Strategic Planning and Adaptation in the East Asian Context

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Abstract

The existing literature on strategic adaptation rests on a model with cultural assumptions about the nature of adaptive behavior, emphasizing low power distance values and antecedents, and the notion that adaptation is intrinsically a bottom-up process. In light of Asian organizations' presumed top-down management style, it must be asked whether these firms are predisposed to be non-adaptive, or if there is some other means, not represented by the current model, by which they adapt. This is necessary to achieve a more theoretically complete view of adaptation, without assuming the current model is intrinsically generalizable across the globe. A mixed methods approach was used for answering the research question of how (and if) Asian organizations plan for the future while adapting to the present. Qualitative research was conducted on 14 organizations, spanning 6 East Asian regions. The presumed "long-term orientation" of Asian firms was called into question during this process, and additional individual-level data was collected specifically on this subject.

This research makes several major contributions. First, an alternate "top-down" model of adaptation was uncovered, involving low autonomy of lower- and middle-level managers, but fluid communication from bottom to top, enabling informed but authoritarian adaptive decision-making exclusively at the behest of top management. Second, the existing literature on long-term orientation is probed for weaknesses in methodology and conceptual clarity, and for claims of applicability to the business sphere; improved methodology is designed, increasing conceptual specificity, and testing the time orientation of actual business behavior. Third, the qualitative study reveals 8 salient facts

about time orientation in East Asian businesses, providing a more in-depth understanding, the sum of which does not suggest a long-term timeframe. Fourth, the individual-level study shows a startling and precise consistency across cultures in economic trade-offs between present and future, suggesting such decisions are unaffected by cultural considerations.

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1. Introduction

This thesis reports the findings of a mixed methods investigation in answer to the research question of how (and if) East Asian firms plan for the future while adapting to the present. A qualitative study of 14 East Asian organizations spanning 6 East Asian regions (Taiwan, Thailand, Singapore, Hong Kong, Mainland China, and Cambodia) was conducted, as well as individual-level studies collecting data from East Asian and Western respondents from across the globe. A detailed explanation of the sampling rationale is provided in the methodology sections, after the reader has become acquainted with the theoretical concepts underlying each study's purpose. This introductory chapter sets up the rationale for the research as a whole, including a description of the existing literature on strategic adaptation, why East Asian firm behavior is not likely to be explained by this literature, and a justification for why the research question needs to be asked and answered. The chapter concludes with a description of the thesis' structure.

1.1 Rationale for the Research

1.1.1 "Intended" versus "Emergent" Strategy

The proper balance between a fixed long-term strategy and adapting to a rapidly changing environment has been an important topic in strategic management. "Intended" (aka: "deliberate") and "emergent" strategies are the terms which have been coined by strategic management scholars to describe the original strategy vs. the one developed in response to environmental stimuli. Mintzberg & Waters (1985) elaborated on this concept by describing eight different types of strategies (planned, entrepreneurial, ideological, umbrella, process, unconnected, consensus, and imposed) and describing where they fall

along the spectrum from deliberate to emergent. Usually the two ends of the spectrum have been studied in relative isolation from each other; however, Andersen and Nielsen (2009) proposed and supported an adaptive model where emergence fostered by autonomous and participatory strategy-making by lower and middle level management facilitates adaptive behavior; this, partially mediated by strategic planning, leads to higher performance outcomes.

This attempt to combine intended and emergent strategic actions rests on a model with cultural assumptions about the nature of adaptive behavior—as, in fact, does all of the literature on the subject, including Mintzberg's (1978, 1985) original elaborations of the terms. On the one hand, Mintzberg and Waters describe emergent strategy requiring management which is "open, flexible, and responsive, in other words, willing to learn" (Mintzberg & Waters, 1985, p.271). This may not be intrinsically incompatible with organizations in high power distance cultures. On the other hand, seemingly without noticing their own cultural assumptions, the authors in the same paragraph then make the inference that "where more deliberate strategies tend to emphasize central direction and hierarchy, the more emergent ones open the way for collective action and convergent behavior" (p.271).

The more closely one reads the preceding sentence, the more complex, and in fact, more confusing it becomes. The authors' use of the phrase "collective action" suggests that emergent strategy would be well-fostered in "collectivist" cultures. However, collectivism is a cultural dimension which only exists in cultures with high power distance, according to all cross-national studies (which makes sense, given that a "collective" (defined by Webster's Dictionary as "denoting a number of persons or things considered as one group

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or whole" (Merriam-Webster.com)) would presumably be immobilized without someone to direct it.) Therefore, "collective action" must be distinguished from "collective decision-making," the latter presumably the result of compromises enacted through individualists coming together and haggling out decisions, as in the case of governmental congresses and parliaments (the political products of Western "individualist" cultures). So it does not necessarily follow that a culture well-suited to collective action (e.g. all collectivist Asian societies) is a fecund environment for emergent strategy, which, as the authors note, requires individual initiative from lower and middle level managers.

Nonetheless, this may have merely been an unfortunate choice of words by the authors, since the gist of most of Mintzberg and Waters' (1985) analysis of the subject focuses on the individualistic initiatives and actions of lower- and mid-level managers, which they describe as necessary to drive emergent strategy. Andersen & Nielsen (2009) build on the same assumption. Therefore, once the tangle of the "collective" terminology is cleared through, the message is clear: The actions and initiative of lower and middle level managers drive emergent strategy, and adaptation is therefore a bottom-up process.

1.1.2 The Asian Enigma

If this is truly the case, then how do organizations in high power distance and collectivistic cultures adapt? Given the assumption that high power distance constrains the ability of those lower in the ranks to act on their own authority, then how does "emergent" strategy emerge? Are these organizations doomed to be purely driven by intended, non-adaptive strategies, unless they switch over to a Western model which emphasizes egalitarian and individualistic values which are incongruent with their own cultures? Or are

there other means of adaptation? This is a crucial point, because Andersen and Nielsen (2009) demonstrated that incorporating emergent strategy into the planning process results in better performance for firms. Thus, if adaptation requires egalitarianism and individualism, then organizations in high power distance, collectivistic cultures are intrinsically at a disadvantage, unless they are able to change their entire organizational cultures. And creating organizational change on that scale may create perils of its own, since Newman and Nolan (1996) found that organizations do not perform as well when they engage in management practices which are not a good cultural "fit."

This study addresses the research question of how (and if) Asian organizations plan for the future while adapting to the present. The issue needs to be addressed for a number of reasons: First, to discover if there is an intrinsic cultural limitation to Asian performance (in line with the view that cultures vary in their ability to economically compete, as expressed in *Culture Matters* (edited by Harrison & Huntington, 2000)). Second, to find out if there is a commonly used different, hierarchal method of adaptation not considered by Mintzberg and Waters (1985). Third, to discover if the advice given by Western scholars on planning and adaptation is relevant to the Asian context. Fourth, in the case that Asian organizations are not as adaptable--but that this seems to have little effect on (or perhaps even improves) their performance--to discover if perhaps either adaptation is over-valued in the West or that it is not as needed in the Asian region and comes at the expense of steadfastness to long-term objectives. And fifth, to find out if there is anything to learn in terms of best practices from the Asian way of planning and (non-) adaptation.

Two subtopics (and associated sub-research questions) within this research project are of particular importance:

1) As noted, the presumed high power distance in Asian cultures suggested either that Asian firms may not be as adaptable as Western firms, or that there may be some other means of adaptation not accounted for in the existing Western literature. Therefore, confirming that high power distance does in fact exist in Asian firms and that it constrains the autonomy of lower and middle level managers, as theory would suggest it should, was a necessary subtopic of investigation for this research. So a secondary research question was: Does high power distance exist in East Asian firms, and if so, how is this manifested in actual business practices relevant to strategic planning and adaptation?

2) The presumed "long-term orientation" of Asian firms might have had clear implications for their planning strategy, as well as for their flexibility or lack of flexibility in changing plans (i.e. adapting). As this thesis will demonstrate, the assumption of Asian firms' long-term orientation rests on some arguably non-rigorous research which deserves re-examination. Given the importance of timeframe on planning and adaptation, exploring the existence and consequences of East Asian time orientation on such practices was another crucial subtopic of this research project. Therefore, an additional secondary research question was: Does long-term orientation exist in East Asian firms, and if so, how is this manifested in actual business practices?

1.2 Structure of the Thesis

The rest of this thesis is structured as follows. Chapter 2 provides the literature review. Chapter 3 describes the methodologies and their justifications. Chapter 4 describes the results of the qualitative study directly related to strategic adaptation, while Chapter 5 describes the results of the qualitative study related to long-term orientation. Chapter 6

presents the results of the quantitative individual-level study on long-term orientation.

Finally, the conclusion, Chapter 7, provides a summary of findings and contributions,

discussion of limitations, future research, and final thoughts.

2. Literature Review

This chapter reviews the literature relevant to the research question of "How (and if) East Asian firms plan for the future while adapting to the present." Three main categories of literature are reviewed: 1) Strategic adaptation and East Asian firms, which looks both at general strategic adaptation literature and literature on East Asian firms with possible implications for adaptive practices; 2) Power Distance, which is relevant to the question of adaptation, given the assumption in the Western literature that adaptation is a bottom-up process; and 3) Long-Term Orientation, which relates to the "planning for the future" component of the research question.

2.1 Strategic Adaptation and East Asian Firms

This sections discusses the existing literature on strategic adaptation and relevant literature on East Asian firms, fleshing out the rationale for the research described in Chapter 1.

2.1.1 Implications of Adaptive Strategy Literature for East Asian Firms

As discussed in the first chapter, high power distance and the consequent presumed lack of autonomy for lower and middle level managers pose some interesting issues for our research question of how (and if) East Asian firms plan for the future while adapting to the present. To probe into this further, let us take a look at Andersen and Nielsen's (2009) adaptive strategy model, since it zeroes in on the aspect of Mintzberg's (1978, 1985) work which relates most directly to lower and middle level management autonomy.

The authors' model was supported using a sample of manufacturing companies culled from the Compustat database. The authors do not mention the nationality of the companies they surveyed; however, as there was no mention of translation issues in survey design, and they were able to follow up with phone calls (presumably in English), and the researchers were based in Denmark, it would be reasonable to assume that the majority of companies were based in the West, and therefore more likely to manifest values of (relatively) low power distance and high individualism. Their supported model looks like this:

Figure 1: Andersen and Nielsen's (2009) Adaptive Strategy Model

Participation

Strategic Planning

Adaptive Behavior

Performance
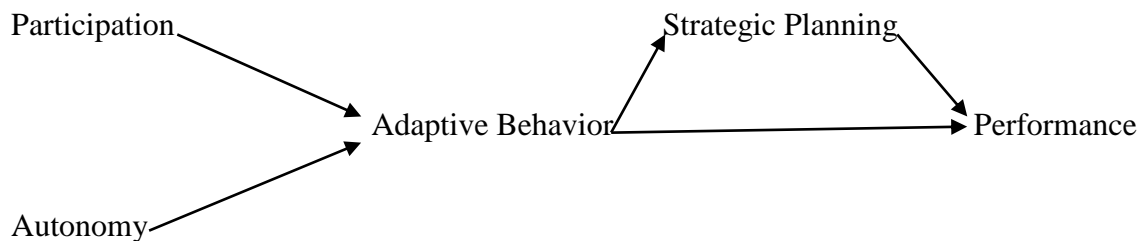
Autonomy

According to this model, adaptive behavior is created through autonomy and participation in strategic decisions by middle and lower management. Thus, middle and lower management are actually the drivers of strategy, and top level management's role is primarily to (partially) filter the decisions and actions of these managers through the broader corporate strategic plans (the intended strategy). As mentioned, this model may run counter to the cultural norms of many societies, because 1) Autonomy of lower and middle level managers may not be congruent with high power distance cultures, if managers in such cultures typically defer to the decisions of those above them, 2) Autonomy may be more valued and needed by members of individualistic societies, and may be something with which members of collectivistic societies are less comfortable

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(Ryan & Deci, 2006), and 3) Participation in corporate strategic planning by lower and middle level managers is something with which top, middle, and lower level managers in many societies may feel uncomfortable, if it has the effect of removing power distance.

If adaptation does indeed take place in Asian organizations, and assuming that high power distance would preclude (or at least reduce) decision-making autonomy from lower and middle level management, then only three possibilities for how this could come about seemed likely in advance of doing the research for this thesis, using deductive reasoning. First, top management may make strategic changes based on information from other top managers in its network (or possibly business group) (Haley & Tan, 1999) and/or rely on market research data (but Redding, 1990, casts doubt on this idea). None of these intrinsically involve granting their subordinates any decision-making power. Second, they may rely primarily on pure intuition (Redding, 1990). And third, they may regularly communicate with lower and middle level managers for the purpose of procuring information, but still withhold decision-making power for themselves (however, Worm (1997) and Redding (1990) both believe there is a severe lack of information flow in Chinese firms, which would make this difficult). It was thought that some combination of these three might also be possible.

In the case of the first two possibilities, that Asian managers only adapt based on these two sources of information (or "inspiration" in the case of the second one) Asian organizations may seem to be at a major disadvantage compared with Western firms. At least this would be the case if indeed environmental adaptation is as crucial to strong performance as Western scholars seem to think it is (Andersen & Nielsen, 2009). Not accessing any significant feedback from those closer to the "front lines" would seem to

severely limit the factual basis from which strategic adjustments might be made. In the case of the third possibility, if it were found that Asian firms are able to adapt based on information, but not autonomous action, from the bottom up, that would suggest that the adaptive strategy literature needs to be amended to account for an alternative adaptation style in the East.

In fact, there has not been any revision or significant expansion to the model of strategic adaptation which Mintzberg first developed back in 1978 and solidified in 1985. Andersen and Nielsen's (2009) model slightly refines it by emphasizing the important synergy created by the fusion of emergent with deliberate strategy. But although Mintzberg's 1978 article has been cited 3,940 times and his 1985 article 4,235 times; these citations represent their status as the definitive word on the subject of strategic adaptation, not an expansion, modification, or critique of their theory. Mintzberg's theoretical work is generally used as a reference for related but separate issues within strategy and organizational behavior, and occasionally economics. Examples of some of the most widely cited articles referencing Mintzberg's adaptive strategy theory are "The Resource-Based Theory of Competitive Advantage: Implications for Strategy Formulation" (Grant., 1991), "Clarifying the Entrepreneurial Orientation Construct and Linking it to Performance" (Lumpkin & Dess, 1996), and "The Firm as a Distributed Knowledge System: A Constructionist Approach" (Tsoukas, 1996). These are not articles which develop the idea of strategic adaptation, but rather reference Mintzberg's work in connection with related subjects. And Andersen and Nielsen's (2009) work, despite its slight building on Mintzberg's work, has garnered relatively limited attention thus far, with

39 citations since its publication. Thus Mintzberg remains the go-to reference on the subject of strategic adaptation.

2.1.2   The Existing Literature on Asian Organizations

In terms of estimating which among these three possibilities was most likely to be true, literature on different Asian countries seemed to suggest a possible sharp distinction between Japanese and Chinese-dominated nations. Lauenstein's (1985) study of strategic planning in Japan suggests the third possibility may dominate there. He describes regular communication among all levels of management, facilitated by the fact that all managers engage in a regular rotation through different job functions and levels early in their careers to familiarize themselves with all aspects of the company. Decision-making remains top down, but information among different levels and divisions is frequent and fluid. Planning is highly formalized with different voices sought at different stages of the regular, annual planning process. Other authors, most notably Fukuyama (1995), seem to support this view.

In contrast, the existing literature on firms in Chinese-dominated countries is baffling in its level of self-contradiction. For example, Yasdani et al. (2011) pay tribute to the strengths of Asian leadership, unfortunately paying little heed to whether their accolades are in opposition to each other (or other authors' accounts) in terms of theory. The authors state that Sinic upper management is "closed door." At the same time, they assure us that, "the objective of this type of bureaucracy is not control but ordering of the group, organizations and society…The Sinic corporate leaders have generally exhibited a sense of obligation and responsibility for the lives and emotions of their

subordinates…Bureaucracy is not used to control and dominate but to order and create discipline" (p.262). While no doubt the leaders of Chinese organizations, and particularly the Chinese government (who were recently caught in a series of egregious acts of financial nepotism, as documented in the New York Times (Barboza, 2012)) would be pleased with such an endorsement, it seems prudent for the conscientious researcher not necessarily to accept such claims at face value. This is especially true given that the authors, in the same paper that they present this "closed door" theory, offer this analysis: "The search for consensus and involving employees in both decision making and implementation is a hallmark of Sinic way of managing (sic)" (p.261). They state that Asian organizations are "participative" and "horizontal." This is contradicted both by their own aforementioned "closed door" analysis as well as by other anecdotal and case study evidence of the way Chinese-dominated hierarchal organizations are run. For example, in Worm's study of Chinese-Scandinavian joint ventures (1997), the author details how decision making in Chinese organizations is purely top-down and authoritarian, while responsibility is collective—creating an unfortunate situation where decision makers are not held accountable for their decisions, while middle managers are powerless and seek to avoid getting into trouble.

In general, the current literature seemed to render the possibility of option number three—Asian organizations adapt based on regular, fluid communication between different levels of management—unlikely in the case of Chinese-dominated firms. Without citing any specific research to confirm this, Haley and Tan (1999) nonetheless aver, seemingly anecdotally, that Chinese-dominated firms depend on a network of friends and government officials for information—a notion congruent with possibility number one, adaptation

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through an inter-organizational network of contacts. They also acknowledge the possible

severe limitations of such an approach. Redding (1990) and Worm (1997) both describe an

extreme lack of information flow from bottom to top. Redding also notes a lack of quality

market research information for the Asian region, thus fostering a purely "intuitive"

approach to decision-making from top management, congruent with the aforementioned

possibility number two. He also states, consistent with the notion of high power distance,

that virtually all decisions are made by top management.

The existing literature thus gave no conclusive view on how and if Chinese-

dominated organizations adapt. Whatever the method, it seemed unlikely to fall within the

conceptualization of adaptation as outlined by Mintzberg (1978, 1985) and taken as a

given by subsequent scholars.

2.1.3 Asian Adaptation

In order for the research to properly address the research question (How (and if)

East Asian firms plan for the future while adapting to the present), it needed to clarify the

theoretical muddle surrounding several conceptual issues related to this topic. The

literature on Asians in general suggests that they are extremely adaptive people. Pye's

chapter from *Culture Matters* (edited by Harrison and Huntington, 2000) describes how the

Chinese try to "make" their own luck, constantly scanning the environment for

opportunities to turn fortune in their favor. He writes that the "role of fortune makes for an

outward-looking and highly reality-oriented approach to life, not an introspective one"

(p.249). Perhaps this could lead to a *greater* adaptiveness for Asian organizations, but the

power distance, information flow, and top-down decision making suggested by the

literature on organizations suggested the opposite could occur as well. Individual adaptive inclinations may have had to be distinguished from adaptive organizational *practices*.

It was also considered that there may be a difference in terms of an organization's size, since, as Redding (1990) notes, Chinese firms are often able to adjust matters like their product offerings with amazing speed. He attributes this to their often small size and authoritarian, dictatorial structure, which increases efficiency. However, it seemed reasonable that such advantages may evaporate when it comes to larger organizations, since the very dictatorial approach which increases efficiency in a small company may be outweighed by communication problems and difficulty accessing important information from those are who are more connected to different parts of the organization and its external environment.

Although not addressing China, Hampden-Turner and Trompenaars (1993) describe United States organizations as "inner-directed," contrasting with, for example, Japan, which belongs to a group of nations that "can adapt fast to an environment changing before their eyes." They can do this, the authors claim, because they "keep their antennae tuned to the outside world" (p.49). Hampden-Turner and Trompenaars do not define this trait according to an East-West divide; Holland and Sweden, for example, are put into the same category as Japan. So it was not clear into which category Chinese-dominated organizations might be placed, especially given the structural issues already mentioned; nor whether the authors' claims would entirely hold up to a detailed analysis of the specifics of corporate decision-making processes in Asia.

2.1.4 Summary of Literature on Strategic Adaptation and East Asian Firms

The existing literature on strategic adaptation does not account for how firms in high power distance cultures may adapt, given the low power distance assumptions on which the literature is based. Meanwhile, the existing literature on East Asian firms is contradictory and confusing, providing little insight into how and if such firms adapt. We must also be careful not to assume that adaptive tendencies at the individual level translate into firm-level adaptation. The lack of consistent research on this subject will form part of the justification for conducting an inductive (albeit with some guesses about possibilities for modes of adaptation), qualitative study in Chapter 3. This section has also noted that there are theoretical reasons to suspect that small and large firms may adapt differently and/or to different degrees, and for this reason, including multiple sizes of firms in the sample was deemed necessary, as discussed in Chapter 3's qualitative methods section.

2.2 Power Distance

This section describes literature relevant to the subject of power distance and its theoretical importance for examining the topic of Asian firm adaptation.

2.2.1 The Existence of Power Distance in East Asia

In the course of conducting research on Asian organizational planning and adaptation, it was considered necessary to determine the unique conditions of strategic planning in the Asian context. As noted, two theoretical concepts in particular must be closely analyzed for their implications: power distance and long-term orientation. These are important in terms of their consequences for the planning and adaptation protocol.

Hofstede introduced the concept of power distance (Hofstede, 1980), and he defines it as "the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally…It suggest that a society's level of inequality is endorsed by the followers as much as by the leaders" (Geerthofstede.com). The last sentence is slightly problematic if taken literally. According to this definition, a society with an extremely egalitarian distribution of power would be considered high power distance if the followers endorsed the low level of inequality as much as the leaders did. However, we may reasonably assume that the definition is intended to describe endorsement of existing *high* inequality by followers, not endorsement of existing *low* inequality.

As discussed, power distance, and its associated endorsement of power distribution highly skewed toward the top may present issues about decision-making dispersal, information flow, and the source of environmental feedback. In terms of the prevalence of high power distance in Asian organizations, both the literature and anecdotal evidence strongly suggest its presence. As noted, Hofstede introduced the concept of power distance, and his country ratings remain the standard reference on the subject. He rates all East Asian countries as having high power distance. A dissonant voice has been raised by the GLOBE studies (House et al., 2004), which claim China, for example, to have no more power distance than western countries like Great Britain and the United States. In fact the "Anglican" group of countries is rated to have the highest power distance practices of any culture in the world. Nonetheless, it is worth noting that anecdotal evidence from anyone who has had the experience of working for both Asian and Western organizations would seem to cast serious doubt on this assertion. A methodological flaw seems likely to be that

direct questions were asked of people in each country to rate their organization's level of power distance. Since most of the respondents are unlikely to have had any experience working outside their own countries, it would be extremely difficult for them to rate either their organizations or their societies relative to others. Thus, Chinese employees might have perceived their organizations to be average in power distance relative to other companies they had worked for. And they likely had little basis for comparison in questions which asked them to rate the power distance of their societies as a whole. (This issue will be discussed further in the section on "Long-term Orientation," a subject for which it poses additional problems).

One of the more perverse results of this may be that black South Africans gave their society the lowest power distance rating in the world, second only to Denmark. South African whites felt power distance was much higher. One could attribute this to the idea that perhaps blacks were comparing power distance to earlier times. However, an additional confounding finding is that black South Africans professed to *value* power distance more than any other group of people in the world. Thus, they demonstrated the widest possible disconnect between their perception that they are living in a perfectly egalitarian society and their deep longing for a society with more power distance. One could speculate that they perhaps desire retribution in the form of a black-dominated, massively hierarchal society. But that should perhaps be left for experts in South African culture to discern. The important thing to note here is that the GLOBE (House et al., 2004) findings on power distance are conceptually bizarre and dissonant with other research findings. It was therefore assumed prior to conducting the research that Asian organizations and cultures are likely to have greater power distance than in the West,

consistent with Hofstede's (1980) measures. Nonetheless, an open mind was kept in the event that research demonstrated otherwise. In either case, the focus of the research was to determine how this power distance, if it exists, affects strategic planning and adaptation; or otherwise to demonstrate support for its nonexistence.

2.2.2 Rationale for Discussing Confucian Philosophy in Regard to Power Distance in Modern East Asian Organizations

The research conducted for this thesis focuses on business practices, and specifically on business practices in the modern world, rather than assuming that ancient value systems are manifested in current business behavior without evidence. If this thesis were a study of Western organizations, it would be unlikely to include much discussion of Ancient Greek philosophy—which was approximately contemporaneous with Confucius—despite the fact that there are undoubtedly many ways in which this ancient philosophy affects Western business, and certainly the institutions and culture surrounding it. Nonetheless, despite an unfortunate tendency in the international business literature to compare ancient Asian value systems with 21st century Western business practices as if these are symmetrical comparators (as will be discussed more in the section on "Long-Term Orientation"), some arguments can be made for having a discussion of Confucian philosophy.

First, although courses in ancient Greek philosophy are available at any reputable Western liberal arts university, it is possible for a student to graduate from university, and certainly from secondary school, without having any direct exposure to the subject. Indirectly, there is no escaping it: even the critical thinking approach Western students are

taught to use in evaluating their course materials, as well as the rhetorical devices for debating them (in evidence in this very paragraph for instance) have their roots in the ancient Greek tradition. Certainly the institutions, legal structure, governance, and moral foundations of Western society are steeped in this philosophical tradition. Nonetheless, East Asian students are still consciously and directly schooled in Confucian philosophy in a way many Westerners (arguably, regrettably) are not when it comes to Socrates, Aristotle, or Plato. Not surprisingly therefore, the subject of Confucian philosophy tends to come up much more in discussions about international business. It is top-of-mind in a way that Aristotle is not, even though it could be argued, for example, that the latter's philosophical perspective forms the very foundation of conducting inductive business research, just as Plato's forms the foundation of deductive studies.

Most importantly, Confucian philosophy should be discussed because this thesis is being submitted to a Western university, and many of the readers therefore may be unfamiliar with the philosophical background that East Asian readers are likely to bring to their understanding and interpretation of this study's results. This thesis makes no assumptions in advance that Confucian philosophy has any particular effect on East Asian business practices, but some understanding of Confucian thought is necessary in order to put the findings in proper context, whether they are congruent with Confucius's teachings or not. In particular, Confucius has a lot to say on subjects connected with hierarchy and, implicitly, power distance, so this background is helpful for a fuller understanding of how this study's results fit into the larger picture of East Asian culture.

2.2.3 Confucian Philosophy and Power Distance

Power distance's notion of the level of acceptance of unequal distribution of power perhaps has its most striking manifestation in ancient societies where certain humans were worshipped as gods. Puett (2002) examines this phenomenon in the Chinese context. He describes the evolution in early China from rituals which were believed to allow people to obtain qualities similar to those possessed by gods eventually to believing they had the power actually to become gods themselves. Power struggles ensued over the centuries between emperors believing themselves to be the only gods on earth and "self-divinization" movements where such claims were not believed to be the exclusive privilege of the emperors. As Puett notes, "the claims of autonomy that came to be associated with these movements were seen as highly dangerous…" (p.29), an interesting observation in light of the exploration of managerial autonomy which will form part of the basis of the qualitative study for this thesis.

This history in itself need not lead us to believe such practices paved the way for a disproportionate number of autocratic CEOs in modern East Asia. In the West, self-declared gods famously existed in the form of ancient Egyptian Pharaohs and as late as the Roman emperor Caligula's self-declaration of god status in the first century A.D. Nonetheless, this is an interesting background from which to view the writings of Confucius. Ancestor worship continues in East Asia to this day, as one may observe in the ceremonial offerings of food and "ghost money." And although as Puett (2002) describes, claims of actual self-divinization mostly died down by the end of the first century B.C., Chinese emperors and their followers continued to believe the emperor had the "mandate of Heaven," even if he was not an actual god, as late as the 19th century This led to a rather

condescending attitude to Western traders and heads of state in their early dealings with them, as they regarded trade attempts as "tributes" to the Emperor, which he in turn reciprocated by granting them gifts (Roberts, 2002).

As the Judeo-Christian tradition has emphasized a single, abstract divine power that is above human rulers, East Asia has been notably distinct in its exercise of worship to those within the human realm, even if these are humans and ghosts who are now deceased. Consequently, the continual tug-of-war in Europe throughout the last two millennia between secular rulers and those professing to represent God (in particular, the Pope) has not been a major feature of East Asian history, where the human rulers have not tended to be viewed as something distinct from or in conflict with spiritual matters. Therefore, challenges to human authority in the form of religion have been much rarer, since the two have not tended to be viewed in a dichotomous fashion (Roberts, 2003). In Confucius's writings, despite reference to Heaven and even God, his focus is on human behavior and its alignment with right principles; the repeated discussions of hierarchy, duty, and proper behavior are all described in terms of their applicability toward other humans, not toward God, even though it is presumed that such action is in alignment with Heaven. Additionally there is no equivalent concept in East Asian philosophical thought of an equalizing "Judgment Day," where all humans are treated as of equal rank before God, with their behavior judged irrespective of position or title.

