



# Task success based on contingency fit of managerial culture and embeddedness

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**Abstract**

The article extends research on the contingency of fit in international management at the level of managerial tasks. Foreign firms' managerial tasks are embedded in two environments with different profiles, and different managerial cultures fit them to ensure task success. Study 1 analyzes 18 critical incidents, summarizes Chinese and Japanese managerial cultures, and identifies three types of managerial tasks. We hypothesize that task success depends on the fit between task type and the chosen managerial culture, such that foreign firms can have their operational, local, and people tasks successfully completed using home, host, or integrated managerial cultures respectively. Study 2 tests our hypotheses using 112 critical incidents. The fit pattern at the level of managerial tasks advances the contingency perspective in international management and equips managers with cultural agility to confront international challenges.

*Journal of International Business Studies* (2016) 47, 191–209. doi:10.1057/jibs.2015.45

**Keywords:** critical incident approach; embeddedness; managerial culture; managerial task; managing foreign operations; multinational corporations (MNCs) and enterprises (MNEs)

## INTRODUCTION

Firms that succeed in a country develop a common managerial culture as part of their adaptation to the society there (Ouchi & Jaeger, 1978; Shimoni & Bergmann, 2006). Managerial culture includes philosophies, beliefs, and practices regarding appropriate ways of doing business in a specific regulative, economic, social, and cultural context (Kostova & Roth, 2002). Foreign firms that are subsidiaries of multinational corporations (MNCs) reside in two environments simultaneously and face dual pressures with respect to global integration and local responsiveness (Ghoshal & Nohria, 1993; Rosenzweig & Singh, 1991): they must choose between the managerial culture at home and the one in the host country or integrate them (Prahalad & Doz, 1987). In this article, we study the effect of managerial culture on task success at foreign firms.

Research in international management supports a contingency approach to fit, stating that MNCs and their subsidiaries can perform better when the management of global integration and local responsiveness is aligned with contextual factors, such as a local subsidiary's resources and environmental complexity (e.g., Bartlett & Ghoshal, 1998; Nohria & Ghoshal, 1994). However, current MNCs are transforming such that they are allocating their resources and capabilities and conducting business globally, making analysis at the

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Received: 20 April 2014

Revised: 22 July 2015

Accepted: 28 October 2015

Online publication date: 31 December 2015

MNC or subsidiary level insufficient to address the question of fit (Palmisano, 2006). In addition, global integration and local responsiveness are sometimes treated as an “either/or” choice (Prahalad & Doz, 1987), whereas “glocalization” often requires foreign firms to engage in both simultaneously (Nohria & Ghoshal, 1994; Shimoni, 2008).

We contribute to the literature on international management by offering a new perspective on the contingency of fit at the level of managerial tasks. Managerial tasks are organized and coordinated activities at a firm with specific and clearly identifiable goals. An analysis at the level of managerial tasks contributes to the literature by addressing the trend in selective decisions at foreign firms toward managing global integration and local responsiveness and is more realistic than MNC- or subsidiary-level analyses (Bartlett & Ghoshal, 1998). Task-level analyses also give a more detailed profile of embeddedness for different types of firm activities and offer international managers operable recommendations. As demonstrated in the results of this article, basing the management of global integration and local responsiveness on MNCs or subsidiaries as a whole can sometimes be counterproductive.

We first analyze the constructs of managerial culture and managerial tasks. We then code 18 critical incidents in Study 1 and identify three types of managerial tasks – operational, local, and people tasks – that are likely to be successfully completed using home, host, and integrated managerial cultures, constituting three configurations of fit. Further analyses of the underlying mechanism highlight the embeddedness of managerial tasks in the environments of the two countries examined and lead us to posit three hypotheses. We then test the hypotheses in Study 2 using 112 critical incidents, representing different types of managerial tasks. The combination of exploratory and confirmatory studies not only represents our intellectual trajectory in understanding the phenomenon (cf. Sutton & Rafaeli, 1988) but also offers strong validity for our conclusions (Shadish, Cook, & Campbell, 2002). We discuss theoretical and practical implications of our study as well as limitations and suggest some directions for future research.

### Choices among Managerial Cultures

Managers can choose among home, host, and integrated managerial cultures to ensure management success. As defined earlier, managerial culture comprises approaches for conducting business in a country and making full use of the country's

resources to obtain advantages and adapt to the local institutions (DiMaggio & Powell, 1983; Porter, 1990). For example, firms are obliged to follow legal regulations such as those on product quality and labor safety. Firms learn and respond to stakeholder characteristics, such as customer habits and worker attitudes. Managers also learn management from professional associations, consulting firms, and other local firms. Therefore managerial cultures make up the totality of firms' adaptation and learning of effective management practices to operate effectively in a country's regulatory, economic, and normative environment (Scott, 1995).

Two explanations of managerial culture are necessary. First, for historical, cultural, and political reasons, the boundaries of managerial culture do not necessarily coincide with national borders (Bhabha, 1994; Rosaldo, 1993). However, countries serve as a convenient proxy for describing managerial cultures in which similar firms operate (Stavrou, Brewster, & Charalambous, 2010). As a result, managerial cultures are usually reflected in characterizations such as Germany's accuracy in designing and manufacturing complex machines, Japan's rigor in quality control and designs for energy efficiency, and the consumer orientation and mass marketing in the United States (e.g., Dore, 1973; Porter, 1990). Second, the construct of managerial culture is a country-level phenomenon although effective management practices differ across organizations (Kostova, 1999), industries (Chatman & Jehn, 1994), and business units (Prahalad & Doz, 1987). The construct of managerial culture does not deny management heterogeneity of firms within a country, but it focuses on their similarity. Thus managerial culture differs from organizational practices (Jensen & Szulanski, 2004; Kostova, 1999) and organizational policies (Janssens, Brett, & Smith, 1995), which refer to a firm's particular or worldwide activities, such as the Six Sigma approach (Yu & Zaheer, 2010).

The home, host, and integrated managerial cultures relate, respectively, to global integration, local responsiveness, and a combination of both. The home managerial culture helps foreign firms inculcate their parent MNCs' particular knowledge (Szulanski & Jensen, 2006; Yu & Zaheer, 2010). The host managerial culture helps foreign firms obtain resources and legitimacy in the local context (Kostova, 1999; Zaheer, 1995). An integrated managerial culture can combine the advantages of both to address the institutional duality (Kostova & Roth, 2002), such as the hybrid approach of global coordination for running



business units (Prahalad & Doz, 1987), managing human resources using both the home and host countries' approaches (Brewster, Wood, & Brookes, 2008), expatriates' global ways of dealing with cultural conflicts (Caligiuri, 2012; Caligiuri & Colakoglu, 2007), and a hybrid culture with elements from both the home and the host countries for MNCs to function effectively (Shimoni, 2008).

It is well established that the choice of managerial cultures ideally is contingent upon environmental factors involved in managing foreign firms or MNCs as a whole. For example, Ghoshal and Nohria (1989) analyzed how MNC subsidiaries' performance is influenced by the fit between management practices and the contextual factors of environmental complexity and local resources. Similar conclusions also apply to MNCs overall (Nohria & Ghoshal, 1994). Studies on MNC subsidiaries (e.g., Birkinshaw & Morrison, 1995; Lin, 2014) and business units (Roth, 1992, 1995; Roth & Morrison, 1990; Roth, Schweiger, & Morrison, 1991) found that performance is contingent upon the fit between managerial practices and contextual factors, such as industrial pressures, global strategy, and international interdependence.

### Managerial Tasks: A New Level for Exploring Fit

Managerial tasks are conducted by all employees on a daily basis. Examples of managerial tasks include setting up appropriate incentive policies, getting a contract signed, conducting quality control of products, and completing a project. However, managerial tasks differ from individual tasks, such as "hitting a nail," or general missions, such as "meeting the company's quarterly profit goal." Managerial tasks also differ from businesses relevant to product (Prahalad & Doz, 1987) or the functions of firms (Fayol, 1949).

