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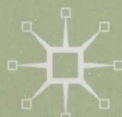


# New □ Horizons in Asian Management

Emerging Issues and  
Critical Perspectives

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Edited by  
**Diana Rosemary Sharpe**  
and **Harukiyo Hasegawa**



# **New Horizons in Management**

## **Emerging Issues and Critical Perspectives**

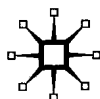
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# Preface

We would like to thank all the contributors to this book whose work follows through on the editors' concerns for attention to emerging issues in Asian Business and Management and Critical Perspectives of the field, which as yet remain relatively underdeveloped in the literatures on Asian Business and Management.

We would also like to thank Palgrave Macmillan for supporting this project and Jacky Kippenberger for her input and encouragement.

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# 1

## Introduction

*Diana Rosemary Sharpe and Harukiyo Hasegawa*

*New Horizons in Asian Management* brings together empirical and theoretical research that provides critical perspectives and contextual analysis and reflection to the study of management practices in organizations across the Asian region. The chapters contribute to understanding the ways in which wider contextual factors such as institutional, social and cultural influences impact on organizational structures and processes. The book also raises critical reflection on the ways in which firm choices in working across contexts have not only economic implications, but also ethical and social implications. Research on the comparative analysis of business systems (see, for example, Whitley 1992, 1999) has examined how business systems are socially structured and firms embedded in a wider societal context that influences organizational forms, strategic choices and wider management practices. Drawing on such a sociological approach to the study of organizations, a further strand of research is opened up into the ways in which internal organizational processes and social relations within firms and across institutional contexts are influenced by contextual factors. In this way there has been growing interest in examining the ways in which organizational structures and processes are embedded, enabled and resisted by wider contextual factors at the local, regional and international level.

This line of enquiry tends to reject mainstream economic approaches to the study of organizations that ignore the influence of context and that assume economic rationality in contrast to contextual rationality. Further, it raises research questions of how management practices that have evolved in one institutional context are translated, sustained or resisted in other contexts. It also encourages a focus on management practices as social processes. This edited book brings together recent research focusing on cultural and institutional factors interacting with

and influencing internal firm processes, including management strategy and decision-making.

The book also brings a critical perspective to the appreciation of how firms are embedded in wider communities and stakeholder relations and the ways in which organizational decision-making and strategic processes impact on stakeholder groups, including workers, local communities and the environment. Several chapters look at the ways in which managerial practices are being introduced into the specificities of an Asian context, including Malaysia, China, Korea and Thailand, and how they are appropriated, resisted, adapted and sustained in different institutional contexts. A critical perspective also sensitizes analysis to the power relations between the stakeholders involved and the ways in which power is distributed, enacted and institutionalized in specific business systems. This is taken up in the chapter by Kim and Kim on the relationship between Korean state power and corporate power. A critical perspective also encourages attention to the ways in which multinational corporations as political actors on a global scale can impact on local socioeconomic structures and value systems, as shown in the work by Inma on employment practices in Thailand, Brandl and Maier on Audit Objectives in China and Lauridsen and Jørgensen on Environmental Management Systems in Thailand. The authors demonstrate that whilst multinationals and international regulatory institutions seek to transfer specific practices across contexts, the ways in which they are interpreted, received, resisted, adapted and sustained depends on the institutional context into which they are being introduced and the specificities of power relations between stakeholders in that context. In this way processual analysis of how management practices are introduced, sustained, adapted and resisted over time are particularly important emerging areas for research.

