. It has even secured a 10 year supply contract with one customer. Yet there is still a strong element of independent market relationships:</p> <p>‘So XX opened the door &amp; we were always very anxious to walk through that door when a large customer like that offers you an opportunity; but then we went into a very extensive set of negotiations with XX with clear financial objectives on our side that said...’.</p>

## APPENDIX C: Comments/evidence indicative of Core Competence view

Deutchcom	Japcom	Britcom	Americom
<p>‘Why be big? It is better to be good’. CEO saw no point of acquisitions for the sake of paper growth.</p> <p>His key question in deciding on SIDs?: ‘Do they [customers] need it really? That is the main question’. Standard 2-page investment proposal addressed this, encouraged technical detail but not profit figures. ‘Either you are an entrepreneur or you are a money owner... If it’s not for luxuries you can forget all [profit] calculations’.</p> <p>Driver for this SID?: ‘Our standing will be much better. This is more important than cost gains. Our customers know they can order small orders &amp; that we can produce them’.</p> <p>‘Now you can ask me why do you do that? Well, it’s a new technology, very new technology &amp; if we get the knowledge of how to handle this technology, this start gives us a foot in the future’.</p> <p>But your SID is actually damaging your cost position?: ‘Compared with the status before, yes. But to do it quicker, with more flexibility but with the same quality, is only possible by this SID’.</p> <p>Investment has averaged over 5% of sales over 10years. The 3 main spend categories were 1- capacity expansion &amp; plant; 2- high tech CAD/CAM etc &amp; 3- R&amp;D. Component company acquired from US MNC massively under-invested by their standards.</p> <p>Systematic reports (aided by consultants) scored performance against rivals on key competencies identified.</p>	<p>‘The bigger issue [as compared with profit] is keeping up with the business in the long term... You know they [the customers] are in a tough competitive position &amp; they have to source the best component at the best price all over the world ... They have to rejuvenate their products every 5,6,7 or 8 years. &amp; a component supplier has to provide them with this kind of development support ... We design &amp; develop together with our manufacturing partners so we have that kind of capability’.</p> <p>International acquisitions &amp; JVs place heavy emphasis on know-ledge transfer &amp; organizational learning. International moves playing to second best technology do not (in their experience) work. ‘Always the technology comes from us’.</p>	<p>Britcom has undergone a major rationalization programme in order to create a strong core business. The SID came at the end of this rationalization process.</p> <p>—</p> <p>‘But what we’re not doing is putting facilities down in anticipation of getting into a market’.</p> <p>‘We started from the basis that because of the risks in the market &amp; the experiences people have had, each contract will pay for itself. We’re not going to get into marginal type pricing on the promise that something else may be there... The [financial] criterion is the same whether it’s UK or whatever’.</p> <p>‘Product development has [historically] been done ad hoc – fingers in the air sort of stuff’.</p>	<p>Americom had poorly related acquisitions in the 1970s, at which time ‘I believe our thinking was pretty well BCG’ – a broad portfolio approach. But they had ‘poor experiences. We discovered there wasn’t a lot of value we could bring to that... so we kind of pulled back... so let’s extend what we do well &amp; this notion of core competencies’.</p> <p>A formal 2X2 grid analysis is used to divest activities where competencies are either non-core or weak compared with rivals. IRR targets are far higher for investment proposals in areas designated non-core.</p> <p>‘Our planning is heavily strategic. Recently we have some core things that we are good at. That’s where we need to do well. That’s where our growth is’.</p> <p>‘Our basic thinking was we are XX technologists. We could be quite effective with our technology. We have a distribution system that is well established world-wide to service the products &amp; we have a set of customers that use our product line. So why can’t we bring our technology to bear in the YY segment of the market... We had a notion that the technology we had developed could give us a more durable entry into the YY segment than the competitive products that were available. So where we were going to grow in the 1980s &amp; 1990s just became fairly obvious.’</p> <p>R&amp;D is consistently about 5% of turnover. The company operates many joint ventures world-wide, gaining market access in return for technology/know-how &amp; distribution support.</p>

