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**Connecting Eastern and Western Perspectives on Management: Translation of Practices  
Across Organizations, Institution and Geographies**

**Igor Filatotchev**

King's College London and  
Vienna University of Economics and Business  
e-mail: [igor.filatotchev@kcl.ac.uk](mailto:igor.filatotchev@kcl.ac.uk)

**Li-Qun Wei**

School of Business  
Hong Kong Baptist University  
[weiliqun@hkbu.edu.hk](mailto:weiliqun@hkbu.edu.hk)

**Riikka M. Sarala**

UNC Greensboro  
[rmsarala@uncg.edu](mailto:rmsarala@uncg.edu)

**Penny Dick**

Sheffield University Management School  
[p.dick@sheffield.ac.uk](mailto:p.dick@sheffield.ac.uk)

**John E. Prescott**

University of Pittsburgh  
[Prescott@pitt.edu](mailto:Prescott@pitt.edu)

## **Connecting Eastern and Western Perspectives on Management: Translation of Practices Across Organizations, Institution and Geographies**

### **Abstract**

The exchange of academic knowledge increasingly flows in both directions, from West to East and East to West. The result is a rich and ever increasing development of theory and understanding of practice, which is expected only to gain further momentum in the future. This paper seeks to help establish a foundation for further development of this fertile exchange of ideas between East and West. We reflect on the research focus of the main theories in management studies in East and West. We discuss the topics of East and West in selected areas of management studies, including competitive strategy, strategic leadership, and the “human side” of organizations to offer avenues for future research. Translating practices between the two contexts creates institutional, leadership, strategy and organizational challenges while providing new promising research avenues and opportunities to integrate East and West perspectives. We also offer a more critical view on the relationship between West and East, focusing specifically on the role of power and power relations in making sense of how management and organization studies treat issues of cultural, institutional and philosophical divergence.

## **Introduction**

With the globalization and advancement of management research, the exchange of academic knowledge increasingly flows in both directions, from West to East and East to West. The result is a rich and ever increasing development of theory and understanding of practice, which is expected only to gain further momentum in the future. This paper seeks to help establish a foundation for further development of this fertile exchange of ideas between East and West. Scholars have been making progress in research on both the similarities and the differences in the two research contexts. However, we hope more generally to develop further not only how the East may form boundary conditions (Busse, Kach, and Wagner, 2017) to the established theories in the West, but also help to lay the foundation for indigenous theory building from the East.

It should be noted that the term “East” is taken quite broadly in this paper. While many nations or regions are obvious to this term such as China, Korea, and Japan, we also consider it to include other Eastern nations or regions such as India, and the Middle East more broadly. Thus, we see the term as inclusive and not exclusive. By expanding on the geographic definitions of “West” and “East” we put emphasis on a number of key institutional characteristics that may usefully differentiate these two research contexts. For example, one distinctive feature of Eastern contexts is the predominant role of relationship governance centred around founders and their families, and often the state, as opposed to Western governance models underpinned by the principle of “shareholder supremacy” (Bell, Filatotchev, and Aguilera, 2014). Many countries in the East share the same legacy of “institutional voids” compared to the developed Western economies with mature sets of formal and informal institutions (Khanna and Yefeh, 2007). Non-market competition based, for example, on political connections or socio-religious beliefs underpinning the notion of social legitimacy is another important characteristic of Eastern

management practices. Also, the Eastern context is characterized by a large informal economy, close to 70% when agriculture is excluded (ILO, 2018). While the informal economy can emerge as an entrepreneurial response to a multitude of governance and structural issues, it can have adverse consequences, such as poor work conditions, low productivity and lack of access to finance (ILO, 2018).

Bearing these differences and contextual contrasts in mind, we seek to address a diverse set of issues which includes questions such as: How does understanding of topics historically developed in the West on a rich range of issues including corporate governance, entrepreneurship, strategy, organizational behavior, and human resources change as we consider the East? Much of this research will be comparative in nature to establish the exact differences that exist. Further, an important research question concerns the extent to which theories from the West are transferable to the East and vice versa. What scope is there for Eastern management research to forge its own path, as opposed to converging with Western models in terms of theory and methods? Bearing in mind institutional differences outlined above, it is also important to understand if current theorisations adequately capture similarities and differences between Eastern and Western cultures in ways that allow analysis of key issues in management and organization.

This paper is organized as follows. First, we reflect on the research focus of the main theories in management studies across East and West. Then, we discuss the topics of East and West in selected areas of management studies, including competitive strategy, strategic leadership, and human resource management, followed by a critical perspective on the relationship between the East and the West. We conclude with a discussion on avenues for future research.

## **Theoretical implications of connecting Eastern and Western perspectives**

Given the significant differences between institutional settings in the West and East, it is not surprising that researchers have different research foci when applying mainstream theories—such as agency and institutional theories, resource-based view and transaction cost economics—to these two distinctive contexts. Table 1 provides a brief summary of differences of theoretical foci across the Western and Eastern perspectives.

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Insert Table 1 about here  
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The agency perspective with its focus on principal-agent problems and costs of managerial opportunism in terms of shareholder value destruction has dominated corporate governance research for many decades. The main emphasis of this research in the context of firms in developed Western economies with large and liquid stock markets is on how to protect the interests of owners, especially minority investors, from self-serving opportunistic behavior of professional managers. However, the specific features of corporate sectors in many developed and developing economies in the East add new, relatively less explored, dimensions to agency-grounded research. For example, founding families often hold significant equity stakes in the firm, and there is the potential for these individuals and clans to abuse minority investors, including foreign institutions. Although family businesses feature in the West as well, the complexity and overall opacity of family control in the East, combined often with less developed formal regulatory institutions, underpin a relatively new corporate governance framework that some researchers have coined as a “principal-principal conflict” (Zhang et al., 2015). The emerging “multiple agency” framework suggests a more complex picture of the governance roles of founders, family-related managers and public market investors. For example, although

managers are agents with regard to minority investors, they are also closely connected to family owners who provide their investment funds and control the firm. This dual role can result in the traditional principal-agent problems being supplanted by multiple agency problems arising from principal-manager-principal goal incongruence, which occurs when a dominant owner disregards the interests of minority public market owners (Bruton, Filatotchev, Chahine, and Wright, 2010).