In the previous literature, fit has been analyzed at the level of the MNC and of subsidiaries. At the subsidiary level, fit is defined as alignment between "the structure of each headquarter – subsidiary relation" and "the distinctive environmental and resource conditions of the subsidiary" (Nohria & Ghoshal, 1994: 492). Its operationalization represents the match (or not) between the MNC – subsidiary relation and the proposed levels of centralization and formalization. At the MNC level, fit refers to the overall fit profile of all its subsidiaries and is computed by "the fraction of fit subsidiaries" (Nohria & Ghoshal, 1994: 496). In this article we follow the traditions but focus on the fit between managerial tasks and the managerial cultures

adopted to complete them, based on the performance of the managerial tasks. A managerial culture fits a managerial task when the practices inscribed in the managerial culture satisfy the needs, goals, objectives, and requirements of the managerial task and lead to successful completion of the managerial task (Milliman, von Glinow, & Nathan, 1991).

We make three new contributions. First, managerial tasks can capture the most recent trends in MNC development and offer more fine-grained delineation of international management. For globally integrated enterprises, integration and responsiveness are organized at more detailed levels (Palmisano, 2006), and each MNC or subsidiary no longer makes an either/or choice but "makes selective decisions" based on the nature of different resources (Bartlett & Ghoshal, 1998: 68). The dynamic nature of today's global business practices often requires a firm to adopt different degrees of global integration and of local responsiveness to various tasks at the same time. The fine points of the global arrangements of activities at leading MNCs can be captured only by using a task-level analysis.

Second, the mechanism of fit at the task level will also add to the literature on contingency fit. At the level of MNCs or subsidiaries, fit reveals how management practices are aligned with contextual factors faced by the firm, such as resources (Nohria & Ghoshal, 1994). In comparison, at the level of managerial tasks, fit reveals mechanisms that capture the characteristics of these tasks. As we demonstrate, embeddedness profiles of managerial tasks link our research to the existing literature and offer a new perspective, which has theoretical and practical implications.

Third, managerial tasks offer greater detail for integrated approaches to managing foreign firms. Integrating the merits of both home and host countries' managerial cultures is desirable, but hard to achieve. The practice of managerial tasks is contextualized and embedded in the specific institutional and cultural environment. Integrated managerial cultures can be understood only if both specific elements of each integrated managerial culture and clear goals of managerial tasks are considered. At a more concrete level of analysis (i.e., task level), integrated approaches are better understood with deep descriptions (Geertz, 1973). These descriptions can be arrived at only by adopting qualitative research methods, as we do in this article. The details at the task level also suggest operable recommendations for international managers.

## STUDY 1: SUCCESSFUL COMPLETION OF MANAGERIAL TASKS

To explore the relationship between the successful completion of managerial tasks and the managerial cultures chosen, Study 1 focuses on incidents at a foreign firm. Firms expand internationally for different reasons, such as taking advantage of new market opportunities or acquiring additional resources (Dunning, 1998). To enhance the external validity of our analyses, we chose firms that are representative of the majority of foreign firms – those that are part of their parent MNCs' international expansion to gain access to large markets (Dunning, 1998). An important example of this type of MNC is Japanese manufacturing firms operating in China, which make up about 40% of the Japanese foreign direct investment projects in China (METI, 2014).

### Methods and Procedures

We collected data on critical incidents at Kawamura (a pseudonym), a Japanese wholly owned firm in China, using interviews, small group discussions, and archives. The multiple data sources were checked against one another for validation (Miles & Huberman, 1994). Kawamura manufactured electronic devices used as components for other end products assembled by Chinese companies. Kawamura and its parent firm in Japan were major players in a niche market, which had a major competitor headquartered in the United States. A few small but rapidly growing private Chinese firms joined the industry and charged lower prices. Some of these firms were established by technicians and executives who previously worked at Kawamura, but it could not effectively prevent this competition using legal approaches. Kawamura purchased core components from its parent firm, and most of the other raw materials were procured in China. Kawamura manufactured using automatic and manual assembly lines simultaneously. Completion of each product required about 25 processes; the processes required more than 20 workers to complete if they were done manually. These processes were further administered in four broad categories for quality control purposes of semi-finished outcomes.

At the time the data were collected, Kawamura had four executives: two Chinese and two Japanese. All 10 divisions had managers from China who had worked for Kawamura for at least 6 years. Company policies at Kawamura were developed based on its headquarters' prototypes, and the modification processes involved the executives and managers. All Kawamura executives and managers had intensive

exposure to Chinese and Japanese managerial cultures.

Data collection followed the critical incidents interview method (Chell, 2004; Flanagan, 1954). A critical incident is “sufficiently complete” and has “sufficiently definite” consequences (Flanagan, 1954: 327) and matches well with our definition of a managerial task. Managerial tasks have clear goals, criteria, and time frames, enabling researchers to clearly identify whether their outcomes are successful and what are the causes of those outcomes.

We first interviewed all executives and divisional managers in their native language. The interviews were conducted semi-structurally: We ordered the questions from general to specific, from abstract to concrete, and from insensitive to sensitive (Berg, 2008: 112–113). At the beginning of each interview, we briefly introduced ourselves to the participants and thanked them for talking with us. We asked the participants to briefly explain their background and responsibilities at Kawamura. Then, we asked them to describe their work experiences that captured the differences or conflicts between the Chinese and Japanese ways of doing business (to ensure ease of communication, we avoided using the term “managerial culture”). We reassured them that there was no single best way of doing business and that either Chinese or Japanese approaches can be functional in different situations. When incidents were described, we asked the interviewees for additional details, their interpretations and responses, the unfolding processes, and the outcomes of the incidents. Each interview lasted between 45 and 115 min.

Based on the incidents identified during the interviews, we organized three small group discussions with the managers and the workers involved in them. We asked these participants to clarify the details of the incidents. We also obtained approval from the executives and used some archival data. We recorded the quality, quantity, and compensation for manufacturing workers during the different stages of incentive policies.

### Prior Analyses: Chinese and Japanese Managerial Culture

Analyses of the managerial tasks in Study 1 require prior descriptions of Chinese and Japanese managerial culture. We searched relevant global and regional management journals (e.g., *Journal of International Business Studies* and *Asia Pacific Journal of Management*) and books and articles on managerial culture in China (e.g., Ambler, Witzel, & Xi, 2009;

**Table 1** Managerial cultures of China and Japan: preliminary summary

| Managerial Task   | Chinese Managerial Culture  | Japanese Managerial Culture  | Task Category from Study 1 |
|---|---|--|----------------------------|
| 1. Quality control  | “Good enough” in quality to reduce cost, using loose criteria   | Rigorous quality control and improvement (such as <i>kaizen</i> , total quality management, artisan’s soul)                    | Operational tasks          |
| 2. Internal procedures (e.g., decision-making and meeting procedures)       | Decision making based on emotion, heuristics, or leaders’ opinions; Subordinates refrain from expressing ideas or information that differ from their leaders’ preferences | Decision making based on evidence, logic, and analyses; All parties involved express their ideas frankly and share information |                            |
| 3. Customer relationships   | The “customers is always right”: responsive to customer requests  | “Grow with customers”: Treat customers as long-term friends  | Local tasks                |
| 4. Government relationships   | Compliance with government requirements   | Relations with government based on law   |                            |
| 5. Managing people (e.g., employee relationships and internal coordination) | Short-term oriented employee – organization relationships, avoiding conflict, detailed supervision, and rigorous monitoring   | Job security offered to most employees, long-term commitment, and loyalty to organizations                                     | People tasks               |
| 6. Promotion  | Promotion based on performance, relationship with the top, relationship, etc.   | Promotion based mainly on organizational tenure and capability   |                            |
| 7. Incentives   | Compensation based on performance, such as piece-rate salary for manufacturing workers  | Compensation is fixed, with few incentives   |                            |

Boos, Boos, & Sieren, 2003; Chen, 2004; Fernandez & Underwood, 2005; Midler, 2011; Perkowski, 2008; Selligman, 1999; Zeng & Williamson, 2007; Zhang, 2008; Zhang & Zhang, 2014) and Japan (e.g., Abo, 1994; Adler, 1999; Dore, 1973; Fukuda, 2011; Imai, 1986; Liker, Fruin, & Adler, 1999; Murata & Harrison, 1995; Ouchi, 1981; Pascale & Athos, 1981; Schonberger, 1982; Wakabayashi, Graen, Graen, & Graen, 1988). These publications offer rich descriptions of the two managerial cultures, although most of them do not use that term.