## APPENDIX E: Comments/evidence indicative of Multiple perspectives

Deutchcom	Japcom	Britcom	Americom
<p>The CEO disliked general ‘theoretical’ perspectives &amp; techniques, even though we as researchers may have his comments as carefully as possible. They do not use Porter &amp; make little use of portfolio techniques. Key SID considerations are ‘common sense’. I.e. Effectively bringing together almost all business policy perspectives, though down-playing financial considerations &amp; techniques:</p> <p>‘The time gain which is quite a lot could not be evaluated in money terms’.</p> <p>In one respect this allowed for other multiple policy perspectives, including customers, technology, operations, logistics &amp; competition all to bear significantly on what was strategically-orientated decision.</p> <p>—</p> <p>On the other hand, financial aspects were clearly not accorded much significance &amp; were correspondingly poorly integrated into this decision. This is justified on basis that rivals ‘have been less lucky with their investments’.</p>	<p>Japcom made no use of Porter or portfolio techniques. The broad approach was pragmatic &amp; holistic. Strategic reviews were ‘case by case’, &amp; customer-orientated, though they did use SWOT. ‘I don’t really think you can quantify this’.</p> <p>This allowed for a more customer-orientated, holistic strategically-orientated decision.</p> <p>—</p> <p>On the other hand, financial aspects were likewise accorded little significance &amp; were thus poorly integrated into this decision. This is justified on the basis that ‘we wouldn’t be here today if we didn’t have that XX business’.</p>	<p>‘We don’t believe you should completely rely on the sales &amp; marketing guy, nor do we believe you should rely on finance. We do believe that each should knit together to make sense’.</p> <p>‘I feel what we’ve done couldn’t have been done by reading books. I mean you had to live with it &amp; understand it. OK I think people can learn from these things &amp; I’m sure everything these guys are saying is very valid, but I feel the path we set out on 20 years ago, I mean it takes a long time to achieve. You can’t change things over-night’.</p> <p><i>Is the Japanese manufacturing approach applicable?</i> ‘Yes it is &amp; I think a lot of it has been driven to be fair from major customers &amp; Q1 principles. It’s about quality. It’s about culture. It’s about operations. It’s how you run your organization. The Japanese principles are coming through; we’ve sent people to Japan’.</p>	<p>Strategy &amp; finance are now very strongly integrated. ‘Even if we go contrary to what logic tells us to do we will know the cost. Should we end up making a decision counter to the best financial analysis, at least we’ll know the premium we are paying for strategic analysis’.</p> <p><i>Do they use Porter type competitive analysis?</i> ‘We read his stuff, but I don’t think we are a follower. We’ll think about it but we are not rigorous or able to say those are the only things we are going to think about’.</p> <p><i>Is your team implementation approach linked to TQM type views?</i> ‘Yes. Our XX production system’. Sometimes with TQM the whole strategy approach becomes much more bottom-up.</p> <p><i>Has that happened here or is there just a slight change in the way you are operating?</i> ‘This is a massive change’. Operational aspects were thoroughly incorporated on this SID.</p>

## APPENDIX B: Comments/evidence indicative of Resource Based view

Deutchcom	Japcom	Britcom	Americom
Local government grants secured because of effect on local traffic flows - substantial and considered though not decisive.  —  No interest in evaluating supplier chain from viewpoint of exerting power.		'We can't read a book and say "tomorrow we'll do this". Strategy forms out of our unique history and relies on a thorough knowledge of the business'.	Able to re-negotiate union/wage deals slightly between US plant bidding against each other. NPV calculations for all final sites, so local plants able to improve their attractiveness (aided slightly by local governments), recognizing their need to compete. The effect is small (<5% of NPVs) but can be enough to affect decision.  The original joint venture represented 'a sort of package deal on technology side', combining both companies' unique technologies and opening up a new market opportunity. The SID then developed further from this technology base.