Another important feature of the Eastern corporate model is the importance of business networks. Some of these networks have a formal structure (e.g. the South Korean *chaebols*, the Japanese *keiretsu* and other forms of business groups), whilst others are more informal and based on inter-personal relationships (e.g. “*guanxi*” in the ethnic Chinese networks). Information sharing and the avoidance of contract violation facilitated by these networks may mitigate the information asymmetries and risks associated with agency problems, and therefore serve as a unique, external channel of relationship-based governance that is distinctively different from the Western type, market-based external corporate governance (Filatotchev et al., 2007). These networks offer an excellent context for extending and applying theories on business and social networks as well as related concepts such as innovation ecosystems.

Internalization theory emphasizes the relative costs and benefits of coordinating related economic activities internally by the management of a firm rather than externally through the market. A parallel literature has focused on the theory of the domestic firm and has given rise to the transaction costs economics (TCE) paradigm in which the works of Williamson (1979) and Klein, Crawford, and Alchian (1978) have been particularly influential. Both view the firm as an alternative governance structure to the market, and both focus on crafting governance structures which economize on the *ex post* transaction costs of coordinating the activities of the various parties. When the TCE framework is applied to capital markets, the focus is not on how firms

can minimize the costs associated with production and distribution on global product markets but rather how firms can minimize the costs related to the acquisition of production factors such as capital, that are available globally. Such issues as using an internalized capital market within a multi-divisional organizational form, or selecting foreign stock exchanges for the firm's equity, have become focal points in TCE-grounded studies.

Again, the research context of Eastern and more specifically Asian economies provides important new dimensions to the TCE framework. For example, prior studies have argued that business groups are one of the most prominent features of the corporate sector in East Asian countries (Khanna and Yefeh, 2007). Information sharing and the avoidance of contract violation facilitated by these networks may mitigate the transaction costs associated with “institutional voids”, and therefore serve as unique coordination mechanisms. However, business groups are embedded in relational and cultural settings, and the contents of embeddedness vary depending on each nation's institutional development paths. For instance, business groups in China have a strong connection to the state, with government officers functioning practically as controllers of national resource allocation. In Korea and Japan, business groups have emerged as family-controlled holdings, although the governments in these countries are currently introducing far reaching reforms to limit the extent of family involvement (Aguilera and Crespi-Cladera, 2016). A number of emergent theoretical perspectives is related to new research questions such as: How do business group members choose between sources of finance? What are the different advantages and disadvantages of political connections that firms often cultivate? How do they affect performance? Integrating the classical internalization theory with an institutional perspective within diverse contexts of Eastern economies offers an important theoretical extension of what has been traditionally considered a universalistic model of firm behavior.

The two main theoretical approaches to business strategies of firms in the management field – the resource-based view (RBV) and resource-dependency theory (RDT) – assume that the most efficient firm strategy will be that which maximizes the rents from firm-specific assets and thus maximizes the long-run value of the firm (Buckley and Strange, 2011). The RDT perspective extends these arguments further and suggests that a successful strategy to access factor markets should also aim at minimizing the firm's dependency on external transactional parties such as suppliers of finance. Research on business strategies of firms in the East adds new dimensions to this analysis by focusing on how firms can use unique resource advantages, such as low-cost labor, and acquisition of knowledge capital (through e.g. joint ventures and acquisitions) to create late mover advantages, especially in the context of emerging market MNCs. There is also growing evidence that these firms rely heavily on inter-firm networks and resources obtained through political connections to create a distinctive set of competitive advantages (Hoskisson et al., 2011). These research efforts call for a radical re-think of which factors play a key role in terms of the firm's strategic resources and competitive advantage.

Grounded in sociology, the network perspective focuses on recurrent relationships among actors in a social system (i.e. network), the benefits and constraints associated with an actor's position in a network (e.g. structural holes, centrality) and the behavioral implications of the structural properties of the whole network (e.g. density, centralization) (Kenis and Oerlemans, 2008). A foundational premise of the network perspective is that relationships rather than the attributes of actors, enable and constrain action. Network relationships provide access to skills, resources, power, prestige, markets and information. Thus, actions of actors can be best explained in terms of network properties whilst acknowledging that actions in turn shape networks. Drawing on these insights, micro and macro scholars have studied a wide variety of

types, strength and evolution of relationships including trust, friendship, advice, information, workflow, interlocking boards, and inter-organizational relationships to assess their effects on social capital, embeddedness, conflict/cooperation, routine action, innovation and strategic change (e.g., Borgatti and Halgin, 2011, Chen and Miller, 2015).

While there is a growing body of scholarly network research in the East focusing on how networks substitute for institutional voids, a significant trend is contrasting the ‘stereotypes’ of an Eastern relational perspective with a Western non-relational perspective (e.g., Chen and Miller, 2011). An Eastern relational perspective reflects a holistic, a both/and world-view, interpersonal orientation to group harmony, and a cyclical, historical temporal orientation. In contrast, a Western non-relational perspective reflects parts, an either/or world-view, individual personal achievement, and a linear, future orientation (Chen and Miller, 2011). These contrasting perspectives create varying leadership, strategy and organizational challenges especially when translating them between the East and West.

Institutional theory has been widely deployed in both product and capital market studies in the West, but here too we find a number of subtle differences in theoretical emphasis and focus with regard to firms in the East as opposed to their Western industry peers. Generally, an institutional perspective suggests an alternative theoretical approach to the role of macro-institutions by arguing that stakeholder reactions to firm-level strategies are institutionally embedded. From this perspective, market reactions to the firm’s actions are an outcome of stakeholders’ perceptions of its legitimacy rather than rational, efficiency-centered optimization decisions (Bell et al., 2014). Legitimacy is the “generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate, within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995: 574). In the context of corporate

strategy, this research explores how being isomorphic with the institutional environment can help the firm to reduce the cost of factors of production and improve its financial sustainability.

In the setting of institutional differences associated with the socio-cultural environments of firms in the East, researchers tend to focus on institutionalized rules (also called institutional logics) when evaluating the quality of products offered by firms (Filatotchev, Chahine, and Bruton, 2016). These rules are formed by macro-institutions that frame the process of a stakeholder's assessment of the firm. In turn, institutional logics are based not only on a set of formal institutions such as rules and regulations, but also informal institutions such as culture, religion, and philosophical traditions. As the East is characterized by a wide diversity of constellations of formal and informal institutions, this complexity provides a fertile ground for building theories on the interface of organizations and their external environments.