Based on these publications, we identified elements of Chinese and Japanese managerial culture in seven types of managerial tasks, such as quality control, customer relationship, and incentives (Table 1). We validated the list by consulting experts in this area (cf. Heine, Lehman, Peng, & Greenholtz, 2002). We consulted 15 Chinese experts who study Japanese management and asked them to indicate in which country, China or Japan, they believe each managerial practice is more likely to prevail. For each type of managerial task, 14 or all 15 of these experts identified the practices to capture Japanese and Chinese managerial cultures the same as our summary. This assured us that the content in Table 1 is valid and can be used as the basis for our analysis.

As summarized in Table 1, Chinese managerial culture is characterized by a “good enough” quality, satisfaction of customer requests, short-term commitment, and complying with the government’s

requirements. Japanese managerial culture is characterized by emphasizing quality circles (groups of workers giving recommendations to managers for quality improvement), *kaizen* (continuous improvement), long-term mutual commitment, and growing with customers.

### Data Analyses

Two authors of this article independently extracted incidents from our original transcripts obtained at Kawamura, and, after discussions, reached consensus on 18 incidents that featured differences between Chinese and Japanese managerial culture. We asked two coders, who were unaware of our research purpose, to code the incidents according to managerial task. We provided them with the detailed descriptions of each incident and the descriptions of managerial cultures summarized in Table 1 (with omission of the first row to avoid influencing their coding results). We asked them to complete three tasks: first, to determine whether the managerial task was completed successfully; second, to categorize the incident according to the seven managerial tasks; and, third, to determine which managerial culture (column 1, column 2, or integration of the two) was represented in the final action.

The original ratios of agreement between the two coders were 89% for the first task, 78% for the second task, and 94% for the third task. All the ratios met Miles and Huberman’s (1994) standards and were deemed acceptable. One author resolved

**Table 2** Critical incidents at a Japanese firm in China (Study 1)

| Type of Managerial Task | Choice of Managerial Culture | Incident Description  | Condition of Fit and Final Outcome                   |
|-------------------------|------------------------------|---|--|
| Operational tasks       | Japanese (Home)              | 1. When Chinese employees spoke at company meetings, their exact meaning had to be guessed. The Japanese managers insisted on establishing clear criteria and procedures were implemented so that internal communication was easier and no longer ambiguous.  | Fit & Success: Clear communication                   |
|                         | Japanese (Home)              | 2. When wiring the lines, the Japanese supervisor told the Chinese worker to use the "Japanese" method, which was always accurate, but the worker believed that his own approach was easier and faster. The Chinese way led to mistakes, and the Chinese worker learned the merits of the Japanese method and became a quality control manager. | Fit & Success: Quality assured and a manager trained |
|                         | Japanese (Home)              | 3. Chinese workers tend to avoid directly dealing with quality problems, but the Japanese executives insisted on taking detailed notes and improving. Later, Chinese workers accepted the procedure, and quality problems were reduced significantly.   | Fit & Success: Quality improved                      |
|                         | Japanese (Home)              | 4. Japanese believed that a manager's opinions in meetings should be recorded to hold the manager accountable. Chinese said such a practice would deter the free expression of ideas. They finally agreed to take detailed notes, but decisions were made based on consensus, and all were held accountable.                                    | Fit & Success: Procedure achieved                    |
|                         | Japanese (Home)              | 5. When planning for the next production cycle, Chinese managers used gut feelings to propose targets, but Japanese executives insisted on using logic and data. The Japanese method prevailed, and predictions were useful.  | Fit & Success: Good planning                         |
| Local tasks             | Chinese (Host)               | 6. When placing an order, Chinese customers often request prompt delivery, and if Kawamura does not oblige, they threaten to leave for Kawamura's competitors. The headquarters later changed the delivery policy to retain and satisfy customers.  | Fit & Success: Customer satisfaction                 |
|                         | Chinese (Host)               | 7. Chinese customers often change the details of their orders, annoying the Japanese headquarters. Having become more inured to the rapid changes in the Chinese market, the headquarters became more willing to change details of the orders.  | Fit & Success: Customer satisfaction                 |
|                         | Chinese (Host)               | 8. As recommended by Chinese executives, Kawamura tried to curry favor with the local government, such as organizing a Japanese business leaders' forum for the local government. The local government later reciprocated by granting awards to Kawamura.   | Fit & Success: Better relations                      |
|                         | Japanese (Home)              | 9. Japanese managers insisted that the SAP software be applied in a way consistent with the headquarters' format, but the Chinese customers behave very differently from the software's assumptions. Chinese customers are still struggling with trying to use SAP.   | Unfit & Failure: Software underused                  |
|                         | Japanese (Home)              | 10. Strategic marketing is strictly controlled by the Japanese headquarters, with customer needs not efficiently satisfied by the Chinese subsidiary. Part of the reason was the lack of trust in the subsidiary, and this issue was still unresolved.  | Unfit & Failure: Customer needs unsatisfied          |
| People tasks            | Integrated                   | 11. When designing incentive plan for manufacturing workers, Japanese managers proposed fixed pay, which did not work; Chinese managers proposed using a piece rate, which did not work either. Later, they designed incentive plans based mainly on quality, and they achieved better production results.                                      | Fit & Success: Effective production                  |
|                         | Integrated                   | 12. A Chinese manager used his judgment to execute the plan, but his Japanese supervisor required him to report any changes. To resolve this conflict, the Chinese reported changes and the Japanese granted more autonomy. They met mutual expectations.   | Fit & Success: Harmonious relations                  |

|                 |  |   |
|-----------------|--|---|
| Integrated      | 13. Japanese emphasized organizational tenure when making promotion decisions, but Chinese considered many criteria, especially performance. A supervisor with shorter organizational tenure but longer industrial tenure was promoted, and this worked fairly well.   | Fit & Success: Good manager promoted      |
| Integrated      | 14. Japanese designed job rotation for career development. Some Chinese managers refused to be rotated. The policy was changed such that rotation was exercised based on consensus, and the managers performed well.   | Fit & Success: Career satisfaction        |
| Integrated      | 15. Japanese executives talk with their subordinates (managers) freely because the managers strongly believe in their taking responsibility for their position. However, Chinese managers may change their actions if their supervisors expressed a preference. Japanese executives learned to interfere less, and the Chinese managers took on more responsibilities. | Fit & Success: Harmony in managers' roles |
| Japanese (Home) | 16. Japanese managers are willing to express their ideas openly and even challenge their leaders. Chinese managers never do so. Chinese managers were encouraged to express their ideas openly, but nobody did so.   | Unfit & Failure: No free expression       |
| Japanese (Home) | 17. Japanese engineers taught their protégés all they knew, but a Chinese engineer did not share key technology and insisted on being the only "trouble-shooter." He was fired. Another Chinese engineer was trained and he taught many others.  | Unfit & Success: More experts trained     |
| Japanese (Home) | 18. When performance problems occur, Chinese managers blamed their workers, but Japanese managers attributed the problem to training and guidance. Later, they improved training, and most workers performed well.   | Unfit & Success: Improved performance     |

discrepancies with the two coders to arrive at a consensus. The results are reported in Table 2.