Several major themes emerge in Confucius's writings of relevance to the subject of power distance. First is the assumption that humans do possess higher and lower (unequal) ranks and that this is appropriate, with different realms of responsibility and different protocols of appropriate behavior for each rank. This ranking system begins in the home,

and then continues out into the world: "The Master said: 'When a youth is at home, let him be filial, when abroad respectful to his elders…'" (Confucius ca. 500 B.C.; Analects, Book 1, Chapter 6).) "When Meng I Tzu asked what filial duty meant, the Master answered: 'It is not being disobedient'" (Analects, Book 2, Chapter 5). Confucius makes many references to ranking among people. One way he judges between the high and low is as follows: ""Confucius said: 'Those who have innate wisdom take highest rank; those who acquire it by study rank next. Those who learn despite natural limitations come next. But those who are of limited ability and yet will not learn, these form the lowest class of men'" (Analects, Book 16, Chapter 9)

Confucius emphasizes that different ranks of people are suited for different tasks and scopes of responsibility. "The Master said: 'A man of the higher type may not be distinguishable in minor responsibilities, but he can undertake great ones. An inferior man can not undertake great responsibilities, but may be distinguished in minor ones'" (Analects, Book 15, Chapter 33). One can see potential implications from this regarding management protocol. In terms of communication and decision-making authority, the following is instructive: "The Master said, 'He who does not occupy the office does not discuss its policy'" (Analects, Book 8, Chapter 14). Regarding inter-level communication, Confucius is quite specific: "Confucius said: 'There are three errors to be avoided when in the presence of a superior: To speak before being called upon, which may be termed forwardness; not to speak when called upon, which may be termed reticence; and to speak before noting his superior's expression, which may be called blindness'" (Analects, Book 16, Chapter 8).

Confucius emphasizes the importance of rank and adherence to behavior suitable to one's position. He never questions the appropriateness of having a top echelon extracting full obedience from those below, and he assumes that influence is a top-down process, with those above shaping the behavior of those below. However, a recurring theme is the duty of those at the top behave in a morally righteous manner. Without correct behavior from those above, they lose their entitlement to rule, and the lower ranks become disobedient. It would seem that high rank and obedience from others is something which must be earned. "The Master said, 'If a ruler is himself upright his people will do their duty without orders; but if he himself be not upright, although he may order they will not obey'" (Analects, Book 13, Chapter 6). Elsewhere, Confucius states, "Wealth and rank are what men desire but unless they be obtained in the right way, they are not to be possessed" (Analects, Book 4, Chapter 5). And more explicitly: "The Master said, 'One should not be concerned at lack of position; but should be concerned about what will fit him to occupy it. One should not be concerned at being unknown; he should seek to be worthy of being known'" (Analects, Book 4, Chapter 14). Without correct behavior, those at the top lose their entitlement to rule, opening the way for lower ranks to pursue a moral course which deviates from the path of the morally wayward ruler. "The Master said: 'He upon whom a Moral duty devolves should not give way even to his Master.' The Master said: 'The wise man is intelligently not blindly loyal'" (Analects, Book 15, Chapters 35-36).

In Confucius's vision, a properly functioning society consists of morally upright rulers whose correct behavior shapes the behavior of an obedient lower population:

> "Chi K'ang Tzu asked the opinion of Confucius on government and said, 'How would it do to execute the lawless for the good of the law-abiding?' 'What need, Sir, is there of capital punishment in your

administration?' responded Confucius. 'If your aspirations are for good, Sir, the people will be good. The moral character of those in high position is the breeze, the character of those below is the grass. When the grass has the breeze upon it, it assuredly bends'" (Analects, Book 12, Chapter 19).

And elsewhere: "The Master said: 'He who governs by his moral excellence may be compared to the Pole-star, which abides in its place, while all the stars bow towards it'" (Analects, Book 2, Chapter 1).

However, when a ruler deviates from the proper moral course, the system collapses:

"'Is there any one phrase,' [Duke Ting] asked, 'through which a country may be ruined?' 'No phrase can be expected to have such force as that," replied Confucius. 'But there is the popular saying, "I should have no gratification in being a Prince, unless none opposed my commands." If those are good, and no one opposes them, that surely is well. But if they are not good, and no one opposes them, may he not expect in that one phrase to ruin his country?" (Analects, Book 13, Chapter 15).

And even when the ruler does follow the right course, he must execute his actions in a manner which engenders respect.

"Though intellectually he has attained to it, and his moral character enables him to live up to it, if he does not control (them) with dignity, (the) people will not respect him. And though he has intellectually attained to it, and his moral character enables him to live up to it, and he controls with dignity, if he moves (the people) to action in an irregular manner, he is still lacking in excellence" (Analects, Book 15, Chapter 32).

And elsewhere: "Tzu Hsia said: 'The wise man obtains the people's confidence before imposing burdens on them, for without confidence they will think themselves oppressed" (Analects, Book 19, Chapter 10). Such confidence-building is a two-way street. Only when those in the lower ranks have the ruler's confidence may they actually venture a critique of his course: "[Tzu Hsia said 'The wise man] also obtains the confidence (of his Prince) before pointing out his errors, for before obtaining such confidence (his Prince) would

deem himself aspersed'" (Analects, Book 19, Chapter 10). The delicacy of obtaining

confidence and respect in human relations is a very intricate theme in Confucius's

worldview, and is even expressed with some humor in the following observation: "The

Master said: 'Of all people, maids and servants are hardest to keep in your house. If you

are friendly with them, they lose their deference; if you are reserved with them they resent

it'" (Analects, Book 17, Chapter 25).

So one can see the system advocated by Confucius is not one of blind obedience. It

is a highly structured system, with clearly marked ranks, and obedience expected from

those below, contingent upon proper behavior from those above—and with constant

attention paid to engendering respect and goodwill through careful and appropriate

communication, based on one's rank. At the heart of it all is a family-like system, where

the proper behavior within the family is then metaphorically extended out into the larger

society, including the governance structure. And just as filial duty is the highest virtue

within the family, so it is with the larger society:

> "Someone addressing Confucius with the remark, 'Why, sir, are you
> not in the public service?' The Master answered, "Does not the
> Book of History say concerning filial duty, 'But one's duty as a son
> and friendliness to one's brethren are shewn forth in the public
> service'? These then are also public service. Why should that idea of
> yours be considered as constituting public service?'" (Analects,
> Book 2, Chapter 21).

We see here a blurring of the line between the family and the state, between the home and

the larger society. The following articulates the notion of filial duty as the bedrock of an

ordered society as well as of an ethical life:

> "The philosopher Yu said: 'He who lives a filial and respectful life,
> yet who is disposed to give offense to those above him is rare; and
> there has never been anyone indisposed to offend those above him

who yet has been fond of creating disorder. The true philosopher
devotes himself to the fundamental for when that has been
established right courses naturally evolve; and are not filial devotion
and respect for elders the very foundation of an unselfish life?'"
(Analects, Book 1, Chapter 2).

The metaphor of the family is useful for understanding the organizational structure

of the society which Confucius advocates. Children are expected to be obedient, but a line

must be drawn with abusive parents and those who fail to set an appropriate example for

their children. The link between family and society is made most explicit in the *Xiao Jing*

or *Classic of Filial Piety*. This book recounts conversations between Confucius and his

disciple, Zengzi, on the subject of filial piety. It was written in approximately 400 B.C. of

unknown authorship, possibly by disciples in the school of Zengzi, who wrote down what

Zengzi said as he repeated his conversations with Confucius to them (Legge, 1899). In

these conversations we find the notion of filial piety extended across society as a whole.

For example, with regard to governance:

"The Master said, 'The filial piety with which the superior man
serves his parents may be transferred as loyalty to the ruler; the
fraternal duty with which he serves his elder brother may be
transferred as submissive deference to elders; his regulation of his
family may be transferred as good government in any official
position. Therefore when his conduct is thus successful in his inner
(private) circle, his name will be established (and transmitted) to
future generations'" (Unknown author, ca. 400 B.C., *Xiao Jing*,
Chapter 14).

Confucius goes through the ranks of all humans, from the top (the "Son of Heaven"

or Emperor), down to Princes, High Ministers and Great Officers, Inferior Officers, and

finally the "common people." He demonstrates how on every level, filial duty determines

correct conduct. At the top, regarding the Son of Heaven:

"He who loves his parents will not dare (to incur the risk of) being
hated by any man, and he who reveres his parents will not dare (to

incur the risk of) being contemned by any man. When the love and reverence (of the Son of Heaven) are thus carried to the utmost in the service of his parents, the lessons of his virtue affect all the people, and he becomes a pattern to (all within) the four seas:--this is the filial piety of the Son of Heaven" (*Xiao Jing*, Chapter 2).

Further down the ranks, for the inferior officers:

"As they serve their fathers, so they serve their mothers, and they love them equally. As they serve their fathers, so they serve their rulers, and they reverence them equally. Hence love is what is chiefly rendered to the mother, and reverence is what is chiefly rendered to the ruler, while both these things are given to the father. Therefore when they serve their ruler with filial piety they are loyal; when they serve their superiors with reverence they are obedient" (*Xiao Jing*, Chapter 5).

Going through each rank in this fashion, Confucius concludes, "Therefore from the Son of Heaven down to the common people, there never has been one whose filial piety was without its beginning and end on whom calamity did not come" (*Xiao Jing*, Chapter 6).

When Confucius refers to the "beginning" and "end" of filial piety he has something quite specific in mind:

"Our bodies—to every hair and bit of skin—are received by us from our parents, and we must not presume to injure or wound them:--this is the beginning of filial piety. When we have established our character by the practice of the (filial) course, so as to make our name famous in future ages, and thereby glorify our parents:--this is the end of filial piety. It commences with the service of parents; it proceeds to the service of the ruler; and it is completed by the establishment of the character" (*Xiao Jing*, Chapter 1).

It is difficult to overestimate the importance of filial duty in Confucian philosophy.

Confucius refers to it as an "all-embracing rule of conduct," and the "root of (all) virtue, and (the stem) out of which grows (all moral) teaching" (*Xiao Jing*, Chapter 1). He refers to an older time when "by the practice of [filial piety] the people were brought to live in peace and harmony, and there was no ill-will between superiors and inferiors" (*Xiao Jing*, Chapter 1). This principle, subject as previously mentioned to the correct behavior of those

at the top, should bring complete authority to the ruler; otherwise chaos will ensue. "When constraint is put upon a ruler, that is the disowning of his superiority; when the authority of the sages is disallowed, that is the disowning of (all) law; when filial piety is put aside, that is the disowning of the principle of affection. These (three things) pave the way to anarchy" (*Xiao Jing*, Chapter 11).

Confucius ultimately distills the foundation of filial piety to the exercise of "reverence." In the Analects it states "When Tzu Yu asked the meaning of filial piety, the Master said, 'The filial piety of the present day merely means to feed one's parents; but even one's dogs and horses all get their food; without reverence, wherein lies the difference?'" (Analects, Book 2, Chapter 7). Confucius expands on this idea in *Xiao Jing*:

> "The Rules of Propriety are simply (the development of) the
> principles of Reverence. Therefore the reverence paid to a father
> makes (all) sons pleased; the reverence paid to an elder brother
> makes (all) younger brothers pleased; the reverence paid to a ruler
> makes (all) subjects pleased. The reverence paid to one man makes
> thousands and myriads of men pleased. The reverence is paid to a
> few, and the pleasure extends to many;--this is what is meant by an
> 'All-embracing Rule of Conduct'" (*Xiao Jing*, Chapter 12).

In Confucius's description of reverence, we see once again see the notion of God-like status of humans on Earth. He states, "In filial piety there is nothing greater than the reverential awe of one's father. In the reverential awe shown to one's father there is nothing greater than the making him the correlate of Heaven" (*Xiao Jing*, Chapter 9).

Again, it must be remembered that the complete and almost God-like authority bestowed to the leader is contingent upon proper conduct. Confucius also emphasizes that subordinates must be treated with respect. "The Master said, 'Anciently, when the intelligent kings by means of filial piety ruled all under heaven, they did not dare to receive

with disrespect the ministers of small states; how much less would they do so to the dukes, marquises, counts, and barons!'" (*Xiao Jing*, Chapter 8). This etiquette extends down the line: "The rulers of states did not dare to slight wifeless men and widows;--how much less would they slight their officers and the people!" And the heads of clans "did not dare to slight their servants and concubines;--how much less would they slight their wives and sons!" The result of this respectful treatment toward children and subordinates was reverence toward parents and rulers which Confucius describes as the core of filial piety. "In such a state of things, while alive, parents reposed (in the glory of) their sons; and, when sacrificed to, their disembodied spirits enjoyed their offerings. Therefore all under heaven peace and harmony prevailed [sic]; disasters and calamities did not occur; misfortunes and rebellions did not arise." Confucius concludes this description by quoting a Chinese poem: "To an upright virtuous conduct / All in the four quarters of the state render obedient homage" (*Xiao Jing*, Chapter 8).

Of particular relevance to the subject of strategic adaptation, and how this seemingly high power distance structure may or may not affect lines of communication and feedback from subordinates, is the following intriguing quote:

> "The disciple [Zengzi] said, 'I have heard your instructions on the affection of love, on respect and reverence, on giving repose to (the minds of) our parents, and on making our names famous;--I would venture to ask if (simple) obedience to the orders of one's father can be pronounced filial piety.' The Master replied, 'What words are these! what [sic] words are these! Anciently, if the Son of Heaven had seven ministers who would remonstrate with him, although he had not right methods of government, he would not lose his possession of the kingdom; if the prince of a state had five such ministers, though his measures might be equally wrong, he would not lose his state; if a great officer had three, he would not, in a similar case, lose (the headship of) his clan; if an inferior officer had a friend who would remonstrate with him, a good name would not

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cease to be connected with his character; and the father who had a son that would remonstrate with him would not sink into the gulf of unrighteous deeds. Therefore when a case of unrighteous conduct is concerned, a son must by no means keep from remonstrating with his father, nor a minister from remonstrating with his ruler. Hence, since remonstrance is required in the case of unrighteous conduct, how can (simple) obedience to the orders of a father be accounted filial piety?'" (*Xiao Jing*, Chapter 15).

This quote serves as an interesting contrast with the previously-mentioned statement made by Confucius in the Analects: 'He who does not occupy the office does not discuss its policy'" (Analects, Book 8, Chapter 14). Perhaps we may gather that the latter statement is applicable when the leader is following the right course, but not when he has deviated from it. As in other aspects of leadership, the ruler forfeits the rights of usual obedient conduct from subordinates when he has failed to earn it. In such a case, usual protocol must be abandoned in order to ensure the survival of the existing order. From an organizational standpoint, it suggests at least that when an organization is on the brink of disaster, subordinates must remonstrate with their leaders. Whether they should do so in less serious conditions, and the judgment of what would constitute a sufficiently serious condition to do so, would seem to remain a grayer question.

2.2.4 Conclusion and Summary of Literature Relevant to Power Distance

This section has introduced the concept of power distance, and Hofstede's assertion that Asian countries exhibit higher power distance than Western countries. The dissenting voice of the Globe studies was discussed, and the notion that its methodology is likely to be flawed, given that it expected its respondents to be able to compare the power distance of their own countries and organizations with those in other nations with which they were less (or un-)familiar. Justifications for discussing Confucian philosophy in regard to this subject were offered, including the still-current teaching of Confucius in modern East Asia,

the extensive implications for power distance in Confucius's writings, and the likely unfamiliarity with Confucian philosophy by Western readers of this thesis.

Confucius endorses several ideas in his writings which are relevant to the subject of power distance. He supports the notion of clear ranks among the population, with different behaviors and protocols required for each rank. He sees filial duty as the foundation of society and of all moral behavior, and views society and government as an extension of the hierarchal Chinese family, with leaders taking the role of fathers and subordinates assuming the role of children. He believes leaders must follow proper moral conduct, in alignment with Heaven, and that as long as they do so, no constraints should be put on their authority, and obedience from subordinates should be total. When leaders deviate from the right course, subordinates should remonstrate with them; failure to do so may result in the collapse of the social order.

If modern East Asian organizations follow the Confucian model, this section suggests they would be extremely high power distance organizations. Authority from top management would be total, provided they followed a course which was deemed "right"; otherwise subordinates would become disobedient and would be obligated under Confucian principles to remonstrate with them. The matter of determining when leaders have deviated from the "right" course, and how bad things have to get before a subordinate should express disagreement with top management decisions is a grayer area. Nonetheless, despite the preceding, no assumption was made that Confucian philosophy is predictive of modern East Asian Business practices, barring evidence from this thesis' study to the contrary. Rather, this section has provided an historical and philosophical background in order to provide context within which to observe the results of this thesis' research.

2.3 Long-Term Orientation

This section presents a review and analysis of the literature on long-term orientation. Weaknesses in the existing literature suggest that long-term orientation in Asian firms should not be treated as a given, and that research needs to be conducted to determine what effect time orientation (either long- or short-term) has on East Asian business practices regarding strategy and adaptation.

2.3.1 Long-Term Orientation and Strategic Planning and Adaptation

As will be demonstrated, long-term orientation is a thornier issue than power distance, in that it needs to be investigated both for its effects on strategy and to discover to what extent it actually exists in Asian organizational culture. It has for some time been accepted as a given among most international business scholars that Asian organizations are more long-term oriented than those in the West, but an investigation of the literature reveals this as an assumption resting on shaky ground. If we take apart the phrase "long-term oriented," we see that the relevant definition of the verb "to orient" is "To direct (someone) toward a goal" (Merriam-Webster.com). We may therefore literally take "long-term oriented" to mean "directed toward a long-term goal". However, as we will see, when it comes to actual business practices, people interpret the phrase in a variety of ways, which creates a lack of clarity in understanding what it means to say a firm is long-term oriented. In any case, if Asian organizations are indeed more long-term oriented as it applies to this definition, then that would make the study of how and if they adjust their long-term goals in light of current environmental factors particularly important. A short-term oriented firm will, by definition, be focused on present circumstances—and possibly

past protocol--since it will not even have a long-term goal toward which to work. In fact, evidence suggests that future-orientation may be positively correlated with past-orientation (Larwood et al., 1995), presumably since both perspectives take the long view. So short-term oriented firms are unlikely to have anything else to focus on than the current environment. But for a long-term oriented firm, any adjustment in response to the present may require a trade-off with the future. So if Asian firms are indeed more long-term oriented, that has implications for how and if they adjust their strategic plans.

Considering the importance of this topic, and the conceptual and methodological confusion surrounding it, it is worth giving a detailed analysis of the extant literature to determine how we may best conceptualize and measure the dimension at the organizational level.

2.3.2 Hofstede's Long-Term Orientation

The late Oxford historian J.M. Roberts once wrote the following, in regard to the seemingly inexorable spread of European civilization:

> "The essence of the civilization Europe was exporting to the rest of the world lay in ideas…there grew up a confidence that scientific knowledge used in accordance with utilitarian criteria would make possible limitless progress…In the middle of the eighteenth century most people in the world…could still believe that history would go on much as it had always done. The weight of the past was everywhere enormous and often it was immovable…yet even in the eighteenth century, the consciousness of historical change was spreading among thinking Europeans. In the next century and a half change was to come thick and fast almost everywhere and to ignore the fact was to be very hard if not impossible. By 1900 it was obvious that in Europe and the European world of settlement it had irreversibly cut off much of the traditional past. A fundamentally progressive view of history became more widely shared. If never unquestioned, the myth of progress more and more gave meaning to events" (Roberts, 2002, pp. 674, 697).

In light of the foregoing, Hofstede's long-term orientation (LTO) dimension, first introduced in a widely-cited 1988 paper and still the standard on the subject of cross-cultural business time orientation, may come as a surprise to those outside of the international business field. Western culture, described above as having founded "a fundamentally progressive view of history" and having initiated changes which "irreversibly cut off much of the traditional past" (Roberts, 2002, p 697), is found by Hofstede to be "short-term," marked by "respect for traditions,""saving face," (Hofstede & Hofstede, 1991, pp.209-210) and humility "for women only" (p.217). Hofstede contrasts these values with China's, which he states are less tradition-oriented; the Chinese, and all East Asian societies, keep their eyes focused on the future. These are places relatively unconcerned with saving face, where exchanging gifts is less prevalent, where humility is a longstanding gender-equal proposition, and where "long-term orientation" is the norm. Most of these findings have been roundly ignored, no doubt due to their counter-intuitive nature—but the "long-term orientation" trait has been cherry-picked and isolated from the rest, and now forms the bedrock of thought on business time orientation. Hofstede declares that this deep-seated cultural proclivity is responsible for Asia's economic growth during the 1980s and early 1990s, and in fact states that he has proven this to be the case (p.223). Although less than 30 years old, this dimension has very quickly assumed canonical status, and most research referencing it takes its existence in East Asian business as a given.

A possible explanation for this sudden and relatively unquestioned acceptance of Hofstede's theory is that pieces of it seem to resonate with word-of-mouth about differences between Eastern and Western organizations. American companies in particular have become notorious in recent years for focusing only on the next quarterly statement,

and Japanese companies are famous for their lifetime employment system. The fact that American organizations may differ from their German counterparts—and that Japanese companies may differ from their Chinese counterparts—does not necessarily intrinsically discredit this general notion. Neither—necessarily—do other nuances: such as the fact that American companies' focus on short-term earnings has not been a constant, but rather an increasing trend, the fact that the Japanese lifetime employment system was a recent 20th century phenomenon and has shown increasing signs of weakening (Fukuyama, 1995), or the notion that a lifetime employment system may or may not have anything to do with a long-term orientation when it comes to other organizational matters, such as strategic planning. But these facts should give us pause.

Perhaps what is most jarring in Hofstede's analysis is the juxtaposition of seemingly incongruent phenomena on the same pole of his time orientation scale (e.g. "short-term orientation" with "saving face"). More peculiar is the lack of face validity of the findings themselves. Asians are renowned for being a face-saving culture as well as one with deeply engrained traditions; and Western culture is commonly perceived as so forward-looking that visitors to Asia may tell you the term "Westernization" has become almost synonymous with the term "modernization" in that region of the globe—a fact perhaps confusing and exasperating to proponents of traditional Western values who would prefer not conflate a traditional Western worldview with modernizing trends which they may consider an entirely separate matter. In either case, the fact that Hofstede reverses these commonly held views begs a close analysis of his methods.

2.3.3 Hofstede's Methods

The bedrock of the research on long-term orientation clearly lies with Hofstede, who remains the dominant figure in the area of cross-cultural business studies, despite many exceptionally well argued papers disputing his findings, the most notable perhaps being the GLOBE studies (House et al., 2004). Hofstede, in turn, has offered incisive critiques of GLOBE (Hofstede, 2006). Critiques of his latterly added long-term orientation fifth dimension, however, have been minimal. Articles referencing the subject often list it along with his other four cultural dimensions, without noting that the methodology used was entirely different than that for the other dimensions, which were derived from a well-known IBM survey. It seems in some ways therefore to have escaped even the vetting and post facto critiques that were given to the other dimensions, having from the very beginning been accepted as an integral part of Hofstede's canonical work. Kirkman et al.'s (2006) "A Quarter Century of *Culture's Consequences*: A Review of Empirical Research Incorporating Hofstede's Cultural Values Framework," for example, provides an overview of just how vast has been Hofstede's influence on a huge range of business topics on all levels of analysis; long-term orientation is included as an equal partner in this article (albeit with comparatively much less discussion) alongside the other four dimensions.

Interestingly, Hofstede himself temporarily removed the fifth dimension from his website, replacing it with something called "Normative versus Pragmatic," and then put it back again. But his current website definition maintains the same concepts as what he originally described 27 years ago: "Long-term oriented societies foster pragmatic virtues oriented towards future rewards, in particular saving, persistence, and adapting to changing circumstances. Short-term oriented societies foster virtues related to the past and present

such as national pride, respect for tradition, preservation of 'face,' and fulfilling social obligations" (Geerthofstede.com). He has also added a sixth dimension called "Indulgence versus Restraint": "Indulgence stands for a society that allows relatively free gratification of basic and natural human drives related to enjoying life and having fun. Restraint stands for a society that suppresses gratification of needs and regulates it by means of strict social norms" (Geerthofstede.com). The potential overlap between the fifth and sixth dimensions in relation to delayed gratification (or "future rewards" in the terminology of his fifth dimension definition) raises questions about the relationship between the two. And since Hofstede states that short-term oriented societies have greater respect for tradition and fulfilling social obligations, one may wonder therefore if they must also be societies which exercise greater "restraint," since according to the sixth dimension, such societies "suppress gratification…by means of strict social norms." We would be left, interestingly, with a vision of short-term oriented societies exhibiting restraint and long-term oriented societies exhibiting indulgence. While it is perhaps unwise to draw conclusions from information on a website, what is not in doubt is that none of these developments have had any effect on the popularity of Hofstede's original research on and concept of long-term orientation; the original paper (Hofstede & Bond, 1988) has been cited about an additional 1,000 times since work began on this thesis, and an additional 3 times since yesterday.

Hofstede's concept of long-term orientation (originally entitled "Confucian Dynamism") is detailed extensively in his *Cultures and Organizations* book (1991). He extends the arguments from that book in many articles. However the original publication of this cultural "fifth dimension" appears in "The Confucius Connection: From Cultural Roots to Economic Growth" (Hofstede & Bond, 1988). Hofstede based his findings on a

Chinese Value Survey (CVS) which was created by asking Chinese social scientists to write up a list of "basic values for Chinese people" (p.15). The survey was then administered to 100 students, 50 male and 50 female, from a range of academic disciplines, in each of 22 countries across all 5 continents. The students were asked to rank the cultural values in order from most to least important to them. Students from Asian countries, on average, ranked values associated with long-term orientation higher than they did other values, like respect for tradition and saving face. The reverse was true for students from Western nations. No direct comparison was made between the long-term orientations of students from the different cultures—only the relative rankings of values by students within each culture.

It can be argued that the assumptions which have subsequently been made about Asian organizations' long-term orientation, as well as about other metrics, as a result of this research (which as of this date has been cited 3,711 times) do not appear to be justified by the study itself. To begin, the sample consists entirely of students—this is not an analysis of organizational behavior, not a personal evaluation of corporate leaders, nor even a survey of predominantly business students. The transferability of this data to the organizational setting would seem to be questionable. Second, as noted, the rankings are relative; if Asians think that long term orientation is more important than saving face, that does not tell us about the absolute strength of either. Both may be rated higher or lower than the absolute ratings by Westerners. Third, the face validity is counter-intuitive enough that the findings require a convincing explanation, or at least a hypothesis, as to how they could have come out as they did. A construct which rates Asians as being less concerned with face saving, traditions, and reciprocal exchanges of gifts than Westerners needs air-

tight methodological validity in order to be persuasive. Fourth, as subsequent authors have noted, there is no conceptual basis for assuming that future orientation is opposite to past-orientation. Someone who takes the long view of the future may also be informed by the long view of the past.

Hofstede makes additional connections and extrapolations from this study that also invite some level of skepticism. He mentions, for example, that in keeping with the long-term orientation of Asian cultures, "Conspicuous consumption is taboo" (Hofstede & Bond, 1988, p.8). Marketers to the East Asian region, as well as tourists to Shanghai or Bangkok, might find it difficult to reconcile this assertion with the evidence of their own eyes. Some explanation for this inconsistency would make the conclusion more persuasive. Hofstede also states that long-term orientation is responsible for Asian nations' rapid economic growth in the 1980s (stating in *Cultures and Organizations* (1991) that he has "proven" it (p.223)). He cites as evidence the fact that there is a positive correlation at the time of his writing (1991) between long-term orientation (i.e. Asian countries) and national economic growth. The unfortunate flaw in this logic is that one reason Asian countries were able to grow so fast in the 1980s is they were starting from so far behind. This growth lasted until the late 1990s, predictably followed by recession. To date, they have not surpassed the most affluent Western countries. More importantly, this theory disregards hundreds of years of Western growth, focusing instead on a single decade, and concludes that a deep-rooted cultural proclivity is responsible for it.

A final flaw of note is one that it is in some ways surprising Hofstede did not address himself. In "What Goals Do Business Leaders Pursue: A Study in Fifteen Countries" (Hofstede et al., 2002, p.788), he warns against confusing what organizational

leaders say with what they actually do. There seems no reason why this should not also apply to a survey of students. Since Hofstede has made the claim that the results of this student survey offer proof as to why the Asian economy boomed in the '80s and early '90s, he is implicitly making a direct connection between reports of student values with deeds, something which he warns against in *Culture's Consequences* (1980): "Values should never be equated with deeds" (p.20). But if Asian values are responsible for this economic growth, it could only be via such deeds (also known as actions or *practices*). The *GLOBE* studies (House et al., 2004) show that long-term orientation is an admired value in every culture; but there are differences between cultures in whether or not this value is practiced. In fact GLOBE found a negative .4 correlation between a country's long-term values and its long-term practices (or its perception of its practices relative to other cultures—a thorny issue Hofstede rightly questions and which will be revisited later). Respondents who rated their countries as more short-term oriented in practice on average professed to value long-term orientation more than those from other countries did.