Having said that, connecting Eastern and Western perspectives on management does not only imply that there is a need to adapt existing theories and models to the realities of Eastern institutional settings. There is also a need to rethink some fundamental assumptions of theoretical frameworks that seem to have an almost universal application in the Western context, such as the agency framework. For example, Krause, Filatotchev, and Bruton (2016) observe that institutional characteristics of foreign product markets influence the structure of boards of directors of U.S. firms active in these markets. They argue that allocating greater, outwardly visible power to the CEO will build the firm's legitimacy among customers who are culturally more comfortable with high levels of power distance. High power distance and respect for hierarchy are key institutional features in many Eastern economies such as China, Japan and the Middle East in particular. Scholars in the corporate governance field traditionally build on the agency framework and call for limiting the power of corporate CEOs. They rarely conceptualize

boards as tools firms can use to manage product markets' demand-side uncertainty, but the context of the Eastern perspective suggests they should.

To summarize, East and West research contexts differ significantly in terms of information environment, time structure of transactions, and linkages between organizations and their external environments, which suggests that management processes and their impact on individual firms in the two contexts may be different. To address these theoretical challenges, we also need to re-consider our application of key research frameworks that have been widely used in prior research, including agency theory, TCE, RBV/RDT, network and institutional theories. The following sections offer a number of research areas, with directions for future research that should take advantage of the rich opportunities offered through connecting Western and Eastern perspectives.

### **Translating competitive strategy practices between the East and West**

The field of strategy is very broad and increasingly fragmented. In order to make our discussion of the translation of strategy practices tractable, our focus in the following is on competitive strategy because it is the most fundamental forum in which competition occurs. Competitive strategy centers on understanding how business units create and capture value through the development of value propositions, resource allocation decisions and rivalry in markets (Leiblein and Reuer, 2020). Our focus is not to diminish the role of corporate strategy or the role of headquarters in the management of multi-business firms because there are significant interdependencies between corporate and competitive strategy. Rather, we hope that our approach stimulates further research in translating both corporate and business strategy practices between the East and West.

In this section, we first introduce rivalry and the competition mechanism because they are central to two meta-competitive strategy practices; crafting a unique value proposition and implementation of a value chain tailored to the value proposition. Next, we focus on practices in context (i.e., East and West) because context determines the boundary conditions associated with the likelihood of translating competitive strategy meta-practices between the East and West and the generalizability of theories that underlie the practices. We then link contextual differences between the East and West to the meta-practices to develop a representative set of research questions for examining translating practices between the East and West. Finally, we ponder if attributes of emerging practices might ease the translation of competitive strategy practices between the East and West and draw managerial implications.

Central to competitive strategy and the translating of practices between the East and West are rivalry and the competition mechanism (Hedstrom and Swedberg, 1998) because they provide the motivations for firms to identify and translate practices across geographies to enhance their competition position. “The essence of rivalry is a striving for potentially incompatible positions combined with a clear awareness of the parties involved that the positions they seek to attain may be incompatible” (Scherer and Ross, 1990, p. 16). The competition mechanism explains why and how firms identify, develop, perform and translate competitive strategy practices to compete within and across industries and geographies to gain competitive advantage. Thus, the concepts of rivalry and the competition mechanism encompass both structural (the antecedents and consequences of a competitive practice) and process (how to perform and translate a desirable practice) dimensions. Chen (1996) in an influential paper further clarified the competition mechanism by developing a framework linking market commonality and resource similarity that predicts the likelihood of inter-firm rivalry. An

implication of Chen's approach is that firms need to be aware of competitive strategy practices, motivated to understand their contextual boundary conditions and have the capability to translate them between the East and West. Since market-oriented mechanisms vary within and across the East and West, we expect the influence of the competition mechanism on the translation of competitive strategy practices to be positively associated with the level of market orientation within a country/geography.

While there are a wide variety of competitive strategy practices, two meta-competitive strategy practices are crafting a unique value proposition and implementing a value chain tailored to the value proposition. Together the two set of meta-practices represent a business' theory as to how it will gain and sustain a competitive advantage (Barney, 1991). To achieve a competitive advantage the meta-practices should be valuable to customers and at least rare and preferably inimitable (Barney, 1991). If a firm has valuable, rare and inimitable competitive strategy practices, the translation of the practices between the East and West is likely to be problematic especially if the practices are socially complex or causally ambiguous. In addition, contextual differences between the East and West affect translating practices.

Highlighting contextual differences between the East and West, Barkema, Chen, George, Lou, and Tsui (2015) identified three contexts that influence theory development, management practices and their translation: institutions, philosophies and cultural values. While formal institutions vary widely in the East, their prevailing structure of informal institutional arrangements are relationship-centered, accentuating business practices such as "trust building, social capital, relational governance and reciprocity governance" (p. 462) relative to the West. In the East, a wide range of philosophies such as Confucianism, Taoism, Legalism, Militarism, Buddhism, Catholicism and Islamism result in diverse conceptualizations and implementation of

business practices relative to the West. Cultural values, the third contextual difference, determine how individuals perceive and interact in their interpersonal relationships. Barkema et al. (2015) proposed that the values that most distinguish the East from the West are individualism-collectivism (i.e., pursuit of individual or group goals) and power distance (i.e., vertical relationships). Thus, in the international business literature, there is a presumption and assumption that these historical and geographical contexts matter in the sense that they establish boundary conditions (Busse, Kach, and Wagner, 2017) for the translation of competitive strategy practices and the generalizability of theories underlying the practices (Buckley, 2014).

Boundary conditions are the ‘who, where and when’ contextual aspects of a theory, specific causal relationships or individual constructs (Bacharach, 1989) that establish their generalizability. With respect to the translation of competitive strategy practices, we conceptualize boundary conditions as the assumptions underlying the practice being translated (who), how geographic space affects the translation (where) and how temporal perspectives affect the translation (when). A simplified example illustrates the boundary conditions for a competitive strategy practice. Environmental analysis is one of the practices associated with the crafting of a value proposition meta-practice and has a long and established presence in the West. In the West, many of the prominent analytical techniques (e.g., Five Force Industry analysis, scenario analysis) assume that the environment is ‘real’, ‘objective’ and as a result, analysts adopt neo-positivist methods to assess the static and dynamic implications of the environment. However, other epistemological stances assume that the environment is subjectively perceived or enacted (Smircich and Stubbart, 1985). Thus, when translating Western neo-positivist environmental analysis practice logic to the East there are questions related to *practice equivalence* if the assumptions underlying the Western practice differ from those translating the

practice in the East (who). Further, questions arise as to whether environmental analysis practices are more or less salient in the East or if those translating environmental practices in the East infuse them with new or different practices (Barkema, et al., 2015).