### Results and Discussions: Three Configurations of Fit

The results illustrate clearly that the successful completion of managerial tasks requires an alignment between the managerial task type and the managerial culture adopted. These results led us to identify three configurations of fit, each of which represents the fit between one type of managerial task and one type of managerial culture.

#### Operational tasks

Operational tasks involve the general processing of information, technology, production, quality control, and internal procedures. Operational tasks at Kawamura are successfully completed when Japanese managerial culture is adopted. Efficiency in operational tasks was often the basic reason MNCs succeed in their home country before going global. Thus the home country's managerial culture fits operational tasks at foreign firms.

Kawamura successfully completed all five operational tasks (Incidents 1 to 5) following Japanese managerial culture. For example, in wiring lines (Incident 2), the Japanese methods can ensure accuracy, but they were seen as clumsy and time-consuming by the Chinese worker. However, in the end, the Japanese method proved more effective, and by learning it the Chinese worker was able to become a quality manager. In dealing with quality problems (Incident 3), the Chinese workers tried to avoid being criticized, but the Japanese managers insisted on a full investigation to discover the source of the problem so that they could then develop solutions. During internal planning meetings, the Japanese insisted that all estimates and plans be based on detailed data and logic, rather than use the prevalent Chinese method of relying on gut feelings (Incident 5), and the Japanese approach improved operational effectiveness.

Operational tasks represent the core business, and excellence in operational tasks is a basic advantage driving firms' global expansion. For example, Japanese companies regard quality as an *a priori* requirement for all their products, and they tend to maintain high quality standards. Most Japanese believe that the soul of an artisan is embedded in a product (Dore, 1973; Schonberger, 1982). The artisan soul requires manufacturing employees to give every product their full attention. To meet quality standards, they establish internal procedures, such

as analyzing quality problems, requiring exact definitions at all meetings, and using concrete logic and evidence when proposing opinions and positions. These rigorous procedures ensure that all details relevant to quality are well considered (Martínez-Lorente, Dewhurst, & Dale, 1998). Solving quality problems also requires the Japanese to continuously improve their practices, in a process called *kaizen* (Imai, 1986). All these parts of Japanese managerial culture contribute to Japanese firms' global success and make Japanese managerial culture fit Kawamura's operational tasks.

In comparison, Chinese managerial culture does not fit Kawamura's operational tasks. For example, the Chinese are often variable with respect to quality and reliability and largely adopt a "good enough" philosophy, as is the case in many other developing countries (Tybout, 2000). Although quality offers competitive advantages, achieving it is still far from being the working philosophy. Because it has been only two decades since China has progressed from having an economy of shortages, both selectiveness by consumers and meticulousness among workers are not yet well developed (Midler, 2011). The achievement of quality is sometimes sacrificed in the name of speed or gaining market share. Firms that deliver "good enough" products often enjoy a first-mover advantage (Zeng & Williamson, 2007). When facing procedural constraints, Chinese managers are good at cutting corners to reach their objectives with expediency (Hulpke & Lau, 2008). Precisely because of the differences between the two managerial cultures' relative strengths at operational tasks, a minority of Chinese firms operating in Japan (about 12%) are in manufacturing (METI, 2014).

### Local tasks

Local tasks are managerial activities dealing with local stakeholders outside organizations, such as relations with customers or the government. The successful completion of local tasks requires choosing the host country managerial culture because the stakeholders are local and not involved with the MNC headquarters. The completion of local tasks at foreign firms must satisfy local stakeholders. Consequently, "when in Rome, one must do as the Romans do."

Kawamura managed its local tasks successfully when it adopted Chinese managerial culture. For example, many Chinese customers request rapid delivery, causing its parent firm (which offered the core component) to complain about having to work on short notice. Later, the parent firm realized that it

had no choice other than satisfying its customers' needs in the Chinese market, and it worked to achieve timely delivery (Incident 6). Kawamura's customers sometimes even demanded a price reduction after contracts were signed because its competitors had recently reduced their prices. Again, Kawamura obliged to maintain its market share (Incident 7). Kawamura also successfully managed its government relationships by organizing several regional forums of Japanese executives, thus making the local municipal government "look good" at important moments (Incident 8). In return, Kawamura improved its reputation after being nominated for good investor and technical advancement awards.

However, if Kawamura managed customer relationships according to Japanese managerial culture, it tended to fail. For example, its SAP system was applied rigorously and without any adaptation to customers' special needs, which consequently weakened the system's application (Incident 9). In addition, Kawamura's strategic marketing is controlled by the firm's headquarters, which was too slow to respond to customers' needs (Incident 10).

Completion of these local tasks again highlights the two countries' differences. Japanese firms treat customers and government as equal entities with professional courtesies. Japanese business leaders tend to believe that interfirm relationships are long term and that suppliers and customers will grow together. Many firms do business with their suppliers or customers for decades (Turnbull, Oliver, & Wilkinson, 1992). Customers and suppliers are expected to respect each other and solve problems through joint efforts. In addition, the Japanese government operates under rigorous laws, so firms do not need to know "which way the wind is blowing" from the government (Zhang, 2008).

In contrast, the Chinese environment requires executives to comply with these local stakeholders pragmatically. Because of the rapid changes and fluctuations in the Chinese market, customers tend to take full advantage of their bargaining power. As a result, Chinese firms in competitive industries have adopted the doctrine that the "customers are always right" and try to fully satisfy them. The Chinese government plays a very important role in everyday business and has a wide range of discretion. Firms in China that wish to succeed often try to help the government achieve what it desires (Zhang, 2008). Thus Kawamura tends to succeed at local tasks when it adopts Chinese managerial culture.

### People tasks

People tasks relate to employees, including their employment, training, career development, promotion, incentives, and coordination. Kawamura's people tasks were successfully completed by integrating Chinese and Japanese managerial culture. People tasks are more complex than the previous two types because they involve both (1) home-country based, MNC headquarters' special knowledge with respect to quality, production, and efficiency and (2) host countries' employee attitudes, worker values, and market norms. Both managerial cultures are necessary for people tasks to be completed successfully.

An integrated managerial culture is exemplified by the evolution of incentive policies for manufacturing employees (Incident 11).

Kawamura originally used the Japanese approach of offering no incentives, assuming that the Chinese employees would act in the same way as the Japanese, who are interested in ensuring quality and trying to produce as much as they can. However, neither the quality nor the quantity of production reached an acceptable level, and both were at a level much lower than at the parent firm.

Then Kawamura adopted the Chinese-style piece-rate pay policy. Although Kawamura measured the quality of semifinished products on a team basis for quality control, it could not handle the management cost of measuring each worker's quality precisely. Consequently, the quality result did not play a role in bonus decisions. The Chinese policy was not successful either. Quantity increased rapidly, but quality declined dramatically. A detailed investigation of employees' daily activities found that they could reach the two criteria simultaneously, but earning more in bonuses by increasing quantity was simply more attractive, at the expense of quality. From the firm's perspective, however, the loss from one defective item exceeds the profit from producing and selling 10 more items.

The low quality drove Kawamura back to the Japanese policy, in which bonuses were no longer linked to productivity. But then productivity decreased rapidly while quality did not improve at all.

After discussing the matter with many frontline supervisors and workers, Kawamura adopted a new incentive plan that incorporates measures of both quality and quantity, but quality became the most important measure: A group that produces high quality will gain a bonus for each member, and exceeding the quality standard will bring an extra bonus as well. Failure to reach the standard will result in no bonus. At the same time, quantity is also

measured: A worker who does not reach the quantity standard will be reprimanded a little, but reaching or exceeding it results in no incremental reward. In addition, both quantity and quality standards were higher than those used earlier. In the end, the quality standard at Kawamura, as measured by the percentage of products that passed, surpassed that of the parent firm in Japan. The actual quantity also exceeded the standard.