A great example of this conceptual flaw is Hofstede's uncertainty avoidance dimension, where Singapore is rated the *least* uncertainty avoiding of all countries. (Hofstede, 1980). This is hardly surprising, given the degree to which the government has removed uncertainty from its population's lives. Singapore is widely considered one of the most micro-managed country in the world, where even the uncertainties associated with where to dispose of a fully chewed piece of gum have been eradicated through gum's outlawing. The fact that the citizens do not fear uncertainty is not quite the same thing as stating that Singaporean society does not, in practice, strive to eliminate it.

To give some idea of the scope of influence of Hofstede's study on long-term orientation, and the degree to which it has been left unquestioned and taken as a given in the international business field, the following may be instructive. As noted, the article has been cited 3,711 times. A search of citations on Google Scholar displays the top ten most cited publications which reference this Hofstede article. Most of these are books. They are intended for management students and the general public. At the top is the book *Organizational Culture and Leadership* by Schein (2010 edition), which has been cited 24,404 times. These of course are just citations, not sales figures. The blurb on Amazon.com states that it is "regarded as one of the most influential management books of all time." It is now in its fourth edition. Next on the list is Hofstede's own book, *Cultures and Organizations* (1991), cited 24,819 times. The rest of the books on this page bear the titles: *Individualism and Collectivism* (Triandis, 1995), *Organizational Culture and Leadership*, again (the 2004 edition), *Management and Organisational Behaviour* (Mullins, 2007 edition), and *Strategy and Human Resource Management* (Boxall & Purcell, 2003). Most of these are clearly intended for the general management student, and the least popular of them has been cited 1,847 times.

Continuing down the list to review the top 100 cited articles, we find only one that is actually about long-term orientation (Fang's "A Critique of Hofstede's Fifth National Culture Dimension (2003), to be discussed later in this section). The rest are about other subjects, with long-term orientation taken as a given, usually described in the literature review--or about management or business in general. The articles have titles like "Management Control Systems Design within its Organizational Context: Findings from Contingency-Based Research and Directions for the Future" (Chenhall, 2003) (LTO is in

the literature review; article sited 1,964 times); "Internal Capabilities, External Networks, and Performance: A Study on Technology-Based Ventures" (Lee, C., Lee K. and Pennings, 2001) (LTO is in limitations; they researched Korean firms which are high in LTO so they may not be transferable to low LTO countries; article sited 1,497 times) and "Review: A Review of Culture in Information Systems: Toward a Theory of Information Technology Culture Conflict" (Leidner & Kayworth, 2006) (LTO and Hofstede and Bond are in the literature review section in a chart: "Being comfortable with sacrificing now for long-term benefit (long-term orientation) or more focused on immediate results (short-term orientation)" (p.361); article cited 852 times). In other words, long-term orientation appears not to be a living, breathing concept, open for discussion, critique, improvement, evolution or debate. From the get-go, it appears to have been granted canonical status, and is therefore not in need of articles about it—only thousands of references in books and articles on related subjects and management and culture in general, where it is treated as a given.

Other Hofstede articles beyond this first one on long-term orientation repeat some of the same themes while contributing some additional problems. In "Business Goals and Corporate Governance" (2004) he analyzes the differing goals of business leaders according to culture. He justifies using a sample of international MBA students in Hong Kong by explaining that statements from the leaders themselves should not be taken at face value, given the impulse to give "socially acceptable answers" (p.293). It is unfortunate nonetheless that he treated the answers of the students with such uncritical credulity. Given its hierarchical culture, as well as its well-known censorship and propagandist initiatives, it may be unsurprising that mainland Chinese students gave their business leaders the most

unqualified moral endorsements. It was demonstrated recently that citizens of mainland China have the highest self-approval rating of any nation on earth, with 81% rating the influence of their country on the rest of the world favorably and only 8% dissenting (GlobeScan/PIPA, 2010). In keeping with this worldview, Hofstede finds that mainland Chinese students believe their business leaders to be most motivated by respecting ethical norms, responsibility toward society, and profits 10 years from now. Westerners, and to some extent other Asian nations, took a more cynical view of their own countries' leaders. Hofstede therefore concludes that mainland Chinese leaders are the most motivated by "noble goals" (p.298). They score highest on long-term orientation.

"Asian Management in the 21st Century" (Hofstede, 2007) repeats the same claims about Asia's greater long-term orientation, citing his Hong Kong MBA student study. But it makes the important additional statement that, "Cultural values differ among societies, but within a society they are remarkably stable over time. This is why I claim that management, which is part of culture, differs among societies but within societies is stable over time" (p.413). He offers a specific example a few pages later. "…While affluence increases individualism, it does not make Asian countries as individualist as Western countries. Western countries already were more individualist when they still were quite poor themselves. So increasing affluence will reduce but not eliminate the difference between Asia and the West in this respect" (p.417). His evidence for this theory is two novels, one Chinese and one Russian, from the 18th and 19th centuries respectively. He notes that there are economic differences between cultures today and that these novels demonstrate there were also economic differences between cultures in the 18th and 19th centuries. This would seem to call for a more robust analysis of the stability of cultural

values over time. Striking cultural changes, including the mass entry of Chinese women into the workforce in a single generation, or for that matter the escalating divorce rate, do not particularly suggest a culture which is frozen in time. For that reason, caution should be exercised in assuming past values equal present values; and in measuring long-term orientation, care should be taken to compare modern Asia with the modern West. The tendency in cross-cultural research to dismiss as a "Westernizing" influence (and therefore not relevant to the study of Asian culture) practices and values in modern Asia which do not correlate with those presumed to exist in 19th century Asia, could be problematic. By most historical accounts, for example, the West is also entirely different than it was in the 19th century, yet researchers tend not to declare "modern" Western traits irrelevant to the study of Western culture.

Finally, Fang in his "A Critique of Hofstede's Fifth National Culture Dimension" (2003) makes some interesting points about *conceptual* weaknesses in Hofstede's measurement approach, which should be considered. He argues that Confucius's teachings, on which Hofstede's long-term orientation dimension is based, is not intended to be measured on a bipolar sliding scale. Long-term orientation and short-term orientation are the "yin" and the "yang" of Chinese culture—Confucius taught that each of these is in all of us. The other metrics, such as face saving, thrift, reciprocation of gifts, past and present focus, all exist together. They are not meant to be polarized, with some cultures being assigned one group of traits, and other cultures being assigned the others. While one could argue that Fang's conceptual criticism is irrelevant to the process of measurement, he argues persuasively that it is appropriate to judge the fifth dimension according to its congruence with Confucius's teachings, since Hofstede directly based his construct on

Confucian principles. Fang's critique may help to explain why the outcome of Hofstede's research on this subject may appear to be somewhat conceptually bizarre, grouping and separating as it does many distinct variables in what might appear to be a rather haphazard fashion.

In summary, Hofstede's research, which remains the standard on the subject of long-term orientation, is problematic. The main flaws may be distilled to these 6 issues: 1) Its failure to measure the absolute value of the long-term orientation dimension across cultures, only the professed value relative to other values among people within the same culture; 2) A sample consisting of undergraduate students who do not even necessarily study business, and are therefore not necessarily representative of the business population; 3) An assumption that an individual-level study is applicable to firm-level behavior (a necessary precondition if Hofstede is correct that his study captures the reason for Asia's "economic miracle" of the '80s and early '90s—presumably economic miracles are only possible at least partly via firm behavior); 4) An assumption that professing to value long-term orientation is the same as actually practicing long-term orientated behavior; 5) A failure to force respondents to pay a price in the present for their professed commitment to the future; and 6) A failure to demonstrate that a professed valuing of long-term orientation translates into long-term oriented *economic* decisions.

2.3.4 Other Long-Term Orientation Methods

As noted, Hofstede's work forms the bedrock of the concept of long-term orientation, and the subject has not materially advanced such that other authors' work substantively changes its core assumptions. An author assuming a country to be long-term oriented need do no more than cite Hofstede as support for that assumption, since his

country rankings are still the dominant ones. Most other work has taken the form either of (very few) theoretical critiques of the dimension (e.g. Fang, 2002; Yeh & Lawrence, 1995) or different measurement approaches also relying on self-reports of values or guesses about the values of one's country relative to others.

The most notable of these is GLOBE (House et al., 2004), a massive study which collected data from 17,000 managers in 951 organizations from 62 societies in the food processing, financial services, and telecommunications industries. Although the study accessed managers who were actually working in business, the questions the researchers asked were not specific questions about how these businesses were run. Rather, they asked respondents to rate their organizations and their cultures on, as Hofstede notes (Hofstede, 2006), a fairly high level of abstraction. Hofstede in his critique of this study, states that "asking 'as is' questions basically assumed that these people were in a position to compare their societies with other societies. This assumption, I believe, is naïve—it takes international experience plus an unusually open mind to produce anything like a credible comparison between one's own society and others" (p,886). In the GLOBE team's response to this critique, they state, "We find this assertion perplexing. At no time did GLOBE ask the respondents to compare their societies to others…There was no reference to other cultures" (Javidan et al., 2006: p.900). This rebuttal is not persuasive however, since most of GLOBE's questions require implicit comparison to *something*. As Smith (2006) notes, "Faced with a series of Likert rating scales, a respondent needs to employ some frame of reference in order to judge what is high and what is low (Heine et al., 2002)…characterizing one's nation is…problematic, because suitable comparators against which to make judgments are either going to be less well known or less relevant. Russians,

for instance, rate themselves as generous, rash and impractical, whereas others rate them as serious, hardworking and persistent (Peabody and Shmelyov, 1996)" (p.916). The result is "auto-stereotyping," perhaps an interesting subject of study in its own right, but not necessarily the "objective" insight into cultural and organizational practices that the GLOBE team were attempting to measure. Despite Hofstede's insights into the GLOBE study's problems in this regard, for reasons previously noted his own measurement of long-term orientation suffers from the same potential for auto-stereotyping. He also asked respondents to rate themselves or their business leaders on subjective values, although in this case, he asked them to rate the values relative to other values. This is also a fairly high level of abstraction.

Bearden et al. (2006) attempt to develop a measure of long-term orientation at the individual level. In some ways this is redundant, in some ways not. Hofstede was also measuring at the individual level in the sense that he relied on individual subjective responses. However, he has always maintained that his dimensions are to be applied at the national level only, since in data analyses they do not hold up as individual-level constructs. Since companies are comprised of individuals—albeit not the ones who were interviewed for his fifth cultural dimension study—coming up with a solid individual measurement approach seems like a worthwhile undertaking.

Unfortunately, Bearden et al.'s (2006) work would seem to fall short. They correctly recognize that there may be no solid philosophical foundation for separating past-orientation from future-orientation as polar opposites, so they combine the two as a single metric. However, they settle for relying on self-reports to direct questions about cultural values, ignoring GLOBE's (House et al., 2004) finding that professed values on this

dimension are often inversely correlated with professed practice—at least at the national

level. If the authors have reason to believe this is different at the individual level, then they

need to tell us why. This is particularly important, since GLOBE (House et al., 2004) also

found that all cultures value long-term orientation as a positive trait. Bearden et al.'s

survey may therefore serve only to determine which individuals in which countries are

most prone to being immodest in their self-assessment of positive qualities. The authors

themselves seem to be encouraging this in their assessment that "LTO will influence a

person's level of ethical values, which we define as the extent to which one considers

norms of right and wrong in his or her decisions. This means that individuals that

emphasize tradition and planning aspects of life place greater value on ethical values…"

(p.464). So the authors are actually quite openly attempting to determine which cultures

are morally superior—a bias which may not be lost on the respondents.

Sharma (2010) takes this further. As part of his measurement of long-term

orientation, he creates an impressively comprehensive list of virtuous traits and assigns

these to one end of the scale. It would seem an unfortunate predicament for an individual

or culture to fall on the wrong end of this dimension. His long-term orientation combines

tradition-oriented (TRD) and planning/prudence oriented (PRU) whereby "TRD as a

personal cultural orientation represents respect for traditional values including hard work,

non-materialism, benevolence, social consciousness, morality, and respect for one's

heritage; and PRU as a personal cultural orientation represents planning, perseverance,

thrift, and future orientation" (p.792). He also categorizes financial debt as intrinsic

evidence of short-term orientation, apparently not considering the possibility that

leveraging may be a strategic choice for building future wealth or other investment (education, etc.), a strategy often employed by large, successful corporations for example.

The strongest methodological approach thus far for measuring long-term orientation in the context of *business*, a subject that should be of some interest given that all this research has been conducted by business scholars and assumed to be applicable to the business environment, was created by Buck et al. (2010). Here the authors attempt to determine what the effect of individuals from different cultures has on business practices. They conducted a postal questionnaire of either the CEO or a senior manager of international joint ventures (IJVs) in the high-tech industry in China, receiving back 316 usable surveys. The rationale for this approach was to isolate the effect of culture on firm behavior, as they observed whether or not the national composition of the board of directors affected the firm's business practices (as reported by the survey respondents).

The survey asked questions designed to determine the organization's practices in three areas: Human resource strategies, investment strategies, and R&D strategies. The authors found a correlation between having a higher percentage of East Asian members on the board of directors and more long-term oriented strategies in the area of human resources. No such correlation was found, however, with investment and R&D strategies.

The approach taken in this research is certainly a leap ahead of other studies on long-term orientation. The greatest contribution may be the finding that Chinese IJVs with Asian-dominated boards of directors offer, on average, higher pensions—this was one of the three metrics used to determine whether a firm's HRM practices were more long-term oriented. Despite the substantial contribution, there is still a morass of unanswered questions on this subject which leaves us very far from concluding that East Asian

organizations are in fact more long-term oriented, or even exactly what it would mean to define them as such.

To begin, it is worth noting that the authors actually assume that long-term orientation exists as an intrinsic part of Asian culture and that the purpose of the study is to determine whether or not it is *diminishing*. Therefore, they implicitly accept Hofstede's cultural values assessment, but only question his assertion about these values being stable over time. That alone speaks volumes of how deeply Hofstede's long-term orientation dimension is engrained in the collective IB consciousness, and the degree to which it is left unquestioned. This assumption of the dimension's validity of course dramatically affects their interpretation of their own study's results. For example, their explanation for not finding evidence of increased long-term orientation in investment and R&D is that "decisions concerning long-term investment in fixed assets and R&D are inanimate, offering little role for cultural influence. Alternatively expatriate managers may be prepared to leave HRM practices to mainland Chinese managers, providing a channel for the influence their high LTO and institutional environment" (p.232). They go on state that in areas like investment and R&D, the lack of evidence for Asian influence increasing long-term orientation may be attributed to globalization achieving "cultural convergence" (p.233). So this does indeed become tautological: Where evidence of Asian involvement increasing long-term orientation is found, it is because of the involvement; where it is not found, it is because they must not *really* be involved—either that or they have become increasingly similar to Westerners over time. Therefore, no possibility exists for concluding that Asian culture does not intrinsically increase long-term orientation in business practices.

Another point worth noting is that in the area—HRM practices--where increased long-term orientation was found to correlate with greater board representation from Asia, the finding was based on the three specific brief questions on the survey which were devoted to that subject. The questions ask for 1) the average employee's tenure with the firm, 2) the percentage of permanent staff in the company, and 3) the average contribution of the JV to the employees' pension fund, as a percentage of total pay. These are useful and relevant questions to ask, but are obviously somewhat limited in scope and explanatory power. The finding that increased Asian involvement leads to larger pensions, for example, although a notable finding, also could be accounted for by alternative explanations other than long-term orientation. For example, Asian managers may be more cognizant of the need for larger pensions if they come from countries where social service benefits from the government may be less extensive and therefore reliance on pensions may be more pronounced. But this by no means invalidates the important findings of the researchers on HRM, which are a welcome specific discovery about Asian influence on firm behavior.

Additionally, despite the fact that the authors did not find evidence of increased long-term orientation in R&D practices, this may not have been the best metric for evaluating the dimension. Authors outside of the IB field, studying "short-termism," have questioned using R&D as a proxy for long-term orientation, since many R&D investments expect to yield short-term benefits. (See Laverty (1996) for example). This will be discussed further later in the thesis.

2.3.5 Summary of Literature on Long-Term Orientation

This section has reviewed and analyzed the existing literature on long-term orientation. It has demonstrated that, despite the important contribution of Buck et al. (2010), there is still a need for a more rigorous estimation of long-term orientation, particularly one that is specific to organizational behavior and strategy, rather than merely self-reports of personal values. And such research must be conducted without assuming, as Buck et al. and most other researchers do, that Asian long-term orientation in business is a settled question, given what we have seen of the shaky ground on which this assumption rests. To the extent that it may exist, it is also important to determine exactly what this means in terms of specific business practices; otherwise we are throwing around a label without the certainty that it is understood either by the speaker or by the listener. Increasing our understanding of this subject as it relates to business practices will help us to understand its effect (or non-effect) on strategy and adaptation.

2.4 Summary of Literature Review

This chapter has reviewed literature relevant to the research question of how (and if) East Asian organizations plan for the future while adapting to the present. The three categories of literature reviewed were: 1) Strategic adaptation and East Asian firms, which looked both at general strategic adaptation literature and literature on East Asian firms with possible implications for adaptive practices; 2) Power Distance, which is relevant to the question of adaptation, given the assumption in the Western literature that adaptation is a bottom-up process; and 3) Long-Term Orientation, which relates to the "planning for the future" component of the research question.

The strategic adaptation literature demonstrates a lack of congruency with the presumed high power distance of East Asia by averring that adaptation is only possible through a bottom-up process that may be incompatible with the cultural norms of East Asian society. Meanwhile, the literature on Asian firms with possible implications for strategic adaptation is self-contradictory and confusing, forming no clear picture of the (non-)adaptive tendencies of these organizations.

The literature on power distance—both the ancient writings of Confucius and the more modern research conducted by researchers such as Hofstede—strongly suggest a likelihood of high power distance in East Asian firms. Precisely how this might affect lines of communication and strategic (non-) adaptation was yet to be determined. And the literature on long-term orientation was revealed to be methodologically weak, particularly in its assumption that respondents' self-reports of personal values is intrinsically predictive of economic decisions or of the behavior of firms.

In sum, the power distance literature provided enough clarity to suggest that an exploration of its possible effects on strategic adaptation was worth investigating; while the rest of the literature on East Asian firms and on time orientation specifically was weak and/or self-contradictory enough to make a hypothesis-driven, purely deductive study incomplete at best, or totally ill-informed and misguided at worst. This background forms the impetus for the methodological choices which are the subject of the next chapter.

3. Methodology

This chapter describes the choice of and justification for the methodology used to answer the research question (how (and if) East Asian organizations plan for the future while adapting to the present).

3.1 Justification for Mixed Methods Approach

The conceptual, theoretical, and methodological confusion described thus far points to the need for a clearer understanding of what is really going on in Asian organizations if we are to answer the research question of how and if these organizations plan and adapt. While we could have made some guesses about what is happening and design a quantitative survey accordingly, a better starting point was thought to be an exploratory, inductive, qualitative study with as few preconceptions as possible, given the lack of agreement in the literature even on the basics of what is happening.

Marschan-Piekkari and Welch (2004) discuss some advantages of qualitative research, several of which are clearly applicable to this study. They note that IB is still a relatively new discipline and therefore more in need of exploratory, theory-generating research than empirical testing. This is certainly the case for this proposed study, since, as noted, theory on this subject has thus far been contradictory and often conceptually confusing. The authors also note that qualitative research can be used to uncover a phenomenon from the other culture's point of view, and so avoid making ethnocentric assumptions. Given the cultural basis of this study, that is certainly an important point here. An additional relevant argument they make is that some cultures favor social, face-to-

face relations and trust, a characterization that definitely applies to Sinic-dominated nations.

The research question—how (and if) East Asian organizations plan for the future while adapting to the present—lends itself particularly well to qualitative research, since it is asking a "how" question. We are concerned here with studying organizational practices, and a process for doing things. Answering this is in strictly numeric terms is likely to have very limited explanatory power. One may be reminded of an amusing fictional story told in Douglas Adams' *The Hitchhikers' Guide to the Galaxy* (1979). In this novel, the Earth is revealed to have been a giant computer designed with the intention of providing the answer to "life, the universe, and everything." This admittedly ambitious research question takes millions of years for the computer to answer. When it finally completes its task, the much-anticipated answer is definitive: 42. Despite the seeming lack of ambiguity in this answer, it of course tells us very little, and would strongly benefit from a complementary computer to provide a qualitative answer to the question—or alternatively, at least a qualitative *context* in which to make sense of the quantitative answer. Similarly, answering the research question for this thesis in strictly quantitative terms is likely to be produce an equivalently unhelpful and baffling answer.

Finally, this research builds on the foundational theoretical work of Mintzberg (1978, 1985), who developed his adaptive strategy theory using qualitative research. Unlike the work by Andersen and Nielsen (2009), we are not seeking to develop a quantitative application of Mintzberg's theory at the mass level in order to explain and predict firm performance. Rather, we are expanding and revising the theory itself. In order to do so, we must also go into organizations, as Mintzberg did, and develop theory which

attempts to be similarly insightful, expressed in the same qualitative terms (i.e. data in the form of words) that is compatible with the original theoretical work. It is not the goal of this study to make the claim that all Asian organizations follow the model which is uncovered through this study; no qualitative work could do so. Rather the aim is to discover what model of adaptation can exist under the particular conditions of the East Asian business environment (if adaptation does in fact occur in this region), and thus expand the existing literature on strategic adaptation by adding this alternate model to the one currently taken for granted as applying to all firms (despite a similar lack of evidence in the existing model for claims of generalizability on such a scale).

As noted, the subjects of power distance and long-term orientation are particularly important to understanding how East Asian firms may or may not differ from Western firms in terms of planning and adaptive practices. Both the literature review and the qualitative research for this thesis confirms the dominant view that East Asian organizations have high power distance. However, the dominant view that East Asian organizations have a long-term orientation (at least in such a way that affects business practices) was called into question both by an analysis of the existing literature and by the results of the qualitative study. Although the qualitative study was useful in determining how Asian time orientation might affect our proposed model of strategic planning and adaptation (it had no effect whatsoever, since nothing exceptional was found in Asian time orientation that caused such an effect), it is not sufficient to make a claim that Asian businesses as a whole are not more long-term oriented in some way. Such a claim requires a larger sample size and a measurable quantitative comparison between East and West. The qualitative study rather provides interesting details and insights into East Asian business

practices as they relate to time, and a healthy suspicion that the presumed long-term orientation of East Asian businesses in general is unwarranted, given its total absence in the results from this study.

Two additional studies are therefore proposed specific to the subject of long-term orientation, both of which attempt to measure on a larger scale a subject that is difficult to analyze qualitatively: Asians' relative valuing of present versus future profits. This measurement goes right to the core of Hofstede's conception of long-term orientation being connected with delayed gratification, and also puts to the test his statement that "if business leaders in longer term oriented cultures are seen as going for profit goals, it is in 10 years and not this year" (Hofstede, 2002). The measurement for this at the individual level was conducted for this thesis via survey, using a math problem to test relative financial valuing of the present versus future between Asians and Westerners, described later in the chapter. A proposal for measuring this at the firm level via secondary data, comparing the likelihood of reductions in R&D spending between Eastern and Western firms in response to short-term financial pressures, is also described toward the end of this chapter.

Finally, as discussed earlier, the conception of what long-term orientation means in terms of actual business practices is not clear from the existing literature. Surveys involving both an initial open-ended question and questions using Likert scales were used for this thesis to uncover what Asians and Westerners think this term implies in terms of business practices. The surveys offer justification for the practices which were analyzed for this thesis as representing "long-term orientation," a possibility for further investigation on this subject, and a means of determining whether Westerners and Asians differ in their

conception of what they think long-term orientation means in terms of business practices (which they did not, as it turns out). This study thus provides greater conceptual clarity, supported by the views of respondents across cultures, for studying long-term orientation as it relates to business.

3.1.1 Summary of Methodological Approach

This section has described the suitability of a mixed methods approach for answering the research question of how (and if) East Asian organizations plan for the future while adapting to the present. A qualitative study was introduced as a means of observing how the particulars of the East Asian business environment may shape strategy and adaptation in the region. The qualitative study serves to revise and expand current theory on strategic adaptation as well as provide details and insights on related issues such as power distance and time orientation. Additional studies were introduced for studying present versus future financial tradeoffs (a crucial subject for investigating long-term orientation as it relates to business practices) and strengthening claims for the generalizability of findings on long-term orientation across Asia. These studies involve an individual-level study conducted for this thesis and a firm-level study proposed for future research, comparing Asia with the West. Finally, a study carried out for this thesis designed to increase conceptual clarity regarding long-term orientation as it relates to business practices was introduced.

3.2 Qualitative Study

This section describes the qualitative study which was conducted for the thesis. It begins with a brief restatement of the study's rationale and aims, then proceeds to a

discussion of ontology. The methods are then introduced, followed by a description of the sample approach and data analysis.

3.2.1 Rationale and Aims of the Study

As previously discussed, the qualitative study seeks to answer the research question of how (and if) East Asian organizations plan for the future while adapting to the present. Given the lack of information and theoretical confusion regarding even the most basic facts of how East Asian firms may plan and adapt, and inductive exploratory qualitative study was conducted. This approach is also congruent with the original theoretical research on strategic adaptation conducted by Mintzberg (1978, 1985).

An additional rationale for conducting an in-depth qualitative analysis of East Asian firms relates to the important subtopic of time orientation: for all the certainty expressed in the IB field that Asian firms are long-term oriented, no one has ever conducted such a study of actual Asian firms to check if it is true. The closest is Hofstede's (2002) study of business leaders' goals via a survey of MBA students. But this was a quantitative analysis of students, asking them to guess what business leaders in their country as a whole prioritized as a whole relative to other priorities. It did not focus, as does this study, on the actual business practices of organizations. As Hofstede notes elsewhere, "values should never be equated with deeds" (Hofstede, 1980, p.20); and practices should be "visible to the outside world," and focused on "work-related pragmatic issues" (Hofstede et al., 1990, p.288). That's what this study addresses, directing respondents to describe observable business practices. Additionally, in the case that the assumption of Asian firms' long-term orientation had been supported through this study, it

has also never been investigated in detail exactly how this manifests itself in terms of organizational life. As noted, the foundation of the assumption of Asian firms' long-term orientation is an individual-level survey conducted with undergraduate students (Hofstede, 1988), who did not necessarily even study business.

Regarding time orientation, the major limitation of this qualitative study is its inability, as is always the case with qualitative work, to generalize across the entire region, despite attempts to maximize sample variance and the other measures which will be described. That work is left to the remaining two studies, which are described later in the chapter. The value of the qualitative study on this subject is to provide detail, depth, nuance, and insights about the details of organizational life and any manifestations of time orientation, particularly as they relate to strategic planning and adaptation.

3.2.2 Ontology

A rather persistent erroneous shorthand for the distinction between quantitative and qualitative methods is that the former is based on an objective, or positivistic, foundation, while the latter as based on subjectivism. Cunliffe (2011) quite correctly makes a distinction between methodological choice and ontological foundation. While a subjective approach may be more likely to employ qualitative methods and an objective approach more likely to employ quantitative methods, there is no intrinsic reason why this needs to be so—and in practice, it is often not. Cunliffe divides ontological/epistemological perspectives into three "problematics"—objective, subjective, and intersubjective. In the subjectivist problematic, "social realities and knowledge are not durable in the sense of being replicable, generalizable, and predictive but instead offer contextual understandings…within the subjectivism problematic there is no independent reality to

study…" (p.656). In contrast, the objective problematic assumes the existence of such an independent reality, often focusing on the removal of "bias," while the intersubjective problematic sees reality as "relationally" created, and social experience and meanings as "ephemeral, fleeting moments" (p.654). Cunliffe emphasizes that there are not hard, clear lines between each of these perspectives, and that there is a range of philosophical perspectives within each.

This research project grows out of the objectivist problematic, and the qualitative portion of this study may therefore be considered a *qualitative, objectivist* study. This is also clearly the problematic from which previous research on strategic adaptation has come. Mintzberg's (1978, 1985) foundational research may be described as a series of qualitative, objectivist studies--in all cases, he is looking for generalizable patterns of planning and adaptation. Nielsen and Andersen's (2009) quantitative research therefore follows naturally from Mintzberg's qualitative studies, since although they employ different methodologies, they are approached from the perspective of the same problematic. In contrast, the GLOBE studies (House et al., 2004) and Hofstede's 5th cultural dimension studies (1988, 1991) may be described as *quantitative, subjectivist* research. Each employs numbers, but they are converting each respondent's subjective values into numerical form. Their research only fails to the extent that it attempts to make claims about the objective reality of each society or about organizational behavior; it is wholly successful in terms of numerically measuring respondents' subjective values (or at least their subjective beliefs about their subjective values). Nonetheless, such research may be of interest for objectivist research, since subjective values may influence objective actions, although neither GLOBE nor Hofstede have conducted research to explore this

link. Similarly, Chapman et al.'s (2008) research on asymmetry in cultural distance perspectives is an example of subjectivist research potentially of interest to objectivists, since such perspectives may influence the observable behavior of organizations.