The practice of environmental analysis in the West is problem focused, structured, analytic, detailed, and tool oriented (Bonthous, 1994). When environmental analysis practices are translated to the East that values a holistic focus, amorphous analytic structure, qualitative data, subjectivity and socialism/communism, how does it alter the practice in ways that the Western approach did not intend? Finally, there is an assumption that Western management has a narrow view of time relative to the East (when). However, Mosakowski, and Earley's (2000) review of time assumptions in the strategy literature found that several of the temporal views ascribed to Asian cultures are also found in the West. If this is the case, then some of the temporal aspects associated with environmental analysis practices may be generalizable across the East and West.

With this background, we draw on the three contexts identified by Barkema, et al. (2015) to illustrate boundary condition questions related to the translation of the two competitive strategy meta-practices between the East and West (Table 2). A variety of theories such as those illustrated earlier in this paper can be used to study the translation of meta-practices. For our purpose of illustrating representative boundary condition questions, practices are the unit of analysis because the accuracy of theoretical predictions or the contextual equivalence of a construct materialize through practices. Therefore, in Table 2 we do not focus on theories but rather on representative boundary condition questions that inform us as to the translational generalizability of competitive strategy practices between the East and West. A baseline but not surprising proposition driving all translational questions is the following: As East-West

contextual ‘differences’ (institutions, philosophies and cultural values) increase, the likelihood of translating meta-competitive strategy practices between the East and West decreases.

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Insert Table 2 about here  
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Our focus has been on competitive strategy meta-practices. However, there are emerging practices and trends that originate in either the East or West. Given that the translation of established practices such as competitive strategy meta-practices are subject to inertia and path dependency, an interesting question is whether the translation of emerging practices such as digitization and global standards between the East and West experience lower translational hurdles. That is, there may be attributes of emerging practices that attenuate our baseline proposition. We encourage research into whether attributes of emerging practices such as digitization and global standards facilitates their translational capacity.

Finally, what are the implications for managers? First, before translating a competitive strategy practice, managers should discern whether the practice is a fad or enduring with the opportunity to provide a competitive advantage. For example, there has been a call for the ambicultural manager: “one who has taken profound learning from, absorbed the richness of, and enthusiastically embraced the best models of governance, leadership, and administration from both East and West” (Chen and Miller, 2010, pp.21-22). While this idealistic approach grounded in Eastern philosophy embraces “paradoxical integration” of dualities, there is very limited evidence that ambicultural managerial practices lead to enhanced organizational outcomes. Second, can firms develop routines for translating competitive strategy practices between the East and West as a dynamic capability? Dynamic capabilities indirectly affect performance by altering a firm’s resource base and operating processes through three core routines: sensing,

seizing and reconfiguring (Schilke, Hu, and Helfat, 2018; Teece, 2007). Developing a translational dynamic capability is a particularly interesting area for managerial attention because changing opportunities and demands between the East and West require firms to adapt their competitive strategy practices and operating processes.

### **Strategic leadership across the East and West**

Strategic leaders, consisting of the CEO and other top managers, are the key group of leaders at the strategic apex of an organization, determining the organization's strategic direction and approach to the achievement of its organizational goals (Finkelstein, Hambrick, and Cannella, 1996). Their strategic choices matter because, according to upper-echelon theorists, organizations are actually the reflection of these strategic leaders' values and cognitions (Hambrick and Mason, 1984). The evolution of strategic leadership theories starts with the leaders' internal dispositions and then incorporates their broader attributes and cognitions and their behaviors with the "new theories" (Boal and Hooijberg, 2000: 525), moving towards the dynamic interplay between leaders and followers. The context in which leaders and their followers are dynamically embedded becomes the focus of studies in the field (Avolio, 2007). Among the various contextual factors influencing the effectiveness of strategic leadership, national culture is a critical one for multinational enterprises (MNEs) that compete in the global arena and to which the effectiveness of cross-cultural leadership styles and behaviors is indeed important.

In identifying the "North-American bias" as a key drawback of general leadership literature, scholars have proposed examining the generalizability of leadership research findings with North American models and measures (Dickson, Castaño, Magomaeva, and Den Hartog, 2012; Hofstede, 1980). The key argument is that the conclusions drawn on theories and concepts

from one culture may not apply well to another cultural context (Hofstede, 1993; House, 1995). Applying this thesis to the strategic leadership arena, most leadership theories developed in individualistic societies, such as that of the United States, may not reflect facts that apply to leaders from collectivistic societies, such as that of China. This motivates cross-cultural scholars to examine whether the qualities of desired and effective leadership are universal or contingent upon context. Theoretically, a universal cultural leadership perspective describes the aspects of leadership that could apply to any situation, whereas a contingency leadership perspective is about the leadership aspects that could apply in some but not all contexts (Yukl, 2002). With the intention of building an integrative model linking culture, leadership, and organizational effectiveness, the Global Leadership and Organizational Behavior Effectiveness (GLOBE) research project, initiated in the early 1990s, surveyed 17,000 middle managers from 62 societal cultures. Because the leaders of the middle-level managers are in the upper echelons, strategic leaders are actually studied.

Nine cultural dimensions (performance orientation, future orientation, assertive orientation, social collectivism, in-group collectivism, humane orientation, power distance, gender egalitarianism, and uncertainty avoidance) have been mapped. Scores of countries with representative Eastern and Western cultures are listed in Table 3. As can be seen, Eastern nations (with China, South Korea, and Japan as the typical examples) are higher on collectivism, power distance, and gender egalitarianism, whereas Western nations (with the United States, Canada, and the United Kingdom as the typical examples) are higher on assertive orientation and uncertainty avoidance. Some of the dimensions and findings are consistent with those of Hofstede's 1984 study. Such cultural differences call for re-examination of the unanimous application of strategic leadership theories across the West and East. Drawing on the basic

proposition that national cultural attributes have a substantial influence on strategic leaders' behaviors and organizational practices, GLOBE further identified universal and specific cultural leadership attributes and found some commonalities: some attributes are universally deemed to be desirable, such as being dynamic, honest, and motivational; and some are universally undesirable, such as being ruthless, irritable, and egocentric (Javidan, Dorfman, De Luque, and House, 2006).