The success of most other people tasks at Kawamura also reflects the integration of Chinese and Japanese managerial culture. Chinese managers are accustomed to using their individual judgment in daily operation, but the Japanese executives insist on reporting any deviation from protocol. In the end, they both adjusted, creating a better supervisory relationship (Incident 12). Japanese executives give their managers suggestions, assuming that their managers will make their own professional decisions; however, Chinese managers tend to follow the executives' ideas without questioning about them. After trial and error, the Japanese executives clearly labeled their ideas as "concerns" or "reminders," rather than interfering in the way that the Chinese managers did their jobs, and this new approach resulted in success (Incident 15). The Japanese executives asked their managers to voice their concerns in meetings because being a manager entitled them to positional authority; however, the Chinese managers remained silent because they did not feel comfortable about expressing ideas that differed from those of their superiors (Incident 16). In short, Kawamura tended to fail in people tasks when it used an approach other than integration.

Two people tasks are exceptions. When attributing responsibility for performance problems, the Chinese managers blamed the workers, but the Japanese managers searched for flaws in training and directions (Incident 18). Kawamura followed Japanese managerial culture in this instance and improved performance. Technological training in Japan is unreserved, but the Chinese technicians preferred to keep some knowhow to themselves (Incident 17). Kawamura finally followed Japanese managerial culture in addressing this as well and trained many experts. In both incidents, however, adopting some elements from Chinese managerial culture would have been difficult; at the same time, they involved only a few Chinese employees, making it relatively easy to change their expectations and behaviors to accept Japanese managerial culture.

Most of these incidents illustrate the necessity of integrating the merits of both managerial cultures in

managing people. The key feature in Japanese managerial culture with respect to people tasks is the mutual long-term commitment. Although the rate of employment in life-long positions has decreased, it is still fairly high and prevalent in Japanese manufacturing. Job security is not a concern for most Japanese employees. Recent statistics indicate that Japanese employees stay with their employers for 14.7 years (Toyokezai Online, 2013). The tenure is extremely long compared with the average organizational tenure of 4.6 years for salaried workers in the United States (Bureau of Labor Statistics, 2014). In addition, multiple metrics – such as tenure distribution, survival rate (projected possibility of remaining until retirement) of employees, employment gap, percentage of lifetime workers – indicate that the long-term mutual commitment between employees and firms is as almost stable as it was in the past (Ono, 2010). At Kawamura's parent firm in Japan, its 637 employees had an average tenure of 17.4 years. Over the company's 53-year history, only 98 employees left the company before retirement. The mutual long-term commitment encourages employees to express their ideas freely, ensuring quality, identifying possible problems, and respecting professionalism – all of which are essential to Kawamura's ability to generate profits from their products, which are characterized by precision and reliability. These factors make incentive policies less useful, and many Japanese companies rarely reward employees. Most employees regard their companies as their families, work for their companies with gratitude, and do their utmost to ensure quality and maximize productivity simultaneously (Fukuda, 2011).

Chinese managerial culture captures the behavioral patterns of current Chinese manufacturing employees. Compared with their Japanese counterparts, Chinese manufacturing workers at foreign and private firms tend to be less committed to their employers and have short-term-oriented relationships. According to a recent survey of Chinese workers born after 1980, 45.7% had changed their jobs at least three times within the previous 8 years (Zhilianzhaopin, 2011). Although Kawamura executives were proud that its turnover rate was about half the average in the area, the number was 15% annually. Additionally, many Chinese firms are trying to economize on labor costs to remain profitable, so they easily turn to laying off workers when they face financial difficulties (Wei, Ma, Zhang, Showail, Jiao, & Wang, 2014). Thus both Chinese employees and their managers expect to have a short-term

relationship, which makes employees less committed, unlikely to focus on the company's overall profit, and apt to avoid conflict at work (e.g., at meetings) even when it might help improve quality or profit (Friedman, Chi, & Liu, 2006). Without an incentive plan, many employees give minimal work effort or produce low-quality products. Consequently, Chinese firms set rigorous rules regarding incentives and promotions to ensure profitability, and the policy works well for mass production when quality requirements are not high (Zhang & Zhang, 2014).

### **EMBEDDEDNESS OF FIT AND EFFECTS ON TASK OUTCOME**

Study 1 finds that the successful completion of managerial tasks requires alignment with the fit of managerial culture. The fit pattern indicates that the three types of managerial tasks are embedded in the local and foreign environment to different degrees, creating three configurations of fit.

#### **Embeddedness of Managerial Tasks in the Environment**

We define the embeddedness of a task in an environment as the degree to which the task is rooted in the cognitive, cultural, social, or political structures, such that successful completion of the task requires sticking to rules, norms, and working templates of that context (Zaheer, 1995). A managerial task's embeddedness represents how critically the legitimacy or resources the firm obtains from the environment help the task to be successfully completed. Deeper embeddedness exists when the managerial task depends on resources available or abundant only in that environment (Granovetter, 1985; Romo & Schwartz, 1995; Uzzi, 1997). For example, MNCs specializing in design and manufacturing often use their advanced technology to expand globally, making the technology task in their foreign subsidiaries highly embedded in their home country's environment; at the same time, when major customers are local, marketing activities are highly embedded in the host country environment (Dunning, 1998). Previous studies have analyzed the embeddedness of organizations in different societies and how embeddedness implies their acquisition of resources and competitive advantages (Dacin, Ventresca, & Beal, 1999; Krippner & Alvarez, 2007; Zaheer, 1995).

Foreign firms are simultaneously embedded in two environments – their home and host countries – and so are the managerial tasks of these firms. Furthermore, the managerial tasks of foreign firms are



embedded in the home and host countries' environments to various degrees. To simplify, the two aspects of embeddedness can be dichotomized and put in a 2×2 framework. The three types of managerial tasks represent three types of embeddedness and can be successfully completed using the appropriate managerial culture. We refer to Berry's (1976) framework and terms to summarize our arguments. Berry studied the degree to which immigrants identify with their home and host cultures. His framework classifies four approaches for immigrants, and three of them correspond to our context. Specifically, the separation approach corresponds to operational tasks, that is, operational tasks can be successfully completed by adopting the home country's managerial culture. The assimilation approach corresponds to local tasks, that is, local tasks can be successfully completed by adopting the host country's managerial culture. Finally, the integrated approach corresponds to people tasks, that is, people tasks can be successfully completed by adopting the integrated managerial culture. We elaborate the arguments in detail below.

### Fit Managerial Culture Leads to Task Success

This framework analyzes international management at the level of managerial tasks. The thematic proposition is that the choice of managerial culture can lead to task success if the managerial task's characteristics are taken into consideration. The key characteristic of a managerial task is its embeddedness, which represents how deeply a managerial task is rooted in, and how deeply its completion depends on, its business environment (Granovetter, 1985; Uzzi, 1997; Zaheer, 1995). The managerial tasks of foreign firms are embedded in the two (home and host) countries to different degrees, and different managerial cultures fit the profiles of embeddedness in a way that can lead to task success.

#### *Operational tasks*

Operational tasks are highly embedded in the home, but not the host, country environment. Operational tasks follow technical laws to reach objective criteria for success, such as efficiency, and the best practices for them are often effective in a foreign context. For example, time – motion analyses, the optimization of assembly lines, and Six Sigma ideas about quality control can be applied everywhere. Foreign firms' competitive advantages often come from their operational excellence based on their MNCs' knowledge (Dunning, 1998). Headquarters of MNCs possess knowledge about improving performance on

these criteria. When an effective approach is identified, management's task is to simply stick to it "down to the last detail" (Jensen & Szulanski, 2004: 518). Replication of operational tasks can even become a strategic motto (Winter & Szulanski, 2001). For example, when it builds a new semiconductor plant, Intel's approach is to copy existing ones precisely (Winter & Szulanski, 2001).