Most importantly, approaching the research topic from the objectivist problematic is appropriate given the research question: How (and if) East Asian organizations plan for the future while adapting to the present. The question itself presumes there is an objective reality to uncover; investigating the subjectivity of people's interpretations of organizational practices is a separate research question, albeit one that could be interesting in its own right. Of course, all respondents will be giving subjective accounts of organizational practices regardless of from which problematic we approach the subject; but attempting to find consensus and doing our best to direct respondents to concrete, observable details—in other words, striving to reduce subjectivity—is the approach which is most congruent with answering the research question as it stands.

3.2.3 Qualitative Methods

Interviews were conducted with professionals, mostly middle and lower-level managers, in East Asian organizations across 5 countries. A detailed description of the sampling approach and rationale is described in the next section. The goal of the study—to find out how and if East Asian organizations plan for the future while adapting to the present—was best achieved through semi-structured interviews. There were key topics that needed to be addressed, however the inductive nature of the study meant that it was necessary to keep an open mind and to keep presuppositions to a minimum. The goal was to learn from respondents facts of which no one was aware prior to the study. Choosing a

semi-structured approach, however, did not mean a rejection of the objectivist problematic. The reason for choosing a semi-structured approach from a subjectivist perspective would be to allow the interviewee to frame his/her own reality rather than imposing the researcher's own. But from the objectivist perspective, one is indeed looking for the single reality. The reason for making the interview semi-structured was that, given that nobody has yet researched this topic in the East Asian context, the answers of respondents were likely to be surprising, and might even have fallen completely outside the realm of what could have been considered beforehand as possibilities for how Asian organizations plan and adapt, even on a conceptual basis. Therefore an unvarying list of questions in advance of the study would have needlessly constrained the insights to be gleaned, and would not have considered that the respondents might have a much better grasp of basic structural issues which the researcher might have been wrong to assume had already been determined. In objectivist terminology, their reality might be the more *correct* one.

Easterby-Smith et al.'s (2012) description of a "topic guide" was followed as a means of keeping the interview on track while allowing for extensive flexibility. "Although [researchers] are to some extent tied to their frameworks, they should not be 'tied up by them.' One way in which this can be achieved is to prepare a checklist, sometimes referred to as a topic guide, which can be used as a loose structure for the questions. Although there may be some deviation from the sequence in order to follow interesting lines of inquiry and to facilitate an unbroken discussion, the interviewer should attempt to cover all the issues mentioned" (p.127). Appendix A includes a list of some preliminary questions, with a label next to each one defining under which topic it falls. The major topics which were relevant to the research question were organizational planning

and adaptation, long-term orientation, and power distance (including issues such as who is invited to participate in planning and how much autonomy managers are given).

As this study grows out of the objectivist problematic, it should be noted that the questions all attempt to identify observable phenomena—the frequency and subject matter of meetings, the inclusion of organizational members in planning, the incentive systems, *the rituals and procedures* of organizational life. Many wild, unexpected discoveries emerged out of this problematic by keeping the line of questioning flexible, open-minded, and not neglecting instincts as a researchers to dig deep when promising subjects arose and to strategically improvise. But except for some occasional broad questions at the very end of the interviews, in order to tap any possible unconsidered insights from respondents, nowhere in the line of questioning was there a focus on people's feelings, conceptual perceptions, (e.g. "Is your organization flexible?") or other subjectivist concerns. It was played free and loose only *within the context of the objectivist problematic*.

It should also be noted that although individuals were interviewed, the individual was not the unit of analysis. The unit of analysis was organizational practices (formal and informal)—but as organizations are comprised of individuals, only they could tell us about these practices.

3.2.4 Sample Approach

The sample approach, for strategic reasons, incorporated a fusion of three different types of sampling plans as identified by Tracy (2013). Because this was an investigation of East Asian organizations, the approach used was a "theoretical construct" sampling plan, to the extent that a sample was chosen which helped to fill in a gap in the existing

theory on organizational planning and adaptive behavior. Existing theory rests on Western cultural assumptions to explain firm behavior, ignoring conditions peculiar to the East, so it was necessary to specifically target East Asian organizations to fill in this research gap and to answer the research question. However, within the broad category of East Asian organizations, a "maximum variance" sampling plan was used. The goal was to research patterns which were relevant to East Asian organizations as a whole, and to make sure that respondents were not overly similar to each other in terms of their positions within the organization, so as to increase the potential for future claims of generalizability and to correct for biases. So professionals were interviewed who were either directly involved in or in a position to observe managerial planning and adaptation practices (mostly middle and lower level managers) across a broad range of departments, in companies extremely varied in industry, size and location. The central research question of this study is not presumed to be industry-specific, and Mintzberg (1978, 1985), for example, has studied an extremely wide range of types of organizations to make claims for his original theory— from film companies to the airline industry to the U.S. government's escalation of the Vietnam War. Since some research on East Asian organizations, as noted earlier, attributes Asian firm flexibility partly to the small size of many of them, firms of widely varying sizes were also included in the sample. Nielsen and Andersen (2009) suggest that middle level marketing managers may be more likely to participate in strategic planning, but Scott (2007) notes the increasing dominance of finance managers in corporate strategy. In either case, both departments are well represented in this study.

Finally, "snowball" sampling was used for practical reasons, but with the goal of achieving the aforementioned sampling plans: maximum variance within the category of

East Asian organizations. To reduce the major problem of snowball sampling—the tendency of the "snowball" to collect respondents which are overly similar to each other—Tracy's (2013) proposed solution was used: recruiting "a handful of participants who represent a maximum variation, and then…generat[ing] several smaller snowballs from that diverse initial sample" (p.136). Given the research question and that therefore only professionals at East Asian organizations were relevant, nonetheless the sample began with representation from three different East Asian countries and several different types of companies, respondent departments, and job functions. In the end, data was collected on 14 organizations in 6 regions (Taiwan, Thailand, Singapore, Hong Kong, Mainland China, and Cambodia), from respondents, mostly middle and lower level managers, representing a broad range of departments (finance, accounting, marketing, human resources, sales and technology). 10 of the organizations were East Asian-owned, and 4 were Western-owned. Western-owned firms were included to note any similarities to or differences from the patterns observed in firms owned by East Asians. All of the regions in this sample are rated by Hofstede as having the high power distance and high long-term orientation which form the basis for investigating firms in these locations, to see the possible effect of these cultural dimensions on strategic planning and adaptation. (See Appendix C for sample details).

With one exception, this was a one-respondent-per-organization study, with anonymity assured in all cases. A good methodological case can be made for the advantages, particularly in the Asian context, of relying on deeply embedded inside contacts for information on the way these organizations are really run. Using a "triangulation" method to cross-check everyone's stories has the appearance of greater

rigor, but comes at the expense of a huge Hawthorne effect in this region, especially for a study conducted by outside Caucasians. Transparency is not known to be a hallmark of Sinic organizational culture; the different versions which would likely be produced on studies of the Chinese government, for example, between an officially sanctioned study using multiple contacts within the organization versus accessing personal contacts who were willing to provide the intimate details of Chinese government practices, provides some sense of the trade-off involved. The New York Times' recent article on Chinese "princelings," describing the common practice of government officials assigning their relatives to powerful positions in industry, in order to reap the spoils of China's economic boom for their own families (Barboza & LaFraniere, 2012), is an example of a phenomenon which would be difficult to investigate using the former, rather than the latter, approach to collecting data.

Hofstede's sage warning not to confuse what organizational leaders say with what they do (Hofstede, 2002, p.788) was thus heeded; it was particularly important to do so, given that, for example--as noted--long-term orientation is a universally admired value, so there may be a strong temptation to claim such an orientation regardless of whether it is manifested in actual business practices. This concern was corroborated by an anecdote from one of our respondents, who described that in dealing with external parties, she was instructed by top management to invent a vision statement and strategic plans in documents for such occasions. In reality, she said, "I can tell you that they don't have specific strategic plans."

"Triangulation methods" and the cross-referencing of stories amongst organizational members by visiting Western foreigners were not likely to bring out details

like this. However, the validity of these findings may be shown through repetitions of these stories across *different* Asian organizations as well as through the broad range of departments and positions represented by the respondent sample.

This also supports the case for the heavy reliance in this study on the reports of middle and lower level managers, provided they had access to observe the issues about which they were questioned. As the reader will observe in the results sections, it seems quite unlikely that most top managers would admit to some of the practices described in this study. Nonetheless, some top management is included in the sample, especially useful for corroborating the (lack of) long term planning described herein. However, the notion that there may be, for example, "secret" long-term plans formulated by top management and unknown to everyone else at the company does beg the question of what use such plans can serve if no one is aware of them or involved in their implementation. Moreover, since, as noted, long-term orientation is an admired value in every culture, it seems curious that top management would be so reticent to broadcast to the rest of the company their commitment to long-term planning and strategy. In fact, as we have seen, the opposite was demonstrated in the case of the top manager who instructed our respondent to invent a long-term plan for others to observe where in fact none existed. .

Lastly, in answer to the question, "How many interviews are enough?" Tracy (2013) "generally suggest[s] 5 to 8 are pedagogically valuable" (p.138). Although more than this number were conducted for this study, it seems an appropriate amount, in terms of reaching the point that Tracy describes as being a good indicator that one has reached one's target: "Have the data provided rich contributions to research goals?" and "Can you predict what your interviewees will say?" Although it seems likely that there are

particulars of organizational life that would continue to surprise no matter how many interviews were conducted, the patterns that were being looked for in order to answer the core research question did become predictable by the end of the study.

3.2.5 Data Analysis

All interviews were recorded and transcribed. They were analyzed and coded, using a "thematic" analysis (see Braun & Clarke, 2006, for example). The interview data were read all the way through, and then re-read and carefully scrutinized for recurring themes. As it happens, the broad themes divided into categories which had already been identified as the main areas of investigation in advance of data collection: For the general topic of strategic planning and adaptation, these were Autonomy (discerning how and if presumed power distance affected the planning and adaptation process), Making Plans, and Changing Plans (Adaptation). For the subtopic of long-term orientation, these were Time Orientation of Strategic Plans, Long-term Employment, and Timeframes of Performance Incentives and Profits (Present versus Future Profits is addressed via the thesis' quantitative studies). Although the research was inductive and flexible, no surprising themes emerged in terms of the broad categories. However, once the interview data was divided into these categories, sub-themes within each category were identified and analyzed, with often surprising content, and these are described in detail within the text of the results sections.

Given the objectivist ontology from which this research springs, the goal was to identify commonalities amongst the organizational stories, while making note of any important nuances, differences, and exceptions, in order to increase the potential for claims of generalizability, and to properly qualify any such generalizations. As Jick (1979, p.607) notes, divergence can often be an opportunity for enriching the explanation. The multi-case

format was well-suited for these purposes (Eisenhardt & Graebner, 2007). In dividing up the interview transcripts into each thematic category, care was taken to copy the entire surrounding dialogue into each section, so as not to rob quotes of their context in the re-reading. Data from all 14 organizations were thus re-read and scrutinized within each thematic category, making note first of what commonalities emerged across organizations, and then noting any nuances, variations, and exceptions if they existed.

Despite this systematic approach, the warning of Ackroyd (1996) was heeded: "The development of routine research techniques and the articulation of generalized approaches becomes the concern of people largely lacking commitment to specific areas of research, and the theoretical ideas relevant to their development" (p.449). In the case of this area of research, since the goal was to look for patterns in organizational actions and practices, the human instrument was the best one for deciphering what these may be, just as Mintzberg (1978, 1985) did in his original theorizing on the subject of strategic adaptation. Nayak (2008) notes "the role of imagination in theorizing" (p.185). And in fact, the opportunity to make use of the human instrument is a major advantage of having conducted the research qualitatively. McCracken (1988) writes, "In qualitative research, the investigator serves as a kind of 'instrument' in the collection and analysis of data. (p.18). He adds, "The process of detection is hard to mechanize…" and he describes "find[ing] (or fashion[ing]) a match for the patterns evidenced by the data" (p.19). This indeed seems an appropriate frame of reference for Mintzberg's (1985) search for "patterns in streams of organizational actions" (p.272).

McCracken also asks the important question, "How does the investigator ensure the quality of his or her own qualitative research?" He begins his answer by stating, "Much of

the difficulty surrounding this question stems from the tendency to judge qualitative research by quantitative standards" (pp.48-49). Paraphrasing Bunge's (1961) assessment of scientific theory, he lists the following "symptoms of truth," which seem an excellent guideline for ensuring a rigorous analysis of qualitative data. The below was a helpful signpost in making sure the data analysis met these requirements:

> "1. It must be exact, so that no unnecessary ambiguity exists.
>
> 2. It must be economical, so that it forces us to make the minimum number of assumptions and still explains the data.
>
> 3. It must be mutually consistent, so that no assertion contradicts another.
>
> 4. It must be externally consistent, so that it conforms to what we independently know about the subject matter.
>
> 5. It must be unified, so that assertions are organized in a manner that subsumes the specific within the general.
>
> 6. It must be powerful, so that it explains as much of the data as possible without sacrificing accuracy.
>
> 7. It must be fertile, so that it suggests new ideas, opportunities for insight" (p.50).

3.2.6 Summary

This section has described the rationale for the qualitative study and the inductive approach used. A description of the semi-structured interview approach was presented. An explanation of the sample approach was detailed, seeking maximum variance within the category of East Asian organizations, as well as in terms of the positions and departments of the respondents. A case was made for the suitability, and prefer-ability, of middle and lower management dominance in the sample, as well as relying on deeply embedded contacts to report on the inner workings of the organization. A description of the thematic analysis was given, including the categories into which the data was divided.

3.3 Individual-Level Quantitative Study

This section describes the individual-level study on time orientation. The rationale for and purpose of the study is explained, followed by a description of methods.

3.3.1 Rationale and Aims of the Study

The relative valuing of present versus future profits is a subject particularly difficult to study relying on self-reports of time preferences. Given the universally lauded value of long-term orientation, as well as a company's PR incentive to assure stakeholders that they care about long-term profitability, actions truly speak louder than words on this subject. It is also a subject unlike the other themes of time orientation we will be looking at in the qualitative study—strategic planning, timeframes of performance incentives, etc.— in that this is not a topic likely to be brought up at company meetings, spelled out in company policy, or in any other way clearly observable within the company in terms of concrete business practices, formal or informal. In fact, it is not even necessarily known to the people who are making the decisions about financial tradeoffs. A person may believe themselves to be long-term oriented in financial matters, while regularly making decisions that strongly favor the present. For this reason, a qualitative study was not considered the best method for analyzing this subject.

On the other hand, the subject lends itself better than the other topics to a large cross-cultural quantitative comparison. For reasons previously noted, doing a large scale survey study on something like the timeframe of strategic plans—which would necessarily rely on self-reports of managers responding in an official capacity for the companies, providing answers online or otherwise to a Western researcher they have never seen or

talked to—carries a strong risk of receiving fabricated answers. Long-term orientation is a universally lauded value, and many companies may have good reason not to want to reveal to the world that they possess only short-term plans or no plans at all, especially not for the sake of a research project being conducted by an outsider whom they have never even met. For this reason, seeking out and relying on deeply embedded contacts was deemed the best method for answering questions on observable organizational practices and the inner workings of these companies.

In contrast, the topic of long-term versus short-term profitability is studied in this thesis by analyzing economic decisions, not by asking people what they have to say about the subject. Given the fact that the qualitative study demonstrates such a dearth of evidence for the existence of a long-term timeframe in Asian business practices, this study also allows us to probe further, and to see whether the notion of Asian long-term orientation holds up in a large scale, quantitative cross-cultural comparison. A study is proposed at both the individual level and the firm level, with the former conducted for this thesis. A description of the individual-level study follows.

3.3.2 Individual-level Study Methods

Since, as noted, the foundation of the assumption of East Asian firms' long-term orientation is Hofstede's (Hofstede & Bond, 1988) individual level study of students, it seemed prudent to return to this as a base, but to improve the collection, analysis, and conclusions drawn from the data to see how they compare with the ones arrived at by Hofstede. And an individual-level study, conducted with care not to make unwarranted assumptions about what the findings indicate about firm behavior, may provide a useful

piece of information about how individual time orientations may or may not correlate with the time orientations of firms.

Several steps were taken to improve on Hofstede's approach. First, data was collected specifically from Masters in Business students, thus narrowing the study to those who have either worked in or most likely will shortly be working in business. Second, it is a study measuring the absolute value of their long-term orientations, rather than their ranking of LTO relative to other values. Third, they are not asked how much they value long-term orientation, since it has been demonstrated that everybody professes to value LTO, as it is a universally lauded value (House et al., 2004). Instead a problem is set up which tests their LTO, without alerting them that this is what is being testing, thus minimizing subjective and approval-seeking answers. Finally, the problem presented to them is specifically a business problem, an excellent representation of the type of problem encountered by a business manager, thus making a stronger case for the relevance of this individual-level study to actual business behavior.

This study, as with the one that follows it, looks outside the field of international business for guidance. Relevant to the subject of long-term orientation, arguably more enlightening, philosophically challenging, and rigorous research has been conducted in the area of corporate "short-termism." In "short-termism" research, corporate myopia is viewed from the perspective of a regrettable malady rather than an intrinsic "value" of Western culture. This seems consistent with GLOBE's (House et al., 2004) finding that all cultures value long-term orientation, and that people wish that their organizations and societies were more long-term oriented than they are. Short-termism research, which has never been applied to the field of international business, is therefore well-suited to this

topic, since it focuses on short-term practices, rather than values, which seemed more likely to be the major areas of difference between cultures in this case.

Rather than focusing on time orientation as a purely individual level variable as IB research has tended to do (albeit an individually measured variable which researchers have made claims for at the firm level), short-termism historically has been inclined to a macro-level bias, focusing primarily on economic and market force considerations over the individual and organizational level. However since Laverty's (1996) analysis of the subject introduced a more holistic view, including individual, organizational, and market perspectives, subsequent research has been much more multi-dimensional. The crucial foundation of Laverty's conception of short-termism versus the long view is that there is a trade-off involved (known as "intertemporal choice.") This is what Hofstede and other IB researchers may have missed when they ask people how much they value long-term orientation. Although most people profess to value long-term orientation, the issue is that such an orientation is not costless. Only when making a choice between causing deprivation in the short-term or deprivation in the long-term will people truly face the types of dilemmas which may ultimately lead to short-term thinking. Thus any useful definition of long-term orientation must explicitly acknowledge that it is favoring the future at the expense of the present, and the measurement of the variable must consequently have this component built into it. An action which favors both the present and the future, even if it favors the future more, does not clarify for us whether it is motivated by long-term orientation.

Laverty (1996) provides an enlightening quantitative perspective by referencing the well-known NPV (net present value) analyses which are used in finance. An NPV analysis

assumes that, all things being equal, it is better to have money now rather than later. One pays a cost for waiting due to the passing of time (during which, for example, inflation may reduce the value of money) and uncertainty (you may in fact never get the money, or get less than you assumed, because the future is always, by definition, uncertain). The crucial component of an NPV analysis, therefore, is the discount rate—the amount by which one chooses to discount the value of future earnings for each upcoming year due to the passing of time and uncertainty. Corporate discount rates tend to vary between 10% and 30%, depending on the perceived level of risk and the perspective and priorities of the companies.

Laverty notes that people tend to be irrational in their intuitive estimation of how much something is worth to them in the future versus the present. He cites two studies where annual discount rates were determined to be 89% in one case and 277% in another. In the latter experiment, university students were asked what amount they would require at a specified date in the future to make them forego a given sum of money in the present.

The same principal was applied for this study, comparing time orientations between cultures. Masters in Business students were given a managerial choice between taking on a project that will give them an extra $10,000 USD profit immediately, or choosing another project that will not pay off for another 10 years. The students were asked what the minimum amount of profit is that they would require in 10 years from project B in order to make them reject project A's immediate payoff. The median number was compared between Asian and Western students, a higher number suggesting a more short-term orientation. Hofstede states, based on his study of business goals via student perceptions, that "if business leaders in longer term oriented cultures are seen as going for profit goals,

it is in 10 years and not this year" (Hofstede, 2002). This study serves a good way of testing the accuracy of those perceptions.

Surveys were administered to Masters in Business students in 6 separate classes at 3 different UK business schools. Almost all students submitted their surveys. Surveys were administered and collected during class, so there was no response-bias issue. The survey was also carefully explained to them in person by the researcher, with any questions taken, to ensure there was no misunderstanding. The survey was described beforehand as being about "business practices" with no mention made about time orientation in order to prevent approval-seeking answers. They were told of the survey's purpose only after all surveys had been handed in.

274 completed surveys were submitted. It was made sure to collect a minimum of 100 surveys from Westerners and 100 from Asians, since that what was the number used by Hofstede in his comparisons between countries for his long-term orientation dimension. Since we were not comparing between all countries, but rather between the West as a region and Asia as a region, it was made sure to reach that number for each comparator group. "Western" was defined as anyone whose nationality was European or North American (Australia, New Zealand, and South Africa did not happen to be represented in the student population). "Asian" was defined as anyone from an Asian country with a majority Asian ethnic population. All of the countries in the "Asian" group who were studied by Hofstede as part of his long-term orientation research were scored by him as more long-term oriented than all of the countries in the "Western" group. This is because Hofstede rates all Asian countries as more long-term oriented than all Western countries,

as these terms have been defined. Therefore, the Asian group should demonstrate greater long-term orientation than the Western group in the study, if his conclusions are correct.

Due again to the extremely high proportion of Asian Masters in Business students in the UK, 170 completed surveys were received by them, versus 104 surveys from Westerners. Since one of the classes surveyed was an MBA class composed almost entirely of Asians (who also had, on average, more work experience than the other classes), that class was temporarily removed from the analysis to see if it made any difference to the findings. Removing the class, and thus reducing the number of Asian students relative to Westerners in the sample, made no difference whatsoever. The class was thus included in the final analysis for the sake of comprehensiveness.

The limitation of this study is its individual level, and we must therefore be careful not to assume that the results reflect firm behavior. To address this limitation, firm behavior is analyzed in the other two studies.

3.4 Firm-Level Quantitative Study

This section proposes a third study on long-term orientation, examining preference for present versus future profits at the firm level.

3.4.1 Rationale and Methods

To mitigate the limitations of the other two studies regarding time orientation—the qualitative study's inability to generalize across all East Asian firms, and the individual-level study's inability to confidently predict firm behavior—a third study is proposed to be conducted on a large number of East Asian and Western firms, comparing their time orientation behavior using secondary quantitative data. In short-termism research, Brochet

et al. (2012) identify some interesting quantitative means of measuring short-termism. The authors' proxy for the variable was the number of keywords related to short-term information (disclosed through the fiscal year from earnings conference calls) deflated by the number of keywords related to long-term information. "Short-term" words and phrases are defined as a year or less, and "long-term" as more than a year. While "more than a year" may not seem like a particularly impressive minimum requirement for long-term orientation, it does at least provide some distinction between different firms' time frames.

Brochet et al. (2012) discuss some variables which they find to correlate with short-termism, as measured by the above method. One in particular seems a promising method of reproducing the kind of financial trade-off which was measured at the individual-level to the firm level. Although as noted in the discussion on Buck et al.'s (2011) paper, lack of R&D spending has been criticized as a proxy for short-termism, since it has been argued that many R&D investments have payoffs which are intended to be reaped in the short-term (Laverty, 1996), Brochet et al. provide a more nuanced perspective. They find that short-term oriented firms are more likely to have lower R&D investment *in years with small positive earnings or when they narrowly meet or beat analysts' forecasts*. Focusing as it does on changes to R&D in response to short-term financial setbacks, this seems a more persuasive measurement of long-term orientation than the static R&D measurement offered by Buck et al. (2010). It also mirrors the short-term vs. long-term financial trade-offs which were investigated in the individual-level study. A firm that lowers R&D spending specifically in years with small positive earnings is likely doing so in order to improve performance outcomes for that year, despite any possible deleterious long-term consequences of this reduced spending.

Never previously applied to international business or cross-cultural comparisons, there is a substantial body of work on "real earnings management." It looks at and measures the tendency in short-term oriented companies to manipulate expenditures during a given year in order to show a positive outcome in the present; Bushee (1998) and Rowchowdhury (2006) have conducted particularly relevant research in this field. It is therefore proposed in this thesis that future research be carried out comparing a large sample of East Asian firms with Western firms in a specific industry with significant R&D spending, such as the high-tech industry. It can be calculated which region of firms more frequently reduces R&D spending in years with small positive earnings or when narrowly beating analysts' forecasts.

As noted, each of the three studies on long-term orientation has limitations; however, taken together they provide a more complete picture of East Asian time orientation than has so far been presented in the existing literature.

3.4.2 Summary

In this section, a proposal was made for a firm-level quantitative study on reductions in R&D spending during years with low positive earnings or when narrowly beating analysts' forecasts. Comparison between Asian and Western regions can be made in a particular industry, noting whether firms in either region are more likely to reduce R&D spending under these conditions. This study would seek to reproduce the present versus future financial tradeoffs covered in the individual-level study. It was noted that these three studies in Asian business time orientation, despite the limitations of each, together form a more complete picture of the subject than exists in the current literature.

3.5 Summary of Methodology

This chapter has described all the methodological approaches used for this thesis. Due to the confusion and lack of agreement in the literature about East Asian firm adaptability and time orientation, an inductive qualitative study was described in order to answer the research question of how (and if) East Asian organizations plan for the future while adapting to the present. The ontology, methodology, and data analysis approach were detailed. An individual-level quantitative study on long-term orientation was also described. It was argued that measuring preference for present versus future profits was better done through experimental means, rather than by relying on respondents' self-characterizations of their own values, and that a managerial economic problem should be presented to them to make the results relevant to the business sphere. The purpose of the study was also detailed as isolating individual-level time orientation from firm-level, and through larger numbers and comparisons across cultures, to make a stronger claim for generalizability. A proposal for future research was also made to reproduce the individual-level study at the firm-level, by noting reductions in R&D spending specifically in years with low positive earnings or when narrowly beating analysts' forecasts. Comparing this tendency across cultures would allow a firm-level analysis of preference for present versus future profits. It was noted that these three studies in Asian business time orientation, despite the limitations of each, together form a more complete picture of the subject than exists in the current literature.

In terms of the 6 weaknesses of Hofstede's long-term orientation methodology identified in the literature review, these 3 studies together improve on all 6. 1) The individual-level and firm-level quantitative studies measure absolute values between

cultures, rather than only professed values relative other values within the same culture. 2) Hofstede's sample of undergraduate students across different disciplines is replaced by Masters in Business students—a sample with a much stronger claim to representation of the business population. 3) No assumption was made that an individual-level study is applicable to firm-level behavior; the two levels have been clearly separated, and each studied without an assumption that the behavior of one is predictive of the behavior of the other. 4) No assumption was made that professing to value long-term orientation is the same as actually practicing long-term orientated behavior. The qualitative study directs respondents to the observable practices of their organizations, without asking for their personal (or the company's) valuation of the future relative to the present. For the variable which is most difficult for respondents to observe or comment on—the preference for future versus present profits—an experimental approach was used at the individual level, allowing respondents' behavior to determine the study's results, without informing them of the study's purpose in advance. And at the firm level, a proposal has been made to reproduce this by analyzing firms' observable economic behavior in preference for the present versus the future, through reductions in R&D spending during years when there are strong advantages in the present for doing so. 5) Unlike all previous IB research on this subject, both quantitative studies force respondents to pay a price in the present for their commitment to the future, since both involve an economic trade-off between the two. And 6) All three studies focus on business and economic behavior, something almost entirely absent from the previous research on this subject.

The next 3 chapters describe the research results.

4. Qualitative Study Results: Planning and Adaptation

This chapter describes the results of the qualitative study related to strategic adaptation (in reference to the research question of "How (and if) East Asian firms plan for the future *while adapting to the present*). The themes which were relevant for discovering how (and if) East Asian firms adapt were Autonomy, Making Plans, and Changing Plans. Since the strategic adaptation literature assumes that adaptation occurs as a result of the autonomous actions of middle and lower level management, the level of autonomy of Asian managers would have a direct bearing on how and if these firms adapt. Changing Plans is of course the theme which captures the actual change process, but Making Plans is also relevant, because lower and middle level management's (non-) involvement in this process provides the initial context from which subsequent changes either occur or do not occur.