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Insert Table 3 about here  
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An additional challenge to advancing cross-cultural leadership theory and research is that leaders or followers from different cultures may not view the “exact same” leadership action or behavior in the same way (Lord and Brown, 2004). Drawing on implicit leadership theory, which refers to the set of beliefs one holds about the attributes and behaviors of leaders (Den Hartog et al., 1999; Eden and Leviatan, 1975), GLOBE argued that “the structure and content of these belief systems will be shared among individuals in common cultures” (Javidan et al., 2006: 72), and proposed the culturally endorsed implicit leadership theory (CLT). The CLT leadership profile grouped and developed by GLOBE covers six kinds of leadership: charismatic/value based, team oriented, participative, humane oriented, autonomous, and self-protective. Unlike the concept of the “simple universal,” which is when both the understanding and the enactment of certain leadership styles are constant, the “variform universal” is when the understanding of the leadership styles is the same, whereas their enactment differs (Den Hartog et al., 1999). That is, the endorsement of these strategic leader behaviors is quite different for strategic leaders from Eastern and Western cultures (see Table 3).

For instance, uncertainty avoidance positively predicts team-oriented leadership, humane-oriented leadership, and self-protective leadership, whereas it negatively predicts participative leadership. Collectivism positively predicts charismatic/value-based and team-oriented leadership, and to some extent negatively predicts self-protective leadership. Gender egalitarianism positively predicts charismatic/value-based and participative leadership, but negatively predicts self-protective leadership. Power distance positively predicts self-protective leadership but negatively predicts charismatic/value-based and participative leadership (Dickson et al., 2012). Overall, strategic leaders from the West are high in charismatic/value-based leadership and humane-oriented leadership, but those from the East are relatively low in these types as well as in participative leadership. In contrast, strategic leaders from the East are high in self-protective leadership, whereas their Western counterparts are low, with the former higher and latter lower in autonomous leadership. Despite these contrasts, both Eastern and Western strategic leaders are moderate in team-oriented leadership.

The direct implication of these findings, together with related empirical evidence, is that the more the CEO behaviors fit what is expected of the cultural context, the more effective the CEO leadership. This further predicts organizational effectiveness, which is more or less the direct outcome of top management team (TMT) engagement derived from effective CEO leadership (House et al., 2013). This “congruence” view is widely accepted but has not been fully tested with empirical studies. Even for the most commonly tested leadership styles, such as CEO transformational leadership, and more recently CEO ethical leadership and CEO empowering leadership, the effect of fitting or not fitting the cultural context—or, more specifically, the organizational effectiveness—has yet to be fully explored, not to mention the

other rarely studied leadership styles mentioned above such as the participative or humane oriented leadership.

Obviously, strategic leadership behavior and effectiveness in East–West contexts are more complicated than expected, and there is no simple East–West duality. Many aspects of leadership attributes and behaviors are universally applied, but once the leadership behaviors are enacted, the effectiveness of these leadership styles might be perceived differently by followers from different cultural settings. Given all these universalities and differences, will more commonality in strategic leadership be evidenced in the future, more globalized world, and will the differences be less visible? More research based on longitudinal data is expected to explore the changes in such differences and the drivers and organizational implications of such changes. Scholars have also proposed one more perspective called the “normative approach” (Steers, Sanchez-Runde, and Nardon, 2012), which refers to global leaders who are characterized with certain personal skills and abilities. With the assumption that all leaders, beyond culture, share some common traits, this approach calls for an examination of such traits and abilities of strategic leadership, such as vision, integrity, and cultural intelligence (Earley and Ang, 2003). What these traits are and whether they are truly “normative” for global leaders calls for further study, and both theoretical and empirical evidence is needed to determine the effectiveness of such leadership behaviors in different cultures. For example, beyond the studies of TMT cultural diversity (e.g., Elron, 1997; Nielsen and Nielsen, 2013), whether and how the CEO’s cultural background is similar or dissimilar to the TMT members’ cultural background and whether and how it will influence TMT effectiveness remains an interesting research topic.

In the current, globalized world, neither a Western nor an Eastern perspective can stand alone. The challenges are multifaceted, from increasingly diversified political interests to

conflicting social needs. Similar to our arguments related to competitive strategy in the previous section, this calls for an “ambicultural” attitude that “emphasizes the merits of both/and integration as opposed to either/or division”, that is “the notion of paradoxical synthesis (and/or interdependence of opposites)” (Chen, 2014: 120). Integrating the fusion theory by Ashkanasy (2012), Arndt and Ashkanasy (2015) acknowledged that ambiculturalism and related concepts form a suitable analytical unit. They proposed ambicultural learning as a way of “identifying and implementing ambicultural management” (p. 145). Despite being difficult to learn and implement, it is worth trying because these attributes make it a potential source of competitive advantage (Chen and Miller, 2011). Defining ambiculturalism, especially from a leadership perspective, such as addressing how ambiculturalistic leadership differs from global leadership and how to operationalize this multi-faceted concept, might be a fruitful direction for culture researchers from both Eastern and Western societies.

### **Understanding human resource management across East and West**

The human resource (HR) perspective in management studies focuses on the role of socially and culturally embedded employees—and their knowledge, skills, abilities, motivations, and emotions—as well organizational HR practices in explaining key organizational outcomes. The HR perspective is complex and multifaceted because organizational members have a multitude of identities, emotions, actions, and practices, which are embedded in complex social and cultural networks (Sarala, Vaara, and Junni, in press). In the HR perspective, many of the differences across Eastern and Western organizational members are explained by fundamental differences in socio-cultural values, which are subsequently reflected in differences in institutional and organizational structures, business and social networks, human resource management (HRM) practices, as well as employees’ knowledge, skills, ability, motivation, and

emotions. While HR issues are often considered the “soft” side of organizations and tend to take a backseat compared with the “hard” financial, strategic, and operational considerations, it is becoming increasingly acknowledged that understanding the HR aspects is essential for creating value from the “hard” elements of organizations, such as technologies and brands (Meyer and Peng, 2016). Therefore, understanding the HR perspective is also essential for making sense of management across East and West.