Previous findings regarding operational tasks at foreign firms also infer their deep embeddedness in home countries but not in host countries. For example, even though employees in different countries understand the rationale for security regulations differently, MNCs adopt universal regulation criteria for their security measures (Janssens et al., 1995). Zaheer's (1995) finding favoring foreign firms' home country managerial culture is associated with the fact that foreign exchange trade business is basically undifferentiated (Earley & Singh, 1995). A worldwide survey did not find any limitation on the effectiveness of quality control criteria (Bemowski & Stratton, 1995). The major challenge for latecomers who are going global is overcoming "the gap between technical requirements and design norms at home and world-class standards abroad" (Bartlett & Ghoshal, 2000: 136). Thus when going global, foreign firms need to stick to their technical cores. Knowledge transfer across national borders also needs to follow the original templates exactly (Jensen & Szulanski, 2007) because having no adaptation reduces stickiness or the difficulty of transfer (Jensen & Szulanski, 2004). Thus a home country's managerial culture fits operational tasks of foreign firms. In the context of Japanese firms operating in China, we posit the following hypothesis:

**Hypothesis 1:** Japanese firms in China will have their operational tasks successfully completed if they adopt Japanese managerial culture.

#### *Local tasks*

Local tasks of foreign firms are deeply embedded in the host, but not the home, country's environment. Local tasks, such as relations with customers and the government, are not evaluated by technical standards, such as accuracy or efficiency. On the contrary, the completion of local tasks requires the satisfaction of local stakeholders. These local stakeholders require the foreign firms to satisfy their needs in a local way. Thus foreign firms must learn the local way to successfully deal with these stakeholders to avoid the liability of foreignness (Zaheer, 1995).

Many studies support the notion that foreign firms' local tasks are deeply embedded in the host country's, but not the home country's, environment and thus require adaptation. For example, the marketing of MNCs is obviously a local task that requires the adaptation or choice of a host country's managerial culture to succeed. While the products of MNCs can be the same internationally, distribution and marketing in different countries are most often found to adapt to local practices (Theodosiou & Leonidou, 2003). In a field experiment, Pornpitakpan (1999) found that, when selling to Japanese or Thai customers, US salespeople performed better if they adapted to the local communication norms. Even though Japanese automotive companies successfully established highly interdependent relationships with their suppliers to improve efficiency, the same practice did not work in the United Kingdom because their suppliers did not support the practice (Turnbull et al., 1992). With respect to dealing with the government, the political embeddedness of foreign automobile companies in China brought the companies advantages in the 1980s, but disadvantages in the 2000s because the political environment had changed (Sun, Mellahi, & Thun, 2010). In general, the host country's managerial culture fits local tasks of foreign firms. In the context of Japanese firms operating in China, we posit the following hypothesis:

**Hypothesis 2:** Japanese firms in China will have their local tasks successfully completed if they adopt Chinese managerial culture.

### **People tasks**

People tasks are deeply embedded in both the home and the host countries' environments. People tasks involve the need to satisfy the global competition and local stakeholders simultaneously. Often, global competitiveness is developed in a firm's original expansion, thus the home country's managerial culture is necessary. Additionally, people tasks involve the satisfaction and acceptance of local employees and other stakeholders based on their norms and values, thus the local managerial culture is also necessary. Consequently, people tasks require both adhering to the core competitive advantage from the home country and adaptation to the local requirements.

A broader literature also discusses that a third culture, integrating the home and host culture, is created when people tasks are handled across borders. In an intensive study of 249 US affiliates of

foreign MNCs, Rosenzweig and Nohria (1994) found that human resource management practices reflect both the host country (United States) practices and strong differences from their headquarters' home countries. Ferner (1997) summarized that while most MNCs adjust their human resource practices at divisions in different countries, the country-of-origin effect also is salient. That is, both the MNCs' home country practices and the adaptations to the host country's environment are combined, to create an integrated managerial culture. Diverse team members can remain open-minded and eagerly learn from one another to create a hybrid team culture with elements from all cultures and improve team effectiveness (Earley & Mosakowski, 2000). When managers try to influence others interpersonally, the same tactic's effectiveness depends on not only the logic but also the social beliefs of people in that society (Fu et al., 2004). When Japanese firms organize their quality activities, they integrate universal quality requirements with particular human relations in the process of *kaizen* (Imai, 1986). A worldwide survey of executives indicated that human resource policies demonstrate both convergence in the world for competitive advantage and divergence across culturally and institutionally diverse places (Sparrow, Schuler, & Jackson, 1994). Obviously, the successful completion of people tasks requires an integrated managerial culture. In the context of Japanese firms operating in China, we posit the following hypothesis:

**Hypothesis 3:** Japanese firms in China will have their people tasks successfully completed if they adopt an integrated managerial culture.

Together, the three hypotheses generalize our findings in Study 1 and argue for a fit between managerial tasks and managerial culture. The central theme is that having fit leads to task success and not having fit leads to task failure, driven by the embeddedness of the tasks. The hypotheses expanded the fit argument to the task level and were tested in Study 2.

## **STUDY 2: TESTING THE HYPOTHESES USING CRITICAL INCIDENTS**

### **Methods and Procedures**

We adopted the critical incidents approach (Chell, 2004; Flanagan, 1954) quantitatively and invited managers from four Japanese wholly owned firms in China to offer incidents from their work experience. These firms were similar to Kawamura in their basic business models and represented the majority of

MNCs: using Japanese technology, they manufactured and sold products in China. All these firms were important players in their industries and were among the top manufacturers in the Chinese market.

Of the 74 participants, 29 were interviewed face-to-face at their workplace, and we transcribed their responses to obtain incidents. Other participants were asked to write about incidents when they attended training at a business school. All these participants had worked with Japanese supervisors and encountered company policies originally based on the Japanese headquarters' prototypes. They all had exposure to Chinese and Japanese managerial culture. From the incidents they offered, they could clearly identify differences between the two managerial cultures.

To avoid any leading effects and to encourage frank responses, we told the participants that Chinese and Japanese managerial approaches are different and that there was no single best way of doing business. Then, we asked them to recall two or four managerial incidents in their work experience, half of which had a successful outcome and the other half unsuccessful to maximize variation in our dependent variable (Chell, 2004).

We obtained 141 incidents and invited two coders, who were unaware of our research purpose, to code them. We provided them with (1) the detailed descriptions of all incidents and (2) the descriptions of managerial culture (the content in Table 1) combined by three types of tasks. We asked them to complete two coding tasks: first, to categorize the type of task in the incident as being operational, local, or people; and, second, to categorize which managerial culture is represented in the final action, from among these four categories: (1) mainly Japanese; (2) mainly Chinese; (3) both (integration); or (4) neither.

The original results of the two coders demonstrated high levels of agreement on the type of task (93.62%) and managerial culture adopted to deal with it (92.20%). Consensus was reached with the involvement of one author. The discussion also led to the omission of 29 incidents because they did not match the research purpose.

### Results and Discussions

Among the 112 incidents for further analyses, 16 (14.29%) dealt with operational tasks, 28 (25.00%) with local tasks, and 68 (60.71%) with people tasks. In terms of the managerial culture adopted, 21 (18.75%) adopted Chinese managerial culture, 55 (49.11%) Japanese managerial culture, 34 (30.36%) an integrated managerial culture, and 2 (1.79%) neither. The results of 62 (55.36%) incidents were deemed successful, and the remaining 50 incidents (44.64%) unsuccessful.