Generally, the results are summarized with supporting quotes added. However, in cases where a summary may be insufficient to provide the reader with the fullest sense of meaning, including potentially important nuances, excerpts of the interviews are given. A "show, don't tell" approach is thus used in cases where the reader is likely to reach a more complete understanding than could be gleaned otherwise.

Especially in a study of this kind, where information really needed to be probed for and excavated in order to get as close to the objective truth as possible, reporting these results entirely with quotes from the respondent, separated from context and the process by which the information was received, has limited explanatory power. Particularly in the Asian context, where a lot of information can be expressed indirectly or non-verbally, it

required focus to draw out from the respondent what was actually going on in a verbal form that was as unambiguous as possible. Reporting these results separately from the process by which the respondent quotes were drawn out would in certain instances be presenting the reader with only half the story. Asia is well known to have a "high context" culture, where behavior and speech is shaped by the surrounding environment; and truth, for that reason, may be more likely to be found in the form of dialogue, rather than monologue, so the respondent's answers can be viewed in tandem with the interviewer's questions.

Cunliffe (2002) describes the importance to conversational analysts of "how people converse, who says what, when, and how this determines responses" (p.132). As noted, these were semi-structured interviews, but with a clear focus on the information which was necessary to gather in order to answer the research question. Therefore improvisation to unearth answers by asking questions based on what the respondent just answered means that the process of data collection was very much a back-and-forth. An interview with entirely pre-scripted questions would not have succeeded in unearthing truths which could only be arrived at from allowing what was just said to inform what needed to be said next, as any private investigator would surely know. Mason (2012) describes dialogue as "a practice through which sense making, framing and reflecting are performed" (p.409). And in some cases it is only through observing the dialogue that the reader may be able entirely to make sense of a response that was, after all, not created in a bubble. For this reason, many authors, including the aforementioned Mason and Cunliffe, have presented dialogue in their research findings, rather than try artificially to separate answers from their context.

The quotes and dialogue, in the context of this research, therefore, provide much of the "rigor" of this study. The reader is in crucial instances brought into the world of the interviewer and respondent to observe for him/herself where the truth lies. This is arguably much more powerful than relying on an author's claim of having used a particularly sophisticated piece of software to arrive at his/her conclusions. In the pages that follow, the reader will be walked through the process by which many of the conclusions for this thesis were reached. Generally, as noted, this will be in the form of summaries with supporting quotes. But when the reader really needs to enter the world of these interviews in order to grasp what was uncovered in this study, a view will be granted, with analysis and discussion immediately following.

4.1 Autonomy

High power distance would suggest that lower and middle level managers would have low autonomy (again, Hofstede's definition of power distance: "The extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally" (Geerthofstede.com)), and this assumption was, overall, confirmed through this study. A number of managers on initial questioning averred that they had a high level of autonomy, but on detailed probing of the specifics of what decisions they were authorized to make without pre-approval by top management, it was found there were very few which fell into that category. The great majority of the responses stated that pre-approval from the top was necessary, so this section will pay particular focus to the exceptions to the rule—the few responses where some level of autonomy seems to exist, so we can try to determine whether it is possible that these could have any effect on changing the firm's strategy.

The Head of the Marketing division for a small Taiwanese clothing company said, "I can make decision which salesperson or saleswoman I want to hire or don't hire." She also has the authority to reject potential clients (which she might do, if for example, she was concerned the outlet would sell the products at too low a price). However, for any other decision, including trying or introducing a new product, she needs approval first.

This response from a lower-level Finance Manager at a large Taiwanese bank was typical of many: "It depends. If it's a big thing, then we have to check with the supervisor to make sure that the supervisor knows and…you know…they have to know and to make the decision. If it's just small things on a regular basis, then normally we can just make our own decision, it doesn't really matter…It depends on how important that thing is." Many respondents gave an answer like this on initial questioning, and it was left to the remainder of the interview to discern what constitutes a "big thing" and what is considered a "little thing." In the case of this respondent, big things were "what" to do, and little things were "how" to do it. "Just like when we have a project with another company…let me see…We know that we want to build a model, and the model needs to be very accurate. As to how…My supervisor would say, 'I want the model, and I want it to be accurate, and I want to make sure it works,' and that sort of decision she makes. But how you build the model and how you work with the other company as a consultant; and how you gather the data, how you analyze—there are lots of possibilities and various ways to do it. For those parts, we don't need to ask our supervisor… So she just wants to see the results. 'Okay, this is what I want.' For how you build it or something, she doesn't care. So those are the parts we can make our own decision."

An Incubation Program Manager, who previously worked as a Product Manager, at a large telecommunications company, said that "You mostly have to check with your chain of command." He says that internal rules and policies are set "mostly set from the top, HR side." For decisions in his division, he states that the amount of money at stake is a determinant. "Something that involved about [$9,000 USD] doesn't need top approval. Something that goes out more than, what, I would say [$15,000 USD] or [$30,000 USD] then you need formal approval."

The Technical Director for an engineering SME initially said, "For right now, I can make all the decisions." But she immediately added, "But I have to discuss with my supervisor, Managing Director. For example, quotations. The price, how to make the price, I need to discuss with him… I'm free to make decisions, but I have to discuss with them." When asked if she would be free to start a major marketing activity without getting the approval first of the Managing Director or the owner, she replied, "Oh, of course not…We have to report them. I mean, anything we want to do actually (laughter)…" She states however that internal HR policies are set by the Technical Director, below the level of top management. Similarly, one other company, a Singaporean medium-sized logistics company, was found to have internal HR policies determined by the head of HR, and not necessarily subject to pre-approval by the very top.

Among Asian-owned firms, therefore, the exceptions to pre-approval of all decisions was a Head of Marketing who was free to hire her own salespeople and reject potential clients, an investment manager who could initiate investment decisions costing less than about $9,000 USD, a lower level finance manager at a large bank who could determine how to build financial models with bank clients, but not the goals or purposes of

such models, and some autonomy of HR policies from the Head of HR departments. The default in all other cases was pre-approval from top management. Most notably, there is an absence of any autonomy which appears to be strategic in nature. The investment manager who can initiate projects costing less than $9,000 USD perhaps has some potential for autonomously affecting strategy. But considering the very large size of the telecommunications firm he works for, any project with such a price tag may be considered negligible on the scale of this company's annual revenues and budget.

Things become somewhat more nuanced and interesting when we look at the four Western-owned firms in this study. Three out of four of these firms have an overwhelming majority of Asian employees, despite the Western ownership. But for one German-owned banking firm in Taiwan, the majority of employees are Western—primarily American-born Chinese ("ABCs"). This firm alone displays a level of managerial autonomy entirely at odds with the other firms in the study. The following interview excerpt with a finance manager paints a distinct picture of life at this company:

Respondent: I think people are more independent. They, like my boss, go to meetings by herself. I think the culture is very different, because at [another company] we always report to our boss.

Interviewer: They don't do that.

R: No.

I: Do you have more autonomy?

R: Yeah, I can do anything. If I report to my boss, she will say, "Why do you talk to me?"

I: Oh. That's very interesting. So there is more autonomy and less communication basically.

R: Yeah yeah yeah…

I: And are your bosses, are they Taiwanese people or are they foreigners?

R: Taiwanese.

I: But they never asked you for your feedback or…

R: Seldom. They don't care. [Laughter].

I: They just don't care. But you also have more freedom to do the things the way you want to do them.

R: Yes yes,

I: Okay. You don't have to ask.

R: In the end I felt freedom. But in the beginning I was very scared. Because…Taiwanese do not like the autonomy. We don't know how to do that. Please do not give me so…But if I getting used to my job, I hope I can get more…So in the end I feel…That's the most difficult thing for us.

I: Did you ever disagree with anything…Did you have the freedom to disagree with something that somebody told you to do?

R: Mmmm…Even if I disagreed, they don't care.

I: They just don't care.

R: [Laughter] They don't care.

I: Okay.

R: They don't care. They'd just say, "Finish your thing…by your way. It's okay."

I: Just by your way.

I: Just by your way. They are very flexible that way.

This picture is particularly interesting in light of the fact that, as the respondent notes, the manager directly above her was Taiwanese. Yet, whether coincidental or not, this firm—the only one in the sample with a majority Western employee base—displays a strikingly different attitude regarding autonomy, even amongst managers who are Taiwanese. It could be speculated that a "tipping point" has been reached in the managerial population, such that with a Western majority, even local managers begin behaving differently, as our respondent eventually learned to. It is also notable that despite the extensive (mostly Western) literature detailing the desirability for employees of increased autonomy, that the respondent expressed primarily discomfort and dissatisfaction with this arrangement, particularly at first. She also notes that the turnover rate amongst local Taiwanese employees was extremely high—the only Taiwan-located company in the sample (Western-owned included) for which this was true.

Additional color is provided by the Marketing Manager of a French luxury goods company in Cambodia, with a majority Asian population. As was typical of the respondents, he began by stating that he has a high level of autonomy, but further probing placed qualifications on this statement:

Respondent: Most of the time I make the decision on my own…

Interviewer: Mm hm.

R: Yeah, but I need approval. But normally, normally if I…yeah. I think over 90%. Yeah.

I: 90% you would need approval, or 90% you wouldn't need approval?

R: All need approval. But it's all like…Because every quotation I approve, he needs to sign.

I: Okay. So you can make the decision…you can make some decisions but you would still need his approval before you could actually do it, is that right?

R: Yes, yes…

I: Okay. And so that would cover basically all decisions that you would make; you would need to get approval for everything, even if you could make the decision, is that right?

R: Yes, yes yes yes.…

I: Okay…so you said that you needed approval to do your marketing decisions. But did you have quite a bit of freedom…were you able to take a lot of initiative in terms of the kinds of decisions you could make, even though you did need to get approval in the end?

R: A lot of freedom. A lot.

I: A lot. So for example, you…

R: Yeah, because…

I: Okay, go ahead, yeah…

R: Because the Chief Rep, his role is to manage the team, and then he has his experience, but marketing-wise he doesn't like graduate or expert in marketing…

I: Okay.

R: …and actually he asks for feedback and then I consult, but normally the approval is quite freedom.

I: Okay. So you could really start a new marketing activity—you'd still need to get approval, but you could…

R: Yeah yeah.

I: …but you could make the decision about what to do, and then you'd just get his signature on it, is that right?

R: Yes, yes.

This particular description suggests that although the respondent technically does not have autonomy (reference Webster's Dictionary (Merriam-Webster.com) definition of autonomy as "self-governing") he is clearly not without influence. Everything must be communicated and approved, but he nonetheless may have an effect on corporate strategy. However, this is a Western-owned company, so this initiative on the respondent's part should not necessarily be assumed to apply to Asian-owned firms.

Given the need for pre-approval for virtually every decision made by the respondents in this sample, it needs to be asked whether Mintzberg's (1978, 1985) idea of an "emergent" strategy is really possible. And in the absence of such emergent strategies, how does the firm adapt? Or does it?

This leaves us with the other two themes on this topic: Making Plans and Changing Plans. Through these thematic analyses, we may discover how the generally low level of managerial autonomy below top management may hinder or not hinder strategic adaptation.

4.2 Making Plans

Most of the respondents stated that their companies had plans of some sort. What was clear was that initiatives from middle and lower level management were not permitted for the most part, especially where anything more than a trivial amount of money was involved. Nonetheless, in most cases feedback was constantly solicited by top management from lower and middle level managers, as well as general employees, in the construction of plans.

The most interesting model of strategic planning—and the one where the involvement of middle level management was most direct and explicit—was found in a small Taiwanese clothing company. In this company, the heads of each department are required to devise a plan themselves, and then bring their plans to a meeting with the owner and all the other department heads. The Head of the Marketing Department states, "We need a formal plan… Any time I need to offer my idea to my boss. And I need to make plan to my boss. And boss will say, 'Okay,' 'It's not okay.'We will have a meeting together, and we can discuss…Actually every year I make the plan—just two or four kinds of goods I feel we need to produce…and how to…" After creating the plan, her company "will have a meeting and discuss with other department heads to see if it works…All the departments they do have plans and submit to the boss."

This planning model really does not fall under the category of the type of organic "emergent" strategy which Mintzberg (1978, 1985) describes as evolving from the autonomous actions of middle and lower level management. It is not spontaneous, and is entirely subject to approval by top management in advance. Nonetheless, it originates from the middle rather than the top, and is therefore a model where middle management plays a major role. It is reminiscent in some ways of the model used by the previously mentioned French-owned company in Cambodia, where the marketing manager was able to initiate marketing activities, pending the approval and signature of top management. However, this process is more formalized for the Taiwanese company, and is done in a more systematic, less ad hoc basis.

Although the Taiwanese clothing company provided the most explicit model of middle level managerial strategic participation, most companies in the sample followed a similar approach. Almost all decisions required approval by top management, but even though plans were not requested to be drawn up by those lower on the chain, their feedback was actively solicited.

A Finance Manager from a Taiwanese bank states, "The supervisor [vice president of the consumer banking] will pick some people who she thinks are very capable, who knows things better than all the others. So we are kind of like directly under her control…Because she picked us herself, we have a meeting with her every day. And every day [if] there are huge things happen, but basically it's like weekly, yeah weekly basis."

The respondent goes into more detail about the kinds of things they will discuss. "Every day there is new data and new numbers come out. So I focus on why did something happen. If no products come out, are those products good enough to make a marketing

plan…? How are we attracting the right customers? If you don't find the right customer, you increase the default rate. So you have to find the right customer, right product, that comes out of the right data. So it both covers strategy and data analysis and marketing and financial analysis."

In terms of the protocol for these meetings, the respondent states, "We would give suggestions. But she has her own opinions, and she normally is very…insists on her own opinion…So she would consider our suggestions, but basically she has her decision already. So only if there are surprising data or surprising products comes out…Otherwise she would most of the time make the decision. She would hear what we said but she would make the decision on her own."

So in most cases the Vice President will make her own strategic decision, but these (at least) weekly meetings suggest she is not making the decisions in a void without feedback or awareness of the perceptions of those in the lower and middle ranks. "She was in the risk management area for like 20 years or something. She's extremely experienced. Normally she knows everything about what the number means. Even when we haven't figured out what that is, she already knows what that is already…So she just wants to make sure that what we do…I mean the data is what she expects. If it's what she expects, then she'll just make the decision." The respondents confirms that the goal making process is "top down," and says, "Yeah, of course we have targets and goals…When it comes to targets and goals, it has to involve the supervisors. When we have a goal and target, normally on targets and goals, we can't make our own decision. Basically, yeah. It's only when things come out, it's not what we expected, then consult the…ask the supervisor."

The Incubation Program Manager (previously the Product Manager) at a large telecommunications company says, "We do plan everything in advance, but everything changes so fast, so we have to be adaptive to changes…Yeah, we do have like a weekly meeting with the Managing Director, the person who looks at the collection of the business units…So basically we have weekly meeting informing him of what's up. If there are things that need to be decided by him, and we will tell him." The respondent says that Managing Director asks for feedback about how things are going, and they discuss planning and strategy. "Mostly we just have an overview, mostly discuss on a weekly basis, what we have to do, what happened this week which is good, what's not good, and how can we improve the next week."

In addition to soliciting feedback from middle level management, the respondent states that top management also communicates clearly to the rest of the company. So the communication goes both ways. "I would say it's pretty well communicated. We have external sessions where the companies meet up with the Head and then the Head will translate what the mission is, how well the company is doing, the business unit is doing, or what's the vision going forward..." Other respondents in the sample also reported good communication flow from the top to the middle and bottom. A Financial Officer at a Chinese Oil and Gas SOE, states, "They have the long-term strategy for the company. And this is the company's goal, so they will let every[one] know that, and make sure that everyone will work together to reach that goal."

A Human Resources Officer at a Chinese bank states, "They have the strategic plan for the long-term development. For their own branches, they have the 5 year and also the 10 year plan. But the HQ in Beijing will also make the strategic plan for 3 years, 5 years,

10 years. So all the branches will make their own planning based on that--I mean, based on the plan from the HQ—and also combine their own situation to make a better strategic plan…They will have the meeting for all the employees to understand the company's strategic plan in the next 5 years, 10 years. I want to tell you it's very common in China, especially for the state-owned companies, almost every state-owned companies will gather the employees together about their strategic planning."

The respondent also describes a system where not only managers, but also "employee representatives" attend quarterly meetings with top management. "Not everyone will attend the quarterly meeting, because this organization is very large. So there are so many people in the company, so it's not practical for everybody to attend it. Generally, the people from the province branch will attend it, and also some of the employee representatives will also attend it." In terms of what is discussed at those meetings, "they will mention about the strategic planning," however the managers "will listen what is the instruction from the HQ. And also they have team discussion about that. So they can also give suggestions and feedback to the HQ." The respondent notes that "employee representatives" can also give feedback.

So it would seem that plans are primarily made by top management--and in some cases initiated by middle level management subject to pre-authorization by top management—with fluid communication between the managerial levels. However, employee feedback was not the only information sought by top management in designing their plans. As will be discussed shortly, the initial construction of the plans could also be determined by a response to market forces, advice from industry colleagues, and some far less well-known sources of strategic guidance, which will be described in a moment. A

couple of companies, although a minority, made no specific plans at all, and at the outset, "planned" only in reaction to market forces. So since there was no initial plan, they simply tried something, and if it generated profit, they kept at it. If not, they changed to something else. A Finance Manager at a Singaporean logistics company described this as a situation where if something comes up, "then plan," rather than the other way around.

Aside from employee feedback and reaction to market forces, other sources of strategic guidance were also sought by some companies, not well documented in the business literature. The aforementioned Singaporean logistics company, foregoing formal planning, relied not only on market forces to make company decisions, but also some on less well-explored influences. A Finance Manager says, "[the owner] will invite some Feng Shui professionals to come to the company and to give him some tips on how to make the business mostly like the… To put the tables somewhere…some other objects like plants and also to wear which kind of clothes…" The respondent says the owner does this "to make the company's business more successful."

The respondent goes on to say, "The Feng Shui professionals said to the owner that he should ask all the females in the company to wear dresses or skirts. But no trousers. So that is a little crazy, because women are not allowed to wear trousers." She states the owner did not say that Feng Shui was the reason for this policy, but that she found out from the General Manager. Employees were simply told "It will make you get more business customers." Regarding Feng Shui as the source for this policy, she says, "The owner of course will not tell us about that."

Pricing decisions are also determined by methods not well-documented in the literature. The following interview excerpt with the Finance Manager describes this process:

Respondent: Eight is a very lucky number in Chinese culture and of course Singapore has a lot of Chinese. They also think eight is a lucky number. So I remember clearly when we set the price for (name of company) then the owner also did it together with us. He's the final decision maker so he set every price with eight at the end…

Interviewer: At the end…

R: Yeah. For example, for 188, 688 or something like that. So it all depends on his own…

I: But would he sort of calculate that the price should be about $680 and then just add an eight at the end of it?

R: Yeah yeah.

I: So he would kind of get a general idea of what the price should be from another way, but then he would just add eight at the end.

R: Yes but later when I talked about that with the General Manager, he told me actually he himself also doesn't know if the price is profitable for the company.

I: Oh, okay.

R: If profitable, he doesn't know how much it will really get from this profit.

I: So he doesn't have a very formal way of setting prices other than the Chinese lucky numbers.

R: Yeah.

I: Okay. But I mean you said he puts an eight at the end, so how does he know what comes before the eight? If he chooses the number 688… So he chose the eight at the end because of Chinese lucky numbers, but do you know how he chose the other two digits? I mean why he would choose the six at the beginning or something like that?

R: (Negative). Just spoke out to the…(laughter).

I: He would just say something.

R: Yeah. (Laughter).

I: Okay. But he told you that he didn't really know exactly how he was setting the prices?

R: Yeah, the general manager told me later about that.

Pricing decisions were therefore apparently determined by some combination of Chinese lucky numbers and some unknown intuition on the part of the owner. More well-known to the company at large was the practice of communal praying for improvement in business performance. Again, an interview excerpt will best help to understand the details of this process:

Respondent: And we also have a praying in the middle of the… lobby.

Interviewer: In the lobby.

R: Yeah.

I: So there is a place to pray in the middle of the lobby?

R: Yeah.

I: And do the employees pray there?

R: Yeah. They have a person would do that in the morning and everything. But the priests is very common in Singapore especially in Singapore-based companies.

I: It's very common to have a priest?

R: Yeah.

I: Okay. You're using the word priest but you mean the Buddhist leader, is that right?

R: Yeah and I don't know have you heard about another religion… Tao…Actually they pray for…

I: Taoism?

R: Yeah.

I: Okay. So in your company they pray for Taoism?

R: Yeah.

I: Do they also pray for Buddhism or is it just Taoism?

R: Some companies they will also pray for Buddhism.

I: But your company was Tao? Taoism?

R: Yeah.

I: And so is the belief of the manager, is that what determines whether the company prays Buddhist or prays Tao?

R: No, depends on the owner's own belief.

I: Right.

R: Yeah. At first I think it is because my owner's special experience so we have the pray in our company, but later I found most of the local-based Singapore companies have the pray in their companies, yeah.

I: How did you find that out? From just colleagues from other companies?

R: Yeah yeah.

I: And so what if somebody was a Buddhist but they worked for a company where the owner was a Tao person? Would they… You understand what I'm saying? If they work for a company where the owner is a Tao person, if you had praying sessions where you would pray for Tao, then what do the Buddhist people…? Is it okay for them to pray a Tao way or not?

R: No.

I: So what happens in that situation?

R: I think Taoism and Buddhism have a bit similarities. But…

I: I mean, my question is if you're a Buddhist and you're working for a Tao company then do you also pray in the Tao way?

R: They will not do that.

I: So they just won't participate in those praying sessions

R: Yeah.

I: Okay.

R: And that is only part of the company culture.

I: Okay. So may I ask you, are you Buddhist or Tao?

R: Yeah. You can say I'm Buddhist.

I: Okay. Did you pray in those Tao praying sessions?

R: No.

I: No. Because you're not a Tao person, is that right?

R: (Laughter). Because I don't think it will help the company's business.

I: But is it also, I mean… Anyway, the fact that you didn't pray, did people…did that make some people not feel good about you because you weren't participating in the praying?

R: In the Spring Festival I follow other persons to pray, but in other festivals maybe I will not do that.

I: Okay. But in the Spring Festival would you pray in the Tao way or the Buddhist way?

R: Have to follow other people because almost everyone…

I: Okay, and they would all pray Tao.

R: Yeah.

I: So you would just kind of pretend to pray Tao even though you were Buddhist?

R: (Laughter). Yeah.

The praying sessions and the Feng Shui practices were corroborated by a Human Resources Officer at the same company. This respondent also stated that looking at

people's faces in the photographs they attached to their resumes was also used to determine a job applicant's character—a sort of Chinese version of physiognomy—and was part of their hiring strategy. Respondents from all companies were aware of these kinds of practices, even if their company in particular did not practice them. An investment manager from a large telecommunications company, in answer to the question of whether his company engaged in practices using Chinese lucky numbers, praying, and hiring decisions based on facial features, said, "Talking about company wise, I would probably say yes, they do. If you're talking about my unit, my business unit wise, I would say no. But company wise, to give you an example, the work condition thing, yeah, I've heard of that in my company, because my company is a Thai – Chinese company, right? It's a Thai company but the chairman or the CEO has Chinese roots so basically they have all those Chinese beliefs. Yeah, they look at the face…"

In order to get a better understanding of how and why these practices affect hiring strategy, a lengthy discussion was had on this topic with a (female) Finance Manager at a Taiwanese bank which engaged in hiring practices based on facial characteristics. Again, an interview excerpt provides some insight into the reasoning behind this:

Respondent: Well, it happens all the time.

Interviewer: Okay. At your company?

R: Hmm?

I: At…

R: At my company.

I: Yeah: So…

R: …Because normally in Taiwan, in Asia, we would put our picture, our height, our weight, and our blood type, something very personal.

I: You put your weight on the resume?

R: Right…It's required.

I: Oh.

R: So when you say, do people look at a picture and decide if this person is what we want, well it's more than that. It's how tall you are, how much weight you have, how fat you are, how thin you are, and how beautiful you look. Are you plain? Just everything is based on…

I: Yeah. And you mentioned blood type as well. So they would also factor in blood type?

R: Right.

I: Okay. And…

R: Just everything.

I: So I talked to a couple people who told me that they will look at the shape of the face, like in terms of the eyes and the nose and things like that in order to help determine this person's character. Kind of like how good a…

R: Right. We do, we do. We do something like that.

I: Okay.

R: Just like my supervisor will show me a picture and say, "Don't you think he or she looks a little bit evil? Or does she look lazy? Or does she look…" Yeah, what kind of person he is or she is before we actually see that person.

I: Okay.

R: And like if there are ten resumes, and if we want to find 10 people…otherwise if we just want to make one decision, then [some of the resumes they will just throw away] if they find the picture…

I: Okay, very interesting. Are those the main things then: height, weight, blood type? Do they ever use astrological sign or anything like that?

R: Well, of course there's an autobiography. The other huge part would be the autobiography and what kind of person that person has…So we base it on background, experiences, family, if he's outgoing or not outgoing, what you like, what kind of sports you do, did you learn the piano well or something…

I: And is that also—in terms of what you said about looks—do you think it's also true for men? That they would accept or not accept an applicant based on how handsome he was? Or was that more for the women?

R: Mm-hmm [Affirmative].

I: Both…

R: The more beautiful you are, the higher the chance you will get a job. To get an interview.

I: And that's true for men as well?

R: Yeah.

I: So the men also…the more handsome man is also more likely to get the job, is that right?

R: Yeah. And they can get more interviews. That's for sure. It's just like if you're extremely handsome, but you write an autobiography that's really poor, then we still would see how you are educated. But if both are above average they will get an interview.

I: So I'm interested to know, when they accept the interview because let's say the person is very handsome, why exactly do they care about that? I mean, in the sense that, unless they had some plan that they wanted to ask the guy out on a date or something like that, what's the thinking behind wanting to have a good looking person there?

R: Well, if you're good looking on a picture, it means you value yourself. It also means that you care what you want to present to others.

I: Okay. So what about genetics? What about genetic looks though? Somebody who maybe was not born very attractive…you know, they might try to make themselves…

R: On the picture…You have to dress up, let us know that you didn't just randomly take the picture.

I: Okay. So you think it's more about presentation than about genetics?

R: Yeah.

I: Or is it both?

R: Yeah. If you're good looking, then it's definitely a plus. But if your genetics not good looking, you have to still make your look comfortable.

I: Okay. But I'm guessing that two people who both tried to look really good, but one of them was genetically more handsome or more beautiful, that person would still have an advantage, right?

R: Mm-hmm [Affirmative].

I: Okay. So I mean the reason for wanting those beautiful people at the company—it's not necessarily because they're interested in having a relationship with them, but it's just 'cause they think that it's…they are a better person because they're better looking? Is that right?

R: Yeah. [Laughter]. Yeah, of course. Even if they don't hire a person just because they want to go out with them. It's just because…just when someone cares about how they look…yeah, how they look…it means he cares about things. And of course good looking people are going to have more chance to have an interview.

I: Yeah.

R: But it doesn't mean that she is an idiot, and it's just because she looks good…

I: Yeah.

R: …she got a job. No, it's not like that.

I: So it would just open the door, that's all.

R: Yeah, it just opens the door.

I: Okay.

R: But it's still based on your capability, your appearance…interview questions are…beautiful people get more chance to have an interview.

I: Okay.

As the foregoing demonstrates, this hiring practice, according to the respondent, seems to be based on a preference both for attractive genetic characteristics and an effort at self-presentation. But it is not perceived as a self-serving mercenary practice on the part of the hiring manager to connect with people of his/her preferred gender, as we might assume if a Western manager were to hire employees based on the same criteria. Rather, it is perceived that applicants with desirable genetic facial characteristics and attractive self-presentation are more likely to be better employees than those lacking in these qualities.

It should be noted that the majority of the companies in this sample, despite the respondents' awareness of business practices such as prayer sessions, the use of Chinese lucky numbers, Feng Shui, and Chinese physiognomy, averred that their companies did not engage in these practices, including a second Singaporean company also in the logistics industry. Occasionally an explanation was offered for why they did not engage in these practices. A Financial Officer at a large Chinese company said they did not do this "because they are a state-owned company." A Human Resources Officer for another Chinese SOE states, "No, that doesn't exist in [name of company], because they are a very systematic company, and they are one of the largest banks in China. So that culture will be funny if it exists in this bank."

In summary, the companies in this sample tended to make plans based on a regular system of soliciting employee feedback. They also let strategy be determined by market

forces, and in some cases solicited advice from industry colleagues. A minority of companies relied on Chinese belief systems to help determine some aspects of company strategy and business practices. Strategy was usually set from the top town, with plenty of feedback solicited from lower ranks. In cases where middle level management were allowed to come up with some strategic decisions of their own, almost all such decisions required pre-approval from top management.