As we discussed above, cultural theories, such as Hofstede’s framework (Hofstede, Hofstede, and Minkov, 2010) and the GLOBE research project (House, Hanges, Javidan, Dorfman, and Gupta, 2004) can be helpful in depicting divergence in HR across the East and West. For instance, Western employees are more short-term orientated and individualistic while Eastern employees tend to be more long-term oriented and collectivistic (Hofstede et al., 2010). Such differences have implications for the effectiveness of HR practices. For instance, researchers have found long-term compensation incentives to be more effective in collectivist Eastern cultures than in individualist Western countries (Cambell, Chang, DeJong and Doktor, 2016). As another example, research shows that collectivistic employees excel when being part of a strong ingroup, whereas individualistic employees shine when working by themselves (Earley, 1993).

Regardless of these deeply rooted social and cultural forces towards divergence in HR, there are also strong forces of socio-cultural convergence between the East and the West. Because of digitalization and economic development in the East, the values of Eastern employees are converging with those of their Western counterparts. For example, Mackinnon (2008) observed change in the values of Chinese employees towards Western values so that the traditional Eastern relation-based values were moving more towards contractual-based practices.

Also, at the supra-national level, institutions such as the World Trade Organization and the European Union (Meyer and Peng, 2015) and agreements such as International Investment Agreements (Cheng, Birkinshaw, Lessard, and Thomas, 2014) contribute to convergence of business and management practices, including HR practices.

The dynamic transfer of HRM practices across East and West should also be noted as a force towards convergence. For instance, practices related to “quality circles” and “time-based competition” are Japanese management innovations that have transferred from East to West (Lillrank, 1995). In addition, it is notable that “system” orientation, typically associated with the holistic Eastern cultures, has made its way to the Western literature of HRM in terms of system-based conceptualizations of HRM reflected in the increasing emphasis on synergistic effects between different HRM practices and the fit of HRM practices with the firm strategy (Lado and Wilson, 1994). Also, one should note the prevalence of team-based work structures across East and West. Although work in large Western organizations has been traditionally conceptualized as a collection of individual jobs, today work in the West is increasingly structured around teams to “enable more rapid, flexible, and adaptive responses to the unexpected” (Kozlowski and Ilgen, 2006, p. 77). Teams allow for addressing increasingly complex problems and dealing with tacit knowledge and skills. However, teamwork developed in the East only with the change of management practices and employment relations, say in China, at the end of twentieth century, after its opening-up and the start of adopting the Western management philosophy and practices (Chen, Bishop, and Scott, 2000).

Cultures interact through individuals who act as boundary spanners (Liu and Morris, 2014). Accordingly, the boundaries of West and East are blurring for individuals who, in line with the idea of crossvergence (Ralston, Holt, Terpstra, and Kai-Cheng, 1997), combine different

cultural identities and integrate the best features of “both” worlds. These individuals create plural cultural identities, as reflected in the related concepts such as “ambicultural” (Chen, 2014) or “polycultural” (Morris, Chiu, and Liu, 2015) individuals as already outlined above. Based on these new kinds of conceptualizations, rather than categorical, cultures are pluralistic, interdependent, and interacting systems (Morris, Savani, Mor, and Cho, 2014). For instance, many talented individuals from the East attend Western universities and work for Western multinational corporations. At the same time, the former hegemony of Western multinational corporations is being challenged by an increasing number of emerging market multinationals. More and more Westerners find themselves working for emerging market giants and ultimately reporting to Eastern managers, as in the case of Lenovo—a Chinese multinational company—acquiring IBM, a mature US multinational or Tata—an Indian multinational—acquiring Jaguar Range Rover. Such cross-border acquisitions allow for the unique creation of new, shared practices based on the strengths of both East and West (Sarala and Vaara, 2010). Intercultural training can play an important role in these processes by facilitating the adaptation of behaviors based on different cultural settings (Morris et al., 2014).

In line with crossvergence, co-evolution and co-learning are key features of social networks that connect East and West (Cano-Kollmann, Cantwell, Hannigan, Mudambi, and Song, 2016). In these social networks, learning takes place at multiple levels and in multiple directions: between individuals within and across organizations (e.g. in cross-border mergers and & acquisitions) (Sarala and Vaara, 2010), across business units of multinational companies (e.g. in global virtual teams) (Gilson, Maynard, Jones Young, Vartiainen, and Hakonen, 2014), in informal inter-personal connections between individuals (Levin and Barnard, 2013) often in global innovation ecosystems and global professional networks, and through non-market

institutions (Cano-Kollman et al., 2016), such as public universities, associations, non-governmental organizations, and research institutions. Individuals are shaped by multiple cultures and “become conduits through which cultures can affect each other” (Morris, Chiu, and Liu, 2015, pp. 631). At the same time, many “grand challenges”, such as poverty and environmental degradation transcend national borders and affect employees in both East and West. The solutions for these challenges that concern the entire human kind are likely to require solutions that surpass traditional national borders.

We also want to direct attention to the potential of “cultural illusions” related to the conceptualizations of the HR perspective across the East and West. First, many theoretical and practical discussions have tended to center around “cultural distance” and its—mostly negative—effects on the “human side”, such as social conflict. This has created a “distance illusion” according to which the larger the cultural distance, the more difficult the “human side” related problems (Sarala et al., in press). However, small cultural differences, especially between countries with shared history can be particularly conflict prone, especially when historical rivalries are recreated in strategic actions such as mergers and acquisitions with inherent power differences between the merging organizations (Sarala et al., in press). At the same time, cultural distance can have positive effects, such as enhanced creativity in teams (Stahl, Maznevski, Voigt, and Jonsen, 2010) and increased innovation (Zhan, Bendapudi, and Hong, 2015). Similarly, individuals’ experience with foreign cultures is linked to increased problem-solving ability due to cognitive flexibility that the individual has acquired through adapting to a foreign lifestyle (Cho and Morris, 2015).