Nohria and Ghoshal (1994) used regressions, correlations, and *t*-tests to test the fit hypotheses at the MNC level because most of their variables are continuous. In our data set, the dependent variable is the outcome of incidents (success or failure), and independent variables task type and managerial culture adopted. Both the independent variables and the dependent variable are categorical, requiring a multi-correspondence analysis (Clausen, 1998) or an analysis of variance (ANOVA, Iversen & Norpoth, 1987). To make the results more easily understood, we offer the cross-tabulation illustrations first and then report the ANOVA in detail to test the hypotheses.

The pattern of the coding results was consistent with our hypotheses: whether a task was successfully completed was approximately determined by the fit between the task type and managerial culture adopted. In the two columns on the right-hand side of Table 3, we combined the number of unfit cases

**Table 3** Summary of critical incidents (Study 2)

| Managerial culture chosen |                           | Chinese | Japanese | Integrated | Neither | Sum | <i>p</i> -value in ANOVA | Fit managerial culture | Unfit managerial culture |
|---------------------------|---------------------------|---------|----------|------------|---------|-----|--------------------------|------------------------|--------------------------|
| Managerial task type      | Managerial task's outcome |         |          |            |         |     |                          |                        |                          |
| Operational tasks         | Success                   | 0       | 11       | 1          | 0       | 12  | < 0.05                   | 11                     | 1                        |
|                           | Failure                   | 2       | 2        | 0          | 0       | 4   |                          | 2                      | 2                        |
| Local tasks               | Success                   | 13      | 0        | 3          | 0       | 16  | < 0.01                   | 13                     | 3                        |
|                           | Failure                   | 0       | 11       | 0          | 1       | 12  |                          | 0                      | 12                       |
| People tasks              | Success                   | 5       | 0        | 29         | 0       | 34  | < 0.01                   | 29                     | 5                        |
|                           | Failure                   | 1       | 31       | 1          | 1       | 34  |                          | 1                      | 33                       |
| Sum                       | Success                   | 18      | 11       | 33         | 0       | 62  | –                        | 53                     | 9                        |
|                           | Failure                   | 3       | 44       | 1          | 2       | 50  |                          | 3                      | 47                       |

that include all three choices of managerial culture other than the hypothesized fit one. Among the 62 successfully addressed tasks, 53 (85.48%) were conducted with the managerial culture as we hypothesized. Meanwhile, among the 50 unsuccessful tasks, only 3 (6%) were conducted with the managerial culture hypothesized to be successful.

Consistent with Hypothesis 1, among the incidents representing operational tasks, adopting Japanese managerial culture was more likely than alternative approaches to succeed, and the ANOVA test's  $F_{2,13} = 5.02$ ,  $p < 0.05$ . Consistent with Hypothesis 2, among the incidents representing local tasks, adopting Chinese managerial culture was more likely than alternative approaches to succeed, with  $F_{3,24} = \infty$ ,  $p < 0.01$ . Here, the infinity  $F$ -values occurred because no within-cell variance existed as fit-failure cases among the local tasks (Iversen & Norpoth, 1987). Consistent with Hypothesis 3, among the incidents representing people tasks, adopting an integrated managerial culture was more likely than alternative approaches to succeed, with  $F_{3,64} = 180.15$ ,  $p < 0.01$ . Thus the results of Study 2 strongly support our fit hypotheses, that alignment between managerial tasks and managerial cultures is indicative of success.

The results indicate that the findings at Kawamura are generalizable to other Japanese firms in China and possibly other foreign firms. More importantly, the results suggest the potential mechanism of embeddedness. Even though we did not measure each managerial task's degree of embeddedness in Chinese and Japanese environments, we developed our hypotheses with a categorization of types of managerial tasks according to analyses on embeddedness. The findings are consistent with analyses on transferring organizational practices within MNCs across countries (Pralhad & Doz, 1987; Rosenzweig, 1994; Rosenzweig & Singh, 1991; Yu & Zaheer, 2010). When a managerial task is deeply embedded in an environment, adopting that environment's managerial cultural (in isolation or combination) becomes necessary (Stavrou et al., 2010). In a broader perspective, the findings are also consistent with applying managerial theories across countries (Kiggundu, Jorgensen, & Hafsi, 1983).

## GENERAL DISCUSSIONS

Our research indicates that foreign firms can successfully manage their tasks by adopting the home, host, or integrated managerial culture, depending on the task type. We argue that the alignment is driven by

the degree to which the tasks are embedded in the home and host countries' environments.

## Theoretical Contributions

The article contributes to the literature on international management mainly in three ways. First, it extends the contingency of fit framework to the level of managerial tasks, revealing more granular detail in international management. Analyses at the levels of the subsidiary or the MNC are oversimplified with respect to the choice of managerial culture. The task-level analyses here offer foreign firms more selective courses of action in management, as shown in the empirical studies. The analyses also consistently explain existing findings in the literature. For example, Murata and Harrison (1995) demonstrated that while the Japanese procedures for quality assurance can function fairly effectively in Great Britain, the personnel policies relevant to fairness are understood in sharply different ways. Besser (1996) found that when Toyota ran its plants in the United States, many personnel policies were changed to fit the environment while retaining Toyota's manufacturing methods. Adler (1999) found that two Toyota plants in the United States used Japanese approaches for job classifications, production teams, quality control circles, and information sharing (all categorized as operational tasks in the paper), but adopted a hybrid of Japanese and American approaches for health and safety, labor relations, and employment security (all categorized as people tasks in the paper). Thus managerial tasks are a fruitful perspective from which to explain these findings.

Second, the paper highlights embeddedness as the mechanism for contingency of fit in managerial cultures. Our findings are consistent with similar ideas in the literature on international business, global management, and career development in the global era (e.g., Bartlett & Ghoshal, 1998; Caligiuri, 2012; Prahalad & Doz, 1987; Rosenzweig & Singh, 1991; Yu & Zaheer, 2010). Embeddedness reveals the connection between managerial tasks and the environment. Each managerial task is rooted in the two sets of environments to particular degrees, and the fit between the profile of embeddedness and the managerial culture adopted will determine the success of the task. Although this article focuses on Japanese firms operating in China, the embeddedness analyses apply to firms going global for different purposes (Dunning, 1998). A study in Europe found that the same human resource management practices led to firm performance implications to different extents because the local environment

requires different degrees of isomorphism (Stavrou et al., 2010). Specifically, the more the local environment requires the foreign firms to be consistent with the context (in our words, requiring higher embeddedness based on coercive isomorphism), the more likely it is that a practice will be closely associated with firm performance. On analyses of cultural agility, jobs and roles that most often require each approach offered by Caligiuri (2012: 29–30) also match the analyses of embeddedness well.

The framework of embeddedness also offers clear theoretical explanations of empirical findings in the broader literature. Examining how the theories developed in the United States apply to the research context of developing countries based on findings in 94 articles, Kiggundu et al. (1983) found that the theories focusing on technological aspects generally apply reasonably well, but those focusing on organization and its environment apply to a much lower degree. In studying the transfer of organizational practices within MNCs across countries, Rosenzweig (1994) argued that the social aspects are deeply embedded in social norms and thus need adaptation, but the technical aspects need little adaptation. These two categories match our definitions of local and operational tasks well. These findings indicate that examination at the level of MNC, subsidiary, or business unit is insufficient to capture all the fine points. Thus the analyses of embeddedness at the task level push contingency theories (e.g., Lawrence & Lorsch, 1967) to a new frontier.

Third, the explorative Study 1 offers rich descriptions of integrated managerial culture, which represents a profitable way of managing foreign firms. To complete people tasks when two different managerial cultures are both valuable, a new or the third culture – the integrated one – is developed that combines them (Bhabha, 1994). Shimoni and Bergmann (2006) found that in the local offices of MNCs, local managers did not simply behave in accordance with the corporation's managerial culture but, rather, incorporated the local culture into the original corporate culture. For example, Japanese companies operating in the United States did not just export their management practices, but created a new management culture through hybridization or re-contextualization (Abo, 1994; Liker et al., 1999). Previous researchers emphasize the blurring of boundaries between foreign and local managerial cultures (Bhabha, 1994; Shimoni, 2008). Our analyses are consistent with these arguments and findings and argue more clearly based on the tasks' embeddedness in two environments.