## APPENDIX F: Predictive performance values studies to SID considerations in the cases

Issue predicted:  Values Areas & Criteria:	STAKEHOLDERS				AIMS				PARADIGMS			
	De	Ja	Br	Am	De	Ja	Br	Am	De	Ja	Br	Am
INDIVIDUALISM/COLLECTIVISM:												
Individualist/Collectivist (1)	✘	-	✓	✓	✘	✘	✓	✓	-	-	✓	✓
Individualism/Collectivism (2)	✓	✓	✓	✓	✓	✓	✓	✓	-	✓	✓	✓
Social Collectivism (3)	-	✘	-	-	-	✘	-	-	-	✘	-	-
Importance of Authority (5)	-	✘	-	-	-	✘	✘	-	-	-	-	-
HIERARCHY RELATIONSHIPS:												
Power Distance (1)	-	-	-	-	-	-	-	-	✓	✓	✓	✓
Egalitarianism/Hierarchy (2)	-	-	-	-	-	-	-	-	✓	✓	✓	✓
Assertiveness (3)	-	-	-	-	-	-	-	-	-	✓	✘	✘
Manager Knowledge Expectations (4)	-	-	-	-	-	-	-	-	-	-	-	-
TIME SCALES:												
Long/Short Term Orientation (1)	-	-	-	-	✓	✓	✓	✓	✓/-	✓/-	✓	✓
Long/Short Time Horizon (2)	-	-	-	-	✓	✓	✓	✓	✓/-	✓/-	✓	✓
Long/Short Future Horizon (2)	-	-	-	-	✓	✓	✓	✓	✓/-	✓/-	✓	✓
HRM Long/Short Term Horizon (6)	-	-	-	-	✓	✓	✓	✓	✓/-	✓/-	✓	✓
WORK FOCUS:												
Masculinity/Femininity (1)	-	-	-	-	-	-	-	-	✓	✓	✓	✓
Relationship/Performance Orientation (3)	-	-	-	✓	-	-	-	✓	-	-	-	✘
Task/Person Orientation (2)	-	-	-	-	-	-	-	-	-	-	-	-
Femininity (3)	-	✘	✘	-	-	✘	✘	-	-	✘	✘	-
Employee Welfare Emphasis (3)	✘	✓	✓	✘	-	✓	-	✘	-	-	-	-
HRM Efficiency Emphasis (3)	-	-	-	-	-	-	-	-	✘	✘	✘	✘
Humane Orientation (3)	-	-	-	-	-	✘	-	-	-	-	-	-
SOURCE OF STATUS:												
Achieved/Ascribed Status (1)	✘	✓	✓	✓	✘	✓	✓	✓	-	-	✓	✓
Societal Role (6)	✘	-	✘	✘	✘	-	✓	-	-	-	-	-
VIEW OF UNCERTAINTY:												
Uncertainty Avoiding/Neutral (1)	-	-	-	-	-	✓	✓	✓	✓	✓	✓	✓
Uncertainty Avoidance (2)	-	-	-	-	✓	-	✘	-	✓	-	✘	-
WAYS OF THINKING:												
Universalism/Particularism (2)	✓	✓	✓	✓	-	✓	✓	✓	✘	-	-	-
Analytical/Integrational Thinking (2)	✓	✓	-	-	✓	✓	✓	✓	-	-	✓	✓
✓ Data from case company was congruent with the expectation generated from this values research ✘ Data from case company was in conflict with the expectation generated from this values research - No expectation generated from this values research <i>Authors:</i> (1) Hofstede, 1991 (2) Hampden Turner & Trompenaars, 1993 (3) House et al., 1998 (4) Alder et al., 1989 (5) Harpaz, 1990 (6) Laurent, 1983.												