Second, “attribution illusions” take the form of false attributions to culture. “Attribution illusions” can stem from externalization bias in managerial accounts that attribute failure to

culture and success to managerial prowess (Vaara, Junni, Sarala, Ehrnrooh, and Koveshnikov, 2014). “Attribution illusions” can also stem from narrow interpretations of quantitative data that disregard the broader strategic and economic context of the phenomenon and potential moderators while attributing any negative outcomes to culture in cross-cultural comparisons. Furthermore, “similarity illusions” are inherently present whenever broad and dichotomous categories such as East and West are used although these categories include significant ingroup variance. Employees and HRM practices differ significantly between different regions, countries, and even within countries both in the East and West. Also cultural boundaries do not necessarily align with ethnic boundaries resulting in sub-groups with different ethnicities. Ethnic diversity (i.e., diversity arising from ethnic categorizations) and ethnic polarization (i.e., sizable subgroups) are particularly harmful for team processes related to innovation (Zhan et al., 2015). Furthermore, levels of economic development vary within countries resulting in differences and tensions between individuals in rural and metropolitan areas—a phenomenon encountered in both West and East. Finally, “temporal illusions” refer to East and West as static categories over time. For instance, whereas the concept of Central and Eastern European (CEE) countries as a sub-category of the East made sense during the institutional transition from central planning to market economies, it has become less consequential over time (Meyer and Peng, 2016). With some CEE countries embracing the EU membership, individuals are moving increasingly freely across the former “Eastern” and “Western” Europe. Simultaneously, HRM practices—such as maternity leave—have converged with the Western ones due to shared EU regulations related to the minimal length of maternity leave. At the same time, divergent features within the CEE countries have become increasingly apparent (Meyer and Peng, 2016). Acknowledging the importance of temporality, the study of cultural differences in cross-cultural psychology is

moving away from cultural differences towards cultural dynamics to focus on how cultural representations emerge, persist, and transform as a function of time (Liu and Morris, 2014) and contact with other cultures (Morris et al., 2015).

To conclude, forces of divergence, convergence, and crossvergence and their impact on the “human side” are areas of great potential for future research. Also, uncovering and elaborating on “cultural illusions” offer exciting opportunities to contribute to a more nuanced theory development and conceptualizations in and across East and West.

### **Critical issues in East-West research and practice transfer.**

Thus far in this paper, we have explored how research topics such as corporate governance, strategic practices, leadership and HRM developed in the West, influence and are influenced by their diffusion to the East and, similarly, how various organizational theories and practices developed in the East have influenced ideas and knowledge as they have diffused to the West. While these are undoubtedly important issues and, as we have already outlined, surface important questions and directions for research, we want to end the paper by developing a rather more critical perspective on research in the context of the relationship between the West and the East, focusing specifically on the role of power and power relations in making sense of how management and organization studies treat issues of cultural, institutional and philosophical divergence. To this end, in what follows, we will examine the role of geopolitics (Boussebaa and Morgan, 2014) in the production of knowledge and how it is disseminated for both academic and public consumption; and in the production of particular sets of values and normative frameworks which influence processes of diffusion and translation.

We need to be mindful that the different institutional and cultural contexts within which organizations exist and from which particular topics of research and domains of knowledge are

generated cannot be compared in any neutral or apolitical sense. As Bousseabaa and Morgan (2014) argue, “national contexts are not simply different institutional settings, separate and distinct from each other; they are in practice entwined and located in a hierarchical system of nations dominated by imperial powers (e.g. Britain in the nineteenth century and then the USA after 1945).” The very idea of an East- West dualism can be considered to be a product of a global economic and political order in which certain societies (typically the West) are able to present themselves as more advanced and developed than others (typically the East), generating the idea that East and West represent objective or natural divisions (Frenkel, 2008), with the latter in need of improvement and assistance. From this perspective, some nations have played a key role not only in shaping and even prescribing how particular institutional, cultural and economic arrangements should look, but have been able to exploit their dominant positions so as to economically benefit from them (Smith and Meiksins, 1995) .

This issue is also intertwined with and fundamental to understanding the production of particular forms of management knowledge via scholarly research endeavours. There has been considerable commentary for example on the dominance of the English language and its impact on knowledge production (Halliday, 2003; Tietze, 2008; Tietze and Dick, 2013) as well as the role of business school and international journal ranking systems in perpetuating this power relation (Tietze and Dick, 2013; Wedlin, 2006). The key argument here is that because the English language enjoys the position of a global *lingua franca* (Crystal, 2003), not only does this advantage native English speaking scholars but also works more subtly to valorize particular forms of knowledge above others (Tietze and Dick, 2013). For example, it has been argued that because scholars are required to express their ideas in English, this can result in the loss or under-appreciation of particular meanings that in turn shape how we come to understand and

perceive the world (Meriläinen et al., 2008). While some scholars have argued for a more nuanced understanding of this situation, suggesting that there is considerable resistance to the colonizing tendencies of the English language (e.g. Üsdiken, 2010), the fact remains that scholars occupying what are sometimes termed peripheral geographical locations (which include parts of Europe as well as the East) are often pushed into research into dominant knowledge brands (Mehrpuoya and Willmott, 2018) in order to further their careers and interests.

Hence although, as we have pointed out, it is important to examine those factors, for example, which influence the translational capacity of particular practices, we need also to situate such capacity within its broader geopolitical context so that we can better understand the role of power relations within such processes. Organizations at the geopolitical core (which include the USA, the UK and northern Europe) are those most able to impose their ideas on those at the periphery (Boussebaa and Morgan, 2014). Despite the fact that there may be considerable resistance to such ideas from those actors responsible for translating them, this may in itself reproduce the historical relations of dominance that have generated geopolitical spaces in the first instance. The notion of hybridity (Bhabba, 1996), for example, is used in postcolonial studies to describe how practices developed in the West are infiltrated by knowledge and practices from developing countries. Yet while hybridity can be understood as reflecting resistance to such practices, it simultaneously reproduces the very relations of domination upon which such resistance is predicated (Yousfi, 2014). On the other hand, organizations based in emerging and increasingly powerful economies, such as China, reflect the dynamic nature of geopolitics and alert us to the potentiality for different worldviews and normative frameworks to diffuse to the West (Boussebaa and Morgan, 2014).

All of this points to the need not only for more culturally sensitive research within management and organization studies but also to the need to adopt theoretical frameworks that enable an examination and exploration of the socio-political conditions within which organizations operate and which give rise to particular worldviews which reflect the interests of powerful nations and groups. Postcolonial approaches that are marginalized in traditional International Business (IB) research may be particularly important in this respect, since they have been developed to specifically problematize and account for the role of cultural domination in developing understandings of organizational behaviour at different analytical levels (Jack et al, 2011).