In addition, the deep contextualization suggests the differences between Chinese and Japanese managerial culture. Although a discussion of “West meets East” is prevalent in international management literature, this article offers insights on the question of “East meets East,” in which the second- and third-largest economies in the world have sharp differences in managerial culture. Cross-cultural studies often treat China and Japan as similar or in the same cluster (Inglehart & Baker, 2000), but this article demonstrates different practices in managerial cultures and enriches discussions on the institutional and economic comparisons of these countries (e.g., Hamilton & Biggart, 1988). With the increasing importance of these economies and management practices, comparisons from this perspective offer insights for understanding the cultural and institutional business contexts. Additionally, the detailed discussions of the two countries' managerial cultures represent “thick descriptions” of our research contexts, further contributing to the literature (Geertz, 1973).

### Practical Implications

As to the question of how to choose between the home and the host country's managerial culture, this article responds: “It depends.” The contingency of fit needs to be analyzed at the level of managerial tasks. Specifically, an appropriate choice depends on the degree to which a specific task is embedded in the environment of the firm's home and the host countries. When the choice is made at the level of the MNC or the subsidiary, it possibly fails. When firms studied in the article, such as Kawamura, adopted global integration (i.e., Japanese managerial culture) or local responsiveness (i.e., Chinese managerial culture) consistently, they possibly suffer failure at some managerial tasks. Based on theoretical and empirical analyses, we recommend that foreign firms adopt the home country's managerial culture for operational tasks and the host country's managerial culture for local tasks, but create an integrated managerial culture for people tasks. This alignment is more likely than other choices to succeed. Following this logic of embeddedness, managers can also analyze tasks not examined in this article.

The findings can help foreign firms wisely balance adaptation and retention of the original managerial culture without overemphasizing either. Even though adaptation in a local context is necessary (e.g., Pornpitakpan, 1999), foreign firms also need to avoid the risk of underemphasizing integration of

their core competitive advantages from their headquarters. For people and local tasks, adaptation means respecting local employees, building emotional connections with local stakeholders, and even sometimes wining and dining if doing so is part of local expectations (e.g., Perkowski, 2008). However, for operational tasks, such as quality control, as well as people tasks, such as incentive plans, insisting on operational routines from headquarters is necessary as well. For example, an experienced executive recommended, "If you only adapt yourself to the local habits, then you lose a lot of advantages. You end up with something you didn't want" (Fernandez & Underwood, 2005: 408). We offer a realistic picture of adaptation, as well as maintaining the original criteria.

The findings in this article also offer insights for conflict resolution in business at foreign firms. Foreign firms often suffer from conflict among executives and managers from different backgrounds; sometimes the conflicts can be resolved through negotiation, but at other times they escalated (Brett, Behfar, & Kern, 2006). The paper indicates that conflicts can be more constructively resolved by using advantages from both sides in collaboration to "expand the pie" – to create value for the firms and eventually for both sides. When managing foreign firms, representatives from both sides can identify the merits of the other's managerial culture and search for ways to achieve success at different tasks. The two sides can advance simultaneously if they avoid positions that represent the antinomies' pole (Barley & Kunda, 1992). The forces driving foreign firms to adopt local responsiveness and global integration are not in opposition (Ghoshal & Nohria, 1993), and the fit choice possibly leads to synergy between two managerial cultures.

Today's economy is globalized, with more and more foreign firms participating. Foreign firms need to use home country advantages with a consideration of local stakeholder preferences to take into account global cultural autonomy (Roach, 2005). Foreign firms tend to fail if they ignore the needs of local customers, government, and employees. For this reason, "glocalization" (Shimoni, 2008: 109) is often the best choice for MNCs. Recent global surveys also indicate that the cultural values of the world demonstrate a trend toward both convergence and divergence (Ronen & Shenkar, 2013). Responding to the trend, managers in the glocalization era need to be more open-minded and equip themselves with cultural agility (Caligiuri, 2012). The development of cultural agility requires an understanding of

managerial tasks that allows managers to respond to situations appropriately. Managers today have to avoid stereotypes or sticking to an *a priori* determined managerial culture. Being culturally agile requires them to analyze the embeddedness of the tasks at hand and respond accordingly.

### Limitations and Future Research Directions

This study has some limitations that we hope future research will address. First, the 2x2 framework is a simple representation of managerial tasks and needs further elaboration. The framework enables all managerial tasks at foreign firms to be analyzed using the embeddedness in the environments of home and host countries. A foreign firm's managerial tasks are not embedded in two environments with simple dichotomous ends, just as individuals do not respond merely "yes" or "no" to Berry's (1976) framework (Tadmor & Tetlock, 2006). Managerial tasks can be embedded in environments to different degrees, so future research should quantitatively examine the construct, as in existing research on the level of the subsidiary or MNC (Ghoshal & Nohria, 1989; Nohria & Ghoshal, 1994).

Second, the construct of embeddedness could be further measured and incorporated in future analyses. Quantifying the analyses of the forces for global integration and local responsiveness, Ghoshal and Nohria (1993) classified 41 industries into four categories based on an index of global integration and two indices of local responsiveness. Future research can learn from the practice and formulate indices for foreign firms' managerial tasks' embeddedness in the two environments. Quantitative analyses on embeddedness can not only test the theoretical arguments we propose in this article through mediation tests but also reveal new insights on the institutional environment. For example, if a country passes a new and rigorous labor law, the people tasks tend to be embedded more deeply in the local environment because pressure for local isomorphism must be higher (Stavrou et al., 2010).

Third, foreign firms develop in different stages, go global for different reasons, and develop their own knowledge bases to different degrees (Dunning, 1998; Makino, Lau, & Yeh, 2002). The framework can be tested for its application to analyze MNCs going global for other purposes. Future studies can also collect data at firms crossing borders of other countries, operating in service industries, hiring mainly intellectual workers, and entering foreign firms using different approaches (e.g., Makino et al., 2002), such as MNCs seeking resources

(e.g., a Chinese firm investing in an Australian iron ore) and seeking strategic assets (e.g., an Indian firm investing in the United States for R&D).

In conclusion, this research extends the analysis of fit in international management to the level of managerial tasks. Managerial tasks at foreign firms are embedded in the environment of home and host countries in different ways. Foreign firms can make selective decisions based on the embeddedness of a managerial task to ensure successful completion of the tasks. Making a decision at the MNC or subsidiary level, on the contrary, cannot ensure the success of the majority of tasks that have different profiles of embeddedness. The article extends current theory on contingency of fit and offers more nuanced practical implications. International managers with cultural agility can design their actions basing the fit on embeddedness to

ensure success of the tasks and, ultimately, of the whole company.

### ACKNOWLEDGEMENTS

The authors appreciate valuable comments from Ming-Jer Chen, Ray Friedman, Yi Han, Michael Klueber, Bobai Li, Hui Liao, Daomi Lin, Leigh Anne Liu, Jiangyong Lu, Patricia Robinson, Debra E. Soled, Anne S. Tsui, Hao Wang, Tiemin Wang, Jianjun Zhang, Yanlong Zhang, Weiguo Zhong, and seminar participants at Peking University. Comments from two anonymous reviewers and Area Editor Paul Caligiuri also greatly helped improve the article. Part of this article was presented at the conference of International Association of Chinese Management Research in Hong Kong in 2012. The research was partially supported by the National Natural Science Foundation of China for two projects (No. 71372021 and No. 71372023).

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Accepted by Paula Caligiuri, Area Editor, 28 October 2015. This article has been with the authors for two revisions.