The next section goes to the core of answering the research question of whether Asian companies adapt and change their plans and strategies once they have been formulated. And if they do adapt, how they go about doing so, given the apparent lack of autonomy and ability to take action by middle and lower level management without pre-approval--which the adaptive strategy literature assumes is requisite in order for strategic adaptation to occur.

4.3 Changing Plans (Adaptation)

Overwhelmingly, this research shows that adaptive practices and changing plans is common among most of this sample. Equally clear is that a major source of strategic change is a continual, fluid, and usually systematic flow of information from bottom to top. The method of communication flow varies slightly from company to company, but it is there in almost all cases. Thus, strategy changes not through the autonomous actions of middle and lower level managers, ("emergent strategy") as the literature suggests it should (Mintzberg, 1978, 1985; Andersen & Nielsen, 2009), but through the autocratic adjustments made by top management, thoroughly informed in most cases by regular solicitation of feedback from those lower in the ranks. Additional sources of information

influencing strategic changes made by top management are market forces (e.g. whether or not something is selling) and information/advice from industry colleagues. Thus, while strategic change is almost entirely the purview of top management, such decisions are not made in a bubble.

For the owner of a very small Taiwanese business in the clothing industry, strategic change comes from a continual process of trial and error, relying on market forces as the primary source of information. She also relies to a lesser extent on advice from industry colleagues. "Sometimes I will talk about with my friends, but most of the time I decide this for myself. Because at that time [when she was first starting her business] I just try to do it, so everything is new, is different for me… What season I wanted to sell, I tried some goods. Some goods I just tried them. If it's good, I will continue. If the consumer don't want to accept it, I will give up." She states that she changes her plans based on market feedback, but there is no formalized timetable for making planning changes. If circumstances require a change of plans, then she changes her plans at that time in response to such conditions. An example is an original plan to open one new store every year—one which had to be modified in response to insufficient profits to support such a plan.

For larger companies, almost all reported a fluid process of inter-level communication as a major source of strategic change. An Incubation Program Manager at a large telecommunications company describes a continuous process of feedback as follows:

Respondent: We do plan everything in advance, but everything changes so fast, so we have to be adaptive to changes… We do have like a weekly meeting with the managing director,

the person who looks at the collection of the business units. So basically we have weekly meeting informing him of what's up. If there are things that need to be decided by him, and we will tell him.

Interviewer: Okay, do all of the people under you also attend those meetings? Or is it just you…?

R: It's just me and my manager meeting up with the Managing director.

I: Do they ask you for feedback about how things are going?

R: Of course, yeah, yeah, they do.

… I: And do you change your plans frequently? You have something set up for like three months…

R: Of course…Well, the stakeholder in my business units, right? Mostly the companies that are coming into our incubation program as well as business partners. So whatever is happening right or not right we get input from those two sides then we try to figure out what's the best going forward…And I give my feedback to my manager and him giving to the Managing Director.

I: So there's kind of a chain that goes that way.

R: Yeah. Mostly because the working style of the Managing Director, he likes to involve everyone, right? So most of the time, like I said, the weekly meeting I'm involved in that as well.

The respondent states that, similarly, the Managing Director meets with the CEO at least once a week to provide feedback to him as well.

It is interesting to note that the power distance in Asia which seems to constrain autonomous actions made by lower and middle level managers does not appear to constrain such managers' ability to express their views to those managers higher on the rung, as one may have erroneously predicted that it might. The same respondent describes the situation as follows:

Respondent: Well first of all being in the Asian culture you have to respect your elders, right?

Interviewer: Yeah.

R: So basically if you show a sign of disrespect of any kind you won't be… You won't get… You won't be praised, you won't be approved of basically.

I: How does that translate in terms of people feeling free to offer suggestions and feedback? I mean, if there's sort of a line you can't cross and that you're supposed to be very deferential to the people above you, does that in any way make people feel more reluctant to maybe make a suggestion or…?

R: Well I can't say this for the whole company but for my unit and myself the subordinate thing doesn't get in the way. My manager or the managing director, the top boss, is pretty open… He does have like a blend of the Asian versus Western belief. Yeah, so he does try to encourage employees to raise their voice and show off their idea. But as an Asian company you do have to make sure that the way you project your opinion or your voice or whatever it is have to do it with respect. You shouldn't be like, "Hey you, that's not correct." You can't do it that directly.

I: Okay, so you have to…

R: You have to raise your opinion based on reason.

I: Okay, so you say though… It doesn't really stop the flow of communication though… You do communicate, you just do it very politely...

R: Yeah, very politely. This is true of my unit, I can't say if this is true or not for the other business units, other corporations in Thailand as well. I would say in some places I've heard of it is quite inappropriate to voice your concern or opinion or whatever. So it depends on your manager.

The reader may notice that this description of freely raising one's opinion, as long as one does so delicately, is somewhat reminiscent of a previously mentioned Confucian quote: "[Tzu Hsia said 'The wise man] also obtains the confidence (of his Prince) before pointing out his errors, for before obtaining such confidence (his Prince) would deem himself aspersed'" (Analects, Book 19, Chapter 10) Despite the respondent's prudent caution in applying his own experience to other Asian companies, his description in fact closely matches that of almost all the other respondents in the sample.

A Human Resources Officer for a large Chinese bank states that all the strategic decisions come from top management at headquarters. However, employees across all departments are represented at strategic meetings, both via the heads of each department, and via "employee representatives":

Respondent: They will select a certain amount of employees in each department to represent your department to attend this meeting. And before they attend it, they will get the comments and the questions from their own department. And they will also take those questions to the meeting to ask for the management and try to get their answers.

Interviewer: How often do those meetings happen?

R: Generally they have one or two times per year, but for some very important matters or some urgent matters they will have the meeting immediately.

I: Have you ever attended one of those meetings?

R: Can you repeat it?

I: Have you ever been an employee representative at one of those meetings? Have you ever attended one?

T: Yes.

I: Do employees make suggestions at those meetings? Do they give feedback? Or do they just go there to ask questions?

T: Yes, they can make any suggestions, advice, and they can also give any feedback.

The respondent goes on at more length to explain the process of strategic planning and adaptation and the role of the different levels within the organization in this process:

Respondent: They have three different ways to collect the feedback and also the suggestions. The first was what we talked before, that, for example, the employees' representative meetings, that they will collect the suggestions and feedback from all the employee representatives. And the second one is someone have some suggestions or they want to complain something, they also can talk to the related person directly. For example, you can report to the HR manager and you can also report to the operation manager for the thing that you care about. And the third one, they can also report to the labor union. Then the labor union will represent you to solve it with the related department.

Interviewer: Okay. Do people generally feel comfortable making a suggestion or giving feedback to their supervisor? Or is that something that you're allowed to do, but people still would feel uncomfortable to really do?

R: No, they will not feel uncomfortable when make the suggestions or complain about something. They will treat their problems very sincerely, and try to solve it quickly…They will have the meeting for all the employees to understand the company's strategic plan in the next 5 years, 10 years. I want to tell you it's very common in China, especially for the state-owned companies, almost every state-owned companies will gather the employees together about their strategic planning.

I: How often do those meetings happen?

T: They have 4 times every year, so that is 1 time every quarter. And as I mentioned to you before, they also have the weekly meeting.

I: Yeah, but the employees don't attend the weekly meeting; only the managers attend the weekly meeting. Do the employees actually attend these meetings that take place about strategy 4 times a year?

T: No, not everyone will attend the quarterly meeting, because this organization is very large. So there are so many people in the company, so it's not practical for everybody to attend it. Generally, the people from the province branch will attend it, and also some of the employee representatives will also attend it.

I: Okay. So the attendance will be similar to the employee representative meetings that happen twice year. So the managers will attend and also some employee representatives will attend, is that right?

R: It is right.

I: Okay. Have you ever attended one of those strategy meetings?...These meetings that happen 4 times a year where you have people from headquarters and people from the province, have you ever attended one of those meetings?

R: Yes, I have.

I: Okay, great. And at those meetings, do the managers from the province and the employees, do they also make feedback and suggestions? Or do they just listen for instructions from the headquarters?

T: For that quarterly meeting, they will listen what is the instruction from the HQ. And also they have team discussion about that. So they can also give suggestions and feedback to the HQ.

I: Okay. And even employee representatives can also give suggestions and feedback?

R: Yes.

The respondent also states that, "the persons who attend the quarterly meeting must report it to other employees who didn't attend it."

This company was unusual in this sample in that the respondent states that it rarely changed its long-term plans. But as will be discussed at more length later in the dissertation, it was also unusual for having long-term plans at all. In the short-term, it made changes as did the other companies in the sample, and the respondent avers that its steadfastness to long-term strategy was not borne out of a lack of openness to feedback and suggestions. "For some very big strategic planning, for example the strategic planning

from the HQ, they seldom change it…For most of the plans or projects that they are undertaking, before they execute, the HQ already spend a lot of time in thinking about it. So once they conduct it, they seldom change it. Maybe the only way they will do it to improve it, to find some better ways to make it more perfect."

A Human Resources Officer at a Singaporean logistics company describes a similar regular meeting process among different levels of management. She also describes a semi-anonymous process whereby employees of all levels make suggestions via a drop box:

Interviewer: How often are you asked to attend a meeting?

Respondent: I think twice a month. Normally twice a month.

…I: Okay. And what's the highest level person that would attend that meeting?

R: Highest person…

I: The highest level. What job position is the highest that would attend those meetings?

R: Assistant Director.

I: Okay. Is that the Assistant Director of the human resources department or is that the Assistant Director of the whole company?

R: Sorry?

I: The Assistant director. Is that the Assistant director…?

R: Yeah. The whole…

I: The whole company…

R: Yeah, the whole company.

…I: And do they ever ask you for any suggestions?

R: Suggestions? Suggestions, yes. Sometimes…We will set up one of the boxes…the box can drop the comments by all of the employees.

I: Oh, okay.

R: In the box. Then once a month then we will see the comments from the workers, from the employees. Then make the changes.

I: Okay, and when the employees put the suggestions in the box, do they put their names with them or are they anonymous?

R: Sorry?

I: When they put the suggestions in the box, do they have their names on those suggestions? So does everybody know who made the suggestion? Or is it just you put the suggestion without your name attached to it?

R: The paper, actually we have a format. The worker need to write down their name, their department and the comments.

I: Okay. And do people feel free to do that? Does anybody feel worried that maybe if they have a suggestion…Does anybody feel uncomfortable to do that? Or do people feel like it's okay to make a suggestion?

R: Yes. Because the paper will only be reviewed by our management level. They will discuss once a month. Only our management level will know that.

I: Oh, I see. So the people above won't know or the people below won't know?

R: Sorry?

I: You said only your management level will know what the suggestion was, yeah?

R: Yes. Then they will make the changes.

I: Okay. When you say your management level. So…I'm not sure what that means. So you mean the only people who will know are the people at the top or the only people who will know are the people… I'm not quite sure what you mean when you say only your management level knows what the suggestion is.

R: Okay. They will review all the comments from the boxes. The box, then will discuss our feedback from all the employees. Then the management level will discuss how to make the improvements based on their feedback.

I: Okay. So what positions are they that actually read the notes? I mean, is it the Human Resources Manager who would read the suggestions? Or is it the Director that would read the suggestions? Who is it that reads the suggestions?

R: The meeting will be participate by HR manager and Operations Manager and all the manager levels including General Manager.

I: Okay. So they will all read the suggestions and then they will talk about those suggestions in the meeting, is that right?

R: Yes.

I: Okay. But when they talk about the suggestions, they won't reveal who it was that made the suggestion, is that correct?

R: Yes.

A different Singaporean logistics company follows the same approach as the others in the sample, mixing levels of management in meetings to solicit feedback. This company differs from most of the others only its lack of strategic plans, even in the short term, and consequently, feedback from different management levels has little effect on strategy specifically, given the absence of such strategy. Instead, market forces are the main determinants of company actions. As the respondent states, if something comes up, "then plan," rather than the other way around. Nonetheless, the format for soliciting feedback is similar to the other companies, even though it does not extend to the creation and adjustment of formal strategy. The structure of absolute decision-making authority from top management only, combined with the fluid communication and solicitation of feedback among all levels, is worth quoting at length as it is so typical of what was found across the sample as a whole. A Finance Manager describes:

Interviewer: For the meetings where there were a lot of people there, so that included lots of different managers, like it would include lower level people, middle level people, all the different levels?

Respondent: Yeah.

I: So typically how many people might be at one of those meetings approximately?

R: About 8 to 9.

I: 8 to 9? Okay. And how often would those meetings take place approximately?

R: One monthly.

I: Monthly. Okay. And what kinds of things were discussed in those meetings? I don't need to know any secrets of what the company was talking about. I just mean in terms of the kinds of things. Was it about planning, was it about results, or anything like that?

R: About the performance review in the past month, what happens and what we expect in the next months.

I: Okay. Well you just said performance review. You mean the performance of the company…

R: The business performance review.

I: Okay, not the individuals.

R: Yeah.

I: Would there be any discussion of… Would the manager ask for feedback from people?

R: Yeah.

I: Would he ask for feedback for example from lower level managers are middle level managers?

R: (Affirmative).

I: So would he ask them for information about what they had experienced and things that were going on or…?

R: Yeah, he… I mean the General Manager… He would like to hear everyone's advice and suggestions on the past month's performance.

I: Okay. And he was open to suggestions as well?

…R: we have cooperation with (name of client company) so sometimes they may have some accidents on the working sites so after that the general manager will call all other managers to come here together to discuss what is going on, how to stop it, how to prevent it from happening in the future…He will collect the information from other persons and then he will make a decision based on all the information he gets from different departments and he will suggest it to the shareholder (owner). The shareholder will make the final decision. But most of the time the shareholder listened to the General Manager.

I: Okay, so in fact the person who is actually making decisions then was not the General Manager but was the owner?

R: Yeah, of course. He's the owner of the company.

I: Okay, but in terms of… The owner would make almost all of the decisions, is that accurate?

R: Yeah.

The respondent goes on to state the owner would attend about 50% of the meetings, although he would generally just go there to listen:

I: Okay. Interesting. During those meetings when he was there, would the General Manager ask those questions about the employees, about advice and feedback…?

R: Yes.

I: And if he wasn't there, then your understanding is that the General Manager would then go to the owner and report to him the information and make some recommendation…?

R: Yes.

I: But nonetheless the General Manager would not make very many decisions, mainly it was the owner who would make the decisions?

R: Yeah. But sometimes when the owner make some decisions and the General Manager thinks it is not reasonable, he will also discuss it with the owner and try to persuade.

I: Okay, so he was free to do that?

R: (Affirmative).

… I: So when you attended these meetings did they ever ask your feedback about anything?

R: Sometimes. They will ask me if I have some thoughts or ideas about that. If I have, then I will speak out.

I: Okay. And is that usually the place where you would give feedback? Were you ever asked for feedback outside of the meetings are mainly in these meetings?

R: In the meetings.

… I: Do people feel free to disagree… You mentioned that the General Manager if he disagreed with the decision he would go to the owner and try to persuade him to do something else, right?

R: (Affirmative).

I: Did other people in the organization feel free to do that? Was the General Manager the only one who had the freedom to disagree with the decision?

R: …The General Manager and the [higher level] Finance Manager are the two persons who can speak to the shareholder (owner)…And maybe some of the managers from the subsidiaries, they may also talk to the shareholder directly.

I: Okay. What about other people in the company who are slightly lower than the Finance Manager and the General Manager? If a decision was made that… let's say somebody at your level didn't think was right, did you feel free, or do other people like that feel free to tell at least – not the owner, necessarily – but perhaps tell the Finance Manager or the General Manager there was a problem?

R: Yeah.

I: Okay. So you would tell it. You just wouldn't tell the owner, you would tell somebody below.

R: Yeah.

I: And, for example, might you tell the Finance Manager or would you be more likely to tell the General Manager?

R: The General Manager. Because it's more directly.

I: Okay. And as far as you know, do you think other people were more likely to go to the General Manager rather than the Finance Manager?

R: Yeah, because he's a very open-minded person and he likes to listen to different people's opinions.

So we can see that managers feel free to express disagreement with the decisions from the top, doing so through a chain of command—telling the General Manager, who

can then express disagreement with the owner. Confucius's assertion that it is appropriate to "remonstrate" (*Xiao Jing*, Chapter 15) with one's superiors if they are following the wrong course, seems to play out here. And the criterion for being able to do so does not appear to be catastrophically high. They are able to "remonstrate," albeit through a chain of command, for reasons significantly less urgent than attempting to prevent the organization's ruin (or "losing possession of the kingdom" (*Xiao Jing*, Chapter 15) in Confucius's terminology).

A Human Resources Officer for the same company paints the same picture, without prompting, of management that solicits feedback from different levels, specifically in response to problems, rather engaging in proactive strategic planning. However, she notes that—unlike some other companies in this sample--this is only among different levels of management, and does not extend to employees below management. "Normally, once a major problem comes up…all the management level will discuss the problem. They will discuss by only management level. Then they will set up the new company policy."

The overwhelming majority of companies in this sample had an organized and systematic feedback solicitation process of this kind which was used to create and change strategy in those companies (again, the overwhelming majority) where formal strategy existed. Two Western-owned companies in Taiwan, it was averred, did not solicit feedback. In one case, plans were presented to lower level management as a fait accompli, although they were free to ask questions or express concerns regarding implementation. "Normally they will say the conclusion in the first: 'We're going to do that. Any problem for each office'…And we just need to raise our questions. For example, they decide to…and we can ask the question. 'If we do this, we will face some problems. How do you

solve this problem?'" For a Western-owned Taiwanese company with a majority Western (primarily American-born Chinese) workforce—previously singled out in this thesis for being the only company in the sample that allowed extensive autonomy for lower level management—not even this level of feedback was solicited. Thus the company with maximum autonomy was also the one with the least amount of inter-level communication. A couple companies in the sample it was reported by respondents rarely changed plans, even though they solicited feedback, but the overwhelming majority did.

4.4 Conclusion

The model created then is one where strategic adaptation is enacted through the authority of top management, informed by regular feedback solicitation from lower and middle level management, as well as market forces and, in some cases, feedback from industry colleagues. Nothing in this picture suggests that Asian firms are predisposed to be non-adaptive as a result of high power distance and low autonomy of lower and middle level managers, and in most cases, changes of plans are the norm. The puzzle of how informed adaptation can occur while limiting the actions of those lower in the ranks appears to be explained by fluid and systematic communication across managerial levels. One may be reminded of one of Confucius's "errors to be avoided when in the presence of a superior": "Not to speak when called upon, which may be termed reticence" (Analects, Book 16, Chapter 8). In this case, such an error could lead to failure to adapt, and it is therefore a crucial component of our adaptive model.

It is impossible for a qualitative study of 14 firms, no matter the care taken to maximize sample variance, to make a definitive claim about all Asian companies.

However, that is not the goal of this research. Rather, we have seen an alternate model of strategic adaptation not currently accounted for in the existing literature. It is notable both that this model exists and that it was so pervasive in this sample of Asian firms across a broad range of countries, firm sizes, and industries. Exactly how prevalent the model is may be left to future research. But it is a clear phenomenon, and a useful addition to theory on strategic adaptation. In addition, although there was good reason to predict that Asian firms might follow a different adaptive model, based on the issues discussed at the thesis' beginning, we need not assume that this model is only applicable to the Asian business environment. It may be possible that firms in other regions, including those in societies presumed to have low power distance, could follow the same model if the firm-level culture is particularly autocratic. The model uncovered in this study is thus not meant to replace the existing model of strategic adaptation, but rather to provide an additional model of adaptation that may better describe the adaptation process of certain types of firms, thus demonstrating the importance of context. In this sample of East Asian firms, it was the dominant model, and the existing model of strategic adaptation did not adequately represent the way these firms change strategy.

Finally, in keeping with the care taken to study Asian firms as they exist now, rather than making assumptions about modern Asian business based on 19th century Asian belief systems (or rather modern beliefs about 19th century Asian belief systems), this study does not make a claim about how East Asian businesses used to function in the past or how they may do so in the future. Although not formally a part of the results section for this study, since respondents during the interviews were directed to concrete, observable details they personally experienced at their companies, informal post-interview discussions

with two Taiwanese respondents provide final food for thought to conclude this section. Both respondents, one of whom was quite advanced in age, felt that the fluid communication process described in this section may not have applied to Taiwanese companies in earlier times. In an earlier age, they believe business owners relied more on feedback from colleagues in the same industry. "Maybe [50 years ago] it is not normal to do that. Right now, it's…because your employee is younger, they will receive or get the…more information from other countries. So they will know they can do that, they can be more…systematic. But I think maybe twenty years ago, it's not the way we do the business." They also believe that the entire notion of making plans is very much a Western one, only adopted by Taiwanese firms in recent decades. Nonetheless, as is evident throughout this section, their way of making and changing plans may be quite different from the approach used in the West. "I think try to…we try to learn something from Western culture, but maybe it's not 100% suitable for us, so we will change to our own way."

4.5 Summary

This chapter has presented the results of the qualitative study directly relating to strategy development and adaptation. The broad themes of the data were examined: Autonomy, Making Plans, and Changing Plans. It was found that lower and middle level managers had very little autonomy. In rare cases where middle level management were allowed to come up with some strategic decisions of their own, almost all such decisions required pre-approval from top management. However, the companies in this sample tended to make plans based on a regular system of soliciting employee feedback. They also let strategy be determined by market forces, and in some cases solicited advice from

industry colleagues. A minority of companies relied on Chinese belief systems to help determine some aspects of company strategy and business practices. Strategy was usually set from the top town, with plenty of feedback solicited from lower ranks.

The majority of companies in the sample changed plans, and therefore nothing suggested that Asian firms are predisposed to be non-adaptive as a result of high power distance and low autonomy of lower and middle level managers. However, Mintzberg's (1978, 1985) model of adaptation did not come into play. The question of how informed adaptation can occur while limiting the actions of those lower in the ranks appears to be explained by fluid and systematic communication across managerial levels.

5. Qualitative Study Results: Long-Term Orientation

This chapter describes the results of the qualitative study on themes related to long-term orientation. As noted, three broad categories of themes were observed and analyzed for sub-themes: Time Orientation of Strategic Plans, Long-Term Employment, and Timeframe of Performance Incentives and Projects. A fourth theme, Present versus Future Profits, was best answered through quantitative studies, and is discussed in Chapters 9 and 10. The description of qualitative results in this chapter is followed by a discussion of research, using surveys with an initial open-ended question and questions using Likert scales, to uncover what Asians and Westerners think "long-term orientation" implies in terms of business practices. The surveys offer justification for the practices which were analyzed in the qualitative and quantitative studies as representing "long-term orientation," a possibility for further investigation on this subject, and a means of determining whether Westerners and Asians differ in their conception of what they think long-term orientation means in terms of business practices (which it turns out they do not). The study thus provides greater conceptual clarity, supported by the views of respondents across cultures, for studying long-term orientation as it relates to business. Although the qualitative study was inductive and open to new themes presented by respondents, no entirely new broad themes were uncovered beyond those identified before data collection (i.e. the four topics labelled at the top of this paragraph). Nonetheless, surprising sub-themes emerged within these broad categories, and are described in this chapter.

5.1 Rationale for the Qualitative Study

It should be noted that the goal of the qualitative study was not to do a comparative cross-cultural *measurement*, despite the fact that the data, by necessity, does contain numbers, since time is generally described this way. There is no way for an in-depth qualitative study to say, for example, that the long-term orientation of Western firms equals 7, while the long-term orientation of East Asian firms equals 8. Measuring incremental differences between cultures in time orientation was not the study's purpose. Rather the purpose was as follows:

Given that there is an assumption that Asian firms are more long-term oriented than Western firms, what does this mean in terms of actual business practices? The literature on the subject of cross-cultural time orientation all concludes that there is some particular "long-term" quality that firms in long-term oriented cultures have—as a separate issue from industry, firm size, or any other factor that might be expected to influence time orientation. Scholars and business students who are exposed to this pervasively accepted conclusion should therefore expect that, on the whole, people who work at Asian organizations experience something distinct in the attitude toward time and its manifestations in business practices. Otherwise there is little logic in this being a subject for business scholarship or for it to be taught to business students across the globe. So this study seeks to investigate: What does long-term orientation in business look like? What is this special "Asian" quality regarding time, that exists as a separate consideration from industry and other contextual factors, and therefore how is what is taught in business schools on this subject relevant to people who are going to work for East Asian organizations?

As it happens, in trying to discover what long-term orientation in business looks like, we find that it does not look very long-term. This should be of interest to business scholars who are teaching this subject. In fact, it looks so little long-term that it does indeed invite the question of whether firms in East Asian countries are really more long-term oriented than those in Western countries. In terms of the overarching research topic of this thesis, strategic planning and adaptation, the time orientation of these Asian businesses possessed no distinct quality which required special consideration in the construction of our adaptive model. This is in contrast, for example, to power distance, which clearly and unambiguously manifested itself in every Asian-owned organization that was investigated, and required an entirely new model of adaptive behavior in order to accommodate it. The protocol for decision-making, the highly constrained autonomy of middle and lower level managers, and communication mechanisms which were established in light of this restricted autonomy, are all examples of concrete business practices that revealed power distance to be more than just an abstract concept. Readers expecting a similarly concrete manifestation of time orientation, in the form of 20-year plans, long-term performance incentives or whatever other vision students of this subject might have reasonably conjured up on learning of the long-term orientation of Asian businesses, are likely to be disappointed. In light of these results, the remaining two studies probe the subject further, making direct, measurable cross-cultural quantitative comparisons at the individual and firm levels, as described in Chapter 3.

This qualitative study contributes to the field through providing an in-depth look at time orientation in Asian businesses, the first that has ever been conducted on this subject. Previous studies have only asked respondents, mostly students, about their perceptions of

abstract values, and have not gone directly to the businesses to find out if this research has any relevance to the subject about which it is supposed to apply: business. Even the GLOBE studies (2004), which used business people as respondents, did not ask them any questions about their companies' business practices, only their perceptions of the companies and their countries in terms of abstract concepts, like "future orientation." The maximum variance sampling approach used in this study for the thesis seeks to get at the unifying "Asian" quality regarding time which the literature concludes exists as a separate issue from industry and other factors. We can therefore note first what commonalities emerged across these varying organizations and diverse group of respondents—seeking that special "Asian-ness" regarding time--and then note any nuances, variations, and exceptions if they existed. As noted, for all the certainty expressed in the IB field that Asian firms are long-term oriented, no one has ever conducted such a study of actual Asian firms to check if it is true.

5.2 Time Orientation of Strategic Planning

Among Asian-owned companies, most engaged in strategic planning of some sort, although not always in written form. Two companies planned beyond 3 years into the future, and one company planned beyond 5. A large Chinese state-owned bank was the great exception, planning 10 years into the future. Although this small sample can obviously not make a claim for the whole region, it is nonetheless striking that virtually no evidence turned up which suggested a long time frame on this subject. Given that these organizations span 6 East Asian regions and a broad range of industries, if long-term orientation in planning was manifest as a general trend for East Asia, one would think it highly improbable to encounter 9 out of 10 in a row that demonstrated no evidence for this.

The 4 Western-owned companies were the same, and again contained one exception, in this case a luxury goods company which sold wine that planned 10 years in advance, since they needed to "forecast 10 years ahead" for reasons of production. Thus, industry—banking and wine selling—may have played a role in the 2 out of 14 in this sample that demonstrated long-term planning. However, as noted, this was true both for East Asian- and Western-owned companies.

During the course of the interviews, every effort was made to dig out any enlightening details about planning processes and goals that may have cast further light on these findings—something to suggest that there was something different about the way East Asian organizations dealt with the subject of time in terms of their approach to planning for the future. A small Taiwanese business owner in the retail industry had the straightforward thought, "I want to expand." She describes her approach as "open a store and try." Although she had no formal plan, she kept the idea of opening one store per year, one that unfortunately did not prove to be achievable.

A middle manager for a large telecommunications company described a system of key milestones: Top management sets a plan "within a year, within a few months—within a quarter of a year—and then during that we set it ourselves…Strategy-wise…we try to plan for months ahead. Two or three months." A manager at a small engineering company described an "annual mission statement," which on closer questioning was revealed to be an annual plan that was created fresh every year. The company that planned second furthest in advance after the 10-year planning companies already discussed was a large Chinese state-owned enterprise that created 1, 3, and 5 year plan: "The furthest is 5 years" according to a financial officer. Thus, the two companies that planned furthest ahead

among Asian-owned firms were both state-owned organizations in mainland China—and these were the only 2 SOEs in the sample. In general, company plans ranged from no strategic planning at all to about 2 or 3 years as a norm for both East Asian- and Western-owned companies.

5.3 Long-Term Employment

For this subject a clear distinction was noted between regions. Companies located in Taiwan were found to have very long employee tenure, regardless of whether they were Taiwanese- or Western-owned. The exception was a large Western banking company which was the only company in our sample where a majority of the employees were not Asian-born--about 70% of employees were "ABCs" (American-born Chinese). On the surface, this would appear to support the findings of Buck et al. (2010) in their conclusion that Asian cultural influence increased the social welfare benefits provided by companies, thus encouraging long-term employment. This is where the benefits of conducting qualitative interviews really came in to play, however, since the data provide a completely different picture.