The chapter by Peltokorpi focuses on intercultural conflicts from the point of view of contextual actors. Drawing on a constructivist approach in which conflict in intercultural settings is conceptualized as emerging from individual and situation-specific factors and cultures of individuals engaged in social interactions, the chapter brings in a processual analysis, addressing not only sources of intercultural conflict but also processes and consequences. It focuses on conflicts between Nordic expatriates and local Japanese employees. The research on foreign expatriates in Japan provides an interesting compliment to previous research on Japanese expatriates overseas. Peltokorpi highlights the ways in which multinational organizations may engage in international operations without understanding how the local context influences local

expectations and systems of management. From a critical perspective it considers how headquarters' openness to learn from subsidiaries can be restricted by a closed approach (Beechler and Bird, 1999) to organizational learning and a stance that knowledge flows from headquarters to subsidiary (Mir, 2001). In this way change being articulated in terms of 'concessions' and perceptions of being a weak expatriate. As noted by Morgan *et al.* (2003), the strategic approach to internationalization and role of the expatriate is influenced by headquarters' own institutional context as well as organizational and industry-level factors and history.

A further related issue raised by the chapter is that of the organization as a political arena in which power relations between locals and expatriates are constantly enacted. The research indicates the structural power bases of local Japanese managers who had control of customer bases and customer relations, a strategic contingency for the business. It also raises the issue of local managers' being embedded within their own institutional context, finding it difficult to consider how alternative management practices may translate easily into the local context, despite market and legislative changes. In this way, the chapter highlights how local managers' behaviour is influenced by the wider institutional context shaping employment relations – this also impacts upon the strategic management choices that are made in specific contexts. Whilst there may be initiatives in the education sector through professional bodies and other transnational organizations to transfer one best 'professional way' of working, or best practice, across contexts as noted by one expatriate, local recipes of organizing and managing continue to be practiced.

The social constructivist methodological approach adopted in the research provides further insights into how members make sense of and experience their own location within international diverse work groups and organizational structures. The experience of power relations and identity, including race and gender, are areas that are under-researched in such organizational contexts in looking at organizational processes and outcomes.

In chapter 3 Fuan Li reflects on how moral principles, behavioural standards and ethical values may be influenced by the underlying cultural context. Focusing on the Asian context the collectivist culture – displayed, for example, in Chinese relationalism – is seen as requiring a methodological collectivism to gain insight into moral thinking. With an emphasis on relationships and circumstances, collectivists may change ethical judgement according to the party involved in a particular situation. Li draws on Triandis (1995) to argue that in



interpersonal relationships, the norms and values for in-group members are different from and sometimes opposite to the norms for outsiders. Equality or needs are the basis for allocating resources among in-group members who are expected to cooperate, reciprocate, make sacrifices, and protect each other's interests. However, such behavioural norms and the emphasis on collective welfare and duties are seen to apply typically only to the in-group and not out-groups. When dealing with out-group members, collectivists, just like individualists, are seen primarily to use the equity norm (to each according to his/her contribution). Working across contexts, for example in a multinational organization, Li argues that the notion of a self-regulated profession seems to be based on an individualistic value that professionals should maintain their allegiance to a professional code. Given their emphasis on relationship networks and tendencies to identify themselves with the in-group, family or company, Li argues that collectivists may more readily break the rules of professional codes when it is in the best interest of the in-group. This suggests that for example international codes of ethics may be perceived in different ways in collectivist as compared to individualistic cultures.

Lund and Barker's chapter focuses on the factors influencing the performance of western expatriate managers in small Chinese-owned organizations in China. The findings indicate that perceptions of effectiveness are very much tied into the wider cultural context in which the organization is embedded and the manager has to manoeuvre. In the context of the small Chinese-owned college in China maintaining a sense of organizational and cultural harmony and establishing strategic relations with those both higher and lower in the organization's power and influence structure were seen as important for the western expatriates. More research is needed to understand how concepts of effectiveness and failure also emerge and are influenced by specific social, institutional and cultural contexts within which organizations are embedded.

Taylor's chapter highlights the challenge of developing a corporate culture where a sense of corporate social responsibility frames strategic decision-making. The research provides an interesting institutional context within which to examine the attempts to introduce a philosophy of environmental sensitivity and corporate social responsibility, focusing on the political, social and economic factors influencing firm behaviour, including government, customer and international regulatory influences. As examined in Taylor's chapter, China's transition from a command to a market economy has enhanced the strategic