Alongside these concerns, we must also be cognisant of how particular taken-for-granted ideas which underpin both the research efforts of scholars and the *raison d'être* of organizations are also products of relations of domination, particularly Capitalism which, according to some schools of thought, promotes ideas of productivity, efficiency and profit as if these were self-evidently desirable and in the interests of all (Bourdieu, 2000). Thus when we think about the diffusion of knowledge, ideas or practices across geographical domains, we need to reflect not only on the ideological and sociopolitical bases of these cultural and organizational elements, but also on the broader effects of these transfers in terms of their ultimate impact on societies in general (e.g. Wijen, 2014) and the planet in particular (Whiteman and Youmushef, 2017). To do this, we need to adopt a more reflexive stance in our research endeavours (Boussebaa and Morgan, 2014), which may involve both interrogating our taken-for-granted assumptions and using power sensitive theories to do so (e.g. postcolonial or poststructural language-based approaches). Management scholars need also to consider their own role in generating the knowledge that they use to understand organizations and their cultural location. As Jack et al

(2008) have pointed out, much IB research is functionalist and positivist in its orientation, but this is not the only way of knowing about the world. There are alternative epistemologies and ontologies available that provide different lenses with which to study organizations and their practices in different parts of the world, in the process generating alternative ideas about what organizing means and what its dominant enactments are producing in both ideological and practical terms. At a time when we face both an unprecedented threat to the future of the planet as well as unbridled optimism, these are critical considerations and challenges when thinking about translating management practices and organization in its global sense.

### **Conclusion**

A core theme underpinning the discussions in this paper is that to gain an understanding of how research topics and domains of organizational and management practice evolve and change as they travel geographically, it is critically important to consider the role of the specific cultural, political and institutional context. Differences in various institutional forms and arrangements, and in philosophical and cultural orientations provide much explanatory power for understanding variation in how firms and other forms of organization behave and how they are understood by the various audiences they confront. Our discussion draws attention to how such differences may be implicated in the extent to which theories that have been developed in particular cultural and institutional contexts are generalizable; how we cannot take for granted the idea that concepts which appear to be universal, for example, particular leadership traits, possess the same meaning once they are actually enacted in particular cultural contexts; and how the transmission, translation and influence of ideas emerging in different cultural contexts depend upon the actions, intentions and capabilities of particular and key actors.

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**Table 1. Key theoretical frameworks: Comparing Western and Eastern perspectives.**

Theoretical Frameworks	Research Focus	
	<i>Western perspective</i>	<i>Eastern perspective</i>
<i>Agency theory</i>	Principal-agent conflicts; Managerial compensation; Board effectiveness; Market for corporate control	Principal-principal conflicts: Founder/family control; Network governance; The governance role of the state
<i>Resource-based view</i>	Access to markets for key resources; Firm-specific advantages; Dynamic capabilities	Innovative capacity and late entrant advantages; External networks; Non-market competition (political connections)
<i>Network Perspective</i>	Compliment to developed institutions Either/or world-view, individual interpersonal orientation, and linear temporal orientation	Substitute for underdeveloped institutions Both/and world-view, in-group interpersonal orientation, and cyclical temporal orientation
<i>TCE/IB</i>	Internalization vs externalization; Market entry; Theory of a MNE	EM MNEs; Business groups; Political business strategy; Network-based coordination
<i>Institutional theory</i>	Isomorphism; Strategic agency; Formal institutions and organizational efficiency	Institutional voids Informal institutions and organizational legitimacy

**Table 2. Representative Boundary Condition Questions Linking East and West Contextual Difference and the Translation of Competitive Strategy Meta-Practices**

	<b>Competitive Strategy Meta-Practices</b>	
	Crafting a Value Proposition	Value Chain Implementation
<b><u>East-West Contextual Differences</u></b>		
Institutions	<p>How do the processes of crafting a value proposition in the East (West) affect its translation to the West (East)?</p> <p>How does educational training in the East (West) affect the disruptive potential of value propositions and their translation to the West (East)?</p>	<p>How do dynamic capabilities developed in the East (West) translate to the West (East)?</p> <p>How do innovation networks that originate in the East (West) translate to the West (East)?</p>
Philosophies	<p>How does religion affect the crafting of value propositions and their translation from the East (West) to the West (East)?</p> <p>How do value propositions adopting a socialist philosophy translated from the East (West) to the West (East)?</p>	<p>How do organizational change processes developed from philosophies of the East (West) affect their translation to the West (East)?</p> <p>How do control and incentive systems developed from philosophies of the East (West) affect their translation to the West (East)?</p>
Cultural Values	<p>How does language affect the crafting of value propositions and their translation from the East (West) to the West (East)?</p> <p>How does East (West) cultural values affect female entrepreneurs' value propositions and their translation to the West (East)?</p>	<p>How does the meaning of work in the East (West) affect value chain implementation and its translation to the West (East)?</p> <p>How do cultural values associated with addressing wicked problems in the East (West) translate to the West (East)?</p>

**Table 3. Cultural dimensions and comparisons of major leadership styles developed by GLOBE**

<b>Cultural dimensions</b>	US	Canada	UK	China	South Korea	Japan	Charismatic /value-based	Team-oriented	Self-protective	participative	Humane-oriented	Autonomous
Performance orientation	4.49	4.49	4.08	4.45	4.55	4.22	high			high		high
Future orientation	4.15	4.44	4.28	3.75	3.97	4.29						
Assertiveness orientation	4.55	4.05	4.15	3.76	4.40	3.59					high	
Social collectivism	4.20	4.38	4.27	4.77	5.20	5.19						
In-group collectivism	4.25	4.26	4.08	5.80	5.54	4.63	high	high				
Humane orientation	4.17	4.49	3.72	4.36	3.81	4.30				high	high	low
Power distance	4.88	4.82	5.15	5.04	5.61	5.11	low		high	low		
Gender egalitarianism	4.88	4.82	3.67	5.04	5.61	5.11	high		low	high		
Uncertainty avoidance	4.15	4.58	4.65	4.94	3.55	4.07		high	high	low	high	
<b>Leadership styles</b>							<b>Anglo</b>			<b>Confucius Asia</b>		
Charismatic/value-based	6.12	6.16	6.01	5.57	5.53	5.49	high			middle		
Team-oriented	5.80	5.84	5.71	5.57	5.53	5.56	middle			middle		
Self-protective	3.16	2.96	3.04	3.80	3.68	3.61	low			high		
Participative	5.93	6.09	5.57	5.05	4.93	5.08	high			low		
Humane-oriented	5.21	5.20	4.90	5.18	4.87	4.68	high			middle		
Autonomous	3.75	3.65	3.92	4.07	4.21	3.67	Lower*			Higher*		