The descriptions of the Taiwanese respondents suggest a possible answer for why employees tend to stay for the long term, regardless of whether the company is Taiwanese- or Western-owned. The Head of the Marketing division at a small clothing company states that her Taiwanese-owned company offers no benefits for long-term employees. Nonetheless, she says that 50% of employees stay for longer than 5 years, and some as long as 27 or 28 years. In explanation, she says that it is "difficult to find a job in [the name of her city]". Additionally, "the parents and old people will think if you change

company a lot maybe you have some problem." Although this explanation falls outside the main focus of these interviews—which was to have respondents describe observable practices within the organization—it would be presumptuous to ignore the explanation provided by our respondents for the low turnover, especially when their views on this subject are in such consistent alignment with each other. Another respondent at a large Taiwanese bank said that it is crucially important to develop strong relationships with people at the company, and that by leaving to go to a different company, an employee will have to start the relationship-building process over again from scratch. While she estimated that younger employees stayed for an average 3 years, if they stay for longer than this, "then they are going to be there forever." Leaving the company means leaving one's "comfort zone."

It is arguable whether this constitutes "long-term orientation," but if it does, we must be careful to consider specifically what this means. The respondents suggest that there are short-term consequences to switching companies, because it can result in difficulty finding a new job, being labeled as having a "problem," and having to start an important relationship-building process from scratch—all of which can have immediate deleterious effects on one's career. This must be distinguished from the notion that firms are long-term oriented in Taiwan, in the sense that they offer greater long-term benefits to employees to stay longer. In fact, our respondents suggest that the opposite is true: because employees are afraid to leave, benefits are worse at Taiwanese-owned firms than at MNEs, since employers have no need to entice employees to stay: "In Taiwan always the welfare is not very good" (she is referring here to company welfare, not government assistance). In contrast, this manager believes that "in foreign companies in Taiwan, they [offer gifts for

long-term loyalty] a lot." She says this was the case for her husband, who previously worked for a Western company. Other Taiwanese respondents concurred with this perception. Whether the perception is accurate or not, it is an important one in the sense that even if subjectively derived, it must have objective consequences in terms of job-seeking behavior and employees' decisions about whether to stay or leave an organization.

The perception that Western-owned companies offer better long-term benefits than local firms was in fact shared across all regions in our study except mainland China, where an exception was made for state-owned firms. In this case, long-term employment was directly linked to superior benefits and quality of life, which were considered better than those at privately owned companies. Directing respondents to concrete, observable examples, one respondent stated that her company "distributes some daily necessities…like quilts, pillows, rice, and some other food, and even some shopping cards to the employees." She also described an automatic 2-year promotion system, although employees stop being automatically promoted over time if they fail to meet minimum performance standards. Also mentioned are "some holidays to encourage employees to stay there longer," an automatic yearly salary increase, and "more free time in the state-owned companies." They can leave work early if they need to attend to "urgent matters" and arrive as much as a half hour late if, for example, they need to drop their children off at school. Her subjective impression is that the work pressure is less than at Western companies and that employees "have more freedom to do their own thing." As a result, "very few people will resign," and "most will stay there until they retire."

The respondent at the other SOE in this study also notes a low turnover rate, although she attributes this to a combination of company benefits and the fact that older

people may find it more difficult to get jobs if they leave (resonating with the Taiwanese respondents). Benefits include, for example, financing training opportunities, reimbursing fees for certifications, recruitment of top employees to HQ, overseas training opportunities, and a new policy of automatically increasing employee salaries every year. In contrast, a Western-owned consumer products company in mainland China did not offer a comparable level of benefits to encourage employees to stay. Our respondent, without prompting, brought up the subject of a lack of shopping cards and "basic necessities" for the staff, thus corroborating what the SOE respondent stated about the advantages of working for an SOE. She said employees stay for a certain amount of time because it is a good "platform" for them: "Management is…very systematic; you can learn a lot here." Again without prompting, she stated that "[name of company] is a foreign brand in China, so…the benefits…are not very good compared to some other state-owned companies." She states that top management for the China region is mostly comprised of Chinese, but that these regional managers tend to be recruited from other companies rather than promoted from within. This increases the tendency for people to leave when they have reached a certain level, after which it is difficult to get promoted further.

As noted, in all other regions of our study, the opposite tendency was reported. Mirroring in reverse the description of the previous respondent, a Finance Manager at a Singaporean company stated that people are eager to leave for an MNC, because "they will give you greater opportunities. Benefits and welfare are better at an MNC." When asked for objective specifics about the benefits at this Singaporean company, she stated that no incentives at all were offered for staying. This was corroborated, without informing her of the other respondent's description, by a Human Resources Officer at the same company.

She states that the managing director "doesn't think the important thing is to retain staff," and that the company has a high turnover rate because "the performance bonus, the benefits are not good." She also notes that receiving an annual performance bonus is unpredictable and that nobody knows what the criteria are for receiving such a bonus.

In general, outside of Taiwan and mainland China, no tendency toward long-term employment emerged. Average tenure varied from company to company, the only consistency being a tendency to note that younger people often leave more often than elders and that benefits are thought to be better at Western-owned companies. Notably, there was not a consistent correlation between employee turnover and benefits offered. As the findings from Taiwan might suggest, some companies who offered good benefits still had fairly high turnover, which makes sense if the benefits are being offered in order to combat this tendency. As noted, the fact of long-term employment in Taiwan did not appear to be caused by company initiatives to maintain employees. The same mix of turnover was found among the Western-owned companies. A marketing manager at a large Western company in Cambodia described an impressive series of benefits, but noted there was still a great mix of people who stayed and left; local Cambodians in particular "tend to move a lot because they want a salary increase."

Overall, this study suggests that outside of Taiwan and mainland China, long-term employment is not a significant feature of organizational life in our sample. Within Taiwan, the reason for long employee tenure may be fear of being able to find another job rather than employer-initiated incentives to stay. On the other hand, within mainland China, the tendency to stay with SOEs was attributed, at least in part, to employee benefits and better quality of life. Since Buck et al.'s (2010) study focused only on firms located in

mainland China, their findings of a tendency to superior benefits based on Asian cultural influence may need to be contextualized as specific to mainland China and not necessarily applicable to the East Asian region as a whole.

5.4 Timeframe of Performance Incentives and Projects

This category describes the timeframe of performance incentives and projects. The most immediately striking finding is that none of these organizations, either East Asian- or Western-owned, financially incentivize performance beyond a one-year timeframe. One year was the most common measure, but plenty looked only at shorter time-frames, such as 6 months, 3 months, and in the case of a Western-owned retail company, 1 day was the maximum timeframe evaluated for bonuses, based on each outlet's daily performance. A number of the East Asian-owned companies in different regions used an alphabetized annual bonus system, where A was the highest, and D or E the lowest. There was substantial diversity across both East Asian- and Western-owned firms in terms of what determined the amount of this bonus. Some rewarded individual performance, some department or company performance, some a combination of these. Examples of bonuses being rewarded only for group performance existed at both East Asian- and Western-owned companies. Some used a personalized evaluation process, some based bonuses only on financial performance, while others were not transparent about how bonuses were determined. One respondent at an Asian-owned company commented that bonuses were based partly on "how do you flatter your supervisor." There was no indication that East Asian organizations employed a longer-term time frame in financially incentivizing employees.

The other major topic which might have engendered a longer-term outlook in employees—the timeframe of projects—also yielded nothing notable. A financial analyst for a Taiwanese bank worked on a project for 3 years—by far the longest timeframe among the respondents. Since another bank in China, as noted earlier, had the longest-term strategic plans among Asian-owned companies, this may be a particular feature of the banking industry. Additionally, a respondent from an Asian engineering company in Hong Kong described a project that lasted a year and a half. Other respondents described nothing notable in the duration of projects—nothing beyond a year. Additionally nobody was told very far in advance about projects they would be working on in the future. The company that gave the longest notice in advance of projects was a Western-owned company in Cambodia which informed their marketing department about such projects a year ahead of time.

In fact, the finding that there was nothing significant about the timeframe of projects in East Asian firms was not unexpected, and there is no reason why that would necessarily need to be a feature of an organization that was long-term oriented in other ways. But given the lack of evidence for long-term orientation in most other subjects of this qualitative study, the topic was explored in the interest of trying to find any indication of something that might make an East Asian firm long-term oriented which was not considered in the other subjects of investigation.

5.5 Summary of Findings

In summary, this qualitative study suggests the following: 1) No evidence amongst our sample of longer-term strategic planning in East Asian organizations. 2) Evidence of

longer-term employment amongst Taiwanese people, regardless of whether they are

working for East Asian-owned or Western-owned companies. It is believed by the

respondents that this is due to fear of being unable to find a new job, difficulty building

new relationships from scratch at a new company if another job is found, and a stigma

attached to repeatedly leaving companies. It was not attributed to superior efforts by

Taiwanese companies to maintain long-term employment; in fact, respondents reported the

opposite case. 3) Benefits and quality of life at Western-owned companies are perceived to

be better than those at local companies except in mainland China when compared with

SOEs. 4) Benefits at SOEs in mainland China are impressive and substantial; respondents

consider them to be superior to those at Western-owned companies, and this perception

was supported by detailed descriptions of the benefits offered from respondents at both

state-owned and Western-owned companies in mainland China. 5) No dominant tendency

toward long-term employment was evident at East Asian companies outside China and

Taiwan. 6) Respondents in all regions reported a greater tendency for younger employees

to leave sooner. 7) No companies in this study offered financial performance incentives

rewarding a timeframe beyond one year. 8) Nothing notable was found in the timeframe of

employee projects or in the advance notice they were given before such projects

commenced.

It would seem that the questionably derived measurements of long-term orientation

based on self-reports of personal values conducted by Hofstede (Hofstede & Bond, 1988),

Bearden et al. (2006), Sharma (2010) and others do not have a clear and easy translation

into East Asian business practices. To the extent that behavior was displayed in these firms

that could potentially be interpreted as long term, the special conditions of this and the

nuances unveiled in the qualitative study were far more impressive than the observable magnitude. As noted, a study of 14 firms cannot make a claim for the entire East Asian region; however, since so far this is the only qualitative study of its kind actually to investigate the business practices of East Asian organizations in terms of time orientation, the current evidence for long-term oriented business practices is not promising.

5.6 Perceptions of Long-Term Orientation across Cultures

Given that this study was conducted by an outside Caucasian, it must be considered that a Western conception of the term "long-term orientation" informed the study, and that there may be some way in which East Asian organizations are long-term oriented in a manner not considered or uncovered by the author, despite his best efforts. Conceptually, this concern is based on the notion of "native categories" (Buckley & Chapman, 1997). To try to discover any cultural differences in the conception of long-term orientation, respondents were encouraged at the close of the interviews to suggest anything they could add about the time orientation of their companies which had not thus far been touched upon in the interviews. None of the respondents were able to come with any new thoughts on how their companies might be long-term oriented which had not already been discussed in the interview.

To test this further, a survey was conducted of 273 masters in business students, 106 Westerners and 167 Asians, across 6 classes at 3 UK business schools. Each respondent was asked the question, "If someone refers to a company as 'long-term oriented,' what do you think that means in terms of the company's business practices? Please list a couple of business practices which you think characterizes a 'long-term

oriented' company, which distinguish it from a 'short-term oriented' company." Asking this question helps to identify any conceptual differences between Westerners and Asians in their understanding of long-term orientation in business, and also helps to discover if there is general endorsement for the themes investigated in this thesis, as well as any unconsidered themes.

The answers were analyzed as follows: Each response was read and a category was created for that response. For example, if someone answered "long-term planning," then a "long-term planning" category was created. Future responses which were substantively the same as that response, such as "planning for the long-term" were noted as being an additional response for the same category. An "Asian" column and a "Western" column were created, and every time a new respondent gave an answer that was substantively the same as a previous answer, then the number of respondents who gave that answer was increased by one, in either the Asian column or the Western column, whichever was applicable.

As noted, there were about 50% more Asian respondents than there were Western respondents, due to the high volume of Asians in UK Masters in Business programs. This was slightly counterbalanced by the fact that each Western respondent, on average, tended to list more answers to the question than each Asian did, although the average was still between 2 and 3 items. A summary of the sample is presented on the next page:

Table 1: Sample Data on Open-Ended LTO Conceptual Question

Respondents		
Western	Asian	Total
106	167	273
Items		
Western	Asian	Total
289	367	656
Average Items per Respondent		
Western	Asian	Total
2.73	2.20	2.40

In the first sift through the data, the choice was made to err on the side of caution, and list answers as being in the same category only if the wording unambiguously expressed that it belonged in that category. If there was any doubt, a new category was created to accommodate that answer. So for example, "investment" was considered a different category from "long-term profits," in the first organization of the data, even though they express very similar ideas—favoring future economic reward at the expense of the present. Later, consolidations were made, but here we present the initial data groupings in all their idiosyncratic glory. It is notable that even under these stringent standards for grouping answers together, some items still received a disproportionately high number of mentions. The top 17 answers (those which received a total of 7 or more mentions) are listed at the top, in order of popularity.

Table 2: Initial Answer Grouping for Open-Ended LTO Conceptual Question

Responses	Western	Asian
Long-Term Profits	27	47
Investment	30	29
Long-Term Employment	21	33
R&D/Innovation	21	20
Long-Term Strategy/Goals/Vision	23	17
Sustainable	18	17
Long-Term Planning	13	12
Brand/Customer Loyalty Focus	5	14
Certain Industries	5	14
CSR	8	7
Names of Companies	2	13
Environment	5	8
Long-Term Projects	3	5
Vision	4	4
Reputation Focus	2	5
Stakeholder Focus	3	4
Taking Risks	3	4
Low Risk/Low Risk Growth	3	2
Well Planned		1
Patient		1
Old	1	4
Visible growth		1
Establish Distribution Network		1
Early Entry to Emerging Market	2	1
Supplying Subsidies		1
Keeping up with competition		1
Huge capital		1
Incentives/bonuses		1
Ethical/Legal practices		3
Flexible strategies		3
Long-Term Focus	1	3
Having a strategy	4	1
Enough/High Capital		2
Credit		1
Future plans for employees		1
Try to make the company live longer		1

Table 2 (continued): Initial Answer Grouping for Open-Ended LTO

Conceptual Question

Responses	Western	Asian
Planning	2	4
Stability		2
Leadership		2
Constant Strategy		1
Good quality		1
Good design		1
Good service		1
Refusal to use child labor		1
Fair trade		1
Marketing	1	1
Not concentrate on profits	1	
Community projects	1	1
Long-Term Budget Planning	1	
Analyze past/forecast future	2	
Longer than 5 years	3	2
More than 10 years	2	1
10-20 years	1	
Globalization	3	3
Own Property/Equipment	1	4
Building trusting/confident relationships	1	
World Impact	1	
Expanding to emerging markets	1	
Gaining footholds that will develop into large market shares	1	
Sizable investmest in control of company	1	
Achievement		1
Ambitious		1
Joint venture	1	1
Acquisition	1	
Variable costs only/no fixed costs		1
Over a year		1
Cooperate with emerging companies		1
Stable cash flow		2
A few years	1	
Long-Term Incentives/Performance Evaluation	1	2
Know-How applied to long-term development		1
Main business giving stable profits		1

Table 2 (continued): Initial Answer Grouping for Open-Ended LTO

Conceptual Question

Responses	Western	Asian
Slow pace but steady business		2
Long-term good relations with loyal customers		1
Long-Term Capital		1
Contribution to society and relevant industry		1
High Profits		1
No Sweat Shops		1
Long-Term Forecasting	2	2
Encourage relationship in the organization		1
Relationship/Collaboration with government		2
Background of GDP growth		1
Success-driven		1
The goods need long time to be finished		1
Working Environment	1	
Customer Relations	2	
5-10 years	3	
Considering future elements	2	
Implementing standardized documented processes	1	
3/5/10 years	1	
Flexible		1
Diversification		2
Dynamic		1
Stable Profits		2
Commitment	1	
Customer service focus		1
Develop good relationship with big companies and learn from it		1
Empowering Employees	1	
Relationships with suppliers	1	
Stable return on investment	1	
Recruitment	1	1
Six sigma instead of radical short improvements	1	
Communication	1	
Goal oriented	1	
Profit	1	
Relation oriented	1	
Growth strategy	3	
Competitive Advantage	1	

Table 2 (continued): Initial Answer Grouping for Open-Ended LTO

Conceptual Question

Responses	Western	Asian
Production line	1	
Retaining earnings for future projects	1	
Continuous improvement	1	
Setting goals and adjusting goals	1	
Not trend sensitive	1	
Minimum 2-3 year oriented	1	
Making a change in the world	1	
2-5 years	1	
Big employer	1	
Emphasis on efficiency	1	
5 years	1	
Slow moving market development	2	
Investment in Emerging Economies		1
Expanding horizontally and vertically		1
Mergers and acquisitions		1
Aligning with shareholders' and stakeholders' interests	1	
FDI	2	
Social responsibility	1	1
Launching a new brand	1	
Expansion into a new market	1	
Direction of expanding the company		1
Partnership		1
Next 50 years		1
Focus on new technology and profits		1
Dividend payout		1
Inventory for a longer period		1
Possibility of company being handed over to another person		1
Long-term debt		1
Market share maximization		3
Proactive thinking	2	
Long-lasting relationships with clients/buyers	1	
More than a couple years	1	
Developing business ideas and concepts that will be relevant in the next 10 years	1	
Expansion and market penetration	1	
Save rather than immediately reinvest profits		

Table 2 (continued): Initial Answer Grouping for Open-Ended LTO

Conceptual Question

Responses	Western	Asian
Resource-based view	1	
Offshoring	1	
Not focusing only on shareholder value	1	
Reinvest profits back into the company	1	
Keeping up-to-date knowledge of competitor's strategy		1
Profit maximization		1
Growth		1
Motivated to increase firm value		1
Focus on charity		1
Deferred gratification of needs		1
Building stronger market position		1

As one can see in this chart, one of the more popular answers, particularly with Asians, was simply to list companies the respondent associated with long-term orientation. Another approach was to list certain industries. A complete list of the industries mentioned is as follows:

Insurance, Energy, Transport, Education, Innovative IT, Bank, Consulting Firm, Huge Machines Makers, Agriculture, Engineering, Pharmaceutical, R&D Business, Technology, Leasing, Infrastructure Investment Co., Road Construction, Commercial Construction, Media, Sports Clubs, Biological Company, Travel Agents, Manufacturing, Medical, Airline.

Particularly amusing was that "Taking Risks" received 7 mentions, while "Low Risk/Low Risk Growth" was not far behind, with 5. The range of idiosyncratic responses demonstrates one of the problems with long-term orientation as a subject of business studies, that students are likely to interpret being told that certain businesses are long-term oriented in many different ways.

Despite the seeming bedlam, there is nonetheless an order near the top of our table. And once we consolidate a couple of these categories in a way which is conceptually coherent, we reach something approaching critical mass in learning what dominates conceptions of long-term orientation in the business context. Below we combine the top categories related to paying a price now in order to reap economic reward in the future (in other words the deferment of economic gratification: the Present versus Future Profits theme to be analyzed in the next chapter), by joining "Long-Term Profits" with "Investment" and "R&D/Innovation." We also combine "Long-Term Planning" with "Long-term Strategy/Goals/Vision." And we consider "Environment" to be a subcategory within "Sustainable." After taking this modest liberty, we find that 4 categories wipe everything else off the map, even without adding additional points from very close responses further down the list (e.g. "Planning" as compared with "Long-Term Planning").

Table 3: Consolidated Answer Grouping for Open-Ended LTO Conceptual Question

Response Category	Western	Asian	Total
Future versus Present Profits	78	96	174
Long-Term Planning	36	29	65
Long-Term Employment	21	33	54
Sustainability	23	25	48

Above we therefore have 3 out of 4 of the themes which were investigated for this thesis. Conspicuously absent is Long-Term Performance Incentives. One may find it buried in the nether-regions of the first chart, accumulating a total of 3 mentions, 1 Western and 2 Asian. Even Long-Term Projects, which was investigated in the qualitative study mainly as a final thoroughness check, received more mentions, 3 Western and 5 Asian, placing it in our original top 14. It is interesting, given the widespread concern and discussion among business scholars about aligning performance incentives with a company's long-term financial health, and agency problems when managerial bonuses are driven only by the next quarterly statement, that this item was so far from top-of-mind for the respondents. Nonetheless, as will be shown later in the chapter, it received a favorable response when the idea was presented to them in the Likert scale questions, although it was still the least popular among the four categories presented.

In all, one theme emerges from this open-ended question that received a considerable amount of mention, and that was not investigated for this thesis: Sustainability. Sometimes "environmental sustainability" is specified in the respondent's answer, other times not. An additional 15 mentions could also be added to the total for this category if we were to add "CSR" which is potentially related. At any rate, this seems like a possibly fertile subject for research on long-term orientation, and it will be suggested as such at the conclusion of the thesis. Aside from that subject, the research for this thesis seems to have covered the main conceptual areas the respondents associate with long-term orientation in business. One other, much less popular theme was "Brand/Customer Loyalty Focus," coming in distantly behind the front runners, with 19 mentions. Although clearly

not in the same league as the main topics, it nonetheless should be considered as an area for possible future investigation.

Notable in the responses to this open-ended question was that Asian and Western respondents' answers cluster around the same popular themes. This will also be shown in the description of the other questions that follows.

Follow-up questions were asked using a 7-point Likert scale, asking for the level of agreement or disagreement with the four main categories of time orientation uncovered through the qualitative study, in terms of whether this was what was suggested to them when hearing that a business was "long-term oriented." The questions were framed: "(A) When someone says a company is 'long-term oriented,' that suggests to me a company that engages in long-term strategic plans." "(B) When someone says a company is 'long-term oriented,' that suggests to me a company that offers strong incentives for its employees to stay with the company for the long term, and rewards employee loyalty." "(C) When someone says a company is 'long-term oriented,' that suggests to me a company that is willing to sacrifice short-term profits for the sake of long-term profitability." And "(D) When someone says a company is 'long-term oriented,' that suggests to me a company that rewards an employee's long-term performance, not just his/her short-term performance." The mean scores for each group are as follows (7 signifying strongest agreement and 1 signifying strongest disagreement):

Table 4: Mean Scores for Likert Scale LTO Conceptual Questions

	LT Planning	LT HR Incentives	LT Profits	LT Performance Incentives
Total	5.7	4.8	5.1	4.4
Western	6.1	4.8	5.6	4.5
Asian	5.5	4.7	4.9	4.3
Male	5.7	4.7	5.2	4.3
Female	5.7	4.9	5.0	4.5

General agreement between cultures is notable. Both regions rate long-term planning as the characteristic which they most associate with long-term oriented companies, and both rate sacrificing short-term profits for the sake of long-term profitability (the subject of the next two chapters) as the second most salient. Thus, the two most popular categories for the open-ended question are also the most popular for the Likert-scale questions. However, it is interesting that their positions have been reversed, with long-term planning taking the lead. Also, long-term performance incentives gives a decent showing here, albeit in last place, despite its virtual non-existence in response to the open-ended question. An argument could be made in either direction for whether to treat the Likert-scale questions or the open-ended question as a more persuasive gauge of respondents' conceptual understandings. On the one hand, it seems reasonable to take the Likert-scale ratings as being most persuasive for gauging the enthusiasm for the already-existing categories, since a failure to think of a theme for oneself does not necessarily

imply one's conceptual disagreement with it. And there is little doubt that it is a better indicator of respondents' *comparative* assessment of the four existing categories. The open-ended question, however, provides the opportunity for respondents to express their own thoughts without first being lead in a particular direction. The safest route is probably to consider all themes either independently introduced by substantial numbers of respondents, or endorsed in the Likert-scale questions, as of potential significance to a consensual understanding of long-term orientation in business. Therefore, we may consider the four themes in the Likert-scale questions, plus the theme of "Sustainability" from the open-ended question, as representing a reasonably comprehensive conceptual understanding of long-term orientation in business. For the four which were presented for the Likert-scales, we may also consider the order of popularity to be best represented by the answers to the scaled questions. The only difference, in either case, is a reversal of position for the two most popular themes, Long-Term Planning and Long-Term Profits.

Finally, it is worth noting that although there is no notable difference in preference for categories between Asians and Westerners, there is a notable difference in enthusiasm for the categories they rated highest. For the categories which both Westerners and Asians rated highest, the Asian scores do not reach as high as the Western scores. However, nothing in the answers from Asians to the open-ended question suggests that they favored some major alternate "Asian" theme that was neglected by the Western respondents, thus dampening their enthusiasm for the 4 themes presented to them in the Likert-scale questions. "Sustainability" was identified as an additional popular theme, but this was actually mentioned even more by Westerners, relative to their population in the sample. And in fact, many of the Asian respondents who gave only a modest score to the "Long-

Term Planning" category on the Likert scales specifically singled out Long-Term Planning as the most important feature of long-term oriented companies in their answer to the open-ended question beforehand. Therefore, the most likely explanation for the more modest Asian scores in their favored categories is the cultural tendency of Asians to use less extreme scoring in Likert scales compared with Westerners, as found by Chen et al. (1995). The important thing to note in this study therefore is that their scores do not disagree with those of Westerners—they favor the same categories, albeit in less extreme form. Thus, both the open-ended question and the Likert-scale questions do not suggest there is any reason to assume that Asians have a conception of long-term orientation as it applies to business which is different from Westerners, or at odds with the subjects under investigation for this study. Asians in other words would be just as likely as Westerners to agree that the categories of business practices uncovered and analyzed at these organizations are symptomatic of these businesses' time orientations.

Given the possible tendency in answering the Likert-scale questions to pit answers against each other—in other words, to choose one's favorite amongst the 4 themes presented, and then downgrade answers to the other themes in order to contrast them with the favored choice—additional insight is gained by looking at the modes in addition to the means. On the next page is a chart displaying the most *common* answer to each Likert-scale question.

Table 5: Mode Scores for Likert Scale LTO Conceptual Questions

	LT Planning	LT HR Incentives	LT Profits	LT Performance Incentives
Total	6	5	6	6
Western	7	5	6	5
Asian	6	5	6	4
Male	6	5	6	4
Female	6	6	6	6

It can be seen that support for each theme increases further when presenting the most common answers. The order of popularity remains unchanged however, with one interesting wrinkle. The most common answer among Asians and the most common answer among Westerners is lowest (or tied for lowest) for Long-Term Performance Incentives, as was also the case for the means. However, when Asians and Westerners are combined into a single group, the score rises to a 6, higher than for either of the groups individually. This suggests that there is very strong support for this theme among a substantial group of Asians and Westerners, but not enough to override the most popular rating within each cultural group (4 and 5 respectively). However, when the cultures are combined, they become the dominant group, overpowering the proponents of the other

scores. This argues further for the importance of this theme in the study of long-term orientation, since it seems to represent the view of a strong subgroup (apparently female-dominated—the only notable gender-specific finding in this thesis) within both Asian and Western cultures.

5.7 Summary of Long-Term Orientation Perceptions

This research on perceptions of long-term orientation across cultures shows agreement on all categories between Westerners and Asians. It also shows support amongst both groups for the themes investigated for this thesis as representing long-term orientation in business. The open-ended question also identifies an additional popular theme introduced by both Westerners and Asians: Sustainability. This may be a fertile area for future research on long-term orientation. This research has thus assisted in increasing conceptual clarity on long-term orientation in business, and provided support for how it has been conceptualized and studied in this thesis. It suggests that the qualitative and quantitative studies conducted for the thesis were congruent with people's conceptions of long-term oriented business practices across cultures, and therefore that the findings are notable and unpromising in their import for how the studies of personal values conducted by Hofstede (Bond & Hofstede, 1988), Bearden et al. (2006), Sharma (2010) and others may translate into actual long-term oriented business practices--as we now know these practices are commonly defined.

6. Individual-level Study Results

As described in the methodology section (Chapter 3), Masters in Business students were given a managerial choice between taking on a project that will give them an extra $10,000 USD profit immediately, or choosing another project that will not pay off for another 10 years. The students were asked what the minimum amount of profit is that they would require in 10 years from project B in order to make them reject project A's immediate payoff. The median number was compared between Asian and Western students, a higher number suggesting a more short-term orientation. Hofstede states, based on his study of business goals via student perceptions, that "if business leaders in longer term oriented cultures are seen as going for profit goals, it is in 10 years and not this year" (Hofstede, 2002). This study served as a good way of testing the accuracy of those perceptions.

As noted, surveys were administered to Masters in Business students in 6 separate classes at 3 different UK business schools. Almost all students submitted their surveys. Surveys were administered and collected during class, so there was no response-bias issue. The survey was also carefully explained to them in person by the researcher, with any questions taken, to ensure there was no misunderstanding. The survey was described beforehand as being about "business practices" with no mention made about time orientation in order to prevent approval-seeking answers. They were told of the survey's purpose only after all surveys had been handed in.

274 completed surveys were submitted. To match Hofstede's study, it was made

sure to collect at least 100 responses from each group. 170 completed surveys were

received from Asians and 104 surveys from Westerners.

6.1 Results

Responses to the question covered a vast range, from a minimum $10,001 payment

at the low end to payments of many millions of dollars at the higher. Some respondents in

both Asian and Western groups reported that there was no amount of money they could

receive in 10 years which would cause them to decline an immediate $10,000 payment.

These respondents were included in the median by assigning them a dollar amount higher

than anyone else ($10 billion USD) so that their answers could still be factored into the

calculation.

Despite the enormous range of responses, the results show a rather astonishing

consistency across cultures. The median for both Asians and Westerners was exactly

$100,000 (approximately a 26% annual discount rate). This remained true even when the

previously-mentioned group of mostly-Asian MBA students with more work experience

was removed from the equation. In comparing between genders, one of the control

variables, the median was also exactly $100,000 for each group. This finding should be

contextualized by noting that only 18% of respondents actually chose the number

$100,000. So 82% chose a different number—encompassing a vast range of responses, as

described--yet the central tendency was still for exactly $100,000, regardless of culture.

This is a higher level of consistency than we would have predicted even with two

cultural groups that were basically alike in their time orientation to economic decisions. In

fact, far from demonstrating a deep cultural divide between cultures, the results show a surprisingly consistent pattern and human tendency of economic decision-making on which culture seems to have no effect whatsoever. Hofstede's claim that, "if business leaders in longer term oriented cultures are seen as going for profit goals, it is in 10 years and not this year" (Hofstede, 2002)—the null hypothesis in this case, by necessity of convention—is overturned with unexpected precision and clarity.

Due to the extremely broad range of responses, the mean was not a useful calculation, since the responses in the million- and billion-dollar range rendered such a number entirely without comparative value. Just one respondent choosing a number in the billions wiped out the significance of the almost half of respondents that chose numbers below $100,000. For the same reason, it is not possible to sensibly represent the data in a scatterplot chart or some other graph that captures the range of responses in a way that is visually comprehensible. This is, after all, a psychological test, not an econometrics study, so the numerical data is without boundary, only limited by the imaginations of the respondents.

The value of the test lies in the comparison of what the typical Asian and the typical Westerner would choose. They both chose the same number. More importantly, since the great majority of respondents in both groups selected a number that was not the median, there is comparative value in the fact that 40% of Asians and 42% of Westerners chose a number below $100,000, and 40% of Asians and 42% of Westerners chose a number above $100,000. This is a difference of only 2 percentage points in distribution above and below a commonly selected median, demonstrating that these results do not merely reflect the choice of a popular median number, but a comparable distribution,

insofar as it is possible to measure this, given the infinity of numbers from which the respondents had the option of choosing. Indeed, since the responses were entirely unbound by any numerical constraints other than psychological ones, the degree of order and similarity of the responses between groups is particularly striking.

As mentioned, this sample improves on Hofstede's by using Masters in Business students rather than random undergraduates. In many respects, this sample represents not only a better, but in some ways an ideal "proxy" for the business population—better in some ways than measuring responses from the business population itself. The logic of this is as follows:

The argument against using Masters in Business students (given most would agree they are an improvement over random undergraduates) is that just because there was no difference between the Westerners and Asians among this group does not necessarily mean there would be no difference between Asians and Westerners working for businesses. However, what is distinctive about Masters in Business students compared with other "proxies" is that in most cases they actually *are* the target population—just at a different stage of life. Most of the people in this sample have either already worked for businesses or will be shortly.

It seems highly probable that if there was no difference between Westerners and Asians on this metric while they were Masters in Business students, there would continue to be no difference once they enter (or return to) the business world. However, to address the skeptical argument that a difference could appear where there was none before, it is worth considering the following: If there were a deep difference between Asians and Westerners in the time orientation of their economic choices due to *culture*, it would

almost certainly have manifested itself by the time they were Masters in Business students. Therefore, if the two groups suddenly become different once they start working for (or return to) organizations, there is only one likely culprit for what could have caused this change: the organizations. Since one of the purposes of this study was to isolate the individual-level variable from the firm-level, if there is indeed a change once the respondents go (back) to work for organizations, then it is particularly fortunate that this measurement was taken before they did so. Finding a difference between Asians and Westerners currently employed by businesses might have caused us erroneously to ascribe to individuals (and the effects of societal culture upon them) something which was in fact caused by the culture of their organizations. Having measured this purely at the individual level, at a time when the respondents are not associated with a particular firm, will allow any future studies on this subject using currently employed business people to cast their findings in proper perspective, in the unlikely event that a difference between the two groups suddenly appears.

6.2 Summary

This chapter has described the results for the individual-level study on time orientation. Comparing economic decisions between Asians and Westerners in terms of their relative valuing of present versus future profits, the median for both groups was exactly the same. Furthermore, given the wide range of responses from both groups, this median reflects a central tendency in responses rather than merely a particularly popular number. Delayed gratification is a central concept in long-term orientation according to the existing literature, and favoring future profits over present profits, it was agreed by both Asian and Western respondents in research for this thesis, is the second most salient

feature of long-term orientation in business, after long-term planning. Hofstede has stated that leaders in long-term oriented (i.e. Asian) cultures are seen to pursue profits in 10 years rather than in the current year (Hofstede, 2002). This research demonstrates that this claim is incorrect, and that Asians and Westerners value current and future profits in the same proportion.

7. Conclusion

This chapter concludes the thesis, summarizing findings and contributions, discussing limitations and areas for future research, and wrapping up with final thoughts.

7.1 Main Findings

This research was conducted to answer the question of how (and if) East Asian firms plan for the future while adapting to the present. A qualitative study explored this topic. It was found that lower and middle level managers had very little autonomy; in rare cases where middle level management were allowed to come up with some strategic decisions of their own, almost all such decisions required pre-approval from top management. However, the companies in this sample tended to make plans based on a regular system of soliciting employee feedback. They also let strategy be determined by market forces, and in some cases solicited advice from industry colleagues. A minority of companies relied on Chinese belief systems to help determine some aspects of company strategy and business practices.

The picture that emerges is one where strategic adaptation is enacted through the authority of top management, informed by regular feedback solicitation from lower and middle level management, as well as market forces and, in some cases, feedback from industry colleagues. The majority of companies in the sample changed plans, and therefore nothing suggested that Asian firms are predisposed to be non-adaptive as a result of high power distance and low autonomy of lower and middle level managers. The question of how informed adaptation can occur while limiting the actions of those lower in the ranks appears to be explained by fluid and systematic communication across managerial levels.

The assumption that power distance is prevalent in East Asian firms was confirmed in this study, and the resulting low level of autonomy among lower and middle level managers shaped the model of strategic adaptation which was uncovered. In contrast, the presumed long-term orientation of East Asian firms was found to have no implications for or effect on our model of strategic planning and adaptation, and in fact its very existence was called into question. The qualitative study found 1) No evidence amongst our sample of longer-term strategic planning in East Asian organizations. 2) Evidence of longer-term employment amongst Taiwanese people, regardless of whether they are working for East Asian-owned or Western-owned companies. It is believed by the respondents that this is due to fear of being unable to find a new job, difficulty building new relationships from scratch at a new company if another job is found, and a stigma attached to repeatedly leaving companies. It was not attributed to superior efforts by Taiwanese companies to maintain long-term employment; in fact, respondents reported the opposite case. 3) Benefits and quality of life at Western-owned companies are perceived to be better than those at local companies except in mainland China when compared with SOEs. 4) Benefits at SOEs in mainland China are impressive and substantial; respondents consider them to be superior to those at Western-owned companies, and this perception was supported by detailed descriptions of the benefits offered from respondents at both state-owned and Western-owned companies in mainland China. 5) No dominant tendency toward long-term employment was evident at East Asian companies outside China and Taiwan. 6) Respondents in all regions reported a greater tendency for younger employees to leave sooner. 7) No companies in this study offered financial performance incentives rewarding

a timeframe beyond one year. 8) Nothing notable was found in the timeframe of employee projects or in the advance notice they were given before such projects commenced.

Three major themes were explored in the qualitative study regarding long-term orientation: Time Orientation of Strategic Planning, Long-Term Employment, and Timeframe of Performance Incentives and Projects. A fourth theme, Present versus Future Profits, was better analyzed through quantitative studies. Two studies were proposed, an individual-level study and a firm-level study; the former study was conducted for this thesis. Comparing economic decisions between Asians and Westerners in terms of their relative valuing of present versus future profits, the median for both groups was exactly the same. Furthermore, given the wide range of responses from both groups, this median reflects a central tendency in responses rather than merely a particularly popular number. Hofstede's claim that, "if business leaders in longer term oriented cultures are seen as going for profit goals, it is in 10 years and not this year" (Hofstede, 2002) was overturned with unexpected precision and clarity.

A firm-level quantitative study was proposed, seeking to reproduce the present versus future financial tradeoffs covered in the individual-level study by examining reductions in R&D spending during years with low positive earnings or when narrowly beating analysts' forecasts. Comparison between Asian and Western regions can be made in a particular industry, noting whether firms in either region are more likely to reduce R&D spending under these conditions. It was averred that these three studies in Asian business time orientation (a qualitative study of business practices, and quantitative studies in present versus future financial trade-offs at the individual and firm levels), despite the

limitations of each, together form a more complete picture of the subject than exists in the current literature.

A survey was also conducted to identify any differences between Westerners and Asians in their understanding of the concept of long-term orientation in business, and to discover if there is general endorsement for the themes investigated in this thesis, as well as any unconsidered themes. The results of the survey show agreement on all categories between Westerners and Asians. They also show support amongst both groups for the themes investigated for this thesis as representing long-term orientation in business. The open-ended question also identifies an additional popular theme introduced by both Westerners and Asians: Sustainability. This may be a fertile area for future research on long-term orientation. This research has thus assisted in increasing conceptual clarity on long-term orientation in business, and provided support for how it has been conceptualized and studied in this thesis.

7.2 Contributions of the Research

This thesis has made a number of major contributions. First, an alternate "top-down" model of adaptive firm behavior was uncovered through the qualitative study, involving low autonomy of lower- and middle-level managers, but fluid communication from bottom to top, enabling informed but authoritarian adaptive decision-making exclusively at the behest of top management. This suggests that the current model of strategic adaptation (developed by Mintzberg (1978, 1985)) does not apply to all types of firms, and specifically that adaptation of firms in Asian cultures may be better represented by this second, alternate model.

Webster's Dictionary defines theory as "an idea or set of ideas that is intended to explain facts or events" (Merriam-Webster.com). This alternate model, as a supplement but not a replacement for the existing model, enables a more complete understanding of the different ways organizations adapt, and underlines the importance of context to the adaptation process. Meyer discusses the notion that context can be brought into theorizing by "modifying theories through the study of novel phenomena with the aim to enhance the theory" (Meyer, 2015, p. 370). The research for this thesis may not represent an investigation of novel phenomena in *East Asia* since the phenomena may be commonplace there. However, the phenomena are novel to the Western business literature, and therefore our newly developed adaptation model represents an expansion of theory for the area of strategic adaptation. Additionally, by the process of identifying, describing, and defining this model, we have indeed created an "idea" that explains "facts"—in this the case the fact that East Asian organizations seem able to adapt in a high power distance society without the organic bottom-up process which has thus far been assumed to be requisite for adaptation to occur.

In addition, although there was good reason to predict that Asian firms might follow a different adaptive model, based on the issues discussed at in the literature review, we need not assume that this model is only applicable to the Asian business environment. It may be possible that firms in other regions, including those in societies presumed to have low power distance, could follow the same model if the firm-level culture is particularly autocratic. The model uncovered in this study is thus not meant to replace the existing model of strategic adaptation, but rather to provide an additional model of adaptation that may better describe the adaptation process of certain types of firms, thus

demonstrating the importance of context. In this sample of East Asian firms, it was the dominant model, and the existing model of strategic adaptation did not adequately represent the way these firms change strategy.

As part of the process of uncovering this model, the philosophical background of Confucius has provided an interesting reference point. It was seen in the qualitative study that a great deal of the way the firms in our sample adapt was very much congruent with Confucius's teachings. The solicitation of feedback by one's superiors, the delicacy of communication between managers of different levels, the authority of top management and the concomitant lack of autonomy of lower and middle level managers, and even the ability to "remonstrate" with one's superiors if they stray from the proper course were all evidenced in the qualitative study. At the same time, the standard for how bad things have to get before one can express disagreement with one's superiors was clearly not as high as Confucius set it. There was no imminent loss of "possession of the Kingdom" (*Xiao Jing*, Chapter 15) required for subordinates to express their divergent views. In fact, a very un-Confucian "drop box" was a feature of one organization's communication process. However, delicacy of speech was clearly a necessity for this type of communication to occur, and the ability to gently remonstrate with top management is not the same thing as having the power to make any significant decisions without top management approval. This feature may indeed bear resemblance to the traditional "family" notion of children being able to communicate with their parents, but by no means being able to make decisions requiring parental authority and responsibility. In terms of theory, then, this thesis has suggested that a modified form of Confucianism is very much a part of organizational life in East Asia. And the abstract concept of Power Distance, unlike that of

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Long-Term Orientation, was therefore seen to manifest itself in observable business practices.

Additional contributions have been made on the subject of Long-Term Orientation. The existing literature on long-term orientation was probed in this thesis for weaknesses in methodology and conceptual clarity, as well as for claims of applicability to the business sphere; improved methodology was designed, increasing conceptual specificity, and testing the time orientation of actual business behavior. This conceptual model was supported and validated through the input of respondents across cultures. Three studies were designed: a qualitative study, which fills a void where no previous researcher has ever conducted comprehensive interviews with people who work at East Asian businesses to discover the details of their business practices in relation to time orientation, despite the fact that such an orientation at these businesses has long been assumed to exist; an individual-level study, which is the first to present an economic trade-off between the present and the future, forcing an immediate price for future orientation rather than relying on people's self-characterizations of their own values (it also improves on Hofstede's sample by focusing exclusively on Masters students in Business, and is more persuasively relevant to business behavior since it presents respondents with an actual business problem); and a proposed firm-level study of changes in R&D spending in response to financial pressures would be the first to attempt to duplicate what was done at the individual level to the firm level. It would attempt to compare East Asian firms with Western firms in terms of their likelihood of sacrificing future benefit (reaped through R&D spending) for the sake of positive earnings or beating analysts' forecasts in the present year.

This thesis also makes a contribution through the findings of the qualitative study regarding time orientation. It reveals 8 salient facts about time orientation in East Asian businesses, previously listed in this chapter, providing a more in-depth understanding of East Asian business practices, the sum of which does not suggest, overall, a long-term timeframe.

An additional contribution is the individual-level study, which demonstrated a startling and precise consistency across cultures in economic trade-offs between the present and the future, suggesting that such decisions are entirely unaffected by cultural considerations. Hofstede's claim that if business leaders in longer term oriented cultures pursue profit goals, it is for profit in 10 years and not this year (Hofstede, 2002), was not supported.

In terms of theory, a major contribution of this research was the debunking of one. Ill-founded theories can cause as much harm as well-supported ones can bring enlightenment. This thesis has provided evidence that there is no difference between Westerners and Asians at the individual-level in economic trade-offs between the present and future. The qualitative study, which is the only such study to have been conducted on this topic, provides a strong suspicion that long-term orientation may not be a feature of East Asian businesses either. Combined with this thesis' critique of the extant literature on this subject, the weakness of the support for the idea of Asian long-term orientation in business practices has been demonstrated to be considerable.

Despite the generally negative findings on East Asian long-term orientation, the qualitative study has also provided some insights in terms of theory in the rare instances

where East Asian business practices could be construed as long-term, albeit with strong conditions for that assessment. Taiwanese respondents reported that they and others tend to stay at their companies for a very long time, but not for the reasons that have been assumed in the long-term orientation literature. They state that local Taiwanese companies actually offer worse incentives to stay, but that employees are afraid to leave for fear of being unable to find another job. This was also reported of employees who work at Western-owned companies in Taiwan. This may be some form of long-term orientation, but it does not appear to have anything to do with the long-term behavior of businesses, who it is reported are doing little to encourage their employees to stay. Additionally, greater job stability and benefits were reported to be a part of life at Chinese SOEs. But since this group alone displayed this tendency, we may speculate either that this is specifically a feature of Chinese businesses but not necessarily for the rest of Asia, or more probably that it is a feature of Chinese SOEs, which was the view held by the respondents. Thus, government ownership may have had more to do with these long-term employment benefits than anything directly connected to culture.

In these ways, the thesis has contributed to theory on long-term orientation by largely discrediting its existence as a pronounced feature of East Asian business practices, and by providing context, understanding, and important qualifications in cases where it could be construed to exist.

7.3 Limitations and Suggestions for Future Research

Despite the contributions listed, this research has a number of limitations, and consequently implications for promising areas of future research. First, the alternate model

of strategic adaptation uncovered herein should not be construed necessarily to apply to all East Asian firms. The model was arrived at via a qualitative study of 14 organizations, and the thesis only makes a claim for its existence, not an estimation of its prevalence. Future studies could consider a mass survey approach, describing the model presented herein, as well as the standard model of adaptation described by Mintzberg (1978, 1985), and asking qualified respondents to choose which best describes the way their organizations make strategic changes. The work on constructing the model has already been done through the qualitative work carried out for this thesis, so the mass survey need only solicit a "yes" or a "no" from each company, in order to discover its prevalence, something that may be within the scope of what a mail or internet survey is capable of doing.

Second, although a wide range of East Asian regions is represented in the qualitative study, these are mostly Chinese-dominated areas. Even in Thailand, in which only 10% of the population are of Chinese ethnicity, 50% of businesses are controlled by Thais of Chinese ethnicity. In keeping with these statistics, all of the respondents for the qualitative study for this thesis, including those based in Thailand and Cambodia, were of at least partial Chinese ethnicity. Given the dominance of the Chinese in East Asia, this is not unrepresentative of the region, but particular note should be made that there was only one Japanese-owned firm in this study, which was located in Hong Kong with mostly Chinese employees and a Chinese respondent (Japan was however represented in the individual-level study). Japan is often considered culturally distinct from the rest of East Asia, so until future evidence demonstrates otherwise, the results of the qualitative study should not be assumed to apply to Japan. As noted in Chapter 2, more extensive and less self-contradictory research has been done on Japanese organizational behavior, so the need

for research on the internal workings of Japanese firms is less pressing. Nonetheless, a study of Japanese businesses, for example on the subject of long-term oriented business practices, could be a valuable supplement to the findings of this thesis. Hofstede (1988) rates Japan as less long-term oriented than China (again, according to his undergraduate survey of student values), so it would be interesting if the reverse turned out to be true when it comes to business practices.

Third, a case has been made in this thesis for the dominance of middle and lower level managers as respondents for discovering the answers to the research question. Some top management was included in this study, and the different managerial levels did not contradict each other in terms of this study's findings. But it was maintained that a study which relied primarily on top management for answers to these questions would have been unlikely to procure the candid and occasionally unflattering details of organizational life which were uncovered. Despite these reservations, a study of top management could be conducted in order to compare and contrast with the findings of this thesis, as long as it was properly qualified. It should be noted, however, that a study which solicits feedback from both top and other levels of management within the same Asian company is likely only gaining the perspective of top management. Given the low autonomy that was demonstrated in this thesis for lower and middle level managers, and their need for top management approval for every major decision, it seems highly unlikely they could act with autonomy and candor in responding to answers for a research study of this kind. It should therefore be assumed that a study of Asian organizations (particularly by non-Asians) which enlists the participation of top management is most likely a study about the perspective of (or public image of) top management, unless a convincing contextual

explanation can be offered for why a particular study would not be prone to such a suspicion.

Finally, this thesis' research on Asian long-term orientation was not intended as the final word on the subject. An additional firm-level study has been proposed in Chapter 10, and it is argued that all of these studies taken together form the most complete picture on the topic of long-term orientation that has been assembled. Also, the theme of sustainability as an additional metric for investigating long-term orientation was uncovered in the survey of LTO perceptions across cultures, and this is another promising topic for future research.

Nonetheless, it should be argued that enough evidence has been presented in this thesis to remove the notion of greater long-term orientation of Asian firms as the null hypothesis. We now know what students assume is meant when professors tell them that Asian firms are more long-term oriented. They assume that Asian firms engage in long-term planning, stronger human resource incentives to encourage long-term employment, sacrificing short-term economic reward for the long-term, and to a lesser degree, sustainability, environmental or otherwise. All of these are reasonable assumptions, and all are congruent with Hofstede's broad (if vague) conceptual notion of delayed gratification, and favoring future circumstances over the present. Yet there is not a shred of evidence to support any of them. This thesis goes further by providing substantial evidence of their absence. Given the subject's scope, as mentioned, more research should be conducted. But after almost 30 years, the IB field should feel free to let go of an idea that never had much empirical support to begin with. At the very least, it should be argued that in future, when Hofstede's research on long-term orientation is presented to students (future business

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leaders), his work should be counterbalanced and properly qualified by the findings in this thesis.

7.4 Final Thoughts

Philosophically, it is worth noting a concern which this research may raise: that by focusing almost entirely on individual and organizational *behavior*, the deeper cultural issues which researchers like Hofstede have tried to uncover are either ignored or discounted. This argument does not really follow, however, from some of Hofstede's own assertions. Hofstede has always argued that culture is manifest in institutions, for example, even going so far as to state that a separate consideration of government and institutional effects on societies is redundant, since these are just "crystallizations" of culture (Hofstede, 2004). It can be argued that organizations are one form of institution; therefore, if he is correct, then focusing on organizational behavior should yield the same result as his cultural studies. On the other hand, he has also argued that business values are not the same thing as national values (Hofstede et al., 1990)—a somewhat surprising standpoint, since he has also argued that his national values surveys reveal the reason for the Asian economic miracle (Hofstede & Hofstede, 1991, p.223). It would be hard to argue that the values professed by the students in his surveys somehow transformed the Asian economy without doing so at least in part via businesses.

In fact, the belief that culture affects economic life, decision-making processes, and business practices is one that many business researchers share, and it is a rich source of interest for the international business field. Nonetheless, it is important not to make too many careless assumptions about the particular manner in which values express themselves

in the organizational context. When Hofstede (1988, 1991), as noted, points to the fact that Asian students rated long-term orientation as more important than face-saving, and then offers this as the definitive explanation for the Asian economic "miracles" of the 1980s and early 1990s, he is opening up a perilous world of gigantic leaps in causal connections; even if his study of Asian student values were more rigorous, this type of thinking risks reductionism. It is perfectly appropriate to study the effects of culture on economic outcomes, while still not dismissing the rich tapestry of mediators, moderators, and other contextual factors which influence the many unpredictable forms which culture may assume. By investigating the business practices of Asian individuals and organizations without preconception, far from dismissing the importance of deep cultural values, it is hoped that we may see their peculiar manifestations with all the nuance and capacity to surprise that the field demands.

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Appendices

Appendix A   Example of Some Initial Questions for Qualitative Study

What is your main responsibility in the organization? **Biographical**

How long have you worked for the organization? **Biographical**

Do you know approximately how long your supervisor (or district manager or whatever the title may be) has worked for the organization? **Long-Term Orientation**

How far in advance does your supervisor let you know about projects you'll be working on? **Long-Term Orientation**

Do have any idea of some things you'll be working on next year? **Long-Term Orientation**

Do you receive performance bonuses? **Long-Term Orientation** (because of follow-up question)

How are your bonuses determined? (Paying attention to time frame). **Long-Term Orientation**

When was the last meeting you attended? **Power Distance**

What types of things did you discuss? **Power Distance** (included in planning process?)

Do you prefer to volunteer information or do you wait to be asked? **Power Distance**

How often are you asked for information? **Power Distance** (as it relates to information flow)

What types of information are you asked for? **Power Distance** (as it affects strategic

planning and adaptation)

Do you have a clear idea of the company's strategic plans? **Power Distance** and **Strategic**

Planning & Adaptation

What types of things does the company plan to do over the next ten years? **Strategic**

Planning and **Long-Term Orientation**

Does the company have a long-term plan or do they prefer to remain more flexible?

(Framing short-term orientation in a non-negative manner). **Long-Term Orientation** and

Planning

What types of decisions does top management let you make? **Power Distance**

Have you ever disagreed with a corporate decision? What did you do? How did they

respond? **Power Distance**

Have you ever been involved in the organization's planning process? **Power Distance** and

Planning

How far into the future does the organization plan? **Planning** and **Long-Term**

Orientation

Has the company ever changed their plans? **Adaptation**

What reason did they offer for doing that? (Or what was your reason for doing that?)

Adaptation

When they (you) changed their (your) plan, what information did they (you) use to make that decision? **Adaptation**

Did anybody ask your opinion about it beforehand? **Power Distance** (as it relates to information flow)

Have you ever been asked to change the project you were working on? What was the reason they gave you? **Adaptation**

Has the organization's long-term "vision" ever been expressed to you? **Long-Term Orientation**

How likely do you think it is that you'll still be working for this company 10 years from now? **Long-Term Orientation** (to introduce the subject of what, if anything, the organization is doing to try to keep its employees)

What is the turnover rate at your company? Are there any methods by which the company tries to reward loyalty? What are they? **Long-Term Orientation**

Appendix B   Andersen and Nielsen's (2009) Managerial Autonomy Measurement

(Used as a guide in this thesis' qualitative study when asking respondents about their level of autonomy in the organization, in cases when they claimed to have some).

Managers below the top management team:

1. Can start major market activities without approval

2. Can market to new customer segments without approval

3. Need no approval to initiate new product developments

4. Can introduce new practices without approval

5. Need no approval to develop new internal capabilities

Appendix C   Sample Details of Qualitative Study

Company Location	Ownership Location	Industry	Size of Company	Position of Respondent
Taiwan	Taiwan	Clothing Items	Approx. 30 employees	Head of Marketing Division
Taiwan	Australia	Broker	Very large MNC	Finance Manager
Taiwan	Taiwan	Clothing items	Very small; approx. 5 employees	Owner
Taiwan	Taiwan	Bank	Very large	Finance Manager
Taiwan	Germany	Bank	Very large MNC	Finance Manager
Thailand	Thailand	Telecommunications	Very large	Incubation Program Manager (previously Product Manager)
Hong Kong	Hong Kong	Engineering Contractor	Medium size	Technical Director
Hong Kong	Japan	Engineering Contractor	SME	Engineer
China	China (SOE)	Oil & Gas	Very large	Financial Officer
China	China (SOE)	Bank	Very large	Human Resources Officer
China	France	Luxury Products	Very large MNC	Sales Executive

Singapore	Singapore	Logistics	SME	Human Resources Officer
Singapore	Singapore	Logistics	SME	Finance Manager Human Resources Officer
Cambodia	France	Luxury Products	Very Large MNC	Marketing Manager

Appendix D   Individual-Level Survey on Time Orientation

<u>Survey</u>

Please find below the questions for this brief survey. Your participation is voluntary and not required. By submitting this survey, you consent for this data to be used in an anonymous form for research purposes.

1) You are a business manager and you are given two choices. You can either choose Project A which will give you $10,000 USD in profits today. Or you can reject this project, and choose Project B which yields no profit today, but will yield X amount of profit 10 years from now. What is the minimum amount of profit you would require Project B to generate in 10 years in order for you to choose this option and reject Project A? Please write down the minimum dollar amount you would require here:

2) If someone refers to a company as "long-term oriented," what do you think that means in terms of the company's business practices? Please list a couple of business practices which you think characterizes a "long-term oriented" company, which distinguish it from a "short-term oriented" company:

3) On a scale of 1 to 7, where 7 means "strongly agree" and 1 means "strongly disagree," and 4 means "neither agree nor disagree," please circle your level of agreement with the following statements:

   A) When someone says a company is "long-term oriented," that suggests to me a company that engages in long-term strategic plans.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |

B) When someone says a company is "long-term oriented," that suggests to me a company that offers strong incentives for its employees to stay with the company for the long term, and rewards employee loyalty.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |

C) When someone says a company is "long-term oriented," that suggests to me a company that is willing to sacrifice short-term profits for the sake of long-term profitability.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |

D) When someone says a company is "long-term oriented," that suggests to me a company that rewards an employee's long-term performance, not just his/her short-term performance.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Please state your nationality:

If not from the United Kingdom, please state how long you have lived in the United Kingdom:

Please put a mark next to your gender:

A) Male

B) Female

Please put a mark next to your age group:

    A) 30 years or younger

    B) Over 30 years old

Do you have any work experience (not including summer jobs and part-time work)?

If so, how many years of full-time work experience do you have?

Thank you for your participation!